




POLITICAL AND SOCIAL PROBLEMS IN VENEZUELA IN THE SECOND DECADE OF THE 21ST CENTURY

POLITYCZNE I SPOŁECZNE PROBLEMY W WENEZUELI
W DRUGIEJ DEKADZIE XXI WIEKU

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— ABSTRACT —

Venezuela, which is the country with the largest documented oil reserves in the world, has been plunged into a political, economic and social crisis for several years, struggling with recession and multi-digit inflation. In the second half of the second decade of the 21st century, the country's economic and political situation deteriorated. Over a million Venezuelans have already migrated from their country, where there is a lack of basic everyday products, including food, medicines and hygiene products. In relation to this state, part of a discussion is not only the political or economic crisis, but also the humanitarian one. Venezuela's internal problems also affect security throughout the Latin American region. International institutions and regional organizations are trying to undertake activities aimed at ending the dictatorial rule of President Nicolás Maduro and restoring the country's democracy and the rule of law.

— ABSTRAKT —

Wenezuela, która jest państwem posiadającym największe udokumentowane złoża ropy naftowej na świecie, już od kilku lat pogrążona jest w kryzysie politycznym, gospodarczym i społecznym, a także zmagą się z recesją oraz z wielocyfrową inflacją. W drugiej połowie drugiej dekady XXI wieku sytuacja gospodarcza i polityczna tego kraju uległa pogorszeniu. Już ponad milion Wenezuelczyków wyemigrowało z kraju, w którym brakuje podstawowych produktów codziennego użytku, w tym żywności, lekarstw czy środków higienicznych. W odniesieniu do tego państwa mówi się obecnie nie tylko o kryzysie politycznym i gospodarczym, ale także humanitarnym. Problemy wewnętrzne Wenezueli mają także wpływ na bezpieczeństwo w całym regionie latynoamerykańskim. Międzynarodowe instytucje i organizacje regionalne starają się podejmować działania, które mają na celu zakończenie dyktatorskich rządów prezydenta Nicolása Maduro oraz przywrócenie w kraju demokracji i praworządności.

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Słowa kluczowe: Wenezuela; Hugo Chávez; Nicolás Maduro; kryzys gospodarczy; kryzys humanitarny; „socjalizm XXI wieku”; rządy autorytarne

INTRODUCTION

At the beginning of the 21st century, Venezuela was the world's fifth largest exporter of oil and for many years it was the fourth economy in Latin America. The oil export rate amounted to 85.3% of total exports, which was the reason why this raw material became the dominant element of the states' economy. Currently, from the middle of the second decade of the 21st century, the country that has the largest documented oil deposits in the world, where a liter of petrol has cost the equivalent of 2 cents over the years, is struggling with the economic, political and humanitarian crises. Some talk about the fall of this state, others predict the beginning of a civil war. Meanwhile, several decades ago, it was one of the richest countries in Latin America, enjoying prosperity and a relatively high rate of human development (HDI value in 2015 was 0.762, which placed Venezuela in a group of countries with a high level of development, together with Uruguay, Mexico, or Panama). Today, basic products such as food, medicines and hygiene products are missing. As a result, the Venezuelans began to leave the country *en masse*, looking for opportunities to improve their life situation in neighboring countries, such as Brazil and Colombia or further located, such as Argentina, Peru, Mexico, or Canada.

The aim of the article is to show the essence of the “socialism of the 21st century” – a concept implemented in Venezuela during the rule of Hugo Chávez (1999–2013) and its consequences for the Venezuelan economy in the second decade of the 21st century. The characteristic features of the successor of the rule of Hugo Chávez – Nicolás Maduro – whose politics is described as authoritarian and dictatorial, were also presented. The author's intention was to answer the question of which factors led to the economic collapse of the country with the world's largest oil deposits. Attempts were also made to identify possible actions that would contribute to overcoming the current crisis and improving the economic and social situation in that country. The article analyzes the most important, in the author's opinion, manifestations of the political, economic and social crises that make up the specificity of the internal situation in Venezuela in the second decade of the 21st century. The

assessment of the internal political and economic situation of Venezuela in the second half of the second decade of the 21st century was also made through the prism of the consequences that the current crisis may generate, both in terms of internal security of the country and the destabilization of the entire region, increasing the threats to international security of neighboring countries. The current internal situation of Venezuela – both the political and economic as well as social – is complex and multifaceted. The author's intention was not to present the titular issue in a comprehensive manner, but only to point out some selected manifestations of the dynamically changing internal situation in this country, which the author believes are important to understand the nature of the current crisis, its causes and consequences, as well as the possibilities of its solution.

THE GOVERNMENT OF HUGO CHÁVEZ AND THE CONCEPT OF BUILDING “SOCIALISM OF THE 21ST CENTURY”

The attempt to introduce the concept of “socialism of the 21st century” was undertaken at the end of the 20th century in Venezuela by the then presidential candidate of that country, Hugo Chávez¹. Since the victory of this charismatic politician in the presidential election in 1998, it was an official state doctrine, and his political group – the United Socialist Party of Venezuela (PSUV) gained a dominant role on the Venezuelan political scene. The main goal of the political party of Chávez was to create a new state and society based on Bolivarian principles and models. The concept was based on four pillars (Spyra, 2009):

1. the struggle with such features of capitalism as: individualism, egoism, class privilege, and corruption;
2. participatory democracy, understood as a direct form of exercising power by people and public participation in decision-making processes;

¹ For the first time, the concept of “socialism of the 21st century” was presented by the German political scientist Heinz Dieterich, a lecturer at the Independent Metropolitan University in Mexico, in a publication under the same title, published in 1996. It is worth noting that Dieterich was an adviser to Hugo Chávez. They assumed that neither capitalism nor communism would solve basic social problems, such as: poverty, racism, hunger, lack of citizens' influence on the implementation of state policy. The “socialism of the 21st century” concept based on the abandonment of the free market economy for the economy based on the theory of value, direct democracy based on plebiscites and the state's role as a representative of the whole society would have been a healing of these problems (Gawrycki, 2008).

3. equality and freedom creating an equal society, without privileged or excluded;
4. co-operativism, as a change in the philosophy of the economic system, which should be based on state and collective ownership, and enterprises oriented not on profit but on meeting social needs.

Bolivarianism was, according to Chávez, a symbol of the progress and unity of the continent and an expression of independence (especially from the United States) and sovereignty. In order to ensure the integrity of the Latin American states, various integration groups were formed on the initiative of Caracas. They were to counterbalance the proposals for unification put forward by the government in Washington. An example is the creation of the ALBA economic agreement in 2006 at the initiative of Venezuela (Spanish: *Alianza Bolivariana para los Pueblos de Nuestra América*). This grouping was supposed to be a counterbalance to the Free Trade Area of the Americas (FTAA) proposed by the US. ALBA is focused on integration based not so much on the liberalization of markets as on a certain vision of social welfare and mutual economic assistance (Serbin & Serbin Pont, 2016).

The “socialism of the 21st century” program, widely criticized by the Western states, has had a tangible impact on all spheres of public and political life in Venezuela, both in terms of the internal and external policy of that country, as well as on the countries with close contact with Caracas.

Implementation of the concept of “socialism of the 21st century” was associated with increasing of the role of the state in the economy, introducing a planned economy instead of a market one, and state control over the resources of raw materials. Because Chávez assumed that the market economy would not solve basic social problems (as it leads to deepening inequalities in depriving the broad masses of society of ways out of poverty), the basis of his pro-social policy was the use of revenues from oil and gas extraction and export for infrastructure development, and education. Social programs for the poor and excluded groups was introduced on a large scale (Gallegos, 2016). At the same time, revenue redistribution was introduced to reduce social inequalities through wider access to education, health care and participatory democracy, ensuring the participation of the majority in the development of the country. An agrarian reform was also carried out (part of the regulations was intended to encourage people to return to the countryside and farming), as well as real estate reform, which gave land ownership to the citizens of the state who lived in makeshift homes in the suburbs of the largest cities (Anselmi, 2017).

The Chávez government, thanks to significant revenues from the export of crude oil, which prices on global markets remained high then, could successfully finance costly social programs. Among others, they invested in the construction and development of infrastructure, in increasing access to education and providing health care in the poorest areas of the country, which were previously not met with interest from the authorities. Practically from the beginning of this century until 2012, Venezuela (whose economic growth rate in 2012 amounted to 5.6%) was classified (along with Panama, Peru, Chile, Colombia, and Bolivia, as well as Argentina, Uruguay, Mexico, and Paraguay) to the fast-paced developing Latin American economies (Gołowska-Bolek, 2017).

As a result of implementation of extensive social programs, the situation of ordinary citizens had actually begun to improve. This period was described in Venezuela as prosperity. Chávez introduced, among others, food subsidies, significantly increased spending on education and provided access to public services for society. This was reflected in the significant increase in many different development indicators (including the popular HDI – Human Development Index) in Venezuela. The infant mortality rate was reduced. The number of students at Venezuelan universities also increased. These effects assured the president of the praise and gratitude of the poor part of Venezuela, as well as the admiration of the leaders of parts of the other Latin American countries. Besides, the Venezuelan model was also adapted in nearby Bolivia by the first Indian leader of the country, Evo Morales. A manifestation of the strengthening position of Venezuela in Latin America was the fact that the Venezuelan integration initiative ALBA was eagerly joined by Cuba, Bolivia, Ecuador, Nicaragua and several Caribbean countries (Ośrodek Analiz Politologicznych UW, 2017).

However, as noted, the achievement of impressive indicators of economic growth and social development was possible due to the favorable economic situation and high oil prices on global markets. This provided significant revenues to the budget of this 26-million country, which main wealth is oil. However, as some researchers argue, the “socialism of the 21st century” program was mainly based on buying social support through the distribution income from oil, from which Hugo Chávez drew beyond any institutional control. At the same time, the leader of this country tried to secure autocracy (including the referendum in which Chávez secured the right to run in elections as many times as he wanted) and the image of a charismatic savior and messiah, with unlimited power, who rules for the good of society (Stasiński, 2009). It is worth emphasizing, however, that the elections that took place during the time of Chávez government (1999–2013)

were always democratic. When this leader sought to introduce a new constitution, despite some difficulties, he also introduced it in a democratic way. Each time, he also allowed the election observation by independent international observers, including, among others, the Carter Center, which each time confirmed that the elections were held in a manner consistent with the principles of a democratic state of law. It is worth noting that the reason for the electoral and international successes of this populist politician (colonel, initiator of the military coup) was also the ability to shape his image in the Venezuelan and worldwide media, in a way that evokes associations with anti-globalization or alter-globalism.

THE TAKEOVER OF POWER BY NICOLÁS MADURO

Although the reforms and policies pursued by Hugo Chávez significantly improved the living situation of the poorest part of Venezuelan society, it was not a systemic alteration and could only be maintained in the short-term dimension (Gutiérrez, 2017).

In October 2012, Hugo Chávez won again the presidential election in this country with 55% of votes (*Hugo Chávez Celebrates...*, 2012). Nicolás Maduro, who was the chairman of the Venezuelan National Assembly, as well as one of the main figures in the United Socialist Party of Venezuela (PSUV), took the post of vice-president (*Hugo Chávez Names...*, 2012).

Soon, however, Hugo Chávez despite the long-term treatment of cancer that he had been taking in Cuba for several years, died in March 2013. The authorities were taken over by – anointed by Chávez – ex-vice-president, Nicolás Maduro, who initially declared his desire to implement the policy of his predecessor. In a short time, however, it turned out that the continuation of the current assumptions and policy of “socialism of the 21st century” will not be possible due to the deteriorating state of the Venezuelan economy, which was the result of a significant drop in oil prices on world markets.

The price of crude oil in June 2014 was 105.5 USD per barrel, while in January 2015 only 47.5 per barrel USD. A year later it dropped even further, to 33.7 USD. These declines were the longest such series since the late 1980s, when oil prices dropped in five months from around 30 USD a barrel to 10 USD. This was caused by the deterioration of the condition of the Chinese economy – the country which is the second largest importer of crude oil in the world (*Cena ropy spadła poniżej 40 dolarów...*, 2015).

By comparison, in 1999 oil production in Venezuela amounted to 3,120,000 barrels per day, while in 2007–2,949,000 barrels (McDermott, 2008). From 1998 to 2008, the price of oil increased by 660%, which led to a significant increase in profits from this industry. The state's revenues from crude oil increased from 51% in 2000 to 56% in 2006, while oil exports increased from 77% (1997) to 89% in 2006 (Tanzer, 2009).

It is worth recalling that the years 2007–2008 were the beginning of the global economic crisis. Overall, the negative effects of the global crisis in Latin America were less severe than other recent crises of the neoliberal period. In Latin America the worst period of the crisis was the last quarter of 2008, after the major global credit crunch, and it extended through part of 2009, when world trade fell by 22%. Several countries in the region were able to recover by the middle of 2009, and for others, it was not until 2010 or later (Santarcangelo, Justo, & Cooney, 2016). According to the Central Bank, Venezuela's inflation rate reached 30.9 percent in 2008, an 11-year high. The rising price level was among the economic challenges facing President Hugo Chávez as the global financial crisis, and particularly falling oil prices, threatened to curtail growth.

At the same time, it should be noted that in the first and the beginning of the second decade of the 21st century, Sino-Venezuelan cooperation was strengthened in the area of sales and supplies of crude oil to China. In September 2008, Venezuela signed a series of bilateral energy cooperation agreements with China. By 2012, oil exports increased three times to one million barrels a day (Bull, 2008).

During the 14 years of Chávez's rule, however, he failed to diversify the Venezuelan economy, as a result of which other branches of industry almost completely did not develop, and their share in exports was negligible. Thus, when in 2014 oil prices in global markets fell sharply, Venezuela's economy, which was 96 percent based on export revenues from oil, was trapped. It should also be noted that in 2014 inflation was exceptionally high in Venezuela (68.5%) (Gołowska-Bolek, 2017).

The government headed by Maduro – a politician who does not have much political experience or skills in efficient economic management, and has much less public support than his predecessor – was no longer able to finance expensive social programs or pay for the import of consumer goods. The basic goods of everyday use, such as food, cleaning products and medicines, began to be scarce in the country.

At the same time, Maduro, who did not have such opportunities to strengthen his power as his predecessor, practically from the beginning of his presidency

began activities aimed at radicalization of the Venezuelan political scene. Representatives of the opposition were repressed and 430 of them were sent to prison on the basis of extraordinary judgments by military courts (Ośrodek Analiz Politologicznych UW, 2017).

Due to the deteriorating economic situation and the social situation of Venezuelans, support for the democratic opposition, which won the parliamentary election in December 2015, increased (obtaining for the first time in 16 years a majority in the parliament – 112 out of 167 seats) (Lafuente, 2015). This led to the escalation of the conflict between members of the opposition and the head of state. The opposition boycotted President's plans, and Maduro prevented the National Assembly from working. In this situation, Maduro decided to formally delegate the powers of the parliament to the Supreme Court, subordinate to him (which is also the last instance in judging the parliament's decisions), to be able to exercise the authority through the decrees introduced by this institution (Casey & Torres, 2017).

In response to the persistent social tensions, the head of the Venezuelan state decided to organize elections to the Constituent Assembly. He argued that the new constitution would ensure peace and allow the dialogue of a divided society. As the experts emphasized, it was feared that Maduro's goal was to introduce undemocratic political solutions, consolidate the indefinite power of the government and further marginalization of the opposition, but also divert attention from the growing economic and social problems of the country. Despite mass strikes and social protests (it is estimated that over 5 million Venezuelans went out onto the street, during the demonstrations there were bloody clashes with the police, in which over 100 people were killed) as well as criticism of international public opinion, in July 2017 the elections to the National Constituent Assembly in Venezuela took place². The National Constituent Assembly, made up solely of supporters of President Maduro, replaced the current parliament for an indefinite period³. The main task of the Constituent Assembly is to change the country's constitution and thoroughly rebuild the state.

According to independent observers, the results of the vote were falsified and the elections were not held in accordance with the principles of a demo-

² The authorities threatened to punish 5–10 years in prison for anyone who boycotts the elections and for trying to sabotage them.

³ In the election, out of 5,500 candidates to the 545-person Legislative Assembly (Constituent Assembly) there was not a single representative of the opposition. All were supporters of Maduro and his party – the United Socialist Party of Venezuela (PSUV).

cratic state of law. The criticism of their course was not only expressed by the opposition but also international organizations and institutions, such as: the United Nations, the Organization of American States (OAS), the Union of South American Nations (UNASUR), the European Union (EU), the USA and most of the region's countries, including Argentina, Mexico, Colombia, and Peru (*Wybory bez obserwatorów...*, 2017).

Meanwhile, on July 16, 2017, the opposition organized its own referendum, under the aegis of the National Assembly, in which the Venezuelans took a massive part and strongly opposed the dictatorial actions of the president, demanding his resignation and re-election while respecting democratic principles (Ośrodek Analiz Politologicznych UW, 2017).

In response to the elections to the Constituent Assembly, the Ministry of Finance of the United States decided to impose on the president and several top state officials, including the brother of the former president, Adán Chávez, unprecedented sanctions: their financial assets subject to US jurisdiction have been frozen and they themselves have no entry to the US. US citizens are not allowed to maintain any business relationship with the Venezuelan president and his closest associates. Maduro, however, does not seem to care about the financial dimension of these sanctions, but rather uses the fact of imposing them in his criticism of the United States (*Socjaliści wygrali wybory regionalne...*, 2017). It is worth noting that Maduro also subordinated the state security apparatus and the army to strengthen his power. Although there was information in the media about the attempt to rebel part of the army (which on Venezuela's television was defined as the actions of terrorists dressed in uniforms), given the fact that the military and their families gained extensive privileges (including high salary and access to foodstuffs) one should expect that the army will remain loyal to Maduro at least for now (Ośrodek Analiz Politologicznych UW, 2017).

THE SOCIAL AND ECONOMIC SITUATION IN VENEZUELA IN THE SECOND DECADE OF THE 21ST CENTURY

Starting from 2014, when oil prices on global markets dropped, as well as the economic situation of one of the main importers of this oil from Venezuela, China, worsened, the country that derived 96% of its revenues from the sale of crude oil, had been facing serious economic problems, which in 2017 led to economic collapse.

Since 2014, the GDP of this country has decreased by 45% (the IMF predicts a further decline in GDP – for the fifth year in a row – in 2018 by 15%) and the inflation rate is the highest in the world and already amounts to over 13,000%⁴ (Biller, 2018). In 2017, inflation in this country was 7276%. For one US dollar, according to the official exchange rate, you have to pay 79,900 thousand bolivares (Exchange-Rates.org, 2019). On the black market, the rate is even higher and the dollar costs 800,000 bolivares.

With such a hyperinflation, the issuing bank cannot keep up with the printing of banknotes of increasingly higher denominations. The national currency – bolivar – practically completely lost its value. In June 2018, the currency will be denominated. Currently, according to journalist Maciej Okraszewski, when making slightly larger purchases, the sellers weigh the cash instead of counting it (*Prezydent na ropę*, 2018).

Due to the depreciation of the Venezuelan bolivar, local authorities print their own money. Caracas introduced currency called Caribe (which is equivalent to a thousand bolivars – 0.01 dollars at the official rate) (*Alcaldía de Caracas...*, 2018). In February 2018, the Maduro government carried out the world's first issue of the national cryptocurrency "Petro", earning 4.777 billion yuan (equivalent to approximately 735 million dollars) from its emission. Each "Petro" is the equivalent of one barrel of domestic oil reserves (raw material not yet purchased). One hundred million "petro" units are to be issued⁵. People will be able to pay taxes, fines and pay for public services in that cryptocurrency (Otis, 2018).

According to OPEC data, since 2014 oil production has also been reduced by almost a half. In 2018, oil production in Venezuela dropped to 1.59 million barrels per day, while in 2014 it was 2.93 million barrels. According to some

⁴ However, it should be emphasized that for three years the Central Bank of Venezuela has not published data on the budget, GDP, or inflation.

⁵ According to the weekly *Time*, the introduction of crypts in Venezuela in the form of "Petro" is the effect of "half-hidden" joint venture between representatives of the authorities and businessmen from Venezuela and Russia. The introduction of a cryptocurrency was intended to help Venezuela avoid US sanctions and combat the country's financial isolation, which is the result of US sanctions related to the ban on government financing in Caracas (including the ban on buying Venezuela bonds) (*Rosja pomogła Wenezueli wprowadzić kryptowalutę...*, 2018). The Venezuela authorities announced in September 2017 that they would replace the US dollar with other currencies in international transactions. Maduro also announced that the country wants to introduce a new international payment system using such currencies as yuan, yen, rupee, euros, and ruble (*Kryptowaluta petro...*, 2017; Słomski, 2018).

forecasts, oil production in 2018 may fall to 1.38 million barrels or even up to a million in Venezuela (Parraga & Guanipa, 2017).

Due to the deteriorating economic situation, basic consumer products such as food, medicines and hygiene products have been missing (even in hospitals). Shops with state-subsidized goods have been empty for many months, many factories have halted production and dismissed workers, and the state, because of a lack of financial resources, cannot import the products that society needs.

According to the BBC, a liter of milk on the black market costs even the equivalent of 3 thousand PLN, and a half-kilogram pack of coffee over 700 PLN. In the first quarter of 2018, prices increased by 897.2% (*Banki zamieniły się w zwykłe składy banknotów...*, 2018). According to the media, people have to work for 11 days to buy 1 kg of chicken (Abad Liñán, Galán, & Alameda, 2018). According to CEPAL, in 2016, more than 80% of households were below the poverty threshold, and nearly 87% of Venezuelans were starving. The infant mortality rate also increased significantly – from 11% to 30% within a few years (Ośrodek Analiz Politologicznych UW, 2017). The current situation has also caused a greater spread of infectious diseases. People are struggling not only with a lack of food and medicine, but also with access to water, electricity, or transport.

In such a situation, street protests have quickly begun. In four months (until mid-2017), during almost daily strikes, which were bloodily suppressed by the authorities, thousands of demonstrators were arrested, nearly 2,000 people were injured and about 130 lost their lives (Abad Liñán, Galán, & Alameda, 2018). In the demonstrations the public demanded: early elections, permission to allow humanitarian aid into the country that would allow them to obtain food and medicine, as well as respect for the opposition, parliament, and the release of prosecuted political activists.

Venezuelans began to emigrate from the country *en masse*. Exodus began in 2016 due to the deteriorating economic (which prevents normal functioning) and security situation in this country (connected with increase of the scale of crimes, theft and violence). Caracas is described in 2018 as one of the most dangerous places in the world. The number of homicides in this country in 1995–2017 increased fourfold.

It is estimated that over 1.5 million citizens fled to neighboring Brazil and Colombia. About a million people every few weeks cross the border with Brazil or Colombia to buy basic everyday products that are missing in the country or the ones they cannot afford due to high prices (Stasiński, 2018). Some people leave with the intention of staying longer or permanently. According to the UN,

each day the border is crossed by about 5,000 people who find shelter in cross-border refugee camps (Domosławski, 2018). People flee from Venezuela not only to neighboring countries, but also to Argentina, Chile, Peru, and even Mexico, Panama, Costa Rica, the United States, Canada, or Spain. According to the data from the International Organization for Migration, over 1.6 million Venezuelans lived abroad in 2017. In comparison, in 2015 it was approx. 697.5 thousand, while in 2010–556.6 thousand of people (Abad Liñán, Galán, & Alameda, 2018).

The mass emigration of Venezuelans is an increasing problem for neighboring countries. Over 600,000 people stopped in such cities as Colombian Cucuta or Brazilian Boa Vista in Roraima (one of the poorest states in Brazil). The host countries try to give them support and help, but as the authorities of Colombia and Brazil claim, their ability to help due to such a large inflow of immigrants is limited. The growing problem is the fact that the number of people crossing the border illegally and without documents is increasing (Stasiński, 2018).

Regarding the opinion of emigrees staying in Colombia about the presidential elections held in Venezuela in May 2018, many declared their support for the pastor, Javier Bertucci, who was a running candidate. A large part of those people, however, claims that due to the loss of trust in politicians, they do not perceive anyone as a representative of their interests (Mesa, 2018a). Some compare the elections in Venezuela from May 20, 2018 to the plebiscite of December 15, 1957. Citizens who voted then to continue or discontinue the rule of Marcos Pérez Jiménez also could not count on their honest conduct, and their result was predetermined and in line with the expectations of the then dictatorship (Rodríguez⁶, 2018).

PRESIDENTIAL ELECTION IN VENEZUELA AND MADURO APPLYING FOR ANOTHER TERM

Practically from the beginning of 2014, Venezuelans protested against the deteriorating economic situation, as well as the high level of crime and the increasingly authoritarian rule of President Maduro. The government described demonstrations as a putsch attempt, and Nicolás Maduro repeatedly accused the US government of fueling street protests and taking action to deprive him of his life (*Venezuela odpowiada...*, 2015).

⁶ Professor and researcher at the Observatory of Venezuela at the University of Rosario.

In ruined by economic crisis Venezuela, Nicolás Maduro announced his start in the presidential elections held on May 20, 2018. The main opponent of the current president was 56-year-old Henri Falcón – former military and former pro-government governor of the state of Lara (in 2000–2008), who joined the opposition and became head of the Progressive Avant-garde group⁷.

Less well-known activists of the Venezuelan political scene, such as Evangelical pastor Javier Bertucci and dissidents from the ruling camp like Reinaldo Quijada, Alejandro Ratti and Francisco Visconti, also reported their candidacy in the elections (*Estas son las propuestas de los candidatos presidenciales de Venezuela*, 2018).

The opposition, fearing election fraud, called for their boycott, claiming that participation in them, as well as the possible presence of foreign observers, would legitimize elections, which actually are just fiction.

Maduro, who calls himself the “son” of Chávez (*Venezuela’s President Maduro Wins Election...*, 2018), before the election counted on his supporters in the poorest constituencies, who despite the economic crisis are the faithful electorate of the PSUV. One of Maduro’s main electoral slogans was: “Your ballot paper will decide: votes or bullets, Venezuela-Fatherland or Venezuela-colony, peace or violence, independence or submission!” (Alonso, 2018). Maduro also assured that he is fighting with imperialist conspiracy that seeks to destroy socialism and take over Venezuelan oil (*Venezuela’s President Maduro Wins Election...*, 2018).

As predicted, the presidential election held in Venezuela on May 20, 2018 was won by the current head of the country. By means of this Maduro has guaranteed himself another 6 years of rule⁸. He won about 5.8 million votes (about 68% of votes), while his biggest opponent Henri Falcon only 1.8 million (about 22% of votes)⁹. The voter turnout was the lowest in the country’s history. Only 46.1% of citizens went to electoral polls („*Exodus Wenezuelczyków*”..., 2018), in compari-

⁷ Falcón argued that he knew how to get Venezuela out of the economic meltdown and the financial crisis. He could have a helping hand from the Wall Street economist Francisco Rodríguez. According to Rodríguez, the way to eliminate hyperinflation in Venezuela is “dollarization” (which would replace Venezuelan money – bolivar – by American dollar). As they believe, this would stop the Venezuelan government from over-spending money. Falcón promised that if he won the election, Venezuela could count on financial assistance and loans from international financial institutions, such as the World Bank or the International Monetary Fund which more than once helped Latin American countries out of crisis (*Venezuela Presidential...*, 2018).

⁸ His second term began on January 1, 2019, and will last until 2025.

⁹ Javier Bertucci received only 950 thousand votes (Mesa, 2018b), and Reinaldo Quijada slightly more than 34 thousand votes (*Después de las cuestionadas elecciones...*, 2018).

son, in 2013 it was 80%. According to the opposition, however, the number was overstated, and in fact about 30% of voters voted (*Venezuela's President Maduro Wins Election...*, 2018).

As Henri Falcón stated, his chances of victory were reduced by the opposition itself, which called for a boycott of elections. Representatives of the opposition, in turn, accused Falcón of contributing to the legitimization of the election and breaking away from the solidarity of anti-government forces.

The results of the May presidential elections were not recognized by either the opposition or many actors of the international environment. The declaration of non-recognition of Venezuelan elections has been issued by Argentina, which is considering possible economic and financial measures as a sanction against the Maduro regime (in a way that does not affect Venezuelans). Also other countries like: Colombia, Mexico, Canada or Australia, did not recognize Venezuelan elections.

In the opinion of the European Union, these elections did not meet international standards and principles of a democratic state of law (including, e.g., political pluralism and transparency). The EU issued a statement calling on the Caracas authorities to release political prisoners and to respect the constitution.

The United States, which also considered the elections to be unlawful¹⁰, decided to impose further repressive measures on Venezuela. Earlier, Washington unsuccessfully appealed for the resignation of the organization of the election. As part of the new economic sanctions established by the Donald Trump administration, US companies and citizens were forbidden to help the Venezuelan government sell real estate and investment goods. The sanctions are aimed at blocking corrupt practices related to the sale of public property by corrupt Venezuelan officials in exchange for bribes (*“Exodus Wenezuelczyków”...*, 2018). The US Ministry of Finance, in turn, imposed sanctions on approximately 20 Venezuelan enterprises and several people, including the former director of the Venezuelan Financial Intelligence Service (*USA: przyspieszone wybory...*, 2018)¹¹.

It is worth noting that Washington has not sanctioned Venezuelan oil. According to the Latin Americanist and economist from the University of Warsaw, dr.

¹⁰ As announced on the election Sunday (May 20, 2018) on Twitter by the US Department of State spokeswoman Heather Nauert: “Venezuela’s so-called elections today are not legitimate. The United States stand with democratic nations around the world in support of the Venezuelan people and their sovereign right to elect their representatives through free and fair elections”.

¹¹ Washington imposed economic sanctions not only on Maduro and his co-workers, but also on PDVSA – the Venezuelan petrochemical giant (*Kryptowaluta petro...*, 2017).

Joanna Gocłowska-Bolek, only the introduction of sanctions by the United States for export, as well as the import of Venezuelan oil could lead the Maduro regime to a rapid fall (*Prezydent na ropę*, 2018).

A statement on the Venezuelan elections was also issued in May 2018 by the Lima Group¹² (Grupo de Lima, n.d.). The statement stated that the election was carried out in an undemocratic way and, therefore, it was decided to lower the level of diplomatic relations with Venezuela. Primarily, however, the assumptions of the Declaration concerned the ways of granting aid to Venezuelan refugees and supporting the countries in which their largest influx is observed (*Declaración del Grupo de Lima*, 2018).

Nicolás Maduro himself, during the ceremony of swearing-in the head of state, said that blaming him for the economic crisis in Venezuela was “stupid simplification”. At the same time, he invited citizens to dialogue and assured that he was the president of “all Venezuelans” (*Después de las cuestionadas elecciones...*, 2018).

When on January 10, 2019 Maduro began his second six-year term, the parliament controlled by the opposition in a special law annulled his oath and declared his power unlawful. A similar position was taken by a successive governments of the Americas and the international community. Maduro was called a dictator who usurped power, he was accused of falsifying the elections and bringing the country into bankruptcy.

Immediately after the swearing, mass protests against the rule of Nicolás Maduro broke out across the country. Once again, hundreds of thousands of people went out onto the street. As a result of the protests there were bloody riots, a series of arrests of opposition politicians and changes in the National Assembly, which is the legal parliament of Venezuela. It was headed by opposition politician Juan Guaidó (leader of the social party Voluntad Popular [Popular Will]), who in the climactic moment of growing tension in the country, with the support of the majority of parliamentarians and a large part of society, announced that he is taking over the power and becoming the temporary president of Venezuela until the next snap, democratic and free elections (*Quién es Juan Guaidó...*, 2019).

¹² The Lima Group was formed on August 8, 2017, in the capital of Peru. Its main goal was to find a solution to the Venezuelan crisis. The group includes more than a dozen Latin American countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Guyana, Guatemala, Honduras, Mexico, Panama, Peru, Paraguay, Saint Lucia, as well as Canada and the USA.

A few minutes later, the President of the United States Donald Trump, expressed on Twitter his support for Guaidó: “The citizens of Venezuela have suffered for too long at the hands of the illegitimate Maduro regime. Today, I have officially recognized the President of the Venezuelan National Assembly, Juan Guaidó, as the Interim President of Venezuela” (U.S. Department of State, 2019).

In response, Maduro immediately broke off diplomatic relations with the US, demanding that seventy-two North American diplomats leave the country, which triggered a symmetrical reaction of North American diplomacy. Meanwhile, Juan Guaidó, appearing as the president of the country, encouraged US diplomats to stay in Venezuela, ensuring that nothing bad could happen to them.

Many other countries in the world followed the USA, including Canada, most of Latin America and Europe (including Poland), Israel, and Australia. The international community, however, is not unanimous when it comes to expressing appreciation for the president of the National Assembly, Juan Guaidó, as the temporary president of Venezuela. Cuba, Bolivia, Mexico, Nicaragua, Russia, Turkey and Iran are still supporting Nicolás Maduro.

Controversies are also visible in the UN Security Council. It is hard to expect that Russia and China will agree to introduce sanctions against Venezuela. Although Guaidó was supported by the head of the European Council, Donald Tusk, who wrote on Twitter: “I hope that all of Europe will unite in support of democratic forces in #Venezuela. Unlike Maduro, the parliamentary assembly, including Juan Guaidó, have a democratic mandate from Venezuelan citizens”, the European Commission has not decided to adopt a common position in this matter.

The attitude of the army, which has so far unequivocally supported the current president, will be of key importance. Currently, however, more and more military officers are switching to the opposition party. Guaidó strives to create a split in the army’s faithful regime, promising an amnesty to all military men who will help take away the power of the current president.

What may ultimately determine the fate of the Maduro regime is US oil sanctions on Venezuela. Previous sanctions were of rather minor importance, although the US at some point reached for the argument of military intervention. However, Venezuelan oil still goes mainly to the USA. Loss of revenues from its exports will cause Maduro to lose any financial backing, which helps him to stay afloat.

FINAL CONCLUSIONS

The current economic problems that Venezuela is facing, to a large extent (apart from improper management of the country's financial resources and improper fiscal and monetary policy) result from a phenomenon called in economics a *Dutch disease*. It is connected with the economic recession caused by intensive exploitation of natural resources deposits, while neglecting the development of other industries. And yet, as much as 96% of Venezuelan budget income comes from the sale of crude oil. The excess of dependence of the economy on the sale of raw materials is also faced by several other Latin American countries, including Brazil.

As indicated in the article, the economic situation in Venezuela deteriorated in 2014 as a result of a drop in crude oil prices on global markets and as a result of the slowdown in economic development of the main importer of Venezuelan raw materials – China. The Latin American countries, including Venezuela, in order to protect themselves against problems resulting from the changing global market conditions in the future, should start implementing a new model of economic development. It should be based primarily on a modern and innovative economy. It would also be necessary to strengthen and invest in the development of other industries (the ones to which the price fluctuations on the world markets would have much smaller influence than that which takes place in the case of raw materials), increasing their competitiveness. The implementation of these assumptions is a long-term process, but it seems to be the only way to ensure the economic stability of Latin American countries in the future. According to the chairman of the finance committee of the Venezuelan parliament, Rafael Guzmán, only a new tax policy and discipline in the sphere of public finances could save this country from economic collapse (*Banki zamieniły się w zwykłe składy banknotów...*, 2018).

In working out a peaceful solution to the difficult political, economic and social situation in Venezuela, a big role could be played by such states as: Brazil, Colombia, or Cuba, which have their experience in mediation diplomacy. In addition, both Colombia and Brazil, due to the mass influx of Venezuelans to their countries, are already somewhat entangled in the internal situation of Venezuela and it is also in their interest to normalize the situation in that country. It is also worth remembering that in the face of the challenge of signing a Colombian government peace agreement with the FARC (i.e. the Revolutionary Armed Forces of Colombia), Caracas played a significant and positive role in

the negotiation process, not being indifferent to the situation in neighboring Colombia. It would also be good to start the talks on the normalization of the situation in Venezuela as part of regional Latin American integration structures, such as CELAC or UNASUR.

Considering the fact that Latin America experienced both periods of tension and conflict as well as economic and social crises (as in the 1980s, which were termed *la década perdida*, which was also accompanied by hyperinflation and economic problems in many Latin American countries), it is hoped that also this time, with the support of other Latin American countries, it will be possible to protect Venezuela from the specters of collapse or civil war. It should also be expressed that the lesson learned from this ordeal will change the economic model and fiscal policy to prevent such problems in the Latin American countries in the future.

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