

Venezuela: rise and collapse of a democratic transition

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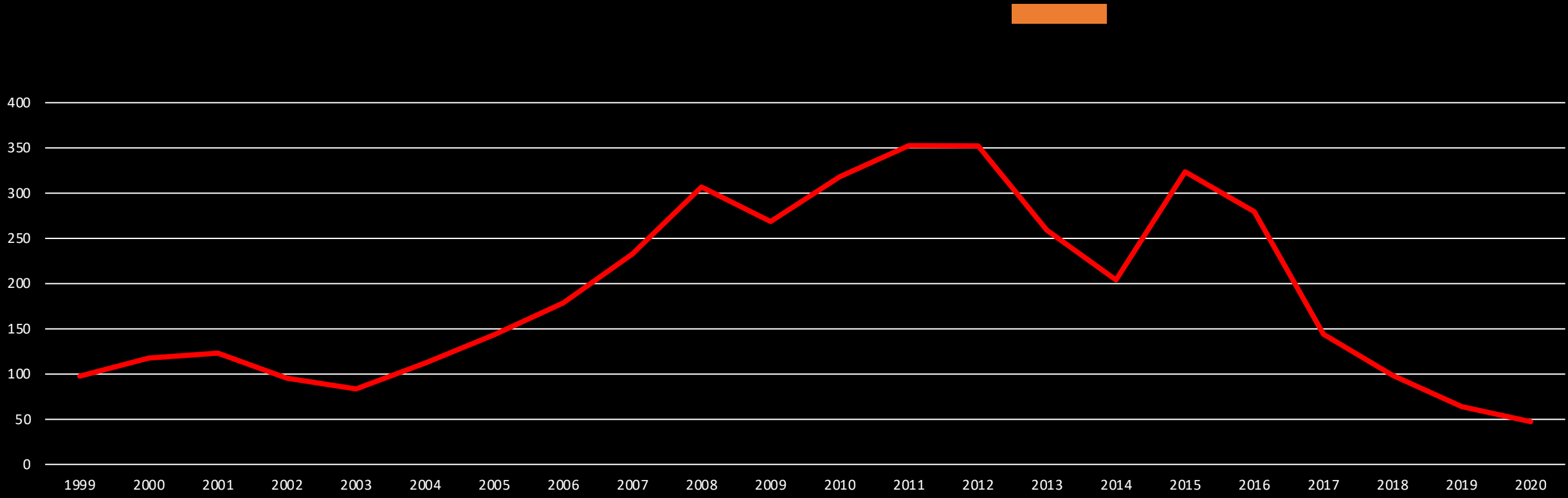


A brief history of an unparallel collapse (2002-2017)



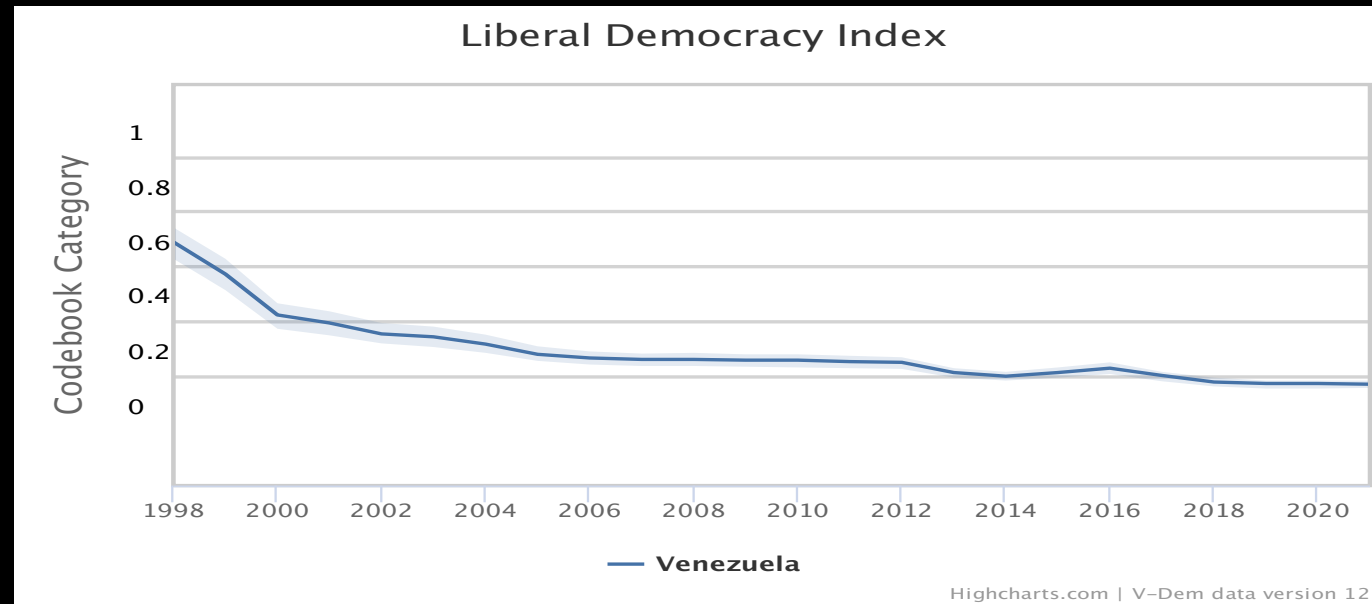
- Since 2002 Hugo Chávez implemented authoritarian-populist policies that decimated rule of law
 - Venezuela became a competitive authoritarianism
 - Market mechanisms were destroyed
 - Politization, corruption and over-indebtedness destroyed the oil production
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- Shortages and inflation degenerated into a complex humanitarian emergency and hyperinflation

A brief history of an unparallel collapse (2002-2017)



Venezuela GDP 1999-2020 , current prices, USD
billions
Source: IMF

A brief history of an unparallel collapse (2002-2017)



Venezuela Liberal Democracy Index 1999-2021

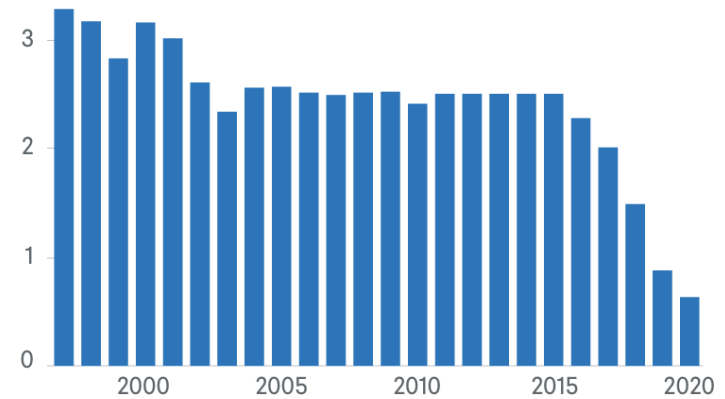
Source: V-DEM

A brief history of an unparalleled collapse (2002-2017)

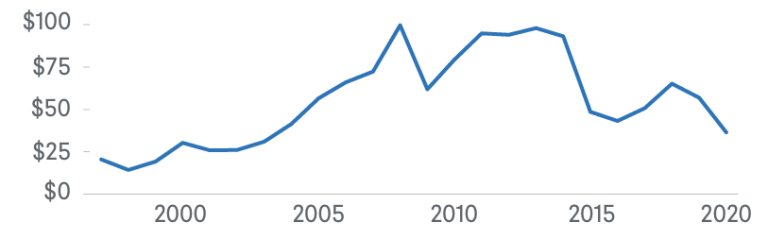
Oil production and price
Source: CFR

Venezuela: From Oil Boom to Bust

Venezuelan crude oil production (millions of barrels per day)



Price of crude oil per barrel (West Texas Intermediate)



Note: Data from 2020 represents the average over the first six months of the year.

Sources: Federal Reserve Bank of St. Louis; U.S. Energy Information Administration.

A brief history of an unparalleled collapse (2002-2017)

Venezuela humanitarian crisis of migrants and refugees

Source: R4V

Venezuelan Refugees and Migrants in the World

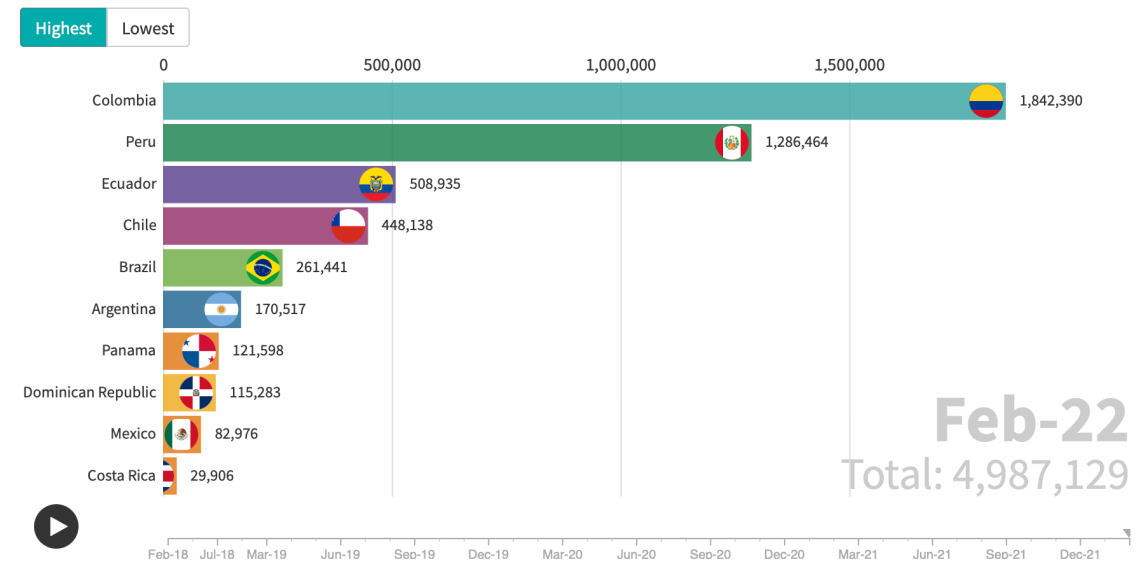
6,041,690

Venezuelan Refugees and Migrants in Latin America and the Caribbean

4,992,215

Last updated 8 February 2022

EVOLUTION OF THE FIGURES IN THE R4V 17 COUNTRIES



Source: R4V Venezuelan population registered by the R4V. Reporting dates and frequency vary from country to country.

Good bye Lenin? (2018)

- The destruction of the oil production and the state collapse reduced the capability of the Government to enforce centralized controls

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- In the "areas of limited statehood" emerged informal institutions, such as a de facto dollarization (the local currency lost its functions due to hyperinflation)

- The Government tolerated private imports

- The increasing economic informalization changed the image of empty shelves

- With imported candies also came illicit financial activities (illicit mining activities, money laundering)

- Imported candies didn't alleviate poverty and inequality



A new hope (2019)

- In 2019 the speaker of the National Assembly was recognized as interim president by approximately 60 countries

- US imposed sanctions and criminal indictments

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- Maduro was deemed as a criminal regime, responsible for gross human rights violations

- The de facto dollarization process, though, continues its path

The battle for Venezuela



A new hope (2019)

Myths

- Guaidó declared himself president
- The opposition adopted a zero-sum strategy
- The opposition threatened Maduro with criminal actions
- The opposition abandoned domestic pressure

Reality

- The National Assembly appointed Guaidó as president
- The strategy was based in power-sharing mechanism
- Transition justice as a core component
- The domestic pressure continued

Why do we fail?

Gangs

- The transition was based on political incentives, but Maduro was mostly a criminal organization

Casinos

- The political narrative ignored the economic transformation

Factions

- The opposition never had a unitary strategy
- Internal factions hindered the Interim Government action



Maduro's resurrection (2021)



- The stalled transition led to suggest a new start for the opposition
 - Factions within the opposition proposed to eliminate the Interim Government and recognize Maduro
 - The de facto dollarization created a false image of pro-market policies
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- The 2021 regional and municipal elections were seen as an opportunity
 - Mexico talks renovated the hope for a new political understanding

Maduro's resurrection (2021)

- The regional and municipal elections failed (42% turnout, Maduro won all but three states)
- The EU EOM ratified the structural deficiencies of the electoral system

The Barinas effect?

- The opposition won (twice) in Barinas, Chávez native state
- Maduro displaced the *chavista* elite in Barinas
- Maduro stripped off the main competencies of the Barinas governor
- The Barinas victory is not a genuine step towards democratization



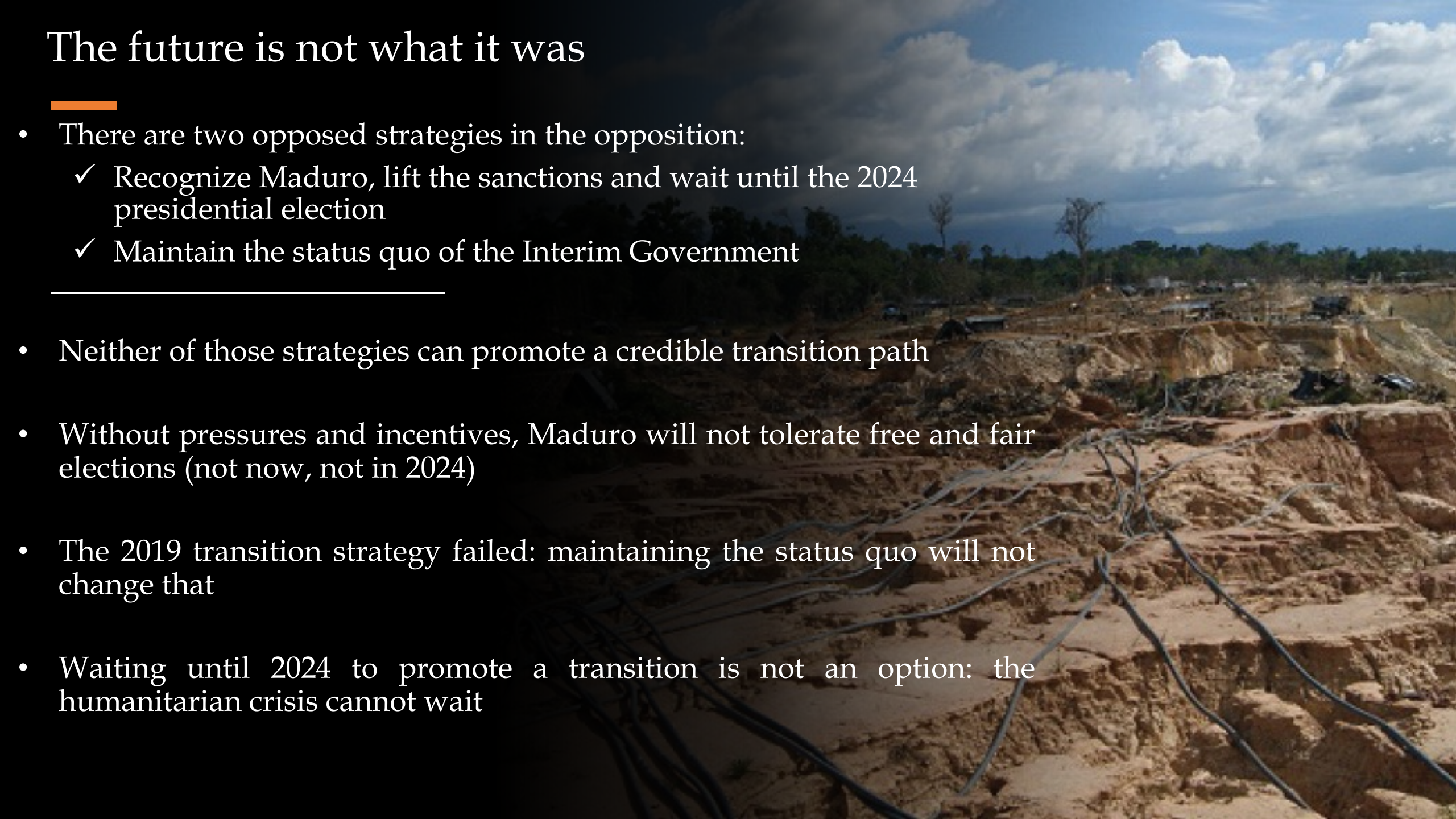
Lift the sanctions! (2022)



- A “new (partial) political arrangement” is based on Maduro’s recognition, waiting for the 2024 presidential election
 - Sanctions, thus, should be lifted
 - The Ukraine invasion created the hope of a return of the Venezuelan oil
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- But Mexico negotiations are suspended....
 - Maduro’s main concerns: avoid foreign and international criminal investigations

The future is not what it was

- There are two opposed strategies in the opposition:
 - ✓ Recognize Maduro, lift the sanctions and wait until the 2024 presidential election
 - ✓ Maintain the status quo of the Interim Government
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- Neither of those strategies can promote a credible transition path
 - Without pressures and incentives, Maduro will not tolerate free and fair elections (not now, not in 2024)
 - The 2019 transition strategy failed: maintaining the status quo will not change that
 - Waiting until 2024 to promote a transition is not an option: the humanitarian crisis cannot wait



The future is not what it was

A person is seen from behind, sitting in a small, narrow boat on the ocean. The boat has a white upper hull and a dark blue lower hull. The person is wearing a red and white striped shirt. The background shows a vast expanse of blue water meeting a clear, light blue sky at the horizon. The overall mood is contemplative and serene.

- Avoid partial solutions: work on a comprehensive and feasible plan
 - A multilateral approach towards Venezuela
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- Neither vengeance, not impunity: the transitional justice and human rights victims' reparations
 - The EU EOM has a guide to restore electoral integrity conditions
 - The Venezuelan opposition must be deeply restructured: too many factions, too little leadership
 - A humanitarian framework regarding sanctions
 - The Interim Government should be preserved with a brand-new organization, as part of the incentives towards transition