



Power without the People: Averting Venezuela's Breakdown

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I. Overview

Venezuela is in turmoil after more than two months of almost daily mass demonstrations organised across the country by the opposition Democratic Unity (MUD) alliance. Almost 70 people have been killed; human rights groups ascribe at least a third of these deaths to excessive force by National Police (PNB) and National Guard (GNB) riot squads, sometimes accompanied by groups of gunmen on motorcycles (so-called *colectivos*). Thousands have been arrested – some in violent raids on residential properties carried out without warrants – and hundreds arraigned before military tribunals, in violation of the constitution. Systematic looting in several cities adds to the misery of daily life in a country suffering from chronic shortages of food, medicines and other basic goods. Armed thugs, either affiliated with or tolerated by the government, hold de facto authority in many areas.

Venezuela has ceased to be a democracy. President Hugo Chávez and his successor Nicolás Maduro have systematically eroded constitutional checks and balances over nearly two decades. The government has suspended democratic elections and stripped the opposition-led National Assembly of virtually all its powers. It intends to rewrite the 1999 constitution, electing a 545-member constituent assembly next month under a specially designed system that almost guarantees a loyalist majority, despite the government's low poll ratings. The assembly will be empowered to write a new constitution that sweeps aside existing institutions and installs a "communal state". Government spokesmen have threatened to close the National Assembly, eliminating legislators' parliamentary immunity and "turn upside down" the prosecution service (*fiscalía general*) whose head – the former loyalist Luisa Ortega Díaz – now publicly opposes the president.

Venezuela's descent toward violent anarchy threatens not only its 31 million inhabitants but also the wider region, whose leaders are unable to agree on how to help their neighbour restore democracy, the rule of law and stability. A negotiated resolution remains the best hope for avoiding even greater bloodshed, but not by returning to the futile, time-consuming "dialogue" of 2016. Negotiations should be rigorously structured, with an agreed timetable and agenda, and mediated by external actors able to act as guarantors. The active engagement of the Organization of American States (OAS) will be essential.

Since the present government has rejected such negotiations, however, there is little hope for progress without the emergence of significant fractures between pragmatists and hardliners within both the military and civilian leaderships. Carrots as well as sticks are needed. Chief among the former is a credible plan to restore peaceful democracy that offers guarantees to both sides, including a transitional justice scheme. But first the government must abandon its project for a constituent assembly, which would only intensify the conflict and make a solution even more difficult.

II. What Provoked the Latest Protests?

At the beginning of 2017, the Maduro government was in a buoyant mood. It no longer faced the threat of early presidential elections, having used its institutional stranglehold to block a presidential recall referendum in 2016.¹ The appointment of Aragua state Governor Tareck el Aissami as vice president reinforced the hardliners.² The MUD was in disarray, internally divided and seemingly unsure where to go next. An abortive dialogue facilitated by the Vatican, which began in late October, fell apart in December, having succeeded only in demobilising street protests and undermining the credibility of opposition leaders.³ The MUD reorganised, dismissing its secretary general, Jesús “Chuo” Torrealba, and adopting a cumbersome system of coordinating bodies seemingly designed to paper over the splits among member parties.⁴

Then in late March, the Supreme Court (TSJ) issued two resolutions that would trigger new conflict, uniting and reinvigorating the opposition. Most controversially, Resolution 156 transferred legislative powers of the National Assembly to the court, a move the MUD condemned as a coup d'état. The resolutions also accused MPs of treason, virtually eliminated their parliamentary immunity and threatened them with trial by military tribunals. On 31 March, Attorney General Luisa Ortega, previously considered a hardline government loyalist, declared that these decisions marked a “breakdown of constitutional order”.⁵ To limit the damage, the government convened the National Defence Council, chaired by Vice President Aissami, which “exhorted”

¹ Under the terms of Article 233 of the constitution, the president's removal during the last two years of his six-year term does not lead to fresh elections. Instead, the vice president (an appointed figure) completes the term. January 2017 marked the beginning of the last two years. For more details on the recall referendum process, see Crisis Group Latin America Report N°59, *Venezuela: Tough Talking*, 16 December 2016.

² Maduro appointed Aissami vice president on 4 January and within days also named him head of a new, military/civilian “anti-coup command”, which immediately began making arrests. On 13 February the U.S. Treasury Department designated Aissami a “prominent drug-trafficker”, freezing any assets he might have in the U.S. and prohibiting U.S. citizens from doing business with him. “Treasury Sanctions Prominent Venezuelan Drug-Trafficker Tareck el Aissami and his Primary Frontman Samark López Bello”, Treasury Department press release, 13 February 2017.

³ The dialogue also was facilitated by former Spanish Prime Minister José Luis Rodríguez Zapatero and two Latin American ex-presidents, as well as the Union of South American Nations (UNASUR) Secretary General Ernesto Samper.

⁴ “Nueva estructura de la Unidad Democrática inició formalmente sus funciones”, Mesa de la Unidad Democrática, 23 February 2017.

⁵ Ortega's comments came at the end of a presentation carried live on state television. “Luisa Ortega Díaz ruptura del hilo constitucional en Venezuela”, YouTube video, 31 March 2017.

the Supreme Court to reconsider the resolutions – an order the judges promptly obeyed by partially rescinding them.⁶

The next day, opposition legislators called the first in a series of demonstrations to demand early general elections and dismissal of justices responsible for the rulings. The OAS Permanent Council, which only days earlier had held an inconclusive meeting on Venezuela, reconvened on 3 April and passed a resolution declaring the court rulings “incompatible with democratic practice” and a “violation of constitutional order”.⁷ The resolution invoked both the OAS charter and the Inter-American Democratic charter, which includes provisions for dealing with the breakdown of constitutional rule in a member state. It also called for a consultative meeting of OAS foreign ministers. In protest, Venezuela announced it would leave the organisation.⁸

Though the partial reversal of the Supreme Court resolutions seemed to indicate a climb-down, the Maduro government soon made clear that it was ready to pour more fuel on the fire. On 7 April, the comptroller general announced that it was banning Henrique Capriles, a key opposition leader, from holding elected office for fifteen years.⁹ The MUD announced that street demonstrations would continue until the government backed down. A pattern emerged of at least three major rallies or marches a week, which were then blocked, dispersed and violently attacked by police and National Guard riot squads, backed in Caracas by armoured vehicles and water-cannon. On average, one person – a demonstrator, a passer-by or a member of the security forces – was killed every day. On 1 May, Maduro announced his plans for a constituent assembly, saying this was the only way to restore “peace”. The opposition dismissed the proposal as a fraud to provide quasi-legal justification for dictatorship.

III. Goodbye to Representative Democracy

Like his predecessor, Hugo Chávez, Maduro came to power through an election, though he won the presidency in April 2013 by only a narrow margin and despite legal challenges.¹⁰ The government's willingness to again face the electorate evaporated after the December 2015 legislative elections, however, when the MUD obtained two thirds of the 167 parliamentary seats.¹¹ Since then, it has manoeuvred to avoid

⁶ The u-turn by the court itself was deemed unconstitutional by many independent legal experts. See José Ignacio Hernández, “Sobre el inconstitucional exhorto del Consejo de Defensa Nacional al TSJ”, *Prodavinci.com*, 1 April 2017.

⁷ In mid-May, the U.S. announced targeted sanctions against Supreme Court President Maikel Moreno and the seven members of the court's constitutional branch for their role in issuing the resolutions. “Venezuela Supreme Court judges hit with U.S. sanctions”, *Reuters*, 18 May 2017.

⁸ The formal letter announcing withdrawal was handed to Secretary General Luis Almagro on 28 April. The process, however, takes two years to complete. Mariano de Alba, “Venezuela y su posible retiro de la OEA”, *Prodavinci.com*, 26 April 2017.

⁹ Capriles, the MUD's presidential candidate in 2012 and 2013, is governor of the state of Miranda, which includes a large part of the capital, Caracas. He belongs to the *Primero Justicia* party. A month later a similar ban was imposed on one of the other two opposition state governors, Liborio Guayulla of Amazonas.

¹⁰ For an account of the 2013 election and the alleged irregularities cited by MUD, see Crisis Group Latin America Report N°28, *Venezuela: A House Divided*, 16 May 2013.

¹¹ See Crisis Group Latin America Briefing N°35, *The End of Hegemony: What Next for Venezuela?*, 21 December 2015.

elections, evade its commitments under international treaties, and finally change the constitution in order to abolish representative democracy altogether.

A. *Avoiding the Electorate*

Using the nominally autonomous Supreme Court, Maduro had all laws passed by the opposition-controlled assembly in 2016 declared either unconstitutional or financially unviable. The court's constitutional bench then removed parliament's other powers, including oversight of the executive branch and budgetary authority, accusing the assembly of contempt for attempting to seat members from Amazonas charged with vote-buying.¹² The president has ruled by decree under a state of emergency first imposed in January 2016, and renewed (to date) seven times.¹³ When the MUD responded by seeking a presidential recall referendum, under Article 72 of the constitution, Maduro used his control of the electoral authority (CNE) to delay and ultimately block the effort.¹⁴

Elections for state governors, originally scheduled for December 2016, were put on hold. Excuses included lack of funds, controversy over the recall referendum and the court's decision to launch a complicated, months-long process to "revalidate" political parties, which appears designed to eliminate many of them.¹⁵ On 24 May, the electoral authority announced that the delayed elections would take place on 10 December. However, it also announced elections for a constituent assembly (ANC) on 30 July.¹⁶ Once elected, the assembly will have authority to cancel any other elections, or even eliminate state governorships altogether.

¹² These allegations have never been aired in court, and there has been no move to hold fresh elections, leaving the voters of Amazonas without parliamentary representation. Julett Pineda Sleinan, "Diputados de Amazonas solicitan sentencia definitiva a Sala Electoral del TSJ", *Efecto Cocuyo* (efectococuyo.com), 2 August 2016. The court is divided into *salas* or benches, such as criminal, electoral and constitutional. The latter has become the de facto court of last appeal.

¹³ States of emergency lasting up to 90 days can be declared under the terms of Articles 337-339 of the constitution, but must be approved by the National Assembly. They can be renewed just once, for the same length of time.

¹⁴ All elected officials in Venezuela are subject to a mid-term recall referendum if requested by 20 per cent of the electorate. For details of how the referendum against Maduro was blocked, see Crisis Group Report N°59, *Venezuela: Tough Talking*, *op. cit.*

¹⁵ In 2016 the Court ordered that all political parties that had not obtained the votes of at least 1 per cent of the electorate in the 2015 legislative elections should re-register with the electoral authority, a process that involves obtaining the signatures of at least 3 per cent of the electorate in at least twelve states. Initially, 59 parties were affected (though not the opposition Democratic Unity umbrella group nor the ruling United Socialist Party of Venezuela). The opposition complained that the logistics imposed by the CNE made it almost impossible for most parties to comply with the conditions. Alessandro di Stasio, "Claves para conocer el proceso de renovación de partidos políticos anunciado por el CNE", *Efecto Cocuyo* (efectococuyo.com), 8 February 2017.

¹⁶ In contrast to the recall referendum petition of 2016, which the CNE took around eight months to process and was eventually denied, Maduro's ANC petition was granted immediately. After taking 48 days in 2016 to produce the forms for gathering signatures, the CNE produced the equivalent forms in 48 hours, and every other aspect of the process was similarly expedited. Eugenio Martínez, "CNE acelera todos los procesos para cumplir con exigencias de Maduro", *Diario de las Américas*, 30 May 2017.

B. *Venezuela's Divorce from the OAS*

Hugo Chávez, who regarded representative democracy as a tool for political control by elites, chafed at the human rights provisions of the Inter-American system, as embodied in the OAS charter and the Inter-American Democratic charter.¹⁷ Although Chávez signed the charter (which, ironically, was first invoked in response to a coup that briefly ousted him in April 2002), he made clear his reservations. He was equally dismissive of the Inter-American Human Rights commission and the Inter-American Court of Human Rights, whose rulings the Venezuelan Supreme Court either ignored or ruled inapplicable. Chávez denied the commission access to Venezuela, arguing that its criticisms were part of a U.S.-inspired campaign against his government. In September 2013, Venezuela renounced the American Convention on Human Rights.¹⁸

This process of withdrawal from the Inter-American system reached its logical conclusion with the Maduro government's decision to renounce its OAS membership. The unprecedented move leaves Venezuela isolated from the regional body's other 34 members, along with Cuba, which was suspended from 1962-2009 and has refused to rejoin. Other close allies of the Maduro government, such as Bolivia and Nicaragua, have shown no inclination to follow Venezuela's example.

C. *The National Constituent Assembly*

The government's decision to convene a constituent assembly or ANC epitomised its rejection of internationally accepted democratic norms. President Maduro says his aim is to promote dialogue and restore peace. Declarations by other leading proponents suggest a different intention, however. Former Attorney General Isaías Rodríguez, a member of the presidential commission charged with promoting the assembly, has spoken of using it to "annihilate" the political right.¹⁹ Diosdado Cabello, vice president of the ruling United Socialist Party of Venezuela, said the ANC would close down the National Assembly and eliminate current legislators' parliamentary immunity, while another member of the presidential commission, constitutional lawyer Hermann Escarrá, said it would even assume criminal justice functions.

Although Article 348 of the constitution states that the president is among those who can trigger the drafting of a new constitution, Article 347 clearly states that only "the people" can convene a constituent assembly. Most scholars argue that this requires a prior referendum, but the government has refused to hold one.²⁰ It is also unclear whether the electorate will get to approve any resulting constitutional text. Under pressure from both the opposition and dissident *chavistas*, the government

¹⁷ Chávez claimed to adhere to "participatory democracy". See Margarita López-Maya, "Democracia Participativa en Venezuela (1999-2010): orígenes, leyes, percepciones y desafíos", Centro Gumilla, 2011.

¹⁸ The decision, which took effect a year later, means no further cases relating to Venezuela can be brought before the Inter-American Human Rights Court. José Ignacio Hernández, "Venezuela se sale de la CIDH. ¿Y ahora?", Prodavinci (Prodavinci.com), 10 September 2013.

¹⁹ "Isaías Rodríguez llama a 'aniquilar la derecha' con la nueva constitución", Agencia Efe, 3 June 2017. Rodríguez vowed that the government would, "sweep aside, finish off, definitively annihilate" what he called "the right".

²⁰ José I. Hernández, "Sobre el extraño caso de la firma del decreto de la 'constituyente ciudadana'", Prodavinci (Prodavinci.com), 3 May 2017.

modified ANC regulations to include a referendum. However, the final decision will rest with the constituent assembly itself.²¹

Even more serious are problems with how the ANC will be elected. The method proposed by the government (and accepted by the Supreme Court and electoral authority) is skewed against heavily populated urban areas where the opposition is strongest.²² Each of the country's 335 municipalities will elect one assembly member, regardless of population size. Municipalities that are also state capitals will elect two. This means, for example, that the city of Maracaibo (capital of Zulia state), with almost a million voters, will elect two members, while the state of Táchira with 29 municipalities but only 826,000 voters, will elect 30. Tiny towns in remote Amazonas state will have the same weight as municipalities in metropolitan Caracas with hundreds of thousands of voters. The system would also make it almost impossible for the opposition to take both seats in state capitals, giving the government a virtually guaranteed 50 per cent of these (ie 23 seats).

The rules also provide for 173 assembly members to be elected by eight arbitrarily chosen "sectors": students, peasants and fishermen, business owners, the disabled, pensioners, workers, indigenous people, members of communal councils and members of communes. There are no published electoral registers for these sectors; only the government has access to relevant databases. Some – particularly the communes and communal councils – are vulnerable to manipulation by the state.²³

IV. The Risks of Escalation

The Maduro government has shown that it is willing to use state-sponsored violence to remain in power rather than give in to opposition demands for free and fair elections. Opposition protests have for the most part been non-violent, but its current leaders may not be able to retain control of the anti-Maduro movement, which includes sectors of the population that have little affinity with them.²⁴ And while a split

²¹ Among the many voices rejecting the ANC proposal is that of the Catholic Church, which has declared it both unnecessary and inappropriate. "Palabras de Mons. Diego Padrón Sánchez al Presidente de la Comisión Organizadora de la Asamblea Nacional Constituyente", 21 May 2005.

²² The government changed regulations used to elect the 1999 Constituent Assembly, probably because they would likely produce an opposition majority. Around two thirds of respondents in recent polls do not think a constituent assembly is a priority, and more than 80 per cent would like Maduro to leave office this year. "7 de cada 10 venezolanos opinan que viven en dictadura, apoyan las protestas y quieren que Maduro se vaya", El-Informe.com, 22 May 2017.

²³ The government created communal councils in 2006 as grassroots citizens' organisations politically and economically dependent on the central government. Under a constitutional reform proposed by Chávez in 2007 and rejected in a referendum, the "commune" would have become the basic unit of social and political organisation. Despite the defeat, the plan has been partially implemented. Voters deemed to belong to these or any other of the "sectors" will also vote for their municipal representative. But it is the government that will decide who belongs to which voting bloc, and not everyone will have a "sectoral" vote.

²⁴ A poll by More Consulting, for example, carried out between 2 and 5 May 2017, found over 70 per cent in favour of Maduro leaving office this year, compared with around 55 per cent support for the opposition.

in the armed forces might bring about a swift conclusion to the conflict, it is also possible that it could lead to protracted violent clashes on the streets, with rival factions, both civilian and military, fighting for control.

A. Will the Opposition Shoot Back?

The Democratic Unity alliance, which represents the overwhelming majority of opposition political parties, says it is committed to a non-violent, electoral solution to the conflict. Many of its leaders, including members of parliament, have been injured while marching at the forefront of demonstrations without gas masks, helmets or other forms of protection.²⁵ Despite their rejection of violence, the Maduro government has painted protest leaders as terrorists.²⁶

The demonstrations, however, have not been entirely peaceful. Groups of youths, known as *La Resistencia*, have clashed for hours with security forces, using rocks, petrol bombs and other projectiles, including home-made mortars. Trucks and buses have been hijacked and set alight; in a few cases “infiltrators” allegedly have been lynched.²⁷ Communities and some outsiders regularly erect barricades in parts of the capital while elsewhere they have set fire to government buildings, ruling party headquarters and even police and military installations, most notably in the western states of Táchira and Barinas but also in Aragua, on the central northern coast, and Sucre to the east. In Zulia and Anzoátegui states, demonstrators have destroyed or damaged statues of Chávez. Protests have also erupted in communities west and south west of Caracas that until recently were bastions of *chavismo*.²⁸

The opposition leadership could lose further control if the conflict is not resolved quickly. Illegal firearms are available in large quantities and there are plenty of people – particularly former members of the police and armed forces – with the skills and experience to make use of them.²⁹

²⁵ On 3 May alone at least five MPs were injured. “Varios diputados resultaron heridos tras represión en la marcha opositora”, *Tal Cual*, 3 May 2017. Miranda state governor and former presidential candidate Henrique Capriles was attacked by the National Guard on 29 May. “GNB agredió a Capriles y robó a su equipo en Las Mercedes”, *El Nacional*, 29 May 2017.

²⁶ “Presidente Maduro: Pese a algunos focos terroristas, Venezuela sigue en paz trabajando”, VTV (available on www.YouTube.com), 16 May 2017.

²⁷ Circumstances surrounding some of the bus-burning incidents (including non-intervention by security forces and apparent presence of *colectivos*) suggest they may have been carried out by government supporters. The lack of response from security forces and the reported presence of *colectivos* seem suspicious. The most notorious lynching incident took place in the Altamira district of Caracas during a demonstration on 20 May when 22-year-old Orlando Figuera was set alight. The government has insisted that the victim, who later died, was lynched for allegedly being a *chavista*. The prosecution service, however, concluded that he had been accused of theft.

²⁸ Particularly striking were mass demonstrations in the La Vega barrio, not far from the presidential palace, beginning on 2 June, in which local people complained of lack of food and medicines and were met with teargas and GNB riot squads. “La Vega amaneció entre protestas y represión”, *El Nacional*, 2 June 2017.

²⁹ An opposition politician told Crisis Group that ex-security forces members had offered to create an armed wing of the movement. The politician rejected the proposal. Crisis Group interview, Caracas, 8 May 2017.

B. *Will the Army Split?*

On 10 April, three Venezuelan army lieutenants asked for political asylum in Colombia after crossing the border at Cúcuta. Foreign Minister Delcy Rodríguez called for their extradition, accusing them of plotting a coup. The lieutenants, who recorded a video calling on the armed forces to “turn their back on the tyrant”, belong to an apparently large group of dissident officers, most of whom graduated from the military academy in 2012. Analysts attribute their discontent to the presence of Cuban officers and rampant corruption in the upper echelons of the military.³⁰ Many officers, from various branches of the armed forces, reportedly are in detention, either in military prisons or intelligence (DGCIM) installations.³¹ Some appear to be National Guard officers, detained for ignoring orders to repress demonstrations by force, although information is scanty.³²

The armed forces appear to remain largely unified, however. This cohesion could be tested if the government uses the army to bolster police and National Guard riot squads. It has already deployed some units to the interior, sending 600 Special Forces troops to the south-western state of Táchira on 17 May, along with 2,000 additional National Guards. Ostensibly, their role is to neutralise “paramilitary” or “mercenary” groups allegedly employed by the opposition to “overthrow the government”.³³

C. *“Colectivos” Unleashed*

On 17 April, President Maduro announced plans to expand the Bolivarian Militia to 500,000 (and eventually 1 million) members, each equipped with a rifle.³⁴ The militia, he said, would defend the country against a “ferocious offensive” mounted by opposition “traitors”. Diosdado Cabello said there were also 60,000 *motorizados* ready to protect the centre of Caracas. These armed civilians on motorcycles, also commonly referred to as *colectivos*, act as para-police groups, enforcing political loyalty in the barrios and sometimes helping police and National Guard break up opposition demonstrations.³⁵ The government denies involvement with the *colectivos*,

³⁰ Javier Ignacio Mayorca, “Alzados en el Ejército contra la cubanización”, Revista *Clímax* (elestimo.com), 22 May 2017.

³¹ Girish Gupta & Andrew Cawthorne, “Fourteen Venezuelan army officers jailed in first week of protests – documents”, Reuters, 6 June 2017.

³² On 6 May defence minister General Vladimir Padrino López told National Guard officers, “I don’t want to see another National Guard (soldier) committing atrocities in the street”, in what was seen by some analysts as evidence of unease in the army over the behaviour of military riot squads. No change in their behaviour was subsequently observed, however. “Afirman que declaración de Padrino. López es un quiebre público con Reverol”, *El Nacional*, 7 June 2017.

³³ Hernán Lugo Galicia, “Uso de fuerzas especiales y tres anillos forman parte del Plan Zamora (1)”, *Crónica Uno*, 23 May 2017. See Section C (below) for more on Plan Zamora.

³⁴ The Militia was created by Hugo Chávez as a fifth branch of the Venezuelan armed forces (the constitution only recognises four) in 2008. Its allegiance is to the *chavista* movement, not the nation. Edecio Brito, “Control Ciudadano: la milicia se consolida como un cuerpo armado al servicio del Gobierno”, *El Pitazo* (elpitazo.com), 17 June 2016.

³⁵ Attorney General Luisa Ortega told the press on 24 May that prosecutors had opened criminal investigations into 165 armed civilian groups. “Fiscal Ortega Díaz: ‘A Pernaleta lo impactó una bomba lacrimógena’”, *El Pitazo* (elpitazo.com), 24 May 2017.

though photographs and videos apparently show armed civilians on motorcycles operating in coordination with uniformed security forces.³⁶

A day later, the president authorised implementation of the first phase of *Plan Zamora*, a military/civilian plan to combat threats to internal order by those allegedly planning a coup. It includes deploying armed civilians alongside security forces and using military tribunals to try government opponents.³⁷ The pretext for the plan's launch was an outbreak of looting in the country's third city, Valencia. Some 780 people were arrested, including 251 put before military tribunals on charges such as rebellion.³⁸

D. *A Failing State?*

The Venezuelan government is unable to fulfil some of the modern state's most basic functions. Not only is the country suffering from acute food insecurity and a collapsing health system (see below), but also from rampant and largely unpunished criminal violence: more than 90 per cent of the 20,000-plus homicides committed every year go unpunished.³⁹ Gangs run many of the country's prisons, using them to organise extortion, kidnapping and hijacking rackets. The *colectivos* engage in crime as well as threatening and harassing the opposition. On the Colombian border, a similar role often is played by guerrillas of the *Ejército de Liberación Nacional* (ELN), an armed leftist group engaged in tentative peace talks with the Colombian government, or by the home-grown paramilitaries of the *Fuerzas Bolivarianas de Liberación*, who operate smuggling, kidnap and extortion rackets and profess loyalty to the government. Both groups have threatened opposition activists in border areas.⁴⁰

Control over certain territories is shifting to quasi-state armed groups. In south-eastern gold and diamond mining areas, the so-called *sindicatos* (nominally miners' unions, but in practice armed, criminal gangs reportedly linked to senior military officers and the state government) exercise de facto control, smuggling vast quantities of precious minerals out of the country. "They come and ask for food", said a farmer in Bolívar state. "If you say you don't have any, they shoot your cattle right in front of you".⁴¹ State security forces are increasingly prone to brazenly predatory acts against civilians. National Guard officers at *alcabalas* (military checkpoints on the highway)

³⁶ In recent weeks, armed civilians acting in concert with the National Guard have invaded and damaged private property, sometimes in daylight hours. Sabrina D'Amore, "Paramilitares y GNB reprimieron, robaron y amedrentaron a vecinos de La Urbina", Runrunes (runrun.es), 4 May 2017.

³⁷ The systematic incorporation of para-police groups into public order functions was prefigured in the unconstitutional State of Exception decree of 13 May 2016. "Decreto No. 2.323, mediante el cual se declara el Estado de Excepción y de la Emergencia Económica, dadas las circunstancias extraordinarias de orden Social, Económico, Político, Natural y Ecológicas que afectan gravemente la Economía Nacional", Gaceta Oficial Extraordinaria No. 6.227.

³⁸ According to the legal aid group Foro Penal Venezolano, collective hearings involving up to 40 defendants took place. "¿Por qué militares procesan a civiles?", BBC Mundo, 9 May 2017.

³⁹ According to the attorney general there were 21,752 murders in Venezuela in 2016, a rate of over 70 per 100,000 inhabitants. Human rights and security activists put the impunity rate for homicide at between 94 and 98 per cent, similar to rates recorded in Central America's violent Northern Triangle (El Salvador, Guatemala and Honduras).

⁴⁰ Crisis Group interview, foreign journalist reporting on border region, 6 June 2017.

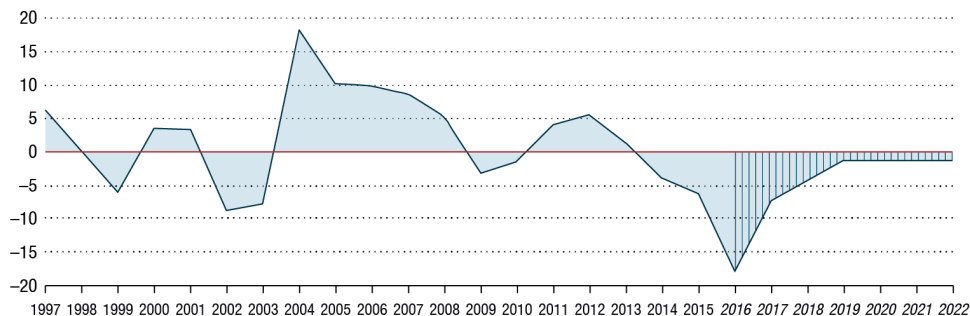
⁴¹ Crisis Group telephone interview, farmer in El Callao, Bolívar, 22 May 2017.

extort money from smugglers and legitimate transport companies alike, and they are not alone. Fruit and vegetable vendors in central Venezuela say their costs have increased because of the so-called *vacunas* (literally “vaccinations”, meaning bribes) that the truckers have to pay en route. Informal *alcabalas* sometimes spring up even on main highways in daylight.⁴²

V. How to Prevent a Catastrophe

Venezuela is immersed in a profound crisis that is not just political but also economic (see graphs 1 and 2 below). Per capita GDP has fallen by more than a third since 2012, the second worst economic collapse in recent Latin American history.⁴³ Ten per cent of the population living in extreme poverty (around 1.5 million people) admits to obtaining food from the garbage.⁴⁴ Infant mortality increased by more than 30 per cent between 2015 and 2016, and more than 11 per cent of children suffer from acute malnutrition.⁴⁵ Most essential medicines are unobtainable. Domestic production has collapsed, with manufacturing firms operating at 20-30 per cent of installed capacity. Imports fell by 72 per cent between 2012 and 2016, and continue to plummet in 2017.

Negative Growth. Venezuela's national income plummeted in 2015. Although forecasts suggest some recovery, the economy is not expected to grow in real terms for years. (Change in GDP at constant prices). Data after 2016 are estimates.



Source: International Monetary Fund and Bloomberg.

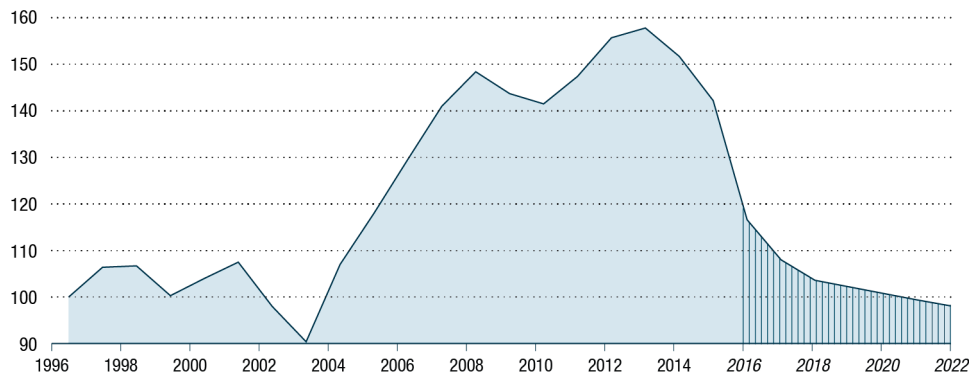
⁴² Crisis Group telephone interview, security analyst in Maracaibo, 31 May 2017. GNB troops, as well as police, have also been accused in recent days of systematically robbing demonstrators in Caracas, particularly of their mobile phones and other valuables. Opposition leader Henrique Capriles said on 29 May that he and his staff had been beaten and robbed by the GNB. “GNB agredió y robó a su equipo en Las Mercedes”, *El Nacional*, 29 May 2017.

⁴³ Francisco Rodríguez, “Don’t let Venezuela become the next Libya”, *Financial Times*, 31 May 2017. The worst was wartime Nicaragua 1977-1979.

⁴⁴ Encuesta Condiciones de Vida (Universidad Central de Venezuela, Universidad Católica Andrés Bello & Universidad Simón Bolívar), February 2017. “Encovi: 82% de los hogares está en pobreza”, Agencia Efe, 17 February 2017.

⁴⁵ Health Minister Antonieta Caporale was sacked on 10 May, just days after publishing the epidemiological bulletins for 2016, which revealed a 30 per cent increase in infant mortality and a 76 per cent rise in maternal mortality, as well as the reappearance of diphtheria after 24 years and a 76 per cent increase in malaria cases. “Lo que revelan las cifras de salud oficiales de Venezuela”, BBC Mundo, 10 May 2017. The bulletin had not been published since late 2014.

Back to the '90s. Economists forecast that Venezuela's economy in 2019 will be roughly the same size it was in 1999. (GDP in real terms relative to 1996)



Note: Data for 2016 is an estimate, reflecting IEA data showing a drop of 220,000 barrels a day that year.
Source: BP, International Energy Agency and Bloomberg.

To pay its most urgent bills (especially the foreign debt) the government is selling off assets at massive discounts.⁴⁶ Lack of food, medicines and other basic goods, along with a collapse in the purchasing power of wages, is driving tens of thousands to leave the country, especially to neighbouring Colombia and Brazil, straining their resources.⁴⁷ The government's response is to blame its enemies and radicalise its base – a recipe for further polarisation, violence and poverty. There is no indication that the group around Maduro, including both civilian and military leaders, has any intention of negotiating a return to democracy. Such a restoration will only take place if pragmatists in government and the judicial system gain the upper hand, or if the government collapses, either because it runs out of money, or because the armed forces withdraw support.

The opposition sees little option but to maintain its campaign of non-violent demonstrations in a bid to persuade both the armed forces and/or civilians in key positions (especially the National Assembly, the Supreme Court, the electoral authority and the ombudsman's office) to break ranks. Offers of leniency to government members through a transitional justice bill passed by parliament could prove useful in that regard. Government hardliners may ultimately need to be offered safe passage to exile, since no feasible transitional justice system is likely to offer them immunity from prosecution for human rights violations or involvement in serious organised crime.

Neither Venezuela's neighbours nor the wider international community should remain on the margins. The region should put in place a "contact group", ideally comprising four to six countries, including at least two allies of the Venezuelan government, to push for a negotiated solution. This effort will need to secure broad international support, including from major powers friendly to the *chavista* regime, such as China and Russia. Such a move already has been contemplated by a majority bloc within the

⁴⁶ In May, the government sold \$2.8 billion in state oil company bonds to the investment bank Goldman Sachs for just 31 cents on the dollar. Kejal Vyas & Anatoly Kurmanaev, "Goldman Sachs bought Venezuela's state oil company's bonds last week", *The Wall Street Journal*, 28 May 2017.

⁴⁷ Colombia recently sent a delegation to Turkey to learn about how to respond to sudden mass migration. "Preparan un plan de contingencia por llegada masiva de venezolanos", *El Tiempo* (Colombia), 17 May 2017. It is reported to be preparing to receive up to a million displaced people, many of them of Colombian origin.

OAS. But a consultative meeting of foreign ministers on 31 May failed to reach consensus, with the fourteen-nation CARICOM bloc of Caribbean states urging “non-interference”. The meeting was to reconvene just before the OAS General Assembly in Cancún, Mexico, 19-21 June 2017.

If the OAS fails to set up a contact group, an ad hoc group of countries should step in to promote a negotiated solution.⁴⁸ The most urgent task of either a contact or an ad hoc group would be to put pressure on the Maduro government to abandon plans for a constituent assembly, commit to free and fair elections, and begin complying with the four key commitments it made during the 2016 dialogue but never implemented.⁴⁹ The powers of the National Assembly should be restored, political prisoners released, a humanitarian assistance program launched and steps taken to replace government loyalists in the Supreme Court and the electoral authority with independent, respected professionals in accordance with constitutional requirements.

It is likely, as indicated above, that little progress will be made until the Maduro government runs out of alternative options, or is replaced by a more pragmatic leadership. Should neither persuasion nor protest force the government to change course, then the international community must be prepared to deal with the humanitarian consequences of even more intense conflict, including mass emigration, extreme hunger, and even more bloodshed.

Should the government prove willing to negotiate in good faith, however, restoration of constitutional rule probably will require formation of a transitional government of national unity under a mutually acceptable interim president, pending regional elections (currently scheduled for December 2017) and presidential elections in December 2018 as required under the 1999 constitution. The constitution may need to be amended to reinstate adequate checks on executive power and reassure *chavistas* there will be no witch hunts under a future opposition presidency. Given the massive foreign debt and critical scarcity of foreign reserves, there is also an urgent need for debt relief and a swift injection of capital to restore financial viability. An emergency economic program should also include extensive welfare programs for the most vulnerable groups in society.

There is still time to avert an outbreak of full-scale violence, but only if the government exercises restraint, the opposition shows leniency, and the international community presses both sides to cooperate while holding out the promise of immediate humanitarian relief and long-term economic aid.

Caracas/Brussels, 19 June 2017

⁴⁸ There are precedents for this, of which the Contadora Group, formed in 1983 by Colombia, Mexico, Panama and Venezuela, and which laid the groundwork for peace in Central America, is the most obvious.

⁴⁹ The four (succinctly enumerated in a 2 December 2016 letter from Vatican Secretary of State Pietro Parolin to Maduro) are: freedom for political prisoners, restoration of the powers of the National Assembly, autonomy for the CNE and TSJ, and a humanitarian corridor.

Appendix A: Map of Venezuela



Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes CrisisWatch, a monthly early warning bulletin, providing a succinct regular update on the state of play in up to 70 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is chaired by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord Mark Malloch-Brown. Its Vice Chair is Ayo Obe, a Legal Practitioner, Columnist and TV Presenter in Nigeria.

Crisis Group's President & CEO, Jean-Marie Guéhenno, served as the UN Under-Secretary-General for Peacekeeping Operations from 2000-2008, and in 2012, as Deputy Joint Special Envoy of the United Nations and the League of Arab States on Syria. He left his post as Deputy Joint Special Envoy to chair the commission that prepared the white paper on French defence and national security in 2013.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in ten other locations: Bishkek, Bogota, Dakar, Kabul, Islamabad, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Algiers, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Hong Kong, Jerusalem, Johannesburg, Juba, Mexico City, New Delhi, Rabat, Sanaa, Tblisi, Toronto, Tripoli, Tunis, and Yangon.

Crisis Group receives financial support from a wide range of governments, foundations, and private sources. Currently Crisis Group holds relationships with the following governmental departments and agencies: Australian Department of Foreign Affairs and Trade, Austrian Development Agency, Canadian Department of Foreign Affairs, Trade and Development, Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, European Union Instrument contributing to Stability and Peace (IcSP), Finnish Ministry for Foreign Affairs, French Development Agency, French Ministry of Foreign Affairs, German Federal Foreign Office, Global Affairs Canada, Irish Aid, Principality of Liechtenstein, Luxembourg Ministry of Foreign Affairs, New Zealand Ministry of Foreign Affairs and Trade, Norwegian Ministry of Foreign Affairs, Swedish Ministry of Foreign Affairs, Swiss Federal Department of Foreign Affairs.

Crisis Group also holds relationships with the following foundations: Carnegie Corporation of New York, Henry Luce Foundation, Humanity United, John D. and Catherine T. MacArthur Foundation, Oak Foundation, Open Society Foundations, Ploughshares Fund, Robert Bosch Stiftung, and Wellspring Philanthropic Fund.

June 2017

Appendix C: Reports and Briefings on Latin America since 2014

Special Reports

Exploiting Disorder: al-Qaeda and the Islamic State, Special Report N°1, 14 March 2016 (also available in Arabic and French).

Seizing the Moment: From Early Warning to Early Action, Special Report N°2, 22 June 2016.

Counter-terrorism Pitfalls: What the U.S. Fight against ISIS and al-Qaeda Should Avoid, Special Report N°3, 22 March 2017.

Left in the Cold? The ELN and Colombia's Peace Talks, Latin America Report N°51, 26 February 2014 (also available in Spanish).

Venezuela: Tipping Point, Latin America Briefing N°30, 21 May 2014 (also available in Spanish).

Corridor of Violence: The Guatemala-Honduras Border, Latin America Report N°52, 4 June 2014 (also available in Spanish).

Venezuela: Dangerous Inertia, Latin America Briefing N°31, 23 September 2014 (also available in Spanish).

The Day after Tomorrow: Colombia's FARC and the End of the Conflict, Latin America Report N°53, 11 December 2014 (also available in Spanish).

Back from the Brink: Saving Ciudad Juárez, Latin America Report N°54, 25 February 2015 (also available in Spanish).

On Thinner Ice: The Final Phase of Colombia's Peace Talks, Latin America Briefing N°32, 2 July 2015 (also available in Spanish).

Venezuela: Unnatural Disaster, Latin America Briefing N°33, 30 July 2015 (also available in Spanish).

Disappeared: Justice Denied in Mexico's Guerrero State, Latin America Report N°55, 23 October 2015 (also available in Spanish).

The End of Hegemony: What Next for Venezuela?, Latin America Briefing N°34, 21 December 2015 (also available in Spanish).

Crutch to Catalyst? The International Commission Against Impunity in Guatemala, Latin America Report N°56, 29 January 2016 (also available in Spanish).

Venezuela: Edge of the Precipice, Latin America Briefing N°35, 23 June 2016 (also available in Spanish).

Easy Prey: Criminal Violence and Central American Migration, Latin America Report N°57, 28 July 2016 (also available in Spanish).

Colombia's Final Steps to the End of War, Latin America Report N°58, 7 September 2016 (also available in Spanish).

Venezuela: Tough Talking, Latin America Report N°59, 16 December 2016 (also available in Spanish).

In the Shadow of "No": Peace after Colombia's Plebiscite, Latin America Report N°60, 31 January 2017 (also available in Spanish).

Veracruz: Fixing Mexico's State of Terror, Latin America Report N°61, 28 February 2017 (also available in Spanish).

Mafia of the Poor: Gang Violence and Extortion in Central America, Latin America Report N°62, 6 April 2017 (also available in Spanish).



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