VENEZUELA WORKSHOP

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The Geopolitical Assessments Series seeks to explore those nation states and areas of the world that are of special importance to the United States. The future security environment that affects the United States and its allies is highly dependent on the behavior of states and how their citizens perceive various issues that affect them both internally and externally. To this end, the workshops seek to examine a state's current leadership and population, their motivations and perspectives, their history, their behavior patterns and drivers, their current critical issues, and optimum U.S. policy options toward that country.

In conducting the workshops, Panel Members principally from academia and sometimes from the military, government, and industry come together for a 1- or 2-day moderated discussion session. SAO personnel lead the discussion through a series of questions posed to the panel. In addition to documenting verbal discussions, the workshop provides computer software for offline anonymous discussions among Panel Members and workshop observers.

DISCLAIMER

This workshop reflects the personal views of the panel discussants. The opinions presented herein are intended to identify and explore a broad range of ideas and issues. They do not necessarily reflect the views of The Johns Hopkins University (JHU), JHU/APL, its sponsors, or any other public or private organization.

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INTRODUCTION

VENEZUELA WORKSHOP OBJECTIVES AND CONDUCT

The Venezuela Workshop was held at JHU/APL on 24 September 2007. The purpose of the Venezuela Workshop was to develop a better understanding of:

- Venezuela’s motivations, objectives, and priorities
- The major drivers and constraints underlying Venezuela’s domestic and foreign policies
- The state of Venezuela’s regional policies and relations
- The impact of Venezuela’s foreign policies and foreign relations on U.S. international and national security interests
- The strengths and weaknesses of various U.S. policy options toward Venezuela

The nine experts who made up the panel were drawn from the academic community. Individual members were nationally and internationally recognized authorities in Latin American affairs in general and Venezuelan affairs in particular. As a group, the Panel Members brought new perspectives, challenging insights, and “out of the box” thinking that are not always readily available.

The first part of the discussions focused on domestic and foreign developments in Venezuela, divided into four issues:

- Venezuela’s National Motivations and Objectives
- Venezuela’s Domestic Policies and Priorities
- Venezuela’s Foreign Motivations, Objectives, and Priorities
- Venezuela’s Relations with Latin America and the Caribbean

The second part of the discussion focused on the bilateral relationship between the United States and Venezuela, divided into two general issues:

- Venezuela’s Perspectives on Venezuelan–U.S. Relations
- U.S. Perspective on, and Policy Options for, Venezuela

VENEZUELA IN PERSPECTIVE

Prior to the 1990s, Venezuela was one of the closest U.S. friends and allies in Latin America. Indeed, Venezuela was often portrayed and promoted by U.S. political leaders as a model of democracy, stability, and progress for emulation by the developing Third World states. In large part, Venezuelan development was dependent on a single
source, namely, the domestic exploitation and steadily increasing export of oil at rising world market prices.

Unfortunately, Venezuela was confronted by three critical problems. First, the world oil markets were frequently subjected to downward pressures with immediate impact on the Venezuelan economy. Venezuela lacked the economic diversity to withstand these market shifts. Second, the economic benefits were not well distributed among all strata of the Venezuelan population. The lower ranks especially lacked the economic and social welfare benefits to cushion the harsh consequences of declining oil revenues. Third, political leadership was shared by two parties that monopolized key national positions of authority and generally defended the economic interests of the national elites. In sum, Venezuela was a “good model” as long as it was not confronted with a major crisis.

That crisis arose beginning with the Arab-led OPEC (Organization of the Petroleum Exporting Countries) oil embargo of the mid-1970s, leading to severe economic recession within Venezuela and mounting external debt abroad. Under pressure from the United States, the Venezuelan government adopted the neoliberal policies of the Washington Consensus, an austere economic program that also intensified the economic and social strains in Venezuelan society. The deteriorating situation culminated in the popular Caracazo riots of 1989, during which hundreds of demonstrators were killed by the army, as well as two failed coups in 1992, including one led by Colonel Hugo Chávez Frías. Although he survived the coup attempts, President Carlos Andrés Pérez was impeached on charges of corruption and succeeded by Rafael Caldera Rodríguez. However, Caldera was likewise incapable of stemming Venezuela’s downward economic tailspin.

In December 1998, Chávez was elected President of Venezuela, receiving 56% of the popular vote. He almost immediately embarked on a comprehensive revision of Venezuela’s domestic political, economic, and social policies. The cornerstone of this revision was a redistribution of Venezuelan wealth and social welfare benefits in favor of the poorer classes. A foreign policy reorientation that was more radical and anti-American followed shortly thereafter. Chávez sought to align Venezuela with the major U.S. rivals, such as Iran and Cuba, and gave economic support to radical anti-government, anti-U.S. factions in several Latin American states.

U.S. national security interests, therefore, needed to address the longer-term motivations and objectives of the Chávez administration, as well as the potential impact that Chávez might have in undermining the stability of Venezuela’s neighbors and exacerbating an anti-U.S. international environment.
## MILESTONE EVENTS

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<tr>
<th>Year</th>
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<tr>
<td><strong>1954:</strong></td>
<td>Born, July 28</td>
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<td><strong>1975:</strong></td>
<td>Graduated, Academy of Military Sciences</td>
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<td><strong>1982:</strong></td>
<td>Created political cell MBR200 in the army</td>
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<td><strong>1989:</strong></td>
<td>Caracazo riots</td>
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<td><strong>1992:</strong></td>
<td>Led failed coup d’état</td>
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<td><strong>1994:</strong></td>
<td>Created political party Fifth Republic Movement</td>
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<td><strong>1998:</strong></td>
<td>Elected President, December 6</td>
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<td><strong>1999:</strong></td>
<td>Bolivarian Constitution ratified</td>
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<td><strong>2000:</strong></td>
<td>Reelected President</td>
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<td><strong>2002:</strong></td>
<td>Ousted temporarily from Presidency</td>
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<td><strong>2004:</strong></td>
<td>Wins recall referendum</td>
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<td><strong>2005:</strong></td>
<td>Wins majority support in National Assembly</td>
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<td><strong>2006:</strong></td>
<td>Reelected for 6-year term</td>
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<td><strong>2007:</strong></td>
<td>Drafting of new Constitution</td>
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## PANEL MEMBERS

- **Dr. Charles H. Blake II**, Professor of Political Science and Coordinator of Latin American Studies, James Madison University
- **Dr. Javier Corrales**, Associate Professor of Political Science, Department of Political Science, Amherst College
- **Dr. William M. LeoGrande**, Professor of Government and Dean of the School of Public Affairs, American University
- **Dr. Cynthia McClintock**, Professor of Political Science and International Affairs, The George Washington University
- **Dr. David Scott Palmer**, Professor of International Relations and Political Science, Boston University
- **Dr. Susan Kaufman Purcell**, Director, Center for Hemispheric Policy, University of Miami
- **Dr. Francisco R. Rodriguez**, Assistant Professor of Economics and Latin American Studies, Department of Economics, Wesleyan University
- **Dr. Riordan Roett**, Sarita and Don Johnston Professor of Political Science and the Director of Western Hemisphere Studies, School of Advanced International Studies, The Johns Hopkins University
- **Dr. Michael Vlahos**, Senior Fellow, National Strategic Analysis Department, The Johns Hopkins University Applied Physics Laboratory
EXECUTIVE SUMMARY

PRESIDENT HUGO CHÁVEZ FRÍAS

As a “warm-up” survey question, Panel Members were asked to identify two or three personal characteristics of Hugo Chávez that are most important for our understanding of the Venezuelan president. The general consensus was that President Chávez could be called:

- driven, ambitious, megalomaniacal, narcissistic, self-confident, power hungry
- a skilled strategist, visionary, globalist in orientation, regionalist in priorities
- an excellent communicator

VENezUELA’S NATIONAL MObIATIONS ANd ObJECTIVES

President Chávez’ key motivations are overthrowing the traditional political class and redistributing Venezuela’s oil wealth from the rich to the poor. Although he has global ambitions and seeks to be a player on the world stage, his most immediate priority is more hemispheric, namely, to unite Latin America to defend its interests against those of the United States and to support other radical challengers around the continent.

Panel Members disagreed as to whether President Chávez has an operational plan. Some maintained that a Chávez hemispheric vision focuses on the Bolivarian concept of regional political unity and popular social enhancement. Others held that Chávez is essentially an opportunist who lacks a real worldview or strategic vision.

VENezUELA’S DOMESTIC POLICIES ANd PRIORITIES

Income inequality is a driving force in Venezuelan politics. There is a widespread perception among Venezuelans that current income distribution is unjust and that the country’s economic collapse in the past can be blamed on a small group of rich individuals and families as well as politicians who wish to exert their influence and become rich. Thus, Venezuelans generally distrust the commitment of political leaders and institutions to lead in the interest of the people. They have little confidence in “democracy” as a system. The people often seek and follow one leader, perhaps a dictator or caudillo who will appear to lead competently.

President Chávez’ key domestic motivations are overthrowing the traditional political class and redistributing Venezuela’s oil wealth from the rich to the poor. His anti-Americanism is attributable to his sense that the United States is the international ally of traditional elites.
Although the Panel Members disagreed as to whether President Chávez had a worldview or strategic vision, they generally agreed that he is not building stable, long-lasting structures and institutions for implementing his self-professed “socialist” program. In the consensus view of the Panel Members, the Venezuelan military is the single institution that has the potential to counter Chávez. However, there is little likelihood that they would oppose him in the near term.

**VENEZUELA’S FOREIGN MOTIVATIONS, OBJECTIVES, AND PRIORITIES**

The Panel Members generally agreed that President Chávez’ basic foreign policy motivation is to become the successor to Fidel Castro as the primary opposition to the United States on a global scale if possible, but on a Latin American regional scale at a minimum. In fact, President Chávez has little ability to influence world events for the present, however, he seeks to keep tensions high wherever he can, especially in the Middle East. In the Chávez calculation, the greater the tension, the higher the price of oil. Thus, the greater the tension, the more plentiful will be the domestic and foreign “handouts” that keep him in power.

In general, Panel Members agreed that President Chávez seeks to replicate his Bolivarian movement in neighboring small states, especially Ecuador and Bolivia. Venezuela’s “threat” is not fundamentally military but political. Venezuela has had considerable success supporting ideologically like-minded movements seeking power through elections. The price of oil is the major variable in Venezuela’s capacity to implement its foreign policy goals.

**VENEZUELA’S RELATIONS WITH LATIN AMERICA AND THE CARIBBEAN**

The larger states in Latin America have very little interest in President Chávez and the Bolivarian Revolution movement. In fact, most Latin American states are showing good improvements in economic development and socioeconomic diversity. Therefore, within the larger states, Chávez’ influence and impact have been minimal at all levels.

Conversely, Chávez has had a relatively greater impact on the smaller states in Latin America and the Caribbean. Here, Chávez wins support with low-cost but highly publicized assistance projects that appear to be targeted to benefit the poorer strata rather than the elites.

**VENEZUELA’S PERSPECTIVES ON VENEZUELAN–U.S. RELATIONS**

According to the Panel Members, President Chávez views capitalism as the source of all Venezuelan problems and deficiencies; to him, it is inherently and irreparably evil. For Chávez, this is sufficient explanation as to why Venezuelan elites favor capitalism. It also is sufficient justification for why he must fight to replace capitalism with socialism. Moreover, Chávez sees the United States, the world’s leading capitalist state, as being aligned with the corrupt and anti-popular political class that he seeks to overthrow in Latin America in general and Venezuela in particular. Therefore,
by definition, the United States is the archenemy of the Bolivarian Revolution. For Chávez, it follows that the success of the Bolivarian Revolution ultimately depends on success in anti-U.S. resistance.

**U.S. Perspective on, and Policy Options for, Venezuela**

For the most part, the traditional U.S. policy oriented toward open market economies and political democracy has not produced improvements for the general populace. Generally, Latin American elites have not accepted that the extension of private ownership and business opportunities to greater numbers of people is in their own interests. U.S. policy should be oriented toward encouraging Latin American elites to assume greater responsibility for socioeconomic development that encompasses a higher proportion of the people. To support this policy, U.S. economic aid should balance security and military assistance with programs that improve the general welfare of the Latin American people.

U.S. policy should continue to support electoral processes in Latin American countries, including Venezuelan elections. Even when results conflict with U.S. interests in the short term, elections—especially when coupled with more inclusive socioeconomic development—will benefit the United States in the long term. In this context, the U.S. near-term priority should be to facilitate and ensure fair elections, rather than to seek to influence the specific electoral outcome.

As generally agreed by the Panel Members, the best U.S. option toward Venezuela is to do nothing. Harsh U.S. rhetoric plays into Chávez’ anti-imperialist image-making. Economic sanctions are not really feasible because oil markets are already unstable. Continuing support for international supervision of elections makes sense, however. More widely in Latin America, the United States has few options for changing the political equation. There is no need for the United States to pursue an anti-Chavista policy because evidence shows that Latin American states are already wary of Chávez, even as they are willing to accept a positive bilateral relationship for pragmatic reasons.
**Discussion Format**

The workshop centered around free-wheeling give-and-take among the Panel Members on the issues of interest. There were no formal presentations. In addition to oral discussions, each Panel Member was provided with an individual laptop computer running groupware that permitted supplementary comments on oral discussions and/or the development of sidebar issues. Both forms of input were encouraged in order to capture the widest documentation of Panel Member opinions possible. In all instances, the panel’s oral remarks and typed comments were documented on a nonattribution basis.

Because of the complexity of the issues covered, two ground rules were established. First, the discussions were oriented toward higher-level insights, observations, and assessments. The discussions were not intended as an exercise in data gathering. Second, discussants were asked to express their views and assessments in terms of “the most likely” and “the least likely.” Although this may have minimized the nuances of some difficult issues, it tended to avoid less useful “on the one hand/on the other hand” observations.

The Moderator opened each of the topics for discussion with a brief introduction to focus the thrust of the exchange. In addition, the Panel Members were presented with a set of potential “Initial Issues for Discussion,” which were intended to provoke, but not direct or delimit, the discussions. The majority of the time was then given to panel discussions. At the end of each topic discussion, a few minutes were given to questions from the in-house and invited observers.
Glossary of Organizations and Terms

Aló, Presidente (Hello, President) is a weekly talk show hosted by President Hugo Chávez on Sunday and broadcast on Venezuelan state-operated television and radio stations.

Andean Community of Nations (Comunidad Andina de Naciones [CAN]) is a trade group consisting of members Bolivia, Colombia, Ecuador, and Peru. Associate members are Argentina, Brazil, Chile, Paraguay, and Uruguay. Observer members are Mexico and Panama. Venezuela is a former member.

Bolivarian Alternative for the Americas (Alternativa Bolivariana para los Pueblos de Nuestra América [ALBA]) is a political, economic, and social organization that was proposed by Venezuela as a more comprehensive alternative to the U.S.-proposed Free Trade Area of the Americas.

Bolivarian missions are a series of social welfare, economic development, and militia programs instituted by President Hugo Chávez, essentially for the lower socioeconomic groups in Venezuela.

Bolivarian Revolution is the general term that President Chávez applies to his political, economic, and social system in Venezuela.

Caribbean Community (CARICOM) involves 15 full members, 5 associate members, and 7 observers (including Venezuela).

Caudillo is a strong, charismatic, authoritarian leader. It is often translated as “dictator.”

Chavismo is the general term for the ideology and movement headed by President Chávez.

Chavista refers to a follower and supporter of President Chávez.

Free Trade Area of the Americas (FTAA) is a proposed trade agreement to include all countries of the Western Hemisphere. FTAA is opposed by Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela.

Mercales are state-operated stores that sell low-priced food and goods.

National Endowment for Democracy (NED) is a private nonprofit organization created in 1983 by the U.S. Congress to strengthen democratic institutions around the world through nongovernmental efforts. NED is governed by an independent, nonpartisan board of directors. With its annual Congressional appropriation, it makes hundreds of grants each year to support pro-democracy groups in Africa, Asia, Central and Eastern Europe, Latin America, the Middle East, and the former Soviet Union.
Organization of American States (OAS) is a multilateral forum of 35 Latin American and Caribbean states, including the United States and Venezuela. Cuba, although still officially a member, was suspended in 1962.

Punto Fijo Pact (Pacto de Punto Fijo) refers to the 1958 agreement by three political parties, Democratic Action (Acción Democrática [AD]), the Social Christian Party of Venezuela, and the Democratic Republican Union (Unión Republicana Democrática [URD]), to share power in the Venezuelan government irrespective of electoral victors.

Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia [FARC]) is an anti-government communist guerrilla organization in Venezuela’s neighbor, Colombia.

Simón Bolívar (1783–1830) was a revolutionary leader who led independence movements in Bolivia, Colombia, Ecuador, Panama, Peru, and Venezuela and succeeded in liberating northern South America from Spanish colonial rule. He subsequently served as President of Peru, Bolivia, and Great Colombia (a nation roughly encompassing present-day Colombia, Ecuador, Panama, and Venezuela).

Southern Common Market (Mercado Común del Sur [Mercosur]) is a trade agreement involving Argentina, Brazil, Paraguay, and Uruguay. Associate members are Bolivia, Chile, Colombia, Ecuador, and Peru. Venezuela has applied to become a full member but is opposed by Brazil and Paraguay.

“Sow the oil” means to reinvest oil profits in national economic, energy, and social projects. Specifically, Venezuela's “Oil Sowing Plan” identifies Venezuelan Petroleum’s energy policy guidelines and projects for the next 25 years.

Venezuelan Petroleum (Petróleos de Venezuela, S.A. [PDVSA]) is Venezuela’s state-owned petroleum company.
**Detailed Discussions**

**President Hugo Chávez Frías**

*Initial Issues for Discussion*

As a preliminary “warm-up” survey question, the Panel Members and observers were asked: What are the two to three personal characteristics of Hugo Chávez that are most important for our understanding of President Chávez? The key points from the panel responses noted that Chávez is:

- driven, ambitious, megalomaniacal, narcissistic, self-confident, power hungry, pragmatic
- a skilled strategist, visionary, globalist
- an excellent communicator

*Panel Groupware Exchanges*

Panelists noted that Chávez came from a very poor background but was always highly ambitious, using his armed forces career to boost him into politics. As a politician, Chávez is known to be able to speak to average Venezuelans, and he demands their attention to the point of being provocative. Chávez also believes that he is a central figure in Venezuelan and world history. He wants to concentrate power and believes he has to make most government decisions. If others disagree with him, he is likely to claim that they are engaged in a conspiracy against his regime. He also has big goals for political change in Venezuela and for Venezuela’s role in the world, and he sees himself as being greater than any other Latin American leader so far. As part of this mindset, he hates the United States as a challenger to his vision of his leadership.

**Venezuela’s National Motivations and Objectives**

*Initial Issues for Discussion*

- What are the two to three most essential factors that mold Venezuela’s motivations and objectives?
- What are the two to three most critical national motivations of the Chávez administration? To what degree are these motivations permanent and lasting? To what degree are they dependent on the personality of President Chávez?
- Does President Chávez have a worldview or strategic vision that motivates and guides his policies and behavior?
Key Points from Panel Oral Discussions

Panel Members observed that democratic institutions are relatively recent phenomena in the region. Traditionally, the populace distrusts the commitment of political leaders and institutions to lead in the interest of the people. Rather, as exemplified by the extensive corruption of past regimes, the people have little confidence in “democracy” as a system. The people often seek and follow one leader, perhaps a dictator or caudillo, who will appear to lead competently.

Panel Members disagreed as to whether President Chávez has a strategic vision. Some maintained that Chávez has at least a hemispheric vision, which focuses on the Bolivarian concept of regional political unity and popular social enhancement. He uses the wealth from oil revenues to win domestic and regional support, buy off opponents, and marginalize enemies. Others held that Chávez is essentially an opportunist who lacks a real worldview or strategic vision. In this view, he assesses current opportunities for their tactical advantages and exploits them.

Panel Groupware Exchanges

In submitted comments, Panel Members noted that Chávez wants to be the most visible regional leader of his time and, if possible, a player on the world stage. If nothing else, he wants to be the leader of a bloc of countries that will work against traditional U.S. interests. He intends to become a leader in the hemisphere by uniting Latin America to defend its interests against those of the United States and by supporting other radical challengers around the continent. One Panel Member suggested that Chávez can be seen as a modernized version of a Latin American caudillo with geopolitical ambitions. Although he is driven by his personal ambition and grandiose visions, his efforts have been greatly magnified and supported by petroleum wealth.

Only its oil wealth makes Venezuela any different from other Latin American countries in terms of class divide and class hatred. For example, Venezuela can be much more economically independent than Fidel Castro’s Cuba could ever be. At home, Chávez wants to overthrow the traditional political class and redistribute Venezuela’s oil wealth from the rich to the poor, but that automatically creates a new wealthy Chavista “elite.” Those benefiting from association with Chávez will become the “status quo” class because in a highly corrupt state, all who are raking in the money become status quo elites, irrespective of whether the system is democratic or authoritarian.

Some Panel Members believed Chávez’ dismay at U.S. support for the 2002 coup against him fueled his global ambitions to displace the United States as the hegemonic power in Latin America. Others thought that his anti-Americanism is attributable to his sense that the United States is the international ally of Venezuela’s traditional elites. Yet another view was that Chávez’ anti-American stance naturally grew out of the fact that he frames Venezuelan politics as an “us” versus “them” narrative of poor versus rich, so he would use the same sort of thinking in international affairs. Therefore, his attacks on the United States about issues such as Iraq and the Free Trade Area of the Americas (FTAA) are to be expected. One Panel Member suggested that Chávez was employing a tactic from Fidel Castro’s old Soviet handbook by constantly
proclaiming “Fear me. You never know what I might do next.” Thus, he appears to be “unpredictable” and “extremist” in an effort to keep the United States off balance.

Venezuela’s national motivations include the improvement of the citizens’ welfare given the context of its oil-based economy. The earlier Punto Fijo government failed to “sow the oil” and, accordingly, lost legitimacy. Chávez wants to achieve this goal and make Venezuela a major player in the global arena. Thus far, he is not an institution builder at home, so there is some question about how long the Bolivarian Revolution would survive after a drop in oil prices.

**Venezuela’s Domestic Policies and Priorities**

*Initial Issues for Discussion*

- What are the two to three most critical motivations and objectives that guide the Venezuelan leadership in the development of Venezuelan domestic policy?
- What are the two to three most critical problems confronting Venezuelan domestic social and economic development?
- Is Chávez a visionary, a populist leader, or simply a dictator?
- Can Venezuela develop a viable and vibrant multi-party system under the Chávez administration?
- Is the Chávez economic model sustainable in the long term? Can the Venezuelan economy continue to meet the rising expectations of the people as a whole?
- Is the creation of reserve forces and paramilitary forces under the direct control of President Chávez intended to prepare for “the war of all the people” against foreign invasion or internal civil unrest?

*Key Points from Panel Oral Discussions*

Though the Panel Members disagreed as to whether President Chávez had a worldview or strategic vision, they generally agreed that he is not building stable, long-lasting structures and institutions for implementing his self-professed “socialist” program. Some saw the root cause in his inherent distrust of bureaucracies and, thus, unwillingness to construct permanent agencies. Others pointed to his personal lack of experience and expertise in government before becoming President. As an anti-government radical, Chávez was more competent in gaining power than in running the post-victory government.

The Panel Members agreed that Chávez, personally, is the primary locus of decision-making in the Venezuelan political system, governing with little outside advice. The constant changing of Cabinet members has ensured that there is not only a lack of significant challenges to his authority but also a dearth of resident expertise in positions of authority and influence.

Consistent with his lack of institution-building, the Panel Members also agreed that President Chávez is not reinvesting in the energy sector for long-term oil and gas production stability and growth. This failure will have significant consequences
at some point not only for the country’s economic wealth but also for the political support that Chávez secures by means of his “hand-out” programs.

The Panel Members agreed that Chávez’ proposed constitutional revisions, which would allow his unlimited re-election as President, are ultimately likely to be successful for several reasons. First, there is no major opposition party that can challenge Chávez in a national election. Although there are opposing individuals and voices, there is no significant alternative on the national level. Second, the Chávez handouts have basically won the support of the masses, which see him as representing the best interests of the people.

In the consensus view of the Panel Members, the Venezuelan military is the single institution that has the potential to counter Chávez. However, there is little likelihood that they would oppose him in the near term. Almost all members of the current military leadership have been promoted to their positions by Chávez, who handpicked them on the basis of their personal loyalty to him. At the same time, Chávez has invested heavily in Russian and Chinese weapons in an attempt to buy off the military leadership and ensure their support for him.

Panel Groupware Exchanges

Income inequality is a driving force of Venezuelan politics. There is a widespread perception among Venezuelans that current income distribution is unjust and that the country’s economic collapse in the past can be blamed on a small group of rich individuals and politicians. Although this is a salient fact in many Latin American countries, in Venezuela it has been exacerbated by the fact that the country experienced what is perhaps the region’s deepest growth collapse in the 1980s.

Hugo Chávez wants to make Venezuela into a socialist economy. It is unclear whether this was always the case, but it is clear that he now wants to transform Venezuela into a society with a much greater role for the state and in which the gap between rich and poor is much smaller. This sort of arrangement also fits in historically. Venezuela has a long caudillo tradition and only a brief democratic interlude. President Chávez represents a return to that caudillo tradition. His domestic policies are short-term and populist and depend on the price of oil. However, most of these policies—the mercales, Cuban doctors, access to universities, low-interest loans, etc.—are popular. Nevertheless, the result may be nothing more than a temporary fix for Venezuelan socioeconomic problems, without lasting impact.

Chávez is not a true revolutionary. Rather, he is an opportunist and incrementalist within limited parameters. He has grown into the job and expanded his reach as opportunities presented themselves. Nevertheless, we should not underestimate his intelligence and strategic abilities to exploit the opportunities that present themselves.

There are two key factors in Chávez’ worldview and strategic vision. First, he wants to build a regional coalition with himself and Venezuela in leadership roles. Second, he wants to extend partnerships as a counterweight to the United States in and outside of Latin America. There is also an element of “restoration” here in the sense of re-creating a heroic vision of identity in the Latin American oikoumene (the inhabited world).
Hence, Simón Bolívar is an essential icon of anointment, and Venezuelan Bolivarism is intended as a declaration of a new era.

Latin American populist leaders always present themselves and speak as if they care about the poor but actually do not do much for the poor. In this sense, President Chávez is no different. Nor does Chávez care about “competitiveness” or developing the economy or services. He cares about having power and extending his reach globally and in the hemisphere even if he is a committed socialist. The Chávez administration seeks to gradually appropriate the levers of power in the face of his opponents’ weaknesses and errors. He currently retains a commitment to electoral procedures insofar as they enhance and reinforce his legitimacy.

Chávez has already extended his control so extensively that there is no longer a possibility of real and peaceful opposition to his administration. The only possibility for removing Chávez and his policies may now be an undemocratic one. Some Panel Members noted that populist regimes thrive in good economic times and falter in recessions. Consequently, if (when?) oil prices correct, Chávez could face a much broader opposition than he does now, assuming that an opposition still has the ability to resist by then. However, a correction in oil prices might not occur for a long time. Because the price of oil is currently so high and more customers such as China and India are now part of the global economy, even when oil prices drop, the decline will not be a large, or even permanent, one.

Paramilitary forces may be a potential counterweight to the armed forces, an instrument of popular mobilization, and an instrument to resist potential foreign invasion in a “war of all the people.” Although Chávez seems to have tamed the armed forces, Panel Members noted that we should not underestimate the annoyance that officers will feel at the creation of nonprofessional armed militias or reserve forces unless these new organizations fall directly under military control. However, the buildup of the Venezuelan military itself is worrisome. Although one goal of the buildup is to co-opt the military, other goals could include preparations for the repression of civilian unrest, conflict with Colombia, and/or pushing back a feared U.S. attack.

The military also is being given expanded, nontraditional roles in social development activities. A key question is whether the military will be able to maintain its professionalism or whether it will fall into the type of mission creep trap that hampered several other Latin American military regimes in the 1970s. Arms purchases, except for rifles, are most likely only for the prestige or show factor rather than for any specific military objective. Moreover, they take place in a context of numerous purchases of military equipment by other Latin American countries and, thus, should not be considered so threatening.

One Panel Member asked whether Chávez could be considered crazy. He went on to note that in the 1960s and even into the 1970s, many U.S. analysts thought Fidel Castro was crazy. When we do not fully understand the strategy behind another leader’s actions, we assume that the leader must be irrational, when the more likely explanation is that we just have not figured out his logic yet.

Chávez’ “interference” in the politics of neighboring countries, wherein he provides financial support to the ideologically like-minded, appeared to some Panel Members
to be no different from what the United States does through the National Endowment for Democracy (NED) and associated foundations. There was a difference of opinion among the Panel Members when comparing the aggressiveness of the interference, financially and diplomatically, between U.S. activities related to elections in Haiti and Venezuelan election activities in Bolivia. Although this could perhaps be considered typical behavior for the United States, Venezuela’s interference did constitute a big change for a Latin American country.

It is not useful to try to separate out whether Chávez is basically ideological or opportunistic. He is both, and the two reinforce each other, at least until now. As an example, at the time when Chávez did not seem very hostile to private investment, the price of oil was very low and the Venezuelan economy was poor. In sum, when he needed money, he was more accommodating.

Because Chávez already controls all of the institutions involved with elections, it will be increasingly more difficult for anyone to ensure that future election results announced in Venezuela are accurate. If there is a difference between what polls show and election results, he will discount polls as doctored. He also will not allow outside organizations into Venezuela to monitor elections.

VENEZUELA’S FOREIGN MOTIVATIONS, OBJECTIVES, AND PRIORITIES

Initial Issues for Discussion

- What are the two to three most critical motivations and interests that guide the Venezuelan leadership in the development of Venezuelan foreign policy?
- What are the two to three most critical objectives that the Venezuelan leadership seeks to attain through its foreign policy?
- In the long term, which is more essential to the foreign policy decision-making of the Chávez administration—ideology or economic pragmatism?
- Are Venezuelan foreign aid and economic concessions altruistic or self-serving?

Key Points from Panel Oral Discussions

The Panel Members generally agreed that President Chávez’ basic foreign policy motivation is to become the successor to Fidel Castro as the primary opposition to the United States on a global scale if possible but on a Latin American regional scale at a minimum.

They also agreed that President Chávez seeks to replicate his Bolivarian movement in neighboring small states, especially Ecuador and Bolivia. Similar to his domestic thrust, Chávez portrays the Bolivarian movement abroad as an international class struggle against the exploitative and oppressive upper-class elites. Through astute propaganda, shrewd publicity, and targeted foreign assistance, Chávez has won a certain level of sympathy among the lower classes. Even the middle classes initially supported Chávez, but they seem to be defecting from the movement more recently as they see less and less benefit from his policies.
As Panel Members noted, President Chávez has been highly successful in quieting public opposition from the very neighboring governments that he seeks to subvert. He has—sometimes tacitly and sometimes not so tacitly—created considerable fear among these regional leaders that he will use Venezuelan oil wealth to undermine their national stability by his support and funding of anti-government forces.

Although President Chávez has little ability to influence world events at present, he seeks to keep tensions high wherever he can, especially in the Middle East. In the Chávez calculation, the greater the tension, the higher the price of oil. Thus, the greater the tension, the more plentiful will be the domestic and foreign “handouts” that keep him in power.

Panel Groupware Exchanges

The two most enduring factors that frame Venezuelan foreign policy over time are (i) oil, oil, and oil, which inflames foreign policy ambitions during booms and creates foreign policy challenges during busts, and (ii) a history of enduring socioeconomic inequality that frames the domestic politics of foreign policy.

Oil prices will probably stay high for some time, giving Chávez a good deal of room for political and diplomatic maneuvering in the region. He will continue to seek new allies and strengthen the position of countries such as Nicaragua, Ecuador, and Bolivia. Venezuela’s main priority is to expand its influence in Latin America, working with like-minded governments and using resources to build local support groups. A second priority is to exploit anti-American sentiment and limit U.S. economic and political influence.

On the world stage, Venezuela works to maintain high oil market prices so that it can retain high oil revenues. It also seeks to build ties with like-minded anti-American governments. Chávez also is interested in funding electoral victories for supportive candidates and ensuring that radical groups abroad have leverage in their respective countries.

Support for insurgencies by Venezuela is certainly not ruled out in principle. However, apart from Colombia, there are no insurgencies to back. As Fidel Castro discovered in the 1960s, it is not so easy to conjure them out of thin air. What is not publicly known is the precise size of Venezuela’s financial contributions beyond a high-profile smaller-scale initiative supporting an insurgent group, FTV (Federación Tierra y Vivienda [Land and Housing Federation]), in Argentina. The Venezuelan government has acknowledged some of its support in the media.

Chávez has been extremely skillful at intervening in Latin American countries sufficiently enough to get a few governments into office that are favorable to him and also to be seen as a potential threat by moderates. However, just as Chávez has overreached domestically, he might overreach internationally. Actions such as shifting toward more overt support of the FARC, defaulting on external debt, or funding more violent action by extreme groups could spark political and economic crises in Latin America. In the end, it is important to bear in mind that Chávez’ vision of the relationship between Latin America and the United States is one of fundamental antagonism, thus, his overarching policy goal is to create an anti-U.S. coalition in Latin America, and his relations with anyone not sharing in that goal will always be tense.
It is unlikely that Chávez will directly intervene militarily in any country, but sending military hardware and aid from Venezuela to allies, such as Evo Morales, the President of Bolivia, cannot be ruled out. Countries like Brazil are increasingly skeptical about Venezuela’s plans in the hemisphere. However, solidarity wins out, and no country will openly criticize Venezuela unless Chávez crosses the red line by challenging the principles of nonintervention and national sovereignty. He will continue to buy arms in order to intimidate his neighbors into collaborating with him or, at the very least, not publicly opposing him, and such purchases have the added advantage of boosting the prestige of the Venezuelan armed forces.

Nevertheless, Venezuela’s “threat” is not fundamentally military, but political. There are few scenarios of military action that make sense—either direct use of military force or even indirect fomenting of insurgency. However, Venezuela has had considerable success supporting ideologically like-minded movements seeking power through elections. Foreign aid is a more effective instrument for building good will—even among ideologically diverse governments—than causing trouble.

Chávez has aspirations of creating more supportive governments in Latin America and will use a variety of policies—both overt and covert—to this end. Several Latin American countries show vulnerabilities, primarily those with deteriorating party systems. Chávez’ resources fund social welfare programs, support activist Venezuelan ambassadors abroad dedicated to creating pro-Venezuela support groups, help radical leftist candidates at all levels, and push leftist democratic governments to be passive when confronted with his various types of interference. It is not clear how far Chávez would go in provoking regional and/or international crises to offset potentially growing unhappiness at home. It is credible that he might use this tactic or even default on Venezuela’s foreign debt if the economic situation gets out of hand. More pro-Chávez governments could come to power.

VE NE ZUE LA’ S RELATIONS WITH LAT I N AMERIC A AND THE CARI BBEAN

Initial Issues for Discussion

- Is Venezuelan membership in regional organizations, such as Mercosur and the Andean Community of Nations (CAN), likely to (i) moderate Venezuelan policy in the long run or (ii) be redirected in pro-Venezuelan directions?
- How do the Venezuelan people view the government’s foreign aid programs?
- Does the Chávez administration’s anti-U.S. posture appeal to the governments and peoples of Latin America? To the indigenous minorities of Latin America?
- Is Venezuela’s military growth a cause of concern among its neighbors?
- Are the Venezuela—Colombia and Venezuela—Guyana border differences a potential source or justification for future armed conflict?
- In recent weeks, President Chávez has implied that Venezuela and Bolivia have a mutual assistance plan to counter either a foreign invasion or anti-government unrest in Bolivia. Under what conditions is Venezuela likely to use its armed forces abroad in support of its friends and allies?
Key Points from Panel Oral Discussions

The larger states in Latin America have very little in common with President Chávez and the Bolivarian Revolution movement. In fact, most Latin American states are showing good improvements in economic development and socioeconomic diversity. Therefore, within the larger states, Chávez’ influence and impact have been minimal at all levels.

Conversely, Chávez has had a relatively greater impact on the smaller states in Latin America and the Caribbean. Here, Chávez wins support with low-cost but highly publicized assistance projects that appear to be targeted to benefit the poorer strata rather than the elites.

Quite ironically, noted the Panel Members, one of the significant obstacles to the spread of Chávez’ influence and, overall, the resurgence of violent revolutionary movements in Latin America has been the expanding access of all levels of society to power and influence through elections. Indeed, many groups that would seem to have much in common with Chávez have found increasing prospects for electoral victory and a peaceful implementation of their socioeconomic programs through cooperation and compromise rather than violence.

Venezuela has several active but low-level border disputes with its neighbors. President Chávez could potentially foment these disputes, especially the volatile Venezuela–Colombia situation, to either deflect attention from domestic problems or undermine the Uribe administration in Colombia.

Some South American countries like having President Chávez around because the United States is now interested in them as a means to help counter Chávez.

Panel Groupware Exchanges

Although border disputes with Colombia and/or Guyana are not likely to flare up, if either did, a regional response by the Organization of American States (OAS) and the Caribbean Community (CARICOM) to resolve the situation would be highly probable.

Economic support, humanitarian aid, and military missions by Venezuela show a substantial increase but are not problematic in their present form. They parallel U.S. programs in many ways and can be seen by the beneficiary country as alternative opportunities.

Regional influence is a major Venezuelan goal. However, Venezuela is competing with Brazil and Peru and is not likely to be successful beyond isolated cases, such as Bolivia, Ecuador, and Nicaragua. Nevertheless, the anti-globalization agenda has supporters at the central government and opposition levels in other countries and so will continue to be a factor in regional foreign policy calculations.

Oil is the major variable in Venezuela’s capacity to implement its foreign policy goals. Positive outcomes are a function of its continued availability.

There are some potential scenarios involving violent conventional and nonconventional conflicts. However, at present, the Venezuelan approach under
President Chávez has been to spend money (especially in the smaller countries) on formal government-to-government assistance and, beyond that, to engage in a series of grassroots outreach programs (sometimes in partnership with Cuba).

Venezuela’s relationships with Mercosur and CAN have been troubled. Brazil wants to maintain its position as Latin America’s most important power and does not want to cede this position to Venezuela. Overall, Mercosur and CAN constrain Venezuela to a degree—both organizations include countries whose leaderships are skeptical of Chávez. Venezuela’s foreign aid programs are not popular among the Venezuelan people. Venezuela’s military growth is unsettling to its neighbors, and some Panel Members considered Venezuela’s provocation of a border conflict to be a possibility, whereas others thought it unlikely and felt that it would bring reproach and probably resolution from the international community were it to occur. Venezuela has military personnel in Bolivia and is working closely with the Morales government, and again Panel Members were divided about the possibilities for a Venezuelan military role in support of its Bolivian friends in the future. Overall, there was a tendency for some Panel Members to worry about future military action in the region by Chávez. However, others stressed that Venezuela’s continued emphasis on economic aid is a strategy that seems likely to bear fruit for a considerable period of time, making military action unnecessarily risky.

Chávez is one manifestation of the same phenomenon that is sweeping the region—the election of leftist governments (from moderate to radical). This shift to the left is in response to popular disaffection with the failures of the existing political classes and the failure of two decades of economic policy to solve what Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon recently called the “three evils of [Latin America]—poverty, inequality, and social exclusion.” The U.S. government should not demonize all “leftist” alternatives to the market or the messengers of some of those alternatives. That sort of strategy would be bad for Latin America (an extension of Shannon’s three evils) and bad for the United States.

Latin America’s real progress over the past decade or so is not such a great achievement when compared to other regions, particularly Asia, and when considered in the context of factors such as high global economic growth rates (especially the commodities boom, the end of Cold War, and the entry of China, India, and others into global economy). The main achievement of Latin America during this period is macroeconomic stability and the avoidance of inflation.

VENEZUELAN PERSPECTIVES ON VENEZUELAN–U.S. RELATIONS

Initial Issues for Discussion
• What are the sources and objectives of President Chávez’ anti-Americanism?
• Does President Chávez believe that Venezuela is “at war” with the United States?
• From the perspective of President Chávez, what would be the essential elements of a “good” U.S. policy toward Venezuela? Toward Latin America?
Key Points from Panel Oral Discussions

Panel Members agreed that President Chávez projects an anti-U.S. posture because it provides the people with a common enemy to rally against. However, several Panel Members went on to emphasize that Chávez’ anti-Americanism was more than just tactical expediency.

According to the Panel Members, President Chávez views capitalism as the source of all of Venezuela’s problems and deficiencies and, consequently, as inherently and irreparably evil. For Chávez, this is sufficient explanation as to why Venezuelan elites favor capitalism. It also is sufficient justification for why he must fight to replace capitalism with socialism. Moreover, Chávez sees the United States, the world’s leading capitalist state, as being aligned with the corrupt and anti-popular political class that he seeks to overthrow in Latin America in general and Venezuela in particular. Therefore, by definition, the United States is the archenemy of the Bolivarian Revolution. For Chávez, it follows that the success of the Bolivarian Revolution ultimately depends on success in the anti-U.S. resistance.

Although Chávez has consistently acted to undermine U.S. power and influence, the Panel Members agreed that he initially sought to avoid direct confrontation with the United States. For example, Chávez provided subsidized oil to selected U.S. markets, which he backed up with a much publicized media offensive, because he believed that this would not only win U.S. public sympathy for his programs but also fuel anger against the Bush administration for rising energy prices. Anti-U.S. rhetoric became more vehement and belligerent only after the Bush administration publicly challenged Chávez’ policies and behavior on a wide front.

Panel Groupware Exchanges

The U.S. championing of neoliberalism and globalization as the unstoppable narrative of the human future has been appropriated and transformed by Chávez and others into an equally compelling counter-narrative of U.S. imperialism and oppression. Panel members suggested that the United States should be sensitive to how it plays into this turnaround.

U.S. Perspective On, and Policy Options For, Venezuela

Initial Issues for Discussion

- Beyond oil purchases, what leverage does the United States have for influencing Venezuelan foreign policy in general and U.S.–Venezuelan relations in particular?
- Should the United States provide public political, economic, diplomatic, and/or propaganda support for Latin American states and subnational institutions that oppose Venezuelan policies and behavior?
- What should U.S. policy-makers consider to be the “red line(s)” in Venezuela’s anti-U.S. posture and behavior?
- What impact would a U.S. economic embargo have on Venezuela? On the Venezuelan domestic socioeconomic situation? On Venezuelan foreign policy?
• Is the “war of words” between the United States and Venezuela a cause of hostility? Would a unilateral U.S. decrease in negative rhetoric produce any beneficial improvement? Would such a unilateral U.S. decrease be perceived as a sign of weakness?

**Key Points from Panel Oral Discussions**

President Chávez will never be a friend of the United States. However, neither direct U.S. efforts nor indirect U.S.-supported efforts (i.e., supporting U.S. allies in Latin America who institute anti-Chávez policies and conduct anti-Chávez activities) to overthrow him will work.

For the most part, the traditional U.S. policy oriented toward open market economies and political democracy has not produced improvements for the general populace. Generally, Latin American elites have not accepted that the extension of private ownership and business opportunities to greater numbers of people is in their own best interest. Accordingly, Panel Members believed that U.S. policy should be oriented toward encouraging Latin American elites to assume greater responsibility for socioeconomic development that would encompass a higher proportion of the people. When doing so, U.S. economic aid should balance security and military assistance with programs that improve the general welfare of the Latin American people.

In the view of most Panel Members, U.S. policy also should continue to support the electoral processes in Latin American countries, including the Venezuelan elections. Even when results conflict with U.S. interests in the short term, elections—especially when coupled with more inclusive socioeconomic development—will benefit the United States in the long term. In this context, the U.S. near-term priority should be to facilitate and ensure fair elections rather than to seek to influence the specific electoral outcome.

There was considerable agreement among the Panel Members that Chávez’ anti-Americanism is both ideological and a tactical response to political opportunities. The U.S. “welcome” of the 2002 coup attempt played right into Chávez’ hands and also intensified his anti-Americanism. By that and subsequent actions, the United States has made itself “an enemy” that Chávez can use. As a result, the Chávez government seeks close ties with U.S. adversaries for ideological and economic reasons because they provide political support and alternative markets in case of more hostile U.S. policies. Current U.S. leverage in Venezuela is limited to nonexistent.

Panel Members also generally agreed that the best alternative for the United States is to refrain from providing further fodder for the Venezuelan propaganda machine and instead work to improve the conditions that foster Chavismo in the region. The United States should not try to nag Latin American countries into distancing themselves from Chávez but should show them respect and encourage the reduction of inequality and poverty in those countries. There was some disagreement as to whether the United States can benefit from promoting democracy and continuing to monitor elections in Venezuela and elsewhere. Several Panelists believed that Chávez could eventually lose an election, whereas others believed he will be able to succeed in manipulating them indefinitely.
Panel Groupware Exchanges

It would be a risky option for the United States to employ an embargo against Venezuela because of the legacy (and presence) of the Cuban embargo. Although an oil embargo would impose costs on Venezuela, Chávez might attempt to withstand the economic costs and exploit the consequences as another example of U.S. “economic aggression” in the Western Hemisphere.

Going further, U.S. policy should not directly target Venezuela. In general, the United States should improve its soft-power influences in Latin America. More specifically, the United States should enlist the cooperation and support of China and Saudi Arabia in moderating Venezuela’s behavior. Those countries maintain mutually beneficial relations with Venezuela and, thus, are the best potential allies for the United States when it comes to Venezuela. China wants low oil prices, and Saudi Arabia wants stable oil prices. These are U.S. interests as well.

During the 1990s, U.S. policy erred in pushing the Washington Consensus economic model. The evidence is mixed on the model’s contribution to growth in the region, but it was definitely unpopular in many countries. The United States should not be pushing a particular concept of development, be it the Washington Consensus model or any other. Countries should feel that they are defining their own policy priorities and not receiving dictates from abroad. The United States should not condition foreign assistance on particular policy packages, particularly given the high degrees of uncertainty that exist regarding the fundamental causes of economic growth.

In general, the best U.S. option toward Venezuela is to do nothing. Harsh U.S. rhetoric plays into Chávez’ anti-imperialist image-making. Economic sanctions are not really feasible because oil markets are already unstable. Support for the opposition, both covert and overt, already backfired in 2002 and would do so in the future. Continuing support for international supervision of elections makes sense, however.

Efforts to contain the Chávez model must take into consideration the fact that the Washington Consensus model has been largely discredited in the region, as witnessed by the election of governments that have serious doubts about FTAA and downsized government. U.S. policy should support and encourage the efforts of Latin American governments to address social issues even if U.S. instruments may be somewhat limited here. Chávez’ 21st Century Socialism should be countered with a U.S.-supported 21st Century New Deal for the hemisphere.

The United States should support the electoral process in Venezuela and respect the results, even when Chávez is the victor. In the long term, this will support democratic change in Venezuela and all of Latin America. In fact, the United States has few options in Latin America for changing the political equation. Latin American domestic elites must make the basic decisions country by country to introduce reforms that are socially inclusionary and transparent. The day of the big U.S. initiative in the region is over—no more Alliance for Progress or Washington Consensus.

The U.S. government should stop its harsh criticism of Venezuela. U.S. rhetoric and policy should stress mass inclusion, popular participation, and economic distribution. Such goals will not be easy to achieve. It will not be easy for Venezuelan elites to
accept decisions that may well threaten their power position and socioeconomic status. At the end of the day, status is what the region is all about for those minorities who have always benefited from the existing system.

The United States should focus its efforts on friendly countries in Latin America and ignore Venezuela. Such an approach should help strengthen the forces working toward more institutionalized democracy and more socially conscious free trade/market economies. The United States should engage and support the friendly democracies in hammering out desirable options in a cooperative effort, thus avoiding any unilateral approach.

Also, the United States should temper its emphasis on private ownership. More important than whether an oil industry, for example, is state-owned or privately owned would be whether the industry is transparent, well-managed, and accountable.

Venezuela’s anti-American view is partly ideological, partly pragmatic, and, perhaps, stems partly from paranoia. It has been successful in some areas, such as shoring up support among some domestic audiences and some regional allies. However, Venezuela’s anti-Americanism also has created a counter-reaction within Latin America as exemplified by the establishment of the Pacific Block of market economies, a Latin American initiative and not one that has been overtly pushed by the United States.

There is no need for the United States to pursue an anti-Chavista policy. Plenty of evidence already exists indicating that Latin American states are wary of Chávez, even as they are willing to accept a positive bilateral relationship for pragmatic reasons.

In developing the U.S. approach to the “Chávez phenomenon,” the United States should:

- avoid getting into diplomatic tiffs with Venezuela
- resist the urge to label all critics of market economics as “future Chávez clones”
- try to resist the urge to maximize U.S. bargaining leverage in trade talks with Latin American countries
- find a way to help people pursuing creative, useful approaches to reduce poverty, inequality, and social exclusion
- be eclectic
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