

Venezuela, according to estimates have the world's largest oil reserve has grabbed much of our attention, or to say they seize much of the space of our daily newspaper, what's really happening in Venezuela is still perplex. Here, we look more in depth at the problems facing Venezuela, its president, Nicolas Maduro, and his policies. - **Shiva Shankar pandian***

Historic voting is to begin in Venezuela shortly, to elect a new assembly delegated with powers to rewrite the present Constitution. The government says a new constituent assembly is the only way to restore peace to the country after months of violent protests. And the opposition, not buying this argument, have announced to boycott the vote, they blame it is a power grab by President Nicolas Maduro.

According to BBC, more than six thousand candidates are contesting for the 545-member constituent assembly, none are from the opposition. This new assembly will have the required power to bypass the National Assembly, currently controlled by an alliance of opposition parties.

Neighboring Colombia has said it will not recognize the constituent assembly. France, Spain, the US and the EU have also urged the government to cancel the vote.



Opposition demonstrators take part in a women's rally against Nicolas Maduro's government in San Cristobal, about 410 miles (660 km) southwest of Caracas, February 26, 2014. The banner reads: "Resistance". REUTERS/Carlos Garcia Rawlins

In a speech broadcast on TV, President Maduro predicted a "big victory", calling the vote "the most important election held in Venezuela's political system".

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An 'Economic War' in Venezuela

Back in late 1990's and early 2000's, under the governance of President Hugo Chavez, Venezuela had hosted many ambitious social welfare schemes to benefit the poor. When their oil revenue was surplus, the United Socialist Party (from now on referred as PSUV) was able to implement its socialist agenda without a glitch, free health care for all and quality education for the poor to name a few. This cost state revenue dear, which eventually eroded the revenues and led the country to a shortage of essential goods. Venezuela then started to import 70 percent of their essential food items. This condition further worsened when the global oil prices started to fall. Inflation at its height reached triple digits. The private sector, never friendly to the government (due to its socialistic ambitions), resorted to mass layoffs causing rampant unemployment and started to manipulate currency. The government immediately accused the private players of carrying out an "economic warfare", including manipulation of the prices of basic necessities.

The crisis made a fortunate situation to enrich few elites themselves while pushing more and more people towards extreme poverty. Even today private sector occupies the commanding heights of the economy. Media houses controlled by the elites have also been playing a key role in maligning the government and its propaganda. In the face of the crisis, Government ensured the most basic necessities are available to people especially the poor.

Unlike in other crisis-hit countries such as Greece and Spain, the unemployment rate was under 6 per cent, and 95 per cent of the population enjoyed three square meals a day. Housing was subsidized by the government.

The present Turmoil

Violent demonstrations since April this year have left more than 100 people dead (according to BBC estimates). Opposition and the government accuse each other of trying to stage a coup. Who are they?

Venezuela is divided into Chavistas, a common name given to the people who support the socialist policies of the late charismatic President Hugo Chavez, these people are not ready to see an end to the 18 years in power of Chavez's PSUV.

After Hugo Chavez died in 2013, Nicolas Maduro, a powerful leader of PSUV who got elected as the president on a promise to continue Chavez's socialist policies. Chavistas are happy for these two leaders who used Venezuela's oil riches to markedly decrease inequality and for lifting many people out of poverty. The country gets 95% of its export revenue from

oil.

Opposition camp blames the present government since PSUV came to power in 1999, it eroded Venezuela's democratic institutions and mismanaged its economy. Chavistas, in turn, accuse the opposition camp of being pro-elitist and exploiting poor Venezuelans to increase their own private riches. Chavistas also openly accuse that the opposition camp leaders are on the pay of the U.S.

Experts say that Maduro is unable to inspire his followers, the Chavistas, in the same way, his predecessor Chavez did. Government since his presidency has furthermore been hampered by falling global oil prices. Actually, it was these oil riches which provided the finance to many of government's substantial social schemes which have provided more than one million poor Venezuelans with homes and a sustainable life. As mentioned earlier, there was a fall in global oil prices, followed by low revenue to the state, the government was forced to curtail its ambitious social schemes, by which government lost many of its supporters, and they eventually joined the opposition camps.

Two of these camps existed for many years, what made the flare-up to the present protest?

There are a series of events which further heightened tensions between the government and the opposition that led to renewed street protests. Most important of this was the surprise announcement made by the Supreme Court in March this year that it was taking over the powers of the opposition-controlled National Assembly.

The opposition camp blamed the PSUV that it diluted the country's basic feature, 'separation of powers' and took Venezuela a step closer to dictatorship under Nicholas Maduro.

The Supreme Court justifying its action said that the National Assembly had ignored previous Supreme Court rulings and was therefore in contempt.

Even though the Supreme Court announced its reversal just three days later, distrust of the court did not wane.

What does the opposition camp want?

The opposition has made their demands very clear, Firstly, they want the Supreme Court justices who issued the March ruling removed from their offices.

Secondly, the government should conduct fresh elections this year, thirdly, the government should create a “humanitarian channel” to allow the medication to be imported to counter the severe shortages in Venezuela. And finally to release of all the “political prisoners” who were arrested during the protest.

Venezuela in Crisis: the U.S. back with its old strategy

The US seems to be back to its old strategy in the Latin Americas. To quote experts, the region has ceased to be ‘Washington’s Backyard’ since the turn of the century, but that fact has not deterred American policymakers from making efforts to reverse the progressive “pink tide” that has swept across most of Latin America and the Caribbean. Recently, President Obama took efforts in normalizing the bilateral relations with Cuba after nearly six decades of extreme hostility, which was a welcome move to many in the region. Soon after his historic decision, President Obama took an unprecedented step of imposing sanctions on the government of Venezuela citing the turmoil inside the oil-rich country. Obama went to an extent calling the country as a “national security threat” to the U.S. Obama’s move was then criticized by nearly all governments in the region, except Canada’s Neo-Conservative Prime Minister who openly supported the action. Following the footpath of Obama, President Trump has said he would take “economic actions” if the constituent assembly went ahead. Trump also called Maduro “a bad leader who dreams of becoming a dictator”. In a retaliation to Trump’s remarks, Venezuelan Foreign Minister Samuel Moncada denounced Trump’s words as an “insolent threat”.

Trump also has warned that “if the Maduro regime imposes its constituent assembly on July 30, the United States will take strong and swift economic actions”. As usual, Trump did not give any specifics as to what those actions will be. Trump administration as a sample also slapped sanctions on 13 Venezuelan government and military officials related to Maduro. Mexico and Colombia followed with sanctions on the same individuals. Trump could ban Venezuelan oil to U.S. or the vice versa. This may hurt Venezuela further. U.S. is one of the top consumers of Venezuelan oil. In April, U.S. accounted for about 10% of

Venezuela's oil exports.

As reported in TIME, "The Trump administration announced sanctions on 13 current and former members of Maduro's administration, freezing their U.S. assets and barring Americans from doing business with them. The U.S. also joined with a dozen other regional governments in urging Maduro to suspend Sunday's election of a national assembly for rewriting the charter."

Joining [U.S.](#), [Colombia](#), [France](#), [Spain and the European Union](#) have also demanded that the Venezuelan government drop its plan for the new assembly.



Venezuela in midst of chaos | Image Credits: Reuters

Maduro in an interview claimed Venezuela was facing a type of "unconventional war that the US has perfected over the last decades", citing a string of US-backed coups or attempted coups from 1960s Brazil to Honduras in 2009.

"They try to increase economic problems through an economic war to cut the supplies of basic goods and boost an artificial inflation, to create social discontent and violence, to portray a country in flames, which could lead them to justify international isolation and even foreign intervention," Maduro said in an exclusive interview with The Guardian (2014).

In the same interview, when he was asked for evidence of US intervention in the protests, the Maduro replied: "Is 100 years of intervention in Latin America and the Caribbean not enough: against Haiti, Nicaragua, Guatemala, Chile, Grenada, and Brazil? Is the coup attempt against President Chávez by the Bush administration not enough? Why does the US have 2,000 military bases in the world? To dominate it. I have told President Obama: we are not your backyard anymore".

Many U.S. Foreign Policy experts have compared Presidents Obama and Trump's move to President Ronald Reagan's 1985 economic blockade against Nicaragua. U.S. wanted the left-wing Sandinistas ruling the country removed by hook or by crook. The Reagan administration went on to arm the right-wing "Contra"

counter-revolutionaries. The U.S. succeeded in destroying the Nicaraguan economy and bringing about a regime change as it planned. Venezuela has been on the top of the U.S.' hit list for more than a decade and a half.

Since Chavez came to power and the consolidation of the Bolivarian revolution in Venezuela, the U.S. has been working overtime to destabilize the country. One such event was the failed 2002 coup, backed by the then administration of George W. Bush, which collapsed after a massive public outrage against it in Caracas. Taking this failure bad, Washington continued its attempts to subvert the government in slightly more discreet ways by funding the opposition and encouraging violent street protests. Here the so-called socialist parties of U.S. played a lobbying role.

Saudi Arabia: key ally of U.S.

In early 1970s Saudi Arabia used its oil as a weapon to put pressure on its political rivals, it hiked the prices of oil by cutting the supply. Instead of this old tested strategy, Saudi now is doing exactly the reverse, the Kingdom of Saudi Arabia started to flood the oil markets with its production.

One of the main agenda for Saudi is to punish its two rivals, Russia and Iran, for their direct support to Bashar Al-Assad's regime in Syria. Saudi Arabia is also wary of increasing ties between Russia and Iran. Since the Syrian civil war, Saudi along with Qatar and Turkey provided arms to Syrian rebel groups, Russia and Iran provided weapons-funds to keep Assad in power.

Russia always depends on stable oil prices to run its economy smooth and Iran amidst the western sanctions, needless to say, is highly dependent on stable prices. But the rich Gulf countries having huge forex reserves, so far remain relatively unaffected by the plunging oil prices.



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**Shiva Shankar Pandian is Editor at The Kootneeti for the White House Watch. His area of interest also include Military & Coup*

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