

## Latin America

# A SETBACK FOR CHÁVEZ

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First elected in 1999, Venezuela's President Hugo Chávez has since become famous for transforming a flawed but pluralistic democracy into a competitive authoritarian regime.<sup>1</sup> Competitive authoritarian regimes are those in which the state introduces autocratic practices while still holding elections.<sup>2</sup> The opposition is allowed to run, but the ruling party typically wins, mostly as a result of rules and informal practices that are systematically stacked against its opponents. The regime that Chávez has built under his self-styled rubric of "Bolivarian socialism" is the most pronounced case of competitive authoritarianism to emerge in Latin America at least since Alberto Fujimori ruled Peru in the 1990s.

Yet one of the most noticeable political trends in Venezuela for the last several years has been the electoral decline of Chávez's ruling United Socialist Party of Venezuela (PSUV), formerly the Fifth Republic Movement. Since reaching a peak in December 2006 by returning Chávez to office with nearly 63 percent of the vote, the PSUV has narrowly lost a December 2007 constitutional referendum, seen the opposition install five governors and several high-profile mayors as a result of November 2008 voting, and then watched a well-coordinated opposition coalition (the Mesa de la Unidad Democrática) and a small opposition party (Fatherland for All, or PPT) win a 52 percent popular-vote majority in the 26 September 2010 elections for the National Assembly. Even though gerrymandering, malapportionment, and a reduction in the number of seats determined by proportional representation enabled the PSUV to retain control over Venezuela's unicameral legislature with 98 of 165 seats, the results of the September balloting represent the opposition's strongest showing since Chávez

first reached office in 1999. Theretofore almost without legislative representation due to its own earlier boycott strategy, the opposition shot up to a total of 67 seats.

Whereas Venezuela prior to 2007 could be considered a useful case for studying how (left-leaning) competitive authoritarian regimes rise to and consolidate power, Venezuela since that year has become a perfect case for studying what happens to competitive authoritarian regimes when they become less electorally competitive. Are they then likely to liberalize, or are they more likely to retrench and veer in the direction of greater authoritarianism?

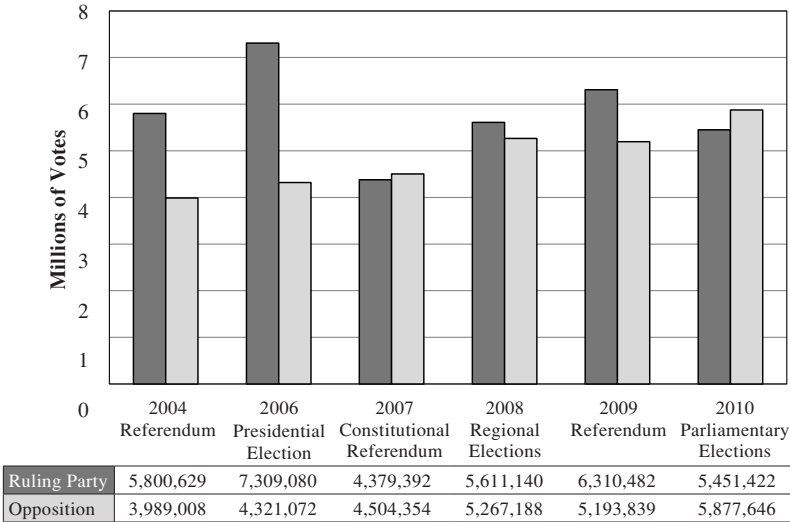
The PSUV's response to declining competitiveness has been to turn more autocratic rather than less. The ruling party's inability to establish *social* hegemony has prompted it to maximize its already formidable *institutional* hegemony.<sup>3</sup> In particular, the ruling party and the state that it commands have since 2007 expedited efforts to undermine further the autonomy of state agencies, societal organizations, and private organizations in the name of "twenty-first-century socialism." This article explores why the regime has lost competitiveness and why this loss has led to more authoritarian practices.

Chávez's decline in competitiveness began in 2007. That year, he was at his political peak. The ruling party was enjoying a honeymoon following Chávez's 2006 reelection by a comfortable margin. Its advantages included an unprecedented windfall from high world prices for Venezuela's crucial export (oil), and the appeal of rhetoric embracing populism while attacking capitalism, George W. Bush, and traditional political parties. The government had managed to gain political control over the Supreme Court, the state body tasked with overseeing elections (the Consejo Nacional Electoral, or CNE), the National Assembly, all but two governorships, most of the military, and last but not least, the state-owned oil company (PDVSA).<sup>4</sup>

Since then, the electoral fortunes of the ruling party have declined, as the Figure on page 124 reveals. Between the presidential election of 2006 and the legislative elections of 2010, the ruling party lost about 1.8 million votes, while the opposition expanded by 1.5 million votes.

In the 2010 elections, the PSUV was outvoted in eight states plus the Capital District of Caracas. Even more worrisome for the PSUV was its loss of ground (relative to its performance in the 2008 gubernatorial and mayoral elections) in 14 of 23 states. In one state (Lara), its support dropped spectacularly by 33 percentage points to just over 40 percent of all votes cast.

That the PSUV has become *less* competitive does not mean that it has become *uncompetitive*. With 48 percent of the vote, the PSUV still obtained more votes than the second-largest coalition, the Mesa, which obtained 47 percent (the other 3.1 percent went to the PPT, which decided to run separately). If this had been a presidential election, the rul-

**FIGURE—VENEZUELAN ELECTION RESULTS, 2004–10**

ing party would still have won the presidency. Furthermore, the PSUV actually gained ground in nine regions relative to 2008.

Nevertheless, the 2010 results indicate that Chávez's electoral coalition has both shrunk and changed. It is now more rural than anything else. Whereas in 2006 one could have argued that Chávez voters comprised large chunks of every segment of the population, except perhaps the upper-middle classes, currently the president's coalition is strong only in states that are sparsely populated and characterized by less dynamic rural economies.<sup>5</sup> Relative to 2008, the PSUV lost ground in ten of the twelve states with the highest population density (more than 70 inhabitants per square kilometer), winning in only four. Of the eight richest states (those with GDP per capita of US\$12,000 or higher), the PSUV won in only three. The PSUV won in only one industrialized state, Falcón, but even there the PSUV's total dipped by 3.1 points relative to 2008. Unquestionably, the opposition is now stronger in the more densely populated or industrialized states.

To say that the opposition won in wealthier regions does not mean, however, that it is a movement of the very wealthy. Venezuela's most industrialized states also contain the country's largest concentrations of urban poverty. The PSUV's failure to win in these states confirms the trend, reported for previous elections but still not widely recognized, that the urban poor no longer disproportionately support the ruling party.<sup>6</sup>

An obvious reason that the PSUV has become less electorally competitive is bad economics, or rather, bad economic management. Although Venezuela in 2008 was beset by external economic shocks (slumping international oil prices, followed by the worldwide economic downturn

at the end of the year), these are not the real causes of the country's current travails. In fact, oil prices began recovering, and as of 2010 were significantly higher than they had been from 1999 through 2003.

Venezuela's current economic woes come more from within than without. Specifically, the government's mismanagement of the 2003–2008 oil-price boom has devastated the economy. Rather than revolutionize the economy, as his government claims to have done, Chávez has used the oil windfall to replicate failed economic recipes from the past.<sup>7</sup> Venezuela's strong tradition of statism, never quite extinguished during the brief neoliberal interludes of 1989–92 and 1996–98, has reached new heights under Chávez. The recipe includes heavy doses of nationalization, totaling almost four-hundred cases by the end of 2010.<sup>8</sup> In addition, the government makes heavy use of price and exchange-rate controls; subsidized credits for certain politically connected firms; procyclical demand management; burdensome regulations on business activity; and overvalued exchange rates that hurt exports. All this conforms neatly to the model of inward-oriented statism that prevailed throughout much of Latin America from the 1930s to the 1980s.

Chávez likes to insist that state intervention in “strategic” industries has been critical to the task of stabilizing prices, but most often his takeovers have been about politics: Nationalizations allow Chávez to court certain labor groups by promising jobs with relaxed productivity standards. This, too, conforms to traditional models of Latin American populism. Not all forms of public control of the economy lead to clientelism; it depends on degrees of legislative control, socioeconomic development, and interparty competition. But as Herbert Kitschelt and Steven Wilkinson argue, a highly politicized approach to economic governance depresses development and party-based accountability, thus yielding more rather than less clientelism.<sup>9</sup> This is exactly what is happening in Chávez's Venezuela.

This “statism on steroids” has spawned a number of predictable negative side effects. Publicly owned firms have become bloated with extra workers even as productivity has been dropping. PDVSA is the best example. Between 1998 and 2009, PDVSA's labor force increased by 267 percent.<sup>10</sup> Yet output dropped from 3.5 million barrels of oil per day prior to Chávez to fewer than 2.6 million barrels currently.<sup>11</sup>

The government's restrictions on business, which the administration boasts as an achievement, are indeed high by world standards. The World Bank's Doing Business Index, which ranks countries in terms of their domestic investment climate, places Venezuela near the bottom. But this “achievement” has provoked massive capital flight, and consequently a lag in private-sector employment. While the number of workers on the public payroll increased 53.5 percent between 1999 and 2007, private-sector employment increased only 28 percent. Few countries in the world have experienced such a massive decapitalization in

the midst of such a remarkable consumption boom. It takes bad policy to accomplish this.

One of the most pernicious economic policies has involved exchange rates. Through most of the 1980s, Venezuela suffered the catastrophic effects of differential exchange rates. Ignoring this history, Chávez has imposed a complex multiple exchange-rate system of his own in a desperate attempt to contain inflation and capital flight. In early 2010, he was forced to devalue the currency, a step that led in turn to an even more convoluted system featuring three exchange rates—two of them pegged “official” rates and the third a floating unofficial rate.

Multiple exchange rates cause distortions and speculation, often in scandalous amounts.<sup>12</sup> Distortions occur because the cost of capital takes on different values, which prompts entire economic sectors to shift or disappear. For example, the ability to import food for a third of the real market price via the “essential” exchange rate largely destroyed incentives to produce food domestically. This distortion, in combination with price controls, caused severe food shortages. As for speculation, actors find ways to shuffle goods back and forth through the exchange regime. In 2008, for instance, banks run by figures close to the regime were piling up vast sums by gaming the multiple rates and rampant inflation, only to fail quickly once the global recession hit later that year. Another example occurred with economic agents placing import orders for goods at one rate, importing them at another, and selling them at a third. Sometimes, the profits to be made from this game ran so high that importers did not even bother to sell the imports locally. This explains the scandalous discovery of warehouses full of abandoned food, medical equipment, and electricity-generating gear at a time when the country was beset by severe shortages and blackouts.

“Chavenomics” has not only repeated old economic-policy mistakes, but has also introduced new economic ailments. Unusually for a petrostate, for instance, Venezuela had never really suffered a bad case of the “Dutch disease” and its attendant de-industrialization. (The “disease” occurs when rising prices for an export commodity trigger overvalued exchange rates that make other exports less competitive and cause massive inflows of imports.) During the oil boom of the 1970s, Venezuela actually saw its industrial base grow rather than decline.<sup>13</sup> Under Chávez, however, there is overwhelming evidence of Dutch disease: Imports have expanded dramatically, nonpetroleum exports have shrunk, and the number of industrial firms has declined significantly.<sup>14</sup>

The result of Chávez’s statist excesses has been an economic implosion like few others in the world. In 2010, Venezuela was perhaps the only developing country experiencing economic contraction *and* high inflation, otherwise known as stagflation.<sup>15</sup> Most other countries, in contrast, were growing economically or had low inflation, or both. Chávez has responded to this crisis not by reevaluating his policies, but

by speeding up government takeovers. Nationalizations increased from an annual total of 131 in 2009 to more than 200 in 2010.

As in previous episodes of statism, the government's economic policies have harmed most of the private sector, but not all of it. A number of favored business elites have benefited hugely from state contracts, credits, and protections, as well as distortions in the exchange-rate system. These privileged elites, locally known as *boliburgueses* (a play on the words "Bolivarian" and "bourgeoisie"), are vital supporters of the regime, which suggests that Chávez's support coalition is essentially bipolar, with one pole occupied by some counterelites, especially in rural areas, and the other, comprised of *boliburgueses*. While this bipolar coalition might no longer be large enough to guarantee ample electoral victories, it still large enough to allow the ruling party to hang on to power.

### A More Authoritarian Regime

Chávez has responded to his party's declining competitiveness by turning more autocratic, albeit still within bounds. The government has been smart enough to realize that a blatant turn to full autocracy would produce unwanted international condemnation, and so it makes sure to preserve some democratic features. Nevertheless, on the many days that are not election days, the regime applies measures, both legal and illegal, that discriminate against the opposition, and this practice has gotten worse.

The current autocratic boom began soon after the president's 2006 reelection. In his victory speech, Chávez announced one of the most radical state agendas in Venezuelan history. The key planks included a new enabling law that would authorize the president to enact or change more than sixty pieces of legislation without legislative approval; the naming of a presidential committee (devoid of opposition members) to propose a draft of constitutional changes; a redrawing of political lines of authority in ways meant to shrink the influence of governors and mayors and hand more power to unelected "communal councils"; and increased use of ideological guidelines in the hiring and training of public-school teachers. Chávez also announced that the government would refuse to renew the license of the privately owned television station RCTV. Despite international and domestic protest, Chávez shut down RCTV in May 2007.

These autocratic excesses may be what triggered the PSUV's biggest single electoral drop ever—an almost 40 percent loss in voters between 2006 and 2007. This dip occurred long before the onset of the recession. It cost Chávez his most important political objective for that year—winning the December 2007 referendum to change the constitution to his liking.

Instead of taking his 2007 setback as a warning, Chávez actually accelerated his autocratic march to contain the growth of the opposition,

using mostly illegal means. For instance, the president continued to spend without accountability, using state resources to privilege PSUV candidates and organizations in violation of constitutional rules.<sup>16</sup> His government produced a list of citizens banned from running for office because they were under suspicion of corruption, contravening the law which requires a court conviction before such a ban can be imposed. More than 270 people, including leading opposition figures, wound up on this blacklist. After the 2008 elections, Chávez denied opposition governors federal funds to which, under the constitution, they were entitled. And in 2009, the National Assembly stripped the elected mayor of Greater Caracas of administrative responsibilities, leaving him in office but without meaningful authority. Chávez's actions against duly elected officials belonging to the opposition constitute a blunt assault against democratic governance at the subnational level seldom seen in any Latin American democracy. The government has further undermined the autonomy of judges. A notorious case involved the December 2009 arrest of Judge María Lourdes Afiuni for challenging the government's decision to imprison without trial for three years a banker accused of corruption. Her detention was a signal to all Venezuelan judges that it is dangerous to cross the executive branch.

Not everything has been illegal. There is also much "autocratic legalism"—applying the existing law unevenly and enacting new laws in a biased manner. For instance, accusations of corruption have been levied lavishly against open political opponents. Manuel Rosales, a former opposition presidential candidate and governor and, as of 2008, the elected mayor of Maracaibo, found himself accused of corruption and had to go into exile. Chávez publicly threatened to bring similar charges against other opposition governors. In addition, according to a human-rights watchdog group in Venezuela, six new major pieces of legislation have been enacted since 2008 that narrow freedom of association, regulate participation in civil society organizations, or give special powers to *chavista* citizens' groups.<sup>17</sup> In June 2010, a presidential decree created the Center for Situational Studies of the Nation, with broad powers to limit public dissemination of "information, facts or circumstance[s]," prompting Human Rights Watch to publicly condemn this "censorship office."<sup>18</sup>

Equally worrisome, the government has increased enforcement of the *desacato* (or insult) laws, which penalize citizens for criticizing public officials. Oswaldo Alvarez Paz, a former governor, Chamber of Deputies president, and presidential candidate, was arrested for televised statements about alleged ties between the Venezuelan government and guerrilla groups in Colombia as well as Spanish-Basque terrorists.

Autocratic legalism has had a chilling effect on press freedom. Since RCTV stopped broadcasting, the only television station broadcasting news in the country outside government control has been Globovisión, some of whose assets have been seized and whose owner has been ar-

rested for giving a speech that Chávez found “offensive.” The local watchdog group mentioned before has documented 120 cases of aggression against the media and reporters between 2008 and 2009, including 32 cases in which radio stations had their freedom to broadcast suspended.<sup>19</sup> These actions prompted Freedom House to downgrade Venezuela, along with Russia, from “Partly Free” to “Not Free” in its most recent annual media-freedom assessment.<sup>20</sup>

An obvious legal blow against the opposition was the 2009 Organic Law of Electoral Processes. This new law introduced at least two major changes in the electoral system that are deleterious to the opposition. First, the law diminished the number of seats for parliament that are chosen by proportional representation (from among the so-called *lista* candidates) in favor of selective majorities, so that the ruling party, where it is a majority, has fewer chances of sharing seats with minority parties. The second change was one-sided gerrymandering. Opposition-stronghold districts were merged with progovernment districts so as to dilute or destroy the opposition’s edge. This was done to benefit the ruling party in the states where it is weaker. In a normal democracy, gerrymandering occurs with some opposition involvement, and may go both ways.<sup>21</sup> In Venezuela, it was essentially a closed, cabinet-level operation.

The bias in the new system is plain. Gerrymandering was applied to only the capital city and seven states: Amazonas, Barinas, Carabobo, Lara, Miranda, Táchira, and Zulia. Barinas aside, these are—not coincidentally—Venezuela’s most populous regions, where opposition leaders govern, or where the largest shares of opposition voters reside.

Together with the heavy malapportionment introduced by the 1999 constitution, which guarantees three deputies to each state regardless of population, the new electoral law explains why, in the September 2010 elections, the PSUV ended up with almost 60 percent of the seats in the National Assembly despite winning only 48 percent of the vote. The law was *designed* to hurt the opposition where it is most competitive, and it did.

### Why More (Bounded) Authoritarianism?

The autocratic boom in Venezuela since 2007 raises two questions. First, why does the regime respond to declining competitiveness by turning more authoritarian? The answers may be fear and capacity. The government fears that it is losing hegemony over its core constituencies. It reasons that the best way to compensate for that loss is to maximize *institutional* hegemony—or in other words, the ruling party’s stranglehold on institutions of authority. And because the regime, by the mid-2000s, had accumulated enough of what might be called “institutional reserve strength” (control of the legislature, the courts, the press, the oil sector, and so on) to allow it to act autocratically, it readily saw that more autocratic behavior was well within its institutional grasp.



The second question has to do with boundaries: Why does the Chávez regime—or any competitive authoritarian regime, for that matter—allow electoral politics to survive? Or in other words, why does it not turn fully authoritarian? The answer is that Chávez has discovered the advantages of staying in the hybrid zone. Canceling or disrupting elections would produce an immediate international outcry, whereas chicanery before or afterwards provokes little international condemnation while still powerfully affecting results. If skillfully applied, irregularities before the voting can split the opposition, between those who prefer to participate and those who prefer not to participate in what they see as a hopelessly unfair process. Incumbents benefit from this split: Opposition turnout gets depressed, while those in the opposition who do participate end up legitimizing the election.

This game, however, works for the incumbents only if the opposition fails to develop strategies to combat disunity and abstention within its ranks. In the mid-2000s, the Venezuelan opposition could be criticized for precisely this failing—it had no convincing response to disunity and abstention. But starting in 2008, the opposition began to change. That year, for the first time, the largest opposition parties ran as a coalition, actually offering more consolidated candidates than the PSUV itself. Opposition leaders also actively encouraged voting despite the regime's biased rules. The effort paid off electorally, and so, for the 2010 election, the opposition replicated this strategy. The Mesa offered unified candidacies for most contested seats. In a major sign of restraint, member parties that got fewer candidates nominated than they wanted accepted this outcome without much protest. And rather than stress the bias of the system, as it did prior to 2007, the opposition ran ads arguing that votes in Venezuela are both valuable and safe.

In sum, the case of Venezuela under Chávez shows that mixed practices can prove more rewarding electorally for incumbents than strict democratic practices (because they can divide the opposition) and are less offensive to local and international audiences than strict autocratic practices would be. The case also shows that the ruling party is less likely to enjoy a continuing advantage from mixed practices if the opposition learns to coalesce and refuses to take itself out of the game.

Since 2007, Venezuela has changed not just with respect to regime type (becoming a less competitive, more authoritarian regime), but also as regards the type of state that it has. Venezuela is and will remain a petrostate, highly dependent on oil exports. But the oil industry under Chávez has undergone a significant change—for the worse—as PDVSA has experienced one of the most dramatic productivity collapses in its history. Given the regime's heavy dependence on oil exports, the damage that PDVSA has suffered, mostly as the result of government policies, seems inexcusable.

Between 2002 and 2004, Chávez eroded the autonomy of PDVSA's top board and subsidiaries, thereby weakening internal checks

and balances. He fired talented technocrats and replaced them with mostly unqualified staff. He used PDVSA as a checkbook to finance his social-welfare schemes, thereby starving investment in production, technological innovation, and quality control. And he eliminated the mechanisms—including joint ventures with private firms and audit reports sent to the U.S. Securities and Exchange Commission—that made the company accountable to outside entities.

His motives for maximizing executive-branch control over the company in 2002 and 2003 were strictly political. At the time, Chavez's hold on the presidency was at risk. His approval ratings were low, there were protests in the streets, and a recall referendum was brewing. Chávez saw PDVSA as a highway to unlimited control over the revenues generated by one of the world's largest petroleum-export industries. But the result has been to turn PDVSA into a bloated, less productive firm that lacks autonomy and competence and is heedlessly "diversifying" into extraneous businesses such as food importing.

The company's politicization has hurt its performance. The cost structure has rapidly deteriorated, investment has slowed, and maintenance spending has declined. From 2001 to 2008, total operational costs per barrel of oil extracted more than tripled from US\$32 to \$101 when spending on social projects is taken into account. At the same time, PDVSA lost the managerial, technological, and financial capacity to expand oil production. The old Maracaibo oilfields and the new eastern oilfields such as Furrial are drying up or showing strains, but drilling and maintenance have plummeted since nationalization of the maritime industry in the former and gas-compression facilities in the latter. The decay of PDVSA is creating problems not just for economic growth (and government revenues), but also for environmental protection and worker safety. Since 2006, PDVSA has compiled an alarming record of accidents—threatening the environment, its staff, or both.<sup>22</sup> Overall, the effort to turn a business enterprise engaged in the physically challenging, environmentally sensitive, and economically crucial work of petroleum extraction into an instrument of the "Bolivarian revolution" is now undermining that revolution's own developmental objectives.

### **Drugs and Crime: Getting Away with Murder**

Whereas the state under Chávez has approached the oil sector with a heavy political hand, to the detriment of operations and investments, the government's approach to crime has been hands-off, to the detriment of ordinary Venezuelans' safety and security. The regime has essentially stood by while the country has fallen prey to one of the most lethal crime waves in the world.

The crime wave in Venezuela has two dimensions. The first is drug-related. Ever since Chávez decided to significantly curtail the staff and

activities of the U.S. Drug Enforcement Administration (DEA) in 2005, making Venezuela the only country in South America where the DEA hardly operates, the country instantly became the safest haven for drug operations in the entire Western Hemisphere. (Bolivia joined this list of countries when it expelled the DEA in 2008.) Soon drug dealers began to use Venezuelan territory as a principal trans-shipment point for drugs from elsewhere in the Andean region. The UN's Office on Drugs and Crime (UNODC) reports that since 2004 Venezuela has been the takeoff point for 41 percent of all maritime cocaine shipments to the United States and Europe.<sup>23</sup> Between 2006 and 2008, half the ships caught with cocaine in the Atlantic Ocean had departed from Venezuela, whereas only 5 percent had come from Colombia.

The second dimension of Venezuela's crime wave is random street crime. The country today features some of the world's worst murder and kidnapping rates. The Venezuela Observatory of Violence (OVV), a local NGO that monitors crime statistics, reports a murder rate of 54 homicides per 100,000 citizens for 2009, surpassed by only one other country in Latin America (El Salvador, with 70 homicides per 100,000 citizens). According to the OVV, yearly homicides increased from 4,550 in 1999 to 16,047 in 2009. With a murder rate of 140 per 100,000 residents, Caracas is today one of the most dangerous cities in the world.

The explosion of crime is a direct result of the government's hands-off attitude. Evidence of this attitude is found in drug-seizure and crime-prosecution statistics. According to the UN, between 2003 and 2008, cocaine-related seizures in Venezuela have been stagnant, despite the boom in drug shipments since 2005. Likewise, the OVV reports that 91 percent of homicides go unsolved and that in many cases no arrest is made. Consequently, drug dealers and common criminals have realized that in Chávez's Venezuela they are unlikely to get caught. This type of state-provided green light is propelling the crime wave like no other factor.

It is worth exploring the reason why the government maintains its lackadaisical approach to crime, even though poll after poll identifies public insecurity as the top concern among voters. The answer has to do with both incapacity and gain.

Now that the crime wave has reached this colossal magnitude, the government simply has no technical ability to contain it, at least alone. Without the support of the United States, it is futile to attempt to wage a war against the massive operations set up by drug dealers. And the police force has become so implicated in ordinary crime (with Interior and Justice Minister Tarek El Aissami claiming that 20 percent of crimes recorded in 2009 had police involvement) that the state simply lacks any institutional capacity to tackle the crime epidemic.

Yet the problem is more than just a lack of capacity. The government also perceives some benefits from tolerating the status quo. Essentially, crime has become the regime's most important tool for social control

and income redistribution. In the case of drugs, redistribution occurs fairly regressively, with elites close to the government (especially in the military) taking advantage of this form of illicit trade to acquire riches. As mentioned above, a vital component of the *chavista* coalition is the *boliburgueses*. Now that oil is providing fewer rents to feed this group, state-tolerated narco-trafficking has become the second-best alternative. And in the case of street crime, the redistribution is, in the government's eye, a bit more progressive, with wealth going from the rest of society toward jobless young males living in *barrios*.

For the state to challenge either the drug shippers or the common criminals would risk provoking a nasty retaliation. This would replicate in Venezuela a state-against-criminals war similar to that of Colombia in the 1980s and Mexico today. The government does not want or need this war. Furthermore, the war would end up alienating groups that in some ways are essential to the *chavista* coalition—counterelites in the *barrios* and criminal mafias. In short, the government lacks the means to wage war against crime and drug shipping, would not want to take on this war even if it did have the means, and it actually sees some political gain from leaving the criminals alone.

### Is There a Way Out?

Competitive authoritarian regimes in which the ruling party becomes less competitive risk becoming more rather than less authoritarian. The reason is that they amass an arsenal of institutional capacity and, in the case of Chávez until 2008, enough resources to enact policies and laws that restrict the opposition. What these regimes do not readily realize is that they will soon find themselves in a trap. The government seeks to compensate for its declining hegemony over the electorate by expanding and tightening its hegemony over institutions, but this move in turn contributes to the incumbents' decline in competitiveness. The assault on checks and balances not only alienates moderates, but also causes policy failings that fuel anti-incumbent sentiment. The 2008 and 2010 elections suggest that this negative electoral effect is stronger in regions with greater access to information and autonomous organizations—namely, densely populated and economically diversified zones. Nevertheless, precisely because incumbents control institutions, and in the case of Chávez, growing sectors of the economy, these regimes are still able to generate policies that feed clientelistic networks and thus garner enough support from some elites and counter-elites to keep the ruling party afloat.

It is hard to be too optimistic about a possible escape from this vicious, self-reinforcing trap. In 2009, Chávez acquired yet another institutional asset—the right to indefinite reelection—that seriously undermines the prospect of any alternative authorities arising from within the *chavista* camp. Moreover, shortly after the 2010 legislative elections, the country's

most senior military commander, General Henry Rangel Silva, declared that the armed forces would never “accept” an opposition government. When the Mesa and the secretary-general of the OAS protested what Rangel had said, Chávez responded by promoting him to a higher rank.

Just as gravely, taking advantage of his expiring megamajority in the lame-duck National Assembly, Chávez obtained passage of a December 2010 “enabling law” allowing him to rule by decree for eighteen months. His first use of his decree powers was typical in its employment of a bit of social policy to sugarcoat a large dose of autocracy: He created a social fund (to help victims of flooding) along with ten new military districts throughout the country that he will have power to rule as supreme commander of the armed forces.

The end of 2010 found Chávez extending his autocratic gambit still further. He first rushed through legislative approval of nine new Supreme Court justices. Then he obtained several new laws that erode the autonomy of public universities, ban civil organizations from receiving foreign aid, expand controls on the media (including the Internet and cellphones), restrict the number of times that the legislature can meet, and take power away from elected mayors and governors in order to give it to unelected communal councils. Essentially, he used his expiring National Assembly majority to disarm in advance not only the new Assembly, but also several other institutions that he had not yet brought under his control—all to negligible international condemnation.

If transitions from competitive authoritarianism to democracy require a weak coercive apparatus and strong international pressures, as Steven Levitsky and Lucan Way argue, it is disheartening to realize that the Chávez regime probably enjoys just the reverse: an increasingly effective coercive apparatus and decreasingly effective international pressures.<sup>24</sup> Furthermore, transitions from illiberal to liberal democracies are rare: In Latin America, they have occurred only when countries have been hit by runaway inflation, an affliction from which Venezuela does not yet suffer.<sup>25</sup>

Nevertheless, the 2010 parliamentary election does offer a glimmer of hope. Unlike other elections, a parliamentary balloting injects opposition figures into the same body where the ruling party resides—the legislature. For the first time since 2005, ruling-party and opposition forces have a common institution to defend. This creates a possibility—not a guarantee—that some forces of the ruling party might join efforts with some parts of the opposition to defend the parliament against the encroachments of the executive.

Chávez is aware of this risk, and so he acted swiftly. After the election, he also pushed for a new law banning legislators from voting against the party line. Evidently, Chávez’s decision to circumvent the Assembly is causing unease within his own ranks. This unease could promote greater restraint on the part of his regime, or at least foster new fissures within it.

Of course, the rise of a common institutional interest does not annul

the long list of divergent political interests that separate the ruling party from the opposition, nor does it guarantee cooperation even in areas of common interest. Nonetheless, in hybrid regimes, parliamentary elections offer more hope than any other type of elections of blocking the ruling party's avalanche-like smothering of institutions. This will not be enough to bring a democratic transition to Venezuela, but it raises the costs of continuing with the autocratic extravaganza of the last few years.

## NOTES

I am grateful to Michael Penfold for allowing me to draw from our book, *Dragon in the Tropics: Hugo Chávez and the Political Economy of Revolution in Venezuela*; and to Alvaro Mon and Carolina Barrientos for their research assistance.

1. The literature on Chávez's brand of competitive authoritarianism is extensive. For recent examples in English, see David J. Myers, "Venezuela: Delegative Democracy or Electoral Autocracy?" in Jorge I. Domínguez and Michael Shifter, eds., *Constructing Democratic Governance in Latin America*, 3<sup>rd</sup> ed. (Baltimore: Johns Hopkins University Press, 2008); and Manuel Hidalgo "Hugo Chávez's 'Petro-Socialism,'" *Journal of Democracy* 20 (April 2009): 78–92.

2. Steven Levitsky and Lucan A. Way, *Competitive Authoritarianism: Hybrid Regimes After the Cold War* (New York: Cambridge University Press, 2010); Thomas Carothers, "The End of the Transition Paradigm," *Journal of Democracy* 13 (January 2002): 5–21; Larry Diamond, "Thinking About Hybrid Regimes," *Journal of Democracy* 13 (April 2002): 21–35; Andreas Schedler, ed., *Electoral Authoritarianism: The Dynamics of Un-free Competition* (Boulder, Colo.: Lynne Rienner, 2006).

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13. Jonathan Di John, *From Windfall to Curse? Oil and Industrialization in Venezuela, 1920–2005* (University Park: Pennsylvania State University Press, 2009).

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