Venezuela Attacks Corruption, Cuts Fuel Subsidies

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Venezuela Attacks Corruption, Cuts Fuel Subsidies

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Category/Department: Venezuela

Published: 2016-04-08

Over the past two years, after several announcements about merely cosmetic modifications to economic policy and successive currency devaluation decrees, the Venezuelan government finally decided to address two major issues the opposition has talked about for a long time: the fight against corruption, rampant in all areas of the government, and the elimination of fuel subsidies.

Opposition proposes amnesty for its leaders

The changes came three months after the government of President Nicolás Maduro suffered a decisive defeat in legislative elections at the hands of the opposition coalition Mesa de la Unidad Democrática (MUD) last December (NotiSur, Nov. 20, 2015, and Jan. 8, 2016). The announcements were made a day after opposition representatives in the National Assembly voted for an amnesty law that would benefit several of its leaders, and while they analyzed possible options to precipitate the end of Maduro’s constitutional term. The amnesty law was one of the opposition’s campaign proposals during the December legislative elections. Two thirds of the votes in the National Assembly were necessary to approve the proposal, and with that goal reached, there was a general vote on Feb. 16—the “first discussion”—of the so-called Law of National Amnesty and Reconciliation.

The law would free Leopoldo López, leader of the right-wing Voluntad Popular party, former mayors Antonio Ledezma and Daniel Ceballos, and several student activists. All have been convicted of instigating “La Salida” (“The Exit”), a campaign aimed at bringing down Maduro with violent street demonstrations that took place between January and May of 2014 (NotiSur, Feb. 21, 2014, April 4, 2014, and July 25, 2014). Those demonstrations resulted in 43 deaths and generated much damage to the urban infrastructure. If finally enacted, the law would also protect those responsible for the Feb. 25, 2003, bombing of the Spanish Embassy and the Colombian consulate in Caracas, in which several people were wounded, and it would exonerate Pedro Carmona, former president of the business organization FEDECÁMARAS. In April 2002, Carmona occupied the presidency during the 47 hours of an unsuccessful coup against late President Hugo Chávez (1999-2013) (NotiSur, April 19, 2002).

Several independent analysts agree with the government that the opposition lost its only chance of ultimate success when it submitted a hastily written bill, without taking care of some aspects that, according to the government, would give amnesty to people condemned of crimes ineligible for prison release. The Latin American Foundation for Human Rights (Fundación Latinoamericana por los Derechos Humanos, FUNDALATIN) and the National Network of Human Rights agreed to denounce the amnesty plan before the United Nations Council on Human Rights.

Asdrúbal González, director of the National Network of Human Rights, said that the groups were drafting a constitutional analysis in which they would “prove that with this bill, they plan to grant amnesty to more than 49 crimes connected to serious human rights violations, such as instigation to disobey laws, the generation of a state of anxiety, damage to public property and communications systems, the manufacture and supply of explosives, and using minors to commit crimes.” According
to critics, the project also violates international conventions and agreements to which Venezuela subscribes.

**Maduro recall possible**

The opposition continues debating —without its different sectors being able to come to agreement—about what to do to provoke the end of the Maduro administration. The week of April 14 marks the halfway point of the presidential period, the moment from which the Constitution authorizes the separation of the president from his or her duties via a complex mechanism of “recall referendum.” The sectors who led the La Salida effort in 2014, headed by López and current National Assembly President Henry Ramos Allup, of the Acción Democrática party, propose two paths, neither of which is provided for in the Constitution: charge Maduro with “dereliction of duty,” or vote in an amendment to shorten the presidential term. According to the experts, either one would have legal standing only after the election of a new president, in 2019. Neither could be made retroactive.

The only Constitutional route is via a referendum, which former presidential candidate Henrique Capriles is promoting from inside MUD. According to Article 72 of the Constitution, to conduct a referendum, a request must first be made to the Consejo Nacional Electoral (National Electoral Council, CNE). The CNE would then establish sites throughout the country where signatures can be collected from referendum supporters. To get the referendum on the ballot, the opposition must collect signatures and fingerprints from at least 20% of the national electorate (3.9 million persons) within a 72-hour period. Once this requirement is met, the CNE would set a Yes or No election within then next 90 days. In order to remove the president from office, the Yes vote must be at least one more than the number of people who elected the president. In Maduro’s case, it would take 7,587,532 votes in favor of removing him from office. In general, political analysts believe that sort of citizen mobilization is not possible with such tight deadlines.

While the opposition tries to present a united front about accepting some changes in the amnesty law and to find a way to overthrow Maduro, the government has moved ahead and made decisions long-sought by even its supporters, such as the fight against corruption and restructuring domestic oil prices that, after more than two decades of subsidies, make Venezuelan gas prices among the cheapest in the world. For a long time, the main problem affecting the population—something the opposition has used effectively—has been the disruption of the normal supply of basic goods caused by hoarding and contraband backed essentially by the scandalous state corruption. This is aggravated by high inflation, which according to government estimates was 180% in 2015 and that the opposition puts at 1000%.

The basic food supply program, carried out through a network called Red de Abastos Bicentenario, “became rotten and was infiltrated by corruption; we have to assume our responsibilities and reform,” Maduro said in a Feb. 17 speech.

The next day, the anti-corruption police arrested the person in charge of the Abastos network for having sidetracked 300 tons of cheese imported from Uruguay and routed it to four top officials of a major distribution center and to a union leader who represented state workers from the state-owned store chain Cadena de Tiendas Venezolanas (CATIVEN). A new subsidized food distribution plan was implemented and, at the same time, an urban agricultural program for growing food in homes and public establishments was launched. The goal is to have 1,200 hectares planted with 13 different food products within the next 100 days.
During the same event, attended by a multitudinous crowd in Caracas, Maduro drew a comparative chart of the recent foreign exchange income of the state-owned oil company Petróleos de Venezuela (PDVSA) to show the fall in crude oil prices. In 2012, he said, income was US$46.1 billion, dropping to US$37.2 billion in 2014 and to US$12.6 billion in 2015. But this year, the fall has been catastrophic—income dropped from just over US$3 billion in January 2014 to 815 million in January 2015 to just US$77 million last January, barely 2.56% of the income two years earlier.

In order to finance a “social card” that gives 796,000 families access to basic foods, the government decided to eliminate fuel subsidies and transfer those savings to the public assistance program. The cost of gasoline will continue to be a trifling sum. A liter of gas will rise to US$0.01 for 91 octane and to US$0.06 for 95 octane. Maduro emphasized that while the price per liter is basically symbolic in Venezuela, in the US it costs US$0.78, in Colombia US$1.08, in Ecuador US$0.55 and in Uruguay US $1.41.

According to calculations made by the newspaper El País on Feb. 18 that eloquently illustrate the new reality, “with a dollar exchanged on the black market, one could buy more than 100 liters of gas, and a person could fill the tank of a standard car for what it costs to buy a cup of coffee.” Last August, the Argentine website Infobae had quoted the BBC World, saying, “The only thing in Venezuela that costs the same as gasoline is a piece of candy.”

The fuel subsidies date back to the second administration of President Carlos Andrés Pérez (1974-1979 and 1989-1993), and up until now, any change in this policy had been taboo. Under fire and perhaps without other options, Maduro ended this absurd economic policy. On Feb. 18, the day after Maduro’s announcement, newspapers all over the world, which usually amplify the opposition’s campaigns, predicted difficult times ahead for the Venezuelan government. Ludmila Vinogradoff, the Caracas correspondent for the Spanish newspaper ABC wrote, “This measure brings Venezuela a little closer to social unrest.” Nevertheless, nothing like this has happened.

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