

## Venezuela's Upcoming Double-Confrontation

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*Following the Venezuelan opposition's recent electoral victory in the Dec. 6 parliamentary elections, the opposition seems to be more determined than ever to steer towards an outright confrontation with the president. The goal is to destabilize the government as much as possible, with the aim of achieving his ouster before the end of the year.*

The new National Assembly president said that his aim is to have a plan in place for president Maduro's ouster within the first six months of 2016. Ramos Allup furthered this confrontation Jan. 6, when he swore in three opposition members as representatives, whose election the Supreme Court had previously put on hold due to electoral irregularities. On Monday, January 11, the Supreme Court thus declared that the National Assembly president had acted in defiance of the Court and that from now on all laws that the National Assembly passes are null and void, since the assembly had incorporated members into its body that should not be there.



Grassroots activists prepare for what Greg Wilpert terms a “double-confrontation.”

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The political confrontation between the legislature and the executive is thus programmed.

The next conflict will be about the amnesty law, by which the opposition intends to free all so-called political prisoners, that is, all opposition figures who have been involved in violent protest of one kind or another, many of whom have been held responsible for deaths of innocent bystanders. Ramos Allup already warned Maduro that if he and the Supreme Court do not implement the amnesty law, he will begin removing ministers from Maduro's cabinet: "Whether or not he accepts [the amnesty law] will not matter, to which we will say, 'We do not accept his naming of ministers.'"

The options for the new opposition-dominated National Assembly to get rid of Maduro are several. As mentioned above, it can remove not only the ministers and the vice-president (though this could lead to new National Assembly elections if the vice president is removed three times in a row), remove the heads of other branches of government, such as the Supreme Court, the attorney general, or the National Electoral Council (with prior approval from either the Supreme Court or the attorney general), amend or reform the constitution (which then has to be submitted to a referendum), or call for a constitutional assembly (followed by a referendum).

Also, there is a lot of speculation that the opposition might try to organize a recall referendum against Maduro, but doing so would require the collection of 20 percent of registered voters' signatures, which amounts over 3.8 million signatures. This latter course is a difficult undertaking. In comparison, when the opposition organized the recall referendum against president Chávez in 2004, it had to collect only 2.5 million signatures because the electorate was substantially smaller.

Aside from the project to remove Maduro and to give amnesty to its law-breaking supporters, the oppositional National Assembly also plans to introduce a number of laws that could undermine the Maduro presidency. A populist measure that the opposition has wanted to pass for a long time is to give ownership titles to the beneficiaries of the housing mission. Over the past five years the government has constructed one million public homes, which it has essentially leased to families in perpetuity, but without giving them a title that can be bought and sold. The reasoning behind this is to avoid the development of a speculative housing market of homes built with public funds. The opposition is betting that most public housing beneficiaries would prefer a saleable ownership title, so that they can sell the home and thereby possibly make a profit from it.

Another law that would probably get the president into trouble is a rumored project to dollarize the economy. It is obvious to everyone in Venezuela that the current economic situation of high inflation, frequent shortages of basic goods, long lines at supermarkets, and a massive black market for price-controlled products, is not sustainable. One "solution" to these problems that some opposition leaders have favored it to simply get rid of the local currency, the bolivar, and base the entire economy on dollars, just as Ecuador did in 2001. Aside from undermining the country's economic sovereignty, such a move would also almost definitely mean major painful displacements for economy, leading to increased inequality and unemployment. No doubt the opposition would then try to blame Maduro for this, but it is possible of course that they themselves would end up carrying a large part of the blame, which is why the opposition will enter into this project neither unambiguously nor unanimously.

Other major projects on the opposition docket include the repeal of a wide variety of progressive laws that were passed during the Chavez and Maduro presidencies, beginning

with the land reform, re-privatization of key industries, and the dismantling of price controls, among other things.

Finally, the opposition has also announced that it will convoke special investigation commissions. Among these are commissions to investigate corruption within the executive and another to investigate the credentials of newly appointed Supreme Court judges. The investigation of the judges could lead to the removal of several of these because the Supreme Court law allows for the removal of judges who do not meet the fairly tough requirements for appointment.

On the Chavista side of the confrontation the options for maneuvering are even tougher. Here the foremost issue for the government is how to deal with the on-going economic crisis, which is bound to get worse especially since the price of oil is tumbling. While the price of an average Venezuelan barrel of oil reached a high of US\$55 per barrel in early 2015, the most recent figures point to half that amount, at US\$27 per barrel. Unless this price recovers, this could be devastating for Venezuela, especially since 95 percent of the country's export earnings and 50 percent of its fiscal budget come from the sale of oil.

The 50 percent collapse in the price of oil over the past eight months, however, means a far larger collapse in revenues because a large proportion of Venezuela's oil is extra-heavy oil that is expensive to extract, reaching a high of around US\$20-\$25 per barrel, leaving relatively little to no profit at such low prices. In other words, a 50 percent drop in the price of oil represents a far larger than 50 percent drop in revenues for the state.

Maduro recently named a new cabinet, reshuffling many positions, but in the key position of vice president for the economic area, Luis Salas, Maduro appointed someone considered to be a proponent of the same policies as before, who says that price controls and the currency control must be maintained and that the government's main weakness has been in the area of enforcement of existing policies. In other words, even though the country is now waiting for the announcement of a promised "economic emergency plan," it seems doubtful that this plan will signal a significant departure from the economic policies so far.

The drop in revenues, combined with an inflationary spiral that the economic war of smuggling, hoarding, and speculation and that the black market for dollars have inflicted on Venezuela, signal a very difficult near-term future for Venezuela's economy and everyone in it. Some economists warn of possible hyperinflation and of an inability to pay its foreign bills (balance of payments crisis).

In short, Venezuela is heading towards two confrontations simultaneously, where each threatens to exacerbate the other: one economic and the other political. What the prospects are for overcoming these confrontations is impossible to predict at this moment. Within the chavista social movements and the governing party, the PSUV (United Socialist Party of Venezuela), more and more voices are calling on the government to organize a massive consultation process with the grassroots, which is something that Maduro has endorsed, but it remains an open question whether these will happen in time and if it does, whether it will be able to provide solutions that will allow the Bolivarian Revolution to move forwards, despite the reinvigorated opposition in parliament.

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