

AMERICAN PUBLIC UNIVERSITY SYSTEM

AMERICAN MILITARY UNIVERSITY

*¿Chavísimo Permanente?* **Determining Venezuela's Approval for their President**

ANALYTICS

IN504 Spring 09

Dr. Jonathan S. Lockwood

BY

SEAN MCCARTHY

CLOVIS, NEW MEXICO

31 March 2009

*"The new economic model should be based on social ownership of the land, on social ownership of industries, on social ownership of the means of production. We must understand it!"*

*–President Hugo Chávez, Jan 2009 (Olivares 2009).*

It is unlikely that anyone in 1992 surmised that an unknown Army lieutenant colonel who led an unsuccessful coup in Venezuela would become what Hugo Chávez-Frias is today. To date, President Chávez has remained in power for nearly a decade and has clear intentions to remain so for much longer, as evidenced by recently securing a referendum eliminating presidential term limits. The purpose of this paper is to use the Lockwood Analytical Method of Prediction (LAMP) to analyze how the Venezuelan population will view their president in the near future. LAMP is a predictive analysis tool that uses a twelve step construct to weigh potential futures against each other individually, emphasizing the free will of actors and dynamic environments.<sup>1</sup>

### **1. Determine the Predictive Issue**

How will the urban and rural populace of Venezuela respond to a president who continues to posture Cuban-style governance amidst an economic downturn?

### **2. Specify the pertinent actors**

Determining political fault lines in a country is a worthwhile endeavor because it can show which issues are the most significant for voters in a democracy. Analysts will often break it down by socioeconomics, gender, race, or geography. In Venezuela, the most obvious political cleavage is between the wealthy and destitute. However, the wealthy are such a distinct minority that studying their opinions is of little value when it comes to voting trends.

Furthermore, studies of Venezuelan voting patterns indicate that wealthier voters shifted their positions less and are overwhelmingly anti-Chávez (Canache 2004). This means political

---

<sup>1</sup> For a more complete understanding of LAMP, reference the literature at the *Lamp Portal*, <http://www.lamp-method.org/>.

scientists can nearly hold their voting bloc as a constant while studying others as variables.

While one could attempt to further break down socioeconomic classes into more specific groups, the reality is that the majority of Venezuelans live at or near the poverty line (Gott 2000, 42). A more worthwhile endeavor is the study of the trending popularity of the executive office from the perspectives of urban dwellers versus the rural populace. While they are not equal in size, they both play significant roles in *Chavismo*, a term which means the political culture or era dominated by President Chávez.

### **3. Perform an in-depth study of the perceptions and intentions of each actor**

Assuming free and fair elections, the presidential career of Hugo Chávez is dependent on his popularity amongst the citizenry. The cheap and oft cited version of the story is that the poor support Chávez and are securing his electoral wins. This section will attempt to magnify the similarities and delineations of both the rural and urban populace in Venezuela. Historical background on each is necessary in order to fully grasp these voting groups. Additionally, this analysis will include the latest political developments in order to contextualize current political dynamics. Until recently, President Chávez has enjoyed a relatively strong economy and a deluge of tax revenue from windfall oil profits. The changes in national policy that may result due to an economic downturn would be significant.

Like most nations in the 20<sup>th</sup> century, Venezuela witnessed massive urbanization. Its cities play host to nearly 85% of the total population (nearly 26 million); 73% live within 100km of the coast (EarthTrends 2003). A proper understanding of the perceptions of this group requires some historical background. Venezuelans today approach the voting booth with memories of the 1980's and 90's reverberating loudly in their minds. During the 1970's, Venezuela created massive spending programs; investing in education, social reform,

infrastructure and many other public programs. When oil revenues declined in the 1980's the government borrowed money to sustain the programs and went heavily into debt (Lombardi 2003, 5). Economic stress in Venezuela hit the poor the hardest and political corruption amongst the two dominant parties became evident, causing much internal dissatisfaction. The *Punto Fijo* system, represented by the two dominant political parties *Accion Democratico*, (AD or Democratic Action) and the *Comité de Organización Política Electoral Independiente* (COPEI or Christian Democrats), experienced over-institutionalization to the point where civic involvement had become nearly nonexistent. Amidst violent turmoil over hyperinflation of basic goods and services in 1989, nearly half of voters claimed they did not support either political party (Myers 1995, 132). The 1990's witnessed the shuffling of ineffective presidents, Chávez' coup attempt in 1992, weakly-implemented market reforms and a general distaste for all political institutions. Without any viable political party to lead the nation and a distraught populace looking for a charismatic leader, Venezuela was poised to elect a populist outsider who promised a new era of political change with lower classes interests as its primary concern.

The distaste for the politics of the *Punto Fijo* system is so strong that Chávez' rejection of that system alone gives him substantial backing amongst the populace. A poll taken in 1998 revealed that 63% of Venezuelans favored radical changes in their government, prompting Chávez' trouncing with 56% of the vote in December of 1998 (Hellinger 2003, 38). Since his first electoral win, Chávez has successfully painted opposition candidates as relics of the old system. The lack of an effective and organized political opposition has supported electoral victories as well as unimpeded efforts to implement Chávez' '21<sup>st</sup> century socialism'. Amongst urbanites, this has created a collection of both diehard supporters and opponents. However, due to an ineffective opposition and fear of the old system, many who are anti- Chávez simply are

amongst a group called '*ni-nis*', meaning 'neither-nor', and abstain from voting (Devereux 2009). This is particularly common amongst lower middle class urbanites, whose economic status trends closely to the status of the market. Chávez' electoral dominance over the past decade can be attributed to his strong base of supporters in the lower class, a disorganized opposition and the *ni-nis* splitting the opposition vote.

### *The Urban Populace*

While it is unfair to treat all urban Venezuelans as a monolithic voting bloc, the purpose of this section will be to analyze the impoverished demographic, which is the majority group and more likely to swing their vote. Determining the real poverty rate in Venezuela is an argument of much debate; partisans on both sides cite different statistics from a variety of sources. The Center for Economic and Policy Research has argued that negative numbers about Venezuela's poverty since 1999 have been misinterpreted, citing Venezuela's National Statistics Institute, which shows a slow but general decline of poverty rates from 2000 to 2005 (Weisbrot 2006). However, economics and Latin America professor Francisco Rodriguez articulates a persuasive rebuttal in a 2007 *Foreign Policy* article:

The most commonly cited statistic in defense of the Chávez-helps-the-poor hypothesis is the decrease in poverty rates, from 42.8 percent when he took office in 1999 to 33.9 percent in 2006. But this decrease is neither unprecedented nor surprising, given that the Venezuelan economy is in the midst of an economic expansion fueled by a five-fold increase in global oil prices since his first term began. Historically, drastic declines in poverty in Venezuela are associated with periods of substantial real exchange appreciation similar to the current one. The last such episode, which lasted from 1996 to 1998, coincided with an even larger decline in the poverty rate, from 64.3 percent to 43.9 percent. The fact that Venezuela is presently running a fiscal deficit despite unprecedented global oil prices signals that the current improvement, just like previous ones, will sooner or later be reversed.

Despite continued GDP growth throughout the Chávez administration, 20% inflation over the period (hitting 31% in 2008) has limited increases in real purchasing power (Ellsworth). Poverty

expert Luis Espana of the Andres Bello Center in Caracas argues that a variety of indicators such as unemployment and standards of living do not show improvement; “There is no doubt: he [Chávez] has not reduced the poverty problem” (Molinski 2005). The growing shantytowns that line Caracas mountainsides are a testament to this.

The voting implications of an urban populace dominated by the destitute and lower-middle class may change significantly under a rapidly declining market. Under a rising economy inflated by record oil prices, the state coffers have been overflowing. According to an estimate by Seth Antiles at Seix Advisors, a Venezuelan economic think-tank, at current production levels, every dollar amount the price of a barrel of gas goes up equates to one billion USD in additional government revenue (Derham 2005, 61). The increase in funding for social welfare projects, subsidized housing and services, and bureaucratic jobs has been astounding. Jed Bailey, head of Latin American research at Cambridge Energy Research Associates, puts it bluntly: “The revolution is dependent on handouts” (Derham 2005, 62).

Political experts have long suggested that a major economic downturn will stunt Chávez’ popularity in Venezuela.<sup>2</sup> It seems natural that a lower-class group would treat economic issues as a significant priority for their voting concerns. In her studies, demographer Damarys Canache found that: “In short, the economy topped the issue agenda of the poor to a greater extent than it did for the nonpoor” (Canache 2004, 43). In 2008, Venezuela’s GDP growth halved to 4.8% and President Chávez has turned to borrowing vast sums of money to make up for lost revenues, gambling on the bet that higher oil prices will come soon (Ellsworth). Should this fail to happen, massive spending cuts will be in order. A tanking economy mixed with a decreased

---

<sup>2</sup> Venezuelan experts such as Damarys Canache, Richard Gott, Daniel Ellinger and others have either stated or suggested that an economic downturn or significant reduction in the price of oil would reduce Chávez’ popularity due to forced cuts in spending and the exposure of ineffective economic policies.

ability to spend on social programs is likely to hurt Chávez' popularity amongst his constituency and may sway the *ni-nis* vote to reconsider their abstention.

### *The Rural Populace*

What separates the urban from the rural populace is the philosophy of '21<sup>st</sup> century socialism'. The Chávez administration has adopted the Maoist tendency to uplift agrarian society and it is evident in state policy. One popular program subsidizes a state-run grocery called *Mercal*, which sells groceries at levels much cheaper than market value and accounts for 35% of all food sales in Venezuela (Derham 2005, 61). While these exist in the cities, rural families have become more dependent on them due to a lack of competition. Constitutional provisions have allowed for the expropriation of unused lands (the federal government is supposed to pay for them) which are then used for co-ops, where people work and live off shared land, paying a small rent. International companies operating in rural areas have been a prime target for government takeovers. Recently, the military has seized land from U.S. food company Cargill, an Irish timber nursery, a rice mill and three foreign owned cement companies (Ellsworth). This nationalization of industry is viewed positively by majority rural groups because it is seen as giving ownership opportunities to the poor. The president routinely visits co-op farms or nationalized industrial facilities to "rally the troops" and encourage hard work. A decrease in appropriations or attention paid to rural areas could cause discontent, particularly if they feel they have been forgotten by the executive branch.

While President Chávez may have good reason to pay inordinate attention to rural affairs, there is potential for backfiring policies under a stressed economy. One reason for continued presence in areas outside of Caracas is the ability to influence both local elections and seats for

the national legislature. Centralizing power into the executive is done more easily when political allies hold positions in the legislature and in local government positions. However, the administrations love affair with the agrarian dream may not appear quite as charming if the state approaches bankruptcy and poverty grows. The national government is beginning to feel the squeeze: state-owned petroleum company PDVSA has 8 billion USD in outstanding bills and payments to business that have been nationalized are being delayed (Ellsworth). *The Economist* is reporting that the current budget will increase internal debt 180%, as obtaining international loans has become impossible (“Hard Landing” 2009). Venezuelans will be unhappy to find that the promised “rainy day” fund has all but vanished and the central bank’s reserves were culled from to the tune of \$12 billion USD. Owing millions to foreign owners who have had companies seized and the subsequent delinquency in properly subsidizing these same companies may exacerbate rising tensions. Urbanites will not be so patient with expensive agrarian programs when facing massive budget shortfalls.

Opponents of President Chávez have long suggested that Venezuela, so rich in democratic tradition (relative to Latin America), would eventually tire with a socialist experiment. Academic literature has had little time to react to the latest referendum eliminating presidential term limits. However, some respected news outlets are suggesting that a worldwide economic crisis is exactly the stimuli needed to effectuate Venezuelan perceptions. *The Economist* forecasts a 3% GDP decrease, the drying up of the current-account surplus, and waning public approval for the executive (“Forecast” 2009). Riordan Roett of the Latin America program at Johns Hopkins School of Advanced International Studies in Washington states that “[Chávez] name is confrontation, and there are not many tricks left in that bag” (Ellsworth). The state of the economy and the resulting revenue generation appears grim and could become



catastrophic. However, Chávez has survived and rebounded from a 2002 coup attempt, a 2004 recall effort, massive oil-workers strikes and three different presidential elections. His margin of victory in the February 2009 referendum was a solid 10 percentage points. More importantly, he may be able to let an economic turndown run its course: he will not need to run for re-election until 2013.

#### **4. Specify the courses of action for each actor**

The courses of action for the two actors in this analysis, the urban and rural populaces, are uniform and simple. For both groups, their approval for their president can increase, decrease or remain the same. They will be represented by the terms *Increased Favorability (IF)*, *Decreased Favorability (DF)* or *No Change (NC)*. Simple courses of action were chosen for a few important reasons. Predicting specific rates of change of favorability amongst populations is incredibly difficult because it requires having accurate baselines and incredibly intimate knowledge of voting behavior. Furthermore, predicting mathematical changes would be more useful in the run up to an election, something which may not occur nationally for a number of years. Looking at general trends will indicate how current realities affect popular opinion.

#### **5. Determine the major scenarios**

The following scenarios all rely upon the assumption that Venezuela will continue to face an economic downturn to some degree at least throughout 2009, which the evidence overwhelmingly supports. Where the scenarios diverge is in how deep the recession hits and how the executive branch responds to the crisis.

*Scenario 1:* A temporary recession followed by status-quo responses. The economic downturn only lasts a few quarters before oil prices return to higher levels in 2010. The Chávez administration effectively blames the economy on Western capitalists and continues their march

towards socializing the economy and centralizing state power. Major cuts in social programs are avoided through creative borrowing, tax increases, and late payments on state debt. In essence, the president is able to weather the storm.

*Scenario 2:* The worldwide economic depression hits Venezuela harder than predicted and the massive loss of tax revenue forces spending changes for the national government. The depression trickles down to hamper every economic sector, causing internal dissatisfaction. With the loss of subsidies, a number of state-run companies fail. Prices on basic services rise due to the state being unable to subsidize at prior levels. A worldwide credit crunch prevents borrowing, limiting the government's choices.

## 6. Calculate the number of future alternatives

The LAMP method uses the  $x^y = z$  formula to determine all possible future scenarios, where  $x$  is the course of actions,  $y$  is the actors and  $z$  is the possible futures, so then  $3^2=9$ . A graphical breakdown of the alternate futures shows all possible outcomes.

Table 1: Total Future Permutations

Actor	Urban populace	Rural populace
Alt Fut 1	NC	NC
Alt Fut 2	NC	IF
Alt Fut 3	NC	DF
Alt Fut 4	IF	NC
Alt Fut 5	IF	IF
Alt Fut 6	IF	DF
Alt Fut 7	DF	NC
Alt Fut 8	DF	IF
Alt Fut 9	DF	DF

NC= no change, IF= increased favorability, DF= decreased favorability

## 7. Perform a pairwise comparison of alternative futures

In this section, LAMP dictates that a pairwise comparison of the total future permutations be conducted. This is accomplished by weighing each potential future against each other individually. Based on the preponderance of the evidence, a point is awarded to the more likely scenario in each head-to-head comparison. This particular pairwise comparison will have 36 total votes, following the  $x = n * (n-1)/2$  formula where  $n$  is the total alternate future scenarios (9, in this case). It will be conducted for both scenarios and tabulated below.

Table 2: Pairwise Comparison, Scenario 1: Temporary recession, Chávez weathers storm

Future Scenario	Urban Populace	Rural Populace	Votes Received
Alt Fut 1	NC	NC	7
Alt Fut 2	NC	IF	5
Alt Fut 3	NC	DF	3
Alt Fut 4	IF	NC	1
Alt Fut 5	IF	IF	4
Alt Fut 6	IF	DF	0
Alt Fut 7	DF	NC	7
Alt Fut 8	DF	IF	3
Alt Fut 9	DF	DF	6

NC= no change, IF= increased favorability, DF= decreased favorability

Table 3: Pairwise Comparison, Scenario 2: Severe depression forces change

Future Scenario	Urban Populace	Rural Populace	Votes Received
Alt Fut 1	NC	NC	3
Alt Fut 2	NC	IF	0

Alt Fut 3	NC	DF	7
Alt Fut 4	IF	NC	4
Alt Fut 5	IF	IF	1
Alt Fut 6	IF	DF	5
Alt Fut 7	DF	NC	6
Alt Fut 8	DF	IF	2
Alt Fut 9	DF	DF	8

NC= no change, IF= increased favorability, DF= decreased favorability

### 8. Rank the alternate futures

In step 8, the alternative futures are ranked based on their relative probability to show which futures are most likely. Tables two and three will be reorganized to demonstrate this.

Table 4: Ranked Pairwise Comparison, Scenario 1: Temporary recession, Chávez weathers storm

Future Scenario	Urban Populace	Rural Populace	Votes Received
Alt Fut 7	DF	NC	7
Alt Fut 1	NC	NC	7
Alt Fut 9	DF	DF	6
Alt Fut 2	NC	IF	5
Alt Fut 5	IF	IF	4
Alt Fut 3	NC	DF	3
Alt Fut 8	DF	IF	3
Alt Fut 4	IF	NC	1
Alt Fut 6	IF	DF	0

NC= no change, IF= increased favorability, DF= decreased favorability

Table 5: Ranked Pairwise Comparison, Scenario 2: Severe depression forces change

Future Scenario	Urban populace	Rural Populace	Votes received
Alt Fut 9	DF	DF	8
Alt Fut 3	NC	DF	7
Alt Fut 7	DF	NC	6
Alt Fut 6	IF	DF	5
Alt Fut 4	IF	NC	4
Alt Fut 1	NC	NC	3
Alt Fut 8	DF	IF	2
Alt Fut 5	IF	IF	1
Alt Fut 2	NC	IF	0

NC= no change, IF= increased favorability, DF= decreased favorability

## 9. Analyze the consequences of alternate futures

### Scenario 1: Temporary recession, Chávez weathers storm

Within the first scenario, there was a fair amount of parity between each alternative future. This can be attributed to the less extreme nature of this scenario. A recession is generally a time of decreased favorability for leadership. However, if popular opinion becomes that leadership responded well and mitigated the crisis; the effect could be neutralized or even reversed. Of the 36 total votes, there were five futures that garnered at least four votes and the winner was a tie, each receiving seven votes. In this section, the top four voter earners will be developed in greater detail.

#### *Alternative Future #7: 7 votes*

*The urban populace decreases their favor with the Chavez regime but the rural populace remains loyal due to the executive's spending habits. The rural Venezuelan populace is*

sympathetic towards the rhetoric coming from the executive and while wary of the recession, is hopeful for the continued spending on projects. In the cities, the population does not quite buy the argument that the recession is entirely the fault of the U.S. and more *ni-nis* are convinced the vitals of the economy are flawed. The rising opposition voices in urban areas convince many that the idea of a permanent executive is unhealthy in a democracy. However, if the eventual economic rebound is strong, the decrease in urban supporters or increase in opponents may be mitigated.

*Alternative Future #1: 7 votes*

*Both the rural and urban populace harbor skepticism over the government's economic policies but the short term nature of the recession convinces enough to continue their support, maintaining the status quo nationwide.* This alternative requires strong, yet unique rhetoric from the executive in order to distract and deflect criticism from a populace that has grown accustomed the standard fiery rants. The rural populace behaves similarly in alternative #1 as in #7. The urban populace faces a temporary swing of opinion. Many *ni-nis* in the middle class decide to move towards an opposition stance when the market slides, however some who had been opposition are impressed by the short-term nature of the recession and switch sides.

*Alternative #9: 6 votes*

*The economic recession drives the entire nation to drop its favorability ratings for the executive branch.* This alternative follows a common political trend: loss of faith in the government during tough times. A failed rhetorical campaign leaves many citizens displeased with status-quo policies. While not a surprising shift, opposition elements both domestically and worldwide will consider this to be a significant victory; however it is not inherently a lasting decline.

*Alternative Future #2: 5 votes*

*The economic recession is brief enough to have an insignificant impact in the cities and effective rhetoric and attention paid to rural areas improves the President's fortunes there. Oil prices rebound in the last quarter of 2009, pulling Venezuela out of its economic crisis rather early. Building on this, the President is able to make compelling arguments for his prudence during the downturn. This effectively mitigates negative attention in the cities and rural Venezuelans respond with higher favorability ratings. The fact that the economy turned around in combination with adherence to aggressive agrarian socialism is regarded as bold and heroic.*

**Scenario 2: Severe depression forces change**

For the second scenario, the results of the pairwise comparison were far more uneven. A major depression lasting multiple years in Venezuela is far more likely to bring significant opinion changes. With disappearing revenues and pressure from international banks, the national government will be forced to make difficult spending cuts. The top four alternatives earned 26 of the 36 available votes and will be broken down individually.

*Alternative Future #9: 8 votes*

*A catastrophic economic collapse is unavoidably bad for the President; many rural and urban citizens lose faith in both him and '21<sup>st</sup> century socialism'. As predicted by many Venezuelan experts, a bear economy and cheap oil prices spells serious trouble for an administration founded on government spending increases. Inflation leads to unaffordable prices on basic goods and services and drives people to the streets. The pain experienced during the woeful 1980's is present once again and the repetitive banter from the executive has minimal effects. Despite general improvement in the economy over the past eight years, the Chavez*

administration struggles to maintain that goodwill during a depression that produces negative growth, high unemployment, and failed businesses.

*Alternative Future #3: 7 votes*

*In a desperate attempt to maintain as much support as possible, Chavez attempts to weather the economic storm by refocusing all appropriations to major population centers, decreasing popularity with rural citizens and maintaining the status quo in the cities.* Facing massive losses in tax revenue, the Chavez administration decides to temporarily place agrarian projects (as well as military procurements) on the back burner and focus solely on the major population centers. Witnessing this about-face in policy and the subsequent failure of hundreds of small projects, rural citizens become indignant with the President. Though the economic depression still takes a toll on the opinions of urbanites, the refocusing of attention and spending mitigates this.

*Alternative Future #7: 6 votes*

*Showing an unwillingness to buck his platform, President Chavez continues his programs despite massive defaulting in the state, preferring monetary insolvency to halting the revolution.* In this alternative, the executive shows little signs of adaptability and continues with the status quo of state operations, which creates credit defaulting throughout the nation. Shamelessly declaring ‘bankruptcy’, international lenders are temporarily ignored and proponents are pleased with this commitment to principles. Foreign business takeovers and land seizures continue with the promise of future payment. This essentially nulls rural opinion swings, however urbanites cannot deny the reality of a tanking economy and lose favor.

*Alternative Future #6: 5 votes*



*Following multiple quarters of extreme depression and angst from the citizenry, the President is forced to accept some neo-liberal economic policies, infuriating rural voters but bringing some urban ni-nis to support Chavez. In this distant fourth alternative, President Chavez is forced by international lenders and the reality of a severe depression to privatize many state-run businesses, sell shares of PDVSA, and limit spending on social programs. This is spun by the administration as either being forced on Venezuela by ‘evil imperialists’ or simply a few temporary changes. Remaining dubious of opponent groups, some ni-nis voters become impressed with these changes, allowing for small gains within the city. However, rural citizens are hit hardest with these changes and lose favor.*

#### **10. Determine focal events for alternate futures**

*Scenario 1: Temporary recession, Chávez weathers storm*

**Alternative Future #7: 7 votes. The urban populace decreases their favor with the Chávez regime but the rural populace remains loyal due to the executive’s spending habits.**

FOCAL EVENT: Opposition groups in urban areas gain steam

FOCAL EVENT: Rural support for Chávez remains steadfast

**Alternative Future #1: 7 votes. Both the rural and urban populace face skepticism over the government’s economic policies but the short term nature of the recession convinces enough to continue their support, maintaining the status quo.**

FOCAL EVENT: Opposition groups continue to strive but flounder

FOCAL EVENT: The President creates an effective communication campaign to address recession

**Alternative #9: 6 votes. The economic recession drives the entire nation to drop its favorability ratings for the executive branch.**

FOCAL EVENT: Anti-Chávez proponents nationwide gain steam

FOCAL EVENT: The administration responds hysterically to decreased approval ratings

**Alternative Future #2: 5 votes. The economic recession is brief enough to have an insignificant impact in the cities and attention paid to rural areas improve the President's fortunes there.**

FOCAL EVENT: New social programs or lofty plans implemented in rural areas

FOCAL EVENT: The market improves ahead of expectations

*Scenario 2: Severe depression forces change*

**Alternative Future #9: 8 votes. A catastrophic economic collapse is unavoidably bad for the President; both rural and urban voters lose faith in both him and '21<sup>st</sup> century socialism'.**

FOCAL EVENT: GDP shrinks more than five percentage points in 2009

FOCAL EVENT: Other economic indicators tumble, causing civil unrest

FOCAL EVENT: Opposition arguments widely accepted by populace

**Alternative Future #3: 7 votes. In a desperate attempt to maintain as much support as possible, Chávez attempts to weather the economic storm by refocusing appropriations to major population centers, decreasing popularity with rural citizens and maintaining the status quo in the cities.**

FOCAL EVENT: Numerous subsidized rural projects are abandoned by the state

FOCAL EVENT: Spending programs targeting urban areas announced

**Alternative Future #7: 6 votes. Showing an unwillingness to buck his platform, President Chávez continues his programs despite massive defaulting in the state, preferring monetary insolvency to halting the revolution.**

FOCAL EVENT: An effective rural campaign results in a content populace despite the depression

FOCAL EVENT: Executive ignores demands from international banks

**Alternative Future #6: 5 votes. Following multiple quarters of extreme depression and angst from the citizenry, the President is forced to accept some neo-liberal economic policies, infuriating rural voters but bringing some urban *ni-nis* to support Chávez.**

FOCAL EVENT: The President humbly or quietly accepts some market oriented changes

FOCAL EVENT: Opposition criticism is mitigated due to changes

## **11. Determine key indicators for each focal event**

*Scenario 1: Temporary recession, Chávez weathers storm*

**Alt Fut #7**

**FOCAL EVENT:** Opposition groups in urban areas gain steam

**KEY INDICATOR:** Opposition leaders hold rallies and demonstrations that progressively grow larger and more fervent

**KEY INDICATOR:** Opposition groups become increasingly more organized, providing the populace with viable personalities to identify with

**KEY INDICATOR:** Anti-Chávez media outlets increase in popularity and circulation

**FOCAL EVENT:** Rural support for Chávez remains steadfast

**KEY INDICATOR:** The President continues to visit rural groups who greet him warmly

**KEY INDICATOR:** Rural-focused programs continue at the status quo pace despite decreases in government tax revenues

**KEY INDICATOR:** The military continues to be used as a conduit to nationalize private companies

**KEY INDICATOR:** An effective campaign directed at rural audiences blaming the economy on capitalism and the U.S. is received well

#### **Alt Fut #1**

**FOCAL EVENT:** Opposition groups continue to strive but flounder

**KEY INDICATOR:** Opposition leaders continue to draw supporters; however the inability to organize the different leaders splits the message and they fail to grow significantly

**KEY INDICATOR:** Chávez belays charges of budget insolvency through creative borrowing and deficit spending, damaging opposition arguments

**KEY INDICATOR:** Oil prices rebound quicker than expected and Chávez is able to prevent catastrophic changes in the functioning of the state through borrowing; again, dodging opposition bullets

**FOCAL EVENT:** The President creates an effective communication campaign to address recession

**KEY INDICATOR:** Fresh attacks from the executive to undercut his opponents mitigates losing some supporters

**KEY INDICATOR:** Sensing a potential for change in Venezuela, foreign opponents actively support domestic opponents, reinforcing Chávez' charges of Western-meddling

#### **Alt Fut #9**

**FOCAL EVENT:** Anti-Chávez proponents nationwide gain steam

**KEY INDICATOR:** Rural and Urban opposition candidates win local elections on anti-Chávez platforms

**KEY INDICATOR:** Pro- Chávez rallies decrease in size and cannot respond with equal footing to opposition demonstrations

**FOCAL EVENT:** The administration responds hysterically to decreased approval ratings

**KEY INDICATOR:** The standard rhetoric continues with added hysteria that fails to register with an increasingly suspicious populace

**KEY INDICATOR:** Opposition groups are targeted aggressively by the administration in an effort to intimidate, which backfires and is viewed negatively by the general populace

**KEY INDICATOR:** The President ‘ups the ante’ on outlandish public statements out of desperation for international attention, which only serves to decrease faith in his character

### **Alt Fut #2**

**FOCAL EVENT:** New social programs or lofty plans implemented in rural areas

**KEY INDICATOR:** Aggressive ‘#-year plans’ are introduced and (despite their track record) are received warmly by rural workers

**KEY INDICATOR:** The military is increasingly use not only to seize private businesses but to help establish the bureaucracy and functioning of co-op industries

**KEY INDICATOR:** Subsidies to nationalized industries are increased to help them survive the downturn; payments to previous owners are halted or slowed to fund this

**FOCAL EVENT:** The market improves ahead of schedule

**KEY INDICATOR:** Oil prices surge at the end of 2009 or the first quarter of 2010 amidst a rebounding international market

### *Scenario 2: Severe depression forces change*

#### **Alt Fut #9:**

**FOCAL EVENT:** GDP shrinks more than five percentage points in 2009

**KEY INDICATOR:** Non-petroleum based sectors begin to freefall

**KEY INDICATOR:** Oil remains near \$40 per barrel through 2010

**FOCAL EVENT:** Other economic indicators tumble, causing civil unrest

**KEY INDICATOR:** Massive unemployment leads to an increase in public demonstrations

**KEY INDICATOR:** Rapid inflation continues, creating scarcity for basic goods

**KEY INDICATOR:** Subsidy cuts raise the price of services to levels which hinder productivity and cause public consternation

**FOCAL EVENT:** Opposition arguments widely accepted by populace

**KEY INDICATOR:** The opposition organizes its leadership and effectively criticizes the administration’s economic policies

KEY INDICATOR: President Chávez' defensive speeches are recycled talking points and not effective in convincing the populace that he has a unique plan for the future

### **Alt Fut #3**

**FOCAL EVENT:** Numerous subsidized rural projects are abandoned by the state

KEY INDICATOR: Co-ops lose subsidies and begin to wither helplessly

KEY INDICATOR: Government takeovers cease and nationalized businesses are re-privatized

KEY INDICATOR: Rural angst grows in response to government about-face

**FOCAL EVENT:** Spending programs targeting urban areas announced

KEY INDICATOR: Appropriations towards urban programs increased to meet economic times

KEY INDICATOR: The President energetically boasts his ability to maintain his programs despite economic depression

### **Alt Fut #7**

**FOCAL EVENT:** An effective rural campaign results in a content populace despite the depression

KEY INDICATOR: Media-highlighted visits of the President to rural co-ops, announcing new jobs and projects

KEY INDICATOR: Continued use of delayed payment on current and new rural programs

**FOCAL EVENT:** Executive ignores demands from international banks

KEY INDICATOR: The President declares the state bankrupt and refuses to honor debts

KEY INDICATOR: The President takes a worldwide tour to OPEC nations and other allies in an attempt to gain financial support, broker oil deals, and verbally denounce capitalism

### **Alt Fut #6**

**FOCAL EVENT:** The President humbly or quietly accepts some market oriented changes

KEY INDICATOR: Shares of PDVSA and other state-run industries are privatized

KEY INDICATOR: Neo-liberal policies mandated by international lenders quietly accepted

KEY INDICATOR: Across the board spending cuts are made in an effort to balance budget

**FOCAL EVENT:** Opposition criticism is mitigated due to executive changes

KEY INDICATOR: Critics are unable to mount significant backing in urban areas due to changes adopted by the administration

KEY INDICATOR: Growing criticism in the rural areas remains unorganized due to local leadership being predominantly pro- Chávez

## **12. Assess the potential for transposition between alternate futures**

In the first scenario, where the country only faces a recession that it begins to pull out of by the end of 2009, it is possible for alternative future #1 to transpose to alternative future #2. #1 dictated that there would be no significant change in both urban and rural opinion; #2 stated that urbanites would not change but that rural opinion would actually improve. The shared focal events in each are that the President is able to make convincing arguments for his future plans while effectively blaming other entities for the current decline. #1 is far likelier in the short term; however, if the economy improves substantially, this makes this transposition to #2 more likely. Seeing the President stick to his platform despite adversity will impress his base of followers and a triumphant economic return could improve his popularity.

In the second scenario, there is potential for transposition if the economic depression becomes more severe. Alternative future #3 has executive approval remaining stagnant in the cities but declining in rural areas due to decreased attention. This could transpose to alternative #9, where opinion falls nationwide if the executive response to urban demands fail. If the response to the crisis fails or is perceived as impotent, a bad situation could turn worse for the President. Economic stability is a major factor for approval ratings; however the perception of the response to the crisis can have an equally important impact.

### **Conclusion**

The purpose of this LAMP assessment is not to give a final, solitary conclusion. Some outcomes have been deemed more likely based on the information available up until this point; however unforeseen changes in the future will naturally alter these. By watching for the Focal Events and their corresponding Key Indicators, policymakers and analysts alike will have a better idea of what changes in the political landscape are on the horizon.

It is clear that there are tough times ahead for Venezuela and especially for its president. While the degree to which Chávez experiences a decline in approval is uncertain, nearly all predicted futures lead to a loss of support in some form. The primary litmus test appears to be the degree of severity of the budding economic downturn. The two important characters to monitor are President Chávez and the opposition. Their respective ability to communicate and organize will have a significant impact. When the most recent Chávez victory was secured through referendum in January 2009, the declining economy had not yet begun to affect the average citizen. Rapid economic decline has a history of fostering political change, especially in South America. However, the current president has demonstrated an uncanny ability to shirk off setbacks and return triumphantly; one should not assume that even most severe situation would prove his demise.

## Works Cited

- Canache, Damarys 2004. Urban Poor and Political Disorder. *The Unraveling of Representative Democracy in Venezuela* Ed Jennify McCoy, David J. Meyers. Maryland: The Johns Hopkins University Press.
- Derham, Michael 2005. Bolivarian Destitution. *LatinFinance*, September.
- EarthTrends* 2003. Country Profiles: Venezuela. *World Resources Institute*.  
[http://earthtrends.wri.org/pdf\\_library/country\\_profiles/coa\\_cou\\_862.pdf](http://earthtrends.wri.org/pdf_library/country_profiles/coa_cou_862.pdf) (accessed 15 March 2009).
- Ellsworth, Brian 2009. Venezuela's Chavez turns to confrontation in crisis. *Reuters*. Mar.  
<http://www.reuters.com/article/reutersEdge/idUSTRE5254AA20090306> (accessed 12 February 2009).
- Forecast: Outlook for 2009-10. *The Economist*. Online ed. 11 Mar.  
<http://www.economist.com/countries/Venezuela/profile.cfm?folder=Profile-Forecast> (accessed 12 February 2009).
- Hard Landing: Venezuela's Budget Cuts 2009. *The Economist*. 26 Mar.
- Gott, Richard 2000. *In the Shadow of the Liberator*. London, England: Verso Publishers.
- Hellinger, Daniel and John Lombardi 2003. *Venezuelan Politics in the Chávez Era*. Boulder, CO: Lynne Rienner Publishers.
- Molinski, Dan 2005. Venezuela's poor still poor despite President Chávez' promises, but still support Chávez. *Associated Press*. 8 February.



Myers, David J. 1995. *Venezuelan Democracy Under Stress*. Ed by Jennifer McCoy. Miami, FL: University of Miami.

Olivares, Francisco 2009. Squeezing in Socialism. *El Universal*. 20 March.

[http://www.eluniversal.com/2009/03/20/en\\_ing\\_esp\\_squeezing-in-sociali\\_20A2262101.shtml](http://www.eluniversal.com/2009/03/20/en_ing_esp_squeezing-in-sociali_20A2262101.shtml) (accessed 15 April 2009).

Rodríguez, Francisco 2007. "Why Chávez Wins." *Foreign Policy*. Web Exclusive.

[http://www.foreignpolicy.com/story/cms.php?story\\_id=3685](http://www.foreignpolicy.com/story/cms.php?story_id=3685) (accessed 8 April 2009).

Weisbrot, Mark, Luis Sandoval and David Rosnick 2006. Poverty Rates in Venezuela:

Getting the Numbers Right. *Center for Economic and Policy Research*.

<http://www.rethinkvenezuela.com/downloads/ceprpov.htm> (accessed 12 February 2009).