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Challenges in Latin America: Russians in Caracas, Misrule in Managua

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When Russian President Dmitri Medvedev arrived in Caracas on November 26, Venezuelan President Hugo Chávez rolled out the “red” carpet. Hardly by coincidence, a Russian flotilla whose flagship is a nuclear-powered battle cruiser—the aptly named Peter the Great—also arrived in Venezuelan waters for a 21st-century display of gunboat diplomacy.

“How we have missed the Soviet Union,” recently remarked Chávez, prompting speculation as to whether Chávez is genuinely nostalgic for the return of Joseph Stalin, purges, Gulags, and the Iron Curtain.¹ His remark recalled then-President Vladimir Putin’s famous 2005 assertion that the collapse of the Soviet Union was “the greatest geopolitical tragedy of the [20th century].”

What Chávez most likely means is that he misses the presence of a strong rival able to balance and contest U.S. influence and power around the globe. The Soviet Union offered support and security to its clients around the globe, support Chávez would certainly find advantageous. And finally, for an egocentric leader like Chávez, there is nostalgia for the drama and tension of the Cold War era.

A Strategic Alliance between Russia and Venezuela? In July 2008, when Chávez visited Russia to meet with President Medvedev and Prime Minister Putin, he spoke glowingly of a “strategic alliance” to “free him from Yankee imperialism.” Chávez has since made strides toward such an alliance and these meetings with President Medvedev will help seal the deal.

The centerpiece of this nascent Russian-Venezuelan relationship are several arms contracts estimated to exceed \$4.5 billion. From AK-47s—the ubiquitous weapon of choice for insurgents and terrorists—to advanced fighter aircraft and tanks to attack helicopters and submarines, Russian arms makers have found an eager client in Chávez’s Venezuela. These weapons, Chávez argues, are needed to defend Venezuela against U.S. aggression and “hegemony.” Yet, how these conventional weapons would deter the U.S. if it were to become entangled in a major imbroglio with Venezuela is highly debatable. Such weapons do, however, allow an extension of political influence in South America while feeding Lt. Col. Chávez’s appetite for military toys and a militarized society. The weapons also pose a graver threat to next-door neighbor Colombia, a strong democracy and America’s staunchest friend in the region.

Yet the Russia–Venezuela relationship is founded on more than just arms contracts. Non-competitive in a global, high-tech economy and dependent on oil-exports, both nations seek to exploit energy and mineral resources to advance the ends of state power. Despite the current slide in world oil prices, both Chávez and Medvedev recognize that scarce oil

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and energy resources still are keys to the future power and influence.

Over the course of Medvedev's visit, the Russians and Venezuelans will likely seal a deal creating a \$4 billion development bank to finance a variety of manufacturing and mining projects. A consortium of five Russian oil companies is partnering with Venezuela's nationalized oil company, PdVSA, to develop the rich reserves of the Orinoco basin. Venezuela is also turning to Russia's GAZPROM to develop and exploit its substantial reserves of natural gas and potentially form a gas cartel. The final piece of the energy picture is Russia's apparent readiness to lend Chávez a hand in developing nuclear power-generating capability in Venezuela. Aiding Chávez in developing nuclear power-generating capability is both dangerous and unnecessary, as Venezuela has abundant energy resources (such as natural gas) to generate electricity and is lacking technological base and expertise to have a viable nuclear program. If Venezuela, however, is planning to launch a military nuclear program aimed at obtaining a nuclear weapon, this changes the geopolitical equation, as it may trigger a nuclear arms race in Latin America, just like the Iranian nuclear weapon program may do in the Middle East.

Unlike the U.S., where some politicians sometimes treat private oil companies as "malefactors of great wealth," Russia and Venezuela—with their more mercantilist views of the international economy—regard state-run or dominated enterprises as essential foundations for national power and political rule. Consequently, Chávez's desire to strengthen ties with Russia is a clear attempt to advance a "post-American" or "pluri-polar world."

Ironically, Medvedev's visit occurs at a moment when the severe decline of oil prices is beginning to place a strain on Chávez's capacity to deliver social programs and expansive foreign assistance or to continue to nationalizing and expanding state control over Venezuela's economy. State and legislative elections on November 23 gave five governorships in populous, economically important states and in the capital district of Caracas to

the opposition, further dampening Chávez's aura of political invincibility.

Misrule in Managua. On November 9, municipal elections in Nicaragua produced a showdown between genuine democrats and the political machine run by President Daniel Ortega. Since winning the presidency with 37 percent of the vote in 2006, the Sandinista leader has worked overtime to consolidate power and stifle domestic opposition. Former supporters and non-governmental organization that had the temerity to call Ortega what he is—a petty tyrant bent on maximizing power and punishing rivals—have borne the brunt of his wrath.

Ortega has poked the U.S. in the eye by aligning with Hugo Chávez, endorsing Iran's right to pursue a nuclear program, and giving sanctuary to guerrillas from Colombia's narco-insurgency. In September, Ortega was the second and only national leader after Russia to recognize the fictitious independence of South Ossetia and Abkhazia—in violation of the international law—declared after Russia's invasion of Georgia in August.

The November municipal elections occurred without transparency, and the results run contrary to known voter preferences in Nicaragua. When the Catholic Church and the nation's business leaders joined with the losers to challenge the results, Ortega loosed his thuggish followers on the opposition in the streets of Managua.

Most recently, Ortega issued a presidential decree terminating discussions and backing the decisions of the partisan electoral tribunal to award 105 of 146 mayoral posts to the Sandinistas, including control of Managua. Ortega declared any compromise with the opposition, which has a majority in the legislature, to be unconstitutional. Such a statement is rather ironic, coming from a leader skilled in the manipulation of constitutional and electoral procedure, skills he has used to resurrect his political fortune and to convert a fledgling democracy into an Ortega fiefdom.

Given these recent post-election development, it is clear that the gloves are off and Nicaragua is set for

1. Vanessa Neuman, "Chavez Effect Finally Wears Off in Venezuela and Around the World," *Telegraph*, November 19, 2008, at <http://www.telegraph.co.uk/opinion/main.jhtml?xml=/opinion/2008/11/19/do1905.xml> (November 26, 2008).

a bruising, polarizing fight between Ortega's loyalists—the manipulated masses whose desperation makes them vulnerable to populist propaganda—and opponents of Sandinista misrule. This struggle will only further impoverish Nicaragua while frightening away foreign investment. The U.S. decision on November 25 to suspend approximately \$60 million in grants programmed under the Millennium Challenge Corporation demonstrates that the U.S. will not stand by while an electoral mugging takes place.

Trouble Ahead! As 2008 comes to a close, the above-documented developments in Latin America are raising anxiety levels in the U.S. Therefore, the following steps should be taken:

- The Obama Administration should support active international engagement to press for a transparent, internationally monitored solution to the political impasse in Nicaragua. It should use all available levers of influence, including continued suspension of the MCC account to press a fair outcome.
- The Obama Administration should hold early consultations with regional friends to review military and security challenges in Central and South America and to explore ways to support democratic parties in Venezuela and Nicaragua who are holding out for real democracy.
- The Obama Administration also needs to develop a realistic, bipartisan strategy to revitalize U.S. leadership in the Americas.

Largely pushed aside in the campaign and debates between candidates, Latin America is looming larger on Washington's radar scope. An inability to defend real democracy and aid embattled opponents of authoritarian populism in the Americas will invite global rivals to sink their roots even deeper into the Americas.

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