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Venezuela: Washington's Big Gamble Against Maduro

The beleaguered government of Nicolas Maduro now faces the most serious challenge since the Socialist leader succeeded the late Hugo Chavez in 2013. In evident coordination with the Trump administration, Juan Guaido, a 35-year-old opposition deputy in the National Assembly, declared himself Venezuela's interim president on Wednesday, instantly bringing the nation to the brink of political chaos.

President Trump, along with numerous allies and the Organization of American States, immediately recognized Guaido as the nation's interim president.

Guaido, who was little known before this week, promises to hold new elections, charging that Maduro's re-election last year was fraudulent. He also pledges to revive Venezuela's collapsing economy with a series of market-oriented measures, including privatizations of state-controlled companies and the devolution of fiscal autonomy to the nation's regional governments. In effect, Guaido's intent is to reverse two decades of the left-wing populism sponsored by the governing United Socialist Party, or PSUV. Reuters [reported](#) Thursday that Guaido is already thinking about replacing Maduro-appointed executives at Citgo, the \$10 billion oil refiner and Venezuelan's most valuable foreign asset.

The primary question: Where will the Venezuelan military stand?

While there are plainly some officers who side with the anti-Maduro opposition, senior generals have publicly pledged their loyalty to the president. This will prove the decisive factor as Maduro defends his presidency. For now, we see no sign that the military's leadership will shift sides.

It has long been alleged that Washington has operated covertly to unseat both Chavez, who was first elected in 1998, and Maduro. This time, US support for Venezuela's traditionally fragmented opposition has been more evident. The [AP reported Friday](#) that Guaido traveled secretly to Washington in mid-December to coordinate his challenge to Maduro with the Trump administration. *The New York Times* [reported months earlier](#) that the administration was already holding extensive discussions with rebellious military officers. And on Thursday, the *Wall Street Journal* [reported](#) Vice-President Pence telephoned Guaido to pledge US support Tuesday, the night before the opposition lawmaker declared himself the nation's interim leader on a busy Caracas street.

While the legitimacy of Maduro's election victory last year may be questioned, there is little dispute that his corrupt administration has badly mismanaged the economy. Rampant shortages of food, medicine, water and electricity plague the country. The Main Street economy basically operates under a barter system, e.g. one haircut equals five bananas and two eggs. Official annualized CPI was 1,300,000% as of November.

This has partly changed the opposition's complexion: What had been a movement of middle- and upper-class Venezuelans now includes working people whose incomes are

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virtually worthless. Some 3 million Venezuelans have already left the country since 2014, representing close to 1/10th of Venezuela's total population.

But the economic crisis can't be blamed entirely on Maduro and his *Chavista* administration. Neither do corruption and mismanagement constitute grounds for intervention. The socialist system Chavez could finance with Venezuelan crude exports when oil prices ranged between \$85-\$110/bbl hit hard times after 2014 as oil prices have generally ranged between \$40-\$60/bbl since. Of course, US-imposed sanctions have not helped. By some [estimates](#), those the Trump administration has imposed have cost Venezuela \$6 billion during the past 18 months alone. Foreign assets are frozen; Citgo is now barred from sending its revenues back to Caracas.

Washington's political investment in Guaido is extensive. Although he is part of an opposition coalition that controls the National Assembly, far more important are the military's loyalties to Maduro and the PSUV government. On this point the Trump White House's strategy rests on shaky assumptions. As the *Washington Post* put it this week, "The Trump administration hopes Venezuela's armed forces switch allegiances, but there is no clear road map for what Trump would do if that does not happen, or if blood is spilled." The president's team -- led by National Security Adviser John Bolton, Secretary of State Pompeo, Elliott Abrams and Marco Rubio, Florida's Republican senator -- doesn't appear to have a Plan B.

We see other risks. Russia and China have signaled strong support for Maduro, with Moscow explicitly warning Washington of "catastrophic consequences" if the US intervenes directly. All it took for Russia to intervene in Syria was President Assad's request. If Maduro appeals for help, this could easily consolidate what many already consider a new Cold War. Equally, risking political chaos and violence in Venezuela could easily add to the already critical migration problems centered on the US-Mexican border.

More broadly, we see no sign that either Bolton or Pompeo has considered the impact of their Venezuela strategy, highly visible as it is, elsewhere. Trump has just scheduled a second summit with Kim Jong-un, the North Korean leader, for late February. Pompeo, who formed an "Iran Action Group" last year, is trying to force Tehran back to the negotiating table, where he expects to win concessions on ballistic missiles and a series of other outstanding questions. Another US intervention, even if it stops short of "the military option," will serve these and other administration policy goals poorly.

Bottom line: The Trump Administration may have placed too many chips on an unproven legislator who attracts a measure of popular enthusiasm but has no institutional support. Meanwhile, US strategy on Venezuela does not appear backed up with a clear Plan B, if Venezuela's military remains faithful to Maduro. Geopolitical risks appear to be rising.

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