



WILEY

University of Miami

Prospects for Democratic Governability in Venezuela

Author(s): Michael Coppedge

Source: *Journal of Interamerican Studies and World Affairs*, Vol. 36, No. 2 (Summer, 1994), pp. 39-64

Published by: Center for Latin American Studies at the University of Miami

Stable URL: <http://www.jstor.org/stable/166173>

Accessed: 06-12-2016 15:01 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://about.jstor.org/terms>



University of Miami, Center for Latin American Studies at the University of Miami, Wiley are collaborating with JSTOR to digitize, preserve and extend access to Journal of Interamerican Studies and World Affairs

*Prospects for Democratic Governability in Venezuela**

Michael Coppedge

VENEZUELA, once the most governable democracy in Latin America, is now a very fragile democracy. This article describes the formula that made Venezuela governable in the 1970s, traces its development in the 1960s, and explains why it broke down in the 1980s, leaving the democratic regime in danger in the 1990s. This historical perspective is necessary for anyone seeking to understand the prospects for democratic governability in the Caldera government, for this administration will be expected to provide an alternative to the old formula. At the same time, it will be judged by comparison with the achievements of the old formula. If Caldera's democratic alternative is judged a failure, many Venezuelans will be inclined to give the nondemocratic alternative a second look. The historical perspective is also useful in deriving lessons that can be applied to other Latin American democracies. First, because Venezuela's formula worked well for a while, it helps to identify the elements of democratic governability. Second, the crisis of governability yields insights into the strengths and weaknesses of a formula that is often held up as a model for other countries. And finally, only the long-term view can provide an appreciation of the challenges posed to any formula faced with a dynamic social and economic context. Even formulas for governability that have proved successful in the

Michael Coppedge is Visiting Lecturer in Politics and International Affairs at Princeton University. He is the author of *STRONG PARTIES AND LAME DUCKS: PRESIDENTIAL PARTYARCHY AND FACTIONALISM IN VENEZUELA* (Stanford University Press, 1994) in addition to published articles. His particular research interest is Latin American political parties.

*This article is based upon a paper prepared for the Inter-American Dialogue Project on "Democratic Governance in the Americas."

past must adapt to survive. The guardians of the Venezuelan formula adapted too little at first but perhaps not too late.

Elements of Democratic Governability

Governability is best understood by analyzing the relationships among strategic actors, that is, organized interests with sufficient control of some power resource — means of production, mass membership, public office, armed force, moral authority, or ideas and information — to disturb public order or economic development.¹ Whether they actually control disturbances, merely threaten to do so, or take advantage of an implicit understanding of their potential for disturbance, they are the only actors whose behavior is relevant for governability. In Latin American regimes, there are generally three kinds of strategic actors. Some are state actors, specifically, the military (and police), the permanent bureaucracy, and the government (those temporarily holding public office and providing direction to the state). Some are social actors: the Church, private-sector associations, labor unions, the media, peasant organizations, indigenous movements, even guerrillas and terrorists. Finally, political parties are usually strategic actors as well, not acting exclusively in the state or society but attempting to mediate between them by contesting elections, staffing the government, and representing civil society in the legislature.

Governability is the degree to which relations among these strategic actors observe arrangements that are stable and mutually acceptable. Some conventions are formalized into law, such as constitutions, labor codes, or provisions for tripartite representation on the boards of state enterprises. Others are informal arrangements, such as coalitions, party pacts, or the tendency of policymakers to consult with associations of the private sector. When these formulas are consistent and mutually understood, the potential for violence is minimized, conflicts are more apt to be resolved peacefully, actors tend to “play by the rules of the game,” and interactions serve to build trust. In short, governability reigns. When the

formulas that govern relations among strategic actors are not stable and mutually acceptable, however, signs of a breakdown in governability begin to appear as some actors reject old formulas, try to impose new ones, or withhold consent from existing formulas while working to add to their own power or attempt to undermine that of others. These signs can range from subtle manifestations of unease such as cabinet crises, political stalemate, and electoral fraud to more open protests against the status quo such as violent demonstrations, the rise of terrorism, and even military coups.

Venezuela's Formula: Partyarchy

During the 1970s, Venezuela employed a formula of governability that worked exceptionally well. It assigned a central role to the country's two largest parties: the social democratic *Acción Democrática* (AD) and the Christian Democratic *Comité de Organización Política Electoral Independiente*, better known as COPEI. Many Venezuelans came to call this formula *partidocracia* (an amalgam of *partido* and *democracia*), which is translated here as "partyarchy."² The guardians of this formula, so to speak, were the leading *adecos* and *copeyanos*, whom some Venezuelans refer to as the "*status*" *adecopeyanos*, and which I will call the *adecopeyano* establishment or simply the establishment.

The terms of the partyarchy formula were as follows:

1. **Inclusive representation.** AD and COPEI represented almost all groups in society. The card-carrying membership of these two parties was larger (up to 31% of total voters) than party membership in any other democratic country in the world, with the possible exception of Costa Rica and Chile. Because non-members were at least sympathizers, these two parties shared about 80% of the legislative vote and 90% of the presidential vote from 1973 to 1988, even though dozens of other parties appeared on the ballot. Party organization was extensive; every small town in Venezuela boasted a party headquarters for both AD and COPEI. Moreover, the leaders of

practically every organization in civil society (other than the Church and private-sector associations) were elected from slates that were identified with these two parties. About 80% of the peasant federations and at least 60% of the labor unions were controlled by leaders affiliated with AD.

2. Electoral competition. Citizens and social actors that were not affiliated with the *adecopeyano* establishment at least recognized elections (the fairness of which was a source of pride) as the legitimate instrument for deciding who would occupy public office. Election campaigns were civic festivals that last nearly a year, mobilizing millions in canvassing, parades, car caravans, and open-air mass meetings — always flooded with campaign paraphernalia. Up to 1988, abstention never exceeded 12.4%.

3. Party discipline. AD and COPEI imposed an iron discipline on members: militants at all levels of the party organization risked expulsion if they disobeyed decisions taken within the small ruling circle (*cogollo*) at the head of each party. The Leninist principle of democratic centralism even received explicit endorsement in the AD's party statutes. As a result, senators and deputies, state legislators, and members of municipal councils strayed from the party line so infrequently that Congressional leaders did not even bother to tally or record votes; only the relative sizes of the parties mattered. Labor leaders usually refrained from calling strikes when their party was in power, and the politicized officers of professional associations, student governments, peasant federations, state enterprises, foundations, and most other organizations used their positions to further the interests of their party. Consequently, the two parties functioned as powerful and readily mobilized blocs.

4. Concertación. The leaders of AD and COPEI made a habit of consulting one another and usually leaders of other parties and social organizations as well whenever controversial issues arose (Levine, 1973). Policies concerning defense, foreign affairs, and the oil industry were usually the product of consensus; even when consensus proved impossible, the

process of consultation and attempt at consensus worked to mollify the opposition. Party leaders were openly committed to the principle that no conflict could be allowed to escalate to the point where it might jeopardize the democratic regime. Although conflicts did occur, the leadership always stepped back from the brink in time to save the regime (Tugwell, 1975; Coppedge, 1994b).

5. Wider Relations. The parties also hammered out good working relations with other strategic actors such as the military and the private sector.³ In exchange for not interfering in political matters, the AD and COPEI governments rewarded the armed forces with high salaries, ambitious educational programs, frequent promotions, and expensive equipment. Though the private-sector associations — for example, the *Federación de Cámaras y Asociaciones de Comercio y Producción* (FEDECAMARAS), *Consejo Nacional del Comercio y los Servicios* (CONSECOMERCIO), and *Consejo Venezolano de la Industria* (CONINDUSTRIA) — were often critical of government policies, they also became dependent upon high subsidies, low taxes, and protective tariffs. These associations were often included in the process of *concertación* (consensus), and it was understood that the Minister of Finance would be appointed in consultation with one or more of the huge holding companies owned by the wealthiest families.

In this way, governability was ensured by the *adecopeyano* establishment, which had the authority to bargain with other parties and strategic actors as well as the power to enforce the deals that it made because it controlled large, popular, tightly disciplined parties with a high degree of influence over most other organizations.

THE RISE AND DECLINE OF PARTYARCHY

THOUGH the formula just described typified Venezuela in the 1970s, it exists only in a much weakened form today.

While the leaders of the democratic transition of 1958 benefited greatly from many aspects of their emerging partyarchy, the formula did not become fully consolidated and entrenched until almost 1970. Thus, the 1970s represent a peak in the rising and declining life cycle of Venezuelan partyarchy.

Challenges and Consolidation in the 1960s

Acción Democrática had been a large, broad-based, and tightly disciplined party ever since its inception in 1941, but the other elements of partyarchy were missing prior to 1958 (Martz, 1966). Only two full-suffrage national elections had been held before that year, and they were in 1946 and 1948. COPEI came into existence during the 1945-48 *trienio*, but it was not a likely partner for *concertación* with AD. Ineed, the *copeyanos* and the Church hierarchy had been supporters of the coup that ended the first AD government in 1948 (Levine, 1978). The military had been persecuting AD for the past decade, and some business leaders were wary of a return to AD rule because of its left-of-center orientation. When Pérez Jiménez was overthrown in an internal *coup*, negotiations among AD, COPEI, URD (*Unión Republicana Democrática*), and a business leader culminated in the 1958 Pact of Punto Fijo, which first brought together the elements of partyarchy and put them in place. Under the leadership of Rómulo Betancourt and Rafael Caldera, AD and COPEI formed a united front to demand elections, thus beginning a long tradition of *concertación*. Relying on its party discipline, AD promised a quiescent labor if business leaders would support elections. When they agreed, this left the military with little choice but to complete the transition to democracy (Karl, 1986). The Pact expressly committed party leaders to use their organizations to moderate political conflict. Even though Betancourt emerged as the clear winner in the presidential election of 1958, he honored his commitment to form a national unity government in which the three parties were equally represented.

The formula that made the transition to democracy possible encountered several serious challenges in its early

years but dealt with them all successfully. The military was not completely united in support of democracy, but Betancourt's assiduous courtship of the military enabled him to survive four attempted coups (Alexander, 1964). In the wake of the Cuban Revolution, Venezuelan democracy found itself threatened by the rise of guerrilla movements. Nevertheless, AD civilian presidents took the initiative in and responsibility for waging brutal campaigns to defeat the armed Left, thereby earning the respect and loyalty of the military in the process. The guerrillas themselves encountered little support for their efforts among the peasants, who were enjoying the benefits of an extensive program of land reform that had been approved by the AD-COPEI governing coalition in 1961. Politically isolated and militarily besieged, the guerrillas ended their armed struggle in the mid-1960s. Some of the former guerrillas took part in the elections of 1968, and President Caldera granted them amnesty in 1969. A split in the Communist Party in 1970-71 resulted in the formation of the *Movimiento al Socialismo* (MAS), which chose to commit itself to the electoral path to power. Thus, the threat from the Left was neutralized. During the 1960s, there were three factions within the AD that opposed close cooperation with COPEI, challenging the formula from within, but they were expelled from the party, rendering them irrelevant in the next election (Martz, 1966). As late as 1968, some voters, especially in urban areas, remained enamored of Pérez Jiménez or some other right-wing populist candidates, so the combined AD-COPEI vote declined during the first three elections. However, when Caldera won the presidency after a close race in 1968 and AD recognized his victory, it became clear that the only realistic alternative to AD was COPEI (Myers, 1973). In the next election, the two parties took almost 80% of the vote and continued to do so for the next 15 years.

By about 1970, therefore, the *adecopeyano* establishment had defeated challenges from the Left and from the Right as well as from within, leaving itself at the head of a very effective formula for governing. The legitimacy of this formula was buttressed by the fact that the price of oil quadrupled during the AD administration of Carlos Andrés Pérez (1974-79), who

had the good fortune to be elected at the beginning of the oil embargo instituted by the Organization of Petroleum-Exporting Countries (OPEC). The fantastic windfall of petrodollars that resulted made it easier for the establishment to "buy" support with patronage, subsidies to consumers, an overvalued currency, wage increases, and a high rate of economic growth.

The Emergence of New Challenges in the 1980s

Over the next decade, however, Venezuela's partyarchy developed pathological tendencies: a loss of direction, an obsession with control, and corruption. It was as though new terms had been added to the original formula for governability, too embarrassing to acknowledge but real nonetheless. They could be described as follows.

1. **Loss of direction.** In the 20 years that followed the Pact of Punto Fijo, the AD and COPEI governments had accomplished most of the policy goals their parties had advocated in the early 1960s: land reform, nationalization of the oil industry, expansion of public education, creation of jobs, and the consolidation of democracy. If debate over policy had continued within or among the parties during these two decades, they would have set new goals for themselves, but such was not the case. AD's *Tests Política* had not been updated since 1964. Party discipline stifled the expression of controversial ideas within each party, and *concertación* filtered the controversy out of inter-party debate. With the threat of expulsion made credible by the series of party splits in the 1960s, and thus the end of one's political career hanging over the head of every militant, few party leaders were willing to suggest new ideas that might turn out to be controversial. The most daring leaders had already been expelled; those remaining in the party were those who had learned to keep quiet and wait for the national leadership to tell them what to think. Furthermore, both AD and COPEI drifted toward the Center, and the more similar they became, the fewer questions of substance they found to debate. Presidential

campaigns relied more and more on making personal attacks, mudslinging, and promulgating nice-sounding but meaningless slogans. It became hard for voters to support parties as a means to some honorable end; increasingly, they came to be seen as ends in themselves.

2. Corruption. Venezuela had never been entirely free of corruption, not even during the early years of the democratic regime when the government was prosecuting the former dictator for corruption. However, two developments in the late 1970s caused the degree of corruption to increase: the oil bonanza and partyarchy. As Terry Karl has reported, the oil revenues earned during the Pérez government (1974-79) were 54% greater, in real terms, than those received by all previous Venezuelan governments back to 1917 combined (Karl, 1982: 17). In this incredible deluge of wealth, it was inevitable that some public officials would divert part of the flow into their own pockets and that financial accountability would grow lax. What is harder to understand is why corrupt practices continued to flourish even after the country went deeply into debt and oil prices fell, plunging the country into economic crisis. The continuation of corruption required a climate of impunity, which was itself a by-product of partyarchy. The courts — like the bureaucracy, the universities, and most other institutions — were thoroughly politicized along party lines and seemed never to find sufficient evidence to justify a trial or a conviction. There has to have been some complicity between AD and COPEI as well because they behaved as though there were a secret clause of the Pact of Punto Fijo that prohibited prosecution for corruption. The practice of *concertación*, intended to moderate political conflict, served equally well to conceal abuses of power by the *adecopeyano* establishment. The practitioners of impunity no doubt rationalized their actions on the grounds that full disclosure of the magnitude of corruption would endanger the democratic regime. In retrospect, ironically, they appear to have been correct.

3. Obsession with control. In the hands of increasingly unprincipled party militants, the dedication of the party

founders to the moderation of conflict was transmogrified into an obsession with controlling other actors in civil society. By and large, governments respected the freedom of organization; nevertheless, to the parties, the founding of any new independent organization was a call to arms. Efforts would be made to co-opt a new party's leadership. If this tactic proved successful, the organization would be subject to party discipline. If unsuccessful, party activists would sometimes infiltrate the organization secretly, win control, and then hand it over to their party. If all else failed, they would create a parallel organization with the same mission and then outcompete the independent organization with the assistance of fellow partisans in the local government, eventually causing the independents to fail. This last tactic was employed so often that the term *paraletismo* gained currency as a way to describe it. At first, the parties were successful in preserving their control, but here and there, independent organizations gained a foothold: unions in the state of Bolívar, some neighborhood associations in the cities, and, in the late 1980s, non-governmental organizations (NGOs) devoted to defending human rights or ecological concerns (Silberberg, 1991). Such social movements should have been welcomed because they represented a strengthening of civil society and posed no more threat to governability than did the Christian-base communities in Brazil, the peasant *coordinadoras* in Mexico, or the Mothers of the Plaza de Mayo in Argentina. However, rather than welcoming and encouraging this newly flourishing civil society and opening the system to a broader, more genuine participation, the parties treated the independent groups as threats to party control. Thus, an opportunity to deepen Venezuelan democracy was lost, and the independent organizations responded by linking their goals to an anti-party, anti-establishment agenda.

During the 1980s, the new challenges to partyarchy gained enough strength to hamper governability. Economic decline (1979-90) served as a catalyst for organizing opposition to the establishment (Castro Escudero, 1992). When the debt crisis hit (1983) and oil prices fell, particularly after 1985, party ability to control civil society diminished. Fewer resources

were available for patronage or even for meeting the routine obligations of the state; public services declined, and infrastructure was allowed to deteriorate. The parties lost some of their ability to fulfill their promises, to co-opt new organizations (particularly the neighborhood associations that sprang up to clamor for better public services), and to provide government jobs for friends and (former) enemies.⁴ As living standards declined, Venezuelans' disenchantment grew, intensified by the bitter knowledge that the country had seen tremendous wealth and had let it slip away. For most of the decade, however, most Venezuelans were willing to channel their discontent into the election process just as they had done for years, driving the alternation of AD and COPEI in power.

Two developments during the second Pérez government (1989-93) transformed the anti-incumbent anger into an anti-establishment anger. First, the economic policies of the Pérez government were powerfully disillusioning. Many people who voted for Pérez in 1988 did so in the hope that he would somehow return Venezuela to the boom it had enjoyed during his first government, and the Pérez campaign did little to discourage that expectation. For example, a poll taken in January 1989, just before the inauguration, showed that 45% of Venezuelans believed that their own situation would be better by the end of the Pérez government, and the approval rating for the president-elect revealed that 79% viewed him favorably (Myers, 1992: 4-5). However, one of the first acts of the new president was to announce a drastic *paquete* (package) of structural adjustment measures, including many price increases, with inadequate preparation of the public or explanation of why these were necessary. The day they went into effect, the widespread feeling of betrayal and desperation exploded into the three days of looting and rioting known as the *Caracazo*. The people had pinned their hopes on the election and change in government, and these had not only let them down but appeared to make things worse. In the short run, that proved true, for in 1989, Venezuela witnessed its worst economic performance since the Great Depression: production dropped by 8.3%, while inflation climbed to over 80%. By

May 1992 (midway between the two attempted coups of that year), only 28% believed that their situation would improve by the end of the Pérez government, and polls showed that 69% disapproved of the president's performance (Myers, 1992: 4-5).

In the long run, the Pérez policies worked to engineer a dramatic economic recovery that began in 1991; however, before that could take place, a second development turned popular anger against the entire political class. In 1989-90, the increasingly independent press gave constant, high-profile coverage to corrupt activities that had occurred during the previous administration. There were frequent revelations about how the foreign exchange agency, *Régimen de Cambio de Dinero* (RECADI), had been used to manufacture illegal profits for politicians and businesspeople with connections to former President Jaime Lusinchi (1984-89) and his secretary/mistress, Blanca Ibañez (whom he later married). When, in the depths of economic crisis, Venezuelans learned of and were bombarded by almost daily reports of millions of dollars' being spirited away, they drew the understandable (though undoubtedly exaggerated) conclusion that their own and the country's financial plight was due to the greed and chicanery of their leaders (Santana, 1992). For instance, when a 1984 poll asked Venezuelans what factor contributed most to the country's large foreign debt, the top two responses were "bad administration of the nation's funds" (36%) and "administrative corruption" (33%). Similarly, in response to a 1985 question regarding the causes of economic crisis, 86% attributed "much responsibility" to corruption, while 74% gave "bad administration of national resources" as a reason, and 50% cited "decline in moral values" (Templeton, 1992).

Despite the continuing scandal-mongering, only one minor character in the scandal was punished; Lusinchi and Ibañez are still free at this writing. The synergy generated by the anger over the economy combined with anger over corruption was more potent than either issue taken separately. The situation was made even more galling by the fact that the government was demanding that everyone make sacrifices to

help pay for these crimes. The cumulative anger was directed, this time, at both of the parties because COPEI, led by Eduardo Fernández, supported the AD policies of Pérez. [Pérez pursued his policies despite the muffled protests of the dominant faction of his own AD party, but the AD took the blame for his policies anyway.] As a result, the entire *adecopeyano* establishment was held responsible for all the iniquities and came to be blamed for the corruption, the failure to punish those considered guilty, and the economic crisis itself.

The Search for a Viable Alternative

Initially, some of this anger was turned against democracy itself. After all, it was hard to tell where the establishment ended and democracy began; they were born at the same time and grew up together, and the establishment liked to equate itself with democracy. This helps explain why the leaders of the attempted coup in February 1992 enjoyed such popularity: the loss of this particular “democratic” regime struck 26-32% of the population as a small price to pay to get rid of a hated president (Templeton, 1992). However, the second attempt at a coup in November of the same year was a turning point in defining an alternative to partyarchy. Its visible spokespersons were not the clean-cut, articulate, and patriotic young officers of February, but rather scruffy, incoherent revolutionaries. The idea of being governed by them scared away much of the support for a coup and lent new urgency to the search for a democratic alternative.

That alternative was defined in two stages over the next 15 months. The first stage was the impeachment of Pérez (in May 1993) and the selection of an interim president, Ramón J. Velásquez. As befitted a transitional figure, Velásquez was neither a party militant nor a member of the anti-establishment sector. [He was one of Venezuela’s many “independents” who never actually joined a party but were known to sympathize with one — in his case, the AD because of a close friendship with Betancourt.] Governability actually improved during the

interim government inasmuch as a tax reform, a new banking law, and other urgent bills that had been put on the back burner until the impeachment vote was taken were passed quickly with the aid of AD and COPEI in the knowledge that the interim president would be held more responsible than either party (Villalba, 1993).

The second stage involved the process that led up to the general election of 5 December 1993. For their part, AD and COPEI tried to define an alternative to the establishment as a renovated AD-COPEI establishment. An electoral reform (passed in 1988) had instituted direct elections for mayors and governors; moreover, state elections in both 1989 and 1992 had begun a turnover in and revitalization of the party leadership at both state and local levels (Brewer-Carías, 1991; Kornblith and Levine, 1994: 33n). A new generation of *adecos* and *copeyanos* (as well as *masistas* and a few leaders of the *Causa-R* or Radical Cause, a new unionist movement) was building a base of genuine support at these levels and challenging the dominance of the *cogollos* in their parties. The renovation of the parties took a startling leap forward, however, when two members of this generation unexpectedly won the presidential nominations of AD and COPEI. In AD, the nominee was Claudio Fermín, a former mayor of Caracas; in COPEI, Governor Oswaldo Alvarez Paz of Zulia came from behind in the party's first open primary to defeat Eduardo Fernández and other prominent national leaders. Because they were the official nominees of AD and COPEI, however, and both were identified with the economic policies of the Pérez administration, they were at a disadvantage against the leading candidate, Rafael Caldera.

As the founder of COPEI, a signer of the Pact of Punto Fijo, a former president, and a key participant in all of the *concertaciones* of the previous 35 years, Caldera would seem a most unlikely beneficiary of the anti-establishment sentiment, but he is. Two actions made his political makeover possible. The first was an electrifying speech he made in the Senate following the coup attempt of February 1992. In that

speech, broadcast live throughout the nation, he stopped short of endorsing the attempted coup but expressed the popular frustration with Pérez, his policies, and unresponsive politicians so movingly that he was instantly acknowledged as the principal spokesperson for the opposition. His second act was to bolt his own party in early 1993 in order to run for president as an independent candidate with the backing of the MAS and 16 other small parties composing the *Convergencia Nacional*. This was the most dramatic break with the establishment possible, not simply because he abandoned (and was expelled by) the party he founded, but because such defections had become unthinkable in Venezuela. Caldera won the election with 30.45% of the vote compared to 24% for Fermín, 23% for Alvarez Paz, and 22% for the founder of *Causa-R*, Andrés Velásquez.

PROSPECTS FOR THE CALDERA GOVERNMENT

THIS is a critical moment for democratic governability in Venezuela: the *adecopeyano* establishment has, for the first time in 35 years, lost power, and an anti-establishment figure is searching for a new formula for governing. His search is bound to be frustrating due to (1) his weak base of support, (2) the potential strength of the opposition, (3) declining confidence in elections, (4) conflict with governors, (5) a wary and divided military, (6) difficult relations with organized labor, and (7) an uneasy private sector. Venezuela will certainly be far less governable during the Caldera government than it was in the 1970s. It has not, however, reached some theoretical extreme of ungovernability; it has merely lost all the advantages that used to distinguish it from its neighbors. To put the situation in perspective, Venezuela has become "Latin Americanized." Some comparisons with aspects of governance in other Latin American countries are helpful for assessing Venezuela's prospects.

Base of Support

With 30% of the vote, Caldera does not have much of a mandate to govern. Indeed, after factoring in the 43.8% abstention rate, he was elected with the support of only 17% of the registered voters. His governing coalition is composed of the Leftist MAS plus the *Convergencia Nacional*, which together control barely a quarter of the seats in the Congress. To make matters worse, the *Convergencia* is a patchwork of 16 tiny parties ranging from the far Left to the far Right, fleshed out by a few disaffected *adecos* and *copeyanos*. Some of its components can be expected to start defecting to the opposition as soon as Caldera's approval rating dips, leaving the president even more isolated politically. He does not appear interested in forming a larger coalition; in fact, there are surprisingly few representatives of even MAS and *Convergencia* in his cabinet. In his effort to distance himself from AD and COPEI and the technocratic "IESA boys" (those who received their training at the *Instituto de Estudios Superiores de Administración*) of the Pérez government, Caldera has passed over both known politicians and the policy elite, leaving himself with a cabinet dominated by second-string technocrats.

Rather than form a coalition of parties, Caldera clearly intends to try to assemble ad hoc majorities for specific legislative initiatives, going directly to the people to pressure the Congress. This strategy did not serve him well during his first administration, when he also refused to form a coalition despite having won the presidency with 29% of the vote and was stalemated by the Congress for 70% of his time in office (Coppedge, 1994b). He may be hoping that things will be easier this time around because half of the deputies were, for the first time in December, elected as individual candidates rather than as anonymous members of party slates and are therefore more likely to break party discipline. Those hopes would be well-founded if he were a very popular president like Fujimori, but he is not at the moment. If he were to boost his popularity by taking some dramatic action against corruption, for example, his relations with Congress would be easier for a

while. But until that happens, the fates of less popular presidents with similarly narrow bases of support — Belaúnde (first term), Febrés Cordero, Velasco Ibarra, Sarney, Collor, Illía, Allende — presage either stalemate or a *pugna de poderes* with the Congress (Linz, 1990; Mainwaring, 1993). Caldera has already expressed a desire to amend the constitution to obtain the power to dissolve Congress. The Congress is hardly likely to place such a powerful weapon in his hands, but the fact that Caldera wants it already is unsettling.

The Opposition

While AD and COPEI were harshly punished at the polls, they still control a majority of the seats in the Congress (see Table 1). Simple arithmetic makes it clear that Caldera cannot create a legislative majority without either AD or COPEI. For the time being, these two parties are neither a great help nor a great hindrance to the government because they are divided internally.

Table 1: Seats in Congress by Party, 1993

	Chamber of Deputies		Senate	
	seats	percent	seats	percent
AD	56	27.9	18	34.6
COPEI	54	26.9	15	28.8
Causa R	40	19.9	10	19.2
MAS and Convergencia Nacional	51	25.4	9	17.3
Total	201	100.0	52	100.0

SOURCE: NotiSur, 4 February 1994.

Both AD and COPEI are full of recriminations about who is responsible for the electoral fiasco and who is most capable of leading them back to power. If past patterns hold, they will achieve internal unity before the next election, but the infighting could last several years. In the meantime, they will not be in a position to practice *concertación*, either to lend their support to Caldera or to form an obstructionist bloc to thwart

him. The last time AD and COPEI were both in the opposition was in 1957, and they signed a pact to oppose military rule. This time, a pact could lead to an opposition majority and stalemate. There are precedents for such opposition majority coalitions both in Venezuela (an AD-led coalition legislated over Caldera's head during his first government) and Peru, where the *Alianza Popular Revolucionaria Americana* (APRA) and Odría's UNO cooperated to stalemate Belaúnde from 1963 to 1968.

As the composition of his cabinet suggests, Caldera is not likely to govern with AD and COPEI anyway because he is not inclined to seek their cooperation, and they are not willing to give it on his terms. Certainly, some of his votes came from *copeyanos*, but much of his legitimacy rests on distancing himself from the establishment. If he invites AD or COPEI into a coalition, he risks alienating that support. If he were to invite COPEI to join a coalition, he would probably demand the heads of Eduardo Fernández and Oswaldo Alvarez Paz as the price, and this is a price the party would not be willing to pay. Elsewhere in Latin America, opposition party leaders have often preferred to withhold cooperation from the government in order to ensure poor performance and improve their chances in the next election. This has not been the pattern within the establishment in Venezuela, but it may become the norm now that the establishment parties are in opposition to an anti-establishment president.

Confidence in Elections

Despite electoral reforms, elections have lost some of their legitimacy as the sole path to power. Abstention is triple what it was 15 years ago despite mandatory voting, and charges of electoral fraud are increasingly common. While the numerous upsets and the fragmentation of the vote among several parties would indicate that elections are fair, many Venezuelans have come to suspect that the largest parties routinely divide among themselves any votes cast for parties that are not represented at the polling place (Gómez Calcaño, 1994). López

Maya (1994) documents unsuccessful attempts by AD to steal gubernatorial elections from the *Causa-R*. Two of the gubernatorial elections of 1992 had to be held again in 1993 to resolve questions about their fairness, and both Caldera and Andrés Velásquez claimed that AD, COPEI, and the military conspired to deprive them of hundreds of thousands of votes in the last presidential election.⁵ Whether these claims are true or not, they are a symptom of declining governability. Nevertheless, the issue is not yet as heated as it gets in Nicaragua, El Salvador, Honduras, Paraguay, or other less-consolidated democracies. Democratic regimes such as Chile and Colombia have survived for many years despite occasional disputes over election results, so this issue alone should not place Venezuelan democracy in any immediate danger.

Conflict with Governors

Venezuela's 23 state governors are in a position to make trouble for the national government because they are politicians with a base of support independent of both president and party. Conflicts with Pérez were frequent because, in 1989, governors were elected directly for the first time, and the division of powers between federal and state governments was still sufficiently murky that procedures for resolving disputes had to be improvised for each issue as it arose. Conflicts could intensify during the Caldera administration because the most effective governors — those reelected in 1992 — will become lame ducks as the 1995 gubernatorial elections approach, and some of them will challenge Caldera's authority by launching their own presidential candidacies. Their potential for disruption should not be exaggerated, however, because (1) their resources are often quite limited and (2) because independent governors do not seem to cause serious problems of governance in the other presidential democracies of the hemisphere: Argentina, Brazil, and the United States.

Relations with the Military

Caldera was perhaps the best candidate to mollify the rebellious junior officers; on the second anniversary of the 4 February 1992 coup attempt, he promised to free the 70 rebel officers still in prison in Venezuela and to invite back the 52 still in exile in Peru and Ecuador. Such acts, however, only exacerbate the tensions between the junior officers and the high command within the military and therefore create tensions between the high command and the commander-in-chief. Caldera asserted his authority by dismissing the Minister of Defense and the service chiefs ahead of schedule as soon as he took office, but this act created further resentment toward the new president and new divisions in the military. Some officers were also antagonized by Caldera's accusations of military involvement in vote fraud and are apprehensive about his ability to govern for the next five years. Upon resigning, outgoing Minister of Defense Radamés Muñoz León said:

This situation has infuriated me. This cannot be the reward we receive for the democratic struggle we have waged within the Armed Forces. I am crying inside over my people because I do not know what will happen to the country with a precarious government that was elected by scarcely 8% of the population, or 16% of the voters, and whose first act was to strike an institution that is at the service of the fatherland and not of political parties, personalities, or economic or political interests (FBIS-LAT, 1994: 18).

The divisions in the armed forces do not appear to be as deep as those typically found in the Bolivian, Argentine, or Peruvian militaries, but they are deep enough to warrant concern about future coup attempts like those of 1992 should Caldera find himself as isolated and unpopular as Pérez was.

Relations with Organized Labor

Caldera is destined to have an acrimonious relationship with Venezuela's unions. On the one hand, he has promised

them much, both as a candidate with a populist image and as author of the Labor Law, which is reviled by the private sector for being too generous to workers. On the other hand, Venezuela's fiscal deficit makes it impossible for the state to provide workers many of the benefits to which the Labor Law entitles them. [As a telling indicator, oil revenues, which used to cover 70% of public expenditures, now cover only 40%.] Consequently, when the unions become disappointed and angry, Caldera will have no way to restrain them because he has virtually no institutional connection to the unions. Instead, most of the unions are allied with the parties in the opposition: AD, COPEI, and *Causa-R*. [A minority sector of organized labor is affiliated with MAS and the *Movimiento Electoral del Pueblo* (MEP), which is part of *Convergencia*, but it tends to follow the lead of the *Confederación de Trabajadores de Venezuela* (CTV), which is dominated by AD.] When AD has been in the opposition in the past, it has encouraged unions to be militant, either to embarrass the government or to gain credibility for its claim to be a social democratic party (Coppedge, 1993b). There are some indications that the AD union movement is asserting its independence from the party. However, whether the unions are now independent or not, they will have no reason to hold back their members for Caldera. Increased strike activity is therefore inevitable. Nevertheless, strike rates have always been comparatively low in Venezuela, so it is not likely that Venezuelan unions will become as disruptive as their counterparts have sometimes been in Bolivia, Argentina, Chile, or Peru.

Relations with the Private Sector

The process of structural adjustment of the economy has also adjusted the political relationship between the state and the private sector in Latin America. Many firms that had grown dependent on protectionism, state subsidies, and political connections found it difficult to survive in a more open market economy and lost political influence; other firms that welcomed competition prospered and increased their influence.

This Schumpeterian process of creative destruction increased conflict within the private sector during the early stages of adjustment, but where the process was allowed to proceed long enough (as in Colombia, Chile, Bolivia, and Mexico), the competitive firms became dominant and developed a more mutually satisfying relationship with the state, which enhanced governability in the economic arena. In Venezuela, the election of Caldera interrupted this process before the competitive firms could gain dominance.

Caldera's election was an interruption because his campaign sent out mixed, vaguely worrisome signals. Some businesspeople were concerned by his alliance with MAS and the communists. Others were confused by the inconsistent policies advocated by his closest advisors; still others were disturbed by campaign promises to renegotiate the terms of the debt-servicing agreement and to defend a fixed exchange rate when measures to fight inflation were not being discussed. After the election, Caldera's support for limited price controls, the suspension of the retail portion of the value added tax (VAT), and the lack of a clear plan to reduce the fiscal deficit added to their uneasiness. Some of the fears were alleviated by Caldera's inaugural address, but by that time a new fear had overwhelmed all others: the fear of a financial collapse brought on by the failure of Banco Latino.

Banco Latino can be seen as a remnant of the unreformed private sector — a bank that traded on connections and corruption. It was the second-largest and fastest-growing bank in Venezuela, but its success was built on political connections and lax regulation that allowed it to offer unsustainably high interest rates, and its efforts to cover its liabilities eventually degenerated into a massive Ponzi scheme. When the scheme collapsed in mid-January 1994, \$1.5 billion in deposits — 20% of the market — was at risk, affecting not only a million small depositors but also the pension funds of *Petróleos de Venezuela*, the national electric company, the armed forces, and, most scandalously, nearly half of the funds available to the Venezuelan equivalent of the Federal Deposit Insurance Corporation.

At best, this failure, when combined with the problems of other weakened banks, will require a \$5 billion bailout (*Los Angeles Times*, 1994). At worst, it could lead to a general financial collapse that would send millions of enraged citizens into the streets. The overall health of the Venezuelan economy is probably better than that of some other Latin American nations, but this crisis has created profound uncertainty about the country's medium-term economic future and thus undermines much of the progress that had been achieved before 1993 toward governability in the economic arena.

In summary, the prospects for governability in Venezuela are poor. Compared to its highly governable past, society is more polarized, the new governing coalition is fragmented and divided, and the former establishment parties, recently forced into the opposition, seem either unable or unwilling to help the new president succeed. This does not mean that democracy is about to break down, however. There is little enthusiasm for a military government at present, and most strategic actors are willing to give Caldera a chance to prove himself. If his attempt to define an alternative to the *adecopeyano* establishment fails, however, a successful coup cannot be ruled out. And in the meantime, Venezuela can expect to encounter increased symptoms of ungovernability: strikes and protests, disputed election results, conflict between governors and the federal government, economic uncertainty, and especially confrontation between the President and Congress.

NOTES

1. For an elaboration of this approach to governance, see Coppedge (1993a).

2. This concept is fully developed and contrasted with Dahl's concept of polyarchy in my forthcoming book, *Strong Parties and Lame Ducks: Presidential Partyarchy and Factionalism in Venezuela* (Coppedge, 1994a). This section summarizes arguments developed at length in Chapter 2.

3. The Church, which has always been comparatively weak in Venezuela, ceased to intervene actively in politics in the early 1960s

(Levine, 1973). On relations with the private sector, see Karl (1982); for a different point of view, see Gil Yepes (1981).

4. There is some evidence that the provision of water and electricity actually improved in 1981-89, which implies that concern about deteriorating "public services" was mostly focused on the rise of violent crime and shortages in essential goods and services (Templeton, 1992).

5. According to the Supreme Electoral Council, the disputed votes are not enough to alter the final results (LAWR, 1994).

REFERENCES

- ALEXANDER, R. (1964) *The Venezuelan Democratic Revolution*. New Brunswick, NJ: Rutgers University Press.
- BREWER-CARIAS, A. (1991) "La descentralización política en Venezuela: 1990, el inicio de la reforma," pp. 131-160 in Dieter Nohlen (ed.) *Descentralización política y consolidación democrática*. Madrid, Spain: Editorial Síntesis; Caracas, Venezuela: Nueva Sociedad.
- CASTRO ESCUDERO, A. (1992) "Venezuela: La encrucijada de la democracia." *Comercio Exterior* 42, 3 (marzo): 244-251.
- COPPEDGE, M. (1994a) *Strong Parties and Lame Ducks: Presidential Partyarchy and Factionalism in Venezuela*. Stanford, CA: Stanford University Press.
- (1994b) "Venezuela: Democratic Despite Presidentialism," in Juan J. Linz and Arturo Valenzuela (eds.) *The Crisis of Presidential Democracy*. Baltimore, MD: The Johns Hopkins University Press (forthcoming).
- (1993a) "Institutions and Democratic Governance in Latin America." Paper presented at conference on "Rethinking Development Theories in Latin America," University of North Carolina at Chapel Hill, March.
- (1993b) "Parties and Society in Mexico and Venezuela: Why Competition Matters." *Comparative Politics* 25, 3 (April: 253-274.)

- Foreign Broadcast Information Service - Latin America (FBIS-LAT) (1994) "Defense Minister Meets with Colombian Counterpart," *El Universal*, 28 January; in FBIS-LAT-94-020 (31 January): 68.
- GIL YEPES, J. (1981) *The Challenge of Venezuelan Democracy*. New Brunswick, NJ: Transaction Press.
- GOMEZ CALCANO, L. (1994) Personal communication with author, February.
- KARL, T. (1986) "Petroleum and Political Pacts: The Transition to Democracy in Venezuela," pp. 196-219 in Guillermo O'Donnell, Phillippe C. Schmitter, and Laurence Whitehead (eds.) *Transitions from Authoritarian Rule in Latin America*. Baltimore, MD: The Johns Hopkins University Press.
- _____ (1982) "The Political Economy of Petrodollars: Oil and Democracy in Venezuela." Ph.D. dissertation, Stanford University.
- KORNBLITH, M. and D. LEVINE (1994) "Venezuela: The Life and Times of the Party System," in Scott Mainwaring and Timothy J. Scully (eds.) *Building Democratic Institutions*. Stanford, CA: Stanford University Press (forthcoming).
- Latin American Weekly Report (LAWR) (1994) 13 January.
- LEVINE, D. (1978) "Venezuela since 1958: The Consolidation of Democratic Politics," pp. 82-109 in Juan J. Linz and Alfred Stepan (eds.) *The Breakdown of Democratic Regimes in Latin America*. Baltimore, MD: The Johns Hopkins University Press.
- _____ (1973) *Conflict and Political Change in Venezuela*. Princeton, NJ: Princeton University Press.
- LINZ, J. (1990) "The Perils of Presidentialism." *Journal of Democracy* 1, 1 (Winter): 51-69.
- LOPEZ MAYA, M. (1994) "El ascenso en Venezuela de la Causa R." Paper presented at the XVIII International Congress of the Latin American Studies Association, Atlanta (GA), 9-13 March.
- Los Angeles Times (1994) "Venezuelan Bank Collapse Threatens Nation's Future." (14 February): A-1.

- MAINWARING, S. (1993) "Presidentialism, Multipartism, and Democracy: The Difficult Combination." *Comparative Political Studies* 26, 2 (July): 198-228
- MARTZ, J. (1966) *Acción Democrática: The Evolution of a Modern Political Party*. Princeton, NJ: Princeton University Press.
- MYERS, D. (1992) "Perceptions of a Stressed Democracy: Inevitable Decay or Foundation for Rebirth." Paper presented at the conference on "Democracy Under Stress," sponsored by the North-South Center (University of Miami) and the Instituto Venezolano de Estudios Sociales y Políticas (IVESP), November.
- (1973) *Democratic Campaigning in Venezuela: Caldera's Victory*. Caracas, Venezuela: Fundación La Salle.
- NotiSur (1994) 4 February.
- SANTANA, E. (1992) Remarks at forum on "Venezuela: Recent Events and Future Prospects," sponsored by the Center for Strategic and International Studies (CSIS) and CAUSA, Washington (DC), May.
- SILBERBERG, M. (1992) "Change and Continuity in 'Extra-Clientelist' Politics: Alternative Organizations of the Venezuelan Poor." Paper presented at the XVII International Congress of the Latin American Studies Association, Los Angeles (CA), 24-27 September.
- TEMPLETON, A. (1992) "The Evolution of Popular Opinion." Draft paper presented at conference on "Lessons of the Venezuelan Experience," Woodrow Wilson International Center for Scholars, Washington (DC), October.
- TUGWELL, F. (1975) *The Politics of Oil in Venezuela*. Stanford, CA: Stanford University Press.
- VILLALBA, J. (1993) "Venezuela's Future: Outlook for Investment and Privatization." Talk given at the Council of the Americas, Washington (DC), 16 September.