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**THE CHAVEZ PHENOMENON:
IMPLICATIONS FOR THE HEMISPHERE**

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Hugo Chavez has been a force now in Venezuela and in Latin America for almost a decade. His advent on the world stage in a big way came about just about one year ago when he addressed the UN General Assembly. You'll remember that he got tremendous headlines by calling George Bush the devil. He lamented the passing of Noam Chomsky, which came as a surprise to Mr. Chomsky, but since it increased the sales of his book, I think he was happy. But Chavez, who had for much of his period in power been considered by many as a clown and of no importance, seems now to be taking a position on the world stage that warrants our attention, at least our attention, and we're going to talk about that today.

Chavez himself as a person is fascinating. He is, in his own way, immensely attractive. He's compelling. He's outrageous. He's preternaturally conflictive. He's looking for fights. He may be megalomaniac. He certainly is messianic in his vision, and he is a great showman, and it's working to his advantage, witness his continual appearance in the headlines. But, it seems to me, he is not only a Venezuelan phenomenon, but rather says something about the rest of the hemisphere. The petri dish in which Chavez developed, a very unique Venezuelan blend of history and culture, is unique, of course, but it is not totally different from many of the other countries in the hemisphere.

Like Venezuela, many other countries have weak institutions, have hollow political systems that appear perhaps democratic on the outside but are really far from it when one studies them. Like Venezuela, most other countries in the hemisphere suffer from endemic poverty with rates of poverty traditionally 40 to 50 percent. There is in Latin America, and I think this is a very important point, a growing perception and a growing reality of inequity in the sense that the differences between the rich and the poor there are growing faster than in any other part of the world.

There has been progress in terms of lowering abject poverty and increasing middle classes, but for many in the continent, the perception that the rich are getting richer and the poor are getting no better is an important factor, and this creates environments not dissimilar to that which existed and still, in fact, does exist in Venezuela.

There's also an important historical element in Latin America which is, let me call it, contagion. Latin American politics tend to move in waves in which one country influences another country, influences another country, etc. We saw this in the 1970s when there were a series of military coups and military dictatorships that spread across a good part of the hemisphere and then the rollback of that in the '80s and '90s as the region moved back to more democratic regimes and then again in the '90s when there was a move to free markets and more liberal democracies. So what happens in one country is important for its possible influence on others. It is particularly important when this is being managed by a great showman like Chavez, who not only has the will and the vision, and whose essential anti-Americanism does appeal to a certain gut feeling in much of Latin America, but also has the money.

Chavez is, as we all know, the head of a country that is raking in money hand over fist because of the high

cost of petroleum. Just in the first months of this year, Chavez has publicly pledged \$9 billion, that's \$9,000 million, in assistance to other countries in Latin America to build a refinery here, send thousands of students to school there, and so forth. This is a lot of money. He is very attractive, and we can see that there is an attraction for him that has had a political effect. Not only is he spending money or at least promising money overtly, it's quite clear that he's dumping money into political campaigns in other countries, certainly in Peru, Bolivia, Ecuador, perhaps Mexico—I'll leave the latter possibility to others who are more knowledgeable, and so there have been Chavez clones created—Evo Morales in Bolivia, Rafael Correa in Ecuador, and there is a strengthening of the anti-establishment movement or the leftist movement throughout Latin America.

This is not without some opposition for that point of view, and there are other forces at play. The Chavezista candidate in Peru lost the election. It seems quite clear that the largest country in the hemisphere, Brazil, is maintaining fairly moderate and pragmatic economic policies. But Chavez is an actor who will continue to have an effect on Latin America per se, and we're going to talk about that.

Let me just raise a few other points before I hand you over to people who really know what they're talking about. There are questions that the Chavez experience raises for all of us that actually impact directly on the United States and Canada and Mexico, but also on the rest of the world.

One of the main questions that always intrigues me is when does a democratic government cease to be democratic? Chavez was elected. He's been elected various times. He has a majority. One can say that the electoral system is distorted, maybe corrupt, but the fact of the matter is that Chavez has been able to go to the Venezuelan populace on several occasions and have his authority increased and democracy or what we would call democratic trends put aside. Now a big referendum is coming up which will in effect allow him to become president for life, if he gets the majority, which he, by hook or by crook, probably will.

This poses a very specific question for international organizations. One of the major developments of the 1990s of the Organization of American States was the Democratic Charter. The Democratic Charter which all states signed on to holds that if there is an interruption in democracy, if there is a coup, we must all condemn it and take appropriate action. That was a very major development for Latin America, but it does not really deal with the question of the creeping coup. What do other countries do when one country votes itself out of democracy in a democratic fashion? It's an interesting question. At least, it's interesting to me.

Another significant impact that I think we want to keep in mind and maybe we'll talk about today is the fact of Venezuela's extreme importance as a petroleum producer. For many years, Venezuela ranked as second or third in terms of supplier of petroleum to the United States. One of the effects of the Chavez revolution and the economic disarray that he has brought to Venezuela is that the amount of oil that Venezuela currently produces is probably now somewhere between 25 percent and one-third less than it was producing five or six years ago. It's very hard to know the figures, because, like everything else in Venezuela including central bank statistics, they are now classified and distorted.

But we have a situation in this hemisphere, in the northern part of this hemisphere, where it looks like oil production in Mexico over the next few years is likely to decrease for entirely different reasons. Oil production in Venezuela is definitely decreasing. Although we all know that the international oil market is fungible, what does it mean when the previous principal providers of petroleum to the United States suffer significant declines in their production levels? That is an important issue for me.

One final point I will mention that has an international impact in the very bad relations between the United States and Chavez is that Venezuela has become a major trans-shipment point for drugs and

narcotics into the United States and Europe. Because we have such a difficult relationship with that country, the kinds of even minimal law enforcement cooperation that are necessary are not taking place.

To summarize, Chavez is obviously of deep, deep importance for Venezuela. His attractiveness makes him a factor in the hemisphere. He raises interesting intellectual and political questions about the nature of democracy and the nature of international reaction to challenges to democracy, and he will have an impact not only on narcotics but on petroleum and energy for all of us.

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