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FEATURED Q&A

Will Capriles Gain the Votes to Win Venezuela's Presidency?

Q In the past month, Venezuela has faced multiple calamities, including a deadly refinery blast, prison riot and bridge collapse. President Hugo Chávez has said that the disasters have not hurt his bid for re-election ahead of the country's Oct. 7 vote, while challenger Henrique Capriles has pointed to certain opinion polls that show him neck-and-neck and, in some surveys, even beating Chávez. How is the race shaping up and what factors are coming into play? Will the recent disasters hurt Chávez in the polls? What challenges will the winner face after the election?

A David Smilde, associate professor of sociology at the University of Georgia and moderator of the blog 'Venezuelan Politics and Human Rights': "The most trustworthy polling shows Capriles gaining ground but still ten to twelve points behind. Capriles would have to win over almost all of the undecided voters to catch Chávez, who has close to 50 percent of the intended vote. That will be difficult since Chávez's job approval is high, his trust numbers have increased and personal optimism among voters has remained high. Capriles has run a good campaign but suffers from low trust numbers as average voters still do not know him well enough to be sure he will do right by them. Chávez also has a big advantage in party articulation, which translates into voter mobilization. The recent refinery disaster, bridge collapse and prison riots are important to those who already oppose Chávez but not for average voters who have more basic concerns. If Chávez wins by anything other than a convincing margin there may be a legitimacy problem given the overwhelming and readily evident incumbent's advantage. There is already less enthusiasm within his movement and government, based on a growing sense that the governing project has not progressed as it should have. It is likely that after the elec-

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UN Official Blasts Venezuela Decision to Exit Rights Court

The United Nations' High Commissioner for Human Rights, Navi Pillay, on Tuesday "strongly urged" Venezuela to reconsider its decision this week to withdraw from the American Convention on Human Rights. See related story on page 2.

File Photo: United Nations.

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NEWS BRIEFS

Chilean Court Rules Allende Death a Suicide

A Chilean court on Tuesday officially closed the re-examination of the death of President Salvador Allende, definitively ruling it a suicide, BBC News reported. Allende killed himself in 1973 while troops were attacking the presidential palace, according to the official account. Although his family had accepted that version, some believed that he had been killed by soldiers and his body was exhumed in 2011 for an investigation.

Brazil's Rousseff Outlines Additional Economic Stimulus

Brazilian President Dilma Rousseff on Tuesday outlined additional plans to cut energy costs through lower taxes and the renewal of generation and transmission concessions, MarketWatch reported. The moves could result in cutting power costs for residential and industrial customers by 16 percent and 28 percent, respectively. Brazilian stocks rose Tuesday on the news, with the Ibovespa gaining 1.7 percent, its fourth straight advance. Brazil's economy this year is expected to expand by its slowest rate, about 2 percent, since coming out of recession in 2009.

Indian's GAIL Eyes Repsol Assets in Trinidad, Peru and Canada

India-based **GAIL Ltd.** is considering buying liquefied natural gas (LNG) assets put up for sale by Spain's **Repsol** in Canada, Peru, and Trinidad, Reuters reported Tuesday. GAIL is looking for additional LNG supplies to meet rapidly growing global demand, chief executive Rajeev Mathur said. Headquartered in New Delhi, GAIL is India's largest state-owned natural gas processing and distribution company.

Political News

UN Official Blasts Venezuela Move to Exit Human Rights Court

The United Nations' High Commissioner for Human Rights on Tuesday "strongly urged" Venezuela to reconsider its decision to withdraw from the American Convention on Human Rights. In a press release, Navi Pillay warned that the move, announced by Organization of American States Secretary General José Miguel Insulza late Monday, "could be a serious setback for human rights protection in Venezuela and the region as a whole." After threatening for months to pull out of the body, Venezuelan President Hugo Chávez kept his word by formally notifying the OAS this week that he is taking the country out of the jurisdiction of the Inter-American Court of Human Rights (IACHR), where cases against his administration have been heard. Most recently, on Sept. 8, the IACHR called on Venezuela to investigate assertions made by representatives of the Horonami Yanomami organization that an isolated Yanomami community of indigenous people in southern Amazonas state was massacred by outlaw gold-miners who came across the Brazilian border, the circumstances of which remain in dispute. "I fear that a vital layer of human rights protection for Venezuelans and potentially for other Latin Americans as well will be stripped away if this decision is carried out, and they will be left far more vulnerable to abuses with fewer remedies available," Pillay said. Calling the IACHR "one of the pillars of the legal regulations that protect the defense of human rights in the hemisphere," the OAS's Insulza said he hopes Chávez will change his mind. Under OAS rules, Venezuela has a year to reverse its decision to leave the body. In addition to Venezuela, allies such as Bolivia, Ecuador and Nicaragua have also threatened to pull out of the court.

Insulza

File Photo: OAS.

Economic News

Heavy Rains Threaten Crops, Livestock in Buenos Aires Province

Heavy rains in Argentina have flooded 3.5 million hectares (8.6 million acres) of farmland outside the capital city that have already cut wheat and barley output by 14 percent, Bloomberg News reported Tuesday. Gov. Daniel Scioli told reporters that the rains have caused millions of dollars in losses for farmers and ranchers. He has declared an agricultural emergency that will enable businesses to delay paying taxes and debts, according to the report. It has rained twice as much this year than in all of 2011, and the rainfall has come down more quickly than usual. In addition to crops, cattle production and beekeeping have also suffered, according to Scioli. Officials concerned about the high costs of food had hoped a good South American crop of wheat and corn would counter lower production in the United States, which is severely crimped due to drought this year.

It has rained twice as much this year than in all of 2011.

Mexico Industrial Output Rises in July More Than Expected

Mexican industrial output rose more than expected in July, Reuters reported Tuesday. Industrial production rose a seasonally adjusted 0.5 percent from June, the national statistics agency reported. Growth was led by the utilities sector, which rose 1.53 percent. Economists said electricity consumption was an important leading indicator. "The industrial sector remains a key engine of growth," **Goldman Sachs** analyst Alberto Ramos said Tuesday in a research note. "We expect the industrial sector to expand at a moderate rate throughout the remainder 2012, with the performance of the manufacturing sector correlated with the evolution of IP in the United States," he added. The manufacturing and construction sec-

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tors expanded 0.45 percent and 0.79 percent month-over-month, respectively.

Colombian Coffee Production to Rise 8.8 Percent This Year

Colombia's coffee-grower federation expects coffee bean production will rise at least 8.8 percent this year as drier weather boosts output, Bloomberg News reported Tuesday. The nation will harvest 8.5 million bags or more of the beans, compared with 7.8 million bags last year, according to the report. Agriculture Minister Juan Camilo Restrepo forecast output of about 9 million bags earlier this week. The annual harvest may surpass 12 million bags in coming years, Restrepo added. Above-average rainfall drove the 2011 harvest to a 35-year low.

Company News

Peruvian Indigenous Groups Occupy Nine Maple Energy Oil Wells

Nine oil wells run by **Maple Energy** in Peru's Amazon have been taken over by indigenous groups claiming to have halted production, Reuters reported Tuesday. Maple Energy told Reuters that the action has slowed its production of low sulphur crude oil from the Maquia oil field near the Ucayali River in Loreto, Peru's northernmost region. Lizardo Cauper, a leader of the Shipibo indigenous people in the Canaan de Cachiyacu community, said some 400 locals occupied the nine company wells on Sept. 2. He said they will continue to hold them until the government forces Maple Energy to clean up a series of oil spills, the last of which happened on July 23, they say. Maple Energy did not provide details or comment on Cauper's claims, however. Disputes over natural resources have sparked violence across Peru in recent years. The administration of President Ollanta Humala is seeking to double the maximum penalties for polluting companies and is moving the process for approval of environmental impact studies from the mining to the environment ministry, Reuters reported. [Editor's note: see related Q&A in the Mar. 13 issue of the *Advisor*.]

Featured Q&A

Continued from page 1

tion, Chávez's health and the problem of succession will again become issues. If Capriles wins, he will have all the other powers of the central government against him, as well as numerous pro-Chávez unions, movements and other organizations. Perhaps even more difficult, he would have myriad demands from within his coalition, to roll back laws and expropriations, and seek retribution against Chávez government leaders."

A Diego Arria, former ambassador of Venezuela to the United Nations, and chief spokesman of freevenezuela.org, an international campaign to support the Venezuelan opposition: "The opposition's campaign is turning into the most serious challenge to Chávez's rule since he came to power 14 years ago. Henrique Capriles cannot expect the Chávez-controlled media to give him access, so he's taking his message to the people personally, going on foot throughout the cities and villages of this country. The increasingly frequent attempts by Chávez' unrestrained thugs to physically prevent Capriles from reaching his destinations is a sign of the regime's desperation. Chávez is a sort of 'walking poll' because his violent rants reflect his fear of an imminent defeat. The recent disasters will unquestionably hurt Chávez in the polls. The Amuay disaster is a terrible symbol of the chronic and corrupt mismanagement of our oil industry. The state oil company, PVDSA, has become an operating center and financial resource for the Chavistas. The riot at the Yare I prison is proof that our prisons are incubators of crime, not centers of rehabilitation. And 700,000 Venezuelan families go to bed hungry every night. Chávez is turning our country into a Latin American version of Zimbabwe. If Capriles wins, his biggest challenge will be to stop Chávez from stealing the election. His first priority will be to prevent the collapse of our country as a result of the regime's unsustainable economic policies, as well as to begin reunifying a country divided by the hate promoted by Chávez. Gaining the immediate support of the armed forces will be essential, and I believe that he will. If Chávez wins, the biggest challenge for his followers will be his succession—if his cancer is at an advanced stage, he should not expect to live for very long. The consequences of this scenario remain to be seen."

A Jennifer McCoy, director of the Carter Center's Americas Program and political science professor at Georgia State University: "I will not try to predict the outcome of the election, but will address the voting system and the issues Venezuela will face the day after. First, Venezuela's automated voting system is highly sophisticated with many security mechanisms. Technical experts from the political parties participate in the pre-election audits and voters and party witnesses participate in an election night audit when the paper receipts from the voting machines are counted and matched with electronic tally results. Since they have adopted the touchscreen voting machine, no significant discrepancies have been found, giving voters strong confidence in the machines. Second, in highly polarized contexts, people tend to see elections as all or nothing. Those who feel they will lose the benefits they have won in the past, or will be excluded or recriminated against in the future, are those most likely to react in extreme ways out of fear or desperation. If the winner commits to representing all Venezuelans, and the loser accepts defeat and commits to serving as a loyal opposition, the chances will be much greater for a peaceful post-election scenario. If either candidate gives any alternative message, the chances for instability rise. Third, the presidential election is not in actuality all or nothing. If Capriles wins, he wins only the presidency, with the governing party dominating the National Assembly until new elections in 2015 and continuing to name the courts, electoral council, attorney general, etc. If Chávez wins, he will still face gubernatorial and mayoral races in December and April. The last time around the opposition did very well in these elections, winning the most populous states and cities."

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Featured Q&A

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Joachim Bamrud, editor-in-chief of Latinvex Group: "The race appears to be tightening as Capriles is succeeding in getting his message across to many poor Venezuelans, who are disgruntled with the rising crime, electricity problems and inflation. However, Chávez continues to abuse air time, giving him an enormous advantage in a country where television dominates. There is no doubt that the PDVSA explosion, along with the collapsed bridge and prison riot, is hurting Chávez. With local union leaders at the PDVSA refinery revealing how their complaints of lack of maintenance went unanswered, the Chávez government was put on the defensive again. The explosion came less than a week after a live speech by Chávez was interrupted by unhappy state steel workers in Guayana, forcing the program off the air. Whoever wins has to deal with exploding crime (including a surge in traditional and express kidnappings), a decaying PDVSA, continued high levels of inflation and weak economic growth. Chávez has shown he is incapable of solving any of these problems, so if he wins, the situation will only get worse. If Capriles wins, there is a chance that at least in the short-term the decline will stop and in the long-term there will actually be an improvement. The crime situation is now so bad that even with good intentions and a clear anti-crime plan, a Capriles presidency will only be able to make any real progress after a full year. The macro economic problems are actually easier to tackle if the right policies are implemented."

> "There is no doubt that the PDVSA explosion, along with the collapsed bridge and prison riot, is hurting Chávez."
>
> *— Joachim Bamrud*

John Walsh, senior associate for Drug Policy and the Andes at the Washington Office on Latin America: "Henrique Capriles is the toughest opponent President Hugo Chávez has ever faced. Polls suggest Capriles gained ground during August, and some indicate a virtual tie. Capriles needs to convince voters that he can win and that every vote is crucial, so his campaign naturally points to polls that suggest the race is a toss-up. Despite a playing field tilted sharply in the incumbent's favor, it is not out of the question that Capriles can win. But if a Capriles victory is plausible, it should not be considered likely. Although some polls show a tight contest, others suggest a double-digit lead for Chávez—a gap that will be very difficult for the challenger to close. Chávez is slowed by illness and is not the vigorous campaigner he once was. But he has succeeded not only in neutralizing questions about his health, but in parlaying his difficulties into a positive 'comeback' narrative. The next polls may indicate whether the Amuay refinery inferno is bolstering Capriles or eroding support for Chávez. But the president appears to hold a comfortable lead heading into the final weeks of the campaign. One of Venezuela's most respected pollsters, Datanalisis, finds that in elections when Chávez or one of his key proposals is on the ballot, the pro-Chávez share the vote approximates his job approval rating—which Datanalisis currently puts at 55 percent. So no one should be surprised if Chávez triumphs on Oct. 7, albeit by a much smaller margin than his sweeping 25-point victory in 2006."

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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