

Chávez's corruption, unfulfilled promises

The Miami Herald
Nov. 30, 2006

As Sunday's presidential election draws near, Venezuelans and their neighbors would do well to compare Hugo Chávez's record to his rhetoric. In 1998, Chávez capitalized on public frustration and ran for the presidency on a strong anti-corruption platform, defeating Henrique Salas Romer, former governor of the state of Carabobo, an excellent public manager but perceived as an elitist. Eight years later, Chávez's promises remain unfulfilled, and democracy has given way to an authoritarian regime in which the electoral system is totally under his control.

- Voting machines are controlled by a company, Smartmatic, with a murky history.
- The Board of Directors of the Electoral Council is made up of Chávez's followers.
- The electoral registry is highly unreliable; 39,000 voters are more than 100 years old -- one woman appears to be 175 -- and 62 persons share the same name and birth date: José Gregorio Rodríguez González, born April 8, 1962.

Thanks to a combination of record oil income and minimal government transparency, Venezuelan corruption is at an all-time high. By incurring significant new national debt, Chávez obtained some \$25 billion in fresh money to spend at his whim. That and oil sales have put more than \$200 billion into government coffers, but there is very little to show for it in the way of public works or effective social programs.

Anti-American revolution

The bulk of the money remains unaccounted for, largely wasted or pocketed by bureaucrats and private buccaneers. Chávez squanders money abroad to acquire weapons and export his military-driven, anti-American revolution and, at home, on political propaganda and populist social programs based on direct handouts to the poor.

Since 2003, expenditures and foreign financial commitments have eaten up close to \$30 billion. Venezuela has purchased about \$5 billion of weapons from Russia, Spain and other countries; more than \$3 billion in bonds from Argentina; and spent about \$20 billion in oil subsidies, donations and promises of programs for other countries in the region, notably Cuba and Bolivia.

And Chávez's misguided effort to challenge U.S. influence in Latin America has only cost Venezuelans money. Since 2000, Venezuela has been providing oil to the Cuban government at subsidies of about \$2.2 billion per year. Similarly, Chávez's unsuccessful campaign for a seat on the U.N. Security Council cost Venezuela more than \$1 billion in financial commitments to governments from which he solicited support.

Chávez has focused domestic spending on consolidating his political power. The government has given massive handouts through the so-called *Misiones*, social programs that provide Venezuelans an illusion of well-being at the expense of long-term, structural programs in education and health. Chávez has misused Venezuelan Central Bank funds, accepted illegal foreign financing for his presidential campaign, awarded government contracts without competition and allowed the state-owned petroleum company to deteriorate.

Corruption involves government ministers, Supreme Tribunal of Justice magistrates, Electoral Council directors, state governors, government lawyers, military officers and bankers and industrialists friendly to the government.

At least three parallel government budgets exist today, only one of which is formal and subjected to "scrutiny" by a National Assembly, which is made up entirely of Chávez followers. The other two budgets are controlled directly by Chávez himself. The lack of transparency and accountability, the absence of institutional checks and balances and the mediocrity of the top bureaucracy have enabled high levels of corruption.

He won't give up power

The results of this tragic situation are clear: Despite its gigantic oil income, Venezuela stands today at the bottom of the development ladder in Latin America. Rankings of international organizations such as Transparency International's Corruption Perception Index, the Fraser Institute's Economic Freedom of the World report, the U.N. Human Development Index and the U.N. Food and Agriculture Organization show the country in a declining trend.

On the eve of the presidential election, popular trust in the Venezuelan electoral system is so diminished and the magnitude of the crimes committed by Chávez has been so great that the opposition fears that Chávez will not give up power if he is defeated.

Chávez promised to purge corruption, but it has dominated his government more than any other in Venezuela's history. If the votes don't add up in his favor on Sunday, odds are he'll keep adding them until they do.

Gustavo Coronel was a member of the Board of Directors of Petroleos de Venezuela (1976-79) and the Venezuelan representative to Transparency International (1996-2000). He is the author of a new Cato Institute study, "Corruption, Mismanagement and Abuse of Power in Hugo Chávez's Venezuela."