

Will Chavez pull the trigger?

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On that day, if Venezuelan citizens pass the dozens of constitutional amendments on the ballot, Chavez will essentially be granted dictatorial powers -- an elected strongman reminiscent of Spain's Franco, Italy's Mussolini and Orwell's Big Brother. The day could easily deteriorate into one of violence, martial law and suspension of oil production, the latter calculated to inflict maximum damage on the U.S. economy.

With the price of oil hovering near \$100 a barrel and markets skittish because of the sub-prime housing crisis (not to mention the stability of U.S. banks, the U.S. trade deficit, the weak dollar and deteriorating domestic consumer confidence), such a move on Chavez's part would go a long way in triggering a recession. An oil crisis during the Christmas season -- with its 40% share of annual retail sales -- would be especially detrimental in the U.S.

Rising oil prices have caused global recessions in the past. The Saudis and other oil-producing countries have tried to increase output to offset rising costs. But working against stability and for high oil prices are Chavez and Iran's Mahmoud Ahmadinejad, who are in a strategic alliance to push up the price of oil.

Oil economists calculate that on a supply-and-demand basis alone, the price of oil would be about \$50; the remaining \$45 in the current price is a political premium caused by uncertainty in the Israeli-Palestinian conflict, Iran's suspected nuclear plans, the wars in Iraq and Afghanistan and social unrest in Pakistan, Nigeria and Venezuela. But where the world sees a threat, Ahmadinejad and Chavez see opportunity: Civil discord lines their pockets.

In Chavez's eyes, a world economic crisis would prove that capitalism is a failure and the U.S.' "evil empire" is historically over. Chavez's Bolivarian socialist economic order would supposedly move to the forefront. For his part, Ahmadinejad can use world chaos to gain hegemonic strength in the Middle East. The two, working in cahoots, could then reach out to partners in Syria and elsewhere in the region.

Chavez is a brilliant military strategist who has reportedly spent or committed \$110 billion since 2004 (an amount equivalent in today's dollars to what the U.S. spent in the Marshall Plan after World War II) in political investments in the Americas and elsewhere. His plan is to spread the revolution against capitalism and the United States. So far, he has a string of victories to show for it. Bolivia, Ecuador and Nicaragua are already in his camp; Argentina owes him \$5 billion, and his candidates came within 1% of winning elections in Mexico and Costa Rica in 2006.

Alarmingly, Chavez is also building support in the U.S. He subsidizes winter oil available for up to 2 million American families in 17 states and promotes his revolution through photo-ops with celebrities such as Sean Penn and Naomi Campbell and dealings with politicians such as Jimmy Carter and Joseph P. Kennedy II. He has retained consulting firms connected to such politicians as Jack Kemp and Rudy Giuliani.

Chavez has succeeded because he was grossly underestimated by his opponents. It's happening even now. The Bush administration has ignored Chavez in the hope that he would go away or that his neighbors would isolate him. But he has done just the opposite and isolated the U.S. within the Americas.

The U.S. has been searching in vain for Osama bin Laden and weapons of mass destruction while another threat has been lurking in our backyard for years. The solution would have been to pull the rug from under Chavez before he could do it to us -- to plan for a U.S. economy sans Venezuelan oil. It's too late for that now; our economic state is too precarious.

What we need to do is work toward decreasing our dependence on foreign oil generally and the oil of hostile governments specifically. And we must engage in a Marshall Plan of our own to help Latin America rise out of the poverty and despair that catapults populist despots like Chavez into office.

When democracy comes before economic development, you get a Chavez. When our lust for oil comes before sound foreign policy, you get a recession.

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