

Crisis in Venezuela and Nicaragua: An Opportunity for Derecognition?

Sylvan Perlmutter

Introduction

The Latin American nations of Venezuela and Nicaragua are among the four nations, alongside Russia and Syria, which recognize the independence of the breakaway regions of Abkhazia and South Ossetia. Both nations are currently embroiled in dire political crises. Venezuela is contending with spiraling inflation, violent protests against the autocratic government of Nicolás Maduro and the United Socialist Party of Venezuela (PSUV), and the near collapse of basic social services. Nicaragua is experiencing mass protests against pervasive corruption, proposed pension reforms, and the de facto one-party state led by the increasingly repressive Daniel Ortega and Sandinista National Liberation Front (FSLN). At this moment of regime vulnerability in Venezuela and Nicaragua, Georgian policymakers should assess the prospects for the future derecognition of Abkhazia and South Ossetia by these two countries.

Historical Background

After the Russo-Georgian war of 2008, Russia went on a campaign to gain recognition for the breakaway regions under its control and found a receptive audience in Latin American leftist governments due to a shared interest in curbing the economic and military hegemony of the United States of America. In return for recognizing Abkhazia and South Ossetia and giving increased access to oil projects, Venezuela secured \$2.2 billion in loans to purchase Russian weaponry.¹ Venezuelan purchases of Russian arms have continued since then, and as of 2017 Rosneft resells 225,000 barrels of Venezuelan oil a day (13% of total exports).² Meanwhile, Nicaragua recognized Abkhazia and South Ossetia in 2008 to curry favor with Moscow in an effort to update its Soviet-era arsenal and bring in foreign investment.³

Georgia was able to prevent a domino effect among the leftist governments of Bolivia, Argentina, Brazil, and Ecuador by opening three embassies in Latin America in three years,⁴ working through its allies such as France and the United States, and making it clear to those governments that to recognize the breakaway republics would be to effectively declare themselves rogue actors on the international stage.

¹ Blank, Stephen, and Younkyoo Kim. "Russia and Latin America: The New Frontier for Geopolitics, Arms Sales and Energy." *Problems of Post-Communism* 62, no. 3 (2015), p 166.

²Mora, Antonio. "Venezuela Quickly Becoming Russia's Newest Satellite State." TheHill. November 20, 2017. <http://thehill.com/opinion/finance/361176-venezuela-becoming-russias-newest-satellite-state>.

³ Blank, Stephen, and Younkyoo Kim. "Russia and Latin America," p 164.

⁴ In Brazil, Mexico, and Argentina.

Today Georgia is an observer member of the Organization of American States (OAS), the Caribbean Community (CARICOM), the Pacific Alliance, and is building contacts with the Southern Common Market (Mercosur).

Ongoing Crises

Venezuela's crisis began in 2014 following the death of Hugo Chávez and the sudden collapse in oil prices. Venezuela's already dysfunctional economy was sent into a tailspin when the Maduro government started printing more money, instituted price controls, and fixed the exchange-rate. This resulted in massive inflation, exorbitantly priced imports, an expanding black market, and shortages of food and medicine.⁵ Inflation is projected to reach one million percent in 2018.⁶

In the midst of this economic collapse and escalating protests, the Maduro government neutralized an opposition-dominated National Assembly by creating a PSUV controlled constituent assembly that usurped the National Assembly's powers. Over one hundred people were killed during protests in 2017 and the deaths resulting from starvation or lack of medical are yet to be properly tallied.⁷

Nevertheless, despite this utter devastation, Maduro's position seems secure due to the steadfast support of the Venezuelan military, which has taken over key sectors of the economy.⁸

Nicaragua's crisis is closely intertwined with Venezuela's. As Venezuela's economy collapsed, it could no longer afford to send its ally Nicaragua subsidized oil.⁹ This contributed to Ortega's decision to reform the Nicaraguan Social Security Institute (INSS) that set off the initial waves of protest.¹⁰

The protests soon escalated into a general refutation of the corruption and oppressiveness of the government. Since his reelection in 2006, Ortega has struck down term limits, banned the major opposition candidate in the 2016 election, and elevated his wife Rosario Murillo to the position of Vice-President. 300 people have been killed in protests since April. This political

⁵ Fisher, Max, and Amanda Taub. "How Venezuela Stumbled to the Brink of Collapse." *The New York Times*. May 14, 2017. <https://www.nytimes.com/2017/05/14/world/americas/venezuela-collapse-analysis-interpret.html>.

⁶ Daniels, Joe Parkin. "'Millionaires Are Poor': Venezuelans Struggle to Survive as Inflation Spirals." *The Guardian*. July 25, 2018. <https://www.theguardian.com/world/2018/jul/25/venezuela-inflation-crisis-nicolas-maduro>.

⁷ Kohut, Meredith, and Isayen Herrera. "As Venezuela Collapses, Children Are Dying of Hunger." *The New York Times*. December 17, 2017. <https://www.nytimes.com/interactive/2017/12/17/world/americas/venezuela-children-starving.html>.

⁸ Laya, Patricia, and Fabiola Zerpa. "The Army Took Over the Spigots, Forcing Thirsty Venezuelans to Pay." *Bloomberg.com*. June 25, 2018. <https://www.bloomberg.com/news/features/2018-06-25/thirsty-venezuelans-forced-to-pay-for-water-as-army-takes-over>.

⁹ Rathbone, John Paul. "Latin America's Socialist Support System Is Crumbling." *Financial Times*. June 11, 2018. <https://www.ft.com/content/df86a792-69c0-11e8-b6eb-4acfcfb08c11>.

¹⁰ "Publican Reformas Al INSS En La Gaceta." *El Nuevo Diario*. <https://www.elnuevodiario.com.ni/nacionales/461471-publican-reformas-inss-gaceta/>.

crisis has sent the Nicaraguan economy into decline and Ortega's support with the private sector, military, and Church is eroding.¹¹

Prospects for Derecognition

Whether or not Venezuela and Nicaragua terminate their recognition of Abkhazia and South Ossetia is contingent upon their future relations with Russia. If the FSLN and PSUV governments are completely swept from power, it is highly likely that a new government will return to the mainstream of global politics by refusing to legitimize Russia's aggression in Georgia. However, if power-sharing agreements are entered into by competing factions, then the prospects of derecognition are more uncertain. The FSLN and PSUV would oppose a total geopolitical about-face and the Venezuelan and Nicaraguan militaries would be resistant to jeopardizing their main sources of arms and maintenance without the assurance of other powers that their needs would be met. It is unlikely that the United States would be willing to fill that gap if the FSLN or PSUV still maintained a prominent place in political and economic life.

Between Nicaragua and Venezuela, however, it is Nicaragua's military that would be more likely to permit a disruption in its supply of arms. The Nicaraguan military has remained relatively apolitical since the end of the Nicaraguan Revolution in 1990 and grows increasingly uncomfortable with the direction of the Ortega government.¹² In contrast, the Venezuelan military has been a key PSUV constituency since the Bolivarian revolution of 1999, has displaced the civil services in areas like food distribution, and is the decisive force in the survival of the Maduro regime.¹³ Given the extent of the Venezuelan military's political influence, it is probable that only a process of sweeping regime change involving the firing of top military officials will leave it amenable to compromising military ties with Russia.

Recommendations for Georgia

It would be beneficial for Georgia to establish informal relations with opposition forces in Venezuela and Nicaragua to prepare for the withdrawal of recognition of Abkhazia and South Ossetia. However, this approach is made difficult by the fractious nature of the oppositions against the Maduro and Ortega governments.

¹¹ "Daniel Ortega Is Causing a Bloodbath in Nicaragua." *The Economist*. July 12, 2018. <https://www.economist.com/news/americas/21745770-could-nicaragua-go-way-venezuela-daniel-ortega-causing-bloodbath-nicaragua?fsrc=scn/fb/te/bl/ed/danielortegaiscausingabloodbathinnicaraguabello>.

¹² Pérez, Orlando J. "Can Nicaragua's Military Prevent a Civil War?" *Foreign Policy*. July 03, 2018. <https://foreignpolicy.com/2018/07/03/can-nicaraguas-military-prevent-a-civil-war/>.

¹³ Lugo-Galicia, Héran. "Maduro Turns Venezuela Military Officers into Businessmen to Quell Discontent." *Miamiherald*. <https://www.miamiherald.com/news/nation-world/world/americas/venezuela/article210233099.html>.

In Venezuela, opposition to the government is party based, but the various opposition parties are unable to adhere to a coherent strategy. For example, in the flawed election of May 2018, not all opposition parties committed to boycotting the election and Henri Falcón's failed candidacy granted the government the semblance of legitimacy it craved.¹⁴ In July, the Democratic Action (AD), one of the largest parties in the Democratic Unity Roundtable (MUD), left the opposition coalition.¹⁵

On the other hand, Nicaragua's opposition is primarily civil society based and is loosely organized through social media, which makes it difficult to predict which parties would gain preeminence in the Nicaraguan government in the event of regime change.¹⁶

Therefore, Georgia should observe the oppositions in Venezuela and Nicaragua as they develop, identify which institutions and parties are best positioned to take power and bring about a foreign policy realignment, and establish or expand informal relations with these actors.

Conclusion

The crises facing the governments of Venezuela and Nicaragua might lead to regime changes and the ascension of Western-leaning governments willing to retract recognition from the breakaway regions of Abkhazia and Venezuela. These regimes are yet to be faced by a united opposition to which Georgia can communicate its foreign policy priorities. However, Nicaragua stands out as a weak link in Russia's Latin American policy due to its military's shaky support for the ruling government, and since no further recognition of Abkhazia and South Ossetia is expected in Latin America, Georgia can afford to wait for more favorable developments in Venezuela.

¹⁴ Sequera, Vivian. "Venezuela's Maduro on Course for Re-election amid Low Turnout." *The Independent*. May 20, 2018. <https://www.independent.co.uk/news/world/americas/venezuela-election-2018-nicolas-maduro-a8360771.html>.

¹⁵ Dobson, Paul. "Venezuela's Democratic Action Party Breaks from MUD as Opposition Fractures Deepen." July 10, 2018. <https://venezuelanalysis.com/news/13926>.

¹⁶ "Deciphering the Nicaraguan Student Uprising." *NACLA*. <https://nacla.org/news/2018/07/03/deciphering-nicaraguan-student-uprising-descifrando-el-levantamiento-estudiantil>