

Challenges for the post-Maduro Venezuela

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There are some concerns that arise while visualizing a post-Maduro Venezuela, particularly considering the path the new government must follow, both during the transition and in the following administration, product of a free, fair and democratic election.

The Chilean experience after the Pinochet dictatorship emerges as a political reference, in which the Concertación de Partidos por la Democracia –coalition of political parties of the left, center-left and center– managed to govern Chile from 1990 to 2010. The Chilean transition to democracy had the advantage of a functioning market economy that allowed to preserve economic stability and growth.

This is contrary to what will happen in the post-Maduro Venezuela, where the transition will find a destroyed country, socially and economically, that can barely sustain itself. Therefore, a transition in Venezuela involves not only political challenges, but also economic and social ones.

In a democracy, the economy is fundamental. Consequently, control of the hyperinflation and the management of food and medicine scarcity, in the post-Maduro Venezuela, will be a priority during the transition. For this, the current macroeconomic tragedy will have to be faced with a financial rescue and economic stabilization program, which include: a loan from the International Monetary Fund, fiscal cuts in local and foreign currency, a tax hike, price control liftings, cuts in subsidies, a devaluation of bolivar, the release of interest rates, etc.

The adoption of these structural measures, to overcome the macroeconomic crisis, will be criticized due to its potential destabilizing effect, but its adoption is a political tactic. So, the harsh stabilization program should be assumed by the private sector and civil society leaders, in addition to the political leadership, because the adjustment will be inevitable. Sooner rather than later the measures will have to be adopted, because the objective is to stop the relentless economic contraction (2014-2018) and to fuel economic growth.

Also, the new government must carry out reforms such as:

- a redefinition of the role of the State, eliminating chronic fiscal deficits, reducing fiscal spending and taxes, lifting price controls, freeing markets and privatizing state-owned enterprises, the social security system, education and healthcare (partially);
- international trade liberalization through the elimination of all non-tariff barriers to imports, the introduction of a low and quasi-uniform tariff rate, the application of a realistic exchange rate policy, the elimination of currency exchange controls and the abolition of all restrictions on imports;
- the strengthening of the capital market, through the elimination of the maximum limit of interest rates and credit controls, the liberalization of foreign investment and the restoration of an independent Central Bank;

- the flexibilization of labor markets, the elimination of labor immovability, and
- the strengthening of a "social network" in order to improve the conditions of the poor and to protect them from the impacts of the economic adjustment through various social programs, among others.

All these initiatives must consider the challenges associated with the fourth industrial revolution (4IR), which presents new opportunities (companies, governments and individuals) by integrating technology to increase prosperity in the country, a determining factor in economic growth.

In that sense, the recent Global Competitiveness Report 2018 of the World Economic Forum puts Venezuela in the 127th position, out of 140 countries, down 10 positions with respect to 2017 - the strongest fall among the list of participating countries.

The post-Maduro Venezuela has another fundamental axis that must be approached with the same priority as the economic one, the dismantling of the Mafia-State. All the framework installed during the past 16 years will require short and medium-term actions. This is especially relevant, since the Trump government is considering adding Venezuela to the list of states that support terrorism.

For this, it will be necessary to reinvent the state's security apparatus, including connecting with worldwide agencies on organized crime control. In addition, it will be relevant to integrate organizations defending human rights in the final program, to manage crime and terrorism, drug trafficking, human trafficking and illegal weapons.

The challenges of the post-Maduro Venezuela will constitute the most important challenge since the Federal War for the Venezuelan nation, so it demands readiness for that moment.