

WEBVTT

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<v SPEAKER_1>Hello, everyone, and welcome to Energy Security Cubed, one of the world's foremost energy security podcasts presented by the CGAI, or Canadian Global Affairs Institute.

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<v SPEAKER_1>I'm Kelly Ogle, Managing Director here at CGAI.

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<v SPEAKER_2>And I'm Joe Calnan, Vice President of Energy and Calgary Operations at the Canadian Global Affairs Institute.

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<v SPEAKER_2>For today's interview, recorded January 9th, 2026, we talk about the political situation in Venezuela following the American seizure of Nicolas Maduro and the factors influencing decision-making on energy in the country.

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<v SPEAKER_2>With me to discuss this is David R.

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<v SPEAKER_2>Mares.

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<v SPEAKER_2>David is a distinguished professor emeritus in the Institute of the Americas Endowed Chair Emeritus for Inter-American Affairs at the University of California San Diego.

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<v SPEAKER_2>He is also a non-resident, a Baker Institute non-resident scholar for Latin American Energy Studies at Rice University.

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<v SPEAKER_2>Delighted to have you on the podcast, David.

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<v SPEAKER_1>Thank you.

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<v SPEAKER_2>Before we get into energy, I think it's useful to get some context on America's historical role in Latin America.

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<v SPEAKER_2>It's been often remarked in the media that this is the first instance of American armed intervention in the region since the 1989 invasion of Panama.

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<v SPEAKER_2>Generally, what role has the United States played in the region since 1989, and why did it move away from armed intervention?

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<v SPEAKER_3>Well, answering that question requires looking at domestic politics, as well as international politics.

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<v SPEAKER_3>We can divide 89 to the present, really into two periods, all right?

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<v SPEAKER_3>So from 89 to 2014, all right?

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<v SPEAKER_3>There was the euphoria of the end of the Cold War, redemocratization in the region was taking off.

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<v SPEAKER_3>There was a focus on regional focus, and not just the US focus, but a regional focus on recovering from the disasters of the debt and inflation crises of the 80s and the 90s.

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<v SPEAKER_3>So in that context, Latin America was looking for help, and the United States was very happy to take on the role of promoter of democracy and promoter of economic restructuring.

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<v SPEAKER_3>So there was a lot of emphasis on cooperation.

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<v SPEAKER_3>The United States did in that period ramp up its militarized approach to the drug wars, okay.

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<v SPEAKER_3>But a number of Latin American countries off and on were in favor of more, of a more forceful approach to the drug trade.

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<v SPEAKER_3>So it led to some problems here and there, but nothing major.

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<v SPEAKER_3>The important thing to understand about the 89 to 14 period is that using military force was not something that a force against Latin America was not something that could accomplish US goals and was not something that Latin American countries, even when you got left wing governments, that Latin American countries were perceived as

posing a threat to the United States.

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<v SPEAKER_3>Now that began to change in 2014, right?

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<v SPEAKER_3>It began to change in 2014 for domestic reasons inside the United States.

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<v SPEAKER_3>The this globalization program had begun to have costs to the US population and they were looking for answers.

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<v SPEAKER_3>Why?

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<v SPEAKER_3>Why is life seemingly getting away from us?

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<v SPEAKER_3>And neither the Democratic nor the Republican parties could provide answers to that because they were very invested in continuing the globalization effort without thinking about how to relieve the tensions at home.

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<v SPEAKER_3>I'm not against globalization, but one does need to take care of one's own citizens as well.

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<v SPEAKER_3>So in this context, populists, not just in the United States, but we're beginning to get that in Latin America too, who are asking the same questions.

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<v SPEAKER_3>And so populists then began offering solutions, right?

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<v SPEAKER_3>Scapegoats, and in every country, the scapegoats are first and foremost, the foreigners, right?

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<v SPEAKER_3>Then they're the marginal people, people who are seen as marginal in their own societies.

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<v SPEAKER_3>That's true in Latin America as well as in the United States.

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<v SPEAKER_3>And so the foreigners were being targeted.

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<v SPEAKER_3>And into this context, Donald Trump rises up.

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<v SPEAKER_3>Now, it's important to note that he's not the first populist who blamed foreigners, but the domestic content was not receptive to that prior to Trump, all right, prior to 2014, you know.

00:05:30.076 --> 00:05:35.896

<v SPEAKER_3>So Ross Perot, you know, talked about, you know, similar kinds of things.

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<v SPEAKER_3>And Nanute Gingrich tried to generate this stuff, but the domestic context wasn't ready.

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<v SPEAKER_3>But when Trump comes on the scene in 2015 for the presidential campaign as an outsider, because when domestic people don't find answers from the current groups running the government, they looked at outsiders and Trump was an outsider.

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<v SPEAKER_3>And Trump is a showman.

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<v SPEAKER_3>And Trump is charismatic.

00:06:08.676 --> 00:06:14.656

<v SPEAKER_3>So he built this forceful approach, because he's also a bully, you know.

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<v SPEAKER_3>I mean, that's the way he runs his businesses.

00:06:16.336 --> 00:06:17.736

<v SPEAKER_3>It's the way he runs his life.

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<v SPEAKER_3>You know, so to this blame the outsiders, he also ratcheted up, you have to use force against them.

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<v SPEAKER_3>And the US has always had this love hate relationship with military force.

00:06:31.996 --> 00:06:38.796

<v SPEAKER_3>We were a demilitarized society until World War Two, till

the aftermath of World War Two.

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<v SPEAKER_3>But you know, but about we oftentimes like it, and Hollywood helps us with that.

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<v SPEAKER_3>Right.

00:06:46.396 --> 00:07:16.496

<v SPEAKER_3>So after 2014, with a little respite with Biden, who couldn't provide any answers, after 2014, Trump's rhetoric and his bringing in his coalition, emphasized not only the foreigner, but the importance of using military force and police force to set things right, end quotes, make America great again.

00:07:16.496 --> 00:07:23.276

<v SPEAKER_3>So that's how we get this really bifurcated period, 89 to 25.

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<v SPEAKER_3>Things were moving well, you didn't need, in fact, it would have been contradictory, it wouldn't have helped us to use military force in addressing the issues that we saw from 89 to 2014.

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<v SPEAKER_3>I don't think it's going to help us now, but it's the message that Trump sends.

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<v SPEAKER_3>Unfortunately, a lot of people in the United States, we have to remember, Trump only won by a couple of 10,000s, 28,000 or something votes across five different states because of our weird system.

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<v SPEAKER_3>It's not like the country is behind Trump on all of this, and he was given a mandate.

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<v SPEAKER_3>No.

00:08:09.136 --> 00:08:17.116

<v SPEAKER_3>Unfortunately, the Republicans won control of both the House and the Senate, and they've been afraid of Trump.

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<v SPEAKER_3>You see what happens with Boebert and Marjorie Taylor Greene.

00:08:21.516 --> 00:08:31.856

<v SPEAKER_3>Trump threatens everybody inside his own group, and he has been popular enough to follow through on those kinds of threats.

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<v SPEAKER_3>But as the costs go up, which inevitably they will, the economic costs, the political costs, at some point he's going to have to put boots on the ground somewhere, or people will call his bluff, and then the American people will.

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<v SPEAKER_3>His own MAGA group doesn't like this, but if they can get it on the cheap, they're quite happy to wave the flag.

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<v SPEAKER_2>Yeah, no, it is very interesting.

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<v SPEAKER_2>The reaction from the typically framed as non-interventionist, isolationist wing of the Republican Party to very much a foreign entanglement, which is increasingly what this is looking like it could become.

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<v SPEAKER_2>It also is very interesting what you pointed out here, because this has big relevance in Venezuela, the groundswell of anti-institutionalist populism in the United States, as well as the influence of this populism on foreign policy.

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<v SPEAKER_2>I think that those two things really provide a context for why the United States has taken this new angle toward a, I believe it's the Trump corollary to the Monroe Doctrine.

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<v SPEAKER_2>We can talk a little bit about that.

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<v SPEAKER_2>It's not on the script, but we can talk a little bit about that later, but also the situation within Venezuela.

00:09:54.256 --> 00:09:59.596

<v SPEAKER_2>I would like to now turn to the development of the Venezuelan oil and gas industry.

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<v SPEAKER_2>I'm really interested in the concept of resource nationalism, as explored in your book, Resource Nationalism and Energy Policy, Venezuela in Context, published by Columbia University Press in 2022.

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<v SPEAKER_2>I'll include a link to the book in the show notes, so that anybody interested in learning more about this can find it and get a copy.

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<v SPEAKER_2>But I'd like to ask David, in the instance of Venezuela, what is the difference between resource nationalization and resource nationalism?

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<v SPEAKER_3>Okay.

00:10:37.596 --> 00:10:42.536

<v SPEAKER_3>Now, the answer I'm going to give you is very different from the answer that's floating around there.

00:10:42.536 --> 00:10:42.916

<v SPEAKER_3>Okay.

00:10:42.916 --> 00:10:54.236

<v SPEAKER_3>Because, you know, I'm a scholar and an analyst, so I'm interested in how the concepts we use can help us understand cause and effect.

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<v SPEAKER_3>And I started my career, you know, thinking about resource nationalism.

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<v SPEAKER_3>And I use it in a way that most people use it, which is it's something that is causing governments to react in particular ways and causing people to react in particular ways.

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<v SPEAKER_3>And as I studied the oil and gas industry around the world and read about it, I kept coming across these claims about resource nationalism.

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<v SPEAKER_3>And it became quickly apparent when I was trying to think about the logic of how do you get from resource nationalism to these policies.

00:11:36.036 --> 00:11:40.136

<v SPEAKER_3>That in fact, resource nationalism is not a cause.

00:11:40.136 --> 00:11:40.636

<v SPEAKER_3>Okay.

00:11:40.636 --> 00:11:44.516

<v SPEAKER_3>And the way we think about resource nationalism is very ambiguous.

00:11:44.516 --> 00:11:50.516

<v SPEAKER_3>It's basically anything we don't like becomes the result of resource nationalism.

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<v SPEAKER_3>On the other side, anything we do like is the result of resource nationalism.

00:11:55.916 --> 00:12:14.056

<v SPEAKER_3>So in the United States when there was a discussion about raising royalties, from 10% to 12%, or was 12% royalties too low, people were saying, oh, the United States is getting influenced by resource nationalism.

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<v SPEAKER_3>Well, around the world, royalties are over 50% in lots of places, lots of periods of time, okay?

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<v SPEAKER_3>And they say, well, Mexico needs 100% control of its oil fields because of resource nationalism.

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<v SPEAKER_3>Well, Hugo Chavez, when he took over, for him, resource nationalism meant bringing the foreigners down to 49% control of an oil field.

00:12:39.036 --> 00:12:45.416

<v SPEAKER_3>So how can the same concept lead to 100% in Mexico and in radical Venezuela, it's only 49%.

00:12:46.576 --> 00:12:55.516

<v SPEAKER_3>And in Mexico, they talk about Pemex, the national oil company, has to be 100% owned by the federal government because it's our resource, right?

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<v SPEAKER_3>Well, in Brazil, with Lula, on the left, the majority of common shares in the national oil company, Petrobras, are owned not by the federal government.

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<v SPEAKER_3>They're sold on the market.

00:13:14.076 --> 00:13:19.196

<v SPEAKER_3>The government maintains a golden share so they can ultimately say no to this, right?

00:13:19.196 --> 00:13:24.636

<v SPEAKER_3>So I began to think, well, what does resource nationalism really mean?

00:13:24.636 --> 00:13:29.756

<v SPEAKER_3>And what it means is really that the resource belongs to the nation.

00:13:29.756 --> 00:13:33.756

<v SPEAKER_3>Now, notice, not to the government, but to the nation, all right?

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<v SPEAKER_3>And so I began to look at the legal legislations around the world governing subsoil resources.

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<v SPEAKER_3>And I was surprised to discover that only one country in the world and a few provinces in Alberta, I think, I mean, a few provinces in Canada, I think Alberta is one of them.

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<v SPEAKER_3>It sure is.

00:13:55.396 --> 00:14:02.356

<v SPEAKER_3>Only in those places does the surface owner own the subsurface resources.

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<v SPEAKER_3>Every other country in the world, Australia, Norway, every other country in the world, the subsoil resources are owned by the nation.

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<v SPEAKER_3>So to me, what resource nationalism means is that these resources have to benefit the nation.

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<v SPEAKER_3>That means public services, public goods, public infrastructure help develop the nation, not be under the control of the government, not be used for the cronies of the government, but for the nation.

00:14:38.556 --> 00:14:47.476

<v SPEAKER_3>So it's a legitimizing factor of what the value of the resource should be used for.

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<v SPEAKER_3>Now, if that's the background, then how do we think about government policy?

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<v SPEAKER_3>Well, government policy is what the government empower, whether it's a domestic government, a democratic government or a authoritarian government.

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<v SPEAKER_3>It's how the government decides to try and utilize those resources.

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<v SPEAKER_3>When the government, whether it's Hugo Chavez's government or George Bush's government, well, not George Bush, because we don't have national ownership of the resource here.

00:15:20.436 --> 00:15:26.896

<v SPEAKER_3>Whether it's Norwegian government or Hugo Chavez's government.

00:15:26.896 --> 00:15:36.856

<v SPEAKER_3>When they provide access to the resource, so that people can exploit the resource, bring it up out of the ground.

00:15:36.856 --> 00:15:39.396

<v SPEAKER_3>In the ground, it doesn't create value.

00:15:39.396 --> 00:15:42.196

<v SPEAKER_3>You got to bring it up out of the ground and put it in the market.

00:15:44.596 --> 00:15:46.616

<v SPEAKER_3>Governments have policies to do that.

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<v SPEAKER_3>My book's about this.

00:15:50.956 --> 00:16:02.096

<v SPEAKER_3>The governments can do it in a way that generates wealth for the nation, or they can do it in ways that generates wealth for the government and its partisans.

00:16:02.796 --> 00:16:06.676

<v SPEAKER_3>Whether it's a democracy or unauthoritarian government.

00:16:06.676 --> 00:16:17.656

<v SPEAKER_3>And the legitimizing factor of Resource Nationalism only functions if it's being used for the benefit of the nation.

00:16:17.656 --> 00:16:25.936

<v SPEAKER_3>This is why you get people in Venezuela saying, Oh, no, no, well, what Chavez is doing with our oil is just benefiting his own people.

00:16:25.936 --> 00:16:30.396

<v SPEAKER_3>And when that's true, okay, well, then that's not Resource Nationalism.

00:16:31.896 --> 00:16:39.196

<v SPEAKER_3>That's Chavez using the resources for his own government, good, and for his partisans.

00:16:39.196 --> 00:16:42.476

<v SPEAKER_3>The nation is made up of lots of different people.

00:16:42.476 --> 00:16:43.956

<v SPEAKER_3>And it's the nation's wealth.

00:16:43.956 --> 00:16:46.936

<v SPEAKER_3>It's not the wealth of a particular group.

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<v SPEAKER_3>So what is Nationalization?

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<v SPEAKER_3>Nationalization is just one kind of policy that a government can utilize to generate wealth through the natural resources.

00:16:59.156 --> 00:16:59.556

<v SPEAKER_3>All right.

00:16:59.556 --> 00:17:03.376

<v SPEAKER_3>And Nationalization runs the gamut.

00:17:03.376 --> 00:17:14.576

<v SPEAKER_3>You know, I mean, as I mentioned just now, for Chavez, nationalizing the oil industry meant making sure that foreigners only had 49 percent of the control.

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<v SPEAKER_3>In Mexico, the claim is that less than 100 percent of control over the oil fields is not right, and you have to have 100 percent.

00:17:26.216 --> 00:17:28.716

<v SPEAKER_3>So nationalization is 100 percent.

00:17:28.736 --> 00:17:33.316

<v SPEAKER_3>How can it be 100 percent in one place and 49 percent in another place, right?

00:17:33.316 --> 00:17:39.996

<v SPEAKER_3>And then it's nationalization of the pipelines or nationalization of a company, nationalization of the refineries.

00:17:39.996 --> 00:17:46.956

<v SPEAKER_3>In Mexico, it's even nationalization of the gas stations that sold the gasoline.

00:17:46.956 --> 00:17:49.736

<v SPEAKER_3>Well, it had to be owned by Mexicans, right?

00:17:49.736 --> 00:17:52.316

<v SPEAKER_3>It had to be owned by the Mexican National Oil Company.

00:17:52.896 --> 00:17:58.436

<v SPEAKER_3>So, nationalization is a policy, but it's a wide-ranging policy.

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<v SPEAKER_3>In and of itself, it doesn't tell us if it's good policy or bad policy.

00:18:05.036 --> 00:18:15.596

<v SPEAKER_3>You have to look at the context to see if the results that you're getting from the nationalization are effective, efficient, and sustainable.

00:18:15.596 --> 00:18:18.156

<v SPEAKER_3>If they're not, then it's not a good policy.

00:18:18.156 --> 00:18:19.916

<v SPEAKER_3>If they are, well, then it's a good policy.

00:18:20.956 --> 00:18:23.796

<v SPEAKER_2>This discussion actually is quite relevant for Canada as well.

00:18:24.196 --> 00:18:36.756

<v SPEAKER_2>I think that I owe my listeners, some of them might be upset with me if I didn't provide just a small clarification that Alberta, for sure, there are examples in Alberta.

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<v SPEAKER_2>I think around 8 percent of Alberta's resources are owned privately.

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<v SPEAKER_2>I think that's called Freehold Mineral Ownership.

00:18:45.176 --> 00:18:45.396

<v SPEAKER_2>Yes.

00:18:45.816 --> 00:18:54.896

<v SPEAKER_2>It exists in Alberta, but I think that's mainly from lands that were owned before the province of Alberta came into place.

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<v SPEAKER_2>That would include those lands as well as the land owned by CP Rail, which that land was all purchased by CP Rail before Alberta came into place.

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<v SPEAKER_2>Alberta owns or the people of Alberta, like you said, the nation of Alberta.

00:19:09.556 --> 00:19:20.316

<v SPEAKER_2>I know that there's going to be a little bit of controversy for me, say the nation of Alberta, but Alberta owns the resource other than those freehold, mineral ownership.

00:19:20.316 --> 00:19:21.476

<v SPEAKER_3>I'm glad to clarify that.

00:19:21.476 --> 00:19:21.996

<v SPEAKER_3>Yeah.

00:19:21.996 --> 00:19:25.696

<v SPEAKER_3>I mean, in the United States, there's some federal lands and there's some state lands.

00:19:25.696 --> 00:19:26.256

<v SPEAKER_2>Exactly.

00:19:26.256 --> 00:19:30.876

<v SPEAKER_3>There's the government, the nation, the state, the people of California own this.

00:19:32.056 --> 00:19:33.676

<v SPEAKER_3>But it really is the surface.

00:19:33.676 --> 00:19:36.756

<v SPEAKER_3>What the focus is on, who owns the surface.

00:19:36.756 --> 00:19:50.996

<v SPEAKER_2>But I'd say overall, there was never a need for nationalization in Alberta because most of the resources from the

beginning of Alberta were categorized as being owned by Alberta and the people of Alberta.

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<v SPEAKER_2>So that's important, important little clarity there.

00:19:55.956 --> 00:20:12.416

<v SPEAKER_2>But yeah, what you're saying about the legitimization of the resource nationalism comes from how much the benefits of that are brought to the people of the place, the people of the nation.

00:20:12.416 --> 00:20:19.236

<v SPEAKER_2>That's also an important discussion here in Canada, where it comes to the use of royalty revenues.

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<v SPEAKER_2>There's a lot of debates over the use of royalties and whether they're being invested in the correct things.

00:20:27.996 --> 00:20:49.536

<v SPEAKER_2>But just to dig a little bit deeper into resource nationalism and the interaction between this and the global markets, because even though the resource is owned, the value of it is entirely related to a mostly free international market.

00:20:49.536 --> 00:20:56.396

<v SPEAKER_2>Well, I suppose controlled domestic markets in a lot of places and then relatively free international markets.

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<v SPEAKER_2>I guess, what do you think is the relationship between resource nationalism and the various levels of commodity prices?

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<v SPEAKER_2>Specifically, when commodity prices are high, is that a key time for resource nationalism?

00:21:13.856 --> 00:21:15.096

<v SPEAKER_3>Okay.

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<v SPEAKER_3>Well, having just said why I didn't think resource nationalism was a good way of thinking about this, I would say there isn't a relationship between resource nationalism and high commodity prices.

00:21:28.836 --> 00:21:39.216

<v SPEAKER_3>There's a relationship between natural resource government policy and high commodity prices.

00:21:40.056 --> 00:21:43.916

<v SPEAKER_3>But that relationship is not straightforward.

00:21:43.916 --> 00:21:46.016

<v SPEAKER_3>It's complicated.

00:21:46.016 --> 00:21:46.376

<v SPEAKER_3>Why?

00:21:46.376 --> 00:21:58.736

<v SPEAKER_3>Because we can see that when there's high commodity prices, nations that own the resource, some of them try and use that as leverage to get better deals.

00:21:58.736 --> 00:22:00.996

<v SPEAKER_3>But not all of them do.

00:22:00.996 --> 00:22:08.776

<v SPEAKER_3>So again, back to well, resource nationalism isn't the driver, it's government policy, which is determined by other things.

00:22:09.036 --> 00:22:11.036

<v SPEAKER_3>That's the driver, okay?

00:22:11.036 --> 00:22:15.196

<v SPEAKER_3>I would say that the market, okay?

00:22:15.196 --> 00:22:21.396

<v SPEAKER_3>The market context provides incentives for doing things, all right?

00:22:21.396 --> 00:22:33.736

<v SPEAKER_3>And some governments decide that when the demand for a resource exceeds the supply, that they can actually get better deals.

00:22:34.316 --> 00:22:45.816

<v SPEAKER_3>And so some governments will insist that new contracts reflect that difference in the market, okay?

00:22:47.016 --> 00:22:55.296

<v SPEAKER_3>Other governments will say, well, the government, the contracts we already signed aren't good ones because the value is up.

00:22:55.296 --> 00:22:58.136

<v SPEAKER_3>So we want to break those contracts, all right?

00:22:58.136 --> 00:22:59.176

<v SPEAKER_3>And let's have new contracts.

00:22:59.256 --> 00:23:05.896

<v SPEAKER_3>That's what happened in Venezuela in 2004 to 2007, all right?

00:23:05.896 --> 00:23:17.396

<v SPEAKER_3>Now, but notice, I did say that there's a variation on whether it's new contracts or you're breaking old contracts and not all governments will do it, okay?

00:23:17.396 --> 00:23:23.336

<v SPEAKER_3>And then we'll see sometimes when prices are low, okay?

00:23:23.336 --> 00:23:30.836

<v SPEAKER_3>Some governments will still try and break contracts, or some governments will still try and say, oh, you got to give us this.

00:23:30.836 --> 00:23:33.996

<v SPEAKER_3>Think about lithium and Bolivia, okay?

00:23:33.996 --> 00:23:41.436

<v SPEAKER_3>In 2006, the Bolivian government said, well, if you want our lithium, which they weren't producing, okay?

00:23:41.436 --> 00:23:45.256

<v SPEAKER_3>And the price of lithium was low, okay?

00:23:45.256 --> 00:23:52.916

<v SPEAKER_3>If you want our lithium, you have to build electric batteries in Bolivia, maybe even electric vehicles in Bolivia.

00:23:52.916 --> 00:23:57.976

<v SPEAKER_3>You think about the Bolivian economic and educational context and you say, how could that possibly happen?

00:23:57.976 --> 00:23:59.896

<v SPEAKER_3>Well, the government said it had to happen.

00:23:59.896 --> 00:24:01.276

<v SPEAKER_3>So what's the result of it?

00:24:01.276 --> 00:24:04.576

<v SPEAKER_3>Nobody exploited Bolivia's lithium.

00:24:04.576 --> 00:24:13.056

<v SPEAKER_3>Australia made a lot of money, Chile made a lot of money, Argentina made a lot of money, Bolivia didn't make any money from their lithium, and it's still in the ground.

00:24:14.116 --> 00:24:18.036

<v SPEAKER_3>So it doesn't mean that you're going to have an appropriate policy.

00:24:18.036 --> 00:24:26.576

<v SPEAKER_3>You might have had a policy that worked with the private sector to develop the lithium thing and you get 50% of the revenues or whatever.

00:24:26.576 --> 00:24:30.656

<v SPEAKER_3>I mean, this is what Venezuela did in 1943 with the oil companies.

00:24:30.656 --> 00:24:32.936

<v SPEAKER_3>They told the oil companies, you want our oil?

00:24:33.116 --> 00:24:35.796

<v SPEAKER_3>We got to have a 50-50 split.

00:24:35.796 --> 00:24:37.576

<v SPEAKER_3>But that was radical at the time.

00:24:37.576 --> 00:24:39.676

<v SPEAKER_3>And it wasn't even a left-wing government.

00:24:39.676 --> 00:24:42.356

<v SPEAKER_3>It was a general who said that.

00:24:42.356 --> 00:24:54.696

<v SPEAKER_3>And it built Venezuela into a middle society that was wealthy until later, until the collapses of the 80s and 90s.

00:24:54.696 --> 00:25:03.296

<v SPEAKER_3>But yeah, so I would say that the way to think about high commodity prices is that they're opportunities.

00:25:04.656 --> 00:25:10.256

<v SPEAKER_3>Some people think of them as short-term opportunities because you don't know what's going to happen.

00:25:10.256 --> 00:25:19.296

<v SPEAKER_3>When you're talking about most natural resources, you're talking about a lot of investment over a long period of time.

00:25:20.456 --> 00:25:25.836

<v SPEAKER_3>So just because prices are high today, doesn't necessarily mean they're going to be high in five years.

00:25:26.136 --> 00:25:36.596

<v SPEAKER_3>If you're putting billions of dollars into oil wells, that oil well is going to pump for what, 10, 15, 20 years?

00:25:37.096 --> 00:25:42.336

<v SPEAKER_3>You want to think about what's the value of the oil going to be over that time period.

00:25:42.336 --> 00:25:55.276

<v SPEAKER_3>If you think this is just a little blimp and the government is saying, well, commodity prices are high, and companies are thinking, yeah, temporarily, you're not going to have much leverage as a government.

00:25:55.816 --> 00:26:03.016

<v SPEAKER_3>Lots of governments don't understand that either, because it's a variety of factors that lead to government policy.

00:26:03.016 --> 00:26:04.096

<v SPEAKER_2>Yeah.

00:26:04.096 --> 00:26:21.056

<v SPEAKER_2>I think the leverage angle is important here too, where it comes to government policymaking, because I think that there's various discussions up here in Canada too, about, and people usually don't use the term economic nationalism.

00:26:21.056 --> 00:26:32.976

<v SPEAKER_2>But for example, Canada's EV strategy is similar to the way that Bolivia's was being developed where we have our own critical minerals resources, and we were trying to go up the value chain to build batteries.

00:26:33.056 --> 00:26:46.036

<v SPEAKER_2>We have a few more factors of production that Bolivia might have had at the time, but there's still broad non-alignment, and now we're seeing a few of these battery factories pulling out of the country.

00:26:46.956 --> 00:26:48.556

<v SPEAKER_2>There's always those questions.

00:26:48.556 --> 00:27:12.696

<v SPEAKER_2>But David, I'm really interested in the emphasis that's being put here on the inclusive political institutions and how these interact with government policy and the quality of policy toward responsible resource management and the management of resources for the good of the people of a country.

00:27:14.436 --> 00:27:31.556

<v SPEAKER_2>Yeah, for now, with the recent events, it does seem like the Venezuelan government has been kept in place without any significant reforms where it comes to the ability of the Venezuelan people to really have a say in their own governance.

00:27:31.816 --> 00:27:40.856

<v SPEAKER_2>And there's people who have various opinions on the quality of Venezuelan government.

00:27:40.856 --> 00:27:51.116

<v SPEAKER_2>But overall, I believe your view is that Venezuelan institutions are overall not inclusive and not allowing for the will of the people to be transmitted into this.

00:27:51.436 --> 00:28:08.256

<v SPEAKER_2>But I'd like to know from your view, what makes Venezuelan institutions not inclusive and what real impacts has this had on the health of the energy sector and maybe health more broadly of energy in Venezuela?

00:28:08.276 --> 00:28:10.236

<v SPEAKER_3>Okay.

00:28:10.236 --> 00:28:41.796

<v SPEAKER_3>Well, by inclusiveness, what I mean is having an institutional structure that permits the various groups in society, the opportunity to express their interests, say what they prefer, what they're willing to pay, be a participant in government along with the other groups.

00:28:41.796 --> 00:28:57.256

<v SPEAKER_3>Inclusiveness is not about getting the outcome that you want, because one of the things we know about democracy is that democracies don't all produce the same policies.

00:28:57.256 --> 00:29:05.056

<v SPEAKER_3>Democracies don't produce exactly what any one particular group wants, because democracies are made up of coalitions.

00:29:05.056 --> 00:29:15.516

<v SPEAKER_3>Even Trump's political power in the United States is the result of a coalition of a number of different groups.

00:29:15.516 --> 00:29:18.156

<v SPEAKER_3>We think of MAGA, but MAGA is just one of the groups.

00:29:19.356 --> 00:29:23.896

<v SPEAKER_3>Then we think about the powerful elite, the rich guys.

00:29:25.656 --> 00:29:26.876

<v SPEAKER_3>They are one of the groups.

00:29:26.876 --> 00:29:29.376

<v SPEAKER_3>He's got to win votes.

00:29:29.376 --> 00:29:34.796

<v SPEAKER_3>He can't frighten the Congress by saying, I'm going to arrest you.

00:29:34.796 --> 00:29:39.856

<v SPEAKER_3>He frightens the Congress by saying, I'm going to tell people not to vote for you.

00:29:39.856 --> 00:29:41.156

<v SPEAKER_3>Now, who are the voters?

00:29:41.156 --> 00:29:49.576

<v SPEAKER_3>Well, we saw in the last election, young people, 18 to 29, they were worried about their job prospects.

00:29:49.576 --> 00:29:52.176

<v SPEAKER_3>They weren't worried about immigration per se.

00:29:52.176 --> 00:29:56.236

<v SPEAKER_3>They weren't worried about making America great again.

00:29:56.236 --> 00:29:58.916

<v SPEAKER_3>They were worried about their job prospects.

00:30:01.476 --> 00:30:05.636

<v SPEAKER_3>Trump made an argument that he could solve that.

00:30:05.636 --> 00:30:08.876

<v SPEAKER_3>So they voted for Trump.

00:30:08.876 --> 00:30:14.656

<v SPEAKER_3>If you look at the anti-abortion groups, they're not necessarily MAGA, Make America Great Again.

00:30:14.656 --> 00:30:16.336

<v SPEAKER_3>They're focused on abortion.

00:30:16.336 --> 00:30:17.896

<v SPEAKER_3>So you build this coalition.

00:30:17.896 --> 00:30:20.356

<v SPEAKER_3>Now, what does that mean in terms of inclusiveness?

00:30:20.356 --> 00:30:46.916

<v SPEAKER_3>It means that a well-functioning society and government is made up of people who articulate their interests in a way that recognizes the right of others to articulate their interests, and they try and build coalitions to get a majority so that they can get policy passed.

00:30:46.916 --> 00:30:54.676

<v SPEAKER_3>This is why policy never is exactly what any one particular group wants, because it's made up of coalition.

00:30:54.676 --> 00:31:04.156

<v SPEAKER_3>Now, in order for that to function, you got to have freedom of speech, and you got to have freedom of the press, right?

00:31:04.156 --> 00:31:10.516

<v SPEAKER_3>Now, what does that mean in terms of the oil industry?

00:31:10.516 --> 00:31:11.176

<v SPEAKER_3>All right.

00:31:11.176 --> 00:31:18.836

<v SPEAKER_3>Well, let's look first at what would a good oil industry look like for the country?

00:31:18.836 --> 00:31:19.436

<v SPEAKER_3>All right.

00:31:19.436 --> 00:31:25.816

<v SPEAKER_3>Well, it would be an oil industry that pays attention to its environmental issues, all right?

00:31:26.316 --> 00:31:29.356

<v SPEAKER_3>That generates wealth, all right?

00:31:30.476 --> 00:31:34.556

<v SPEAKER_3>That generates wealth for the nation.

00:31:34.556 --> 00:31:37.456

<v SPEAKER_3>It doesn't mean you can't make profits.

00:31:37.456 --> 00:31:39.256

<v SPEAKER_3>They're going to make profits, all right?

00:31:39.256 --> 00:31:58.876

<v SPEAKER_3>But it means that those profits will be, in a sense, competitive because the interests of the shareholders of the company and the interests of the citizens who have a government in place that sets the rules by which the oil companies can operate, all right?

00:31:58.876 --> 00:32:07.516

<v SPEAKER_3>So when that's working well, you have an oil industry that is expanding because they're making money.

00:32:07.516 --> 00:32:15.296

<v SPEAKER_3>So they're expanding, investing, they're cleaning up their act, all right?

00:32:15.296 --> 00:32:18.216

<v SPEAKER_3>They're beginning to invest in green energy.

00:32:18.216 --> 00:32:20.356

<v SPEAKER_3>We see this all over the world, all right?

00:32:20.356 --> 00:32:20.716

<v SPEAKER_3>Why?

00:32:20.716 --> 00:32:23.096

<v SPEAKER_3>Because they see the future down there.

00:32:23.096 --> 00:32:26.476

<v SPEAKER_3>And they also know that the public wants them to invest in some places.

00:32:26.476 --> 00:32:30.696

<v SPEAKER_3>The public wants them to invest in green energy, all right?

00:32:30.696 --> 00:32:35.916

<v SPEAKER_3>So this is a well-functioning oil and gas industry.

00:32:35.916 --> 00:32:37.976

<v SPEAKER_3>Oil and gas are going to be around for a long time.

00:32:38.336 --> 00:32:44.056

<v SPEAKER_3>So we want them to be around in ways that benefit our society, all right?

00:32:44.056 --> 00:32:48.616

<v SPEAKER_3>They develop relationships with the local communities, et cetera, et cetera.

00:32:48.616 --> 00:32:52.656

<v SPEAKER_3>Now, you don't have inclusiveness in the government.

00:32:52.656 --> 00:33:11.236

<v SPEAKER_3>That means that the government's policies towards the oil and gas industry are going to be very controversial, because the people who are not included are going to see that the benefits of their resource are going to particular sectors.

00:33:11.236 --> 00:33:13.416

<v SPEAKER_3>Now, what does that mean for the oil industry?

00:33:13.416 --> 00:33:26.056

<v SPEAKER_3>It means that oil companies, which are made up of a lot of bright people who look at the world economy, who look at what are

called opportunity costs.

00:33:26.416 --> 00:33:28.176

<v SPEAKER_3>What does opportunity cost mean?

00:33:28.176 --> 00:33:32.296

<v SPEAKER_3>It means if I don't invest here, I could invest there.

00:33:32.296 --> 00:33:37.076

<v SPEAKER_3>If I invest there, I can't invest here, because I have limited capital.

00:33:38.476 --> 00:34:07.116

<v SPEAKER_3>So when you have a situation like, let's take Nigeria or even Venezuela after 2007, companies will look at that situation and say, I can't have confidence that this industry will be around with these contracts in the future, because the governments don't have the legitimacy of the people behind them.

00:34:07.116 --> 00:34:11.956

<v SPEAKER_3>Who knows when the government is going to collapse and you get somebody else in?

00:34:11.956 --> 00:34:14.396

<v SPEAKER_3>You get somebody else in, they got different cronies.

00:34:14.396 --> 00:34:22.616

<v SPEAKER_3>If it's an authoritarian government and they want to rip up the contracts and build contracts that benefit their cronies, not the old guy's cronies.

00:34:22.616 --> 00:34:26.996

<v SPEAKER_3>Or if it's a democracy, they're going to say, these contracts are pretty bad.

00:34:26.996 --> 00:34:29.796

<v SPEAKER_3>We need new contracts.

00:34:29.796 --> 00:34:36.036

<v SPEAKER_3>The oil and gas industry will look at that and say, I can make profits here.

00:34:36.036 --> 00:34:38.176

<v SPEAKER_3>Yeah, I can make profits.

00:34:38.236 --> 00:34:40.256

<v SPEAKER_3>Chevron's in Venezuela.

00:34:40.256 --> 00:34:45.556

<v SPEAKER_3>They made some profits, but they were looking, we don't

want to get out of here.

00:34:45.556 --> 00:34:47.696

<v SPEAKER_3>In Nigeria, they're making profits.

00:34:50.276 --> 00:34:55.376

<v SPEAKER_3>They're making profits in the short term because they don't know if they can make profits in the long term.

00:34:55.376 --> 00:34:56.096

<v SPEAKER_3>What does that mean?

00:34:56.096 --> 00:35:01.416

<v SPEAKER_3>It means they want more profits now, and it means they're not investing for the long term.

00:35:01.416 --> 00:35:03.976

<v SPEAKER_3>So you get an oil industry that doesn't get developed.

00:35:05.496 --> 00:35:19.316

<v SPEAKER_3>There's Chevron, there's Total, there's any, there's Repsol in Venezuela, there's the Russian oil company in Venezuela, there's the Chinese companies in Venezuela.

00:35:19.316 --> 00:35:23.736

<v SPEAKER_3>There are a number of companies in Venezuela, right?

00:35:23.736 --> 00:35:28.376

<v SPEAKER_3>But yet the oil industry was dying.

00:35:28.376 --> 00:35:28.776

<v SPEAKER_3>Why?

00:35:28.776 --> 00:35:42.636

<v SPEAKER_3>Because none of those companies, the Chavistas would have been quite happy if the oil companies had just put in a lot more money into the oil industry and built it, you know, because they were taking everything out of it.

00:35:42.636 --> 00:35:45.436

<v SPEAKER_3>So you put your money in, we'll take it out, right?

00:35:45.436 --> 00:35:48.456

<v SPEAKER_3>Well, that killed the Venezuelan oil industry.

00:35:48.456 --> 00:35:51.816

<v SPEAKER_3>I mean, it brought it to its knees, to its ankles, really.

00:35:55.376 --> 00:35:58.076

<v SPEAKER_3>So that's what's bad for the oil industry.

00:35:58.076 --> 00:36:07.956

<v SPEAKER_3>It doesn't mean it's bad for an oil company in the long run because, you know, I mean, ExxonMobil got out of Venezuela, they went to Guayana, right?

00:36:07.956 --> 00:36:09.236

<v SPEAKER_3>They went somewhere else.

00:36:09.236 --> 00:36:14.136

<v SPEAKER_3>Still the, you know, the biggest US oil company, and they're making a ton of money, right?

00:36:14.136 --> 00:36:16.176

<v SPEAKER_3>Well, because of the opportunity cost.

00:36:16.176 --> 00:36:23.496

<v SPEAKER_3>But what it means for the Venezuelan people is that their oil industry got destroyed, okay?

00:36:23.496 --> 00:37:09.676

<v SPEAKER_3>So even when they can get back in to power and have a democratic government, they got an oil industry that is a total mess and really can't develop for the Venezuelan people without making a whole bunch of expensive investments and having to provide, and I hope we can get into this later, but having to provide higher profits for oil companies and foreigners and the bondholders who bought all these bonds and they got defaulted on and whatnot, then it wouldn't have happened if you'd had a stable expanding oil industry.

00:37:09.676 --> 00:37:10.016

<v SPEAKER_2>Yeah.

00:37:10.476 --> 00:37:18.456

<v SPEAKER_2>You need the incentives to make the oil companies think about, okay, we're going to be in this country for the next 50 years.

00:37:18.456 --> 00:37:24.136

<v SPEAKER_2>We should have good relations with the people who live near our facilities and with the general public.

00:37:25.156 --> 00:37:36.296

<v SPEAKER_2>So rather than just trying to make a quick buck in the next few years before it gets nationalized or contracts get broken or anything like that.

00:37:36.296 --> 00:37:38.076

<v SPEAKER_2>Is that what you're saying about that?

00:37:38.076 --> 00:37:38.336

<v SPEAKER_2>Yeah.

00:37:38.336 --> 00:37:42.036

<v SPEAKER_3>I'm not saying that making quick bucks doesn't happen.

00:37:42.036 --> 00:37:51.856

<v SPEAKER_3>But what I'm saying is that when companies are focused on making the quick buck, the oil industry, the oil and gas industry doesn't develop in a healthy way.

00:37:51.856 --> 00:37:52.656

<v SPEAKER_2>Yeah, absolutely.

00:37:52.736 --> 00:37:57.276

<v SPEAKER_3>It doesn't develop in a way that benefits the people of the nation.

00:37:58.416 --> 00:38:00.176

<v SPEAKER_3>Think about Norway.

00:38:01.936 --> 00:38:08.396

<v SPEAKER_3>They started out, they didn't have an oil industry before the 1970s.

00:38:08.396 --> 00:38:20.776

<v SPEAKER_3>They built that oil industry in conjunction with private Norwegian companies and in conjunction with international oil companies, oil and gas companies.

00:38:20.776 --> 00:38:29.716

<v SPEAKER_3>They have a national oil company and they have the richest sovereign wealth fund in the world.

00:38:29.716 --> 00:38:32.976

<v SPEAKER_3>They have more in their sovereign wealth fund than Saudi Arabia has.

00:38:32.976 --> 00:38:39.456

<v SPEAKER_2>That loops back to my earlier point about the use of Albertan royalty revenues, which is often brought up.

00:38:41.276 --> 00:39:00.176

<v SPEAKER_2>It's called the Heritage Fund in Alberta, and it was supposed to be modeled in a similar vein as the Norwegian Sovereign Wealth Fund, but it didn't end up having the same success because it was used as a backup fiscal stabilizer for the governor of Alberta, unfortunately.

00:39:00.936 --> 00:39:06.376

<v SPEAKER_2>That's one thing that has always been thought of as a could have been here in Alberta.

00:39:07.216 --> 00:39:14.896

<v SPEAKER_2>But I'd like to, and for sure we can talk more about the incentives within Venezuela.

00:39:14.896 --> 00:39:20.156

<v SPEAKER_2>I think that these next few questions might actually get into that.

00:39:20.156 --> 00:39:35.476

<v SPEAKER_2>So one of Hugo Chavez's legacies, of course, is the seizure of Western oil company assets, or like you said, the changing of contracts to give the Venezuelan government more control over these assets.

00:39:35.476 --> 00:39:38.456

<v SPEAKER_2>This is between 2004 and 2007.

00:39:40.076 --> 00:39:49.896

<v SPEAKER_2>In this includes kind of the taking Exxon and ConocoPhillips assets in 2007.

00:39:49.896 --> 00:39:56.536

<v SPEAKER_2>At the same time, Chavez did also announce the country's withdrawal from the World Bank and the IMF.

00:39:57.536 --> 00:40:09.756

<v SPEAKER_2>Though, as far as I can tell, I mean, I'm not sure, I haven't gotten incredible information on this, but as far as I can tell, the country is still a formal, if inactive member of these two institutions.

00:40:09.756 --> 00:40:37.536

<v SPEAKER_2>Importantly, the World Bank's International Center for Settlement of Investment Disputes ordered the government of Venezuela to pay Exxon and ConocoPhillips major settlements worth billions of dollars because of the changes in these contracts, which have been to some like labeled as, I believe one of the judgments for the ConocoPhillips thing was labeled as an illegal expropriation by the World Bank.

00:40:38.056 --> 00:40:49.916

<v SPEAKER_2>I'm really curious though, how does the Venezuelan government and how do Venezuelan citizens think of these international institutions and the rules-based international order?

00:40:50.276 --> 00:40:57.676

<v SPEAKER_2>How does this impact the security, I suppose, of

international oil investment?

00:40:57.676 --> 00:40:59.076
<v SPEAKER_3>Okay.

00:40:59.076 --> 00:41:01.856
<v SPEAKER_3>Well, we have to break down Venezuelans.

00:41:01.876 --> 00:41:03.796
<v SPEAKER_3>Which Venezuelans we're talking about.

00:41:03.816 --> 00:41:04.016
<v SPEAKER_2>Yeah.

00:41:04.316 --> 00:41:09.216
<v SPEAKER_2>I actually wanted to ask also earlier, what are the coalitions within Venezuela?

00:41:09.216 --> 00:41:20.556
<v SPEAKER_2>We were talking about coalitions of people and I've been hearing about, it's opaque sometimes what the coalitions are within Venezuela who hold power.

00:41:20.556 --> 00:41:25.836
<v SPEAKER_2>But I guess we can get into that just after here, but I guess first of all, yeah, the-

00:41:25.836 --> 00:41:26.296
<v SPEAKER_3>Yeah.

00:41:26.296 --> 00:41:44.636
<v SPEAKER_3>Well, I mean, the current Venezuelan government, just like the Trump administration and its supporters, don't like international institutions because they see international institutions as things that will block them from doing what they want to do.

00:41:46.256 --> 00:41:51.336
<v SPEAKER_3>Now, that leads us to the question of, why do these international institutions exist?

00:41:53.116 --> 00:42:03.336
<v SPEAKER_3>Well, they exist not because somebody decreed that they had to exist and forces nations to join.

00:42:03.336 --> 00:42:09.696
<v SPEAKER_3>They exist because they cover a gap in what governments can actually do.

00:42:11.496 --> 00:42:15.436
<v SPEAKER_3>Now, let's think about what is the gap that the IMF

covers.

00:42:16.136 --> 00:42:28.316

<v SPEAKER_3>Well, when countries get into a problem with their external debt, they borrow too much, their commodity prices have gone down, whatever.

00:42:28.316 --> 00:42:35.456

<v SPEAKER_3>They don't want to tax their own people, so they keep borrowing money, whatever, for whatever reason, all right?

00:42:37.196 --> 00:42:43.756

<v SPEAKER_3>The country can respond, the government can respond to this crisis in one or two ways, all right?

00:42:43.756 --> 00:42:48.696

<v SPEAKER_3>It can close down the economy so that they're not buying more things, right?

00:42:48.696 --> 00:42:53.156

<v SPEAKER_3>And try and save money to pay off their debts, all right?

00:42:53.156 --> 00:42:54.576

<v SPEAKER_3>Why do they have to pay off their debts?

00:42:54.576 --> 00:42:56.576

<v SPEAKER_3>Because they can't borrow anymore, right?

00:42:56.576 --> 00:43:01.716

<v SPEAKER_3>And most commerce is not done on the basis of cash transactions, right?

00:43:03.896 --> 00:43:07.816

<v SPEAKER_3>So, they could close off their economy and try and be autarkic, okay?

00:43:07.816 --> 00:43:12.616

<v SPEAKER_3>That's a huge cost for the nation, right?

00:43:12.616 --> 00:43:19.556

<v SPEAKER_3>Or, they could look for some way in which they could try and restructure their debt, okay?

00:43:21.396 --> 00:43:46.336

<v SPEAKER_3>Now, if a country says, I'm going to restructure my debt, and they've been adopting policies that either don't respond to external problems, like falling commodity prices, or the crisis is the result of the government just publishing too much money because they're trying to solve all their problems at once, plus corruption, you know, all this other stuff, right?

00:43:46.336 --> 00:43:50.056

<v SPEAKER_3>So, if that government says, well, look, I'm just going to restructure my debt.

00:43:50.056 --> 00:43:52.376

<v SPEAKER_3>Who's going to believe them, right?

00:43:52.376 --> 00:44:02.056

<v SPEAKER_3>Are you going to lend them all of a sudden, you know, \$50 billion while they try and restructure their debt, they're not going to change their policies, right?

00:44:02.056 --> 00:44:23.556

<v SPEAKER_3>So the IMF was created as a way in which it could ease the transition so that governments could not close down their economies, but keep their economies somewhat open while they restructured the problems at home that created the debt crisis, all right?

00:44:25.696 --> 00:44:35.956

<v SPEAKER_3>And they'll provide incentives with letting the money to do that, but on the pain of pulling that money out if the governments don't do it.

00:44:35.956 --> 00:44:37.216

<v SPEAKER_3>Now, how would they know?

00:44:37.216 --> 00:44:38.256

<v SPEAKER_3>Well, they have teams.

00:44:38.436 --> 00:44:49.396

<v SPEAKER_3>The government signs an IMF agreement, they go in there, boom, you know, they look at the books, they see what's going on, they follow the money trail, they know what you're doing, all right?

00:44:49.996 --> 00:44:59.656

<v SPEAKER_3>So that's designed to give credibility to the government's promise of, oh, I made a mistake, you know, so now I'm going to fix it.

00:44:59.656 --> 00:45:09.996

<v SPEAKER_3>And what most people don't understand when you think about the BRICS and the BRIC Bank, the BRIC Bank is funded by China mainly, nobody else has the money.

00:45:11.056 --> 00:45:30.236

<v SPEAKER_3>But the China BRIC Bank, the BRIC Bank, all right, has a stipulation that if you need a loan to help stabilize your economy, to fix your balance of payments, all right, the BRICS Bank will lend you

that money.

00:45:30.236 --> 00:45:34.756

<v SPEAKER_3>But first you have to go to the IMF and get an agreement from the IMF.

00:45:34.756 --> 00:45:36.576

<v SPEAKER_3>So not even the Chinese.

00:45:36.576 --> 00:45:37.716

<v SPEAKER_3>Why not even the Chinese?

00:45:37.716 --> 00:45:40.036

<v SPEAKER_3>Because they learn from Venezuela, right?

00:45:40.036 --> 00:45:43.336

<v SPEAKER_3>They learn from places in Africa.

00:45:43.336 --> 00:45:48.176

<v SPEAKER_3>They learn you just give money to people, well, they're not going to spend it necessarily in wise ways.

00:45:48.876 --> 00:45:54.236

<v SPEAKER_2>That's a good way to get friends for a little while until you realize they're not paying you back.

00:45:54.236 --> 00:45:55.656

<v SPEAKER_3>And the World Bank, all right?

00:45:55.656 --> 00:45:59.636

<v SPEAKER_3>Now, World Bank funds projects, all right?

00:45:59.636 --> 00:46:14.736

<v SPEAKER_3>But the World Bank funds projects after they see the project plans, after they evaluate the business plan for the project, because they want to make sure that there's not too much corruption.

00:46:14.736 --> 00:46:19.236

<v SPEAKER_3>You can't get rid of corruption 100 percent, but they want to make sure there's not too much corruption.

00:46:19.236 --> 00:46:29.716

<v SPEAKER_3>They want to make sure that this project in which you're putting some of your own country's money in and the bank's putting money in, that this project will in fact function.

00:46:29.716 --> 00:46:37.096

<v SPEAKER_3>It'll generate a revenue to pay off the loans that are being used to build this project, all right?

00:46:37.096 --> 00:46:48.896

<v SPEAKER_3>So governments don't necessarily like that because you can see the US Congress, you know, they like to just have projects that benefit the constituencies of the member of the Congress, right?

00:46:48.896 --> 00:46:52.396

<v SPEAKER_3>But that's not a good way to develop, especially infrastructure.

00:46:53.416 --> 00:46:55.696

<v SPEAKER_3>You get bridges to nowhere.

00:46:55.696 --> 00:47:02.536

<v SPEAKER_3>So that's what the function of the World Bank is to help countries develop, but do it in a way that is more efficient, effective.

00:47:02.536 --> 00:47:05.656

<v SPEAKER_3>Now, I'm not saying that there aren't problems with these.

00:47:05.656 --> 00:47:07.876

<v SPEAKER_3>There are problems with them, all right?

00:47:07.876 --> 00:47:10.936

<v SPEAKER_3>But this is the reason why they exist.

00:47:11.376 --> 00:47:24.536

<v SPEAKER_3>And this is why even Delci Rodriguez's government in Venezuela is going to have to come to some kind of a deal with international institutions.

00:47:24.536 --> 00:47:25.636

<v SPEAKER_3>Okay, why?

00:47:25.636 --> 00:47:29.376

<v SPEAKER_3>Because Trump's not going to fund the reconstruction of Venezuela.

00:47:29.376 --> 00:47:32.996

<v SPEAKER_3>He wants to take the money out of Venezuela, right?

00:47:32.996 --> 00:47:40.896

<v SPEAKER_3>So Rodriguez is saying, look, we can get the industry back on the ground and we'll use that money to develop the economy.

00:47:40.896 --> 00:47:46.696

<v SPEAKER_3>And, you know, a number of Venezuelans who are not Chavistas are saying, we got to survive.

00:47:46.696 --> 00:47:48.916

<v SPEAKER_3>You know, the government's in power still.

00:47:48.916 --> 00:47:49.796

<v SPEAKER_3>We got to survive.

00:47:49.796 --> 00:47:53.576

<v SPEAKER_3>So we want them to actually be able to sell that oil.

00:47:53.576 --> 00:47:59.476

<v SPEAKER_3>We want them to sell more oil because then we get the trickle down and things aren't so bad here.

00:47:59.476 --> 00:48:00.536

<v SPEAKER_3>All right.

00:48:00.536 --> 00:48:03.176

<v SPEAKER_3>And they're not Chavistas, right?

00:48:03.216 --> 00:48:09.156

<v SPEAKER_3>But how is that industry, oil industry going to develop?

00:48:09.816 --> 00:48:11.376

<v SPEAKER_3>It's in total ruins.

00:48:11.376 --> 00:48:19.616

<v SPEAKER_3>The wells haven't been maintained, the pipelines haven't been maintained, the transportation network's not there, the port structures have been collapsing.

00:48:20.856 --> 00:48:34.456

<v SPEAKER_3>You need a lot of money, not just into the oil sector per se, but into the infrastructure that allows that oil to get not only to foreign markets but to domestic markets.

00:48:34.456 --> 00:48:38.616

<v SPEAKER_3>Because the Venezuelans also want to put gas in their cars.

00:48:40.236 --> 00:48:56.176

<v SPEAKER_3>So in order to get all of that money in, in a context where the oil companies already have a call on all of this money, that all of the value of the assets that the Venezuelan government took.

00:48:57.876 --> 00:49:10.456

<v SPEAKER_3>In a context in which the Venezuelan bonds that the government sold and are worthless, but then what are derogatorily called vulture funds, bottom up.

00:49:11.236 --> 00:49:12.516

<v SPEAKER_3>There's been a rally there.

00:49:12.516 --> 00:49:14.476

<v SPEAKER_3>Why has there been a rally?

00:49:14.476 --> 00:49:20.316

<v SPEAKER_3>They were worth about 10 cents on the dollar before this adventure of Trump.

00:49:20.316 --> 00:49:22.536

<v SPEAKER_3>And now they're worth 40 cents.

00:49:22.536 --> 00:49:25.096

<v SPEAKER_3>Yesterday, they were worth 40 cents on the dollar.

00:49:25.096 --> 00:49:32.796

<v SPEAKER_3>Well, the vulture funds bottom for who knows what, five cents or something because they gave five cents now and people bought it.

00:49:32.796 --> 00:49:35.836

<v SPEAKER_3>Better to have five cents now than worry about the future.

00:49:35.836 --> 00:49:44.456

<v SPEAKER_3>But these funds, private equity funds, whatever, they're going to want their money.

00:49:44.456 --> 00:49:49.416

<v SPEAKER_3>Trump wants money, the oil companies want money, the bondholders want money.

00:49:49.816 --> 00:49:54.016

<v SPEAKER_3>How much money is going to be there to rebuild the Venezuelan economy?

00:49:54.016 --> 00:50:12.456

<v SPEAKER_3>They're going to need to convince the world that it's worthwhile to invest in Venezuela, not just because we have a lot of oil, but because we're credible in the deals that we make with you, when you put money into Venezuela.

00:50:12.456 --> 00:50:17.316

<v SPEAKER_3>Now, why would you believe the Chavista government?

00:50:17.316 --> 00:50:17.976

<v SPEAKER_3>Now, you're not.

00:50:19.016 --> 00:50:26.116

<v SPEAKER_3>You want to see that the Chavista government has these

constraints on it, and that's the role of the IMF.

00:50:26.116 --> 00:50:28.516

<v SPEAKER_3>You want to see that these projects are good projects.

00:50:28.516 --> 00:50:31.136

<v SPEAKER_3>That's the role of the World Bank.

00:50:31.136 --> 00:50:37.676

<v SPEAKER_3>Yes, the BRICS Bank will put money in there, but they're going to want to see that you've got to deal with the IMF.

00:50:37.736 --> 00:50:39.136

<v SPEAKER_3>All right.

00:50:39.756 --> 00:50:54.896

<v SPEAKER_3>So, yeah, everybody rails against international institutions when they effectively block you from doing what you want to do, but usually there's a good reason for why they block you, and they do play a fundamental role.

00:50:55.056 --> 00:51:08.056

<v SPEAKER_3>If we don't have those institutions, it doesn't mean that all the economies are going to collapse, but it means, just like in military force, the rich countries are going to get richer, and the countries that don't have very much are going to have even less.

00:51:08.056 --> 00:51:08.516

<v SPEAKER_2>Yeah.

00:51:08.516 --> 00:51:24.096

<v SPEAKER_2>People often criticize international institutions for diminishing sovereignty, but often the countries whose sovereignty is being supposedly taken away, those countries are being ruled by governments that don't have really the legitimacy from the people.

00:51:24.096 --> 00:51:31.736

<v SPEAKER_2>Therefore, sovereignty by a government that's effectively extracting resources from its own people isn't maybe not.

00:51:31.876 --> 00:51:34.216

<v SPEAKER_2>But I'm really getting off script here.

00:51:34.216 --> 00:51:37.696

<v SPEAKER_2>And I'd like to stay off script with one question though.

00:51:37.696 --> 00:51:42.636

<v SPEAKER_2>And this is related to kind of the political coalitions within Venezuela.

00:51:42.636 --> 00:51:52.596

<v SPEAKER_2>And I think we're talking a bit about what sort of trust needs to be rebuilt in order to get the much needed investment into Venezuela.

00:51:52.596 --> 00:52:02.136

<v SPEAKER_2>And I guess the question I have for you is, what sort of political, I suppose, factions or coalitions are there in Venezuela?

00:52:02.136 --> 00:52:10.696

<v SPEAKER_2>And could we potentially see a political coalition emerging from this that is actually worthy of that trust?

00:52:10.696 --> 00:52:14.796

<v SPEAKER_2>And I know that this is a very difficult question, so we can always keep it off.

00:52:14.796 --> 00:52:17.496

<v SPEAKER_2>But I'm really curious about that.

00:52:18.796 --> 00:52:19.116

<v SPEAKER_3>Yeah.

00:52:19.116 --> 00:52:27.916

<v SPEAKER_3>Well, politics is about building coalitions with people that you don't necessarily like or agree with, right?

00:52:27.916 --> 00:52:32.856

<v SPEAKER_3>And we see this when we have the end of civil wars, okay?

00:52:33.576 --> 00:52:38.736

<v SPEAKER_3>Or think about South Africa and the end of apartheid.

00:52:38.736 --> 00:52:55.096

<v SPEAKER_3>In order to have a stable country, not a country where all of the white settlers were chased out and the economy collapsed and all of the sudden, you know, in South Africa, they had a Truth and Reconciliation Commission, right?

00:52:55.096 --> 00:53:03.236

<v SPEAKER_3>In Central America, the end of the civil wars, they had, they didn't call it Truth and Reconciliation Commission, other names.

00:53:03.236 --> 00:53:11.976

<v SPEAKER_3>But the idea was, or Chile, you know, after Pinochet, the idea is we have to live together, all right?

00:53:11.976 --> 00:53:16.836

<v SPEAKER_3>Since we have to live together, let's not focus on the horrors of the past.

00:53:16.936 --> 00:53:24.776

<v SPEAKER_3>Yes, there were horrors in the past, and there are a few people who need to pay for those horrors because they were in charge.

00:53:24.776 --> 00:53:31.996

<v SPEAKER_3>But the rest of you, the rest of you, you know, we can move forward from here, all right?

00:53:31.996 --> 00:53:38.636

<v SPEAKER_3>So if we think about Venezuela in two ways, Venezuela in domestic politics and society in two ways.

00:53:38.636 --> 00:53:44.876

<v SPEAKER_3>First of all, there's the Chavista government and the opposition, all right?

00:53:44.876 --> 00:53:47.676

<v SPEAKER_3>But then within each of those, they're coalitions.

00:53:47.876 --> 00:53:51.496

<v SPEAKER_3>They're not black boxes monolithic, all right?

00:53:51.496 --> 00:53:53.536

<v SPEAKER_3>They're coalitions in each of them.

00:53:53.756 --> 00:54:11.056

<v SPEAKER_3>And we saw during the teen years, well, even before that, from the very beginning, we saw that the opposition to Hugo Chávez disagreed about what Chávez was doing wrong, all right?

00:54:11.056 --> 00:54:28.096

<v SPEAKER_3>You have to remember Chávez came to power in 1998 in a free democratic election, and in 1998, the reason he came in a free democratic election was because two-thirds of the people lived in poverty, okay?

00:54:28.096 --> 00:54:35.476

<v SPEAKER_3>Now there are some, there were some people, some Venezuelans back there in 1998 saying, this is paradise.

00:54:35.476 --> 00:54:39.236

<v SPEAKER_3>Yeah, well, it's paradise for a very small group in Venezuela, you know?

00:54:39.396 --> 00:54:49.696

<v SPEAKER_3>So they're in the opposition, but their approach to the opposition, to what it means to oppose Chavez, was let's go back to the paradise.

00:54:49.696 --> 00:55:00.336

<v SPEAKER_3>Whereas other people were saying, we have to recognize that we need to use this oil wealth to rebuild our societies, to rebuild our infrastructure.

00:55:00.336 --> 00:55:04.616

<v SPEAKER_3>Okay, so you get those kinds of disagreements within the opposition.

00:55:04.616 --> 00:55:20.736

<v SPEAKER_3>You also get disagreements on people who may have the same policy goals, but disagree about whether any Chavistas can be involved or not, because there are some radicals on the opposition side who think that all Chavistas are devils.

00:55:22.356 --> 00:55:43.916

<v SPEAKER_3>And you saw this, if you looked at the elections 2006, 2007, 2010, 2012, there was tension within the opposition about who should run, and what the platform should be, and should we not vote at all, should we vote?

00:55:43.916 --> 00:55:46.656

<v SPEAKER_3>And those fissures are still there.

00:55:46.716 --> 00:56:12.996

<v SPEAKER_3>So, if the opposition, and this is the hope of the Chavistas, and it's the fear of Trump, right, that the opposition can't hold together, that they will start claiming that certain things should be done, and others will disagree with that, and they won't be able to come together.

00:56:15.076 --> 00:56:19.216

<v SPEAKER_3>You get the same kinds of issues within the Chavistas.

00:56:19.216 --> 00:56:23.576

<v SPEAKER_3>Now, Delcey Rodriguez is a civilian.

00:56:23.576 --> 00:56:25.676

<v SPEAKER_3>She doesn't have a military background.

00:56:28.036 --> 00:56:30.076

<v SPEAKER_3>There's plenty of indications that she's corrupt.

00:56:30.076 --> 00:56:33.776

<v SPEAKER_3>There's plenty of indications that she's very authoritarian.

00:56:33.776 --> 00:56:37.916

<v SPEAKER_3>You know, she's not a nice person, you know.

00:56:39.036 --> 00:56:42.096

<v SPEAKER_3>But they have the military on their side.

00:56:44.476 --> 00:56:48.176

<v SPEAKER_3>And the military is, the military command is very corrupt.

00:56:48.176 --> 00:56:57.556

<v SPEAKER_3>The military command is, the military as an institution is involved in lots of economic projects around the country.

00:56:57.556 --> 00:57:00.136

<v SPEAKER_3>And they're not going to want to see that taken away.

00:57:01.536 --> 00:57:10.856

<v SPEAKER_3>And then there are what are called the colectivos, which are these armed civilian groups that are vaguely controlled by Cabello.

00:57:11.716 --> 00:57:17.256

<v SPEAKER_3>But we don't know exactly how much control he has over them.

00:57:17.256 --> 00:57:19.696

<v SPEAKER_3>They've already, a few of them have already spoken out.

00:57:19.696 --> 00:57:21.636

<v SPEAKER_3>They don't like what's going on.

00:57:22.756 --> 00:57:26.056

<v SPEAKER_3>About the United States dictating terms to Venezuela.

00:57:26.056 --> 00:57:28.736

<v SPEAKER_3>They're very nationalist in that sense.

00:57:28.736 --> 00:57:30.936

<v SPEAKER_3>Cabello's strategic.

00:57:30.936 --> 00:57:31.836

<v SPEAKER_3>They're not strategic.

00:57:31.836 --> 00:57:33.036

<v SPEAKER_3>They're nationalist.

00:57:34.476 --> 00:57:37.156

<v SPEAKER_3>And then there are the militias.

00:57:37.156 --> 00:57:39.776

<v SPEAKER_3>And then there are the rebels.

00:57:40.296 --> 00:57:51.536

<v SPEAKER_3>We've already seen this morning, the press was talking about all these people fleeing in Venezuela because they tend to be Colombian rebels operating on the Venezuelan side.

00:57:51.536 --> 00:57:56.736

<v SPEAKER_3>But they have friends on the Venezuelan side who agree with them and whatnot.

00:57:56.736 --> 00:58:04.116

<v SPEAKER_3>And so it's not impossible to see the development of Venezuelan rebels, particularly against the United States.

00:58:05.396 --> 00:58:18.036

<v SPEAKER_3>So a stable transition, which is what worries Trump and worries everybody, but particularly Trump, who wants the money now, wants the money in the oil now.

00:58:18.036 --> 00:58:19.196

<v SPEAKER_3>All right.

00:58:20.556 --> 00:58:45.456

<v SPEAKER_3>So, for Venezuela, a stable transition in the future is coming to some kind of an agreement among enough of these competing forces, so that, for example, the colectivos, you want them to disarm, and if they don't disarm, you want them to be prosecuted, right?

00:58:45.456 --> 00:58:47.896

<v SPEAKER_3>So you gotta have a coalition that'll say that.

00:58:48.176 --> 00:58:51.196

<v SPEAKER_3>I'm not saying everybody's got to be involved in there, all right?

00:58:51.196 --> 00:58:57.296

<v SPEAKER_3>But these people need to get rid of their arms and going back to being just regular old civilians, right?

00:58:58.856 --> 00:58:58.996

<v SPEAKER_2>Yeah.

00:58:58.996 --> 00:59:16.856

<v SPEAKER_2>What would you say that a lot of this was kind of the development of, like in some way, like poison pills to prevent any transition away from a Chavista-led regime, like arming a bunch of civilians and allowing them to kind of have that role.

00:59:16.956 --> 00:59:24.316

<v SPEAKER_2>It does seem like it makes it very difficult to have any transition away from that.

00:59:24.316 --> 00:59:25.056
<v SPEAKER_2>But anyhow-

00:59:25.056 --> 00:59:41.896
<v SPEAKER_3>Well, I mean, unlike, say, Nicaragua, the first Sandinista government, they saw a return to democracy as important, and they were willing to hold free elections and lose.

00:59:42.936 --> 00:59:44.696
<v SPEAKER_3>That's the old Sandinistas.

00:59:44.696 --> 00:59:49.296
<v SPEAKER_3>Daniel Ortega is not what he was back in those days.

00:59:50.536 --> 00:59:56.036
<v SPEAKER_3>And the Chavistas, I don't know what Hugo Chavez would have ultimately decided.

00:59:56.036 --> 00:59:58.076
<v SPEAKER_3>But we certainly know what Maduro decided.

00:59:59.096 --> 01:00:05.596
<v SPEAKER_3>But they decided, they even went after lots of Chavez's close advisors.

01:00:05.596 --> 01:00:07.456
<v SPEAKER_3>Some of them died in prison.

01:00:07.456 --> 01:00:08.416
<v SPEAKER_3>Others were arrested.

01:00:08.416 --> 01:00:10.156
<v SPEAKER_3>Others fled the country.

01:00:10.156 --> 01:00:18.636
<v SPEAKER_3>They were Chavistas, but they fled because Maduro really didn't believe in Chavez's vision.

01:00:20.076 --> 01:00:22.056
<v SPEAKER_3>Maduro runs things.

01:00:22.056 --> 01:00:27.636
<v SPEAKER_3>And Cabello, who was a Chavista, sided with Maduro when Chavez died.

01:00:28.956 --> 01:00:35.636
<v SPEAKER_3>What they saw was in the long term, as far as we can see, we will be in power.

01:00:35.636 --> 01:00:37.996

<v SPEAKER_3>We are not going to transition.

01:00:37.996 --> 01:00:42.896

<v SPEAKER_3>We are not going to permit free elections and get voted out.

01:00:42.896 --> 01:00:49.956

<v SPEAKER_3>We may have to present elections because of pressure, but they are not going to be free and they are not going to vote us out.

01:00:49.956 --> 01:00:53.076

<v SPEAKER_3>And we saw that, all right?

01:00:53.076 --> 01:01:02.516

<v SPEAKER_3>So it's not that they armed the militias and the colectivos to do a poison pill.

01:01:02.516 --> 01:01:04.796

<v SPEAKER_3>No, because they weren't going to die.

01:01:06.116 --> 01:01:07.496

<v SPEAKER_3>Venezuela wasn't going to die.

01:01:07.496 --> 01:01:10.736

<v SPEAKER_3>They were going to be in control for as long as they could see.

01:01:10.736 --> 01:01:16.976

<v SPEAKER_3>And part of that was keeping these colectivos armed and going.

01:01:18.396 --> 01:01:21.256

<v SPEAKER_3>And they had a little help from the Cubans.

01:01:21.256 --> 01:01:28.896

<v SPEAKER_3>The Cubans didn't arm the Committee for the Defense of the Revolution, but they're the eyes and ears on the ground.

01:01:28.896 --> 01:01:36.356

<v SPEAKER_3>And they report on the neighbors who don't adhere to the line, et cetera, et cetera.

01:01:36.356 --> 01:01:48.676

<v SPEAKER_3>So yeah, I mean, so they were purposely built to bash heads, and if necessary, kill people to maintain the madrista.

01:01:48.676 --> 01:01:53.316

<v SPEAKER_3>Let's call it madrista government, rather than the chavista government.

01:01:53.316 --> 01:01:55.516

<v SPEAKER_2>Oh, very interesting, very interesting.

01:01:55.516 --> 01:01:57.596

<v SPEAKER_2>I'm learning a ton through this conversation.

01:01:57.596 --> 01:02:03.156

<v SPEAKER_2>I feel like the internal dynamics within Venezuela just aren't being covered enough.

01:02:03.156 --> 01:02:05.296

<v SPEAKER_2>Everybody just assumes that you just have-

01:02:05.296 --> 01:02:06.916

<v SPEAKER_3>It is very complicated.

01:02:06.956 --> 01:02:08.436

<v SPEAKER_2>It's very complicated.

01:02:08.436 --> 01:02:13.516

<v SPEAKER_3>And they can't make this deal without foreign help.

01:02:13.516 --> 01:02:17.696

<v SPEAKER_3>I don't mean help in terms of, let's just get the oil out of here, right?

01:02:17.696 --> 01:02:22.416

<v SPEAKER_3>I mean help in terms of putting money in to rebuild the country.

01:02:22.416 --> 01:02:24.116

<v SPEAKER_3>The country needs to be rebuilt.

01:02:24.116 --> 01:02:34.396

<v SPEAKER_3>You can't have a transition to a stable democracy if you don't along the way begin to rebuild the economy and society.

01:02:35.116 --> 01:02:38.376

<v SPEAKER_3>I mean, society has been polarized.

01:02:38.376 --> 01:02:41.776

<v SPEAKER_3>Society has been damaged dramatically.

01:02:41.776 --> 01:02:44.816

<v SPEAKER_3>And they need help in rebuilding that.

01:02:44.816 --> 01:02:55.076

<v SPEAKER_2>Yeah, no, I think people just talk about just like, oh yeah, it'll be a few years and their oil production will be up to

three or four million barrels per day.

01:02:55.396 --> 01:02:55.956

<v SPEAKER_2>No problem.

01:02:55.956 --> 01:03:14.496

<v SPEAKER_2>But from what you're telling me, there's just the basics of regaining it, a consensus as to what the Venezuelan government actually looks like is, well, that's the first step and then gaining that trust and so many other things need to come into place.

01:03:14.496 --> 01:03:23.356

<v SPEAKER_3>And it's not like the opposition is clearly the answer.

01:03:23.356 --> 01:03:46.416

<v SPEAKER_3>I mean, if the opposition tries to build a democracy that looks like the Venezuelan democracy of the late 1990s, where Luis Giusti, head of the National Oil Company was oil executive of the year, while people are falling deeper and deeper into poverty.

01:03:46.416 --> 01:03:48.536

<v SPEAKER_3>This is why Chavez came to power.

01:03:49.616 --> 01:03:57.696

<v SPEAKER_3>Precisely because they rebuilt the oil industry and kept all the results as the, as the society continued to collapse.

01:03:59.216 --> 01:04:02.216

<v SPEAKER_3>That's not the way to rebuild Venezuela now.

01:04:02.216 --> 01:04:02.656

<v SPEAKER_2>Yeah.

01:04:02.656 --> 01:04:21.516

<v SPEAKER_2>It kind of reminds me of the strange coalition of the White Russians during the Russian Revolution, where you had liberals who were being persecuted by the Tsarists, and then they somehow managed to cobble together the White Russian movement, and then they eventually lost, of course.

01:04:22.856 --> 01:04:33.076

<v SPEAKER_2>But just one last question, and this is regarding the US supposed control over Venezuela's oil.

01:04:34.456 --> 01:04:47.936

<v SPEAKER_2>Earlier this week, US Secretary Chris Wright, US Energy Secretary Chris Wright, said that the United States would quote unquote control Venezuela's oil exports apparently, and he used the word indefinitely.

01:04:49.016 --> 01:04:51.616
<v SPEAKER_2>We'll see what exactly that means.

01:04:51.616 --> 01:04:59.636
<v SPEAKER_2>But seemingly, so far at least, this is being done and will be done through the seizure of oil tankers that leave Venezuelan ports.

01:04:59.676 --> 01:05:14.976
<v SPEAKER_2>This is largely, it is true, kind of like a dark fleet of oil tankers, although some legitimate oil tankers now have come in for Chevron's production, but still sanctioned tankers under US law.

01:05:15.916 --> 01:05:21.196
<v SPEAKER_2>But I'd like to ask, how do you see these actions by the Trump administration?

01:05:21.296 --> 01:05:36.356
<v SPEAKER_2>How do you see them impacting, I suppose, domestic politics in Venezuela, as well as conceptions of how the Venezuelan government will bring back the energy industry?

01:05:36.516 --> 01:05:38.876
<v SPEAKER_2>I'm very interested in your thoughts on this.

01:05:40.496 --> 01:05:45.116
<v SPEAKER_3>Well, I mean, this will always be seen as illegitimate in Venezuela.

01:05:45.116 --> 01:05:46.136
<v SPEAKER_3>Yeah.

01:05:46.136 --> 01:05:51.376
<v SPEAKER_3>By the maduristas, the chavistas, and the opposition.

01:05:51.376 --> 01:05:55.276
<v SPEAKER_3>They will always be seen as illegitimate.

01:05:55.276 --> 01:06:01.116
<v SPEAKER_3>Something that, as long as they got their boots on our neck, we have to accept.

01:06:01.116 --> 01:06:04.956
<v SPEAKER_3>But we don't like it, we don't want it, and we want to throw it out.

01:06:04.956 --> 01:06:06.756
<v SPEAKER_3>So it's always going to be a source of tension.

01:06:07.776 --> 01:06:17.796

<v SPEAKER_3>It's going to be a source of controversy within Venezuela, because there will be, in society, there will be lots of people who say, how can this possibly be going on?

01:06:17.796 --> 01:06:28.516

<v SPEAKER_3>And so governments will have, whether it's an authoritarian, continued authoritarian government or incipient democracy, they'll have that problem generating domestic legitimacy.

01:06:29.776 --> 01:06:44.716

<v SPEAKER_3>Now, that issue will become more or less complicated, depending on what the United States decides to do with that money, right?

01:06:44.716 --> 01:06:50.436

<v SPEAKER_3>So I mentioned earlier, all of the people who are owed money by Venezuela.

01:06:51.996 --> 01:06:57.836

<v SPEAKER_3>If the Trump administration says, well, you know, you got to pay your debts before we can start rebuilding Venezuela.

01:06:57.836 --> 01:07:07.576

<v SPEAKER_3>Well, that's a match, you know, a match under all this flammable stuff, and it's going to explode, you know?

01:07:07.576 --> 01:07:12.716

<v SPEAKER_3>So, well, how much goes back to Venezuela and to who in Venezuela?

01:07:13.136 --> 01:07:21.776

<v SPEAKER_3>If he's giving the money to the national government, which is controlled by the maduristas, all right?

01:07:21.776 --> 01:07:29.816

<v SPEAKER_3>Well, it ain't going to have much impact on redeveloping the country and rebuilding society.

01:07:29.816 --> 01:07:36.956

<v SPEAKER_3>It's going to have some impact on trickle down so that they don't starve and riot in the streets.

01:07:36.956 --> 01:07:39.776

<v SPEAKER_3>But it's not going to rebuild the country.

01:07:39.776 --> 01:08:04.816

<v SPEAKER_3>So, you know, and then, you know, the idea that the US would sell it and deposit the money somewhere else, even the oil companies are going to worry about that, you know, because it makes their investments in the country subject to what the US does, all

right?

01:08:04.816 --> 01:08:11.456

<v SPEAKER_3>Now, Trump is in office for three years, all right?

01:08:11.596 --> 01:08:14.436

<v SPEAKER_3>In 2028, he's going to leave office.

01:08:14.436 --> 01:08:17.256

<v SPEAKER_3>So what does it definitely mean?

01:08:17.256 --> 01:08:21.236

<v SPEAKER_3>And there's going to be a midterm election in 2026.

01:08:21.236 --> 01:08:32.596

<v SPEAKER_3>And if the Democrats play it right, all right, this should mean that Trump's going to be substantially constrained after those elections because the House will flip.

01:08:32.596 --> 01:08:35.796

<v SPEAKER_3>Senate may not flip, but it will get tighter.

01:08:35.796 --> 01:08:41.356

<v SPEAKER_3>And so he may not be able to pass all this stuff with a Congress that doesn't object, right?

01:08:41.596 --> 01:08:49.136

<v SPEAKER_3>Now, you're an oil company, and he wants you to put \$10 to \$15 billion in in the next 18 months.

01:08:49.136 --> 01:08:54.296

<v SPEAKER_3>Well, you've already programmed your investments in Guayana, in the Permian Basin, et cetera.

01:08:54.456 --> 01:08:56.096

<v SPEAKER_3>Where are you going to come up with this money?

01:08:56.096 --> 01:08:59.076

<v SPEAKER_3>Well, he's threatening you, right?

01:08:59.076 --> 01:09:12.696

<v SPEAKER_3>So and now you think, well, if I put it in there, and then he's weakened after 2026, is he going to be able to actually control this money coming out of Venezuela?

01:09:12.696 --> 01:09:16.336

<v SPEAKER_3>And what if a Democrat wins the election in 2028?

01:09:16.336 --> 01:09:20.636

<v SPEAKER_3>You can bet they're not going to keep up this deal.

01:09:20.636 --> 01:09:55.096

<v SPEAKER_3>Also, and in three years, if Trump's been able to keep it up and Venezuelans of all political stripes are seeing, perceiving that they're getting screwed by the way in which the money is being spent, that's generated out of these US accounts, US controlled accounts, when a Democratic president comes in and the Democratic president says, we're not doing these accounts, we're giving sovereignty back to Venezuela, the Venezuelans aren't going to say, oh, well, let's keep giving the United States all of this money.

01:09:55.096 --> 01:09:57.636

<v SPEAKER_3>They're going to want competition.

01:09:58.956 --> 01:10:10.576

<v SPEAKER_3>Chevron or Exxon or whoever went in under these things because they favored these particular companies, they're going to have to worry about is, is this going to be seen as illegal contracts?

01:10:10.996 --> 01:10:13.476

<v SPEAKER_3>We were forced to sign them.

01:10:13.476 --> 01:10:24.336

<v SPEAKER_3>International law does recognize that if a country is forced to sign something, that is not legally binding.

01:10:26.156 --> 01:10:40.176

<v SPEAKER_3>Nicaragua was forced to sign a treaty by the US government in the teens that gave all of this offshore territory to Costa Rica.

01:10:41.336 --> 01:10:57.016

<v SPEAKER_3>Well, the International Court of Justice ruled 10 years ago, that that treaty was a violation of Nicaragua's sovereign rights, and gave the territory back to Venezuela, I mean, to Nicaragua.

01:10:57.016 --> 01:11:01.336

<v SPEAKER_3>International law is out there despite the fact that Trump doesn't like it.

01:11:01.336 --> 01:11:07.036

<v SPEAKER_3>Trump's not going to be around, but the companies are going to be around, and the international law is going to be around.

01:11:07.036 --> 01:11:09.316

<v SPEAKER_3>So the oil company's got to think about that.

01:11:09.316 --> 01:11:24.236

<v SPEAKER_3>So this idea that the US is going to control these accounts, it's a good idea for Trump and his inner circle, but I don't

think many people outside of that inner circle see it as a great strategy.

01:11:24.236 --> 01:12:01.156

<v SPEAKER_2>Yeah, yeah, we could see kind of that Trump right now is at the peak of his power, and beyond those midterm elections, I think that that strain of thinking will become weaker and therefore anything that companies do that assumes the continuation of Trump's power, like you said, indefinitely, it might not be something that makes sense for a company that's worried about its ability to continue existing beyond 10 years from now.

01:12:01.156 --> 01:12:06.836

<v SPEAKER_2>So yeah, yeah, that's, it's, yeah, this is, this is fantastic.

01:12:06.836 --> 01:12:12.256

<v SPEAKER_2>David, thank you so much for, for joining me here and talking through all of these issues.

01:12:12.256 --> 01:12:18.996

<v SPEAKER_2>I think this will provide some really important context for Canadian policymakers and for Canadians writ large.

01:12:18.996 --> 01:12:30.896

<v SPEAKER_2>And yeah, I would love to have you on the podcast sometime, sometime later this year maybe to, you know, do an update because I'm sure it will be a very different situation by then.

01:12:30.896 --> 01:12:34.436

<v SPEAKER_2>But we have one last question before we wrap up here.

01:12:34.436 --> 01:12:37.776

<v SPEAKER_2>And this is something our listeners are always interested in.

01:12:37.916 --> 01:12:42.576

<v SPEAKER_2>What book would you like to recommend to our audience?

01:12:42.576 --> 01:12:44.536

<v SPEAKER_3>Okay.

01:12:44.536 --> 01:12:49.276

<v SPEAKER_3>Well, my wife and I are both big fans of Louise Penny, who happens to be Canadian.

01:12:50.876 --> 01:12:57.616

<v SPEAKER_3>Oh, and she just published a two-part, it's not two parts, but they're connected.

01:12:57.616 --> 01:13:01.476

<v SPEAKER_3>You really need to read the first one to understand the second one.

01:13:01.476 --> 01:13:07.056

<v SPEAKER_3>It's called The Grey Wolf and The Black Wolf.

01:13:07.056 --> 01:13:22.656

<v SPEAKER_3>And it's particularly appropriate for today, because it talks about climate change and it talks about the United States and its designs, or the designs of some people in the United States on Canada.

01:13:22.656 --> 01:13:23.616

<v SPEAKER_3>She's a great writer.

01:13:24.776 --> 01:13:30.676

<v SPEAKER_3>It's complicated, but life is complicated, as we just saw, right?

01:13:30.676 --> 01:13:34.096

<v SPEAKER_3>And so my wife's already read the two books.

01:13:34.096 --> 01:13:40.616

<v SPEAKER_3>I'm taking a trip in a couple of weeks, and that's when I'll have a break, and I'll be able to read the books.

01:13:40.616 --> 01:13:42.616

<v SPEAKER_3>But I'm looking forward to it.

01:13:42.616 --> 01:13:45.336

<v SPEAKER_3>And yeah.

01:13:45.396 --> 01:13:47.156

<v SPEAKER_2>So yeah, fantastic, fantastic.

01:13:47.156 --> 01:14:09.276

<v SPEAKER_2>And of course, we've talked frequently on the podcast here about the changing relationship, I suppose, between the United States and Canada, where it comes to Trump's repeated usage of 51st state language and the very sovereignty questions around that.

01:14:09.276 --> 01:14:29.716

<v SPEAKER_2>Yeah, and actually, within the context of the Venezuela conversation, quite a bit of what's being talked about up here is whether this is a strategy by the Trump administration to try to reduce US dependence on Canadian oil imports, which could have implications for many things for Canada.

01:14:29.976 --> 01:14:32.296

<v SPEAKER_3>Well, the book talks about natural resources.

01:14:32.296 --> 01:14:33.096

<v SPEAKER_2>Okay, fantastic.

01:14:33.096 --> 01:14:38.856

<v SPEAKER_3>So yeah, water, critical minerals, not just oil.

01:14:38.896 --> 01:14:41.416

<v SPEAKER_3>But yeah, yeah, absolutely.

01:14:41.416 --> 01:14:44.516

<v SPEAKER_2>Yeah, I'll have to pick that up sometime.

01:14:44.516 --> 01:14:46.076

<v SPEAKER_2>Okay, well, fantastic.

01:14:46.076 --> 01:14:47.296

<v SPEAKER_2>Well, thank you so much, David.

01:14:47.296 --> 01:14:49.056

<v SPEAKER_2>This was this is a great conversation.

01:14:49.056 --> 01:14:50.576

<v SPEAKER_2>Thank you so much for taking the time.

01:14:50.576 --> 01:14:56.596

<v SPEAKER_2>And I hope to have you back in the podcast sometime to for an update on Venezuela.

01:14:56.596 --> 01:14:58.596

<v SPEAKER_2>But for now, we'll leave it there.

01:14:58.596 --> 01:14:59.836

<v SPEAKER_3>Well, yeah, thanks.

01:14:59.836 --> 01:15:01.776

<v SPEAKER_3>Thanks for the opportunity.

01:15:01.776 --> 01:15:03.896

<v SPEAKER_3>And yeah, I look forward to it.

01:15:08.976 --> 01:15:15.096

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01:15:15.096 --> 01:15:19.616

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01:15:19.616 --> 01:15:21.796

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01:15:21.796 --> 01:15:27.036

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01:15:27.036 --> 01:15:33.716

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01:15:34.736 --> 01:15:38.296

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01:15:38.296 --> 01:15:43.356

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01:15:43.356 --> 01:15:44.276

<v SPEAKER_1>I'm Kelly Ogle.

01:15:44.276 --> 01:15:46.296

<v SPEAKER_1>Thanks for joining us on Energy Security Cubed.