



UNDERSTANDING VENEZUELA
A HOLISTIC APPROACH TO PROSPERITY

By Professor Carlos A. Rossi





GRANT PROPOSAL

TITLE: UNDERSTANDING VENEZUELA

PURPOSE: To develop A Holistic Solution to correct the essential causes of Venezuela’s problems in an integrated form in all of its important dimensions: Politics, Economics, Energy, Social & Institutional with the sole objective of delivering a prosperous democratic nation fully capable of living up to its potentials.

By: Professor Carlos A. Rossi

International Economist, BAS/MAS, author of 4 books on economic development and petroleum economics and with over 35 years of experience in several related areas of expertise.

INTRODUCTION:

Hello from Caracas. The best way to help my country folks is to construct integrated policies in all of the essential dimensions of Venezuela’s society and that is what this project is all about. It must necessarily be holistic, meaning all encompassing, and it must also necessarily be historical, because Venezuela has many unresolved issues from its past which affect its present that must be addressed and understood *before* any remedies can be summoned that embraces all of these dimensions together.

This is a four-volume project that entails

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| Volume 1 | POLITICAL HISTORY |
| Volume 2 | ENERGY |
| Volume 3 | ECONOMICS |
| Volume 4 | SOCIAL AND INSTITUTIONAL POLICIES |

Following is a brief background of myself so you become aware of my experience and expertise in executing this project through. Afterwards I will expose the overview of the proposal; a comment on the misguidedness of the current Venezuelan “Plan Pais” solutions; and finally the necessities for my project to be done and delivered. The end product are the essential ingredients for an inclusive, sustainable and prosperous Venezuela.



BACKGROUND:

I am Carlos A. Rossi (1960) economist, with degrees in the USA and UK with emphasis on economic development and international economics respectively. I have almost 40 years of work experience in the following related areas: Regional trade integration; Multilateral Finance; Diplomacy; Petroleum companies (includes 5 years in PDVSA and 8 years in multinational corporations); and since 2013, as President of my own private consulting company EnergyNomics de Venezuela. I am also a University Professor that has taught Fundamentals of Economics, Petroleum Economics and Development Finance and amongst my many publications I have authored 3 books, one on the development economic history of Latin America with a comparison to South East Asia (South Korea especially); another book on the possible impacts of oil depletion on the world economy where I develop a world supply-demand plan to mitigate the fallout on world economic growth (this book was later translated into English and published by a prestigious scientific editorial in New York City); and my last book was a more technical writing designed to explain to the non-energy economist the influence of energy in the economics of production, consumption, transport and monetary creation. This book was written in English and published by the same prestigious editorial¹

Worth mentioning: Because of my background I am able to combine an interesting insider & outsiders' perspective on Venezuela. As a diplomat's son, we moved from Caracas to the Washington DC area in 1972 just after my 12th birthday and lived there uninterruptedly until I got my BAS degree in Economics at 22 from American University in 1982. That year I moved back to Caracas and worked there for 8 years, mostly at the Andean Development Corporation CAF, until the British Council and CAF financed my scholarship to Sussex University in England where I got my MAS degree in International Economics. Afterwards I came back to CAF in Caracas and worked there until I was hired as the Commercial Attaché of the Venezuelan Embassy in Washington DC for four years in the mid 1990's. A grand total of 14 formative years in Washington DC, one year in England, plus 43 years in Venezuela where I have lived uninterruptedly since 1997, giving me this valuable multicounty experience and perspective that allows me to approach and integrate all of these complex subjects in my country with professionalism, care, and objectivity.

¹ Titles and portrait of the books in the last page..



I hope you appreciate the value of having this particular background for the quality of this work²

THE PROPOSAL:

My proposal involves the development of a new and workable integrated plan that includes, as it must, every important dimension of the Venezuelan society structure. It will include in detail a practical inclusive and self-sustainable solutions to Venezuela's politics, economy, petroleum sector, social and institutional; the last of which incorporates the importance of separate powers sharing with checks and balances as well as the military which have historically been a vital factor in Venezuelan society. Each of the four volumes will be researched in the standard academic fashion but written and delivered in executive mode; starting with the executive summary, followed by the action plan recommendations, conclusions, and finishing with the bulk of the investigation; in that order. The holistic approach obliges significant overlapping across and within each of the volume parts; i.e., the economic volume cannot be written without engaging the energy, political, social and institutional areas.

Vitally important is the political volume; because it is the foundation bedrock upon all of the other parts must scale. This must include a re-interpretation of Venezuela's convoluted history from its early years of the Republic until today because Venezuela is a failed country with several unresolved issues from its past that must be addressed to be cured. Without this perspective it is impossible to truly grasp the essentials of Venezuela in the appropriate context, making it equally impossible to propose the practical solutions that are needed to heal this nation from its deep unanswered problems and class resentments. Much like a medical doctor who diagnoses a patients genetical history before prescribing treatment.

This part is necessarily long but it's already 75% already finished; when you read it you will not only fully understand Venezuela but you will know why it is a bipolar nation with self-destructive man-made disorders that are plain to see. You will also learn that there are at least two cures for this illness which have been tried before with great success; the first in Venezuela itself through most of the 20th century when the nation progressed from the worst country in Latin America to its best in most of the prosperity indicators. The second cure, different and more climatic, was tried in Europe also with unparallel success. Both of these remedies, however, are undemocratic, unconstitutional, and lasted a long time; but they did work! A third

² Not counting the travel I have had in Europe, especially Italy, where I have a nationality and passport.



way that overcomes all three of these problems is also available. Although untested and henceforth risky, it will nevertheless be suggested because it does contain all the ingredients resulting from Historical-Analysis to make it work with democratic and constitutional means; with help.

Once we have comprehended the political historical volume and established the unresolved historical problems as foundation to build Venezuela's present, we will have in place the plinth bedrock upon which we can build the appropriate solutions in the economics, energy and social institutional volumes in the fitting integral context. This is because once we have isolated the origins of Venezuela's political problems we are in a position where we can stop them from repeating themselves in seemingly endless cycles with every generation as they did after the independence wars all through the 19th century; until these were solved in the early years of the 20th Century were lasting peace and progress flourished in Venezuela.³ But these same problems re-emerged in the last quarter of the past century leading to all of the dearth and self-destructive pain and suffering that we see every day.

The overview of my proposal can also access it in this link of the web page of my company EnergyNomics de Venezuela <http://www.energynomics.com.ve/wp-content/uploads/2013/04/HOLISTIC-SOLUTION-FOR-VENEZUELA.pdf>

This overview will profoundly be deepened and widen as the work progresses. As said, it will be delivered in VIP Executive Mode with the relevant action strategies first, front and center.

PLAN PAIS:

Before we get to the necessities for this project to be successful, a quick word on the "Plan Pais" that the opposition political parties have floated around in this country as a silver bullet solution. Notwithstanding its good information that I will incorporate in the appropriate context in some of the volumes of my work, Plan Pais has four weaknesses that ultimately determines its failure.

The first weakness is that it is non-holistic, meaning it is un-integrated. They just gathered the oil experts and told them to write up a plan for that sector in a closed room, then they did the same with the economists to work up their plan in a different chamber, the social and legal experts to do the same in different rooms

³ As has been established by reputable historians, the independence wars in Venezuela was also a civil war. As will be shown, US 26thPresident Theodore Roosevelt had plenty to do with the solving of Venezuela's problems in the early 20th Century and in the establishment of our long lasting peace and prosperity.



and so on and somehow expect an invisible hand to assemble all the parts in a coherent form. That is the equivalent of a contractor who has been hired to build a 5-story building to outsource each of the floors to a different company and after they all finish to truck all 5 of the floors separately to a pre-arranged site and pile them up with a crane. That is not how buildings get built! Buildings, as nations, are built integrally and holistically from the bottom up, and the starting point is an accurate study of the landscape because the most important part of any building are the foundations that lie underground that you don't see; in this case it is history.

The second weakness of Plan Pais is precisely its non-historical nature. It takes no account of how things got this bad and merely proposes remedies how to fix them in an imaginary landscape. Without a proper understanding of the bedrock fundamentals of a nation's history, any policy is doomed to fail especially in a country as Venezuela with a history marked by profound class resentment and distrust. Country plans need to be historical and integrated from the get-go by the same person or company for them to be trustworthy of all. Of course, some outsourcing is allowed, just like contractors outsource the electrical works of buildings to experts they know and trust, I plan to outsource the economic areas that lie outside the realm of my knowledge to experts more qualified than I that I know and trust, like the entire agricultural sector.

The third weakness is that Plan Pais is orphan of an acceptable underlining framework that has worked well in the past in other emerging countries and thus reassuring to foreign investors and Venezuelan productive agents alike. In contrast, my economic plan would be established heavily on Hirschman like unbalanced growth models of forward-backward linkages, accommodated to our particular reality as well as other works on Institutions (North); Welfare economics (Sen); Growth with equity (Severel) among others.

The fourth weakness is that Plan Pais is virtually faceless; meaning there is not a personal face or name that it can be linked to other than a host of numerous technocrats that do not belong to any one body or institution inside Venezuela which makes people understandably skeptical as who the authors are, where they come from and where their interest lie. It would be more congruous to Venezuelan idiosyncrasy if the plan to overhaul their country was written and build by a knowledgeable and trusted Venezuelan with some prestige and no political affiliations. This is what I bring to the table.

Because Plan Pais does none of this I am sorry to say it is wrong and doomed to failure and it explains why it hasn't gathered any traction whatsoever to anyone in



Venezuela outside of the technocrats that wrote the part that they were assigned. I truly believe that Plan Pais falls into the distinction that famous astronomer Carl Sagan cautioned many years ago. He said: *“Knowing a great deal is not the same as being smart; intelligence is not information alone but also judgement, the manner in which information is coordinated and used”-*

Venezuela and many emerging countries have had too many unpleasant histories with ill-fated plans that were applied that took no account of the essentials of their historical makeup, and the results were catastrophic. Case in point the IMF 1989 “Venezuelan Package” that led to the “Caracaso” riots, the unstrapping of this plan, the failed decade of the 1990s (on top of the failed decade of the 1980s), the impeachment of the President, the financial crisis of 1995 and eventually to the election by a landslide of the hard left populist Hugo Chavez in 1998. Needless to say, that is not an experience worth repeating. This work guarantees that it isn’t.

NECESSITIES:

I need six (6) months to fully develop this proposal, which will take 100% of my working time. This entails my freezing of all other professional responsibilities, including the work I do for my clients and the classes I lecture for half a year. A payment of US\$4,000.00 per month for the entire work plus a 12 day all expense trip to Washington DC for face to face meetings with Venezuelan political and economic experts at the US State Department, US Energy Department, USA-BID, IMF, BID, OAS, as well as the cities think tanks like Brookings Institution and the American Petroleum Institute (all of which I had good contacts when I worked in Washington almost 25 years ago). A 2-3day trip to Houston to speak with the oil companies there, including CITGO and to New York City to speak with the United Nations might also be necessary too. It all depends on the evolution of the work.

Upon completion of the work I may need advice to publicity my work through conferences in Venezuela’s appropriate business chambers, universities, government, private corporations, and political parties all across the country.

Although it is possible that I may need to consult with experts in fields that lie outside of the realm of my knowledge (say agriculture) I am confident I can find literature information to get started.

Finally, I would like to get appropriate credit for my work if that this is ok with you. The reason I insist in this is that although this is not generally a problem in most



countries, by personal experience I know it is in Venezuela. Most importantly, I would want to present this work in my CV to a university in your country for the purpose of tenure position in lecturing and teaching, which is my passion.

CONCLUSION:

I sincerely believe that this holistic approach that I am proposing is the only way forward for Venezuela, giving the profound complexities and distrust that lie in each of the classes herein. The people of both sides of the isle must know that their necessities are understood and addressed but since we cannot fix each isle separately, we need to know how to lay the appropriate foundation and build knowledgeable necessary bridges; this holistic approach delivers the correct product with a clear comprehension.

Please understand that there is no other possible solution for Venezuela. If this is not accepted, four dramatic scenarios became very possible; listed here from most to least likely.

- A) The formalizing of a communistic statist Fidel Castro style dictatorship with a continual deterioration of the productive apparatus, political repression and loss of oil output.
- B) A German Post World War 2 style solution (1945-1990) where several superpowers divide this country geographically (along the lines of oil reserves and facilities) and keep control over it for the foreseeable future. These countries being, but not limited to, The United States, Russia, China, Cuba, Colombia, possibly Brazil and NATO as representative of the European Union which import about 90% of the oil they consume.
- C) The establishment of a "Gendarme Necesario", a Venezuelan expression for a long lasting military dictatorship Pinochet style. Given the Cuban/Russian infiltration of the upper echelons of the military, its not clear who the strongman might be.
- D) The least likely but by far my worst fear, is a repeat of the circumstances that led to World War 1. There, as you know, the murder of one person by a mad man led to a 4 year brutal war of coalitions and alliances that involved 32 countries with 40 million casualties between killed and wounded. The conflict involving Venezuela already has 59 countries on one side and a host of other superpowers, including Russia, Cuba and China on the other side that already have commercial, diplomatic and military presence inside Venezuela that recognize Maduro and



not Juan Guaido as its legitimate president (because of the inexplicable opposition boycott of the 2018 presidential elections).

In the First World War there were no essential natural resources at stake. As you also know, the countries that support Guaido, especially the USA, have stated unequivocally that if anything were to happen to him that they will react harshly. As you also know during a rally in the city of Barquisimeto this past February 29th, Guaido had a Gun pointed at his head. Venezuela, like Serbia in 1914, is not exempt from mad-man with loaded weapons.

If accepted I will contractually keep you abreast of the advances of the work to get your feedback on the periodic basis that you want. Any presentation that you want me to do will of course be included in the above-mentioned stipend. If you decide that we both be better served if I develop this entire work in Washington or any other city in the USA I would certainly consider it. This work can either be written in English or Spanish or both.



