

even promoting real investment, they operate in terms of foreign competition. Is this procedure valid? The answer is negative....

### Foreign Dependency

It is worth recalling once more, the Morgenthau Plan, drafted in 1944 to be applied to a conquered Germany. According to an unimpeachable source, W.W. Rostow, "the plan called for a restructuring of the German economy in such a way as to eliminate or reduce its component of heavy industry and turn the Germans back to agriculture and light industry in search for a modest and unaggressive subsistence." In the end the plan was rejected, partly because Germany, with the resulting economic weakness, would not provide an adequate

barrier to Soviet penetration attempts. Could we accept an economic structure similar to one which the Second World War allies considered applying to their unconditionally surrendered enemy? Would a productive apparatus thus disintegrated solve the Argentine problem?

The role of agricultural exporting country which we would be relegated to by the ending of industrial protection restricts our freedom of strategic action in regard to national security, creates grave vulnerabilities in regard to the power relations between the nations of the Southern Cone and, on the internal front, puts us up against a situation of permanent dissatisfaction and social agitation.

**EXCLUSIVE**

## Romulo Betancourt — Nelson Rockefeller's 'Warrior For Democracy'

"The most destabilizing factor against the government of Carlos Andres Perez is not the Central Intelligence Agency, not the *New York Times* or those who are behind it...it is Romulo Betancourt." So wrote the widely read Venezuelan weekly *Resumen* June 19, correctly noting the concrete objective of Betancourt's recent efforts to get his man Luis Pinerua Ordaz nominated the Accion Democratica's candidate for the 1978 presidential elections.

My intimate friend for more than a quarter of a century...

—Nelson A. Rockefeller

Although Pinerua is given no better than a fifty-fifty chance in an honest July 17 election against Jaime Lusinchi, a supporter of Perez's economic development policies, *Resumen* predicted that "Within scarcely a month, the real political power of Carlos Andres Perez will have diminished considerably," and that Venezuela would be ruled by "three presidents:" Perez, Pinerua ... and Betancourt.

Twice president of Venezuela, now "president vitalicio" of the ruling social democratic party, Accion Democratica, Romulo Betancourt is widely credited with being the "father of Venezuelan democracy." In fact, he is neither a democrat nor a nationalist, but has belonged to Nelson Rockefeller throughout his public political career, now nearing 50 years of faithful service. It is he who has played a leading role in destroying every real development of democracy in Venezuela in the last half-century.

Betancourt's greatest political crime, prior to his current subversion of the government of Carlos Andres Perez was the overthrow of the progressive bonapartist regime of General Isaias Medina Angarita in October 1945. Like the Perez government today, the government of General Medina from 1941 to the 1945 coup was a *truly* democratic government in its battle to organize the Venezuelan population in defense of its right to progress and

industrialization. Betancourt actively led the military coup which overthrew the Medina regime and destroyed that opening for democracy. Then, as provisional president from the 1945 coup until 1947, Betancourt turned Venezuela over to the multinational oil companies and the Rockefeller family, and paved the way for the brutal Perez Jimenez military dictatorship in the decade that followed. This is the legacy of "democrat" Betancourt.

The charge against Don Romulo is not merely that he has served Rockefeller interests. Other national leaders throughout the world have found themselves — for reasons of ignorance, gutlessness, or opportunism — in that ignominious position at various points. But others have broken from Rockefeller when he has demanded the literal destruction of their nations. Romulo remains firm: his *outlook* coheres with the psychotic monetarism of the parasitical Rockefellers.

Don Romulo is an ideological fascist. His conception of "democracy" is the demagogic manipulation of an uneducated, lumpenized and peasant multitude in the tradition of Danton and Marat — the Jacobins who, in the name of the "people," massacred the republicans in the French Revolution.

Betancourt's demagogic populism is the very antithesis of real democracy and humanism, embodied in the republican form of developing an educated population around a policy of progress and growth for the nation as a whole. Indeed, if actual democracy is to survive in Venezuela today, the legacy of Betancourtian democracy — the mafia and boss-ridden parties that manipulate the fears and prejudices of the population against the national interests — must be destroyed. Unless Betancourt's control, both actual and *ideological*, is broken, that legacy will be turned once again against industrial development in Venezuela, this time to bring down the Perez government.

The antidote is simple, but urgent. An immediate vigorous and systematic education of the population around its actual interests of expanding industrial growth will rapidly destroy the basis for Betancourt's manipulation.

Towards that end, the Latin American Labor Com-

mittees have already submitted a draft program to transform Venezuela and its oil production into the hub of vast regional development (EIR Vol. IV, No. 19).

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## History of an Agent

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Romulo Betancourt is and always has been a debt collector. His first job as a youth before his emergence in politics in 1928 was as a bill collector for a local Venezuelan company. He has never changed his occupation.

Betancourt's first public appearance in Venezuelan politics as a "leftist" leader of the student Generation of '28 did not last long. Forced into exile and penniless, Betancourt nevertheless managed to make "contacts," obtain a false passport, tour the Caribbean and go to Peru and Colombia before settling in Costa Rica in 1930. There he joined the Costa Rican Communist Party (PCCR), and proceeded to subvert the internationalist outlook of the PCCR by promoting a Eurocommunist-style "national road" to socialism. He left the PCCR in 1935, vehemently protesting its resolution to join the Third International, and returned to Venezuela. There he launched a similar campaign against internationalism in the Venezuelan Communist Party (PCV). In 1940 he was again forced into exile, and he went to Chile to help organize the First Congress of Democratic and Popular Parties with the fascist Peruvian APRA party, headed by fabian agent Haya de la Torre.

Betancourt returned to Venezuela in 1941 with a firmly established left cover. He founded AD as a "policlasista" party (party of all classes) and claimed the country's backward and uneducated peasant population as his base. By this time, Betancourt's agency was a well known fact. Even the PCV commented: "It is certain that many will find it difficult to consider Betancourt a traitor...But...he does not shrink from helping yanqui bankers and tirelessly runs errands for the politicians tagging behind the Roosevelts and Rockefellers."

As Betancourt ripened as an agent, he became less and less discreet about his allegiances. He visited the U.S. State Department in June 1945 right before the coup against Medina, when Nelson Rockefeller was Assistant Secretary of State for American Republic Affairs. It was here that Serafino Romualdi, Rockefeller's personal top labor agent in Latin America became his life-long controller. Back in Venezuela with Medina's overthrow, Betancourt received visits from Romualdi in 1946 and then Nelson himself in 1947. The Venezuelan press, shocked by the openness of Betancourt's allegiances to Rockefeller, printed a cartoon of Betancourt and Nelson dancing together in bathing suits under an oil geyser!

In 1949, when Betancourt was exiled for the third time, as Colonel Perez Jimenez took power, he did not hesitate in moving directly to Washington, D.C. Romualdi later described his relationship with Betancourt at this time as a friendship that "has led to what I believe is the most fruitful political collaboration of my life." Romualdi boasted equally about his ties to Rockefeller: "My war-time association with Nelson A. Rockefeller...was transformed into one in which I have ever since received his sincere encouragement for every one of the many labor, political and educational activities in Latin America in which I later became engaged."

With special funding from Nelson, Betancourt, Romualdi and a third personal friend of Rockefeller,

Francis R. Grant, formalized Rocky's Second International networks in Latin America in the Interamerican Association of Democracy and Freedom (IADF) in 1950. Under the cover of human rights, the IADF has been the coordinating body for ongoing "democratic" wrecking operations against bonapartist and progressive governments in Latin America. Among the participants in this fascist roundtable were notorious Latin American agents like Haya de la Torre, Juan Bosch, and Eduardo Frei, as well as Anglo-American agent Sidney Hook, Eleanor Roosevelt, Robert Alexander, a writer for the Fabian Society and Betancourt admirer, and Norman Thomas. One of Don Romulo's top buddies since at least these IADF days is the notorious social democratic ex-president of Costa Rica, Jose Figueres. Figueres, more honest than Betancourt, recently admitted: "I was closer to the CIA than most...and with their help we financed a labor center in Costa Rica, a center for democratic leadership training, and a social democratic magazine."

The magazine referred to by CIA agent Figueres was *Combate*, run jointly by Figueres, Haya de la Torre...and Betancourt.

Throughout his stay in the U.S. in the 1950s, Betancourt remained in constant contact with Romualdi, who kept him up to date with the State Department line on Venezuela. Finally, in June 1957, Betancourt received word through Romualdi that Rockefeller again had plans for him. At that point, Romualdi wrote Betancourt that Allan Stewart, then director of the Central American and Caribbean section of the State Department, had assured him that "there is a change in the official U.S. attitude toward you (Betancourt) in the sense that the Department is not 'courting' you because there are indications of drastic changes in the political scenario of Venezuela." A year and a half later Betancourt was installed as president, where he served Rockefeller well from 1959-1963.

During his term the *New York Times* repeatedly gushed that Betancourt was a "great statesman." *Readers Digest* called Don Romulo "the human hinge upon which Cold War for this hemisphere may turn."

No wonder Nelson Rockefeller acclaimed Betancourt in 1965: "All of us who believe in democracy and liberty should consider Romulo Betancourt as a companion in arms...my intimate friend for more than a quarter of a century..."

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## Nation-Builder Medina

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It is from the standpoint of the brief expression of actual democracy embodied in the Medina years that the farce of Betancourtian democracy is most clearly understood.

The early 1940s government of General Isaias Medina Angarita was a crucial point in Venezuela's transition from a backward oil-dependent dictatorship into a viable, sovereign republic. For the first third of the twentieth century, Venezuela was hardly a nation at all. The predominantly agricultural economy was presided over by the corrupt, boorish dictator and U.S. puppet, General Juan Vicente Gomez, who collected the token royalties from Venezuela's oil to maintain his personal power. With no organized institutions outside the army, itself under Gomez's thumb, two major oil companies, Rockefeller's Standard Oil and Rothschild's Royal Dutch

Shell, ran the country for themselves. With the death of Gomez in 1935, a period of initial development under the rule of General Lopez Contreras began, but remained limited until Medina came into office.

In 1941, General Medina deliberately set out to build institutions of democracy by rapidly transforming the country from its divided backwardness into a unified, industrialized economy. The core of Medina's program was to employ the nation's wealth — until then purely the object of foreign looting — as Venezuela's greatest asset in bringing progress to the country. Medina saw the battle for a diversified growing economy as Venezuela's battle for "economic independence," as important to the nation as its earlier winning of political independence.

Medina demonstrated a relatively advanced understanding of the basic principles of scientific political economy, building his audacious program of state investment around two key principles. First, "the permanent aim of all well-directed political economy," Medina stressed, is a constant increase in national production. And, second, state credit and investment is a vital necessity for that increase in production. Medina stuck to that course throughout his presidency, despite cries from more backward elements in Venezuela's business sector who resented "state intervention" against their "right" to purely speculative profits.

Under Medina, as with President Perez's V Plan today, Venezuela's oil wealth was invested in road infrastructure, irrigation, housing projects, importing of seeds, machinery, and raw materials, as well as the development of technical training and investigation. "We must make the transitory wealth take root" in Medina's words.

In 1944, Medina announced an audacious 60 million bolívares program of government investment, to be matched by private capital. He told Congress that the political will and material resources for a "true mobilization of the national wealth" were available and that the only thing missing was credit — "abundant, cheap and quick." In elaborating his views, Medina demonstrated a Hamiltonian understanding of the role of credit in generating real surplus as distinct from speculative profits, and argued that even vast amounts of credit would not be inflationary as long as "this idle money" is directed to "exclusively productive ends." "If, as I am sure, the resources are not diverted from their proper ends, if no part of them is applied to the payment of mortgages or the substitution of existing obligations, if credit is granted at low interest and reasonable terms, if it is concentrated in the most vital branches of production in the country, ... I am certain that we will have taken an immense and definite step to free Venezuela from its present fragile economic condition, whose entire structure depends on the fate of a single product."

Medina also had a good notion of the need to develop Venezuelan labor power in order to achieve national progress. In a 1941 memo to the state governors, Medina stated: "An essential part of the work of the government is to create an environment propitious to the flowering of the human personality, to create and maintain conditions that will permit the normal development of the individual and the nation, stimulating them towards the collective well-being." Medina encouraged the formation of trade unions as necessary means to ensure the worker's rights to health, leisure, and economic benefits. He also

passed an advanced obligatory social security law, and took pride that, as he put it, this was one government which was not afraid of having workers think.

Medina's political program was the mobilization of a "great national crusade" behind this policy of economic independence generated by educated workers, peasants and industrialists. On that basis he drew around his government a layer of 80 bonapartist industrialists, a collaboration epitomized in the prominent role of Eugenio Mendoza, Venezuela's leading national industrial capitalist, as Medina's Minister of Development for most of his term. He also took his program before the population to organize that "national crusade" — the first Venezuelan president to do so — and received strong labor and popular backing.

Despite Betancourt's distortions about "Dictator Medina," the Medina regime encapsulated the most politically tolerant period in Venezuelan twentieth century history until the late 1960s. Sharply contrasting with Betancourt's two administrations, Medina kept no political prisoners, forced no exiles, throughout the entirety of his government, and all political parties, including the Partido Comunista Venezolano (PVC) were permitted to organize. Under the Medina administration diplomatic ties were reestablished with the Soviet Union.

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## Oil: Excremento del Diablo or Development?

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The fundamental gulf separating the outlooks of humanist Medina and monetarist Betancourt is especially clear in their respective handling of the nation's oil. Oil for Medina, as for Carlos Andres Perez, meant Venezuela's access to progress, the means by which Venezuela would supersede its dependence on oil entirely. Oil for Betancourt is wealth-in-itself, magically rising out of the bowels of the earth for men to loot or conserve, separate from the actual process of economic reproduction. Venezuela's chief petroleum strategist and twice Betancourt's Minister of Development and Oil, Juan Pablo Perez Alfonso expressed this superstitious, physiocratic conception of oil in the title of his recent book: "Drowning in the Devil's Shit!"

These two distinct notions are the basis on which two distinct oil policies were developed for Venezuela. Medina fought for Venezuelan control over increased refining and production, although always stopping short of proposing outright nationalization — a task which had to wait until 1976 and the CAP administration. Betancourt and Perez Alfonso, on the other hand, have always proposed holding the oil industry back, decrying nationalization as "irresponsible" while denegogically crying "no new concessions."

Medina's regime is noted for its 1943 Petroleum Reform Law — the first general overhaul of the oil companies relationship to the government since the 1920s. The Medina Reform Law is distinguished by two provisions: the implementation of a 50 percent tax on oil company profits, and provisions for the construction of oil refineries within Venezuela for the processing of its own oil. It was the latter demand that became the focus of a bitter battle between the U.S. government, the oil companies and Medina.

Medina enforced the Reform Law by taking his de-

mands to the population, and mobilizing national support behind his negotiations with the U.S. In November 1942, Medina toured four states, and spoke before labor, business and military gatherings. The tour culminated with mass rally of 50,000 people in Caracas, which gave Medina full backing in his negotiations. Emotionally moved, Medina promised the crowd that the government would nationalize the oil industry if all of its demands were not met and stressed that the government was determined to "insure the industrial processing of oil" within the country as a "sure source of work for Venezuelan labor."

The 1943 Reform Law, despite its limitations, was an important step toward Venezuelan control of its oil industry. Betancourt's Accion Democratica fiercely criticized it. Betancourt charged that the law was to the oil companies' advantage because it granted new exploration concessions to the multinationals. This line was the precursor to the obsessive campaign for conservation and limited production which presently plagues Venezuela's efforts to fulfill Medina's program of using oil to achieve national development.

With the Mexican nationalization all too freshly in mind, and World War II requiring an assured supply of oil from Venezuela, the Roosevelt Administration, with Nelson Rockefeller personally heading the State Department's Interamerican section, decided not to force the issue with Medina, and signed the petroleum reform law in March 1943.

The Battle between Medina and the U.S. did not end there. In the spring of 1944 Medina set out to enforce the oil companies' agreement to construct refineries within Venezuela. He threatened to freeze all new concessions until the companies agreed to refine 10 percent of all Venezuela's production within the country, and send the other 90 percent to be refined outside the Caribbean area. The measure was aimed to shut down the multinationals' refining complexes just off Venezuelan borders on Aruba and Curacao. The refineries had been built there with the explicit aim of insuring separation of production and refining, to undercut the Venezuelan government's ability to control its own industry.

The U.S. government would not tolerate this demand and answered Medina's show of force with their own. U.S. Ambassador Corrigan threatened Medina with a full trade embargo if he continued his freeze on concessions and demands for refining. Medina backed down in the face of this determined U.S. economic and political blackmail.

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### The Treason of Romulo Betancourt

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Despite Medina's capitulation, and the fact that his term of office was to end in 1946, Rockefeller decided by mid-1945 that it was nonetheless necessary to stage a coup d'etat against him. Nelson was going for long-term control of Venezuela, and needed to rip apart the institutional basis on which Medina had begun to construct democracy. For this task, Nelson turned to the "democratic" Don Romulo.

It is a matter of public record that Romulo Betancourt and Raul Leoni traveled to Washington in June 1945, and there received the go-ahead for a military coup against Medina from the Office of Coordinator for Inter-American Affairs (OCIAA), then headed by Nelson

Rockefeller himself. Betancourt has openly acknowledged that his role in the coup was to provide the cover of civilian legitimacy to what was otherwise a standard, U.S.-directed banana republic coup. Grand "principles" aside, Betancourt became president of Venezuela in 1945 as a common, U.S. military-backed puppet.

By the time of the actual coup in October 1945, Medina was already critically weakened. Betancourt's Accion Democratica (AD) was engaged in a gutter rabble-rousing opposition to the government, weakening Medina's earlier strong popular support. Medina's own allies were in disarray around personal squabbles in preparation for the upcoming presidential elections, and discontent within the military was also on the rise.

In the entire period leading up to the coup, Betancourt lent the Accion Democratica newspaper and its organizing to prepare the political isolation required to over-

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throw the popular Medina. *El Pais*, the Accion Democratica paper, for months ran demagogic tirades against the government for alleged corruption in its development programs — much as the opposition today attacks CAP. "Embezzlement is the order of the day" *El Pais* made their slogan, and turned the population against Medina's policy of industrial expansion by arguing that growth is merely a source of graft for the politicians: "They are producing much to gain many commissions."

By the time of the actual coup, Medina had lost the battle where it could have been won: by politically building a base of scientifically educated leaders of the country to defend its policies of growth. By then, Betancourt had reduced "politics" and government to cynical issues of personalities, caudillos, corruption and thievery and Medina had lost the basis on which to fight Betancourt's zero-growth anti-humanist thuggery.

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### Rockefeller's Ranch

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Betancourt used his succeeding period as provisional president through most of the "trienio," the 1945-1948 period before the next military coup, to institutionalize his demogogy. His regime was a Dantesque anti-republican shell of democracy, which dismembered the embryonic worker-industrialist alliance Medina was creating, and once more Venezuela returned to stable Rockefeller control.

Economically, the oil multinationals' fears were assuaged and they again began to run Venezuela for themselves. But it is in the area of political control for Rocky that the trienio was most successful.

Betancourt built up a party machine based on graft,

favoritism and outright mafioso tactics, whose main "popular" base was cynically manipulated and lumpenized peasantry. Among his first acts were to grant the illiterate peasantry the right to vote — in the name of democracy! — and to distribute tiny plots of land to them under the name of "land reform." Betancourt not only gained political support through these land reform measures, but also the financial indebtedness of the peasantry on these inefficient plots.

Venezuela under Betancourt also became a pilot project for two crucial arms of the Rockefeller family's private international apparatus in the area of social control: the International Basic Economy Corporation (IBEC), and the American International Association for Economic and Social Development (AIA). Both were the direct post-war extension of Nelson's private fiefdom, the OCIAA, with the explicit purpose of continuing economic and psychological warfare in Latin America.

IBEC, under Rodman Rockefeller's direction, established monopolies over fishing and milk production, and created vast truck farming, chain stores, coffee plantations, and cattle ranching. Betancourt's government set up the Corporacion Venezolano de Fomento (CVF) to interface directly with IBEC's operations.

The AIA was the sociological unit, and IBEC's non-profit twin. Venezuela and Brazil were selected as the AIA's first targets, and functioned as the prototype for AIA activity throughout the developing sector. Nelson personally organized the founding chapter in Venezuela, and Betancourt himself signed the founding agreement with Nelson. Even Nelson commented that his personal role was so vulgarly displayed that his "neck stuck out five miles." Eight individual members of the Rockefeller family, the Rockefeller Brothers Foundation Fund, and the four major oil companies financed the operation.

The principle task of the AIA's various programs was the psychological profiling of the population: studying

the ideology and targetting, recruiting and training the natural leaders within Venezuela's communities in order to maintain the webs of social control over the population, using as a strict model the psychological warfare techniques developed by John Rawlings Rees of the London Tavistock Institute.

The mass communications experiments in Venezuela were described by AIA's director of information and mass brainwashing expert, H. Schuyler Bradt, as the "biggest snow-job" he'd ever been connected to. They were so successful they became the model for the 1958 Programa Interamericano de Informacion Popular (PIIP), extending the Reesian psychological shock troops throughout the continent.

The trienio government practically served as an adjunct of AIA and IBEC operations, with various cabinet ministers serving on AIA programs. In Betancourt's second term as President, from 1959-63, the AIA even brought its Latin American headquarters to Caracas. AIA then began creating local extensions of its operations, aimed towards the eventual phase-out of the organization itself later in the 1960s. CENDES, the Ford Foundation, and others took over the AIA role and networks, as Nelson's native ranchhands.

When Betancourt returned to run Rockefeller's ranch in 1959, his main task was to destroy the Venezuelan left, creating the conditions for its massive police takeover in the subsequent demoralization. Since then, Venezuela's left has presented a horrible spectacle of near universal support for fascist zero-growth ideology, and ideological control only now threatening to break down as honest Venezuelan nationalists begin to rally around the pro-development regime of Carlos Andres Perez. This initial and urgent support for CAP can only be successful with the destruction of Betancourtian "democracy."

—Marietta Didier  
Gretchen Small