

Book Review:

The CFR Plan For A Coup Against Venezuela's Foreign Policy

Contemporary Venezuela and
Its Role in International Affairs.
Robert Bond, editor
Published by the Council on Foreign Relations

The New York Council on Foreign Relations has just released a blueprint on how to sabotage Venezuela's foreign policy. Official disclaimers aside, *Contemporary Venezuela and Its Role in International Affairs*, a collection of papers prepared for a Council seminar, is a policy statement by Anglo-American monetarist circles outlining their intent to force the Venezuelan government to withdraw from the foreign policy commitments of current President Carlos Andres Perez, particularly those concerning the industrialization of the Third World.

Through a series of "predictions," the CFR presents a package of strategies to be pursued by the circles and related agents it represents describing how "internal strains" and growing "instability" will oblige Venezuela to abandon its "impetuous" and aggressive foreign policy, and "retrench" behind objectives that are more amenable to monetarist interests.

Specifically, this means Venezuela is to abandon its role in seeking a new world economic order, cease being the "intellectual leader" of OPEC, and give up its "dream" of Latin American unity based on development.

The "pressures" compelling such a "retrenchment" are to include *lumpenproletariat* violence stirred up by ultraleftist-terrorist agents controlled by the Council-linked Institute for Policy Studies, plus a "leveling-off of oil income" that will supposedly fuel domestic unrest and grind Perez's industrial development program, known as the V Plan, to a halt. As editor Robert Bond flatly asserts, "If Venezuela has to choose between maximizing government oil income and solidarity with the Third World, the latter is sure to be the loser."

Should the government attempt to ignore these "strains," writes Daniel Levine in his chapter on "problems" likely to plague Venezuelan constitutional democracy, the results could be a military coup, which would take place "probably in a sea of blood...like Chile."

Already the CFR "study" is being put into an action phase. Simultaneous with the increase in ultraleftist terrorism in recent months, efforts to forge an "environmentalist" movement out of the above-ground left

parties have greatly increased. Both of these capabilities represent weapons for creating "instability" and blaming the V Plan with charges that it does not provide enough "employment" and "income distribution."

Venezuelan oil exports to the U.S. during January dropped 25 percent below the previous year's levels, supposedly because of a glut in the market — a situation that could cause grave problems if prolonged.

Even more telling, however, Foreign Minister Simon Alberto Consalvi, who as former Venezuelan UN ambassador became the "close friend" of U.S. National Security Council chief (then director of the Trilateral Commission) Zbigniew Brzezinski, paid a special visit to the Council late last year to pick up some of the 3,000 copies of the report here under review. He eventually took them back with him to Caracas to distribute them personally. It is no coincidence that he has already begun to restructure Venezuelan foreign policy along the lines spelled out in *Contemporary Venezuela*.

Why?

In his contribution, Franklin Tugwell, son of Fabian Society member Rexford Tugwell, writes that Venezuela has steadily become "a source of irritation and concern" for the U.S. as an OPEC leader, a cofounder of SELA (the Latin American Economic System, which excludes the U.S.), and a nation that successfully carried out the largest nationalization of Anglo-American oil interests in history. Yet while these factors are important, they stem from Perez's commitment to the new world economic order — the real reason the CFR had to write this book.

The principal danger to the CFR and its clients is that the more successfully Venezuelan leaders reinvest oil revenues in sustained industrial development, the more Venezuela becomes a model for the Third World in rejecting the zero-growth austerity policies of London and New York monetarists. Already industrialists fighting World Bank austerity in neighboring Colombia are pointing to the V Plan as the example to be followed. The Venezuelan development strategy has netted it an 11.1 percent rate of real growth in the industrial sector in the past year, among the highest in the world. Bond and his collaborators try to brush off Caracas's new world economic order policy as "moralist impulses," a "personal" goal of Perez that is "inconsistent" with Venezuelan national interests, and "bursts of impetuosity" tailored to the "cosmetic adulation" of the President. However, the true concern of these gentlemen is revealed when Bond stresses that Venezuelan foreign

policy must be seen as an outgrowth of its "development strategy" — i.e., the V Plan. "At its most fundamental level," he notes, "Venezuelan foreign policy is directed toward the achievement of the country's development program." "Unfortunately," emphasizes Levine, the V Plan is "capital-intensive rather than labor-intensive."

As a result, every "scenario" floated in the Council's book stems from the basic premise that Perez's technology-directed, capital-intensive policies must be liquidated.

How It Works

The way to stop the V Plan, the Council notes, is to shut down the country's oil markets. Given that Venezuela's oil industry infrastructure is the "most vulnerable" in OPEC due to the highly specialized nature of its output, Tugwell observes, such problems are "likely." Indeed, they are in effect, as was pointed out earlier. The result of prolonged marketing difficulties, as former World Bank consultant Pedro Pablo Kuczynski explains, would be a decrease in capital investment in the V Plan and a slowdown in the overall economy. As for the political impact of such a crisis, Tugwell, in commenting on a similar sudden collapse of oil sales during January 1976, writes, "The lesson was not lost; Venezuelans were made to feel very insecure indeed."

With the key source of national income cut back, the climate is set for unleashing the most important "political factor" in forcing the government to "retrench" from a Third Worldist foreign policy: urban violence. Levine identifies the "marginal" population of Venezuela's mushrooming urban slums as the most serious "challenge" to the entire political system established since the 1959 overthrow of dictator Perez Jimenez. This "unpredictable" force, he says, could provoke "shifts in the urban electorate" and a "severe weakening of party organizations" governing the fragile "balance" that has sustained constitutional government for 20 years.

"How soon will it be," Levine asks, before the country is reduced to a situation of "competing caudillos" like the "rest" of Latin America? "Perhaps not long at all," is the reply, and he adds that this is "just the kind of situation in which the military often intervenes to restore order."

Thus the result of declines in oil income is supposed to be foreign policy "retrenchment" forced by "domestic instability": "As open threats to democratic survival at home begin to disappear," writes Levine, supposedly observing past trends, "foreign policy gradually moved away from a primary concern with the international defense of democracy and toward a broader concern for economic issues....A renewal of domestic instability (or a sharpened sense of isolation and fragility derived from the spread of authoritarian rule) might affect foreign policy."

The Role of Environmentalism

The catalyst for activating the "marginal" slum-dwellers, according to the CFR, will be growing unrest for "jobs" and "income distribution," with the V Plan the prime target. The V Plan, Kuczynski writes, is "hardly a recipe for jobs creation." To meet these "demands," the government is going to have to divert resources from

capital investment to "public services" and "employment." The more ferment grows in the *barrrios* (slums), the more the government will have to shift away from V Plan priorities.

Providing the needed help in stirring up this synthetic "ferment" against the V Plan is the Council's neo-Fabian sister organization, the Institute for Policy Studies and the related networks permeating the Venezuelan left. While Maoist provocateurs can always be counted on for a university riot or mob violence in the *barrrios*, the more "respectable" left is now being mobilized to provide a zero-growth programmatic content to the entire movement. An ideologue for the leftist People's Electoral Movement (MEP) last month illustrated the kind of "jobs" and "income distribution" the CFR seeks. Writing an op-ed in the country's leading daily, *El Nacional*, the MEP spokesman called for degrading Venezuela to the starvation and misery of a primitive economy based on the "ideas of Mahatma Gandhi." We must return to an economy of "small villages," says the MEP, and forget about "giant complexes" of "advanced technology."

The MEP "program" is almost identical to the policies being advocated on another level by former Mines Minister Juan Pablo Perez Alfonso and former Foreign Minister Ramon Escovar Salom. Both are attacking Perez's policies through diatribes against "savage development," "false progress," "gigantism." Escovar recently advocated *tracción humana* — literally, humans as draught animals — instead of machinery. On the official level, Consalvi pursues the same ends, as shown by his vigorous endorsement of the World Bank's labor-intensive "Caribbean development program."

What the CFR's Venezuelan Foreign Policy Is to Look Like

With the above carefully manipulated "instabilities," the CFR "predicts" several changes to occur in specific areas of Venezuelan foreign policy:

The New World Economic Order: This, says the CFR, is simply a luxury Venezuela will no longer be able to afford. "The personal nature of Venezuela's commitment to the Third World," writes Bond, "makes the current New International Economic Order policy highly susceptible to a change in administration." And with increasing "instability" and declining oil revenues, Levine points out, "any administration will have to retrench" from these more active policies.

OPEC: "A dramatic change in Venezuela's OPEC role is a distinct possibility," meaning the country's function as the key mediating force between the duped price hawks and the conservatives who favor oil price freezes will be finished. Since Venezuela has managed to prevent fatal splits in the cartel while simultaneously holding off the provocative price hikes that would destroy the U.S. dollar and international trade, abandoning this role could be extremely dangerous. As economic pressures mount domestically, "Venezuela might become more adamant on the issue of price increases," says Bond, backed up by Kim Fuad, who cites "intensified challenge" from the "radicals." Already persons of dubious loyalties such as zero growth guru Perez Alfonso, the alleged "father of OPEC," are openly calling for splitting the organization by demanding Venezuela raise oil prices unilaterally.

Fuad, Perez Alfonso's biographer, cannot contain his glee over what he sees as a Venezuelan drift away from policy alliance with Saudi oil minister Yamani, who favors steady prices and increased production to ensure global economic recovery.

Relations with the U.S.: As the entire CFR scenario unfolds, Venezuelan policy towards the U.S., which revolves around oil, is to be based on the no-energy policies of U.S. energy czar James Schlesinger. Tugwell's not-very-subtle message is that as Venezuela's young nationalized oil industry goes through a few "frightening" drops in sales, it will become more anxious to join with Schlesinger in setting up a "regional energy institution" — a euphemism for giving Schlesinger fingertip control over hemispheric energy supplies, completely circumventing OPEC.

Again, this is another aspect of the CFR blueprint that is now operational. The environmentalist left, aided by Perez Alfonso and the editors of *El Nacional*, is pressuring for "government-to-government deals" with the U.S. As the Department of Energy readily admitted last week, any such "deals" at this point can only mean sales to Schlesinger's dictatorial strategic reserve — a proto-form of the proposed regional energy body. Since large sales to this facility would be seen as "OPEC-busting," a spokesman admitted, Venezuela would have to be "running scared" before it would consent.

Latin American Integration: Caracas's Latin American policy, says the CFR, is "inconsistent," "ad hoc." The "150-year-old dream" of "Bolivarian unity" is "doomed." Venezuela "will probably abandon its goal of a unified Latin America," says Bond. Thus, under the CFR's "retrenchment," the future "augurs poorly" for SELA and other integration efforts, according to John Martz. Likewise, Martz sees the Andean Pact as facing "impending collapse."

New Geopolitics: Venezuelan foreign policy must now take into account the "new reality" that Venezuela, Mexico, and Brazil are the "prime candidates for regional leadership," says the Council, outlining a system of Kissingerian axes and "spheres of influence." With remarkable precision, the Council "predicts" a new turn in relations with Brazil, which are at present the "clearest example that Venezuela lacks a well-defined policy toward Latin America...Preoccupation with Brazil's Amazonian development will necessitate compromise on Perez's part."

Consalvi has already begun to move in this direction, by indicating Venezuelan willingness to discuss the formation of an Amazon Pact with Brazil, an alliance which, if based on zero-growth looting programs, would dominate and "police" the entire continent for New York and London.

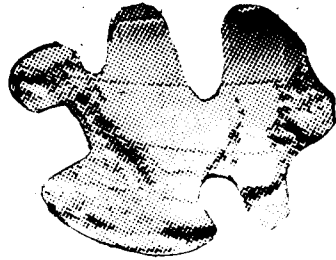
It must be emphasized, however, that in no way does Consalvi, any more than Brzezinski or Schlesinger, intend to have Venezuela support Brazil's nuclear energy program. It was Consalvi's circles that sabotaged necessary Brazilian-Venezuelan nuclear cooperation, by advising Perez to call for a "regional" nuclear agency during his summit meeting with President Geisel last November. The Brazilians properly recognized this as part of a Schlesinger attempt to "police" Brazil's access to nuclear technology.

Caribbean "Development": The Caribbean, where the World Bank is launching its Mahatma Gandhi-style labor-intensive "development program," is the one area in which Venezuela will *not* retrench. It is "a natural sphere of influence" for Venezuela, says the Council. Whereas it would be wholly consistent with Perez's Third World development policy to use Venezuelan oil revenues to aid capital-intensive Caribbean development in conjunction with Mexico, a "zero-growth" Venezuela would act as Mexico's enemy in the CFR scenario, enforcing labor-intensive austerity in the Caribbean.

"Restructuring" the Foreign Ministry: The Foreign Ministry is the "least professional of all the ministries" dealing in foreign matters, complains the CFR. In identifying one of the key "problems," Martz notes that many decisions can be made "only at his (the President's) desk." On cue, Consalvi has proceeded to "restructure" the ministry to make it more "professional" and keep it out of "internal policies" — i.e., purge it of tendencies favoring capital-intensive development. With several thousand of Consalvi's copies of the Council's book circulating around Caracas, it is not surprising that columnist Mario Matute Bravo, known as a fervent follower of Milton Friedman, recently endorsed Consalvi's efforts in this area and was so bold as to suggest Consalvi set up a *Consejo de Política Exterior* — a Council on Foreign Relations!

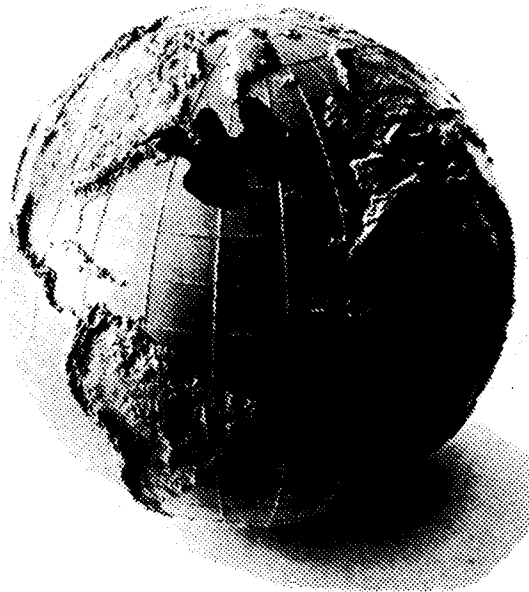
—Chris Allen

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DAILY ENERGY INTELLIGENCE BULLETIN
THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO CUTOFF NUCLEAR COOPERATION RELATIONS WITH INDIA. IN A SCATHING DENUNCIATION OF THE CARTER VISIT TO INDIA, THE "OPEN MIKE" INCIDENT, AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, THE JOURNAL STATES: "SO WHILE THERE ARE AT LEAST SOME ARGUMENTS FOR FUELING NUCLEAR COOPERATION COLDLY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN EXPLOSION, THE JOURNAL CONCLUDES: 'IT IS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIKES AND POLICY IMPACT SO CONFUSED HE THINKS A LETTER WILL KEEP HIS HANDS OFF. PERHAPS THE INDIANS WHO WERE INTENDED TO OVERHEAR THE OPEN MIKE, PERHAPS THE CANDIDATE CARTER WHO PROMISED NEVER TO TELL US A LIE WAS USING THE PLOT TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADMITTEDLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN HAS SUCCEEDED WHERE CARTER HAS FAILED, AS PRESENTED BY THE LONDON TIMES, THE CALLAGHAN TRIP HAS OBTAINABLY TWO GOALS. ONE IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TOTALLY DISPLEASING TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY INDUSTRY TOLD THIS NEWS SERVICE THAT CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT OFF THAT THEY REGARD THE SITUATION AS "CRITICAL." FACILITY IN SHIPPINGPORT, PA., HAS BEEN SHUT BY THE UTILITIES AFFECTED ALL EXPECT TO HAVE A WEEKEND. HOWEVER A SECOND COLD FREEZE IS PRE-ALTERNATIVE USED LAST WINTER DURING STRIKE IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPARTMENT WILL DO NOTHING IN THE PRESENT SITUATION. HE ADDED THAT HE PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRITISH FIRING OPPOSITION TOM KING, BRIT GOVERNMENT, HIS D OF

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