

Venezuelan population rejects Club of Rome cultist in the presidential elections

by Christian Curtis

There was bad news this month from Venezuela for the Club of Rome, the International Monetary Fund, the Council on Foreign Relations, and Milton Friedman: Carlos Andrés Pérez is back. Jaime Lusinchi, the successor to former President Pérez in the Acción Democrática (AD) party, defeated Rafael Caldera of the incumbent Social Christian (Copei) party in the Dec. 4 presidential elections by more than 17 percentage points—the widest margin in almost 20 years.

Pérez, who a decade ago launched a series of large industrial and infrastructural projects that were later abandoned by the now-outgoing Herrera Campins government, under pressure from anti-growth Club of Rome networks and the IMF, is still the leader of the AD and will exert a strong influence in the new government.

As soon as the results were in, Pérez stated that Lusinchi will “reactivate” the industrial projects. If this commitment holds, it could have reverberations throughout Ibero-America, which is caught in its worst economic crisis in history. Like its neighbors, Venezuela is saddled with an unpayable foreign debt, and if the country is to realize even a fraction of its industrial potential, it will have to take a leadership role in sparking the rest of the continent into rejecting the IMF’s debt conditionalities. The question is: Are Lusinchi, the AD, and other elements of Venezuelan society prepared to seize the opportunity opened by the election results?

This question will be answered within the first few months of the new government. To be sure, there are many susceptibilities within the AD to “debt relief” deals that would draw Ibero-America into surrendering sovereignty, revenues, and assets in exchange for lower interest rates, term stretch-outs, and the like. Such susceptibilities will be reinforced by moves in this direction by the new Alfonsín government in Argentina.

Lusinchi himself has been considerably less vehement than Pérez about the need for capital-intensive development. He has also dodged the question of the formation of a debtors’ cartel, although his “integrationist” instinct would cause him to lean in the direction of some form of joint action on debt.

His vacillation contrasts with the attitude of Pérez, who earlier this year declared himself “the sworn enemy of the IMF.” The new government will have to renegotiate almost half its \$40 billion foreign debt with the IMF as soon as it takes office in March.

Yet the bottom line is that the pet candidate of the Club of Rome, the CFR, and the IMF, former President Rafael Caldera, was badly beaten, and these forces now must contend with their nemesis, the man they spent millions of dollars and man-hours trying to destroy over the past decade, Carlos Andrés Pérez.

Witches for Caldera

Caldera, who had been hyped by the international media as running neck-and-neck with Lusinchi, made no secret of his backing from the neo-Malthusian Club of Rome, and was only a bit more cautious about the strong overlap between his own economic proposals and the austerity demands of the IMF. He made a halt to economic progress the first item in his campaign platform, claiming that Venezuela must not repeat the “errors” of the industrialized nations who now regret having grown “too fast.” His machine within Copei was a major factor in pushing IMF austerity policies on the administration of Luis Herrera Campins.

The Caldera campaign, headed by José Curiel, a founding member of the Venezuelan Association of the Club of Rome, made a deliberate appeal to irrationality and superstition to cultivate hysteria against industrial progress. Curiel describes himself as a devotee of spiritualism, a believer in parapsychology, and a clairvoyant.

Caldera made a point of the support he had from local cults. He granted a two-hour televised interview with the country’s leading astrologer, “Horangel.” During the final days of the campaign, Caldera used a television advertisement that featured a gathering of priest followers of the avowed witch María Leonza. The priests chanted, “Caldera will win! Caldera will win!”

The tactic failed to distract the population from the overwhelming issue of the campaign: the IMF-designed policies of the Herrera Campins government. Fed up with almost five years of economic contraction, the voters responded to Lusinchi's campaign theme of the need to "reactivate the economy." Pérez in particular campaigned hard, drawing the contrast between the record economic growth registered under his program and the performance of the Copei government.

Lusinchi also made a point of not stooping to Caldera's appeal to irrationalism. The AD candidate turned down an interview with the mystic Horangel, calling him "a clown." "Copei is resorting to magic," Lusinchi said. "These people are more appropriate to vaudeville."

'Victory for Latin America'

If a Lusinchi government can avoid the traps of the Willy Brandt-Raul Alfonsín stripe of Socialist International policies (the AD is affiliated with that organization), the election augurs well for Ibero-American integration, a term that has come increasingly to imply coordinated action on the issues of debt and continental trade. The President-elect described the results as "a victory for all of Latin America." He underscored the point at a press conference Dec. 5 by referring to Mexico as Venezuela's "big brother" and by calling Colombian President Belisario Betancur a close friend. He referred repeatedly to the need to "coordinate" continental policies.

This embrace of Colombia and Mexico are signs that the Lusinchi administration will stick to the peace-seeking Central American policies of Herrera Campins, who worked closely with Colombia and Mexico to form the basic triad of the "Contadora group," which also includes Panama.

But a competent inter-American policy on debt remains the weak flank of the new administration. How this question is settled will be partly determined by the man Lusinchi appoints finance minister. Three options are being mooted: Carmelo Lauría, Secretary of the Presidency under Pérez; Carlos Matos Azócar, the current economic adviser to the AD party; and Hector Hurtado, former finance minister.

Lauría, regarded as Pérez's right-hand man in the implementation of the "V Plan" five-year program during the Pérez administration, is not afraid of thinking big. If his record under Pérez is any indication, he would be a strong promoter of industrial resurgence. Where he stands on policies for dealing with the debt is less clear. Creditors like to point to the fact that he was the former head of the Banco de Venezuela and the chairman of the bankers' association.

Matos Azócar is more of an AD party man, and has gained respect as an anti-monetarist economist. Earlier this year, in an interview in the Caracas daily *El Nacional*, he was asked if he would advocate resorting to a joint continental debt moratorium if there were no other acceptable choice. He said he would, noting that this contingency had been proposed by the Latin American Economic System, SELA. Matos Azócar is a strong candidate for either finance minister or the powerful Cordiplan (planning) post. Soon after Lusin-

chi won, he was appointed to represent the incoming government in any ongoing discussions with the nation's creditors.

Hurtado, however, would take Venezuela in the opposite direction. As finance minister under Pérez nearly 10 years ago, he often conflicted with the President, and was eventually removed from that post. Hurtado is a product of ECLA, the U.N.-affiliated Economic Commission on Latin America, founded by Argentine "*desarrollista*" ("developmentist") Raúl Prebisch. Prebisch's "development" model is essentially a Club of Rome "soft growth" ruse to keep Ibero-American nationalists from breaking the IMF rules of the game. Prebisch is now running economic policy for the incoming Alfonsín government in Argentina.

Redrawing the political map

Another factor shaping the policy of the Lusinchi administration will be how the political parties reorganize themselves in the wake of the election. Here the most important question mark is Copei.

Copei will clearly be shaken up. Caldera staked everything he had on his bid, and caused enormous ill feeling inside the party with his heavy-handed tactics against internal rivals. As a result of the stinging electoral defeat, the *calderistas* will certainly lose much of their grip. To get the Copei nomination, he stepped on long-time Copei leader "Pepi" Montes de Oca, former Copei secretary general Pedro Pablo Aguilar, and Herrera Campins himself.

The Herrera Campins-Aguilar faction inside Copei, which is referred to by the tongue-twisting label of "*herrero-pedropablismo*," is amenable to working with AD on the basis of national interest. More than a month before the election, Aguilar told a reporter that he had worked out an understanding with Carlos Andrés Pérez to support the nomination of Sebastián Alegré, the former head of the Foreign Trade Institute, for chairman of SELA. Thus, cross-party coordination ensures policy continuity in this vital area of inter-American coordination.

Caldera will probably try to keep his career, and his faction, alive by building ties with the left. His campaign made a not very discreet arrangement with the socialist MAS party, Venezuela's equivalent of the German "Greens," to throw votes Caldera's way on the presidential ticket, in exchange for Copei votes going for MAS congressional candidates. One of the MAS campaign ads said that Rómulo Betancourt, the AD President during the early 1960s, "shot the guerrillas," whereas Caldera, who assumed office in 1968, granted them amnesty. Teodoro Petkoff, the leader of the MAS and a former guerrilla, is, along with Caldera's campaign director, a member of the local Club of Rome affiliate.

Lusinchi could have a problem in Congress, where the AD has 48 percent of the seats. Besides the MAS, which tallied 6.5 percent, a troublemaker is expected to be the Opina party, which got 4.5 percent. Opina is headed by Jorge Olivarría, one of the original sponsors of the Club of Rome in Venezuela.