

Andean Report by Carlos Méndez

No bailout for poor Venezuela

Carlos Andrés Pérez's promises do not convince the bankers, who may have lost confidence in his conspiratorial talents.

Despite the confidence which presidential candidate Carlos Andrés Pérez seems to have that the international banks and the U.S. government will help him put off Venezuela's foreign debt problem until the December presidential elections, things are not going well for him. Although in an Aug. 16 press conference, Pérez reiterated his attacks against Panama and Gen. Manuel Noriega—a clear message that he will continue playing his assigned roll—neither Washington nor the banks gave Venezuela the “fresh money” he wants.

Three days before, on Aug. 13, two of the four special emissaries President Jaime Lusinchi dispatched to Washington to seek a “bridge loan” came back empty-handed. All they got was a load of demands that Venezuela deepen austerity. The next day, President Lusinchi met for seven hours with his senior ministers and the two emissaries. Afterward, the President's office issued a press release exalting “the positive climate in which the mission's negotiations took place” and adding that the mission would continue seeking “sufficient financial flows, all without prejudicing the accomplishment of actions aimed at correcting the Venezuelan economy's internal imbalances.”

In other words, instead of “cutting the Gordian knot” of the debt, as President Lusinchi threatened Aug. 4, his government decided to apply new austerity measures, exactly as the banks demanded of it.

On Aug. 16, just as Carlos Andrés Pérez issued his message, foreign bank representatives in Venezuela met with

the leaders of local business associations, Fedecamaras, Fedindustria, and Consecomericio. The bankers' message was categorical: No more loans to Venezuela until it “puts its economy in order” and offers “collateral”—presumably its \$8 billion gold reserves—according to the daily *El Universal* Aug. 18. The paper said that the bank representatives insisted that Venezuela is still floating on a sea of money; the problem is that it manages its economy very badly.

The central bank's liquid reserves stood at \$2.243 billion on Aug. 8. But, in its last debt agreement with the banks, Venezuela agreed they could hold \$2 billion of its reserves as collateral against trade credit lines and other debts. Venezuela has to pay \$5 billion in debt service this year. And falling international oil prices have increased the trade deficit. That makes it likely that the last of Venezuela's once-fabulous cash reserves will dribble away before December, if a final orgy of capital flight does not do the job sooner.

Pérez said not long ago in Mexico, “We don't want total confrontation [with the banks], but just a little confrontation so that they sit down to negotiate.”

Pérez does not really want any confrontation at all. He uttered that phrase to try to keep up what is left of his “Third Worldist” facade. What Pérez really wants is to be able to get back the Venezuelan presidency without the country exploding and the population voting massively against the International Monetary Fund and its tropical front men, as just happened in

the July elections in Mexico.

In exchange for a bailout from the banks, Pérez continues to betray Panama. Back on June 2, the Caracas daily *El Nacional* said that Pérez (CAP) wanted an agreement to “not pay . . . for this year or for a prudent time,” and that the possibility that the banks would accept such a proposal lay in “the United States banks and government confiding in CAP's performance” on the Panama question.

Perhaps the fact that neither the President of Panama, Manuel Solís Palma, nor General Noriega, nor the Panamanian population have given in to Washington's interventionist ultimatums has caused the Eastern Establishment to lose confidence in Carlos Andrés Pérez's conspiratorial talents. Noriega did not resign—as Washington and CAP intended him to do; rather, both he and President Solís Palma have just received major support from many political, labor, and retired military leaders from several Ibero-American countries, who laid a solid foundation for Ibero-American integration at the recent Meeting Toward a II Amphictyonic Congress in Panama City.

In addition, what happened in Mexico, where the population voted against the International Monetary Fund, also puts in doubt whatever guarantees Pérez and the Lusinchi government might offer in terms of controlling the Venezuelan situation with new austerity measures.

Pérez's offer to open up Venezuela's petroleum industry to foreign and national private investment, his discreet but firm declarations that development is over and everybody's belt will have to be tightened, and his ever louder praise and growing friendship with Fidel Castro, do not make the majority of the Venezuelans love him any better.