

## The IMF kills 1,000 in Venezuela to enforce debt

by Mark Sonnenblick

Venezuelan President Carlos Andrés Pérez ("CAP") confessed that he was "not surprised" by the riots which erupted in 17 cities throughout his country on Feb. 27, in response to the "shock" austerity package he had imposed that day at the behest of the International Monetary Fund. As bodies poured into the Caracas city morgue the next day, the IMF in Washington showed its approval for Pérez's policies by accepting a "letter of intent" signed by Venezuelan central bank president Pedro Tinoco.

As the official body count reached 300 on March 2, IMF Managing Director Michel Camdessus proclaimed, "Allow me to pay tribute to the courage of the authorities. . . . Sound economic policies remain the best way of consolidating democracy." After a helicopter tour that day over once-tidy Caracas streets still strewn with corpses, Pérez told reporters, "We managed to get out of this relatively well."

His Olympian disdain for the lives and well-being of his countrymen was shared by the *Washington Post*, which demanded in its March 2 lead editorial that the United States imitate the "grinding economic transformation" that Pérez is "courageously beginning."

The disorders began at 5 a.m., when poor residents of the shantytowns surrounding Caracas arrived at their bus stops, only to find that fares had doubled to a quarter of their daily wage, in response to increases in gasoline prices decreed by the government. Similar situations throughout the country quickly led to the looting of 25,000 to 30,000 stores and to \$1-2 billion in property damage, reliable sources in Caracas told *EIR*. Army troops brought into Caracas were under orders to shoot looters. It became a war of each against all, as shopkeepers and their armed guards fired wantonly into the streets. Bands of masked criminals, armed even with sub-machine guns, rampaged through neighborhoods, spreading terror as they robbed houses.

The official body counts are a total cover-up. The Caracas central morgue reported 193 bodies by March 3. The hundreds of corpses on the streets, in four other morgues, being mourned in homes, and buried, make credible estimates that upwards of 1,000 were dead in Caracas alone. The morgues, the hospitals overflowing with wounded, and the streets which looked like Beirut bore witness to the tragedy. They also bore witness to the genocidal nature of IMF policies now being applied mercilessly throughout the Third World.

International media coverage has railed against Venezuela's alleged "living high off the hog" and refusing to cut consumption. However, the average Venezuelan has seen his real wages cut by 38% since 1983. During the same period, Venezuela has been what bankers call "the best performing" of all Ibero-American debtors. It has paid them \$25 billion in debt service since 1984, equal to half of its export earnings.

Basic foodstuffs disappeared from grocery shelves after Pérez announced Feb. 16 that he would eliminate food price subsidies, raise taxes and interest rates, and let the currency devalue to black market levels. Coffee, cornflour, and cooking oil only reappeared as looters carried off boxes that store-owners had hoarded, waiting for the President's promised end to price controls. A euphoric mood of victory over the exploiters and the authorities could be sensed in some poor neighborhoods.

### IMF = dictatorship

CAP did not rip up the Constitution in response to bloody riots; he ripped it up in order to trample widespread opposition to the policies which provoked them. On Feb. 28, the same day that Venezuela signed its IMF letter of intent, Pérez decreed a 6 p.m. to 6 a.m. nationwide curfew and declared martial law. He suspended constitutional guarantees, including freedom of speech, freedom of peaceful unarmed assem-

bly, freedom of movement, and freedom from arbitrary preventive detention. He enabled officials to ignore *habeas corpus* rulings, to banish citizens, to arrest people for not complying with arbitrary orders, and to exercise prior censorship over all written and oral media.

During the last week in February, the Chamber of Deputies did everything in its power to prevent the tragedy. It refused to legislate CAP's austerity package and demanded that the government submit to it the letter of intent it had worked out with the IMF, as is required by the Venezuelan constitution. Finance Minister Mrs. Eglee Iturbe contemptuously responded, "The content of the letter will be made known to the country and to Congress . . . once it has been signed with the international agency."

The Chamber also began an investigation Feb. 22 of whether Tinoco had a conflict of interest in representing both Venezuela and its creditors in debt negotiations. Instead of appearing for questioning on that and for his having lied about shipping eight tons of gold to England, he fled to Washington to do his dirty deed. The Chamber adjourned indefinitely in protest.

"We don't want the minister from Chase Manhattan!" thousands chanted in the streets. Alejandro Peña Esclusa, general secretary of Lyndon LaRouche's co-thinker organization in Venezuela, the Venezuelan Labor Party (PLV), explained to *EIR*, "As is well known, Tinoco has represented the interests of Chase Manhattan Bank—owned by Rockefeller, and the lead bank for Venezuela's foreign debt—which disqualifies him from holding the presidency of the Central Bank. The genocidal IMF policies that Tinoco recommends mean a bonanza for the bankers and misery for Venezuelans. Does Tinoco want to destabilize democracy? Does Tinoco want to hand the country over to the Soviet's narco-guerrillas?"

Peña continued, "Not satisfied with selling off our reserves to satisfy the usury of the banks, Tinoco wants to pay the illegitimate foreign debt with the hunger of Venezuelans. To achieve that, Tinoco argues that the IMF's programs are indispensable. Tinoco lies. The PLV has proven that Venezuela can become an industrial power by implementing measures completely opposite to those imposed by the IMF. I repeat, Tinoco is not seeking the well being of the nation, but that of Rockefeller."

Just 10 days before the shock package, David Rockefeller had come to Venezuela, given his stamp of approval to the riot-provoking measures, and received a medal from CAP. The only thing which disturbed Rockefeller's visit was an advertisement published by the Venezuelan Labor Party, warning: "CAP, don't be fooled by Rockefeller."

On Feb. 26, ex-president Jaime Lusinchi warned his successor not to be fooled again by bankers' promises. In an open letter, Lusinchi blamed the crisis on the drop in oil prices and "a foreign debt we had to honor . . . on the treacherous supposition imposed on us by the creditors that they

would restore financial inflows to Venezuela, which obviously did not happen."

The president of CAP's Democratic Action Party, Gonzalo Barrios, asserted March 1 that the IMF knew CAP's biting the bullet would bring riots. Barrios noted, "There is a Latin American periodical which said that what is happening to our countries is 'the kiss of death from the International Monetary Fund.'"

The biggest insult now in Caracas is to call someone a member of CAP's party. Leaders are rumored to have hidden their families or sent them to Miami. Finance Minister Eglee Iturbe reportedly recommended, before the measures were imposed, "We should all wear bullet-proof vests."

Senator Rafael Caldera, the Christian Democrat who governed Venezuela from 1979-84, addressed a joint session of its Congress on March 1. He urged the government to reverse its economic measures: "We must fight the formulas from the IMF. . . . The IMF loans 'fresh money,' which at the moment of truth ends up being used to pay interest on a debt which is endangering the social security of all the countries of the region." He charged CAP's IMF measures had led to the shattering of Venezuela as "the showcase of democracy."

There is no telling whether vague statements about debt moratoria, wage increases, transport bonuses, food price controls, and assorted welfare spending will enable Pérez to remain in power another 59 months. Nor is it clear whether he will stick to the shock austerity program designed for him by Harvard monetarist Jeffrey Sachs (see *EIR*, Feb. 17).

The only certainty is that Pérez has exhibited the Trilateral Commission's agenda for "fascism with a democratic face." By ruling "the showcase of democracy" with bayonets, teargas, and martial law, CAP has destroyed the image he had projected of himself as "Mr. Democracy." For two years, CAP has sanctimoniously bleated about every minor infringement of press freedom in Panama. On March 2, Panamanian Defense Forces chief Gen. Manuel Antonio Noriega remarked, "Before going around 'democratizing Latin America,' CAP should get his own house in order." The City of London's and Wall Street's press organs "elected" CAP as *the* man to "lead" debt relief efforts by all the Ibero-American debtor countries. Now, no one in their right mind would follow him. BBC commented March 1 that what is happening in Venezuela "is a very dangerous sign . . . for all the foreign banks and foreign governments outside Latin America. . . . The Venezuela developments will encourage the Latin American countries to say, 'We have to hang together.' The mood will be to pay less on the debt."

CAP will no longer be in a position to sabotage genuine solutions to the debt crisis, such as those proposed by U.S. economist Lyndon LaRouche, in which the advanced capitalist countries would export huge amounts of modern machinery to Third World countries, so North and South could together grow their way out of the crisis.