

## Andean Report by Mark Sonnenblick

### Venezuela riots again

*In obeying the International Monetary Fund austerity dictates, Pérez is becoming South America's Ceausescu.*

**T**he Venezuelan military seized control of the cities of Valencia, Barcelona, Puerto la Cruz, and Cumaná, after they were swept by riots Feb. 20. Thousands of poor people looted stores, barricaded highways, and cleaned out food trucks. They had been driven to desperation by a year of harsh austerity and President Carlos Andrés Pérez's pledge of another 20% gas price hike.

It was one week before the anniversary of the riots which erupted Feb. 27, 1989 when Pérez raised gasoline prices and transit fares. They were repressed only after 1,000 people were killed. But Pérez will not relent, despite universal demands that he do so, in imposing the "second phase" of his promises to the International Monetary Fund: new increases in energy prices and interest rates, reduced protective tariffs and government subsidies, and further opening to foreign ownership of the economy. As London's *Financial Times* puts it, "he has nailed his prestige to overhauling the economy and the austerity measures."

The "debt relief" George Bush promised a year ago as a reward for "biting the bullet" never arrived. Instead of the 50% debt reduction Pérez promised, chicken consumption has been reduced 50%. A once-flourishing chicken farm industry is being picked up cheap by Cargill in a debt-for-equity swap arranged by Citibank.

Businessmen and opportunistic politicians who, at first, provided political backing for Pérez are talking up a storm against him. Rafael Caldera, the aging Christian Democratic

founder of Venezuela's "State Department democracy," belatedly blasted the IMF Feb. 18 for "distorting an economy which, despite all its defects, was functioning." He condemned the interest rate increases and insisted domestic consumption take precedence over exports. Caldera called for "the Presidents of the Latin American countries to form a front, not to jointly negotiate their debts, but to tell the creditors: 'We won't pay any more interest until you solve this problem.'"

Industrialist Angel Reinaldo Ortega stated Feb. 18 that Pérez's economic program is in "contradiction . . . with Venezuela as an independent and sovereign country in terms of security and defense." He said Venezuela might gain some short-term material advantages by surrendering the goal of an integrated national economy, but only at the expense of becoming a neo-colonial dependency, like Britain's ex-colonies.

Venezuela's vast mineral reserves are what its creditors are really angling for. There is no way Pérez could simply give away the oil. But his government is working on a complex scheme for loads of Venezuelan oil to be held hostage in the U.S. Strategic Reserve as a hard-commodity guarantee that Venezuela would pay all its debts, if only the size or interest rate on those debts were reduced.

Angel Reinaldo Ortega said that was absurd and that the oil should be industrialized instead. Oil industry leaders claim that if Venezuela were to invest an amount equal to the \$10

billion it earns from one year's crude oil exports in petrochemical plants, the chemicals produced with the same amount of crude would be worth \$20 billion a year.

To head off impending riots in January, the Pérez-allied Venezuelan Workers Confederation (CTV) called a general strike for Feb. 15. The CTV's "escape valve" strategy was revealed Feb. 8 by its former president Juan José Delpino. He explained, "The CTV is preparing to channel the protests that are coming, because it is the organization able to reflect the people's disenchantment and malaise. We are at the doorstep of an absolutely chaotic situation and what happened last Feb. 27-28 could be repeated, only much bigger."

The government postponed the gasoline price hike; the CTV downgraded its strike into protest marches and then did nothing to mobilize for them. In several cities, the marches ended in small looting sprees. Minutes after a few stores were hit on the edge of downtown Caracas, steel shutters throughout the capital had been slammed down and doors locked. The mere rumor of trouble led to cars speeding the wrong way down one-way streets to get out of the area.

Such tension is building day by day. Student agitators are sometimes involved, but Venezuelans are so angered by the drop in living standards that anything can light a fuse. What makes things more unpredictable is that the discontent is shared by the military. The daily *El Nacional* reported a day-long discussion at military headquarters Feb. 19 among the top brass, general staff, and intelligence agencies: "Deep concern exists inside the National Armed Forces over the country's delicate economic and social situation, from which its members and their families are not exempt."