New scandal breaks out in Venezuela

The President is under investigation for dollar speculation; Brazil's Collor de Mello was ousted "for much less."

Venezuelan President Carlos Andrés Pérez (CAP) furiously rejected a recent Senate ruling requiring inclusion of a plebiscite in upcoming Dec. 6 local and regional elections, which would have been a simple "yes" or "no" vote on whether Pérez should remain as the country's head of state. According to the most recent opinion poll, 92% of Venezuelans want Pérez out of office.

His refusal to abide by the Senate ruling notwithstanding, there are other constitutional means by which Pérez may not be allowed to finish his presidential term—means determined by the corruption scandals which have been exploding against Pérez virtually every week.

The most recent scandal erupted Nov. 12, when two journalists charged that on Feb. 24, 1989—less than a month after CAP's inauguration—a federal budget increase of 250 million bolivars (more than $17 million) was approved by CAP's Council of Ministers, with the increase assigned to a secret security fund at the disposal of the Interior Ministry. This allocation was then used to buy preferential dollars at a special exchange rate of 14.5, when the bolivar was actually selling at 43 to the dollar. Two weeks later, Central Bank head Pedro Tinoco eliminated the preferential dollar rate.

Journalists José Vicente Rangel and Andrés Galdo have called upon both the National Congress and the Comptroller's Office to investigate the matter and determine what the money was eventually used for. Galdo commented that "for much less than this, the Brazilian Congress tried and impeached President Collor de Mello." Nelson Chitty Laroche, president of the Accounting Commission of Venezuela's Chamber of Deputies, urged an investigation, saying there is sufficient evidence to substantiate charges of "silent theft of 250 million bolivars" under CAP's responsibility.

One day after the accusation was aired, the Central Press Office of the Presidency asserted in a communiqué that said budget increase had been conducted according to the law, and that the amount was converted into dollars on March 2, 1989, following authorization by the Finance Ministry's Division of Foreign Exchange for Imports, and by the Venezuelan Central Bank.

The communiqué also said that the foreign exchange yielded by the "transaction" was allocated to the Interior Ministry for purposes related to state security. "The responsibility of the presidency of the republic, in regard to management of said funds, is limited to collecting information from the ministries on the investment of these resources on state security."

What *is* known, is that two years ago, the President's men in charge of "state security" were:

1) Orlando García, the President's top security adviser. He was forced to resign following numerous charges against him, and is currently a fugitive from justice, charged with fraud against the Venezuelan Armed Forces.

2) Rogelio Ugarte Bresslau. This official of the security police (DISIP), notorious for carrying multiple false identification cards, is the owner of Celere, Inc., a company headquartered in Miami, Florida which, according to the U.S. Drug Enforcement Administration, has been involved in cocaine trafficking.

3) Martín Gutiérrez, also a security officer at the Banco Latino, owned by Pedro Tinoco, who at the time was the central banker authorizing the controversial "preferential dollar" transaction.

Pedro Tinoco, who today chairs the chain of CADA supermarkets owned by the Cisneros Group, naturally knew precisely the date when exchange controls would end. It can only be supposed that, in addition to Tinoco and Cisneros, Tinoco's banker friends José Alvarez Stellig and Orlando Castro had the same information. Those who did not know were the ingenuous who believed in the magic of "free exchange" and thus went bankrupt *en masse,* generating a good portion of the unemployment with which the Venezuelan economy is today burdened.

The president of the Superior Court to Safeguard the Public Patrimony has already announced the opening of an investigation. The Causa R and MAS opposition parties are demanding Pérez's trial on charges of embezzlement and treason. Even CAP's own AD party has urged an investigation, with the head of AD's trade union division declaring, "In Venezuela, anyone can be tried, as long as it is within a state of law. President Pérez is no exception."

It is hoped that the truth will come to light with these various investigations being opened to force a full explanation from CAP. However, it remains to be seen if Venezuela's courts are up to the task, or if an automatic exoneration of the President will contribute further to the already dangerous lack of credibility in the institutions of the country.