

# Anti-Caldera coalition defeated in Venezuelan elections

by David Ramonet

Venezuela's regional elections held on Dec. 3, saw the sound defeat of those proto-coup forces which are seeking the first opportunity to oust President Rafael Caldera from office. Such extremist opposition parties as the advocates of neo-liberal economics, the "social Christian" Copei, and the affiliate of the narco-terrorist São Paulo Forum, Radical Cause (Causa R), went down to defeat across the nation. Both parties had predicted that the election for congressmen, governors, mayors, would be a "referendum" on President Caldera, whose government is under siege by infernal economic and political warfare. Orchestrated and directed from the City of London and Wall Street, this warfare is due to the Venezuelan President's steadfast refusal to impose the austerity and looting measures demanded by the International Monetary Fund (IMF).

In the month prior to the elections, a pamphlet published by the Venezuelan Labor Party (PLV) and the Ibero-American Solidarity Movement (MSIA), exposing "Who Wants to Defeat Caldera, and Why," was circulated throughout the country, first as an insert in a Caracas daily and later included in newspapers in Maracaibo and Barquisimeto. Among the Venezuelan people, the pamphlet's revelations sparked angry repudiation of those engaged in trying to overthrow President Caldera. It shed light on the true motives behind the "pincers" operation against the President, sponsored by corrupt Venezuelan bankers and the narco-terrorist left linked to Fidel Castro's São Paulo Forum.

The pamphlet also exposed the campaign by the British Embassy in Venezuela to politically resuscitate former President Carlos Andrés Pérez (or CAP as he is known), currently under house arrest awaiting a court ruling on charges of corruption and of encouraging destabilization.

Sources in the Democratic Action (AD) party (the party of the discredited CAP) have revealed that the party's faction loyal to ex-President Pérez, campaigned on behalf of Causa R's candidate in Bolívar state, site of the giant Sidor mining and metallurgical industrial complex as well as strategic energy resources. Since 1989, when Pérez began his second, unfinished term in office, the state has been governed by AD. But the coalition of parties which back the Caldera government supported the Democratic Action candi-

date in Bolívar, to defeat Causa R.

In Táchira state, on the border with Colombia, Pérez's faction of Democratic Action campaigned for gubernatorial candidate Walter Márquez against the AD's own candidate, who nonetheless won the election.

Moreover, Antonio Ledezma, the Democratic Action candidate for the politically crucial mayoralty of Libertador municipality in Caracas, defeated Causa R incumbent Aristóbulo Isturiz. Although Ledezma was governor of the Federal District under Pérez's government, he has downplayed his image as a Pérez supporter. In fact, after learning of his victory, he reported that Democratic Action Secretary General Luis Alfaro Ucero "told me to watch out for cronism, because he knows that my scalp is at stake in this office. His advice is that I govern with well-trained people, and protect the public treasury—and that is my primary concern." So, Ledezma has joined with Alfaro Ucero, the Democratic Action leader who expelled Carlos Andrés Pérez from the party.

Thus, those Democratic Action candidates linked to Alfaro Ucero's traditional party machine, which has offered critical support to the Caldera government, won 12 out of 22 governorships.

The ruling coalition, made up of National Convergence (Convergencia Nacional) and the Movement To Socialism (MAS), won six governorships, and Copei won two. As we go to press, with a tiny margin of votes, Causa R is arguing with Democratic Action over who won the governorship of the oil-rich state of Zulia. Causa R's gubernatorial candidate here was Francisco Arias Cárdenas, one of the leaders of the Feb. 4, 1992 coup attempt, led by the Revolutionary Bolivarian Movement-200 (MBR-200), now affiliated with the São Paulo Forum.

A victory for Arias Cárdenas in Zulia would be the tragic result of an average national abstention rate of close to 65%. The Causa R candidate only won 10% of the vote in Zulia, but this pathetic support seemed much larger because of the high abstention rate. The party had also quietly infiltrated the state oil workers unions, always capitalizing on worker discontent over the country's generalized economic depression.

An Arias Cárdenas victory in Zulia would guarantee the explosion of an international zone of conflict. During his campaign, Arias warned that if elected, he would seek to have the United Nations intervene to mediate with Colombia's narco-guerrillas who operate in that border region.

### **Financial warfare against the nation**

The electoral results reflected popular rejection of those neo-liberal detractors of President Caldera's economic policies. Obviously, this doesn't mean that the Venezuelan people are content with the current situation; rather, this is an institutional mandate to resist pressures from the International Monetary Fund and international speculators who are enraged at the government's protectionist controls.

Just recently, the International Monetary Fund mission which had been negotiating in Caracas returned to Washington, after having rejected the government's proposal for a "gradual" application of economic austerity to reduce the fiscal deficit. With the full backing of President Caldera, Finance Minister Luis Raúl Matos Azócar is negotiating with the Fund, but based on the conditions set by the government's "Agenda Venezuela," the plan which has IMF Managing Director Michel Camdessus climbing the walls. He doesn't like the idea of having governments impose conditions on the IMF.

Agenda Venezuela's conditions are:

1. Exchange controls will be lifted if the IMF advances \$2.5 billion to sustain foreign reserves, as current reserves would be insufficient to satisfy the renewed demand of speculators.

2. IMF funds must be disbursed for social investment, to alleviate the effects of lifting controls on prices and interest rates on the weakest sectors of the economy.

Ordinarily, the IMF first imposes its conditions on a country and only makes disbursements six months later.

Not only does the Fund reject Venezuela's terms; it insists on an immediate lifting of exchange controls, as well as a 100% increase in the gasoline price, an increase in the sales tax from 12.5% to 18%, and liberalization of the banking and financial system, now under the control of the Emergency Financial Board.

But even Edgar Dao, president of the National Banking Council, admits that the impact of setting "positive" interest rates above the inflation rate, would be the *coup de grâce* to what remains of Venezuela's banking system. No one will be able to withstand interest rates that will rise above 80-100%, once there is a devaluation as a result of lifting exchange controls.

This is the situation that the IMF's allied speculators have tried to force, fueling inflation via a de facto currency devaluation. Three months ago, financial authorities allowed so-called Brady bonds to be negotiated on the local stock market, where they are traded in national currency, and implicitly set an interest rate through arbitrage. This then be-

comes the official exchange rate for services such as tourism. Speculators have taken advantage of this opening to push the uncontrolled exchange rate as high as 350 bolivars to the dollar, against the controlled rate of 170 per dollar. This is because in Caracas, Brady bonds are quoted at more than 100% of their value, despite the fact that in New York, they fluctuate between 45-50% of their value.

### **'You can't let the wall fall on people'**

President Caldera is clear on the fact that "if we had not had a banking crisis last year, it wouldn't have been necessary to go to the International Monetary Fund," as he recently explained in a televised interview which was widely commented on around the country. In the interview, he said, "I know Venezuela much better than Mr. Camdessus does," making equally clear that decisions on the management of Venezuela's economy don't depend on the IMF's "valuable" recommendations. The President reiterated that in confronting the crisis, "we are rebuilding a country in which real people live, and we must consider that, often, if a wall is going to fall down, it may very well fall on innocent victims, who must be protected."

During this interview, President Caldera fully backed Finance Minister Matos, and explained that he had fired the liberal president of the Venezuelan Investment Fund (FIV), Carlos Bernárdez, because the latter opposed the government's economic policies, and because "a unity of leadership, and a coherent economic policy is required."

He also emphasized that it's not that exchange controls have failed, but rather that pressures arising from international agreements have led members of the Exchange Administration Board to make controls "flexible." "For example," he said, "if we limit whiskey imports, the British ambassador will protest, and British whiskey exporters will bring us before the World Trade Organization and accuse us of setting restrictions on whiskey imports."

### **The seduction of unlimited wealth**

In a speech sent to the International Colloquium on "Economics, For What Future?" recently sponsored in Rome by the Jacques Maritain International Institute, President Caldera said that "the illusion that a period of peace and happiness would follow the fall of the Berlin Wall and the disintegration of the Soviet Union has unexpectedly vanished," and this calls for analyzing "reality and the practical possibilities of [creating] an economy inspired by Christianity."

The Venezuelan President then warned that "for social Christianity, nothing has changed in doctrinal terms, but there is a new situation dominated by the confusion of many who have been seduced by the idea of unlimited riches as the only motor of the economy. As Pope John Paul II has suggested, with the disappearance of communism, we must ask whether the causes which motivated it have also disappeared."