

Venezuela's Collapse Is No 'Local Affair'

by Cynthia R. Rush

Almost all participants and observers in Venezuela's ongoing crisis—the general strike begun by opponents of President Hugo Chávez on Dec. 2 has shut down the oil-based economy and unleashed political violence and chaos—argue that it is caused by something unique to that country, and therefore requires a local solution.

The opposition to Chávez wants a non-binding referendum on Feb. 2 to force early elections and oust Chávez from power, while the mentally unbalanced President vows that he will never give in to the “fascist oligarchs.” Instead, he has proclaimed himself “oil commander” in charge of restarting the paralyzed oil industry. On Jan. 14, he provocatively and illegally ordered National Guard troops to seize weapons from the Caracas Metropolitan Police, a center of opposition ferment.

Weeks of mediation by the Secretary General of the Organization of American States, César Gaviria, have yielded no results. Former U.S. President Jimmy Carter will return to Venezuela on Jan. 20 to assist Gaviria, while the U.S. State Department, as well as the new Brazilian President, Lula da Silva, have offered separate initiatives aimed at averting the civil war that will almost certainly erupt should the crisis go on unresolved much longer. On Jan. 16, Chávez met in New York with United Nations Secretary General Kofi Annan.



Venezuelan President Hugo Chávez: the problem he poses is worsening; can it be solved without civil war?

The problem is that none of these forces has addressed the reality that Venezuela's crisis is driven, not by some mechanism unique to that country, but by the breakdown of the “post-industrial” order globally. This is the cause of Argentina's unprecedented collapse, and guarantees the disintegration of every other Ibero-American nation-state, unless U.S. Democratic Presidential pre-candidate Lyndon LaRouche's proposals for a New Bretton Woods and Eurasian Land-Bridge are adopted.

Absent this approach, Venezuela's crisis is reduced to a “left” vs. “right” conflict, in which Chávez's Jacobin narco-terrorist backers confront the Cuban-exile-dominated right-wing opposition (which gets input from Washington's chicken-hawk faction as well). Not only does this ensure Venezuela's destruction, but, should the “left-right” dynamic spread to the rest of Ibero-America, as some Anglo-American assets are attempting to do, it could turn an explosive situation into open warfare.

National Breakdown

Inside the country, the situation is desperate. Chávez claims that he has restarted the paralyzed oil industry, and is producing 800,000 barrels per day—normal production is 3.2 million bpd—but industry experts as well as leaders of the striking oilworkers dispute this. His plan to “restructure” the state oil firm PDVSA—he has already fired 2,000 middle-level managers who sympathize with the opposition—is an extremely risky move, which could permanently affect production capacity.

The longer production is shut down, the more difficult it is to restart, and to do so with a smaller and less skilled workforce, including inexperienced military recruits sent in as replacements for strikers, is dangerous.

Venezuela is the world's fifth-largest oil exporter. The 81% drop in December exports, compared to previous months, has left a gaping hole in its revenue; this is dismantling an economy that was in deep crisis even before Dec. 2. Foreign banking analysts are predicting a first-quarter GDP collapse of at least 25%.

January's wage payments to state employees are jeopardized, and food shortages are such that Chávez ordered the military to prepare to seize food supplies from silos, storehouses, and warehouses. None of that bothers Wall Street bankers—they're too panicked over the real possibility that Venezuela will default on its \$22.4 billion foreign debt.

Energy Minister Rafael Ramírez estimates that \$4 billion in revenue was lost in December because of the strike. The Venezuelan-American Chamber of Commerce projects that the government will run out of revenues by mid-February, and if oil revenues haven't recovered by then, will face fiscal collapse. The head of the Venezuelan Federation of Industries warns that if the strike continues into February, more than 25,000 companies will go under in the next six months, leaving 200,000 people without jobs.