

## Andean Report by Peter Rush

### Pérez to Venezuela: Drop dead!

*The President of Venezuela is listening only to the IMF's recipes, while the economy is being shut down.*

People wander the streets carrying empty plastic bags, prepared to buy whatever basic foods they can find and can afford. Some steal toilet paper from restaurants when they cannot find any in the stores. Two pounds of powdered milk costs \$6 and may cost \$7 tomorrow. Is this Moscow? Warsaw? Managua?

No, it is Caracas, the capital of Venezuela, as it sinks ever deeper into depression, a depression brought on by President Carlos Andres Pérez (known as "CAP"), who has imposed an International Monetary Fund austerity program unparalleled in Ibero-America. The latest shocks administered to the economy include the more than quadrupling of interest rates from 8.5% to 35%, and the skyrocketing of inflation, which hit 21% in March, and 50-100% for many the basic commodities.

The agricultural sector is up in arms at the rise in interest rates and the setting of prices for their products at far below the rapidly rising production costs. Italo Massobrio, a cattlemen's association leader, stated April 15 that "the cattlemen and rural producers have lost all profitability since the application of the new measures, since their approximately 83% increase in prices for their product doesn't begin to compensate for increases up to 600% in the prices of inputs and animal feeds." He said the agricultural sector cannot pay more than 15% of what it owes the banks.

In Caracas, a group of agricultural sector leaders met with the Agriculture and Agrarian Policy Committee of the Senate to demand implementa-

tion of a National Emergency Plan for Agriculture. The group called on the Senate to pressure CAP's administration to retract the economic measures, calling them unpatriotic and unlawful, and charging that they are paralyzing food production. It said the measures were a factor which threatened to disturb the peace, whose unpredictable consequences put national sovereignty in jeopardy.

Yet other leaders of the agricultural sector warned that 140,000 agricultural jobs were directly affected by the induced agricultural crisis. They pointed out that only 30% of oilseed producers have sought credits this year, and less than 10% of the land has been prepared for planting. "We are being sacrificed," said one leader.

In the industrial sector, José Luis Santoro, head of the Small and Medium Industry Federation, reported April 13 that over 400 members of the federation will definitely go out of business in the next few weeks, because they cannot get, or cannot afford, working capital. He requested 20 billion bolivars (\$580 million) to keep them afloat.

And a director of Venezuela's association of newspapers and magazine, Eduardo Gómez Tamayo, warned that a good number of newspapers were in imminent danger of failing, due the impossibility of buying the imported newsprint they rely on. One of the government's measures confronts the newspapers with having to pay off outstanding letters of credit at four times the price they were contracted last year, which few can afford.

As supplies of food and other necessities have become unreliable, and prices often go up every day, neurosis about how to obtain each day's necessities has gripped much of the population. Metallic coin disappeared early in April, when its value as metal exceeded its value as money, and bus drivers were giving people eggs and candies as change, in the absence of coin.

An angry response is building. The city of Merida went on a 24-hour "civic strike" to protest the economic measures, and on April 17, several towns and cities of the western oil-state of Zulia held 36-hour civic strikes. The national trade union confederation, the CTV, has promised a nationwide strike if workers are not granted substantial wage increases to compensate for the vicious inflation.

Even CAP's own Democratic Action (AD) party is fracturing over the austerity "packet." Executive committee member and newspaper columnist Rafael Poleo wrote April 17 that only AD leader Gonzalo Barrios, among top AD leaders, supported "that rubbish." He attacked CAP as effectively crazy for having attacked IMF programs for years for having failed everywhere else, and yet now he is imposing just such a program in Venezuela.

To all this, CAP responded, in remarks delivered to a governors convention, that "the economic plan implemented by my administration is firm and irrevocable." He added, "There is a great deal of very important truth in the criticisms of the [previous] conduct of our economy from the international organizations"—meaning the IMF and World Bank. "This we must frankly accept," he added, "because otherwise we will not be ready to amicably confront the crisis we are experiencing."