

Bankers back communists to rule in Venezuela

by Cynthia R. Rush

The Anglo-American political establishment is making Venezuela a test case for its strategy of placing “democratic” communists in power throughout Ibero-America to contain, or redirect, growing military and civilian repudiation of the international banking community’s policies of dismembering sovereign national institutions.

In Venezuela’s Dec. 5 presidential elections, the strategy revolves around installing Andrés Velásquez, candidate of the Radical Cause, or Causa R party, in the presidency. Velásquez is currently reported to be running neck-and-neck against an independent candidate and former President, the 83-year-old Rafael Caldera. But according to information received by *EIR*, if Velásquez does not win the elections, his party is prepared to claim victory in any case and seize power through armed insurrection—with Fidel Castro’s backing.

Threat of civil war

Washington’s position in this situation is clear. Paul Krugman, a professor at the Massachusetts Institute of Technology and an adviser to the Clinton administration, warned a Caracas gathering on Nov. 11 that foreign bankers and investors would prefer a Velásquez presidency because it would be far less “catastrophic” than Caldera. Bankers favor the Causa R candidate, Krugman said, because “they think that he would maintain the continuity of [free trade] economic policy” imposed by former President Carlos Andrés Pérez.

Anglo-American backing for Causa R is lunacy. In the environment of political instability existing in Venezuela and Ibero-America, a Causa R-led insurrection could not only detonate civil war inside Venezuela, but set fire to the entire continent, as its allies inside the São Paulo Forum, the coalition of leftist parties created by the Cuban Communist Party in 1990, would follow Causa R’s lead. Venezuela’s military

authorities have already expressed the fear that Causa R’s electoral strategy could lead to civil war.

There are currently presidential candidates from São Paulo Forum member parties running for office in six Ibero-American nations. All are backed by the U.S. State Department and the Inter-American Dialogue (IAD), the think-tank which dictates the Clinton administration’s policies for Ibero-America. It is the IAD which calls for “selective” legalization of Ibero-America’s drug trade and has led the assault to dismantle the continent’s armed forces while demanding the imposition of usurious economic policies.

In a statement released on Nov. 16, the Ibero-American Solidarity Movement (MSIA) charged that the insurrection plan “is under way and there is little time to stop it; it will be detonated around Dec. 5, the day of Venezuela’s presidential elections.” MSIA leader Alejandro Peña Esclusa urged all Venezuelan patriots “not to back this bloody plan. . . . I call on the international community not to permit the assassins of the São Paulo Forum to set fire to Ibero-America.” The MSIA statement is being circulated throughout the continent.

Why are agencies of the United States government joining with Cuba’s Fidel Castro in backing these leftists? Free trade economic policy, as well as attempts to dismember institutions of the nation-state, are increasingly discredited in Ibero-America, as are the political figures associated with them. This is especially true in Venezuela after the corruption debacle which brought down former President Carlos Andrés Pérez earlier this year. Anglo-American strategy now rests on using the São Paulo Forum candidates such as Velásquez to continue these same discredited policies, but with a more radical “democratic” or leftist veneer in hopes of containing an increasingly angry populace.

But if the electoral route fails, parties such as Causa R

are prepared to resort to thuggery and violence. Army Lt. Raúl Alvarez Bracamonte told a Caracas judge on Nov. 12 that a large arms cache stolen by him in March 1992 is now in the possession of Causa R Secretary General Pablo Medina. Alvarez reported that he originally delivered the weapons to Col. Hugo Chávez, the now-imprisoned Army officer who organized a coup attempt against Carlos Andrés Pérez in February 1992, but that Chávez subsequently handed the weapons over to Medina.

In addition, according to reports published in the Venezuelan press, 30 Causa R militants traveled to Cuba to receive paramilitary training, a trip personally organized and coordinated by Pablo Medina. In a second court appearance on Nov. 15, Lieutenant Alvarez provided documentary evidence of his charges, further implicating Pablo Medina as the recipient of the weapons. Alvarez Bracamonte told Judge Ramón Moreno Natera that he was revealing this information to prevent the weapons from being used during the Dec. 5 elections. But he reported that Medina had already distributed some weapons in at least one of Caracas's poorer neighborhoods.

Medina responded on Nov. 16 that Alvarez Bracamonte's charges were false, and that the weapons are on deposit at the Defense Ministry. But according to Interior Minister Carlos Delgado Chapelín, the government "has evidence to back up" Alvarez Bracamonte's testimony and is seriously investigating the case. In a Nov. 16 editorial entitled "An Armed Party?" the daily *Diario de Caracas* warned that Causa R had better clear up the charges against it, because otherwise, "who will want to leave their homes on Dec. 5 to vote on the suspicion that Causa R members might pull out their weapons and unleash violence with or without provocation?"

Moreover, the daily added, "who could doubt the information that they are armed, looking at Andrés Velásquez's words that his party is prepared to defend its vote in the streets?" Mentioning incidents in which Pablo Medina had wielded a weapon during public demonstrations, *Diario de Caracas* warned that "someone is playing with fire." The daily's warnings were further borne out in statements made by Causa R's senatorial candidate Gen. Alberto Mueller Rojas (ret.) who threatened on Nov. 15 that if the government continued its campaign against his party, this "sterile polemic could generate acts of violence. . . . I don't know how [the government] would explain this to the mothers of the conscripts who would die as a result of the country's irresponsible actions."

Recent hysterical statements by some of the hemisphere's leading monetarist economists make clear that the international banking community, and its local Venezuelan allies, have invested heavily in Causa R's electoral success. Former President Caldera poses too big a threat to them. In his recent "Letter of Intent to the Venezuelan People," Caldera rejected the market reforms introduced by Pérez in 1989 and called for international examination of the country's "oppressive

and unjust" public sector foreign debt. He promised that he would not fire public sector employees or lower wages and vowed to repeal the recently imposed value-added tax, which he called "unfair" to consumers.

Usury by any other name

Even if Caldera were not prepared to completely buck Venezuela's foreign creditors, his posing the policy debate in these terms makes bankers' hair stand on end. At a recent conference in Caracas, Mexico's teeth-gnashing monetarist Luis Pazos went so far as to claim that a Caldera victory would lead to Venezuela's "Africanization," and to Brazilian-style levels of inflation. "Caldera suffers from great mental confusion," Pazos said.

In his comments, MIT economist Krugman complained that "populists" like Caldera would resort to exchange controls, restricting imports, and increasing domestic expenditures to generate employment—all anathema to the austerity-loving malthusians among the banking community. During the same conference, John Williamson, president of the Washington-based International Institute of Economics, lamented that no presidential candidate was openly backing a hike in the price of gasoline, and demanded there be no interruption in free market reforms. In fact, Andrés Velásquez is the only candidate who has said publicly that he will raise the gasoline price.

Given these statements, it's not hard to explain why Causa R's domestic backers include the country's top banks and such speculators as Orlando Castro, a leading figure in the dirty financial empire of the Cisneros clan, financiers of the suspended President Pérez. Among other unsavory activities, Castro's bank has been implicated in drug money laundering.

MSIA warns against Causa R dictatorship

The following statement, entitled " 'Radical Cause' Party Wants to Install a Narco-Terrorist Dictatorship in Venezuela," was released from Caracas on Nov. 16 by Alejandro Peña Esclusa for the Ibero-American Solidarity Movement (MSIA) and the Venezuelan Labor Party. It is being circulated throughout the continent.

The Radical Cause ("Causa R") political party is organizing an armed uprising for the purpose of installing a narco-terrorist dictatorship in Venezuela, on the model of Fidel Castro. The plan, which apparently has the backing of the U.S. State Department, is already under way and there is little left to stop it. It will be set off around Dec. 5, the day of Venezuela's presidential elections. The facts are as follows: