

Economic Survey

Venezuela at the crossroads, as Caldera takes office?

by Jaime García and Valerie Rush

With a new President at the helm, Venezuela is facing its biggest crisis ever. The financial system, which under former President Carlos Andrés Pérez served as a get-rich-quick playground for a handful of would-be oligarchs known as “the Twelve Apostles,” is now blowing sky-high around the Banco Latino collapse, and is threatening to take the depressed economy with it. Capital flight has already reached more than half a billion dollars, and portions of the oil industry are threatened with shutdown as the Banco Latino collapse begins to precipitate bankruptcies in that key sector. Rumors are that a government bailout of Banco Latino could cost upwards of \$5 billion, which would drive the government into a hyperinflationary maelstrom. The international bankers, with the support of high-level members of the Clinton administration, are issuing blackmail threats designed to keep President Rafael Caldera from considering a policy course independent of the International Monetary Fund (IMF). Their agents are already in place inside the Caldera cabinet, courtesy of the Inter-American Dialogue.

The effort to delimit and contain Caldera began during the election campaign, when Caldera hinted at a certain distancing from neo-liberal economic policies by suggesting that the problem of the Ibero-American foreign debt be brought before the International Court of Justice. Mouthpieces of the international financial elites, ranging from the London *Economist* to the *Wall Street Journal* began to rage against Caldera’s “populism” and demand that he stick to Pérez’s “modernization” program.

After Caldera’s Dec. 5 victory at the polls, the Anglo-American financial establishment went into action. On Dec. 15, the United States imposed a tax on gasoline imported from Venezuela. Warnings that Caldera’s “populism” might trigger another military coup began to surface in the U.S.

media. Undersecretary of State for Inter-American Affairs Alexander Watson descended on the country to voice his “concern” that Venezuela might not continue the economic “reforms” it had agreed to with multinational lenders. The IMF itself promised Caldera that it would unfreeze a promised loan, *if* the new government signed a new “letter of intent.” Even Henry “the Heavy” Kissinger, longtime consultant to the disgraced Pérez, dropped in on Caldera for a “chat.”

And then, just days before Caldera’s inauguration, one of the Anglo-American establishment’s leading hitmen arrived in Caracas. Former U.S. ambassador to the Organization of American States (OAS) and now Clinton “adviser” Luigi Einaudi warned Caldera against any attempt at a “Fujimorazo” in Venezuela, and then denied to the press that the United States was “double-dealing” with Venezuela. (Einaudi was referring to the April 1992 actions of Peru’s President Fujimori, who shut down the corrupt Congress and Supreme Court, which were riddled with terrorist backers.) The U.S. State Department’s annual human rights report slammed Venezuela for committing abuses, and Venezuela was brought before the OAS human rights tribunal for the first time.

The effects of that warfare showed immediately. In his first official statement on Inauguration Day, Feb. 2, President Caldera tossed the people a few crumbs—a hike in the minimum wage, a repeal of the value-added tax imposed by his predecessor, a promised crackdown on tax evasion—and then proceeded to assure Venezuela’s nervous creditors that “the fight against inflation” and “austerity” were the new watchwords of his government. Caldera had not a word to say about the foreign debt bleeding the nation. He admitted that a “grave and complex” crisis was facing the nation, but

could only urge "patience." After suffering five years of economic and social decay under the corrupt Pérez, patience is the one thing the Venezuelan population hasn't much left of. And the Cuban-linked Radical Cause (Causa R) party, with U.S. State Department backing, is more than ready to "take to the streets" should that patience run out.

Banco Latino in the equation

Whatever Caldera's intentions may or may not have been on Inauguration Day, the Banco Latino collapse and its ramifications in the political and economic arenas have created a whole new ballgame in Venezuela. The vast dirty-money networks represented by Banco Latino, Pérez, and his "Twelve Apostles" now stand fully exposed, and a government with the national interest at heart couldn't ask for a better opportunity to clean out all the drug- and crime-linked parasites who have infested the halls of power in Venezuela for so long.

Fearful that the Banco Latino collapse could trigger a chain reaction that might even reach into Wall Street, the international financial elites are pressuring hard for a bailout and a coverup—precisely as the Venezuelan Labor Party's Alejandro Peña warned (see *Documentation*). The U.S. embassy has already demanded that the Caldera government back up Banco Latino's debt payments to a U.S. creditor or face consequences, up to and including a credit cutoff! A Merrill Lynch analyst is quoted by the *Wall Street Journal* on Feb. 11 warning Caldera that the stock markets are "extremely sensitive to any sign of bad management of the economy."

Thus far, President Caldera has had nothing public to say about the Banco Latino crisis, except to appoint a congressional commission to "investigate." While Banco Latino's 1.2 million depositors (including the Armed Forces pension fund!) wonder if they'll ever see their money again, most of the bank's directors have already fled the country, fearing prosecution. Hundreds of millions of dollars were siphoned out of the bank—and out of the country—before the government ever moved to freeze the bank's funds.

As the new President attempts to grapple with an economy threatening to come apart at the seams, he would do well to keep one eye cocked on Causa R and on its narco-terrorist buddies in the São Paulo Forum.

Documentation

The following statement was issued by the office of Alejandro Peña Esclusa on Feb. 2, 1994.

Alejandro Peña Esclusa, secretary general of the Venezuelan Labor Party (PLV), today demanded the immediate confiscation of the properties of the Diego Cisneros Organization

(ODC), as well as the personal properties and goods of Gustavo Cisneros Rendiles, Ricardo Cisneros Rendiles and Gustavo Gómez López, in order to pay back the depositors in the Banco Latino.

In a press release, Peña Esclusa stated that "the ODC's communiqué, published yesterday by various press media, is full of lies: In the first place, the Banco Latino and the ODC are one and the same thing; in the second place, the Cisneros-Latino group enriched itself in the shadow of power; in the third place, the suspicious wealth of the Cisneros-Latino group was made in record time, through corrupt practices.

"For example," Peña Esclusa stated, "in 1985, the book *Narcotráfico, S.A. [Dope, Inc.]* was published, which detailed the ties of the Cisneros-Latino group with laundering of dirty money from drug trafficking. At that time, the Cisneros-Latino group used all their power to silence the foreign journalists who were distributing the book, jailed them, expelled them from the country and then, violating the constitutional right to freedom of speech, had the book banned in Venezuela. Since then, a scandalous slander campaign against the authors of the book and against the PLV has been unleashed, including hiring the mercenaries of disinformation and paying a fortune for press and television campaigns.

"Why did they do this? What did Gustavo Cisneros fear so much? What was he trying to hide?" Peña asked. "Why did the Banco Latino buy a large percentage of the banks on the Colombian border, exactly where the authorities have detected a feverish laundering of dirty money from drug trafficking? Why did they subsequently open up operations in Colombia?"

"I believe that the ODC release, published yesterday, is a smokescreen to gain time. I believe that the Cisneros-Latino group is very definitely fleeing the country and has already begun to leave. I believe they want to sell all their holdings in Venezuela and skedaddle, leaving the depositors of Banco Latino without a cent," Peña stated.

"Also, I believe that the Cisneroses will use their friends in the United States, such as David Rockefeller and Henry Kissinger, to pressure the government of Dr. Caldera. Using the pressure of their banker friends concerning the Venezuelan foreign debt, they want Dr. Caldera to clear their name, so they can escape without significant penalty, perhaps to set up operations in the United States.

"I call upon the authorities not to permit the Cisneros-Latino group to leave with their wealth. To the depositors of the Banco Latino, I say: Do you want to recover your savings? Then let the Cisneros holdings in the Cada supermarket chain, Venevisión, Televen, Maxy's, Aluyana, Banco Internacional, etc. be confiscated. There is Ricardo Cisneros's multimillion-dollar house in the Country Club. There assets are in full view; they must be confiscated before they are sold and the money taken abroad. Also, the passports of the Cisneros brothers should be confiscated. All of this must be done before it is too late."