

Andean Report by Jaime Ramírez

CAP wins in Venezuela

The defeat of the President's favorite means the foreign debt issue will play a role in the 1988 presidential elections.

Following an intense and sometimes dirty battle, which brought his party to the brink of a split, former Venezuelan President Carlos Andrés Pérez won the nomination as the presidential candidate of the ruling Acción Democrática (AD) party for 1988. In internal party elections held Oct. 11, CAP (as he is known to the press) took the nomination with 65% of the votes, defeating his adversary, former interior minister Octavio Lepage, despite the latter's backing by the political machine of current President Jaime Lusinchi.

CAP's victory has been interpreted as a repudiation of Lusinchi's economic policies. The President has insisted on paying the country's foreign debt at the cost of recession, austerity, unemployment, loss of international reserves, and devaluation of the national currency.

The internal AD battle resembled on a smaller scale what happened in Argentina to President Raúl Alfonsín, whose Radical Party suffered a devastating defeat in gubernatorial elections on Sept. 6—the population's response to the International Monetary Fund's austerity policies imposed by that government.

Just before the internal AD elections on Sept. 22, the labor section of the party, which backed CAP's candidacy, held its own plenum, where it analyzed labor's strength within the party, and during the electoral period, as compared to the influence it has wielded in terms of the economic policy of AD governments, past and present. The AD labor leaders, Antonio Ríos and Juan José Delpino, were a decisive factor in the electoral victory

of Lusinchi in 1983, and backed his government during the early years through what was dubbed a "social pact."

However, during the labor plenum, Venezuelan Workers Federation (CTV) President Delpino declared: "Since 1959, there has been an unfortunate custom of delivering over the building of the nation to the oligarchy." He added that Finance Minister Manuel Aspúrua served as the errand boy of the oligarchy's economic groups.

The "new social strategy" approved by the AD labor plenum establishes that the trade union sector of the party should participate fully in elaboration of government economic policy, including the possible firing of economic and finance ministers. The labor leaders also demanded that the foreign debt be treated as a matter of national sovereignty, and urged imposition of exchange controls, programs of "reproductive investment," and construction of urgently needed economic infrastructure.

However, the labor plenum made no specific proposals as to how to address the debt problem, made no mention of the strategy adopted by Peruvian President Alan García, and determined no specific actions to back up its resolutions. Upon closing the labor plenum, CAP said, "In my next government, the workers will not be stone guests, but will have both voice and vote."

Pérez is the only candidate who has openly identified the problem of the foreign debt, although in vague terms. One week before his nomination as candidate, CAP met in New

York with a group of bankers, to whom he declared, according to the press, that a new approach to the debt problem was required, "without the economic totalitarianism of the International Monetary Fund." Pérez reportedly also told the bankers that "it is impossible for Venezuela to invest 50% of the value of its exports in debt service."

Once nominated, Pérez said that the debt problem would be a fundamental issue of his campaign. "We must have a Latin American consensus to tell the creditor nations: This is the framework within which we are going to negotiate the debt. . . . Now, during the electoral campaign, I will send my personal envoys to all my friends across the continent, in government and in the opposition, to begin discussing these possibilities. . . . I cannot solve the debt problem if a Latin American agreement is not reached."

However, CAP also said that one had to negotiate within the existing international financial system, "since we are a part of it." He has also not given his backing to the "10% solution" adopted by Peru's head of state—the limitation of debt repayment to 10% of foreign earnings—nor has he addressed the need to create an Ibero-American common market, to protect the countries of the region from economic warfare by the international banks.

All of this has led many to suspect that the "framework" of which he speaks is that of the Socialist International, of which he is currently vice president. If that be the case, the problem will not be resolved. On the contrary, many leaders of the Socialist International, such as Helmut Schmidt and Willy Brandt, not only oppose debt moratoria, but back the policies of the International Monetary Fund and World Bank.