

The war against the Caldera government

On Feb. 21, 1994, Venezuelan Labor Party Secretary General Alejandro Peña warned in an open letter to President Rafael Caldera that foreign banks, particularly the Rockefeller interests, had set into motion a “pincers movement” to destabilize his government, because of the independent stance it had adopted vis-à-vis the International Monetary Fund and the international banks.

Preparation for a destabilization of a Caldera regime began before Caldera had even won the presidential elections in December 1993. Two qualities demonstrated by Caldera had earned him the distrust of the financial gang which had so profited under the administration of former President Carlos Andrés Pérez. First, was his demonstrated opposition to the worst of the vicious free trade policies which Pérez had imposed upon Venezuela. Ever more worrisome, however, was Caldera’s independence of mind and well-known executive capabilities.

Caldera played a leading role in the nationalist rebellion which finally drove Pérez out of office in disgrace. A fervent globalist, Pérez had been George Bush’s leading agent in Ibero-America in the Thatcher-Bush project to install supra-national hemispheric government, known as the “new world order.” Caldera chose the other side; he put Venezuela’s interests first. Under current conditions of crisis, the British one worldists and their Washington errand boys view Caldera as much too unpredictable, and have thus set out to make the country ungovernable.

Exemplary of the pressures being brought against the country was the forum organized by the Americas Society in New York City on Feb. 17, on “Venezuela under the Rafael Caldera Administration,” barely two weeks after President Caldera took office. The message delivered there was that the new government would face a financial blow-out, should it step out of line. One of the speakers was William Perry, a Bush operative who had taken the point in the campaign against Caldera from before the elections.

Here was exposed the command center of the anti-Caldera operation. David Rockefeller is honorary chairman of the Americas Society, a twin operation with the Council of the Americas. Rockefeller’s leading business partner in Venezuela is the Cisneros group; Gustavo Cisneros serves on the International Advisory Boards of both Rockefeller’s Chase Manhattan Bank (along with Pérez’s foreign adviser,

Henry Kissinger) and the Americas Society. Joining Cisneros and Rockefeller on the latter council is Conrad M. Black, chairman and chief executive officer of the Hollinger Corp., which has functioned since its founding as a British intelligence proprietary operation, with special responsibility in the financial and media world. Rockefeller’s ally, Kissinger, is a Senior International Adviser to Hollinger Corp., as is Margaret Thatcher.

These Bush-Hollinger interests are the very group also leading the “Whitewatergate” attack against U.S. President Clinton.

William Perry (not to be confused with the U.S. defense secretary of the same name), is an Ibero-American specialist who worked closely with Henry Kissinger throughout his career. He describes himself as “the principal Latin Americanist for the 1988 and 1992 Bush-Quayle campaigns.” During the Reagan administration, he served as director of Latin American Affairs at the National Security Council. Perry founded the Institute for the Study of the Americas, which shares an office with Reagan NSC official Norman A. Bailey, but he continues to hold his long-time post as senior associate at the Center for Strategic and International Studies (CSIS) of Georgetown University (where Gustavo Cisneros is also on the board of directors).

It is noteworthy that, in a March 1994 English-language document entitled “The Truth about the Banco Latino Crisis and the Cisneros Group of Companies in Venezuela,” Gustavo Cisneros favorably cites Perry’s Venezuelan reports.

A chronology of destabilization

Aug. 1, 1993: William Perry issues the first of three reports on “The Venezuelan General Elections of 1993,” from his Institute for the Study of the Americas. Of the four main candidates for President, Caldera is singled out for special attack.

President Caldera is to be distrusted because he represents “one of the few remaining patriarchs” in Ibero-American politics, a “gentleman of the old statist-social welfare school of Venezuelan politics . . . quite sincerely opposed to the strong liberalization measures of the Pérez government. . . . He certainly could not be counted upon to move forward into the next logical areas for reform,” such as rewriting labor laws and opening Venezuela’s nationalized oil industry to private and foreign investment. “Even small steps backward could harm domestic and international business confidence.”

Dec. 5, 1993: Rafael Caldera is elected President.

Dec. 14, 1993: Fund manager for London’s Edinburgh Latin American Fund tells Inter-Press Service that Caldera is “the market’s enemy. . . . He is very nationalistic. . . . We certainly do not need [to invest in] Venezuela.”

Dec. 22, 1993: British news agency Reuters reports that

“international bankers and financiers” warn that if Caldera brings the issue of the legitimacy of the foreign debt before the World Court in the Hague, as had been proposed, “it will cause Venezuela more harm than good. . . . [It] will scare off potential investors.”

Dec. 29, 1993: Henry Kissinger, accompanied by Gustavo Cisneros, meets at length with Caldera. *El Mundo* newspaper reports that Cisneros sought to have Caldera hire Kissinger as a foreign adviser, as Pérez had done.

Jan. 13, 1994: Banco Latino collapses.

Jan. 16, 1994: Miguel Angel Burelli Rivas, later appointed foreign minister by Caldera, states that “the foreign debt calls the country’s sovereignty into question, because when a country is indebted to the degree that Venezuela is, it falls into the hands of IMF guidelines.”

Jan. 26, 1994: U.S. Assistant Secretary of State Alexander Watson, in Venezuela jointly with top State Department Ibero-American hand Luigi Einaudi, tells press that Caldera’s government must continue the economic reforms begun by Pérez, noting that the lack of certainty about their continuity has led to a sharp drop in capital flows to the country. He warns that if Caldera cancels the [IMF-demanded] Value-Added Tax as he had promised in the election, he must come up with “new sources of revenue.”

Jan. 29, 1994: President-elect Caldera cashiers Pérez-allied defense minister, Vice Adm. Radamés Muñoz. Muñoz denounces Caldera’s government as “precarious.” Press reports that Muñoz had traveled to the United States in December on Banco Latino’s expense account; the trip had been organized by CSIS’s William Perry.

Feb. 2, 1994: Caldera is inaugurated as President.

Feb. 16, 1994: Alejandro Peña appears on nationwide television and calls on President Caldera to implement Hamiltonian banking as the alternative to the IMF.

Feb. 11, 1994: Perry issues final report on Venezuelan elections. Perry characterizes Caldera as “stubborn,” displaying “vindictive tendencies,” and “inclined to exercise dominating authority on a personal basis.” He complains that he has filled his cabinet with “Caldera loyalists . . . close friends and family who will clearly follow the lead of the president.”

Perry complains that Caldera “probably believes that the country’s most basic need at present is for restoration of faith in its government through the forthright exercise of its presidential authority—rather than the pursuit of any particular economic philosophy.”

Caldera’s opposition to the unpopular VAT tax, support for increasing the minimum wage and continuation of subsidies on food and gasoline, questioning of the foreign debt, lack of interest in an institutionalized “free trade” accord with the United States, and expected lack of speed on privatization of public industries (including the oil industry) are singled out for criticism by Perry. Perry threatens that Caldera’s “gratuitous” firing of Defense Minister Muñoz may come

back to haunt him, and warns that an anti-corruption campaign should not be used to “harass” the government’s “political adversaries.”

Feb. 17, 1994: Americas Society forum on Venezuela organizes against investment in the country, because of Caldera’s government. Perry delivers speech based on above document. J.P. Morgan representative James Nash argues that the future “doesn’t look particularly good” for Venezuela, and optimism about the country will plummet once details of economic policy are announced.

Feb. 21, 1994: Alejandro Peña Esclusa writes an open letter to President Caldera urging him to stand up against the threats.

Feb. 28, 1994: *El Nacional* publishes a World Bank document warning that if economic reforms are rolled back, the cooperation of the bank “will be limited to small support operations for social programs.” VAT tax and gas price hikes are specified as necessary for continued good relations, as well as a new agreement with the IMF.

Feb. 28, 1994: Chemical Bank evaluation of Caldera economic policy is published in Venezuelan press: It charges that the government displays “an absence of technical competence”; demands VAT tax, gas price hike to close fiscal deficit; and warns that if talk of “interventionist” policies such as price and exchange controls are adopted, capital flight will continue.

March 1, 1994: Government extends price controls on basic foods and medicines.

March 2, 1994: Judge issues arrest warrants against Banco Latino directors, including Pérez’s brother and Ricardo Cisneros.

March 10, 1994: *Cisneros v. Peña* case is opened.

March 15, 1994: British *Economy and Business* newsletter forecasts a major devaluation of the Venezuelan currency, the bolivar.

March 21, 1994: Foreign Report of London’s *Economist* magazine projects recession, capital flight, and a major devaluation as inevitable, unless Caldera restores the VAT tax and increases domestic gas prices.

April 10, 1994: A spokesman for the Caldera administration tells Spanish news agency EFE that it will not sign a new letter of intent with the International Monetary Fund, on the grounds that this would constitute “treason” against the people of Venezuela.

April 12, 1994: Sen. Juan José Caldera (Caldera’s son) accuses three Pérez ministers of directing a campaign against Venezuela from their posts at World Bank and IMF headquarters in Washington, D.C., with the intent of collapsing Caldera’s economic program, to thus argue that Pérez’s program was correct. Accused are former Planning Minister Miguel Rodríguez, Moisés Naim, and Gerver Torres.

April 27, 1994: Central Bank head Ruth de Krivoy, a free market hardliner, resigns in opposition to Caldera’s economic policy.