

# Caldera clashes with Congress over war against banking 'mafia'

by Valerie Rush

Venezuelan President Rafael Caldera has escalated his ongoing war against the financial "mafia," which has been draining the lifeblood from his country's economy, by ordering the first seizure of illegally held assets *abroad*. Properties worth \$50 million were seized on the Caribbean island of San Martín, by order of a Netherlands Antilles court acting in response to a petition by the Venezuelan Attorney General's office. The properties were owned by Gustavo Gómez López, the fugitive president of Banco Latino, the first Venezuelan bank to be shut down by the government last January for its criminal banking practices.

It is well known that tens of billions of dollars are held abroad by Venezuelans who spirited their money out of the country to avoid confiscation and/or prosecution. With this measure, President Caldera has sent a dramatic message that neither these vast illicit fortunes nor their owners are now beyond the reach of Venezuelan law.

## A clash of powers

In escalating his war, Caldera has been forced to go head to head with an opposition-dominated Congress. On July 21, that opposition voted to restore a series of constitutional guarantees that President Caldera had ordered temporarily suspended a month earlier in order to facilitate the raids, arrests, and asset seizures which were loosening the mafia's stranglehold on the country's banking system. Those rights included protection from arrest without court order, protection against expropriation, freedom to travel, and freedom to hold and transfer property. These rights were suspended to prevent the kind of "financial engineering" that has repeatedly enabled corrupt bankers and their business allies to transfer illegally held assets to invisible trusts or fronts, and to escape arrest.

The next day, the President made it clear that he could not allow Congress to strip him of his weapons in mid-battle. And so, in a nationally televised speech, Caldera once again suspended those constitutional rights, explaining:

"We are now beginning to discover what is behind this mafia network. The Attorney General has begun to take preventive measures to confiscate properties, actions that will be handled by the judicial authorities. . . . With the country's

money, with the people's money, they attempted to use those properties for their personal benefit through a series of maneuvers that have been discovered by [government-appointed] intervention officials at banks. It would be disastrous to interrupt this task, this much needed and urgent task, by reestablishing constitutional guarantees. It would be a measure in favor of those who have enjoyed public confidence and who have abused collective rights."

## 'Dictatorship,' or leadership?

Even before his speech hit the airwaves, radio and television programs were inundated with calls of support for the President and with denunciations of the Congress's treasonous defense of the nation's enemies. In response, Venezuelan legislators representing threatened financial and political interests began to sling the charge of "autocrat" and "dictator" at Caldera in hopes of forcing him to retreat. Instead, he counterattacked. In answer to those who accused him of violating the Constitution, the President responded that he had helped *write* the Venezuelan Constitution. It "has very effective provisions for abnormal situations. We have been forced to resort to these provisions," he said.

He added: "During my first term in office, I governed five years without suspending guarantees for one single day. On the other hand, President Romulo Betancourt practically kept guarantees suspended for his entire term in office. . . . On the very day that we signed the Constitution of the Republic, President Betancourt called the cabinet to Miraflores to ratify suspension of constitutional guarantees. And we supported Mr. Betancourt because we were aware that beyond the interests of groups, beyond partial interests, lies the interest of Venezuela. . . . The country elected me to face this crisis, and it would be irresponsible of me not to act in accordance with the seriousness of the situation. It will undoubtedly become more dangerous each time if it is not handled properly."

To prevent this clash between the Executive and Legislative branches from paralyzing the government, President Caldera issued a kind of ultimatum. Let us hold a referendum, he proposed, on whether the population backs my emergency measures. If I lose, I will resign. But, he added, "if the

## President Caldera blasts 'new imperialism'

In a speech on July 23 before Venezuela's national convention of journalists, President Rafael Caldera denounced those who have "trampled all the moral principles and ethical norms" in their lust for money and power. Identifying the enemy as a financial "mafia" which is using the banking crisis caused by years of neo-liberal or free trade economic practices to destabilize the country, Caldera declared:

"I must say that a large portion of the Venezuelan financial system was managed without scruples, trampling all moral principles and ethical norms, and they are the ones who have dislocated the economic situation, triggered capital flight and a devaluation, creating a situation, an inflationary pressure, which was criminally exploited and multiplied by speculative sectors in the trade area. This had to be confronted. This must be confronted. . . .

"The partisans of neo-liberal economics, those who view the market as a god who is going to resolve all

problems, those who maintain that it is sufficient to give them the freedom to conduct their business as they see fit and this will solve hunger and all the difficulties facing the great majorities of the population, are hateful enemies of any measure which the state, representing the Venezuelan society and as the guarantor of the nation's health, must adopt. . . .

"Sometimes they invoke the example of Chile as an model of a neo-liberal economy which has produced a bonanza, a relative superiority in relation to the other countries of Latin America. . . . General Pinochet assumed absolute power in Chile in 1973; he established a rigorous and severe dictatorship in the political sphere, but at the same time a liberal economy inspired by the teachings of Milton Friedman and the Chicago Boys. They gave the fullest breadth to the economic bosses to do what they would. And nine years later, in 1982, the crisis of the banking system was as severe as that which Venezuela faces today. It was necessary to intervene against banks which held 60% of the nation's banking deposits . . . and several directors of the most prominent banking institutions were sent to jail.

"In Venezuela, the neo-liberal experiment was, in large measure, that which caused the banking crisis we are battling today."

referendum shows the government is right, it is the congressmen who should put their jobs on the line."

Caldera's bold proposal triggered howls of protest. At the opening of an extraordinary session of Congress on July 26 attended by the President, Democratic Action (AD) Congresswoman Paulina Gamuz accused Caldera to his face of pursuing "totalitarian" and "personalist ambitions." She went on: "Suppose the referendum is held, what are we going to ask the people? That measures which the government itself has acknowledged to be temporary and undesirable should become permanent? Perhaps it would try to convince an anguished people that with a suspension of guarantees their unemployment, poverty, and lack of housing will be resolved?"

It is no accident that former President Carlos Andrés Pérez, political godfather to the criminal banking networks now under assault, and himself deposed and imprisoned on fraud and embezzlement charges, praised Gamuz's speech as "illustrious." Nor is it an accident that Gamuz is known to be close to the Anti-Defamation League of B'nai B'rith, the nominally Jewish organization which has long-standing links to organized crime and has long been active in defense of Pérez's dirty financial circles.

Caldera responded to Gamuz: "The people need to be fought for, not to be abandoned as victims to . . . usurers

who have sunk their claws into the flesh of the republic, and don't want to let go."

### More congressional fits

The AD was by no means the only political party to throw a fit. Top leaders of the Causa R (Radical Cause) party, a member of the Cuba-spawned and pro-terrorist São Paulo Forum, threatened to withdraw from Congress unless Caldera agreed to convoke a Constituent Assembly to redraft the Venezuelan Constitution and, presumably, to reduce Executive powers. Causa R, like the brainwashed former Army colonel Hugo Chávez now touring the country to organize armed "indigenous" uprisings, has repeatedly called for a Constituent Assembly on the model of Colombia's 1991 abomination, which destroyed the sovereignty of Colombia's national institutions and ushered in a New Age cultural paradigm that culminated in June in the tragic election of a narco-President.

The social-Christian Copei party also attempted to expand the conflict by dragging yet a third branch of government, the Judiciary, into the fray. Copei proposed that it be left to the Supreme Court to resolve the issue of the suspended constitutional guarantees. This went too far even for the AD and Causa R, which voted to defer all debate on such an option indefinitely.