

December 13, 2002

## Report on Venezuela



The Venezuelan political situation as I see it is as follows.



In January 1958 Venezuela deposed general Marcos Perez Jimenez, our last dictator. The so called democracy that took over after Perez Jimenez totally mismanaged the country during the following 40 years to the point where people were absolutely fed up with our traditional political parties. We had neither true democracy nor prosperity despite being a rich oil country. Hugo Chavez arrived

just in time to fill the power vacuum created by the political mismanagement. Unfortunately for us, Rafael Caldera gave Hugo Chavez a pardon for his failed coup of 1992 and let him out of jail. Had Caldera not done this our story would be quite different although not necessarily better.

During the 1998 presidential election Hugo Chavez won the presidency by an incredible landslide with more than 70% of the popular vote. The business class was worried by his leftist political speech but the lower classes saw him as a Messiah. Chavez had plenty of popular support to push through his political program which included a rewriting of the constitution and a total makeover of our government institutions. For example, the two chamber congress was replaced by a single chamber national assembly. After the new constitution was approved by a national plebiscite, Hugo Chavez was reelected but by a smaller landslide.

Now it was time to get down to work to get the country working again. That never happened. Chavez spent his time traveling around the world meeting with all the most sinister dictators like Fidel Castro and Saddam Hussein. He started importing Cuban infiltrators disguised as doctors. This brought the first negative reaction from the people because the Cuban "doctors" were paid higher salaries than their local counterparts. As the economic situation got worse many of his early followers became disillusioned with Chavez and his Bolivarian Revolution which was clearly a Cuban-Communist revolution. To make matters worse, Chavez would talk on the national TV chain for hours on end just like Fidel Castro used to do. He advocated class warfare accusing the middle and upper classes of being fascists and oligarchs.

During our 40 years of so called democracy the communists and other far left politicians never got more than 15% of the popular vote between them. Around 75% of the vote was divided between the two major parties AD and Copey and the rest was split between a whole slew of micro parties. Today Hugo Chavez has a popularity rating of 20 percent, in other words, he still has the backing of the hard core left but the rest of Venezuela has had enough of him.

Venezuela, being an oil country, does not have the usual middle class made up of professionals and small merchants. Our middle class, what there is of it, has a very large contingent of oil workers. Oil brings in around 75% of our foreign exchange and it is, without any doubt, our largest business. Consider that PDVSA,

our national oil company, is the world's fifth largest exporter of oil. One of the aims of the Cuban-Communist revolution was to take over the oil industry and this is where they made a huge mistake. The oil workers are a kind of local aristocracy and they are not willing to give up their privileged position. The opposition to Chavez was not going anywhere until the oil industry decided to join the general strike. First PDVSA stopped work in many oil installations. Later the oil fleet joined in. Our basic industries run on natural gas and the supply has been curtailed to the point that most of Guayana is stopped. This week the pilots that operate the Orinoco channel have also joined the general strike and as of midnight last night no shipping is moving in the Orinoco river.

For all practical purposes Venezuela is at a stand still except for domestic gas and electricity, telephone service and food. Most gas stations are closed for lack of gasoline. Two national airlines are on strike and there is very little jet fuel still available at the airports.

The opposition to Chavez is keeping a lot of peaceful pressure on the government with daily marches, and cacerolazos (the banging of pots and pans). The Venezuelan situation has finally over flown our borders and the OAS by way of Cesar Gaviria is mediating the conflict. The opposition wants to have new elections ASAP. Over 2 million signatories have asked for a referendum. This movement started about one year ago when the National Assembly rubber stamped 43 laws decreed by Chavez which basically try to do away with private property but it is only now that the opposition has sufficient momentum to force new elections.

The government has fabricated a whole bunch of lies about the situation. For one they mistranslated a letter from OPEC to the effect that OPEC backs the Venezuelan government. This is absolutely ridiculous. OPEC is a cartel that exists to control the production of oil in the hope of increasing prices. Never in its history has it made statements about the internal affairs of member countries. It's none of their business. The press eventually got a hold of the original letter written in English and the Spanish translation read by the government turns out to be a total fabrication. Yesterday the government controlled TV channel ran a program showing that Guayana was 100% active. The opposition press got wind of the production of the tape where they used old footage to fabricate the lie and announced the fabrication even before it hit the air.

The feeling around here is of optimism because people don't think that Chavez can hold out much longer. I believe that while the armed forces don't decide that Chavez has to go Chavez will be able to hold on. There are a lot of cracks starting to show up in the military. Every day more officers break ranks. It is mostly middle ranking officers telling the generals that they have lost their sense of duty and shame. Chavez has not managed to control the courts and they are siding with the dissident officers. Just an hour ago the second ranking officer in the military was reinstated by a court.

I hope we can avoid any further bloodshed but I don't believe that Chavez and his Bolivariano thugs will go quietly. I could be wrong because, at heart, Chavez is a coward.

I have been in Venezuela since 1946. In these 55 years I have never witnessed so much popular discontent. Usually the discontent never went past the stage of some grumbling. In this case the general strike as been going on for eleven days and it shows no sign of weakening. The whole population from minors to seniors is on the streets protesting. When there is tear gas they withdraw and a little while later they are back on the streets. I have never seen so many Venezuelan flags on the streets and I have never heard the national anthem sung so often.

Those of you who speak Spanish might want to follow events on a Venezuelan web site: [Globovision](#)

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