

August 16, 2004

## The Presidential Recall Referendum

On Sunday August 15 Venezuela held a referendum to decide whether to recall President Chavez or to allow him to finish his term in 2007. The opposition to Chavez has worked very hard to bring this vote about and, from the data collected at exit polls, they were convinced that the "Si" option, "Yes, recall Chavez," had won by a margin of 60 to 40. At 3 AM on Monday, the Electoral Committee announced preliminary results indicating that Chavez had won by a margin of 52 to 48.

My broker who is also the owner of the English language newspaper in Caracas sent me the following this morning:

Wow. What a weekend in the jungle. The Venezuelan electoral authorities say that Chavez survived the Recall Referendum. Numerous irregularities have been raised by the opposition. The international observers, including the Carter Center and the OAS, are scheduled to speak between 12:30-1:00. Oil is off its highs but CANTV (VNT on the NYSE) is down \$1.5. On the free market in New York, the dollar is trading around 2900 bolivars. The threat of violence hangs in the air as the opposition and the good people of Venezuela believe a huge fraud has been committed against them. Here are some of the markets we are making in Venezuelan bonds in dollars.

--Russ

What the international news did not say was that when the count was made, the two anti Chavez members of the Electoral Committee were not allowed to see how the numbers were drawn up.

This is how I see it:

For the "Si" vote to win it is not enough to gather more votes than the "No" does. The number of "Si" votes has to be greater than the number of votes that originally elected Chavez. I don't know the exact number but it is north of three million and some.

The CNE (the Electoral Committee) figured that if abstentions were high enough there would not be enough votes to dislodge Chavez. The strategy put in place to discourage voters was to slow the whole process down from delaying the opening of the tables, to collecting fingerprints by machine which turned out to be a very slow process and which was designed to be the "legal" bottleneck of the process.

But Venezuelans turned out to vote in mass and they decided to turn the whole thing into a big party. Instead of going home in disgust, friends and neighbors decided to help the people lined up to vote by bringing them water, coffee, food, umbrellas, music and chairs. Dominoes is the traditional table game in Venezuela and a lot of domino games broke out while people patiently waited to vote.

The slowdown strategy failed. The CNE was forced to discontinue the finger printing machine process and they had to extend the close of the voting which originally was scheduled for 6 PM. First they extended the close to 8 PM and later again to midnight. The tables could not be closed while there were people queued up to vote and some people got around to vote at 3 AM, 21 hours after the process started and 9 hours after the original closing hour. It is estimated that some people spent over 18 hours queued up!

NOTE: Much more complicated balloting than a simple Yes/No had been processed is less time in previous elections.

I got to vote in about an hour because I'm a senior citizen! Age does have its privileges! :)

Once plan "A" failed the CNE was in trouble. There are over 14 million voters in Venezuela. It is estimated that the abstention was around 28% leaving over 10 million votes. Since now it was certain that the "Si" would get well over the 3 million plus votes needed, the overall results had to favor "No" for Chavez to remain. Plan "B" was to commit fraud in the counting of the votes and this is the reason that the anti Chavez members of the CNE were not allowed to witness the count. Elections in Venezuela are public events and everyone has the right to be a witness to the counting of the votes. The count cannot be done in private by Chavez cronies.

The international observers should be speaking soon.

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**Later:**

Jimmy Carter and Rafael Gaviria (OAS) have spoken: they did not detect any fraud and they accept the results as announced by the CNE.

I think they might have been hoodwinked, here is why.

Carter and Gaviria say that their "quick count" tallies well enough with the official count and this is sufficient to say that there is no fraud. The question is what their "quick count" is based on.

The opposition has made two tallies, one was an exit poll and the other was a "quick count" or sampling of the official results of the voting tables. These two results are markedly different. The "quick count" favors "No" over "Si" 55% to 45% and is in line with the official results and the Carter and OAS "quick counts." On the other hand, the exit poll has "Si" winning over "No" 60 to 40.

There are several possible reasons for the discrepancy. One is that people lied in the exit polls or that they were mis-recorded by zealots who wanted to show the opposition winning at all costs. The other is that the results that the machines show are not what the people voted for, in other words they were programmed to cheat. As far as I know, no one has audited the software running on the voting machines.

One of the assurances given by Carter is that the machines printed a ballot with the voter's choice and this ballot was deposited in an urn just like you do when voting manually True enough, my printed ticket showed the choice I made but that is not a guarantee that the same choice was recorded on the machine's memory. There is supposed to be an audit of a random sampling of some 200 machines comparing the printed results against the printed tickets. The problem is that

both the machines and the printed tickets are in the hands of the armed forces which have shown their loyalty to Chavez. It is very simple, indeed, to have the machines print out a new set of tickets to replace the original ones and then the evidence is history.

As we say in Venezuela: "Yo no creo en brujas, pero de que vuelan, vuelan" roughly translated: "I don't believe in witches but they do fly on brooms."

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**Still later:**

For the last few weeks Chavez had kept his armed vandals off the streets but this afternoon a group of them fired at opposition demonstrators killing one woman and wounding several others.

After the events a woman was interviewed on the radio and, for the first time, I heard someone say publicly "We hate you, Chavez." Could this be the start of a real civil war?