

February 17, 2003

## Venezuela Update Feb 17, 2003

The general strike had the desired effect of calling the world's attention to Venezuela. The next step will be more difficult. This won't end before a lot of blood is shed.

*How's the strike going in Venezuela, Denny? Any chance the oil refineries will be working again any time soon?*

**CF**

The general strike is off except for the oil workers. Chavez has fired 12,000 out of the 40,000 oil workers. Don't expect the refineries to start working any time soon. The government is importing gasoline. There is talk about selling Citgo, our US East Coast gasoline retailer as well as the refineries we have in the USA. According to recent estimates, even when the situation goes back to "normal," we won't be able to produce more than 60% of our pre-strike output.

The objective was to put pressure on the government and that certainly has been achieved. We collected over 4 million signatures asking Chavez to resign. We should have the final tally by Wednesday. The government's cash income is practically gone. The oil that Chavez still ships to Cuba is not paid for in cash but with unwelcome Cuban "Doctors." The government has been forced to institute exchange controls which are being challenged in court and price control which industry says they cannot meet because they would be selling below cost. Just yesterday Chavez said that the Supreme Court was controlled by bandits, enemies of the revolution and that he would have the military take over all the industries that try to shut their doors. The man is floundering.

Our main difficulty right now is that no leader has taken charge of the opposition forces. Small wonder after the April 11, 2002 fiasco. The three principals, Carlos Ortega, Carlos Fernandez and Juan Fernandez -- representing labour, business and oil -- say they have no presidential ambitions. Some political hacks are trying to worm their way back to power but the people don't want to have anything to do with them, after all they are the cause of Chavez being in power in the first

place. There is talk of a second "Firmazo," a popular primary to select the candidate to oppose Chavez in the elections that everyone is taking for granted will happen. Stay tuned, this is getting interesting!

*Also - any guesses in the local press about how the National Guard allowed a grenade through their screening process for that Gatwick flight?*

Our National Guard is a joke and highly corrupt. "¿Cuento hay pa' eso? How much for that?" seems to be their slogan. In any case, their screening equipment has not worked for decades. The airlines were forced to hire private security services many years ago, long before Chavez made his appearance. (Yes, we are a banana republic :)

Rumor has been going around for quite some time that a lot of passports were missing from DIEX (or whatever it is called now) and that these passports have been given to Colombian guerillas, Cubans and al Qaeda people. Compared to Venezuela, the Ottoman Empire was a model of fiscal pulchritude. This is the result of our so called democracy and it has just gotten even worse under Chavez.

In any case, what the Guardia Nacional is good at is pushing around unarmed civilians, specially women, and their generals like to belch on TV. Venezuela has not been at war for well over a century and we don't plan on making war. All the toys the generals and admirals buy are expensive toys but toys nonetheless. Missile frigates bought in Italy and W.W.II submarines. When Chavez was doing his coup, I was on the roof of our building watching the parade. More than half the bombs they dropped didn't explode! The government did manage to shoot down one of the attacking planes -- I saw it going down. Chavez didn't use the jets but small anti-guerilla planes.

In the 1970s, when I was a management consultant, we tried to get a contract with the Navy. When we visited one of their bases we discovered that half the ships were being cannibalized for parts to try to keep the other half operational. Venezuelan military, now, that's a joke! I have never been able to figure out why we need so many generals and admirals if we don't do war.

A friend of the family was hired to refurbish the army tanks 10 or 15 years ago. There was a huge scandal in the press about kickbacks and one day I asked him

about it. He said: *"Working for the government is bad, you have to pay a lot of kickbacks but working for the military is impossible. The politicians come by the dozen but the military come by the platoon to collect their kickbacks."*

Until now, people were quite happy to let the generals play their games but I think that after Chavez the day of reckoning will come. I doubt that the officers that back Chavez will get off lightly.

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