

Andean Report by Carlos Méndez

CAP's solidarity appeal rejected

Blind to the Caracas riots and to the recent labor strike, Venezuela's President sticks with IMF austerity.

Reusing to consider the chorus of protests against his economic policies from practically every sector in Venezuela, President Carlos Andrés Pérez (CAP) presented business and labor leaders May 26 with his proposal for a National Agreement, reportedly modeled on the so-called Economic Solidarity Pact that has straitjacketed Mexico since the end of 1987.

The premise of CAP's proposal is continued austerity imposed by the International Monetary Fund. In announcing his proposal, CAP said: "Now Venezuelans can truly believe that the 'fresh money' so often announced, will come. After the signing of the Letter of Intent with the International Monetary Fund . . . the final document was signed last Wednesday. And it is now up to the IMF board of directors to recommend the opening up of credits to the country, \$4.8 billion over three years. . . . The document we have signed does not establish conditionalities any different from those we had agreed to in the Letter of Intent; it is a statement of willingness to carry forward the economic program the country had proposed."

The Venezuelan Workers Confederation (CTV) responded in a June 2 document published by the daily *El Universal*, which states that CAP's proposal "is not a document of harmony. . . . What it does is reaffirm the economic policy of the government . . . which has already been rejected by the labor organizations and the country's workers." The CTV also emphasized that "the government maintains its neoliberal concept of the problems affecting the country, and

the solutions the IMF has imposed . . . [which] is oriented toward stripping the Venezuelan state of its obligations and constitutional duties in economic and social matters."

That same day, journalist Rafael Poleo wrote in *El Nuevo País* that with the signing of the new IMF Letter of Intent, "the only thing that happened was that the Venezuelan government delivered a report of the sacrifices it has imposed and plans to impose on its people, with the hope that such a presentation will convince the Fund that it should lend it more money."

On June 1, the president of the Federation of Small and Medium Industrialists (Fedeindustria), José Luis Santoro, said that the new tariff policy included in CAP's solidarity proposal a hands-down death sentence for small and medium-sized industry and craftsmen. That same day, *El Nuevo País* reported that a group of Venezuelan congressmen had joined forces to support and defend the Fedeindustria constituency.

Regional producers are raising their voices, too. On June 11, the president of the Producers Association of Rojas District (Guárico state), Dangelo Morfesse, said, "What CAP has done is pronounce a death sentence for small and medium-sized grain producers" who cannot afford fertilizer at the new prices decreed. The Agrarian Federation (Fedeagro) issued a June 12 document saying that "the decision to raise the price of fertilizers in the current context" confirms that agriculture is not a priority for the government. Fedeagro charged that the government favored instead "food colo-

rialism," and concluded that "only the deployment of the social force represented by agrarian producers . . . will be capable of changing the direction of current official agricultural policy."

Undaunted by the criticism, the Venezuelan central bank on June 9 raised active interest rates to 42%, and the agricultural interest rate to 30%, despite the government's pledge that this would not rise above 15%. César Gil, a CTV official, said that "with the new rates, people will have to pay twice for their homes, agricultural portfolios will be dangerously affected, and—worst of all—it will discourage investment."

According to the central bank, prices of basic consumer items rose between February and April by 187%.

On top of the protests, a serious warning has been added. According to the daily *El Universal* of June 1, the commander of the national guard, Division General Luis Ramón Contreras Laguado, declared at the Third International Congress on Security held recently in Caracas, that: "Public security in the country over the coming months is conditioned on whether the packet of economic measures implemented by the [Venezuelan] government succeeds or fails. . . . To analyze the future of public and private security in the country is to pose three hypotheses: that the packet of measures is a success; that it is a partial success; or that it fails. In these three cases, the security institutions will act in accordance with the circumstances."

Venezuelan Labor Party leader Alejandro Peña offered a different solution, in a commentary published June 7 in the daily *Ultimas Noticias*: "It is urgent to channel anti-Monetary Fund ferment through a broad nationalist front capable of promoting an alternative program to that of Rockefeller's friends."