

Development Issue Is Realigning Venezuela's Political Map

When Luis Pinerua Ordaz won the presidential nomination of Venezuela's ruling Accion Democratica (AD) party over Jaime Lusinchi last July, it supposedly heralded the premature political demise of President Carlos Andres Perez, and the end of his government's industrialization policies. The event was also thought to be definitive victory for former President Romulo Betancourt, the AD godfather who began grooming Pinerua as a candidate over a year ago.

VENEZUELA

In his intended role as shadow candidate for Betancourt, Pinerua was to have been a de facto opposition presidential contender, leading attacks against President Perez's economic policies that would have left him a lame duck a full 18 months before next year's general elections, while crippling Perez as a political force within the party once his term was completed. The government and ruling AD were expected to be firmly controlled by Romulo Betancourt, a political stringer for Wall Street and London's Fabian networks since 1928.

But instead, President Perez is now in the strongest political position of his administration, Betancourt has dropped out of political sight, and Pinerua is openly supporting the government's economic program. What happened?

Pinerua first began to indicate a shift in favor of Perez in late September. "All Venezuela is aware of the positive work of Carlos Andres Perez," he told reporters Sept. 25. "It is there to be seen by everyone." Less than a week later he praised "the great development programs sponsored by the current government" and promised that they "will not suffer any reductions whatever during my term of office." Lest anyone entertain the notion that Pinerua was merely paying lip service to President Perez, the candidate pledged to a gathering of industrialists and farmers in Valencia that he would "consolidate the financing programs of Carlos Andres Perez even more" since they have given an "enormous boost to the country's industrialization."

It is precisely these financial policies, based on ample credit for industry and agriculture coupled with liquidity restrictions against speculative capital, that had the Caracas real estate speculators associated with Betan-

court and the opposition party, Copei, in an uproar at that time. Pinerua made it clear which side he was on.

Pinerua's break was officially recognized in the Oct. 23 issue of *Resumen* magazine, a weekly that unabashedly favors Betancourt. Pinerua, lamented *Resumen*, used to distinguish himself from the President by caring about the "little man", whereas Perez designed "great projects" for the country. Now, the weekly observed, Pinerua is touring the nation talking about development, highways, industry, and irrigation. "The candidate changed his mind," cried *Resumen*.

Economic Reality

Pinerua has not merely chosen sides in an isolated power feud. Rather, he has responded to an overwhelming reality: The attacks on the government's economic policies by Betancourt and allied circles have failed because those policies are increasingly being proven successful. Prior to the Accion Democratica candidate's change of "line," the Central Bank released the official figures on 1976 economic performance, revealing one of the most rapidly growing economies in the world. Venezuela's Gross National Product rose 7.9 percent, with industrial output up 11.1 percent. Growth this year promises to be even higher. Record crops are being harvested, including one million tons of corn, enough to meet the nation's internal demand. Severe flooding last year forced a drop of 3 percent in agricultural production, putting a damper on overall growth, a situation which now has been turned around. Moreover, in the month of September President Perez unveiled the Metalurgica Andina steel plant and the Conduven aluminum tubing plant, which will produce 280,000 tons of tubing annually for the oil industry. It was also announced that the aluminum plant expansion program at Alcasa will be completed on schedule by the end of the year, raising output to 120,000 tons per year, the highest in Latin America.

Besides yielding tangible results, government industrial policy is becoming the determinant concept behind all fields of domestic and foreign policy. It is the lawful extension of this commitment that has shaped trade accords such as the unprecedented \$2 billion investment and technology transfer agreement signed with Spain in September. More important, it has led to the elaboration of an energy policy consonant with Venezuela's interests as an emerging industrial nation, exemplified by Perez's historic endorsement of Brazil's nuclear energy program. Brazil has the "perfect right to develop nuclear energy," he said in an interview with the Rio de

Janeiro daily *O Globo* of Sept. 26. By October, this clear break with the Carter Administration's energy and geopolitical designs led to the nation's first coherent energy plan. In an outline of the plan released by the Ministry of Energy and Mines, nuclear energy is emphasized as the necessary next energy source to replace fossil fuels. The report conspicuously relegates what U.S. energy czar James Schlesinger calls "exotic" or "soft" technologies (solar, geothermal, wind, etc.) to a low-priority "other" category.

This environment is shaping the political alignment of Pinerua and others. Roberto Salas Capriles, the chairman of the Council of Industry, laid out the necessary terms of current politics when he called on all Venezuelan parties last month to make industrial development the focus of electoral debate. He was immediately seconded by Development Minister Alvarez Dominguez, who told a meeting of steel and mining engineers, "If there is one word that today defines and should define the concern of all Venezuelans, that word is development."

Development has indeed become the order of the day. The Council of Industry followed up its call to political organizations by forming a permanent committee with the nation's largest agricultural federation, Fedegro, to help the public and private sectors coordinate industrial and agricultural development policies. The ministers of Agriculture and Development are also members of the committee, the first such effort in Venezuelan history. Similarly, the Banking Association issued a report on the development of labor power, recommending the transferral of workers from the "marginal sector" to the "modern sector of the economy," adding that this process "would mean the conquering of underdevelopment."

Betancourt Retreats

This climate has not only made attacks against the government's development policy untenable, but every major political front mounted by Betancourt against Perez during the past year is near complete collapse.

First, the government has launched an extremely effective crackdown against ultraleft terrorist groups by going after not only particular, isolated terrorists, but, more importantly, by moving against what Interior Minister Octavio Legape calls the "legal mask" of terrorism: the above-ground left groups, lawyers, and ideologists that provide both a synthetic legitimacy and protection for terrorist operations. Despite the fact that the terrorist capability, which interfaces with Betancourt networks, is still a dangerous threat, Perez's qualitative shift in moving against these support operations has significantly contained their deployment.

Secondly, Betancourt's attempt to launch a "Watergate" against the Perez government has fallen flat. The "anti-corruption" theme was the central issue of Betancourt's speech at the nominating convention,

and soon became Pinerua's main campaign plank. However, in late September, Gonzalo Barrios, the Accion Democratica president and principal "swing man" of its significant centrist bloc between Perez and Betancourt, declared that Betancourt's call for witch-hunting legislation was "not necessary." Leandro Mora, one of Pinerua's campaign strategists, followed by denouncing moves for a blanket "cleanup" sweep as downright "dangerous."

This matter was closed two weeks ago when Gilberto Morrillo resigned as head of the Investigative Commission on Illicit Enrichment, complaining that the government was not allocating sufficient funds to keep the commission operating. Copei Party spokesmen, enthusiastic supporters of Betancourt's efforts, bemoaned the fact that not only is the CIEI doomed, but that chances for new legislation to get through Congress in the foreseeable future have sunk to zero. The AD majority does not seem eager to push through alternative political reform measures, Copei noted, since they have three different competing bills on the table.

But perhaps the maneuver most crucial to Betancourt's plans for future control over Venezuelan politics was rudely dashed by Pinerua himself two weeks ago. It was widely known that for Betancourt to undo President Perez's economic policies under the likelihood of a Pinerua administration, the Betancourt machine would have to all but openly purge the large Perez wing of the party.

Under conditions of such a party rift, Pinerua would be a de facto minority president, unable to govern alone. Since the beginning of this year, Betancourt had therefore been carefully trying to cultivate an alliance with the Copei party, for an eventual Pinerua-Copei coalition government. However, during one of his speaking tours Oct. 28, Pinerua cited his willingness to resort to "imported technology" but also stated flatly that there is no "possibility" for a coalition with Copei.

Betancourt is down, but not out. As the end of Perez's term nears, the more intense the pressure becomes. The terrorist networks are already girding for a new assault, as the so-called left has announced plans to bring top "Eurocommunist" Santiago Carrillo to Venezuela. Betancourt is also laying the groundwork for a takeover of the foreign policy apparatus through his cothinkers Ramon J. Velasquez and Foreign Minister Simon Alberto Consalvi. Consalvi recently announced plans to "restructure" foreign policy including purges of key Perez policymakers such as Foreign Trade Institute chief Reinaldo Figueredo.

Nonetheless, the case remains that Perez's successful economic policies have forced Betancourt to take a low profile. Much to the aging godfather's dismay, Pinerua is drawing closer to the President's program. As AD Secretary General Alejandro Izaguirre commented last month, Pinerua is "not an opposition candidate."

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