

serious and sincere efforts for the settlement of the differences" between the two countries. Similarly, Greek Foreign Minister Rallis stated that Turkey is sending out signs of willingness for serious discussions with the Greeks. According to both the Greek and Turkish press, Turkey has proposed the signing of a "political document" between the two countries.

The activities of Cypriot President Kyprianou, who has endorsed Ecevit's trip to Moscow, are critical to peace efforts. Currently, Kyprianou is organizing international support for a peace plan he has devised to demilitarize Cyprus and close down Britain's two military bases there, one of which is known to house nuclear warheads. The British government has rejected the proposal.

The demilitarization of Cyprus will, if successful, have the following positive effects:

(1) increase the chances for a Cyprus settlement and the stabilization of the volatile eastern Mediterranean;

(2) destroy Britain's use of Cyprus as a center for a major gun-running network that funnels arms to the Lebanese Falange, among others;

(3) thwart the use of Cyprus as a spawning ground for terrorists operating in the Middle East and in Cyprus itself; and

(4) isolate Israel. Without the backup of Britain's nuclear capability from Cyprus, the efforts of hawks such as Moshe Dayan to ignite a Mideast war would lose much of their deadly momentum.

#### *Kyprianou in London*

Last month, Kyprianou went to London to press Britain to take a more responsible role in the quest for a Cyprus

settlement commensurate with its role as a United Nations Security Council member and a guarantor of the island republic.

Since Cyprus became independent in 1960, Britain's pledge to guarantee the integrity of the island has been "absolutely worthless," said one Cypriot diplomat, citing Britain's refusal to intervene to stop the 1974 coup against the late President Makarios as well as her refusal to prevent Turkey's subsequent invasion of Cyprus. Instead, Britain has been covertly involved in fomenting Greek-Turkish animosity on the island as well as in arming and training EOKA-B terrorists, many of whom operate from Britain's two military bases.

In London, Kyprianou put forth his peace plan and called for British cooperation. The proposal calls for the complete demilitarization of Cyprus, including the dismantling of the Greek Cypriot National Guard, the Turkish Cypriot militias, armed terrorist bands, and the removal of Turkish troops. An integrated and neutral Greek Cypriot and Turkish Cypriot police force would then be set up under direct UN control.

Kyprianou also proposes the formation of a committee of Greek, Turkish, Greek Cypriot, and Turkish Cypriot representatives to collaborate with Europe to move toward an international settlement of the Cyprus conflict.

While Prime Minister James Callaghan spurned the proposal, French President Giscard has responded favorably to Kyprianou's ideas. In the coming weeks, Kyprianou will take his plan to West Germany, the Soviet Union, Italy, Belgium, and India.

## Venezuela's Dangerous Compromise

*The perils of pursuing economic development without the necessary political corollary*

Venezuela will go to the polls next December to elect a new President, but President Carlos Andres Perez's aggressive industrialization policies will not have a single defender among any of the candidates. *Every candidate*, from those of the two major parties, Accion Democratica and Copei, to the left splinter groups, all

### LATIN AMERICA

agree that for the next five years Venezuela must slow down the "excessive" economic growth experienced under President Perez, "reorient" development away from industrial transformation towards "social infrastructure," sell many of the booming state sector enterprises back to private interests, and "retrench" in foreign policy away from any leadership in the international community into concern for Venezuela alone.

Venezuela's Minister to the Presidency, Carmelo Lauria, accurately stated several weeks ago that "accelerated growth" — the domestic policy of President Perez — is now a matter of "survival" for the

Venezuelan nation. Venezuela's brute-force industrialization policy of the past five years, in fact, has served as a model and rallying point for dirigist development factions throughout Latin America and the Third World. And under Perez, Venezuela has thrown its weight behind Third World and OPEC nation's efforts for a world economic recovery based on the development of that Third World.

However, the core elite of Venezuela's nationalist pro-industrialization forces, centered around the presidency of Carlos Andres Perez, have suffered from a consistent, and potentially fatal, flaw in their strategy for developing Venezuela into a modern nation.

The strategic blunder of the Perez forces is simple: they have tried to get away with enforcing an *economic* policy of industrialization, while at the same time compromising with the *political* networks publicly committed to undoing the "accelerated growth" built up by the Perez Administration.

Specifically, Perez and his allies have not only tolerated, but actively accommodated themselves both internationally and domestically to the overlapping networks of the U.S.-based Kennedy family and the Willy

Brandt-British intelligence-deployed wing of the Second International. Internationally, this compromise is best exemplified by Perez's lavish support for the misnamed "human rights" policy of U.S. National Security Advisor Zbigniew Brzezinski, a policy conforming fully to the Second International zero-growth policy profile. Within Venezuela, Perez has often struck deals with the forces centered around former President Romulo Betancourt, a man intimately tied to both the Second International and the Kennedy crowd for all of his political career, and who has bitterly fought Perez's policies throughout his presidency.

#### *No Successor*

Although the next President will not be inaugurated until March of next year, the political life of Venezuela is already dominated by antigrowth, "think small" policies. The stifling atmosphere has put the country's development forces on the defensive before a continual populist barrage against "savagely growth" and the "excessive presidentialism" of the Perez government.

The strikingly similar programs of the presidential candidates are not accidental. The essentials of all their programs are presented in a recently published work entitled *Contemporary Venezuela and Its Role in International Affairs* — a profile of Venezuela produced by the New York City Council of Foreign Relations (CFR), a thinktank historically tied to British interests. The CFR study, promoted publicly in Venezuela by the Betancourt-led faction, lays out a series of scenarios for economic crisis, social upheaval, and a possible coup, all of which will force Venezuela to retreat from its present aggressive nation-building policies. Even a quick perusal of the CFR study provides the reader with the format of every major "idea" of Venezuela's present candidates!

#### *The "Echeverria Treatment"*

Perez is facing more than politicking in the final months of his rule, however. Open economic warfare against Venezuela has already begun and is scheduled to escalate to the proportions of massive capital flight, forced devaluation and a private sector investment freeze of the kind directed against the outgoing Echeverria government in Mexico in late 1976.

The purpose behind this warfare is identical to that directed against the development policies of Echeverria: to ensure that by the time Perez steps down, he and his policies are completely discredited, and that the country is in such chaos and instability that the institutions, policies, and constituencies of development built up over the past five years can be systematically dismantled. No Perez-led "counterpole" to the CFR is to be left intact.

The Echeverria treatment against Perez started last month with a barrage of articles in U.S. and British financial press warning against investment in Venezuela, and predicting a looming economic crisis due to the supposed ineptitude and wastefulness of the Perez government. An article appearing in the May 1978 issue of *International Currency Review* (ICR), a British-intelligence controlled monthly, details the *purpose* behind these deliberately repeated falsifications.

ICR takes aim against the state sector-led basic industrialization policies of the government, against the "orgy of expenditure" of the "corrupt and inefficient public sector," the "uncontrolled preference for imports (of) technologically advanced and inappropriate equipment." But, as ICR confidently predicts, "priority programs will have to be severely mauled" before the end of this year, because of "unprecedented financial difficulties" resulting from a predicted drop in oil revenues.

In a precise parallel to the anti-Echeverria operation, the British intelligence outlet goes on to openly predict a run on the Venezuelan currency, and ominously warns of political problems for the "country's ostensible democracy" coming from an "active rural and urban guerrilla movement" — a gross exaggeration of reality which signals British intelligence plans to create just such a terrorist movement.

In mid-June, National Security Advisor Brzezinski himself was caught in an operation retailing these supposedly "objective" findings on the Venezuelan economic situation. A flurry of scandal erupted in Venezuela when United Press International "leaked" a confidential report to President Carter June 11 (reportedly written last March) which stated that the U.S. government feels the outcome of next December's general elections in Venezuela will be determined by the issues of the Perez government's "mismanagement of oil income, inflation, and corruption." Shortly thereafter, however, this news service received confirmation from reliable sources that the UPI story was "planted" by Robert Pastor, the Latin American assistant to Brzezinski on the National Security Council.

Venezuelan government officials, including President Perez himself, immediately responded, accurately identifying the UPI "leak" with the series of articles that had appeared in the international press a few weeks prior, all of which had repeated the same "inflation, waste, and economic crisis" line. The intent of the press campaign is clearly "political," the officials charged, with the object of discrediting Venezuela's model of industrialization. Information Minister Celestino Armas emphatically stated that such slanders will not silence the accomplishments of the Perez government, noting that in the same week as the UPI report, Venezuela opened the second largest aluminum plant in the world in the east of the country, and began work on the Guri dam, the biggest such project in the hemisphere.

Yet despite that accurate and angry response by government officials on the reason behind the anti-Venezuela campaign, the *source* of the campaign has been left completely untouched. In fact, while Brzezinski is deliberately leaking slanders against Perez's government, Perez is fervently supporting Brzezinski's human rights destabilization against Latin America. With every such capitulation, Perez unwittingly strengthens the hand of his own opposition.

#### *Betancourt's Mafia Politics*

The single major error of President Perez and his allies that has left him vulnerable to this campaign has been consistent, and continuing refusal to organize a mass-based, institutionalized support around the issues

of economic growth and industrialization. Instead they have played by the rules of the mafia-style politics that have gripped Venezuelan "democracy" since World War II. Put another way, they have been willing to make deals with Romulo Betancourt — the man most responsible for founding that "democracy."

Betancourt, president-for-life of the ruling Second International-led Accion Democratica, is the Fabian political godfather of the country. A typical "caudillo," Betancourt has controlled virtually every political grouping in the country for most of the past 20 years — whether nominally left, "independent," or even the "opposition" Christian Democratic party.

During his presidency between 1959 and 1964 Betancourt brought into his government the "desarrollista" (developmentalist) economists around British-schooled Raul Prebisch to implement the "socially oriented" stabilization policies of Kennedy's Alliance for Progress. Despite the rhetoric, that misnomered Alliance was in actuality a largely successful effort to mobilize the resources of the continent through austerity programs prepared by the International Monetary Fund in order to keep Latin America from being swept by a wave of bankruptcies, debt moratoria, and revolutions "a la Cubana" in the wake of the 1958-59 recession. The slogan of investing in "the social infrastructure" was used to block the development of heavy industry in the country while refusing to nationalize the nation's oil resources — a necessary first step to any serious industrialization strategy.

From his position as President, Perez in the first years of his administration began to challenge Betancourt's tight control over Accion Democratica. In the political climate shaped by Perez's nationalization of the oil and iron industries, the nationalist, growth-oriented factions within Accion Democratica were significantly strengthened. In the last year, in particular, a humanist faction of private industrialists gained control over the country's powerful business federation, Fedecamaras, and explicitly endorsed Perez's state sector-led industrialization. That business faction is now in fact one of the most active forces in the defense of accelerated growth, and is also demanding the country continue with the next stage of development: the creation of a basic capital goods industry.

For the last two years, however, the key issue has become who will control the next administration. Leading up to the Accion Democratica presidential primary in July, 1977, it was daily public gossip that Perez and Betancourt were locked in bitter battle over the candidates.

But it remained only public gossip — while the real issues were settled in the party's backrooms. At no point did Perez or his faction launch a broad political campaign to educate the population on the vital question of economic growth, or name Betancourt as the principal

proponent of keeping Venezuela in the misery of underdevelopment. While Betancourt and his networks were actively organizing against the Perez government (Betancourt *personally* called for a Nixon-style Watergate against the Perez Administration at one point), Perez's faction paid public obeisance to Betancourt as the "Father of Venezuelan democracy." Betancourt's AD candidate, Luis Pinerua Ordaz, thus secured the party's nomination last July, and with it the position of probable-next-president — a powerful platform which he has used to try and make Perez a lame-duck president for the remaining year and a half of his administration.

#### *The Consalvi Connection*

The *political* blindspot of the Perez faction has been carried over into international policy with a vengeance. Here, Perez has given the Second International-Kennedy networks a virtual free hand in the past year — in almost direct correlation to Betancourt's tightening *domestic* stranglehold.

In blunt point of fact, Perez has allowed himself to become at Brzezinski's prompting a virtual spokesman for Jimmy Carter's backward orientations within the hemisphere. Under the "guidance" of Foreign Minister Consalvi, a Betancourt collaborator trained by Brzezinski, and who personally circulated 3,000 advance copies of the CFR's "Contemporary Venezuela" within the country, Perez has revived the long discredited "Betancourt Doctrine" which justified intervention against the "nondemocratic" governments of the hemisphere, giving badly needed credibility to Brzezinski's human rights charade.

Another disastrous Perez foreign policy blunder was his proposal to the annual OPEC meeting last December for an OPEC oil price hike to bail out Third World debts — thus subverting his own commitment to a real solution to the Third World's economic crisis by adopting a slick British scheme for debt repayment. Here again, a Betancourt crony and Kissinger friend, Manuel Perez Guerrero, conduced the proposal to Perez, who gullibly expounded it.

#### *Political Campaign Required*

Despite the degenerating political situation of the past year, the sheer weight of Venezuela's economic success under Perez still forms the underlying political reality in the country. Powerful industrialist factions, factions of the military, and the core of the state sector interests are committed to Perez's nation-building strategy. Today, the attacks on the Five Year basic industrialization strategy by the Venezuelan candidates are carefully couched to appear only as calls for "more rational," "slower" rates of growth; it is only British financial magazines that openly state that what's wanted is the full dismantling of industrial development itself ... immediately.

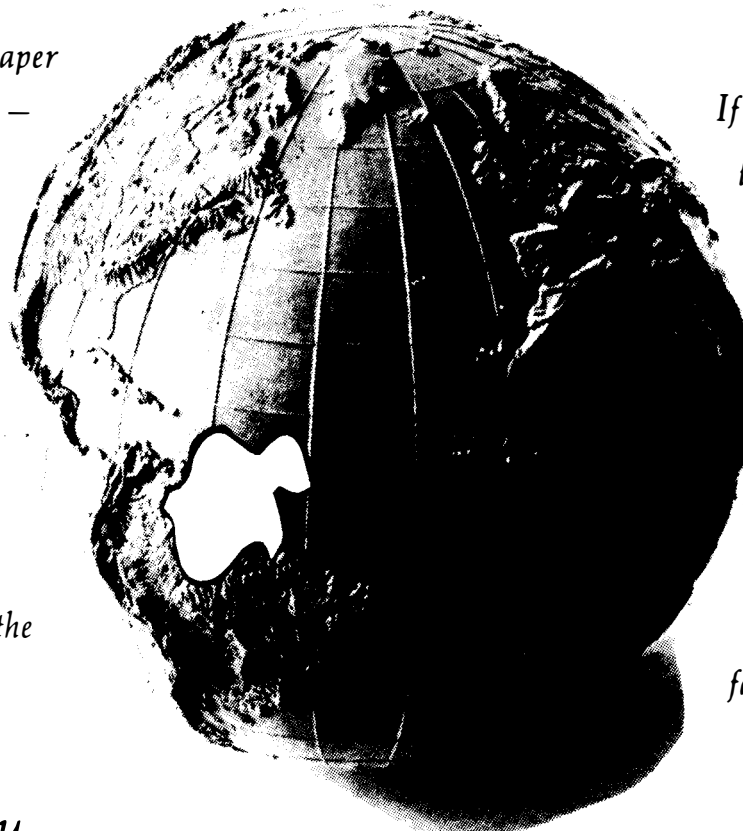
—Gretchen Small

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THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO DENUNCIATE AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, FOR ENDING THE INDIAN EXPLOSION. THE JOURNAL CONCLUDES: "IT IS DID AFTER THE INDIAN EXPLOSION. MR. CARTER DOESN'T NOTICE MIKES AND IS IN ADDITION TO BELIEVE THAT HE THINKS A LETTER WILL KEEP THE OTHER HAND, PERHAPS THE CANDIDATE CARTER WHO PROMISED NEVER TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT HAS SUCCESSFULLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN HAS SUCCEEDED WHERE CARTER HAS FAILED, AS PRESENTED IN THE LONDON TIMES, TODAY'S SECRET DAILY TELEGRAPH ADDS ONE IS TO ARRIVE AT THIS TIME. DESA'S SECRET PROMISES AND CLOSING DETAILS AT THE CALLAGHAN TRIP HAS OSTEMENSIBLY TWO GOALS. THAT CALLAGHAN HOPES TO TAKE NEW RESTRICTIONS AND SAFEGUARDS TO PRESS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN HAS FROZEN ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT THE FACILITY IN SHIPPING REPORT, PA. HAS BEEN SHUT. THE UTILITIES AFFECTED ALL EXPECT TO HAVE TO WEAR. HOWEVER A SECOND COLD FREEZE IS PRE-ALTERNATIVE USED LAST WINTER DURING SEVERE IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPT. OF ENERGY WILL DO NOTHING IN THE PRESENT STRIKE MAKES A STATEMENT HE ADDED THAT THE PRODUCTION BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRITISH FIRING OPPOSITION

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