

Andean Report by Peter Rush

IMF austerity hits Venezuela

Carlos Andrés Pérez fears a coup attempt, as criticisms of austerity mount, and crime sweeps the country.

On Jan. 1, Venezuelan President Carlos Andrés Pérez celebrated the first anniversary of coming to power by imposing the second phase of the program he signed with the International Monetary Fund (IMF) last January. Overnight, prices for bus and airline fares were hiked by 15-30%, most food prices went up sharply, and gasoline prices were increased by 15%, with more increases to follow later in the year.

Venezuelans, already reeling from a sharp decline in their real income over less than a year, and an unprecedented 20% unemployment rate, responded with anger against the regime, amidst warnings of another explosion such as the one that devastated Caracas and several other cities beginning last Feb. 27. Last winter, riots broke out the same morning that bus fares and gasoline prices were sharply increased; the riots lasted for five days, killed an estimated 1,000 people, and left much of downtown Caracas in shambles as thousands of stores were looted.

According to the Caracas daily *Nuevo País*, the new measures are creating an atmosphere of extreme tension. "Thousands of Venezuelans are anguished over the shortages of powdered milk, pre-cooked flour, rice, and sugar, and because of the gasoline price hike announced by President Pérez," the paper said. Recent increases in the prices of basic foodstuffs have been so steep, reported the paper, that 2 kilograms of powdered milk (4.5 pounds) now costs 400 bolívares, or about \$10, which is one-tenth

of the minimum monthly wage.

Political and trade union leaders are also issuing pointed warnings to the government.

Former President and leader of the Christian Democratic COPEI party Luis Herrera Campins told the press that the government's action "could initiate a chain reaction that would be very dangerous." Referring to the rioting of 1989, he added, "and this time, it wouldn't be leaderless."

The Confederation of Venezuelan Workers (CTV) also came out strongly against the new measures.

One indication of the devastating effect of the austerity measures already in place is a sudden epidemic outbreak of dengue fever. The Venezuelan Ministry of Health announced on Jan. 7 that it was now registering about 100 cases a day of the deadly insect-borne disease. It reported that the highest incidence was precisely in the zones of greatest poverty, where the government's austerity measures have hit the hardest.

Another measure is an alarming growth of crime. According to a Jan. 8 article in *Ultimas Noticias*, "The criminal activity of the underworld has become the primary cause of death in the country," in recent months. The head of the CTV, Antonio Rios, said that the labor federation is very much concerned about the issue, because "insecurity is a problem that affects all Venezuelans," and the union finds that it "must not only defend its workers, but also the families of its workers" from the crime wave.

According to the Venezuelan

press, President Pérez, a Social Democrat, himself has been forced to publicly admit that there has been an increase of crime because of the economic crisis caused by his harsh austerity program.

The President (known as CAP) and his IMF austerity policies were sharply repudiated by voters last December in state elections, in which the ruling Democratic Action party lost the governorships of half the states of the country, and in which most voters stayed home from the polls.

The President is also under behind-the-scenes pressure, to the point that, according to one of the country's best-known columnists Rafael Poleo, he fears a possible coup, and believes that there is a military conspiracy against him. "President Pérez has expressed this fear in conversation with certain persons," Poleo wrote in *El Nuevo País* Jan. 9, and for this reason CAP has placed one Torres Agudo in a top position in the nation's political police, the DISIP. Torres Agudo, Poleo says, is well informed about the military.

Anticipating popular rage against his measures, and perhaps also for fear of a coup, President Pérez appears to be trying to establish a super-police force controlled directly by the presidency, ostensibly to fight against crime—but in reality, to put down any popular unrest.

Representatives of all the security agencies met with the appropriate agencies of the government of Caracas on Jan. 8, and decided to put 8,000 more men out on the streets to fight crime, including at least 1,000 members of the National Guard.

This suggestion has angered the military top brass, who feel that police duty is not appropriate for military personnel, and who fear that it will lead to discrediting the military among the citizenry.