

Corrupt cronies of CAP jailed in Venezuela

by Gretchen Small

Even as Ramón J. Velásquez was being sworn in as Venezuela's new President on June 5, a military court was issuing an arrest order for Air Force Commander Gen. Eutimio Fuguett Borregales on charges of embezzling public funds. Fuguett is a top crony of former President Carlos Andrés Pérez (CAP), who was suspended from office on May 21 after the country's Supreme Court ruled that he should be tried for corruption. A week later, a second Air Force general wanted for participating in Fuguett's looting of the military, former logistics chief Gen. Andrés Gutiérrez, turned himself in to authorities.

With Pérez and his Democratic Action party finally driven out of power, the corrupt dictatorial machinery through which Pérez imposed bankers' policies upon the country has now begun to be dismantled.

The arrest of Fuguett is a vindication of the military officers who led the uprising against the CAP regime on Nov. 27, 1992. They acted, they have stated, to end the widespread corruption and economic misery into which the Pérez regime had sunk Venezuela. Although their uprising was defeated, the officers continued their campaign to clean up the country from jail and exile. Rebel Air Force officers were the ones who first filed the charges on which Fuguett now faces trial: deploying soldiers on personal tasks, selling Air Force gasoline to private interests, and skimming off interest earned from several Air Force accounts held abroad for military purchases into a personal bank account. Investigators found that the general had amassed some \$1.8 million.

Military unrest continues, however, over a high command still dominated by Pérez's corrupt cronies. As his last act before leaving office, Pérez signed the military promotions for the year—a month early. Army officers are furious over how Pérez promoted his allies over more senior officers. National Guard Col. Hidalgo Valero Briceño charged on June 8 that Pérez had promoted an officer linked to the drug trade to the rank of general, and requested a meeting with Velásquez and the Senate Defense Commission to review the promotions.

Economic crisis now looms

The Pérez regime also bequeathed the new government an exploding economic crisis. Some \$1 billion in foreign debt payments are due in June, but the Pérez government never included that payment in the budget, political commentator Román Rojas Cabot revealed in a June 12 article in

El Diario de Caracas. For four years, the last government "religiously paid 35% of national income to the creditors"; now there is not even enough money left to pay the payroll, Rojas wrote.

Velásquez, a 76-year-old independent politician and intellectual, has stated that he is no expert in economics, and is calling upon national figures to join him in developing a viable economic program. Unlike Pérez, however, he has not shied away from identifying the foreign debt as one of the major causes of Venezuela's crisis. "Never before have the societies of Latin America suffered such upheaval as that caused by the sudden change which the role and obligations of [being] debtors brought about in their lives," he stated in his inaugural speech.

Velásquez has assembled an economic team reflecting the battle over economic policy raging in the country. His finance minister, Carlos Rafael Silva, said on June 8 that he has his "doubts" that the free market can serve as a model for Venezuela. It may be "painful to admit," he said, but the foreign debt has severely limited Venezuela's economic sovereignty—the latter a concept discarded as "outdated" under Pérez.

Velásquez's agriculture minister, Hiram Gaviria, is a director of the Agricultural Producers Federation who has been an outspoken opponent of the free market policies and high interest rates which have wrecked agriculture and favored the international cartels. He had run ads proving that International Monetary Fund policies collapsed Venezuela's agriculture. Upon assuming office, Gaviria called upon farmers to begin planting immediately, announcing that the government would guarantee that their harvest would be bought because Venezuela must produce its own food instead of relying on imports.

Such sane talk sent the banking interests which ran the Pérez administration screaming. *Economic Report*, published by the Cisneros family interests, threatened on June 8 that if the government lowers interest rates, restores subsidies to consumers or agricultural producers, or regulates imports, the World Bank and other creditors will cut Venezuela off. Pérez's planning minister, Ricardo Hausman, took it upon himself on June 11 to warn Velásquez that if Venezuela returned to protectionist policies, he would lose "the confidence of the financial markets . . . which are those that can finance the deficit."

Velásquez then appointed Hernán Anzola as his planning minister, an economist who promptly attacked any lowering of interest rates or adoption of protectionist measures because foreign bankers would not approve.

However, the battle over whether banking interests or national producers will set policy is far from over. The former president of the Venezuelan Workers Federation, Juan José Delpino, urged the government to declare a debt moratorium, and industrialists are organizing for adoption of "a real manufacturing policy" based on infrastructure building and lower interest rates.