

A tale of two coups: Venezuela and Argentina

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[New Internationalist Magazine](#)

July 3, 2002

CARACAS—On May Day, starting out from the Hilton Hotel, 200,000 blondes marched East through Caracas' shopping corridor along Casanova Avenue. At the same time, half a million brunettes converged on them from the West. It would all seem like a comic shampoo commercial if 16 people hadn't been shot dead two weeks earlier when the two groups crossed paths.

The May Day brunettes support Venezuelan President Hugo Chavez. They funneled down from the ranchos, the pustules of crude red-brick bungalows, stacked one on the other, that erupt on the steep, unstable hillsides surrounding this city of five million. The bricks in some ranchos are new, a recent improvement in these fetid, impromptu slums where many previously sheltered behind cardboard walls. "Chavez gives them bricks and milk," a local TV reporter told me, "and so they vote for him."

The anti-Chavistas don't equate democracy with voting. With 80 per cent of Venezuela's population at or below the poverty level, elections are not attractive to the protesting financiers. Chavez had won the election in 1998 with a crushing 58 per cent of the popular vote and that was unlikely to change except at gunpoint. And so on 12 April the business leadership of Venezuela, backed by a few "Spanish" generals, turned their guns on the Presidential Palace and kidnapped Chavez.

Pedro Carmona, the chief of Fedecamaras, the nation's confederation of business and industry, declared himself President. This coup, one might say, was the ultimate in corporate lobbying. Within hours, he set about voiding the 49 Chavez laws that had so annoyed the captains of industry, executives of the foreign oil companies and *latifundistas*, the big plantation owners.

The Banker's Embrace

Carmona had dressed himself in impressive ribbons and braids for the inauguration. In the Miraflores ballroom, filled with the Venezuelan lite, Ignazio Salvatierra, president of the Banker's Association, signed his name to Carmona's self-election with a grand flourish. The two hugged emotionally as the audience applauded.

Carmona then decreed the dissolution of his nation's congress and supreme court while the business peopled clapped and chanted, "Democracia! Democracia!" I later learned the Cardinal of Caracas had led Carmona into the Presidential Palace, a final Genet-esque touch to this

delusional drama. This fantasy would evaporate “by the crowing of the cock,” as Chavez told me in his poetic way.

Chavez minister Miguel Bustamante-Madriz, who had escaped the coup, led 60,000 brunettes down from Barrio Petare to Miraflores. As thousands marched against the coup, Caracas television stations, owned by media barons who supported (and possibly planned the coup) played soap operas. The station hoped their lack of coverage would keep the Chavista crowd from swelling; but it doubled and doubled and doubled. On 13 April, they were ready to die for Chavez.

They did not have to. Carmona, fresh from his fantasy inaugural, received a call from the head of a pro-Chavez paratroop regiment stationed in Maracay, outside the capital. To avoid bloodshed, Chavez had agreed to his own “arrest” and removal by the putschists, but did not mention to the plotters that several hundred loyal troops had entered secret corridors under the Palace. Carmona, surrounded, could choose his method of death: bullets from the inside, rockets from above, or dismemberment by the encircling “bricks and milk” crowd. Carmona took off his costume ribbons and surrendered.

Taking On the Oil giants

I interviewed Carmona while I leaned out the fourth floor window of an apartment in La Alombra, a high-rise building complex. I spoke my pidgin Spanish across to his balcony on the building a few yards away. The one-time petrochemical mogul was under house arrest—the lucky bastard. If he had attempted to overthrow the President of Kazakhstan (or for that matter, the President of the US), he would by now have a bullet in his skull. Chavez, in a gracious if strained nod to the ultimate authority of the privileged, simply confined Carmona to his expensive flat.

In response to my question about who gave him authority to name himself president, coup leader Carmona responded, “Civil society.” To him this meant the bankers, the oil company chiefs and others who signed his proclamation.

Most telling were Chavez’s laws to which Carmona and coup leaders objected. The prime evil was the Ley De Tierras, the new land law which promised to give unused land to the landless, in particular, properties held out of production by the big plantation owners for more than two years.

But Chavez’s tenure would not have been threatened had he not also taken on the international petroleum giants. Chavez’s crimes against the oil industry’s interests included passing a law that doubled the royalty taxes paid by ExxonMobil and other oil operators from about 16 per cent to roughly 30 per cent on new finds. He had also moved to take control of the state oil company PDVSA—nominally owned by the government, but in fact in thrall to the foreign operators.

Chavez had almost single-handedly rebuilt the Organization of Petroleum Exporting Countries (OPEC) by committing Venezuela to adhere to its OPEC sales quotas, causing world oil prices to double to over \$20 per barrel. It was this oil money, which paid for the “bricks and milk” programme and put Chavez head to head against ExxonMobil, the number-one extractor of

Venezuelan oil. This was no minor matter to the US. As OPEC's general secretary Al Rodriguz says: "The dependence of the US on oil is increasing progressively. Venezuela is one of the most important suppliers of the US, and the stability of Venezuela is very important for [them]."

It was the South American nation that broke the back of the 1973 Arab oil embargo by increasing output from its vast reserves way beyond its OPEC quota. Indeed, I learned from Al Rodriguz that the 12 April coup against Chavez was triggered by US fears of a renewed Arab oil embargo. Iraq and Libya were trying to organize OPEC to stop exporting oil to the US to protest American support of Israel. US access to Venezuela's oil suddenly became urgent.

In an interview Chavez told me: "I have the written proof, I have the time of the entries and exits of the two military officers from the United States into the headquarters of the coup plotters—I have their names, who they met with, what they said on video and still photographs." He elaborated: "I have in my hands a radar image of a military vessel that came into Venezuelan waters on 13 April. I have radar images of a helicopter that takes off from that ship and flies over Venezuela and of other planes that violated Venezuelan air space."

With such powerful enemies, it seems unlikely that attempts to remove Chavez will stop there.

Exception to the New Order

While the immediate cause of America's panicked need to remove Chavez was a looming oil embargo, the Bush administration's grievances go much deeper. Miguel Bustamante-Madriz, a member of Chavez's cabinet, paints a bigger conflict with the global corporate agenda: "America can't let us stay in power. We are the exception to the new globalization order. If we succeed, we are an example to all the Americas."

Despite the European and American media's hoo-ha over how Chavez has "ruined" Venezuela's economy, in fact last year its gross domestic product grew by 2.8 per cent. And it wasn't all due to improvements in oil-prices; excluding crude oil, economic activity jumped by about 4 per cent. Compare the "ruined" Venezuelan economy to Argentina's. That "poster boy" of neoliberalism ended last year in a depression which has since turned into an economic death spiral.

Old Style Reform Clashes with Free Market Agenda

Chavez is an old-style social democratic reformer: land to the landless, increasing investment in housing and infrastructure, control over commodity export prices. But with Marx discredited as the philosophy of the "losers" of the Cold War, "Chavismo" is as radical as it gets. His redistributionist reformism offers an operating, credible alternative to the corporate-friendly free-market prescriptions of the kind currently being handed to Argentina by the World Bank and the International Monetary Fund (IMF).

Since 1980, the World Bank and IMF have peddled a four-part free-market agenda: free trade, "flexible" labour laws, privatization and reduced government budgets and regulation. Chavez rejects it all outright, beginning with the phony "free" trade agenda under the terms of the World

Trade Organization (WTO) and the North American Free Trade Agreement (which the US would expand to South America under the aegis of the Free Trade Area of the Americas).

Trade under these terms is anything but free to the peoples of the Southern Hemisphere. Instead he calls for a change in the North-South terms of trade, increasing the value of commodities exported to Europe and America. Chavez's longer-term policies of rebuilding OPEC and higher tariffs on oil must be seen in the context of smashing imbalanced trade relations epitomized by the WTO.

World Bank and WTO rules have also forced nations such as Argentina to sell off their state-owned and locally owned banks and insurance companies to foreign financial giants such as America's Citibank and Spain's Banco Santander. These swiftly vacuumed up the country's hard currency reserves, setting the stage for the national bankruptcy at the first hint of speculator-driven currency panics.

The "Anti-Argentina"

Argentina accepted the World Bank's four-step economic medicine with fatal glee. Not that it had much choice. I have obtained the secret June 2001 "Country Assistance Strategy" progress report of the World Bank, ordering Argentina to pull out of its economic depression by increasing "labour force flexibility." This meant cutting works programmes, smashing union rules and slicing real wages. Contrast that with Chavez's first act after defeating the coup: announcing a 20-per-cent increase in the minimum wage. Chavez's protection of the economy by increasing the purchasing power of the lower-paid workers, rather than cutting wages, is anathema to the globalizers.

His Venezuela is the anti-Argentina, taking a path exactly opposite to the guidance given, and ultimately imposed, on Argentina by the World Bank and IMF.

For example, in the June 2001 document, World Bank President James Wolfensohn expressed particular pride that Argentina's government had made "a \$3 billion cut in primary expenditures." Slicing government spending in the midst of a recession is economic suicide, killing demand when it's most needed. Who could have pushed the banks to demand such a berserk programme?

The answer is hinted at in the document. That \$3 billion cut will "accommodat[e] the increase in interest obligations" to pay off those foreign banks—Citibank, Chase Manhattan Bank, Bank of America, Credit Suisse, and Lloyds Bank—who, having bled the nation of capital, lent Argentina back its own money at rates that can only be called usury. Foreign banks working with the IMF had demanded that Argentina pay a whopping 16-per-cent risk premium above US Treasury lending rates.

Chavez would take Venezuela in the opposite direction. His plan is to pull out of a downturn threatened by a corporate embargo of investment in his nation by taxing the oil companies and spending—the "Bricks and Milk" solution, old-style Keynesianism.

And while Chavez moved to renationalize oil and rejects the sale of water systems, Argentina sold off everything, including the kitchen sink tap. The World Bank beams: “Almost all major utilities have been privatized.” That includes the sale of water systems to Enron of Texas and Vivendi of Paris, companies which immediately fired workers en masse, let the pipe systems fall apart and raised prices as much as 400 per cent. Wolfensohn, for some reason, is surprised to note that after these privatizations, the poor lack access to clean water.

Coup Nouvelle

George W. Bush is an oil man; he owned oil companies, now it looks like they own him.

Certainly the Keystone Kops-style plot against Chavez by Venezuela’s military-industrial complex served Big Oil’s interests. But that’s an old-style shoot-’em-up coup, likely to fail. The coup d’états of the 21st century will follow the Argentine model, in which the international banks seize the financial lifeblood of a nation, making the official presidential title-holder merely inconsequential except as a factotum of the corporate agenda.

Palast’s latest book is the best selling, “The Best Democracy Money Can Buy: An Investigative Reporter Exposes the Truth about Globalization, Corporate Cons and High Finance Fraudsters,” published by *Pluto Press*. At www.GregPalast.com you can read and subscribe to Palast’s London Observer and Guardian columns and view his reports for BBC Television’s Newsnight, including his interview with President Hugo Chavez

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