

Venezuela: Saved by Saddam

I had watched Venezuela for many years. It was a classic example of a country that rose from rags to riches as a result of oil. It was also a model of the turmoil oil wealth foments, of the disequilibrium between rich and poor, and of a country shamelessly exploited by the corporatocracy. It had become the epitome of a place where old-style EHMs like me converged with the new-style, corporate version.

The events I read about in the newspaper that day at Ground Zero were a direct result of the 1998 elections, when the poor and disenfranchised of Venezuela elected Hugo Chávez by a landslide as their president.¹ He immediately instituted drastic measures, taking control of the courts and other institutions and dissolving the Venezuelan Congress. He denounced the United States for its “shameless imperialism,” spoke out forcefully against globalization, and introduced a hydrocarbons law that was reminiscent, even in name, to the one Jaime Roldós had brought to Ecuador shortly before his airplane went down. The law doubled the royalties charged to foreign oil companies. Then Chávez defied the traditional independence of the state-owned oil company, *Petróleos de Venezuela*, by replacing its top executives with people loyal to him.²

Venezuelan oil is crucial to economies around the world. In 2002 the nation was the world’s fourth-largest oil exporter and the number-three supplier to the United States.³ *Petróleos de Venezuela*, with forty thousand employees and \$50 billion a year in sales, provides 80 percent of the country’s export revenue. It is by far the most

important factor in Venezuela’s economy.⁴ By taking over the industry, Chávez had thrust himself onto the world stage as a major player.

Many Venezuelans saw this as destiny, the completion of a process that began eighty years earlier. On December 14, 1922, a huge oil blowout had gushed from the earth near Maracaibo. One hundred thousand barrels of crude sprayed into the air each day for the next three days, and this single geologic event changed Venezuela forever. By 1930, the country was the world’s largest oil exporter. Venezuelans looked to oil as a solution to all their problems.

Oil revenues during the next forty years enabled Venezuela to evolve from one of the most impoverished nations in the world to one of the wealthiest in Latin America. All of the country’s vital statistics improved: health care, education, employment, longevity, and infant survival rates. Businesses prospered.

During the 1973 OPEC oil embargo, petroleum prices skyrocketed and Venezuela’s national budget quadrupled. The EHMs went to work. The international banks flooded the country with loans that paid for vast infrastructure and industrial projects and for the highest skyscrapers on the continent. Then, in the 1980s, the corporate-style EHMs arrived. It was an ideal opportunity for them to cut their fledgling teeth. The Venezuelan middle class had become sizable, and provided a ripe market for a vast array of products, yet there was still a very large poor sector available to labor in the sweatshops and factories.

Then oil prices crashed, and Venezuela could not repay its debts. In 1989, the IMF imposed harsh austerity measures and pressured Caracas to support the corporatocracy in many other ways. Venezuelans reacted violently; riots killed over two hundred people. The illusion of oil as a bottomless source of support was shattered. Between 1978 and 2003, Venezuela’s per capita income plummeted by over 40 percent.⁵

As poverty increased, resentment intensified. Polarization resulted, with the middle class pitted against the poor. As so often occurs in countries whose economies depend on oil production, demographics radically shifted. The sinking economy took its toll on the middle class, and many fell into the ranks of the poor.

The new demographics set the stage for Chávez — and for conflict with Washington. Once in power, the new president took actions

that challenged the Bush administration. Just before the September 11 attacks, Washington was considering its options. The EHMs had failed; was it time to send in the jackals?

Then 9/11 changed all priorities. President Bush and his advisers focused on rallying the world community to support U.S. activities in Afghanistan and an invasion of Iraq. On top of that, the U.S. economy was in the middle of a recession. Venezuela was relegated to a back burner. However, it was obvious that at some point Bush and Chávez would come to blows. With Iraqi and other Middle Eastern oil supplies threatened, Washington could not afford to ignore Venezuela for long.

Wandering around Ground Zero and Wall Street, meeting the old Afghan man, and reading about Chávez's Venezuela brought me to a point I had avoided for many years, and it forced me to take a hard look at the consequences of the things I had done over the past three decades. I could not possibly deny the role I had played or the fact that my work as an EHM now affected my daughter's generation in very negative ways. I knew I could no longer postpone taking action to atone for what I had done. I had to come clean about my life, in a manner that would help people wake up to the fact of corporatocracy and understand why so much of the world hates us.

I started writing once again, but as I did so, it seemed to me that my story was too old. Somehow, I needed to bring it up to date. I considered traveling to Afghanistan, Iraq, and Venezuela and writing a contemporary commentary on those three countries. They seemed to embody an irony of current world affairs: each had undergone traumatic political turmoil and ended up with leaders who left a great deal to be desired (a cruel and despotic Taliban, a psychopathic Saddam, and an economically inept Chávez), yet in no case did the corporatocracy respond by attempting to solve the deeper problems of these countries. Rather, the response was simply to undermine leaders who stood in the way of our oil policies. In many respects, Venezuela was the most intriguing case because, while military intervention had already occurred in Afghanistan and appeared inevitable in Iraq, the administration's response to Chávez remained a mystery. As far as I was concerned, the issue was not about whether Chávez was a good leader; it was about Washington's reaction to a leader who stood in the way of the corporatocracy's march to global empire.

Before I had time to organize such a trip, however, circumstances once again intervened. My nonprofit work took me to South America several times in 2002. A Venezuelan family whose businesses were going bankrupt under the Chávez regime joined one of my trips to the Amazon. We became close friends, and I heard their side of the story. I also met with Latin Americans from the other end of the economic spectrum, who considered Chávez a savior. The events unfolding in Caracas were symptomatic of the world we EHMs had created.

By December 2002, the situation in both Venezuela and in Iraq reached crisis points. The two countries were evolving into perfect counterpoints for each other. In Iraq, all the subtle efforts — both the EHMs and the jackals — had failed to force Saddam to comply, and now we were preparing for the ultimate solution, invasion. In Venezuela, the Bush administration was bringing Kermit Roosevelt's Iranian model into play. As the *New York Times* reported,

Hundreds of thousands of Venezuelans filled the streets here today to declare their commitment to a national strike, now in its 28th day, to force the ouster of President Hugo Chávez.

The strike, joined by an estimated 30,000 oil workers, threatens to wreak havoc on this nation, the world's fifth-largest oil producer, for months to come...

In recent days, the strike has reached a kind of stalemate. Mr. Chávez is using nonstriking workers to try to normalize operations at the state-owned oil company. His opponents, led by a coalition of business and labor leaders, contend, though, that their strike will push the company, and thus the Chávez government, to collapse.⁶

This was exactly how the CIA brought down Mossadegh and replaced him with the shah. The analogy could not have been stronger. It seemed history was uncannily repeating itself, fifty years later. Five decades, and still oil was the driving force.

Chávez's supporters continued to clash with his opponents. Several people, it was reported, were shot to death and dozens more were wounded. The next day, I talked with an old friend who for many years had been involved with the jackals. Like me, he had

never worked directly for any government, but he had led clandestine operations in many countries. He told me that a private contractor had approached him to foment strikes in Caracas and to bribe military officers — many of whom had been trained at the School of the Americas — to turn against their elected president. He had turned down the offer, but he confided, “The man who took the job knows what he’s doing.”⁷

Oil company executives and Wall Street feared a rise in oil prices and a decline in American inventories. Given the Middle East situation, I knew the Bush administration was doing everything in its power to overthrow Chávez. Then came the news that they had succeeded; Chávez had been ousted. The *New York Times* took this turn of events as an opportunity to provide a historical perspective — and also to identify the man who appeared to play the Kermit Roosevelt role in contemporary Venezuela:

The United States... supported authoritarian regimes throughout Central and South America during and after the Cold War in defense of its economic and political interests.

In tiny Guatemala, the Central Intelligence Agency mounted a coup overthrowing the democratically elected government in 1954, and it backed subsequent right-wing governments against small leftist rebel groups for four decades. Roughly 200,000 civilians died.

In Chile, a CIA-supported coup helped put Gen. Augusto Pinochet in power from 1973 to 1990. In Peru, a fragile democratic government is still unraveling the agency’s role in a decade of support for the now-deposed and disgraced president, Alberto K. Fujimori, and his disreputable spy chief, Vladimiro L. Montesinos.

The United States had to invade Panama in 1989 to topple its narco-dictator, Manuel A. Noriega, who, for almost 20 years, was a valued informant for American intelligence. And the struggle to mount an unarmed opposition against Nicaragua’s leftists in the 1980s by any means necessary, including selling arms to Iran for cold cash, led to indictments against senior Reagan administration officials.

Among those investigated back then was Otto J. Reich, a veteran of Latin American struggles. No charges were ever filed against Mr. Reich. He later became United States Ambassador to Venezuela and now serves as assistant secretary of state for inter-American affairs by presidential appointment. The fall of Mr. Chávez is a feather in his cap.⁸

If Mr. Reich and the Bush administration were celebrating the coup against Chávez, the party was suddenly cut short. In an amazing turnabout, Chávez regained the upper hand and was back in power less than seventy-two hours later. Unlike Mossadegh in Iran, Chávez had managed to keep the military on his side, despite all attempts to turn its highest-ranking officers against him. In addition, he had the powerful state oil company on his side. *Petróleos de Venezuela* defied the thousands of striking workers and made a comeback.

Once the dust cleared, Chávez tightened his government’s grip on oil company employees, purged the military of the few disloyal officers who had been persuaded to betray him, and forced many of his key opponents out of the country. He demanded twenty-year prison terms for two prominent opposition leaders, Washington-connected operatives who had joined the jackals to direct the nationwide strike.⁹

In the final analysis, the entire sequence of events was a calamity for the Bush administration. As the *Los Angeles Times* reported,

Bush administration officials acknowledged Tuesday that they had discussed the removal of Venezuelan President Hugo Chávez for months with military and civilian leaders from Venezuela... The administration’s handling of the abortive coup has come under increasing scrutiny.¹⁰

It was obvious that not only had the EHMs failed, but so had the jackals. Venezuela in 2003 turned out to be very different from Iran in 1953. I wondered if this was a harbinger or simply an anomaly — and what Washington would do next.

At least for the time being, I believe a serious crisis was averted in Venezuela — and Chávez was saved — by Saddam Hussein. The Bush administration could not take on Afghanistan, Iraq, and Venezuela all at once. At the moment, it had neither the military muscle nor the

political support to do so. I knew, however, that such circumstances could change quickly, and that President Chávez was likely to face fierce opposition in the near future. Nonetheless, Venezuela was a reminder that not much had changed in fifty years — except the outcome.