Venezuela

Will Caldera impose a national emergency?

by David Ramonet

On June 30, Venezuelan President Rafael Caldera finally fired his monetarist Finance Minister, Freddy Rojas Parra, who had been threatening to resign for several months. The decision came after the Caldera cabinet had rejected Rojas's plan to further slash the budget and to introduce new tax hikes, for the purpose of dealing with the enormous budget deficit stemming from the collapse of the international price of oil.

This year's public budget had initially been calculated at 11.9 trillion bolivars, based on the assumption that the average price for Venezuelan oil would be $15 per barrel. The average price in the first half of the year fell to $12.50 a barrel, representing a $7 billion drop in oil income expected for the year, of which some $4 billion was anticipated as tax revenue. Starting in the first quarter, Rojas, together with Planning Minister Teodoro Petkoff, had succeeded in convincing the cabinet to cut the budget by some $2 billion, premised on a new budget calculation which depended on an oil price of $13.50 per barrel. Once again, these calculations went awry, but Rojas blindly stuck to his policy, and with the supposed intent of containing inflation and "restricting" money in circulation, he organized the Finance Ministry to suspend government debts to its vendors, delay budget allocations to the ministries, and ignore collective contracts with teachers, doctors, and the bureaucracy in general, to the point that strikes and work stoppages were triggered.

National strike a possibility

One week before Rojas's resignation, Federico Ramírez León, the president of the Venezuelan Labor Federation (CTV), warned in a radio program that "ongoing sector strikes could unleash a national strike, if the government doesn't meet its commitments to the workers. The Executive signed agreements and other commitments coming off the reform we made to the Labor Law. The ministers are the crazy ones. They are irresponsible."

For the past several months, teachers and doctors have been carrying out escalating strikes to force the government to comply with the agreements it had signed. Later, the trade union federations agreed to changes in the retirement benefits program, in exchange for promised wage hikes that have yet to be delivered.

If the economic and financial crisis is of such a magnitude, stressed Ramírez, then "I call on President Caldera to assume his responsibility, to inform the country of the situation, and to propose solutions. . . . Let the government declare a national emergency."

Thus far, President Caldera has merely called on the population to bear with him, after admitting that he has not yet discovered any other solution to the crisis but budget cutbacks. He also announced that there would definitively be no wage increases this year.

But labor is not demanding new wage increases; rather, it is seeking compliance with agreements already reached through reform of the retirement program, entailing creation of "pension funds," based upon which wages would rise; these signed agreements have not been met, either because they were never budgeted, or because they had been eliminated from this year's budget.

Target: the foreign debt

The CTV is proposing that if allocations must be eliminated, this cannot be the decision of the economic cabinet alone, but must involve all those affected. In this sense, the CTV had earlier indicated that servicing the foreign debt is the most onerous burden the country currently bears, in every sense.

To the same effect, Congress president and Social Christian Sen. Pedro Pablo Aguilar called on the Executive to reach a "general agreement for confronting the emergency," among the Executive, the Congress, the regional governments, and the unions. "The worst thing that could happen is for panic to take over the country, because if we lose our calm, tragedy could overcome us," he warned.

Three months ago, after the state governors rejected a new budget increase, and proposed instead that the government consider the possibility of a temporary suspension of foreign debt payments, Senator Aguilar had backed that alternative, and had offered to President Caldera legislative support to adopt "whatever measure is necessary for the national interest."

It was on this occasion that Rojas had threatened to resign the first time, after then-Interior Minister José Guillermo Andueza had expressed his sympathies for the governors' proposal, and had announced that all options would be studied. Now, with Rojas's departure, it has also been announced that Andueza, Caldera's most trusted minister, would head the ministry of the Presidency, changing posts with the current head of that ministry, Asdrúbal Aguiar.

Rojas himself has been replaced by Dr. Maritza Izaguirre, an economist trained in the old school which defends the leading role of the state in the national economy, and who has until now represented Venezuela before the Inter-American Development Bank.