



The Americas Report

From the Menges Hemispheric Security Project

Center for Security Policy

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Argentina



Bolivia



Brazil



Canada



Chile



Colombia



Costa Rica



Cuba



Dominican Republic



Ecuador



El Salvador



Guatemala



Haiti



Honduras



Mexico

*The Americas Report is the continuation of the work of **Dr. Constantine C. Menges'** original Americas Report. For almost two years that report chronicled the efforts of the Castro-Chavez axis and their allies in their efforts to undermine the new spirit of democracy and freedom in Latin America, in favor of autocratic forms of regimes throughout the Western Hemisphere. The report also monitors events in the area as they effect regional and US security in this era characterized by the emergence of terrorist groups of global reach seeking international influence. The current Americas Report and the Menges Hemispheric Security Project of which it is a part will continue to support genuine democracy, free trade and the fostering of strong inter-American relationships as well as exposing growing tyrannies in the area.*

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For any questions, comments, or those interested in receiving this report or seeking to have their email removed from our list please contact **Nicole Ferrand** at: themengesproject@centerforsecuritypolicy.org or themengesproject@gmail.com. If you have news stories that you think might be useful for future editions of this report please send them, with a link to the original website, to the same e-mail address. If you wish to contribute with an article, please send it to the same address, with your name and place of work or study.

Highlighted Story –

[Bolivia's Constitutional Reforms: A Dangerous Conflict](#)

By Luis Fleischman* and Nicole M. Ferrand*

While the international community was focusing on the recent Venezuelan referendum, another equally problematic situation was developing in Bolivia. On December 9, 2007, the constituent assembly approved the text of a new constitution which faces fierce opposition from certain groups including six of Bolivia's nine provinces. The approval of a draft constitution requires two thirds of the votes of the constituent assembly which President Evo Morales does not have.

When the assembly was convened on Saturday, Morales' party, the Movement Towards Socialism (MAS) decided to change the rules and



Nicaragua



Panama



Paraguay



Peru



The United States



Uruguay



Venezuela

say that **the approval of a constitutional text does not require two thirds of the total members but two thirds of the total members present.** Of course, the only people who were there to vote were the supporters of Evo Morales. Only 160 assemblymen out of a total of 255 were present at the vote. That was the solution the supporters of Morales found to the problem of political stagnation he has been facing for the last several months. Assemblymen invented on the spot a new law that enabled them to pass major text for a constitutional reform that must be ready by December 14 and be subject to a popular referendum.



Evo Morales. Source: Infobae.

The plans by President Morales, a staunch Chávez follower, to revamp Bolivia’s constitution have reignited long-running conflicts between more indigenous Andean regions, where Morales has his support base, and wealthier lowland areas. There have been violent protests in Bolivia for and against a new draft constitution. In what appeared to be an effort to address the conflict, Morales proposed a referendum to decide whether he and nine regional governors should remain in their posts. Six of the country’s nine regions are controlled by his opponents. Morales says the reforms will give poor Bolivians a voice in running the country but his opponents argue they give the President too much power. Speaking on television, Morales said he would be sending a proposal to Congress to put his leadership to the popular vote.¹ **Many criticize Morales’ actions since he took office as President as being divisive.** His policy to nationalize the oil and gas industries has alienated foreign governments and investors. His so-called “democratic revolution” which promises a transfer of wealth and power from Bolivia’s elite to the mainly Andean Indian poor, has alarmed the more affluent eastern provinces.

Why are the governors protesting?

These states form a giant half-moon across Bolivia’s relatively prosperous eastern half, an area dominated by a largely mestizo and white population that has begun to see with skepticism the newfound influence of the Aymara and Quechua Indian population of Bolivia’s western Andean highlands. Their frustration is rooted in years of living under Bolivia’s heavily centralized government. **The protesters want the right to elect local officials now appointed by La Paz, along with more government money for health, education and infrastructure.**² In addition, the governors of these affluent provinces are afraid of Morales’ evident plan to turn Bolivia into a Socialist state, nationalizing

¹ Bolivians set for a historic vote. December 6, 2007. NY Daily News.

² Morales faces middle-class protests in Bolivia. January 28, 2007. Los Angeles Times.

all sectors of the economy, following in Chavez's footsteps and they don't want to help Evo's "project." They have the resources and don't want Morales to finance his Bolivarian Revolution in their country with the money these provinces generate. They want Bolivia to become economically viable and that is why they are seeking autonomy. They have said that they will "declare de facto autonomy" on December 14.

As stated six provinces announced they will not respect this measure. They began a hunger strike and called for civil disobedience. Controversy around constitutional reforms in Bolivia has been in high gear since the constituent assembly was elected in mid 2007. Indeed, Morales considered his election in December, 2005 as a mandate to transform Bolivian society. Morales was brought to power by a majority of previously excluded sectors, mainly indigenous populations. By the same token, he felt that the vote indicated non-confidence in the old political institutions and parties associated with an obsolete system. The protest social movements that preceded those elections provided this sense that everything that belongs to the past could be swept away to give birth to a "re-foundation" of the Bolivian state. This sense of having a mandate encouraged Morales to exercise power based on the simple principle of majority rule.

Thus, the constituent assembly is an idea that merges as popular social movements advanced in the political arena. The call for a constitutional assembly was negotiated between Morales and the opposition. At the same time a referendum on the autonomy for the Bolivian provinces was negotiated at the request of the opposition. **The idea was to leave certain provinces in the hands of the old elite to continue controlling resources in the provinces and so avoid the expansion of the socialist revolution proposed by Morales.** A national referendum was conducted with the majority voting against provincial autonomy except for residents of the provinces of the lowlands (eastern provinces).

The new proposed constitution recognizes the pre-colonial right of the indigenous people to their territory, to autonomy and to self-rule. The constitution adopts the moral principles of the indigenous people of the highlands. **It establishes that the hydrocarbons are property of the Bolivian people thus declaring null and void all the contracts that violate this principle.** Those who violate these principles will be considered "traitors to the nation". The constitution also establishes the principle of private property but leaves open the possibility of expropriation in case there is any public need that requires it.

The constitution, contrary to the intention of the assemblymen in November 2007 does not secure the indefinite re-election of the President and does not deal with the issue of land distribution. **Land distribution and federalization of local province natural resources was an element of antagonism as residents of the lowlands were afraid of nationalization. The constitution provides power to the indigenous population (which constitute about 55% of the population) and to the Bolivian state apparatus. The laws for the Indians have generated the perception that Bolivia will become a de-facto national state of the Indians, making indigenous people first class citizens above the mestizos and the white populations.** Due to nationalistic and chauvinistic ethnic voices in the Indian population, anxiety is increasing as they attempt to redraw the current maps in favor of some sort of restoration of pre-colonial Indian sovereignty. Regarding private property and other rights it leaves citizens vulnerable to the arbitrariness of state power that can make decisions based on what they consider to be state interests.

This is why these proposed reforms have generated a movement in six provinces to become autonomous from the national state. These provinces want to keep their resources and are afraid of a totalitarian take over by Morales.

Undoubtedly, there is a lot to be done to correct the problem of the marginal sectors of society in Bolivia, more so when the problem of poverty and scarcity is overwhelming. However, **Morales from the beginning tried to impose a project while ignoring an electoral minority with a real power on the ground. Instead of negotiating, Morales moved to impose his vision on others like a bulldozer, as did Venezuelan President, Hugo Chavez.** The difference between him and Chavez is that Chavez was able to enlist supporters thanks to his oil-rich resources which enabled him to bribe a population unwilling to think about the long term consequences of his despotic rule. Morales counted on Chavez's help which he received but was not sufficient in bringing him the power he wanted. In Bolivia, the followers of Morales are not an overwhelming majority and the opposition defending their attacked interests did not remain passive.

Street confrontations rightly pushed Morales into negotiations but quickly Morales bypassed all the rules in order to obtain what he really wanted: which was **a constitutional reform whose legitimacy will take the form of a contract between him and the indigenous populations while excluding the mestizo and white populations of the country.** This move is simply not constitutional by any definition and is not legal under current Bolivian law (which Morales has nothing but contempt for).

Bolivians are now up in arms. They are also encouraged by Chavez's recent defeat in the referendum over constitutional reforms since Chavez has always been a source of inspiration for Morales. What is more ominous, Morales' definition of the conflict inevitably creates an indigenous/non-indigenous clash that could end up in civil strife involving dangerous interethnic and interracial dimensions. This can spread like a spiral into other areas in Latin America where indigenous racial nationalism movements exist (Peru, Chile) and consequently could have serious implications for regional stability. The recent public slaughter of two dogs by an indigenous group in Bolivia was perceived as a clear message to the opposition and reflects the validity of the point in question. This type of bloody and dirty conflict that Morales is encouraging represents Hugo Chavez's dream of making Latin America chaotic so that it will require a continental savior like himself. Having said so let us not underestimate the striving potential of the new grassroots nationalistic and populist movements that have emerged in South America in the 1990's, particularly in the indigenous community.

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News Stories –The following are a summary of several news stories found in different media outlets. To access the information, we have provided the hyperlink below each news story.

[Bolivia: Governors declare independence from Central Government – *Correo, Peru.*](#)

Opposition governors of five large provinces declare independence scheduled for Saturday, according to news. Soon after, Morales invited the governors, known as prefects, to join talks on the law and statutes giving greater autonomy, and urged them to declare a Christmas truce. He said the nation’s new constitution, passed by the Constituent Assembly at a weekend meeting in the southwestern province of Oruro, includes several levels of autonomy: departmental, indigenous, municipal and provincial. At a meeting in Cochabamba the following prefects have rejected the new constitution and announced plans for autonomy: Santa Cruz’s Ruben Costas, Tarijas’s Mario Cossio, Pando’s Leopoldo Fernandez, Beni’s Ernesto Suarez and Cochabamba's Manfred Reyes Villa.

http://www.correoperu.com.pe/paginas_notas.php?nota_id=60377&seccion_notas=9

[IMPORTANT: Presence of Venezuelans \(military staff\) in Bolivian oil zone – *El Universal.*](#)

Reynaldo Bayard, the chair of the civic committee of Tarija, reported that the Bolivian government is using Venezuelan staff and airplanes to militarize huge oilfields in Chaco, which shows the high degree of foreign intervention. "Here we have watched Venezuelan military staff flying Venezuelan helicopters. They are carrying troops to oilfields in Tarija's Chaco," said Bayard, as quoted by daily newspaper El Diario. **"We have even witnessed the significant presence of military staff of Hugo Chávez’s government giving orders and controlling the situation in Bolivian territory,"** he added. The civil leader claimed that the decision to militarize Bolivian oilfields forms part of a repressive strategy the government of Evo Morales is staging, once his new political Constitution of the State proposed by the Movimiento al Socialismo was passed. "Once again I want to report that the Government of Bolivia is showing its subjugation to the will of Hugo Chávez, who is now moving his troops to surround the oil premises based in the province of Gran Chaco," Bayard stressed.

http://english.eluniversal.com/2007/12/10/en_pol_art_presence-of-venezuel_10A125561.shtml

[Spain investigates ETA’s presence in Venezuela – *El Universal.*](#)

The Spanish justice intends to issue arrest warrants for members of the Basque armed separatist organization ETA living abroad and is assessing 26 files of members allegedly living in Venezuela. The goal is “determining, on a case-by-case basis, how many of these terrorists may be detained to serve their time in Spain, even if they have obtained the nationality of the country where they are living,” said sources with the Spanish Attorney General Office, as quoted by AFP. Further, the Spanish authorities are aiming particularly at “13 historic members” of the terrorist group. They are involved in pending cases related to the murders of guards and civilians dating back to the eighties. Spain is determining their whereabouts to issue European arrest warrants, demand their delivery -if they are in France-, and seek their extradition -if they are in South America. Two of those 13 major members were arrested recently in France.

http://english.eluniversal.com/2007/12/10/en_pol_art_spain-investigates-e_10A1255061.shtml

[Possible Illegal contributions from Chávez to Ms. Kirchner’s campaign – *The Miami Herald.*](#)

Federal prosecutors dropped a bombshell in a federal courtroom in Miami on Wednesday, alleging for the first time that the government of Venezuelan President Hugo Chávez secretly tried to funnel nearly \$1 million in cash to the presidential

campaign of newly elected Argentine President Cristina Fernández de Kirchner. The accusation came during a hasty hearing for four foreign nationals. **Each is charged with being unregistered foreign agents for the Venezuelan government. Their mission from the Chávez government, prosecutors say: to hush up a local Venezuelan man who was caught in August with a suitcase full of campaign cash as he arrived at a Buenos Aires airport with a high-ranking Argentine official.** They pressured him not to reveal the source of the cash or its recipient. “The money was meant for the campaign of Cristina Kirchner,” Assistant U.S. Attorney Thomas Mulvihill told U.S. Magistrate Robert Dube. “These defendants were instructed to keep the role of Venezuela in the matter quiet.” The arrests and allegations are certain to spark major scandals in both Argentina and Valenzuela, where Chávez has been widely accused of using his overflowing petrodollars to spread leftist-populist ideology around Latin America and the Caribbean. Named in Wednesday’s federal complaint: Franklin Duran, 40; Carlos Kauffmann, 35; Moises Maionica, 36, and Rodolfo Edgardo Wanseele Paciello, 40. All have homes in or ties to Miami-Dade County. A fifth suspect, Antonio Jose Canchica Gomez, 37, remains at large. **Prosecutors said Duran and Kauffmann, to get the cooperation of alleged “bag man” Guido Alejandro Antonini Wilson, threatened his children. Both men were Antonini’s friends and business partners.** Federal prosecutors had taped conversations among Antonini, Duran and Kauffmann. **Antonini wore a wire for investigators.** Wednesday’s arrest was prompted out of fear that Duran and Kauffmann would flee in. Interpol has issued an arrest warrant for Antonini Wilson and he faces extradition to Argentina. **Last week, the customs agent that discovered Antonini in Argentina with a suitcase filled with nearly \$800,000 dollars quit her job. In Argentina, Fernández de Kirchner said she would have no comment. Her husband and predecessor, Néstor Kirchner, has been one of Chávez’s closest allies in Latin America.** In a statement, Kenneth L. Wainstein, assistant attorney general for national security, called the defendants’ actions “**an alleged plot by agents of the Venezuelan government to manipulate an American citizen in Miami in an effort to keep the lid on a burgeoning international scandal.**” According to the federal complaint, the defendants asked for a series of meetings with Antonini soon after authorities confiscated the money. **Their goal: convince Antonini to conceal the real source of the cash, which was “a contribution to the political campaign of a candidate in the recent Argentine presidential election of Oct. 28, 2007.”** As late as Tuesday, some of the defendants had met with Antonini to discuss the creation of false documents to cement the cover-up.

<http://www.miamiherald.com/news/americas/story/342748.html>

[Argentina: Cristina Fernández sworn in as President – Infobae.](#)

Cristina Fernandez de Kirchner took office as Argentina's first elected female president. Fernandez, 54, a former senator, began a four-year term on Monday promising to continue the policies of her husband, former president Nestor Kirchner. Ms Fernandez vowed in her inaugural address to Congress to fight poverty and push forward along the economic path carved by her husband. "We want Argentines to have hope again," Ms Fernandez said. **But she faces high crime, climbing inflation and energy shortages threatening to slow the country's biggest economic expansion in a century** — nearly five straight years of growth of more than 8%. Many of Latin America's leftist leaders, including Venezuelan President Hugo Chavez, Bolivian President Evo Morales and Ecuadorian President Rafael Correa, see Ms. Fernandez as an ally.



Husband-to-wife Presidential handover. Source: Infobae.

<http://www.infobae.com/contenidos/353422-100970-0-Cristina-Kirchner-juró-como-Presidente-la-Nación>

[New Argentinian president wishes Venezuela to join Mercosur soon](#) – *El Universal*.

Incoming Argentinean President Cristina Fernández said on Monday that she expected Venezuela to Mercosur soon, which membership has been delayed due to the lack of approval by the Brazilian Congress. Some Brazilian lawmakers are reluctant to pass the adhesion protocol executed by the Venezuelan government to become a full member of the customs bloc composed of Argentina, Brazil, Uruguay and Paraguay, Reuters reported. "Mercosur, our space, where we hope Venezuela to join at the earliest possible, to complete Latin America's energy equation, because Argentinean fellows, food and energy will be the key to the future which is right here, which is not so far away," said Fernández. In Paraguay, some parliamentarians are suspicious of the democratic credentials of Hugo Chávez.

http://english.eluniversal.com/2007/12/10/en_eco_art_new-argentinean-pres_10A1256165.shtml

[Bank of the South was born in Buenos Aires](#) – *El Universal*.

With the signature of the articles of agreements in Buenos Aires, the Bank of the South was born last Sunday -following eight years of preparations- and will comprise in principle Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay, and Venezuela. While the member countries' Ministers of Finance have worked hard to outline the terms of the initiative, the start-up capital of the bank has not been defined yet. Over the next 60 days, both the start-up capital and the bylaws governing the Bank of the South will be agreed by the member countries. **The start-up capital would be around USD 7 billion.** Venezuela knocked down Brazil's proposal to give the major donors a greater decision power.

http://english.eluniversal.com/2007/12/10/en_eco_art_bank-of-the-south-wa_10A1255091.shtml

[Prince of Asturias, Chávez met "in total normalcy"](#) – *El Universal*.

Prince of Asturias Felipe de Borbón Sunday in Buenos Aires met with President Hugo Chávez "in total normalcy," Monday said official Spanish sources in the Argentinean capital. Their meeting -which was the first following an impasse between Chávez and King Juan Carlos I during the 17th Ibero-American Summit in Chile- took place late Sunday, before a dinner party the Argentinian government offered to the heads of State and Government visiting the country to attend the inauguration of Cristina Fernández de Kirchner as the President of Argentina. The source disclosed that was Chávez -with total normalcy- addressed Prince Felipe while they were waiting for the official salutation before the dinner party.

http://english.eluniversal.com/2007/12/10/en_pol_art_prince-of-asturias_10A1255641.shtml

[Venezuela: Ex Minister Baduel asks again for Constitutional Assembly](#) – *El Universal*.

Former Defense Minister Raúl Baduel made an appeal to convene a Constitutional Assembly and prevent in this way President Hugo Chávez from passing otherwise a draft constitutional reform that was refused in a referendum held last Sunday. "Reconciliation cannot be reached by a decree, it has to be built. We should take the initiative to implement the original constitutional power," said Baduel during a press conference on Thursday. "I warn the country against demobilization. There is the attempt to usurp and confiscate the people's will. The constitutional reform is intended to be approved in a rush," he noted. The draft constitutional reform proposed by Chávez provided for indefinite presidential

reelection, more executive powers and the establishment of a socialist system. **"There is the attempt at passing the reform, whether through amendments, executive directives or a reform at the people's initiative. There is the attempt to create cracks in the impassable wall we erected on Sunday,"** said Baduel, who was the Minister of Defense until last July.



Former Venezuelan Defense Minister Raúl Baduel. Source: VOA News.

http://english.eluniversal.com/2007/12/06/en_refco_art_ex-minister-baduel-a_06A1250197.shtml

Chávez: I must go in 2013 because you did not pass the reform – *El Universal*.

President Hugo Chávez congratulated the states where the Yes vote won in a referendum on the draft constitutional reform held last Sunday. However, he availed himself of the opportunity to make a number of complaints to his followers. **"On the contrary, we lost in Miranda state. We lost in the Capital District. Take note (...) Miranda has a debt with me, take note of it. Caracas residents have a debt with me, I have written it down. Let us see if the pay or do not pay it for it! "They let the Yes vote lose,"** said Chavez. **"I must step down in 2013, because you did not pass the reform."**



Hugo Chávez. Source: Vivir Latino.

http://english.eluniversal.com/2007/12/06/en_refco_art_chavez-i-must-go-in_06A1250119.shtml

Chávez threatens to cut trade relations with Colombia – *El Universal*.

Hugo Chávez Tuesday threatened to cut trade relations with Colombia, amidst a serious diplomatic crisis facing the two countries. "These trade relations we worked so hard to build, and which this year could amount to some USD 5 billion, I am sure they will be hurt. **From now on, rather than making purchases in Colombia, I am choosing Brazil," Chávez told reporters.** Bogota-Caracas relations sank into their worst crisis in recent times after Chávez -late in November- accused his Colombian counterpart Álvaro Uribe of not telling the truth. Later, Uribe terminated Chávez's mediation efforts with the FARC for the release of a number of hostages, including former Colombian presidential candidate Ingrid Betancourt.

http://english.eluniversal.com/2007/12/11/en_pol_art_chavez-threatens-to_11A1256491.shtml

Police conducts a search at residence of opposition leader – *El Universal*.

Agents of the Directorate for Military Intelligence stormed into the house of Helen Fernández, a member of opposition Comando Nacional de la Resistencia (CNR) organization, searching for "subversive materials and property of the armed forces," according to her husband. The search lasted about eight hours. A total of six DIM officers, 10 lawyers and 12 witnesses took part in the action. They took a computer, diskettes, CDs and DVDs. In the opinion of CNR leader Óscar Pérez, the event is "a new chapter of political chase" under the government of Hugo Chávez "for anybody who dares to speak out."

http://english.eluniversal.com/2007/12/12/en_pol_art_police-conducts-a-se_12A1258199.shtml

Domestic oil production to a standstill – *El Universal*.

The Venezuelan oil production averaged again in November 2.4 million bpd, the same amount recorded in October by the Energy Information Administration (EIA), the statistical arm of the US Department of Energy. According to the data managed by the organization, in 2007, Venezuela remained near 2.4 million bpd with a peak of 2.46 bpd in September and a lowest point of 2.34 million from January to February. **In contradiction with other sources, EIA reports that Venezuela did not have exceeding production capacity last month.** As a matter of fact, Saudi Arabia would be the only member of the Organization of Petroleum Exporting Countries (OPEC) with extra production, amounting to 1.5 million bpd. In the aggregate, the ten OPEC member nations which abide by the quota system extracted an average of 26.77 million bpd of crude oil in November, that is, 480,000 bpd below the joint quota that had been authorized as from that month.

http://english.eluniversal.com/2007/12/12/en_eco_art_domestic-production_12A1258133.shtml

Chávez: Some Europeans do not like resistance – *El Universal*.

President Chávez in Buenos Aires said that "some heroes of the indigenous resistance fought for their ideas," but warned that "some Europeans do not like that, and they shout 'why don't you shut up?'" "500 years have passed and some Europeans do not like that and shout 'why don't you shut up?" said Chávez during a lecture in Argentina. **He was referring to his impasse with Spanish King Juan Carlos I** during the 17th Ibero-American Summit in Chile, as Chávez criticized former Spanish President José María Aznar.

http://english.eluniversal.com/2007/12/11/en_pol_art_chavez:-some-europea_11A1257083.shtml

Foreign Vice-Minister Vladimir Villegas quits – *El Universal*.

Vladimir Villegas reported on Sunday that he resigned as Vice-Minister of Foreign Affairs for Asia, the Middle East and Oceania and President Hugo Chávez accepted his resignation. "Chávez should understand that insight is for everybody. He should listen to our reflections. The president needs to be accompanied by people who tell him the things," Villegas said. "We failed to sell the model of socialist society," he added with regard to a referendum which was held last Sunday.

http://english.eluniversal.com/2007/12/06/en_pol_art_foreign-vice-ministe_06A1250281.shtml

Venezuela, Belarus to operate other three oilfields – *El Universal*.

As Venezuela-Belarus joint venture Guara East (eastern Anzoátegui state) has kicked off operations, the two countries have plans to start exploiting other three mature oilfields in east Venezuela under their joint venture. The announcement was made by Minister of Energy and Petroleum Rafael Ramírez, who reminded that Belarus state oil firm Belorusneft, has an extensive expertise in mature oilfields. The Pdvsa-Belorusneft joint venture - recently passed by the National Assembly- was originally organized to operate Guara East oilfields (eastern Anzoátegui state) and Block 10 of Lago Medio (northwestern Zulia state) with an expected maximum production of 18,000 bpd, which is 8,000 bpd the average daily output. Ramírez explained that if the other three mature oilfields under assessment are included, production could reach 25,000 bpd in the middle term. Last Saturday, Belarus and Venezuelan presidents Alexander Lukashenko and Hugo Chávez, respectively, presided over a ceremony at Guara East oilfield. They initialed some 10 cooperation agreements. Ramírez, however, said other 10 instruments are still pending for signature in the next few months.

http://english.eluniversal.com/2007/12/10/en_eco_art_venezuela,-belarus-t_10A1255073.shtml

Ex VP Rangel at odds with Chávez – *El Universal*.

Former Venezuelan Vice-President José Vicente Rangel took issue with President Hugo Chávez, who said after suffering a defeat in his attempt at reforming the

Constitution that his followers were not mature to embark upon a socialist project. Such a view "runs counter to the voting. The fact that almost 50 percent, in such a tough voting, amidst so many media attacks, so much information, that almost half the country embraces a socialist project has not occurred anywhere in the world," Rangel, also ex Minister of Foreign Affairs, told Mexican daily newspaper La Jornada during an interview. Rangel thinks that most important in the referendum held last Sunday on the constitutional reform was that "the opposition showed up." "If an opposition loyal to the rules of the game and the Constitution begins to be built, this will benefit the country, because anguish, adventure, the coup will finish," said the politician.

http://english.eluniversal.com/2007/12/06/en_pol_art_ex-vp-rangel-at-odds_06A1250597.shtml

[Venezuela reviews use of US dollars withdrawals abroad](#) – *El Universal*.

With a goal to put an end to the so-called "unlawful" use of the US dollars each Venezuelan citizen is allowed to spend on a yearly basis during travels abroad, the chair of the Foreign Exchange Administration Board (Cadivi) Manuel Barroso launched an operation to monitor cash withdrawals of US dollars abroad, even though there is not a clear definition of the related offenses. Firstly, some 30,000 travelers have to produce evidence of the way they spent the US dollars they purchased at the official exchange rate of VEB 2,150 per US dollar. Travelers will even have to account for the USD 500 they are allowed to withdraw from ATMs on a monthly basis. But what happens if the traveler did not spend all the money? What happens if travelers kept all of the money? Will they be forced to return the foreign currency? Will fines be imposed? "When people travel, the foreign currency they buy is intended for expenses precisely, but it is quite possible that they have some money left, and that is normal," said Barroso. He added, however, that they have detected "some deviations. For example, one person withdraws USD 500 on the 30th day of the month, and withdraws another USD 500 on the first day of the next month, and then goes back (to Venezuela) in the afternoon that day. This is perverse." When asked if keeping a part of the foreign currency purchased for travels was a crime, Barroso replied that Cadivi, whenever it deems that the laws have been infringed, is forwarding the relevant documentation to "the General Direction of Inspection and Monitoring of the Ministry of Finance, which is the body with the capacity to impose sanctions." The rule governing the use of foreign currency in travels abroad only establishes that "the user shall buy USD 500 a month for cash withdrawals in foreign currency, and he can obtain such amount of money only from ATMs abroad." **Venezuelans are allowed to buy USD 5,000 a year for travels abroad. This sum can only be spent with credit cards.**

DESPAIR: On Monday, 1,600 people appeared in the headquarters of Cadivi in Caracas, as they could not access the body's official website to download an application form to buy US dollars to travel abroad. **Cadivi staff provided application forms to the people who needed to travel abroad for health reasons. In the cases of people willing to travel to Panama, Aruba, and Curacao, they demanded an air ticket for more than seven days.** According to Barroso, this limitation was implemented to cut the number of people to be provided application forms in the headquarters of Cadivi.

http://english.eluniversal.com/2007/12/11/en_eco_art_venezuela-reviews-us_11A1256483.shtml

[US dollars for cards exceed by 97 percent the quota for food](#) – *El Universal*.

Four years after the implantation of the exchange control, US dollars have turned into a superb business for some Venezuelans. It is possible to get US dollars for VEB 2,150 from the Foreign Exchange Administration Board (Cadivi) and resell them in the free market for more than twice its value. In an attempt at stopping such practice, **the Government summoned 30,000 people to produce evidence of how they used their annual allocation of USD 5,000 for trips, USD 3,000 for e-purchase and USD 500 for withdrawal of cash abroad by means of credit cards.** Everything points to an unusual jump in delivery of foreign currency for such purposes. "The exchange difference is huge. On average, the non-official dollar has been sold this year for VEB 5,000. This means that the official dollar for VEB 2,150 is extremely cheap.

Therefore, there is much incentive to buy things abroad. The issue of corruption, speculators, cannot be denied," said Asdrúbal Oliveros, CEO of pollster Ecoanalítica. The non-official exchange rate has risen against a background of political uncertainty, the end of the supply of ADR (American Depositary Receipts) provided by Telecommunications Company Cantv and interest rates which do not offset the inflation. The government is sewing patches by taking steps such as the rolls of users, who should show the use of dollars. What is needed instead is to reduce the gap between the official dollar and the parallel dollar, in order to remove the incentive for sale of quotas. This can be done with weekly bids of bonds," said Oliveros.

http://english.eluniversal.com/2007/12/12/en_eco_art_us-dollars-for-cards_12A1258125.shtml

RWB warns against use of exchange control to punish the dissenting media – *El Universal*.

Organization Reporters Without Borders (RWB) warned on Tuesday against the use of exchange control by the Venezuelan government to punish the dissenting media after local daily newspaper Correo del Caroní stopped printing for failure to get US dollars to cover its expenses. The daily newspaper edited in southern Ciudad Guayana and whose editorial line is openly critic of the government of Hugo Chávez, would not arrive on Wednesday to the outlets because it could not pay the printing and paper import expenses, said RWB in a press release. The newspaper board put the blame to the exchange control implemented by the government and which forces citizens to resort to the Foreign Exchange Management Committee (Cadivi) to get foreign currency. RWB asked Cadivi chairman Manuel Barroso to do his best to overcome the situation and let Correo del Caroní to be published again.

http://english.eluniversal.com/2007/12/11/en_pol_art_rwb-warns-against-us_11A1257407.shtml

Seven million workers outside of social security system – *El Universal*.

In the area of social security, officials claim that over the last eight years, the number of pensioners of the Venezuelan Institute of Social Security (IVSS) increased by approximately one million people. When it comes to the number of workers enrolled in the social security system, nearly 4.7 million people pay contributions to the IVSS. They represent 71.6% of the formal labor force. This means that 1.8 million formal workers (28.4%) are not included in the welfare system. Seven million workers do not pay contribution to the IVSS, and therefore they have no chance to receive a retirement pension in the future or to resort to the healthcare centers managed by the IVSS.

http://english.eluniversal.com/2007/12/10/en_eco_art_seven-million-worker_10A1255059.shtml

Government expands controls on short message service – *El Universal*.

Soon, mobile phone firms providing Short Message Service (SMS) in Venezuela will be held liable for the contents of the short messages they may relay through their mobile phone networks. This provision is included in the partial reform to the administrative ruling governing the terms and conditions for mobile phone operators to provide SMS. The instrument states that mobile phone firms that any individual or company contract to generate the contents to be relayed through their networks "have an obligation to provide for, in the relevant contracts, the prohibition to send text messages containing solicitation to crime or containing unsolicited information of advertisement, in order to comply with the laws in force." In the third quarter, 9 billion SMS were sent in Venezuela, 33 percent higher than in the same period in 2006, according to the National Telecommunications Commission (Conatel).

http://english.eluniversal.com/2007/12/11/en_pol_art_govnt-expands-contr_11A1256729.shtml

Chavez's hour and New Currency – *Infobae*.

Venezuelans awoke Sunday and found out they were 30 minutes back in time. Clocks were turned back half an hour as the government carried out a time change intended to optimize use of daylight hours. "That affects even the biological functioning of the body, which is scientifically proven," he said Sunday, according to the state-run Bolivarian News Agency. Others called it an arbitrary move by a socialist leader prone to whimsical measures.

Chavez has also redesigned the national seal and flag, and renamed the country the Bolivarian Republic of Venezuela, after independence hero Simon Bolivar. Venezuela also will launch a new currency, the "Strong Bolívar," in 2008.

<http://www.infobae.com/contenidos/353309-100891-0-La-hora-Hugo-Chávez>

CITGO starts delivering discounted fuel in the US – *El Universal*.

Onboard a tanker carrying fuel, CITGO Petroleum Corporation CEO Alejandro Granado and Citizens Energy leader Joseph Kennedy, and Venezuelan Ambassador to Washington Bernardo Álvarez Monday launched the 2007-2008 discounted fuel delivery program in the United States. Following three consecutive seasons, delivery began this year in Massachusetts, the second state with the largest number of beneficiaries. The plan is likely to be extended to 23 states. CITGO, the refining branch of Venezuelan oil holding Pdvsa in the US, said this time the program is delivering some 8.5 million gallons of heating oil to over 33,000 households and some 60 homeless shelters. Further, 100 gallons will be distributed free of charge among some of the poorest households in Massachusetts.



Hugo Chavez's deals with Joseph Kennedy. Source: Free Republic.



Joe Kennedy, head of the Citizens Energy Corporation. Source: Free Republic.

http://english.eluniversal.com/2007/12/11/en_eco_art_citgo-starts-deliver_11A1256721.shtml

Peru supports Colombia's bid to accomplish a FTA with the US – *El Diario Exterior*.

Colombian President Alvaro Uribe visited Peru and met with Peruvian President Alan Garcia at the Presidential Palace in Lima. **The two presidents signed a declaration of friendship** and expressed hope that the declaration would bring the two countries closer. In the meeting, Uribe said that their goal is to make every Peruvian feel at home in Colombia and vice versa. **Garcia says he will support Colombia in the process of accomplishing a Free Trade Agreement with the US** which Peru obtained a week ago. Peru will also support Colombia's request to join the Asia-Pacific Economic Cooperation.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=17824>

Castiglioni warns: likely rupture in Mercosur with Chávez's policies – *El Universal*.

Former Paraguayan Vice-President Luis Castiglioni, a presidential pre-candidate for ruling Partido Colorado, warned against a likely break in the Common Market of the South (Mercosur) because of the policies of President Hugo Chávez. In an interview with Efe, Castiglioni, the leader of Vanguardia Colorada movement, which emerged after his rupture with Paraguayan President Nicanor Duarte, said Chávez, whose country is seeking full adhesion to the trade bloc, "is a man who is not looking for membership in Mercosur, but for joining an economic integration process to try to lead it politically." Castiglioni is among the major candidates to December 16, 2008 vote.

http://english.eluniversal.com/2007/12/11/en_eco_art_castiglioni-warns-ag_11A1257241.shtml

[Uribe announces “meeting area” for humanitarian swap – *El Universal*.](#)

Colombian President Álvaro Uribe Friday vowed to designate a “meeting area” to hold talks with the Colombian Revolutionary Armed Forces (FARC) about a likely swap of hostages for FARC fighters who are in jail. Uribe said he moved to offer such alternative following a petition from the Colombian Bishops' Conference, but he stressed that it does not mean he is accepting a demilitarized zone the guerrillas group has been seeking for years. Uribe explained that the area should be defined by the parties and meet some requirements, such as not exceeding 150 square kilometers and being located in a rural area, preferably with no or little civilian population.



President Alvaro Uribe. Source: Semana.

http://english.eluniversal.com/2007/12/07/en_pol_art_uribe-announces-mee_07A1252161.shtml

[Colombia declines depositing reserves in Bank of the South – *El Universal*.](#)

Colombian President Álvaro Uribe reaffirmed willingness to join the Bank of the South, but stated that he cannot compromise the Colombian international reserves in the newly organized regional financial institution. Brazilian President Luiz Inácio Lula da Silva "explained to me that the bank's regulations are very serious. I told him that Colombia cannot compromise international reserves, as they are managed by the Bank of the Republic," the Colombian ruler said. "Colombia does want to join (the new bank) as long as we are given a change to do it with funds from the national treasury, but not reserves."

http://english.eluniversal.com/2007/12/11/en_eco_art_colombia-declines-de_11A1256959.shtml

[Nicaragua nationalizes Oil importation. Buys Oil from Venezuela – *El Diario Exterior*.](#)

President Daniel Ortega nationalized the importation of oil, now largely held by the U.S.-owned Esso Standard Oil. In August, a judge ordered the seizure of an Esso storage terminal, saying the company owed \$3 million in taxes. The company has denied this. Shortly after the terminal was seized, Energy Minister Emilio Rappaccioli said the state-run **Petróleos de Nicaragua** or **Petronic** didn't have the storage capacity to hold oil from Venezuela and needed to use the terminal to store 120,000 barrels. The terminal was eventually returned to Esso, but Ortega said Wednesday the company wasn't cooperating in meetings to solve the country's energy shortages and rolling blackouts. "They are acting like true mercenaries, speculators, bleeding the people," he said of Esso executives. Ortega added that the shortages were "a matter of national security, and we are arriving at a critical point. We must make decisions." Esso's general manager in Nicaragua said he wasn't sure what Ortega's nationalization plan would entail, and that the company was waiting for more details. Ortega then added that the government is still trying to solve their problems with Union Fenosa (in charge of distributing electricity in Nicaragua). He added that if the Spanish company guarantees the payment to the generator companies, then there could be an opportunity for foreign investment in that industry.



Chavez and Ortega. Source: Soberania.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=17801>

Cuba's dictatorship arrests ten people – *The Miami Herald*.

On Monday, several people throughout Cuba were stopped on their way to attend Human Rights Day events in the capital, and a small protest of about a dozen people was halted when a pro-government mob of about 100 people guided by men with walkie-talkies shouted protesters down and pushed them. **Prominent dissident Darsi Ferrer was taken away in an unmarked car.** Other dissidents said they were filmed outside the home of U.S. Interests Section spokesman Gregory Adams, where they met to board buses to attend the celebration. While a dissenter spoke, dozens of people in plain clothes assembled in a nearby park, anticipating the protest that began when Pérez Ferrer, a veteran activist, locked arms with four others and marched silently along the park's perimeter. Their ranks eventually grew to 14. The counter-protesters shouted "traitors!" "mercenaries!" and shoved them. **At least five people, including Ferrer and his wife, were pushed into cars. Also about 15 foreign women, most of them Spaniards, were first incarcerated and then expelled after participating in the regular Sunday march of the Ladies in White,** a Cuban group that gathers weekly to demand the release of their imprisoned husbands and relatives.



Cuban dissident Darsi Ferrer. Source: Cuba Democracia y Vida.

<http://www.miamiherald.com/news/americas/v-print/story/340014.html>

Editor's Note – "Fujimori's Legacy."

Alberto Fujimori, Peru's former President, is being portrayed by the mainstream media and leftist groups as being a dictator and a murderer. In addition they accuse him of being corrupt, unjustly comparing him with people that have nothing in common with him. These leftist groups choose to omit the fact that when Fujimori became President of Peru in 1990, inflation was galloping at four digits, the economy shrinking by double digits, and nearly 75 percent of Peru's territory under a state of emergency because of the actions of two leftist terrorist groups, the Shining Path and the Tupac Amaru Revolutionary Movement. **Fujimori's economic reforms stopped inflation and reinserted Peru into the world financial community while new antiterrorism laws facilitated the arrests of the heads of the two subversive groups, effectively stopping them as threats to the Peruvian state.** This is the side his enemies don't want the world to see. These are the facts.

Of course mistakes were made and he recognizes that. Fujimori has been charged with homicide, kidnapping and severe injuries in relation to the massacres of Barrios Altos and La Cantuta, which caused the deaths of a total of 25 people, and the kidnappings of a journalist and a businessman in 1992. Fujimori has been sentenced to six years in prison for abusing his powers by ordering an illegal search in 1999. The punishment, which his lawyer immediately moved to appeal, was handed down in a case heard separately from a trial that opened Monday against Fujimori for alleged human rights violations. Let's keep in mind that Fujimori enjoys a high popularity among Peruvians and his approval ratings grow by the hour. Last week, a poll revealed that approximately 50% approve of him and say the accusations against him are unfair. We will continue covering this story as it unfolds.

Analysis:

Venezuela - Chavez Down, Not Out. By: John R. Thomson* – *The Washington Times*.

CARACAS/BOGOTA. **It has not been a happy few weeks for Venezuela's president, Hugo Chavez.** First, he was roundly chastised by the King of Spain in front of his Latin American peers and, later, the world. A few days later, the red-shirted dictator was dealt a major verbal blow by his Colombian counterpart, Alvaro Uribe. Then, most embarrassing of all, **his countrymen defeated Chavez' proposed constitutional changes,** which he had assured one and all, would be overwhelmingly approved. And the defeat was *not* by the purported slimmest of margins, 50.7 percent, as announced by Venezuela's electoral commission: **highly reliable sources put the opposition's majority at 53, perhaps as high as 55, percent.** Of course, we will never know the actual vote, as the commission has the ability to change the automatic voting machine tallies at will. Former U.S. Ambassador to Venezuela George Landau notes, "Venezuelans, even the poor, do not want a Cuban-Communist regime. **What killed Chavez were the abstentions of his own people ... unhappy that, while they live in misery, Chavez subsidizes vast parts of the world, even including the Bronx.... Food shortages** were a big reason for massive abstentions. **Student involvement was a major factor that goes back to Chavez closing the popular RC-TV, his biggest mistake so far** because people realized he was an absolute dictator." And there were numerous other reasons, not the least the turning against Chavez of longtime ally and former Defense Minister Raul Baduel. Capping his personal campaign to vote "No", **Baduel essentially told Venezuelans the day before the referendum to defeat the referendum** and his former army colleagues to let the results stand. Among other once close Chavez confidants, it was even reported his hand-picked President of the Supreme Court, Luisa Estella Morales Lamuño, voted "No". Although Hugo Chavez controlled virtually all government forces, much of the media remained opposed, as did the hierarchy of the Catholic Church. Perhaps most telling, Chavez lost the support of much of his longtime power base, the poor. Some 44% abstained, a sharp reversal from 2006 when he gained a crushing re-election victory. Indeed, one former senior government official cited "the unusual and undocumented growth of the official voting roles during the last few years, which increased from less than 11 million voters to more than 16 million ... and this still couldn't save the day. "With scarcity of basic staple products like milk, eggs and rice, plus a rising personal insecurity crisis, citizens felt abandoned by a government which has not fulfilled its promises, even more unacceptable when the country is earning the highest petroleum income ever. "Venezuelans had enough moral reserves to reject a totalitarian proposal intended to convert the country into yet another socialist fiasco," he concluded. "The Chavez revolution has been fatally trapped in its own rhetoric." In less than three weeks, three stinging reversals, but **unfortunately, the contest in question is not**

baseball, Venezuela's favorite sport. It is deadly serious politics -- not only domestic, but regional – and Hugo Chavez cannot be counted out. The former army colonel is a survivor. In the 1992 failed coup attempt, he was the only one of six rebel officers who failed to obtain his objective [Chavez took shelter in a nearby military museum during the fighting] leading to the coup's failure. Following capture and conviction, he received a pardon and was free to mount his successful 1998 bid for the presidency. **Chavez has committed to effect the changes he needs to achieve one man rule and dictate as long as he wishes; moreover, he remains fully committed to strengthen and extend his Bolivarian Revolution throughout Latin America.** With five countries – Argentina, Bolivia, Ecuador, Nicaragua, Venezuela – effectively within his orbit, the next targets are Peru and Colombia. Fortunately, Peru has been supported by the recently approved free trade agreement with the United States. Colombia is more gravely threatened for two reasons: proximity to Venezuela and Congressional opposition to its own free trade pact. Bowing to opposition by the AFL-CIO, purportedly because of “human rights concerns”, Democratic congressional leadership has so far refused to schedule a vote for the agreement, playing directly into Chavez' and Colombian leftists' claims that Washington is no friend of Colombia. Chavez has curried relations with FARC, the murderous Colombian communist guerilla and narcotics trafficking organization. FARC troops maintain bases in the Venezuelan jungle bordering Colombia and their leaders have safe haven homes in Caracas [FARC “Foreign Minister” Rodrigo Granda carries Venezuelan identification and is a registered voter]. **Chavez functionaries have developed a plan to give some two million permanent resident visas to Colombian illegal immigrants in return for voting their way in 2010,** and Venezuelan medical vans, manned by Cuban doctors, offer free care to Colombians across the border. In addition, the would-be Venezuelan president-for-life has **close relations with leaders of Colombia's far left Polo Democratico party,** which finished second in last year's presidential elections and in October elected its second successive mayor of the country's capital, Bogota. Chavez has boasted of spending as much five billion dollars – more if necessary – to have his favored candidate win Colombian presidential elections in 2010, and everything suggests that between his FARC and Polo Democratico allies he has a powerful supporting infrastructure. **President Alvaro Uribe has waged an all-out war on narcotics and terrorism – even sending specialist army troops to aid in Afghanistan's war on drugs – ranking his government as the United States' closest Latin American ally. Failure to approve the U.S.-Colombian free trade agreement will hurt democracy gravely, not just in Colombia but throughout the entire region.** Hugo Chavez has declared war, but not between imperialism and revolution, as he claims. The fight is between democracy and autocracy, between civil liberty and militarism, between the free market and socialism. The people of Venezuela clearly understood and rejected the Chavez alternative on December 2. It is up to freedom's friends to do everything possible to roll his Bolivarian Revolution into the dustbin of history.

*International businessman and former diplomat **John R. Thomson** writes frequently on developing world issues.



“A deserted Chavez victory stand near Miraflores presidential palace, shows a half-deflated larger than life balloon of the dictator down but not yet out.” Source: The Washington Times.

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