

Were U.S. tax dollars funneled to failed coup?

As Turmoil Deepens in Venezuela, Questions Regarding NED Activities Remain Unanswered

by Mike Ceaser | December 9, 2002

After this April's aborted coup against Venezuela's President Hugo Chávez, many observers accused Washington of having been behind the attempted ouster. The Bush administration denies any U.S. involvement in the affair, and certainly Chávez has made plenty of domestic foes for himself. However, one relatively clear connection has emerged between the U.S. government and the anti-Chávez movement: millions of dollars in U.S. taxpayer money that funded groups opposed to Chávez during the years preceding the April coup—often in disguised ways.

Chávez was elected in 1998 by a landslide, and won a second endorsement of popularity two years later when his new Bolivarian Constitution garnered majority backing. Despite his popularity with some sectors, however, he has also antagonized church leaders, unions, the business community, and much of the Venezuela's middle and upper classes. Chávez also earned the enmity of U.S. authorities by befriending Saddam Hussein and Fidel Castro, criticizing the war in Afghanistan, and working within the Organization of Petroleum Exporting Countries (OPEC) to raise oil prices.

Against that backdrop, street protests triggered by a strike of managers at the state oil company culminated with the April 11 shooting of some 17 people by still-unidentified gunmen. That day, military leaders removed Chávez and installed as interim president Pedro Carmona, a pro-U.S. business leader.

While several Latin American nations condemned what they termed a coup, the United States appeared disposed to recognize the new regime. A State Department statement on the matter blamed the crisis on “undemocratic actions committed or encouraged by the Chávez administration,” and the U.S. ambassa-

dor to Venezuela quickly met with Carmona. However, Carmona was expelled by Chávez supporters two days later and Chávez reassumed the presidency.

Reports in the Venezuelan and U.S. media following Chávez' ouster revealed that the generals who removed him from power had met repeatedly with U.S. officials.

Since then, research has shown that public money from U.S. coffers was channeled to anti-Chávez groups without clear accounting of its use, raising objections that these finances may have contributed to political instability in Venezuela.

The Long Arm of the NED

The funding was sent by the National Endowment for Democracy (NED), a nominally private institution created during the cold war, which receives nearly all of its annual budget from congressional appropriations. The NED's express mission is to “strengthen democracy throughout the world.” However, many academics view the institution as a cold war mechanism for deploying U.S. “soft power” during the East-West standoff, and critics have frequently accused the NED of simply being a tool for supporting regimes friendly to the United States and opposing ones considered hostile. The NED funnels its money overseas either through direct grants to foreign organizations or through four NED core institutes: the American Center for International Labor Solidarity (ACILS), the Center for International Private Enterprise (CIPE), the International Republican Institute (IRI), and the National Democratic Institute for International Affairs (NDI).

Between 2000 and 2001, as the political and social crisis here worsened, the NED more than tripled its



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Venezuela funding, from \$257,831 to \$877,435. The lion's share went to Chávez opponents.

A several-month examination of the use of more than a million dollars in 2000 and 2001 NED grants has revealed not only a consistent pattern of support for Chávez opponents—including two groups active in the protests that brought about his brief downfall this April—but also apparent deception concerning some of the money's use as well as the fact that other monies never reached their intended destination.

Follow the Money—If You Can

One of the organizations prominent in the anti-Chávez protests that received NED funding is the nation's primary union, the Confederation of Venezuelan Workers (CTV). It was granted \$154,377 in 2001, nearly triple the \$60,084 it received in 2000.

The CTV, historically plagued by corruption and closely aligned with the entrenched political parties that Chávez displaced, receives its NED grants through the ACILS, which is run by the AFL-CIO.

According to the NED's grant list, the CTV's 2001 grant was supposed to be used for organizing a "unified national industrial union" and holding internal elections for new leadership. However, apparently none of the money was used for the November rank-and-file elections held by the union. "We as an electoral commission never received money," asserted Daniel Santolo, who headed that CTV organ. "Absolutely not."

Rather, all of the NED funds paid for union training courses at the CTV's Institute of Higher Union Studies (INAESIN), said the institute's director, Jesús Urbietta. He said the CTV never handled the funds; instead the AFL-CIO's solidarity center paid them directly for things like room rental and teacher salaries.

Meanwhile, Alfredo Ramos, one of the new members of the CTV executive committee elected in November 2001 and an anti-Chávez parliamentary deputy for the Causa R party, questioned that claim, saying that the INAESIN has operated with little financial oversight. "They don't have to show their accounts," he said.

Another prominent anti-government activist organization that received a 2001 grant was the Assembly of Educators, which was granted \$55,000 to "organize grassroots support to monitor education reform." The group is headed by Leonardo Carvajal, who was tapped by Carmona during his brief two-day April presidency as prospective Minister of Education. The assembly, which works to reform educational policy, was one of the first organizations to carry out anti-government marches, said Carvajal during an interview. He added that during the grant application process NED officials expressed no concern about the activist side of his organization, and asserted that all NED funds were used correctly for traveling and carrying out workshops.

Several other NED beneficiaries are also headed by Chávez critics, among them Primero Justicia, which is linked by origin to one of the most radical anti-Chávez political parties. Another organization, Prodel, which received \$50,000 in 2000 to "promote government decentralization," is directed by Ignacio Betancourt, the former executive secretary of ex-President Carlos Andrés Pérez and a prominent Chávez opponent who now lives in exile in the Dominican Republic and the United States. In January of this year, the Venezuela media acquired and broadcast a recording of a telephone conversation in which Pérez and the CTV's president plotted against Chávez.

Betancourt said the NED funds went to their intended purposes. Representatives of other organizations contacted also said the U.S. money went for what it was earmarked.

Circumstantial Evidence?

While on one hand Chávez has succeeded in alienating major portions of Venezuelan society, the appearance of so many Chávez opponents on NED grant lists angers the president's backers, many of whom suspect U.S. complicity in the president's April ouster.

"This must be investigated, because almost all of these organizations are open enemies of the Chávez government," said Deputy Tarik William Zaab, a prominent member of Chávez' Fifth Republic Movement (MVR) party.

In April an NED official told *The New York Times* that none of its 2001 money had gone to support Chávez's ouster but did say that the endowment had "hurriedly increased its outlays in Venezuela" that year to "create political space for opponents to Mr. Chávez." Neither the NED nor the AFL-CIO's solidarity center responded to repeated telephone calls and emails requesting comment for this article.

For some observers, the most troubling grant was that to the IRI, because of its apparently false claims about the institution's work and its director's strong support for Chávez' ouster. The grant amount for the IRI, which has an office in Caracas, more than sextupled from \$50,000 in 2000 to \$339,998 in 2001.

In an April 12 facsimile sent to news media, IRI President George A. Folsom rejoiced over Chávez' removal from power. "The Venezuelan people rose up to defend democracy in their country," he wrote. "Venezuelans were provoked into action as a result of systematic repression by the government of Hugo Chávez."

Fanning the concerns about how the IRI may have utilized its NED funds are doubts regarding the accuracy of its reporting on activities in Venezuela. According to the organization's website, it has several times collaborated with a Venezuelan partner organization called the Youth Participation Foundation (FPJ). Indeed, working with the FPJ was the primary purpose of the IRI's \$50,000 year 2000 grant. But dozens of Venezuelan politicians, activists, and nongovernmental organization (NGO) representatives interviewed for this story—including several who have worked with the IRI—had never heard of the FPJ.

According to the IRI's Caracas office, the FPJ ceased to exist "several years ago." According to the IRI website, prior to the 1998 elections the FPJ arranged a pair of youth forums featuring major presidential candidates. But neither the candidates nor the television station supposedly involved had any record or memory of such events.

The Caracas IRI office referred inquiries to Washington, where a spokesman said the institute was not commenting on its Venezuela work.

The IRI did carry out other activities here, including political party-building workshops, which participants described as valuable. However, only opposition politicians were invited to those events, they added.

Some here justify the IRI's work with opposition parties because of what they call Chávez's autocratic style and his cut-off of the opposition's public funding. "It's absolutely legitimate for anybody trying to rebuild a democratic system," said Enrique Salas Romer, the leader of the Venezuelan Project party who lost to Chávez in the 1998 elections. "You have government parties who have a lot of money and opposition parties who have none."

In the Name of Democracy

However, the IRI evidently began opposing Chávez even before his 1998 election. Prior to that year's congressional and presidential elections, the IRI worked with Venezuelan organizations critical of Chávez to run newspaper ads, TV, and radio spots that several observers characterize as anti-Chávez.

The IRI has also flown groups of Chávez opponents to Washington to meet with U.S. officials. In March 2002, a month before Chávez's brief ouster, one such group of politicians, union leaders, and activists traveled to DC to meet with U.S. officials, including members of Congress and State Department staff. The trip came at the time that several military officers were calling for Chávez' resignation and talk of a possible coup was widespread.

Trip participants said the U.S. officials expressed support only for a constitutional departure for Chávez. The Assembly of Educators' Carvajal, who participated in the IRI trip, said that bringing varied government opponents together in Washington accelerated the unification of the opposition. "The democratic opposition began to become cohesive," he said. "We began to become a team." Shortly after returning from that trip, Carvajal said, opposition organizations "precipitated" a plan of action against Chávez.

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Recommended citation:

Mike Ceaser, “As Turmoil Deepens in Venezuela, Questions Regarding NED Activities Remain Unanswered,” Americas Program, (Silver City, NM: Interhemispheric Resource Center, December 9, 2002).

Web location:

<http://www.americaspolicy.org/articles/2002/0212venezuela.html/>