ECONOMIC PRESSURE GROUPS AND POLICY-MAKING IN VENEZUELA:

The Case of FEDECAMARAS Reconsidered*

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This article will focus on the interactions between the Venezuelan government and FEDECAMARAS, the umbrella organization of most Venezuelan private-sector groups, while a strategic policy was being formulated and implemented that FEDECAMARAS regarded as seriously detrimental to the interests of the Venezuelan private sector.[1] This policy was developed after the official devaluation of the Venezuelan *bolívar* on 18 February 1983 and consisted of two stages: first, the government refused to supply foreign currency at the rate of 4.3 bolívares to the dollar, the predevaluation rate (PDR), for any foreign debts contracted by private enterprises prior to 18 February, a decision that forced many debtor companies to obtain foreign currency at the floating rate. This rate increased from approximately 8 bolívares to the dollar in March 1983 to some 25 to the dollar in late 1986. Second, the government imposed a price freeze and then price controls. This policy, which was simultaneously regulatory and redistributive, was vehemently opposed by FEDECAMARAS. Yet the results of the organization's efforts indicate that its actual influence has been overstated.

The purposes of this article are threefold. First, it will question the conventional wisdom about the Venezuelan policy process holding that FEDECAMARAS is a powerful actor in Venezuela's economic policy-making.[2] Second, it will contest an even stronger conviction that Venezuelan economic groups are the "dominant class" in the Venezuelan polity and that state policy is formulated and implemented to benefit those groups. This interpretation has been forwarded in a recent

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study (Acedo 1981, 20). Third, the article will offer some theoretical observations on features of the Venezuelan political system that restrict the effectiveness of pressures exercised by private-sector formal organizations and that largely inhibit them from becoming dominant actors in governmental policy-making.

METHODOLOGY

An approximate idea of the issue at stake was obtained by compiling the relevant information in all major Venezuelan newspapers, such as *El Universal*, *El Nacional*, *El Diario de Caracas*, and the English-language *Daily Journal*. More specific topics were then pursued by analyzing relevant governmental decisions in official publications at the policy-formation level via the *Gaceta Oficial* and at the implementation level via the *Memorias de RECADI*. FEDECAMARAS publications were also analyzed, and interviews were conducted with seven FEDECAMARAS leaders, three members of the economic cabinet of President Luis Herrera, and two top officials of the bureau in charge of policy implementation, the Oficina de Registro de Cambios Diferenciales, or RECADI.[3]

THE ECONOMIC SETTING AND POLICY REPERCUSSIONS

One of the most notable features of economic life in Venezuela from 1973 to 1981 was dramatic revenue growth resulting from an increase in oil prices, first as a consequence of the Arab oil embargo (1973) and concerted action by the Organization of Petroleum Exporting Countries to increase international prices (1973–1978), and later as a result of the Iran-Iraq war (starting in 1980). The resulting situation occasioned an increase in the distributive capability of the Venezuelan state, which was the outstanding characteristic of the economic environment during that period.[4] The distributive capacity was used for a variety of public policy purposes, according to an attitude described as *hay para todo*. This philosophy suggested that the Venezuelan state could play an ever-expanding role in fomenting development and consumption for all social sectors. Since 1981, however, the situation has changed markedly.

Declining international prices of oil during the first half of 1981 have adversely affected the Venezuelan economy during the last five years. Income derived from oil exports decreased by 18.3 percent between 1981 and 1982, which generated a 30.8 percent reduction in state finances.[5] Because Venezuela normally depends on petroleum-related activities for 90 percent of its income (Bigler 1981, 31), it may be supposed that unless effective compensatory measures had been undertaken, the government's ability to maintain existing services and commitments would have been seriously undermined.

Three important decisions were made between April 1982 and February 1983. The first was the Banco Central resolution of September 1982 to centralize the dollar reserves of PDVSA (Petróleos de Venezuela, S. A.), the state-owned company that oversees all Venezuelan oil activities, and to convert them into an account in bolívares within its own financial system. This measure increased the state's control over revenues engendered by oil exports. The second measure was the government's decision to press for a reduction in the volume of crude oil exported by OPEC countries, with the goal of raising or at least maintaining the price of oil.[6] This effort began in December 1982 and continued into February 1983. The third decision came on 18 February 1983, when the national government suspended the foreign currency market and established controls on buying and selling foreign currency, arguing that it was necessary "to counteract the prejudicial exodus of capital to foreign countries, and to protect the continuity of international payments. . . ."[7]

These three measures together constituted a frontal attack on Venezuela's economic decline, but an attack that augmented the state's role in foreign-exchange "markets" and consequently upset the private sector. Given PDVSA's role in generating almost all Venezuelan external revenue and its being state-owned, government control over foreign exchange would therefore be near total. This control was further strengthened when the government established priorities by imposing four different exchange rates for the dollar: 4.3 bolívares to the dollar (the rate before 18 February 1983), 6.0 bolívares to the dollar, 8.0 bolívares to the dollar, and a floating rate.

GOVERNMENT AND FEDECAMARAS INTERACTIONS

The main concern of the private sector from the moment when exchange controls were instituted was to obtain dollars at the PDR for payment of capital and interest on debts contracted by businesses before 18 February 1983. FEDECAMARAS made this goal its central issue in discussions with the Venezuelan government.

The new economic realities introduced considerable uncertainty, and the problem of Venezuela's foreign debt implied at least three large questions.[8] First, what rate of exchange should be adopted for the foreign currency needed to repay both capital and interest on private and public debt? Second, would petroleum exports provide enough revenues to satisfy demands for the foreign currency required to pay debt

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obligations and also to implement current government goals and programs? Third, what was the total amount owed by the public and private sectors to foreign creditors?

On the matter of Venezuela's foreign debt, the government decided to pursue a course highly divergent from that proposed by FEDECAMARAS. To start with, the government differentiated between public and private foreign debt. For public foreign debt, the government decided to provide dollars at a rate of 4.3 bolívares to the dollar for both capital and interest, but it asked the state's foreign creditors for a deferment on capital payments while promising to pay all interest due or overdue.[9] The government also announced a decision to start negotiating a refinancing package of all public debt with international banks.

The treatment given to the private foreign debts of commercial, industrial, and local financial enterprises differed markedly. For those debtors who wanted to obtain the PDR, the government established a series of "demand reduction mechanisms," such as tedious bureaucratic procedures, delays, and announcing tentative decisions to some solicitants while confusing others. The second alternative offered to private debtors was the floating rate.

As complementary measures, the government decreed first a price freeze, then price controls on all commodities. This move made it impossible for the private sector to counteract the measures described above by increasing the prices of services and commodities.

Various factors should be taken into account to comprehend the strategy and tactics initially adopted by FEDECAMARAS in seeking to influence government policy on foreign debt. First, strategic economic decisions were made by a few top state officials: the president, the three ministers of Hacienda, Agricultura y Cría, and Fomento, and the president of the Banco Central. During the early stages of the decision process, some disagreements arose between cabinet members and the bank president, with the former apparently more receptive to the demands of the private sector than the latter.

Second, presidential and legislative elections were to be held at the end of 1983. According to the Venezuelan constitution, an incumbent president cannot seek reelection for ten years.

Third, favorable decisions by the government were not necessarily binding and could seemingly take away any previous concessions at will. Thus, although Decree 1842 (published in the *Gaceta Oficial Extraordinaria* of 22 February 1983) established that industrial, commercial, and financial debt properly contracted before 18 February 1983 would obtain dollars at the PDR, Decree 1850 of 28 February 1983 excluded all commercial debt from consideration.

Fourth, the government attempted to lessen pressures by conveying the impression that it was attempting to satisfy, at least partially, the demand for preferential dollars.

Fifth, the private sector was not allowed to increase commodity prices because Decree 1849 (published in the *Gaceta Oficial Extraordinaria* of 28 February 1983) ordered a price freeze during March and April 1983. A new decree, number 1971 (published in the *Gaceta Oficial Ordinaria* of 20 April 1983), changed the price-freezing system to another that allowed the Minister of Fomento to authorize "reasonable increases" in the prices of some commodities. This arrangement was called the Sistema Administrado de Precios.

During the three weeks following the publication of Decree 1850, FEDECAMARAS utilized the mass media extensively in launching its campaign. First, FEDECAMARAS attacked what it regarded as excessive state growth at the expense of other social institutions, also alleging that state enterprises were highly inefficient. The implication was that it was unfair to grant special treatment to the undeserving public sector while denying the same treatment to the entire private sector. Second, FEDECAMARAS attacked the monetary policies of the Banco Central as well as its president.[10] Third, FEDECAMARAS threatened to shut down industries and businesses in the main cities of the country.[11] Fourth, it argued that Venezuela's international image would be jeopardized if no dollars were made available for private-sector foreign debt at the PDR because many businesses would go bankrupt and consequently would be unable to meet their international obligations. Finally, FEDECAMARAS sought the public support of the leaders of Acción Democrática (AD), the major opposition party, as well as that of the AD-controlled Confederación de Trabajadores Venezolanos (CTV) and the Caldera fraction of the ruling Social Christian party, COPEI.[12]

To appease these demands and to get a better grasp of the amount owed by the private sector to international creditors,[13] the government promulgated Decree 1929 on 26 March and Decree 1930 on 30 March. The first established what was called the "registration process," which ordered debtors wishing to receive dollars at the PDR to bring all relevant documents to RECADI, the bureau in charge of exchange control (with offices only in Caracas) for analysis and decision. The second decree established that for PDR eligibility, the government would consider only "net debt" (a business's total financial and commercial assets in Venezuela and abroad, minus its dollar debt). The "registration process" was originally limited to April 1983 but was extended through May and June at the request of businesses.

The publication of Decree 1929 gave the impression that Decree 1850 had been amended; consequently, FEDECAMARAS shifted its efforts toward implementation of the policy. Between April and June, businesses criticized the handling of documents as excessively slow. FEDECAMARAS offered to provide technical advice to RECADI personnel, but the offer was not accepted.[14]

In July and August, FEDECAMARAS took another tack. Assuming that analysis of the documents would take some time (in view of the fact that merely receiving them had taken three months), FEDECAMARAS pressured RECADI to recognize, at least temporarily, interest due or overdue in 1983 as debt worthy of preferential treatment. FEDECAMARAS suggested that fraud could be prevented by demanding from debtors a financial guarantee until definite figures were calculated. This proposal was formulated by the FEDECAMARAS board in late July, and newspapers reported talks between them and the director of RECADI during the first two weeks of August. The negotiations frustrated FEDECAMARAS representatives. Despite newspaper reports in mid-August that one million dollars had been authorized for paying interest due on private debt,[15] four days later the RECADI director announced that President Herrera would make the final decision on the matter in a top-level meeting with his cabinet.[16]

What had happened was that the president of the Banco Central, economist Leopoldo Díaz Bruzual, had refused to deliver dollars at the PDR, arguing that Decree 1930 required net debt to be calculated before authorizing debtors to acquire dollars to pay capital and interest at the PDR. He asserted that otherwise RECADI would be violating the executive decision contained in that decree. Díaz Bruzual also noted that only a new executive authorization, formulated in a new decree, could override the content of Decree 1930. Along the same lines, he defended his refusal with an argument having less to do with the legality of the administrative action than with the legitimacy of the petition formulated by the private sector. He pointed out that the statistics on nonmonetary capital accounts and short-term balance of payments led to the conclusion that the private sector had improved its position as a net creditor in foreign currency in 1982. Díaz Bruzual argued that no indications suggested an accumulated net debt. Foreign money had flowed out in such huge quantities that the Venezuelan private sector ought to have enough in foreign banks to pay its foreign debt. On this basis, the bank president urged businesses to bring money back into the country, alleging that this abrupt outflow had caused the government to implement foreign-exchange controls in the first place.[17]

In response to these arguments, FEDECAMARAS leaders contended that business dollar debt had been legitimately contracted for development purposes and that if capital outflow had occurred, it had been provoked by economic policies promoted by the Banco Central, which had created a lack of confidence in the private sector. According to FEDECAMARAS, it was therefore unfair to visit the sins of the Banco Central on private business. It was also argued that legitimate business debts should not be equated with the savings of private citizens in foreign banks.[18]

On 19 September, President Herrera announced publicly that a cabinet meeting on 26 September would be devoted to addressing the issue of private debt and analyzing interest currently due or overdue. About this time, FEDECAMARAS launched a publicity campaign to increase public support of its stand on the issue.[19]

The outcome of the cabinet meeting was not the one sought by FEDECAMARAS. Decree 2245, issued at the end of the meeting, did not mention any temporary measures for paying interest currently or soon due for either the commercial or the industrial sector. The only exception made was interest on the private foreign financial debt due in 1983.[20]

A superficial appraisal of Decree 2245 and the circumstances in which it was issued could lead one to conjecture that FEDECAMARAS leaders influenced the decision to some extent. The government apparently held a meeting to consider their petition and adopted a temporary payment schedule for interest on part of the private foreign debt, which might suggest that FEDECAMARAS precipitated these concessions. Interviews with participants, however, suggest other interpretations.

Available evidence suggests that negotiation between international banks and the Venezuelan government was a more significant cause of governmental concession than FEDECAMARAS pressure. For example, *El Universal* reported on 1 October 1983 that the Venezuelan Minister of Finance had reached an agreement with international lending banks to pay the interest due by private debtors during October in return for an automatic extension of the moratorium on repaying the capital of foreign public debt for the following three months. The front page of the Caracas-based English-language *Daily Journal* of 24 September 1983 reported (two days before Decree 2245 was issued) that Wells Fargo Bank had demanded repayment of private-sector financial debt as a requisite for approving a loan to the Instituto Nacional de Obras Sanitarias (INOS), the state waterworks company.

Both the press and leaders of the private sector interpreted Decree 2245 as resulting from pressure exerted by the international lending banks. Public declarations made by FEDECAMARAS leaders on 27 September expressed unwillingness to accept Decree 2245, which they viewed as "limited only to financial debt in order to achieve deferral of repayment of the public debt."[21] Furthermore, former cabinet members interviewed in this study admitted that the special treatment granted to some financial institutions was necessary to facilitate refinancing the

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public debt. The important point here is that all accounts indicate that the position of FEDECAMARAS was insignificant to the decision-making process.

FEDECAMARAS reactions to Decree 2245 cited in the media ranged from strong complaints to threats of lockouts by affected businesses. The leaders of the commercial sector in particular were dissatisfied enough to suggest that dialogue with the government be terminated.

After the September defeat, FEDECAMARAS directors apparently decided to await the results of the national elections on 4 December. Meanwhile, they sought out presidential candidates to discuss the issue of private debts.[22] During October and November, media campaign coverage eclipsed the subject of private-sector foreign debt. On 4 December, a new government was elected, with opposition AD candidate Jaime Lusinchi becoming the president-elect of Venezuela. That very day, FEDECAMARAS revived public debate on foreign debt. At 9 p.m. on election night, when the triumph of Lusinchi was unofficially assured, major television channels interviewed prominent members of distinct social sectors. FEDECAMARAS President Adán Celis, even before congratulating the new head of state, stated clearly that FEDECAMARAS expected the new president to fulfill his campaign promise to provide dollars at the PDR to the entire private sector for paying foreign creditors.

Another campaign promise of the new government (which was to assume power in February 1984) was that all sectors of society would be given a hearing prior to formulating major decisions and that representative commissions of workers, business owners, professionals, regional groups, and other sectors would be invited to participate in discussions during January and February. This approach produced guarded optimism within FEDECAMARAS.

In addition to a new government and a new cabinet, another major change generated hopes in the business community. Díaz Bruzual, president of the Banco Central, was removed from his post. By the second week of Feburary, Benito R. Losada, another economist, became the new president of the bank.[23]

To broaden support for their demands, FEDECAMARAS leaders convened an extraordinary assembly of all affiliated associations during the last week of January in Caracas. The assembly approved a resolution again demanding foreign exchange at the PDR from the government. Past arguments were retained except that business observed pointedly that governmental price-control measures had prevented compensation for cost increases caused by denying the PDR for private debt. But the tone of the renewed demands was more conciliatory, and some concessions were offered to the government. Perhaps the most

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widely publicized were proposals by FEDECAMARAS to reduce unemployment. By mid-February, business leaders had promised the government to attack unemployment by increasing the number of workers on the payroll by 10 percent.[24]

Despite conciliatory gestures by FEDECAMARAS, the new decision makers generally did not alter the policies of the previous government. With regard to the private foreign debt, the government kept responding more positively to pressures from foreign financial creditors while filtering the demands of FEDECAMARAS.[25] Three important decisions were made between February 1984 and December 1985.[26]

First, Comisión 61 was finally created to examine the documents submitted by private debtors between April and June 1983 and to decide who would receive the benefits of the PDR. This committee was composed of five members: the ministers of Hacienda and Fomento, the president of the Banco Central, a representative appointed by the president of FEDECAMARAS, and another appointed by the president of the Confederación de Trabajadores Venezolanos (CTV). All money authorized by Comisión 61 would be paid directly to creditors and provided gradually over the next seven years.[27]

Second, Comisión 96 was formed for the purpose of authorizing payments of interest due or overdue to foreign financial institutions in 1983 and 1984. It was also composed of five members: the ministers of Hacienda and Fomento, the president of the Central Bank, the director of RECADI, and the director of the income tax division of the Ministerio de Hacienda.[28]

Third, the rate of 4.3 bolívares to the dollar would be applied only to the capital of the debts. Dollars for the interest would be provided at the rate of 7.5 bolívares to the dollar.[29]

Document analysis and authorizations by Comisión 61 lasted until December 1985. Almost seven billion dollars were authorized. This figure represents 45 percent of the amount totaled in private-sector debt documents accepted by RECADI at the time of the registration process.[30]

In the matter of prices, President Lusinchi replaced the so-called Sistema Administrado de Precios, in which the Ministro de Fomento alone made price decisions, with a system incorporating some participation by FEDECAMARAS. As announced, in July 1984 a committee called CONACOPRESA was charged with making recommendations to the executive branch on all price increases of popular consumption goods.[31] This committee of five was to be composed of three cabinet members, one member of the AD-controlled CTV, and a member of FEDECAMARAS. The system nicely fits what Philip Selznick calls "cooptation in administration," in which "public responsibility for and participation in the exercise of authority may be shared with new elements with or without the actual redistribution of power itself" (1952, 136). FEDECAMARAS sent a delegate to CONACOPRESA but decided to withdraw from the committee in January 1985 on the grounds that decisions were authoritatively made by the government.

AN ASSESSMENT OF THE IMPACT OF FEDECAMARAS ON VENEZUELAN POLICY-MAKING

Based on the above evidence, this analysis of the issue of private debt and price control affirms that the power traditionally attributed to FEDECAMARAS has been overstated. On an issue crucial to many FEDECAMARAS members, the organization's extensive lobbying and other efforts to influence public opinion produced only a few concessions by the government. But my purpose is not merely to challenge the conventional view of the role of FEDECAMARAS in Venezuela's economic policy formation but also to reflect on the theoretical implications of the outcome discussed above.

Herewith are some tentative hypotheses about the factors tending to diminish FEDECAMARAS's influence in the Venezuelan policy-making process. Because they are mainly structural factors, they exhibit a more permanent influence on the social, economic, and political organization of the country. Structural elements are important insofar as they impose constraints on what Mary Rogers has called "infra-resources of power" (1973, 1425) and John French has labeled the "bases of power" (1956, 184).

The first structural determinant is that the public sector fully controls the most important economic resource—oil. By contrast, the Venezuelan private sector is relatively small and consists mainly of enterprises heavily dependent on state policies that are distributive and protective in nature (Naim 1984). This circumstance makes it rather difficult for the private sector to retaliate against unfavorable state policy.

Another significant factor in this context is Venezuelan political culture. If one considers that in the last election more than half of the popular vote went to the social democratic party (AD), which has dominated Venezuelan political affairs for the last twenty-five years, and that almost another 20 percent voted for the left, it seems safe to conclude that the Venezuelan value system has a center-left orientation, a fact that tends to weaken the persuasive capabilities of FEDECAMARAS on decision makers and its general efficacy in Venezuelan politics.

Possibly as important as political culture is the fact that the rules of the Venezuelan electoral system restrict power that could otherwise be employed by economic interest groups to influence politicians. This system is a proportional representation system employing party lists for legislative elections. It is therefore difficult to identify individual candidates who "deserve" interest-group financial support. Moreover, the closed procedures of political parties make it difficult to establish with any degree of certainty who has power over what, and consequently to offer specific support to individual members of congress. On the executive side, the Venezuelan system prohibits incumbent presidents from seeking reelection until ten years after their first terms. Perhaps if incumbent presidents could be reelected immediately, they would be more sensitive to the support or rejection of private-interest groups, as expressed in mass media campaigns. Thus the rule barring immediate reelection gives Venezuelan presidents a certain degree of autonomy.

The economic diversity of private-sector activity may well produce structural weakness in FEDECAMARAS. This organization is structured not just on a sectoral basis but also on a regional and national basis. FEDECAMARAS consists of 286 associations that represent all kinds of commercial, business, and agricultural interests throughout Venezuela. Although most of the member associations are commercial, industrial, or service-oriented,[32] its leadership—a board of thirty-two members—represents all sectors.[33] FEDECAMARAS presented a unified front in the case at hand, but its membership is not always united.

It would undoubtedly be inappropriate to conclude from one case study that FEDECAMARAS lacks influence in governmental policy, but from these findings one may infer that to generalize in any direction would require additional studies and analysis. This article may be regarded as an invitation to such studies.

NOTES

1. Because the "classical" hierarchical model of policy implementation was questioned during the 1970s and a more realistic "circular" model has been proposed (Nakamura and Smallwood 1980, 7–19) and also because underdeveloped countries are said to exhibit a wide gap between the content of policies when formulated and when implemented (Scott 1970; Naim 1970), I decided to study both aspects of the process. Interestingly, I did not find substantial differences in policy content in the two stages.
2. This position is taken by Robert Bond in the only systematic analysis of the subject (1975, 272–74). Descriptive accounts can be found in Combellas (1973), Njaim (1975), and Gil Yepes (1978, 122–37).
3. All interviews were carried out in April 1985. Open-ended questions centered on the decision-making process and the interaction between FEDECAMARAS leaders and the government when the policy under study was being formulated and implemented.
4. For a short account of the main features of the Venezuelan economy during the last ten years, see the chapter entitled "Los diez últimos años de la economía de Venezuela," Echevarría (1984a, 249–52). See also Echevarría (1984b, 47–94).
5. Declarations of Rafael Alfonzo Ravard, then president of Petróleos de Venezuela, S. A. (PDVSA), in *El Universal* (Caracas), 24 May 1983, sec. 1, p. 25; also 27 Mar. 1983, sec. 2, p. 3.
6. In meetings in early 1983 with members of OPEC, Venezuela promised to maintain a

maximum production of 1.7 million barrels daily, a decline from the 2 million barrels produced daily in 1981.

7. The text is from Decree 1842, which established the system of exchange controls in Venezuela. See *Gaceta Oficial*, Número Extraordinario 32670, 22 Feb. 1983.
8. Confidential interview with members of Herrera's cabinet.
9. Petitions for deferments on payments of capital funds have been requested by the government every ninety days following exchange controls.
10. One member of Herrera's cabinet assured me that the cabinet had initially intended to grant dollars at the PDR for the entire private foreign debt until the measure was firmly opposed by the president of the Banco Central. This perception tallies with those of all FEDECAMARAS leaders interviewed, which helps to explain the organization's heavy attacks on the bank president during the private debt campaign. In one FEDECAMARAS document, for example, the organization accused this functionary of "promoting the destabilization of Venezuelan economy." See FEDECAMARAS, *Actuaciones del Directorio, XL Asamblea Anual, 1983–1984* (Valencia, Venezuela: FEDECAMARAS, 1984), 2:79.
11. Threats by FEDECAMARAS leaders to close their industrial plants and commercial enterprises in major industrial centers like Caracas, Maracaibo, and Valencia appeared in the media during early March. For an example, see *El Universal*, 9 Mar. 1983, sec. 2, p. 1.
12. The CTV expressed its support for the FEDECAMARAS petition in a document published in *El Universal*, 25 Mar. 1983, sec. 1, p. 27. Rafael Caldera, the most prominent leader of COPEI and presidential candidate at that time, also supported the FEDECAMARAS petition openly. During the second week of March, he publicly suggested the incorporation of FEDECAMARAS delegates into RECADI.
13. Confidential interview with a member of Herrera's cabinet.
14. From early April on, FEDECAMARAS directors insisted that they should be permitted to advise RECADI, arguing that this office did not possess sufficient technical skill to handle the debt registration adequately. See *El Universal*, 8 Apr. 1983, sec. 2, p. 1.
15. *El Universal*, 17 Aug. 1983, p. 1.
16. *El Universal*, 21 Aug. 1983, sec. 2, p. 1.
17. All these arguments can be found in "Estudio analítico sobre la deuda privada," a document published in *El Universal* (Caracas), 23 Aug. 1983, sec. 2, p. 2.
18. These arguments appear in "Análisis preliminar del documento del BCV," *El Universal*, 23 Aug. 1983, sec. 2, p. 2; it was also published in FEDECAMARAS, *Actuaciones del Directorio, 1983–1984*, 2:20.
19. The front page of *El Universal*, 22 Sept. 1983, read: "Unanimous opinion of FEDECAMARAS and CONSECOMERCIO: It is a mortal blow to the economy to oblige business to obtain dollars at the floating rate." The front page of *El Universal*, 14 Sept. 1983, stated, "The President of FEDECAMARAS declared a state of emergency in the private sector. Two hundred and sixty-seven economic entities are in permanent session until the problem of private debt is resolved."
20. Decree 2245 can be found in *El Universal*, 27 Sept. 1983, sec. 2, p. 2; also in *Gaceta Oficial* no. 32819, 26 Sept. 1983.
21. See *El Universal*, 27 Sept. 1983, sec. 2, p. 2. All private-sector leaders interviewed in 1985 explained the origin of Decree 2245 in the same terms.
22. Information about these talks can be found in the FEDECAMARAS publication *Actuaciones del Directorio, 1983–1984*, 2:81.
23. Díaz Bruzual was removed by President Lusinchi despite the fact that Bruzual's term was supposed to last until 1985. Bruzual then sued the government in front of the Venezuelan Supreme Court but was unable to obtain a favorable decision.
24. For information on the January Assembly and the concessions offered to the government, see FEDECAMARAS, *Actuaciones del Directorio, 1983–1984*, 2:121–29. The 10 percent payroll increase was discussed at length in *El Nacional* (Caracas), 16 Feb. 1984, sec. C, p. 1.
25. Further evidence of international bank pressures can be perceived in a picture that appeared in *El Universal*, 28 Sept. 1984, sec. 2, p. 1. It shows a telex message sent to

bank directors by the commission representing more than four hundred creditor banks. The telex stated that the agreement to reschedule Venezuela's public foreign debt with the Venezuelan government "in principle is subject to mutually satisfactory resolution of those issues that remain, including the private sector. Discussions with the government are continuing on these matters, and we will continue to keep you informed." Additional evidence comes from an interview with Manuel Azpúrua, the Venezuelan Minister of Finance, in *El Universal*, 28 Apr. 1984, sec. 2, p. 1. When asked about the pressures by international creditor banks, he answered, "International banks are aware that we keep analyzing the requests of private debtors." See also Bernardo Fisher, "El factor político predominó en el tratamiento de la deuda externa," *El Universal*, 24 Dec. 1985, sec. 2, p. 1. One exception to this general trend is the *Convenio Cambiario* no. 5 (*Gaceta Oficial* no. 33147, 18 Jan. 1985), which favored the *Electricidad de Caracas* and some *sociedades financieras*. According to the *Convenio*, enterprises offering essential public services and the sociedades financieras (which mostly finance acquisition of capital goods) could obtain government bonds in dollars at the rate of 4.3 bolívares to the dollar for debts contracted with foreign financial institutions before 18 Feb. 1983. To benefit from this prerogative, however, they would have to refinance their debt for periods of ten to twelve years, and in such a way that the bonds would be converted to cash only after that period had elapsed. Also, foreign banks would have to accept payment of interest by the government every three months. Interestingly enough, some FEDECAMARAS leaders expressed dissatisfaction with the decision. According to an article in a leading economic magazine, *Electricidad de Caracas*, a monopoly supplier of a crucial service obtained half a million dollars in this way. One might assume that the nature of electrical service led to the government's decision to make this concession. The bond came to be known as the *bono cero-cupón*. See *Número*, no. 233, 20 Jan. 1985, pp. 5–6.

26. The following description is based on a careful review of the monthly publication *Legislación Económica* (Caracas). See vols. 20, 21, and 22 (1983, 1984, and 1985).
27. Decree 61, which created Comisión 61, appears in *Gaceta Oficial* no. 32942, 21 Mar. 1984.
28. Decree 96 appears in *Gaceta Oficial* no. 32967, 30 Apr. 1984. It grants preferential treatment for both capital and interest on private financial debt due in 1983 and 1984 and was partially modified by Decree 508 in *Gaceta Oficial* no. 33178, 6 Mar. 1985. Decree 508 restricts the supply of dollars only to the interest due up to 30 June 1985. Decree 96 derogated degree 2245, although both are essentially the same. According to *Convenio Cambiario* no. 2 (*Gaceta Oficial* no. 32926, 24 Feb. 1984), debtors had ninety days after authorization to request dollars for the payment of their debts. The ninety-day clause was replaced by a forty-five-day clause in September 1984 (see *Gaceta Oficial* no. 33059, 10 Sept. 1984).
29. This rate was also ordered by Decree 44, *Gaceta Oficial* no. 32926, 24 Feb. 1984.
30. Decree 61 established that the analysis of debt documents would last from March to June 1984, but the period was extended by a series of successive decrees. The last of them was no. 915 (*Gaceta Oficial*, no. 33359, 27 Nov. 1985), which established that the process would definitely end 31 Dec. 1985. Figures on the amount of dollars requested and authorized appeared on the front pages of *El Universal* and *El Nacional* on 4 Jan. 1986. The same figures are given in a memo written by Raúl López Pérez (one-time representative of FEDECAMARAS on Comisión 61). The memo is addressed to the president of FEDECAMARAS and is dated 3 Feb. 1986. It should be noted that the government finally agreed to allow the PDR for some debts of a "commercial" type, a category totaling about a half-million dollars.
31. The law that established CONACOPRESA (the Comisión Nacional de Precios y Salarios) was printed in *Gaceta Oficial*, no. 333011, 2 July 1984. The committee was supposed to make recommendations on salaries as well as prices.
32. FEDECAMARAS includes only two entities of a banking nature. This sector usually articulates its demands through the Asociación Bancaria and the Consejo Bancario Nacional (CBN). The membership of the latter totals 116 banking and financial institutions, according to the 1984 report of the Consejo Bancario Nacional (CBN) (Caracas: CBN, 1985), 55–58.

33. According to Article 43 of FEDECAMARAS statutes, the Directorio Ejecutivo is composed of two members from each of the eleven economic branches (agriculture, industry, construction, commerce, banking, livestock, mass media, mining, energy, insurance, and transportation), one member from each of the sectoral associations (agriculture, livestock, commerce, and industry), and six members elected by chambers of commerce in different regions.

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