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**CDS**

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**CONTROLS**

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SECTION 01 OF 02

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/\*\*\*\*\* THIS IS A COMBINED MESSAGE \*\*\*\*\*/

**BODY**

SUBJ: DIA COMMONWEALTH INTSUM--LATIN AMERICA 42-92/26 FEB 92

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(U) THE ITEM CONTAINED IN THIS INTSUM HAS BEEN AUTHORIZED BY  
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VENEZUELA: THE POTENTIAL FOR FURTHER UNREST. (U)

AS OF 11 FEB 92

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MAJOR POINTS

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1. (S) NO MORE PLOTTING HAS OCCURRED, BUT THE RECENT COUP ATTEMPT IS SAID TO HAVE HAD WIDER SUPPORT THAN INITIALLY BELIEVED, AND MILITARY DISCONTENT AND SOCIAL MALAISE ARE WIDESPREAD.
2. (S) SPECULATION ABOUT THE MOTIVATION FOR THE 4 FEBRUARY ATTACK IS CONTINUING. MANY OFFICIALS PERSIST IN THEIR ASSERTIONS THAT THE PRIMARY MOTIVATION WAS ECONOMIC. HOWEVER, PEREZ BELIEVES THE REVOLT WAS PURELY MILITARY AND LED BY A LONGTIME NATIONALIST FANATIC.

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DISCUSSION

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3. (S) SOME POLITICIANS ARE DEMANDING THAT PRESIDENT PEREZ REVISE HIS ECONOMIC REFORM PROGRAM. PEREZ, HOWEVER, INSISTS HE WILL RETAIN THE IMF-APPROVED ECONOMIC POLICIES INSTITUTED SOON AFTER HE TOOK

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OFFICE IN 1989. HE ASSERTS THAT THESE MEASURES HAVE REDUCED INFLATION, EASED UNEMPLOYMENT, AND RESULTED IN ECONOMIC GROWTH OF MORE THAN 9 PERCENT.

4. ~~(S)~~ NONETHELESS, THE FAILED PUTSCH SHOCKED THE PRESIDENT. HE MOVED QUICKLY TO RAISE THE MINIMUM WAGE AND WILL PROBABLY HIGHLIGHT HIS RECENTLY ANNOUNCED SOCIAL "MEGAPROJECT." THIS PROGRAM INCLUDES HEALTH AND FOOD ASSISTANCE AND IS INTENDED AS A SAFETY NET FOR THOSE SUFFERING THE EFFECTS OF HIS ECONOMIC REFORMS.

5. ~~(S)~~ MOREOVER, PEREZ SEEMS STUNNED BY THE GENERAL RESPONSE TO THE COUP, AND HE IS ANGRY THAT PROGOVERNMENT DEMONSTRATIONS HAVE FAILED TO MATERIALIZE. HE HAS PORTRAYED THE PLOTTERS AS TRAITORS AND IS PARTICULARLY DISAPPOINTED THAT **COUP** LEADER LT COL **HUGO CHAVEZ** HAS NONETHELESS EMERGED AS A POPULAR HERO TO SOME ELEMENTS. THE PRESIDENT WAS ALSO DISPLEASED BY THE PERFORMANCE OF HIS KEY COMMANDERS DURING THE REVOLT. HE HAS THEREFORE APPOINTED LOYALIST BRIG GEN OROZCO COMMANDER OF THE 4TH INFANTRY DIVISION AT MARACAY AND HAS ASSIGNED NEW CHIEFS TO THE ARMY GARRISONS AT MARACAY, VALENCIA, AND MARACAIBO, WHICH WERE INVOLVED IN THE PREDAWN ATTACK.

6. ~~(S)~~ ARMY COMMANDER GEN RANGEL WAS EMBARRASSED BECAUSE THE COUP LEADERS AND MAJOR PARTICIPANTS WERE ALL ARMY PERSONNEL. IN ADDITION, HE HAS LOST CONFIDENCE IN THE MILITARY INTELLIGENCE SYSTEM, WHICH FAILED TO PROCESS AND DISSEMINATE PRECOUP-RELATED INTELLIGENCE. ARMY INTELLIGENCE DIRECTOR GEN REINALDO VALERO WILL REPORTEDLY BE REPLACED SOON. THE GOVERNMENT LAUNCHED AN IMMEDIATE HOUSE-CLEANING OF ABOUT 300 OFFICERS, PRIMARILY CAPTAINS AND MAJORS, SOON AFTER THE COUP, AND THE PURGE CONTINUES. MANY YOUNG OFFICERS ARE UNABLE TO TAKE ADVANTAGE OF THE PERKS AND CORRUPTION THAT KEEP SENIOR OFFICERS SATISFIED; THUS, THEIR LIVING STANDARDS HAVE DETERIORATED AND THEIR FAMILIES ARE EXPOSED TO CRIME AND FILTH IN THE COUNTRY'S MAJOR CITIES.

7. ~~(S)~~ CLOSE ADVISERS TO THE PRESIDENT ARE CONCERNED ABOUT THE POTENTIAL FOR VIOLENCE, PARTICULARLY FROM RADICAL STUDENTS, SOME OF WHOM BACKED THE REBELLION. THE MILITARY REMAINS TENSE AND ON FULL ALERT. THE NATIONAL GUARD IS PLANNING A NEW COMMAND-AND-CONTROL CENTER AND IS REVIEWING NATIONAL DEFENSE PLANS. SOME OFFICERS HAVE SUGGESTED THAT OTHER MILITARY UNITS MAY HAVE INITIALLY SUPPORTED THE COUP BUT LATER FAILED TO ACT. MANY MILITARY PERSONNEL, ALTHOUGH THEY DID NOT SUPPORT THIS EFFORT, REPORTEDLY SEE A NEED FOR DRASTIC ACTION TO IMPROVE MILITARY CONDITIONS.

8. ~~(S)~~ MILITARY DISCONTENT AND IDEALISTIC NOTIONS ABOUT GOVERNMENT WERE THE PRIMARY MOTIVATORS BEHIND THE REVOLT. PEREZ IS UNPOPULAR WITH THE PEOPLE; MOST OF THEM HAVE YET TO BENEFIT DIRECTLY FROM THE

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ECONOMIC IMPROVEMENT, AND THEY ARE LARGELY EXCLUDED FROM THE POLITICAL PROCESS. HOWEVER, THE AUSTERITY PACKAGE WAS NOT THE TRIGGER FOR THE COUP AND WHAT ECONOMIC POLICIES A CHAVEZ GOVERNMENT WOULD HAVE INSTATED ARE NOT APPARENT. CHAVEZ, THE COUP LEADER, HAS REPORTEDLY BEEN INVOLVED IN SUCH PLOTS SINCE 1987. HE IS CONSIDERED A CHARISMATIC PROFESSIONAL, AND HE WAS UPSET ABOUT THE DECLINE OF THE MILITARY INSTITUTION, PARTICULARLY THE LOW PAY, THE POOR LIVING CONDITIONS, THE CORRUPTION, AND THE RESULTING SOCIAL DISINTEGRATION.

/\*\*\*\*\* BEGINNING OF SECTION 002 \*\*\*\*\*/

OUTLOOK

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9. ~~(S)~~ SINCE CHAVEZ HAD BEEN PLOTTING LONG BEFORE PEREZ' ECONOMIC AUSTERITY MEASURES WERE IN EFFECT, HE PROBABLY HOPED TO OVERTHROW PEREZ AND INSTALL HIS OWN GOVERNMENT BY CAPITALIZING ON THE WIDESPREAD DISCONTENT. MOST MILITARY LEADERS STILL SUPPORT DEMOCRACY, BUT THEY PROBABLY BELIEVE PEREZ HAS NOW BEEN WARNED ABOUT TOLERATING AN UNJUST, CORRUPT GOVERNMENT. THE SITUATION REMAINS THREATENING BECAUSE OF MILITARY DISSATISFACTION, OVERALL SOCIAL DISCONTENT, AND WHAT APPEARS TO BE WANTON CORRUPTION WHILE MANY ARE SUFFERING.

10. ~~(S)~~ THE GOVERNMENT IS NOT OUT OF DANGER. SOME COUP COLLABORATORS REMAIN AT LARGE. IN ADDITION, POLITICIANS ARE EXPLOITING PEREZ' MISFORTUNE BY CRITICIZING HIS GOVERNMENT IN PREPARATION FOR THE DECEMBER LOCAL ELECTIONS. MOREOVER, THE PEOPLE ARE TOTALLY DISSATISFIED WITH PEREZ AND HAVE SHOWN NO INTEREST IN RALLYING TO HIS DEFENSE. THE PRESIDENT WILL HAVE TO DEMONSTRATE RENEWED VIGOR IN DEALING WITH DOMESTIC PROBLEMS. HE WILL TRY TO REMOVE COLLABORATORS WITHOUT UNDULY ANTAGONIZING OR EMBARRASSING THE MILITARY. MEANWHILE, THE COUP HAS PERSUADED GOVERNMENTS IN THE REGION TO REVIEW MILITARY DISSATISFACTION IN THEIR OWN NATIONS AND TO CONSIDER THE SOCIAL COSTS ASSOCIATED WITH FREE-MARKET ECONOMIC REFORM POLICIES.

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~~(DECL OADR)~~

ADMIN

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