

Hunting Hugo

By Conn Hallinan | October 23, 2006

There are times when the tensions between Venezuela and the Bush Administration seem closer to *Commedia dell'arte* than politics. Venezuelan President Hugo Chavez compares President George W. Bush to the devil, right down to the smell of sulfur during a speech at the UN General Assembly. Homeland Security responds by strip-searching Nicolás Maduro Moros, Venezuela's foreign minister, at JFK airport. Venezuela seizes 176 pounds of frozen chicken on its way to the U.S. Embassy in Caracas.

But Recent White House initiatives suggest that the administration has more than tit for tat in mind.

In late June, U.S. Southern Command, the arm of the U.S. military in Latin America, concluded that efforts by Venezuela, Ecuador, and Bolivia to extend state control over their oil and gas reserves posed a threat to U.S. oil supplies. While Latin America produces only 8.4% of the world's oil output, it supplies 30% of the oil consumed in the United States.

"A re-emergence of state control of the energy sector will likely increase inefficiencies and, beyond an increase in short-term profits, will hamper efforts to increase long-term supplies and production," the study concludes. In an interview with the *Financial Times*, Col. Joe Nunez, a professor of strategy at the U.S. Army War College, added an observation that ought to send a collective chill down the backs of the three countries named: "It is incumbent upon the



Command to contemplate beyond strictly military matters."

That one of the U.S. military's most powerful arms should find itself deep in the energy business should hardly come as a surprise. Four months after Bush took office, Vice President Dick Cheney's National Energy Policy Development Group recommended that the administration "make energy security policy a priority of our trade and foreign policy." The Administration has faithfully followed that blueprint, using war and muscular diplomacy to corner U.S. energy supplies in the Middle East and Central Asia.

What most Americans don't know is that Venezuela's reserves are enormous. According to a department of energy estimate, they are considerably greater than Saudi Arabia's, and may be as high as 1.3 trillion barrels. Most Venezuelan oil is heavy and expensive to refine, but as long as oil stays above \$50 a barrel—and few doubt it will go lower—it is an almost endless gold mine.



The bone the U.S. is picking with Hugo is not about bombast. It's about oil.

Shortly after Southern Command's report, the White House appointed J. Patrick Maher, a 32-year Central Intelligence Agency veteran, to head up a special task force for gathering intelligence on Venezuela and Cuba. The only other similar posts are for North Korea and Iran, members of the so-called "axis of evil" reportedly developing nuclear weapons. In a move that almost exactly parallels how intelligence was handled in the run up to the Iraq War, as "Mission Manager," Maher will bypass the CIA and report directly to Bush.

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Maher's appointment followed a full court press by a group of neoconservatives grouped around National Security Director John Negroponte, then-CIA chief Porter Goss, Secretary of State Condoleezza Rice, and her deputy, Robert Zoellick.

The campaign against Chavez on the executive side is matched by a similar push in Congress. Senator Richard Lugar (R-IN), chairman of the Senate Foreign Relations Committee, recently urged the Bush administration to adopt "contingency plans" in case of a disruption of oil supplies from Venezuela. In a July letter to Rice, the senator said that Venezuela has an "undue ability to impact USA security and our economy." Lugar went on to warn that there was a "real risk" that Venezuela could "act in concert" with other countries and that "we have a responsibility to plan appropriate contingencies that protect the American people."

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Otto Reich, then assistant secretary of state for Western Hemispheric Affairs, met several times with coup leaders. Rogelio Pardo-Maurer, deputy secretary of defense for Western Hemispheric Affairs, met with military coup leader Gen. Lucas Romero Rincon. Cuban exile Reich and Pardo-Maurer were major players in the 1980s Contra war against Nicaragua. Pardo-Maurer was the Contras' most visible Washington spokesman back then and Reich was forced to resign from his job as head of public diplomacy in the Reagan administration's State Department for planting false stories in the U.S. media.

The CIA, through the National Endowment for Democracy and the United States Agency for International Development, bankrolled Chavez's opponents, and helped organize and support the

strike by white collar oil workers and ships captains eight months after the coup collapsed.

Since then, the Bush administration has kept up a drumbeat of attacks. Rice warned that Chavez was “a major threat to the region.” U.S. Defense Secretary Donald Rumsfeld compared Chavez to Adolph Hitler. Zoellick told senators that Chavez was part of a new “creeping authoritarianism.” In March, a National Security Strategy document charged that Chavez was “undermining democracy.” At an Oct. 2 meeting of Latin American defense ministers in Managua, Nicaragua, Gen. Bantz J. Craddock of the Southern Command called Chavez a “destabilizing” force in the region.

What really worries the U.S. is that Chavez is trying to diversify Venezuela’s clientele. Venezuela is currently building a \$335 million pipeline across Colombia in order to ship more oil to China, and is working on plans for a \$20 billion natural gas pipeline through the Amazon and on to markets in Chile, Brazil, Uruguay, and Argentina.

China is pouring in billions to develop fields in Venezuela, Bolivia, and Ecuador to give it the inside corner on future resources. The “China connection” is one that concerns the Bush administration, not only because it siphons off oil that normally would go to the United States, but also because the White House sees China as a rival and has done its best to elbow Peking out of the Middle East and Central Asia.

But Latin America is a different place than it was a decade ago when it was mired in debt, characterized by low growth, and beholden to the

International Monetary Fund and the World Bank. When Rice told House members that the Bush administration was building a “united front” against Venezuela, it is likely to be a narrow front indeed.

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Venezuela has helped bail Ecuador and Argentina out of debt, invested in projects in Bolivia, and is selling oil to Cuba at a deep discount. According to Greg Palast writing in *The Progressive*, Chavez has withdrawn \$20 billion from the U.S. Federal Reserves, and “at the same time, lent or committed a like sum to Argentina, Ecuador, and other Latin American countries.”

Given Chavez’s enormous popularity in his country and elsewhere in Latin America, it is hard to see what the White House can do about Venezuela’s president. But that is not likely to discourage it from trying, and the people the

administration has recruited to target him are just the kind of operatives who won't shy away from anything up to, and including, the unthinkable: assassination.

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