

# How United States Intervention Against Venezuela Works

CIA Electoral Interventions. Nicaragua as a Model for Venezuela

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It is no secret that the government of the United States is carrying out a program of operations in favor of the Venezuelan political opposition to remove President Hugo Chávez Frías and the coalition of parties that supports him from power. The budget for this program, initiated by the administration of Bill Clinton and intensified under George W. Bush, has risen from some \$2 million in 2001 to \$9 million in 2005, and it disguises itself as activities to “promote democracy,” “resolve conflicts,” and “strengthen civic life.” It consists of providing money, training, counsel and direction to an extensive network of political parties, NGO’s, mass media, unions, and businessmen, all determined to end the bolivarian revolutionary process. The program has clear short, medium, and long-term goals, and adapts easily to changes in the fluid Venezuelan political process.

The program of political intervention in Venezuela is one more of various in the world principally directed by the Department of State (DS), the Agency for International Development (AID), the Central Intelligence Agency (CIA), and the National Endowment for Democracy (NED) along with its four associated foundations. These are the International Republican Institute (IRI) of the Republican Party; the National Democratic Institute (NDI) of the Democratic Party; the Center for International Private Enterprise (CIPE) of the US Chamber of Commerce; and the American Center for International Labor Solidarity (ACILS) of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), the main US national union confederation. In addition, the program has the support of an international network of affiliated organizations.

The various organizations carry out their operations through AID officials at the U.S. Embassy in Caracas and through three “private” offices in Caracas under the Embassy’s control: the IRI (established in 2000), the NDI (2001), and a contractor of AID, a U.S. consulting firm called Development Alternatives, Inc. (DAI) (2002). These three offices develop operations with dozens of Venezuelan beneficiaries to which they contribute money originating from the State Department, AID, NED, and, although no proof is yet available, most probably the CIA. The operations of the first three are detailed extensively in hundreds of official documents acquired by U.S. journalist Jeremy Bigwood through demands under the Freedom of Information Act, a law that requires the declassification and release of government documents, although many are censured when released.

Venezuelan associates of the U.S. intervention programs participated in the unsuccessful coup against President Chavez in April 2002, in the petroleum lockout/strike of December 2002 to February 2003, and in the recall referendum of August 2004. Having failed in their three first attempts, the U.S. agencies mentioned above are currently planning and organizing for the Venezuelan national elections of 2005 and 2006. This analysis seeks to show how this program functions and the danger it represents.

## **A. Some Historical Precedents**

The U.S. intervention in the Venezuelan electoral process is nothing more than the continuation of a practice that began with the establishment of the CIA in 1947. In October of that year, just a month after President Truman signed the law establishing the Agency, he ordered the CIA to begin operations in Italy to prevent a victory of the Communist Party of Italy (PCI) in the elections planned for April 1948. These would be the first national elections since the end of World War II, and the communists, who had wide prestige due to their role in the resistance to fascism, were perceived in Washington as a real threat to U.S. control of the country. In alliance with the Vatican, the CIA organized multiple secret operations to discredit the PCI and to support the Christian Democratic Party. Press reports indicate that Truman transferred \$10 million to the CIA for this intervention, a lot of money for the time. The result was as desired—the Christian Democrats won easily.

The practice of secret electoral operations by the CIA continued, and became a category of routine covert operations, along with the penetration and manipulation of political parties; unions; student and youth organizations; cultural, professional and intellectual societies; women's and religious organizations; and the communications media. The reach of these operations was global, and practically all organizations of civil society were targets depending on the political situation of the moment. The 1976 House of Representatives investigation of the CIA's history revealed electoral interventions had been the most frequent category of CIA covert actions.

From the beginning of covert actions, the CIA was plagued by the perennial difficulty faced by their beneficiaries to justify or conceal the funds the Agency gave them. To resolve this problem in part, the CIA established relations with cooperating U.S. foundations through which it channelled funds to foreign recipients. It also created a network of its own foundations that sometimes were nothing more than paper entities managed by lawyers on contract with the Agency.

In February 1967 a large portion of the CIA's covert financing system collapsed when the U.S. press revealed the names of foundations used and of many of the subsidized foreign organizations. Two months after this scandal Congressman Dante Fascell of Miami, well known for his links with the CIA and the Cuban exile community, proposed in Congress the establishment of a private foundation to openly finance foreign private organizations that until then had been financed secretly by the CIA. But at that time Fascell's proposal failed to win support, and the CIA continued as the arm of the government responsible for covert actions like those that provoked the 1973 military coup in

Chile.

Then, beginning in 1975 with the defeat of the United States in Vietnam, coupled with the investigations of the CIA that took place that year in both houses of Congress, resulting in constant scandals culminating with Watergate, a new school of thought among high level American foreign policy makers emerged. During the administration of Jimmy Carter (1977-1981) general agreement developed in the foreign policy establishment that the repressive dictatorships supported by the United States around the world (Philippines, Iran, the Southern Cone of South America, Central America, etc.) were not the best solutions to maintaining the long-term interests of the country. These interests fundamentally were free access to primary resources, labor, and worldwide markets especially those of the so-called Third World. This new concept favoring democracy over authoritarian regimes came to be known as the Democracy Project. In 1979 the American Political Foundation (APF) was established with both government and private financing, and with the participation of both political parties as well as business and union sectors. Its purpose was to determine how the United States could better protect its foreign interests through freely elected civilian governments based on the U.S. federal system or the European parliamentary model.

The APF began studies and investigations under the direction of a high-ranking CIA official assigned to the National Security Council. Its conclusions after two years' work were to adopt something similar to the practice of the Federal Republic of Germany in which the Liberal, Social Democratic and Christian Democratic parties each had private foundations that were financed by the federal government. These foundations supported political parties and other organizations abroad that shared their political persuasions. The APF recommendations were broadly accepted, and in November 1983 Congress approved a law that established the National Endowment for Democracy awarding it \$14 million for fiscal year 1984.

This new foundation, NED, was put under the control of the State Department, and it would channel its funds, approved annually by Congress, through four other associated foundations set up for this purpose: the International Republican Institute (IRI) of the Republican Party; the National Democratic Institute (NDI) of the Democratic Party; the Center for International Private Enterprise (CIPE) of U.S. Chamber of Commerce; and the American Center for International Labor Solidarity (ACILS) of the AFL-CIO. Dante Fascell, the Miami Congressman who since 1967 had never ceased to promote this program, was named to the NED's first Board of Directors.

The NED and its associated foundations were conceived as a mechanism to channel funds toward political parties and other foreign civil society institutions that favored U.S. interests, above all the neo-liberal agenda of privatization, deregulation, control of unions, reduction of social services, elimination of tariffs, and free access to markets. The entire mechanism was, and is, nothing more than an instrument of U.S. government foreign policy. Nevertheless the NED and its associated foundations have always tried to maintain the false impression that their operations are private, and in fact NED has the legal status of an NGO.

The U.S. Agency for International Development (AID), and the CIA as well, also fully participate in this program “to promote democracy.” In 1984, the first year of NED operations, AID established a bureau called the Office of Democratic Initiatives (ODI), which in 1994 was renamed the Office of Transition Initiatives (OTI), with the function, apart and in addition to NED, of channeling funds to civil society and electoral processes in other countries. Most likely the first officials of OTI were CIA electoral and civil society operations specialists who were integrated into AID. Something similar had happened in the early 1960’s when the Office of Public Safety was established in AID to support and train foreign police officers. Officials of the CIA who had been working for years in police assistance programs, under the internal CIA code name of DTBAIL, simply transferred their cover to the new AID office in order to expand these programs as “technical assistance.” AID established “Public Safety” offices in many foreign countries and trained tens of thousands of police officers who became some of the worst abusers of human rights around the world.

Since the 1980’s ODI/OTI has financed projects directly through the four foundations associated with NED, and in recent years OTI has channeled much more money to them than has NED. These two funding sources, OTI and NED, have also channeled funds through an extensive network of U.S. foundations, consulting, and public relations firms. Such mechanisms help the final beneficiaries conceal their financing by the U.S. government that nevertheless maintains complete control over the use of its funds.

Additionally the CIA can provide funds secretly to those “openly” provided by NED and OTI, for example in the form of supplementary salaries to assure the loyalty and discipline of foreign project leaders. Likewise, certain projects are financed only in part by NED and OTI and require that the beneficiaries seek additional funds. The CIA can provide these funds as if they were from individuals, businesses, or other private institutions.

Both AID and NED insist that they are prohibited from financing foreign political parties directly, and thus they cynically maintain that their activities are not partisan but dedicated to the “strengthening of civil society.” Nevertheless their programs always support the political forces that favor U.S. interests and work against those opposed. In doing so they have no difficulty giving financial and other support to political parties via their networks of civil associations, consulting firms and foundations.

#### B. Nicaragua: the First Operation of the New “Project Democracy”

One of the first priorities of U.S. foreign policy during the decade of the 1980s was to remove the Sandinista National Liberation Front (FSLN) from power in Nicaragua. The intervention took two fundamental approaches. One route was the paramilitary guerrilla force known as the “contras” that was organized, supplied, and directed first by the CIA and later by the Oliver North network based in the White House and National Security Council. The other route was electoral with operations organized by the CIA, AID, and NED with its four associated foundations. For NED Nicaragua would be the first test of its ability to channel funds and direct the development of a political opposition movement that could triumph at the polls. (This history can be found

thoroughly detailed in *A Faustian Bargain: U.S. Intervention in the Nicaraguan Elections* by William I. Robinson, Westview Press, Boulder, Colorado, 1992.)

The terrorism, human tragedy, and economic damage in Nicaragua caused by the contras are well known. Nonetheless, the contras were defeated on the battlefield. (In addition to Robinson, *op.cit.*, see Holly Sklar, *Washington's War on Nicaragua*, South End Press, Boston, 1988.) During eight years of struggle (1980-1987) the contras could not take and hold any Nicaraguan village or municipality. But as a result of the disastrous effects in the entire region of this war and of those in Guatemala and El Salvador, in 1987 the Central American presidents agreed to a package of compromises called the Esquipulas Agreements in order to achieve peace. These agreements sought to transform the military conflicts into civic-political struggles, and they created an opening for a massive U.S. intervention in the Nicaraguan electoral process that resulted in the defeat of the Sandinista Front in 1990.

Already the CIA had intervened in the Nicaraguan elections of 1984 when they organized the presidential candidacy of opposition leader Arturo Cruz. At the time the Agency was paying Cruz a salary of \$6000 a month. But his candidacy was false because the plan was for him to run and then renounce his candidacy just before the elections, alleging that the Sandinistas had rigged the electoral process in its favor. Various parties nevertheless participated, and the Sandinista Front captured 67% of the vote. For the 1990 elections the United States tried new techniques based on decades of CIA experience in electoral processes.

The new electoral intervention began in earnest after the Esquipulas Agreements in 1987, and consisted of developing three principal mechanisms: 1) A coalition of the main opposition parties backing the same candidates for the presidency and other positions; 2) A political front of parties, unions, business organizations, and civil associations; and 3) A civic society of national scope to promote electoral participation and monitor elections, supposedly non-partisan but in reality anti-Sandinista. Below we will see that the United States at present is applying this same formula in Venezuela in preparation for the 2005 and 2006 elections in that country.

Practically since the Sandinista triumph over Somoza in July 1979, the opposition, including the newspaper *La Prensa*, had received secret funds from the Carter Administration through the CIA. The core of this opposition was the Superior Council of Private Enterprise (Consejo Superior de la Empresa Privada, COSEP), a group of right-wing businessmen, financiers and landowners. In 1981 the Reagan Administration offered COSEP \$1 million in AID funds to establish and fortify the Nicaraguan Democratic Coordinator (Coordinadora Democrática Nicaragüense, CDN), which, in addition to COSEP, would include four conservative parties and two union groups affiliated with AFL-CIO programs. The CDN would be the vehicle for the aborted 1984 presidential campaign of Arturo Cruz, and for the maintenance of the political opposition until the elections of 1990. This political-propaganda program, parallel to the terrorism and the economic destruction of the contras, was facilitated by \$14 million in funds from the CIA in 1983 and at least \$10 million annually from the CIA, AID, and



NED (beginning in 1984, its first year of operations) until 1988 when the electoral campaign began.

The most difficult task for the interventionist troika of the CIA, NED and AID was to unify the political opposition. In this process NED played a key role acting through its associated foundations: NDI (the Democratic Party), IRI (the Republican Party), and ACILS (the AFL-CIO foundation), and it used as its main instrument the CDN. NDI and IRI established an office in Managua to direct their operations. Always using money as the main incentive, NDI, IRI and ACILS managed to establish unified anti-Sandinista women's, youth, and labor union fronts by 1988. In July of the following year, only 6 months before the elections, they were able at last to achieve a political coalition of 14 of the more than 20 opposition parties. The front was called the National Opposition Union (Unión Nacional Opositora—UNO). A month after its formation UNO named Violeta Chamorro as its presidential candidate. Chamorro, owner of the CIA-funded opposition newspaper La Prensa, had in fact already been pre-selected by the Bush administration as its candidate.

The third necessary political mechanism, after the CDN and UNO, was a broad civic front, supposedly non-partisan but totally anti-Sandinista, to encourage people to register to vote and to assure the highest possible voter participation on election day. Another task for this front would be to monitor the registration and electoral processes, especially on election day, in order to assure a clean and transparent election. Again the CDN played the key role. In August 1989, a month after the formation of UNO and after more than one year of organizing activities, Vía Cívica was launched as an organization for "education" in civic duties; to assure extensive voting; to monitor voting conditions on election day; to denounce any indication of fraud; and to conduct surveys and vote counts parallel to the official counts of the Supreme Electoral Counsel. The activists of Vía Cívica were paid volunteers, and their member organizations included the women's, youth, and worker's associations that the CDN had established for this purpose.

To achieve all these objectives, NED in 1987 brought a U.S. consulting firm, the Delphi International Group, to Nicaragua. NED had employed this firm for political tasks in Latin America since 1984, and in Nicaragua Delphi provided organizers and propagandists, becoming the major recipient of NED funds while it carried out key tasks in the utilization of the CDN to form youth and women's fronts, Vía Cívica and the UNO political coalition. Delphi was without a doubt the principal U.S. actor in these operations, and it was additionally in charge of UNO electoral publicity through La Prensa and various radio and television stations.

To complement and support activities carried out in Nicaraguan, the State Department, AID, CIA and NED in 1988 established operations centers in Miami, Caracas and San José. These served mainly to channel funds toward beneficiaries in Nicaragua and for meetings outside the country. Carlos Andrés Pérez, who began his second presidency in Venezuela in February 1989, facilitated these operations through two foundations in Caracas under his control. In San José NED had already established in 1984 the Center for Democratic Consultation (Centro para la Asesoría Democrática, CAD) to promote civic movements throughout

Central America, but in 1987 Nicaragua became its main focus. CAD channeled funds and publicity materials to Managua and organized training courses for opposition activists. For the pre-electoral campaign, beginning in 1988, CAD became the main rearguard base to assure logistics and communications among the different opposition organizations.

When the electoral campaign began in autumn of 1989, the new Bush administration assigned \$9 million to NED to support UNO and associated groups. These funds resulted from a strange pact negotiated by former president Jimmy Carter with the Sandinista leadership in which the United States would be permitted to “openly” finance the opposition through NED, but 50% of the funds would have to go to the Supreme Electoral Counsel to finance the elections. In return, the United States promised not to intervene with additional secret funds from the CIA. The CIA secretly violated this commitment immediately, but distribution of the “open” funds by NED to UNO proceeded. The total amount that the United States invested in the Nicaraguan electoral campaign of 1989-90 has never officially been revealed, but has been estimated at more than \$20 million.

When the elections took place in February 1990, Nicaragua already had suffered 10 years of terrorist war and enormous economic devastation. The United States had imposed an economic embargo in 1985 to worsen the situation, and in breach of the Esquipulas Agreements, that included a ceasefire, the contras were not demobilized. They remained intact and constantly threatened the return of war. During the electoral campaign the contras carried out constant armed propaganda actions to remind the population of its presence. The threat of more war, the economic ruin that affected the great majority of the population, and the promise from the United States of a large amount of reconstruction aid for a UNO government—all these factors took their toll at the moment of voting. UNO won with 54% of the vote over the Sandinista Front’s 42%.

It is impossible to speculate with certainty what would have been the results of these elections had it not been for the massive intervention by the United States. Nevertheless it cannot be denied that the intervention had an important impact, above all in the formation of the UNO coalition and in the concentration of opposition activists in Vía Cívica. Neither can the importance of the major role played by the consulting firm Delphi International Group be underestimated. What is certain is that the combined operations of NED, AID and the CIA, as well as the network of private U.S. contractors, were seen in Washington as a great success. It was a formula that would be repeated in future foreign electoral interventions, including Nicaragua again to assure that the Sandinista Front did not return to power. In fact, a month after the elections the Bush Administration asked Congress to approve \$300 million in support for Nicaragua that included \$5 million for AID, along with NED, to sustain for future use the organizations utilized in the 1990 electoral campaign. Next, we will see how this formula is now being applied in Venezuela.

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