

Venezuela: The Neoliberal Brain Behind Juan Guaidó's Economic Agenda

The Role of Ricardo Hausmann

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While online audiences know YouTube comedian Joanna Hausmann from her videos making the case for regime change, her economist father has flown below the radar. His record holds the key to understanding what the U.S. wants in Venezuela.

If you've followed Venezuela-related news on social media, you've undoubtedly stumbled across a [video](#) (below) released by comedian Joanna Hausmann in which she promises to tell you, "What's Happening in Venezuela: Just the Facts." Despite a title designed to instill confidence in the uninformed viewer, upon closer examination the "facts" presented in Hausman's video hardly stand the test of reality.

Hausmann, for example, attempted to pass off dubious assertions that Venezuelan opposition leader "Juan Guaidó is not right wing," and that he "did not just declare himself president" of the country. She also claimed that President Nicolas Maduro "made up" the National Constituent Assembly, neglecting to mention that that governing body was clearly defined in the country's [1999 Constitution](#), and was [ratified](#) by 71.8 percent of the country through a democratic vote.

Hausmann's performance ended with a teary-eyed appeal for sympathy: "On a personal level... my father is exiled from going back home." For a video dedicated to "just the facts," Hausmann's rant omitted an especially pertinent piece of information: her exiled father and the rest of her family are no ordinary Venezuelans, and are, in fact, key players in the bid to bring down the elected government.

Much of Hausmann's script echoed talking points outlined by her father, Ricardo Hausmann, in a 2018 article ominously entitled "[D-Day Venezuela](#)." The piece amounted to a plea for the U.S. to depose Maduro by force, with Hausman arguing that "military intervention by a coalition of regional forces may be the only way to end a man-made famine threatening millions of lives."

But Ricardo Hausmann is much more than a prominent pundit. He is one of the West's leading neoliberal economists, who played an unsavory role during the 1980s and '90s in devising policies that enabled the looting of Venezuela's economy by international capital and provoked devastating social turmoil.

Hausmann emerged among a group of neoliberal economists gathered around the Instituto de Estudios Superiores de Administración (IESA), a private university in Caracas. They came to be known in Venezuela as “the IESA Boys,” a not-so-affectionate reference to the Chicago Boys who had been “imported” into Chile from the Economics Department of the University of Chicago and who in 1973 played a role in devising shock-therapy economic policies for Augusto Pinochet and his military junta.

The popular rejection of the IESA Boys’ agenda began with the Caracazo of 1989, a massive revolt that consumed the capital of Caracas when poor and working-class Venezuelans rioted in protest of an IMF package that mandated harsh austerity. Thousands of dead civilians and three years later, Hausman entered government to impose more shock therapy on the most vulnerable Venezuelans, making the rise of Hugo Chávez as president in 1998 practically inevitable.

While unknown to most Venezuelans, Hausmann remains a key player in his country’s tumultuous politics. During a talk at the World Affairs Council of Greater Houston in November 2018, he eerily [predicted](#) Guaidó’s self-proclaimed presidency, telling the crowd “the international community is now focused on the idea that... January 10th is the end of the presidential period of Nicolás Maduro.”

“On January 11th, Nicolás Maduro will not be recognized as... the legitimate president of Venezuela,” Hausmann anticipated. “I think that’s an important date.”

On January 11th, when Juan Guaidó declared his preparedness to become president of Venezuela, the Harvard professor’s prophecy was fulfilled.

Almost two months later, Guaidó appointed Hausman to serve as his representative at the Inter-American Development Bank. This was perhaps the best signal of what lies in store for Venezuela if Guaidó and his benefactors in the Trump administration achieve their goal of regime change. Hausmann’s return to power spells the restoration of the IESA Boys’ agenda, bringing neoliberal austerity back with a vengeance. A detailed look at his history is a preview of what lurks on the horizon for the poor and working-class Venezuelans whose lives improved the most throughout the era of Chavismo.

The wreckage of the IESA Boys

The neoliberal Venezuelan economist Juan Cristóbal Nagel [described](#) the neoliberal economics plan he favored for his country during the late 1980’s as “your basic Washington Consensus recipe.” Nagel said the plan consisted of the following ingredients: an end to price controls on basic goods and subsidies for gasoline; the privatization of state utilities; a decision to float the country’s exchange rate; and the lowering of tariffs. The recipe was popularly known as “El Gran Viraje,” or the Great Turn, to radical free-market capitalism.

While campaigning for Venezuela’s 1988 presidential elections, Carlos Andrés Pérez of the social-democratic Acción Democrática Party (AD) [slammed](#) the International Monetary Fund as a “neutron bomb that killed people but left buildings standing.” Immediately upon taking office, however, Pérez filled the IMF’s toxic economic prescription for Venezuela’s ailing economy, accepting a massive loan that completed the “Gran Viraje.”

The reforms led to a 30 percent hike in bus fares, announced in February 1989, prompting

masses of workers to flood the streets in cities nationwide to publicly reject the bitter pill Pérez was forcing down their throats. Pérez opted to violently suppress the uprising, known as the “Caracazo,” declaring a national emergency and deploying the military to extinguish the revolt. By the time the it was over, anywhere between 300 to 3,000 people were dead, with piles of bodies discovered in [mass graves](#) outside of Caracas, the casualties of execution-style killings.

Ricardo Hausmann entered Venezuela’s government under Pérez, serving as his Planning and Finance Minister from 1992 to 1993 while sitting on the board of the country’s Central Bank. Hausman has [claimed](#) that he was at Oxford University when the Caracazo erupted, though he had already made his mark on the government’s economic policies.

“Hausmann will tell you that he was abroad at Oxford during the Caracazo rebellion,” says George Ciccariello-Maher, author of *We Created Chávez: A People’s History of the Venezuelan Revolution*.

“While this may be true” explained Ciccariello-Maher, “[Hausmann] had already spent years in a number of government positions going back to the mid-1980s, and as a key ‘IESA boy,’ spreading neoliberal doctrine from his professorship at the Institute.”

Indeed, before Pérez tapped Hausmann to serve as planning minister, the economist had worked also as a professor at the IESA.

“It was a classic bait-and-switch,” said Ciccariello-Maher. “Pérez had just been elected using anti-neoliberal rhetoric, but he immediately appointed an IESA-dominated cabinet and did the opposite.”

In his book *Windfall to Curse: Oil and Industrialization in Venezuela*, economist Jonathan Di John [wrote](#) that “Pérez was greatly influenced” by IESA academics, characterizing them as “an elite group... who had no party affiliation and were champions of radical, neoliberal reform.”

According to Di John, this group initiated “rapid liberalization reforms,” specifically in trade policy, including reducing the maximum tariff “from 135 percent, one of the highest in the region, to 20 percent by 1992.” A year later, that rate would fall to 10 percent. In other words, Pérez, Hausmann, and the “ISEA Boys” had opened up Venezuela for a free run by multinational corporations while gutting whatever was left of the welfare state.

In 1994, Hausmann received his golden parachute with a post as chief economist for the Inter-American Development Bank in Washington. This institution, which [claims](#) to “improve lives in Latin America and the Caribbean” by providing “financial and technical support to reduce poverty and inequality,” is just another mechanism for imposing the Washington consensus. The U.S. controls 30 percent of the bank’s voting power over financial decisions even though it is not situated in Latin America, where the bank is supposed to do its work. Meanwhile, all 26 Caribbean and Latin American member states carry only a 50 percent sway over the bank’s decisions.

While Hausmann perpetuated his brand of neoliberalism from Washington, a movement was building in the barracks and barrios of Venezuela to exert popular control over the economy.

It was led by a charismatic military man named Hugo Chávez.

Revolt against the austerity agenda

During the late 1980s, as Lt. Col. Chávez watched the wholesale ravaging of his country's economy by foreign capital, he formed a cadre of populist officers called the Bolivarian Revolutionary Movement 200. In 1992, Chávez led the officers in an attempted military coup against the government of Pérez, hoping to ride the wave of popular resentment for the neoliberal policies enforced by Hausmann and his fellow IESA boys. Though he initially failed, Chávez captured the mood of the Venezuelan public, including sectors of the middle class, and emerged as a national folk hero.

Even mainstream U.S. media conceded that Chávez had a point. At the time, the *Washington Post* [identified](#) him as the leader of a popular movement challenging Perez "for not instituting a viable democracy and stewarding an economic program that has not served the country's poor."

In contrast to the *Post's* contemporary coverage of Venezuela, which reads like an information-warfare campaign on behalf of the anti-Chávez opposition, the *Post* at that time freely conceded public dissatisfaction with the IESA reforms: "Many people around Caracas banged on pots and pans today and shouted out of their windows in support of the rebels," the paper noted.

It added:

Venezuela, the third-largest producer in the Organization of Petroleum Exporting Countries cartel, has been wracked by unrest. Critics accuse the government of not distributing oil riches to the public, citing corruption as a cause."

For its part, the *New York Times* [reported](#):

The coup attempt followed violent protests and labor unrest arising from a growing disparity between rich and poor in Venezuela. The Government has admitted that only 57 percent of Venezuelans are able to afford more than one meal a day."

The Guardian also [described](#) the military insurrection as a popular insurgency against the ruthless austerity program of Pérez's IESA Boys:

The underlying cause of the military unrest is undoubtedly the widespread social discontent. When he came back to power three years ago, President Pérez was expected to repeat the expansionist policies of his first term of office in the late 1970s when Venezuela was one of the richest countries in the developing world, enjoying the easy wealth brought by its huge oil reserves.

But Mr. Pérez overnight adopted the liberal economic policies dominant in most of the Western world. He cut back heavily on government spending, opening up the economy to market forces and international competition."

Across the board, mainstream media identified the economic program imposed under the watch of Hausmann and his colleagues as the force driving Pérez's unpopularity. Though Chávez failed to take control of the state in 1992, calling for his comrades to lay down arms following his failed revolt, he [declared](#) that "now is the time to reflect," promising "new situations will come."

"The same month that Chávez led a failed coup against the Pérez government, Hausmann officially joined the government as planning minister," recalled Ciccariello-Maher, adding:

It's not clear to me whether it's better to have been in charge when the government instituted a brutal neoliberal reform package, or to willingly join that same government after it had massacred hundreds, if not thousands, who resisted the reforms."

Six years later, Chávez won democratic elections for president, convening a national assembly and referendum to rewrite the country's constitution and alter the character of the Venezuelan state in a dramatic fashion.

By this time, Hausmann and his wife, Ana Julia Jatar, who [also served](#) in the Pérez administration, had left for high-flying careers in Washington, where Hausmann took over as Chief Economist at the Inter-American Development Bank. While her husband worked at the bank, Jatar was a Senior Fellow at the Inter-American Dialogue, a think-tank [primarily funded](#) by Chevron, the Ford Foundation, USAID, and her husband's employer.

In 2000, Hausmann took a professorial job at Harvard's John F. Kennedy School of Government, watching and waiting for an opportunity to return to power in his home country.

"Neoliberalism is the path to hell"

Back in Venezuela, the Bolivarian Revolution ushered in by Chávez provided an antidote to the IESA method that had produced so much social damage to Venezuela's majority.

"The Bolivarian Revolution was an indirect response to neoliberalism, born of mass resistance in the streets," claims Ciccariello-Maher, observing that while "in power, it remained largely faithful to that mission."

Ciccariello-Maher added that "it would be difficult to exaggerate the impact Chavismo has had on Venezuelan society," because for the first time in its history "oil was put at the service of the people. ...Most important, however, the poor - so long excluded - became 'protagonists' in the political life of Venezuela, and active participants in local direct democracy."

Chávez moved to [nationalize](#) not only the country's prosperous oil resources, booting ExxonMobil and ConocoPhillips from the field, but also centers of agricultural production, telecommunications, and mineral mining. Considering Venezuela sits atop the largest oil reserves in the world, as well as sizeable gold stocks, this achievement was no small feat.

In his 1998 inaugural address, Chávez cited Pope John Paul II as having described capitalism as "savage," using the words of His Holiness to highlight the social damage left behind by Hausmann and his colleagues. Chavez declared:

It is savage that in a country like ours more than half of preschoolers are not going to preschool. It is savage to know that only one out of every five children who enter preschool, only one in five finishes elementary school. That is savage because that is the future of this country.”

In 2002, just one month after facing down a U.S.-backed coup attempt, Chávez addressed a conference in Madrid declaring “neoliberalism is the path to hell.” Unlike Pérez, Venezuela’s new leader would not sell out his promise to reject the IMF’s austerity agenda.

The Hausmann clan versus Chavismo

During the Chávez era, the Hausmann family was not content to sit on the sidelines and watch him build a “21st-century socialism.”

Joanna’s mother, Ana Julia Jatar, assumed a position as executive director of Súmate, a U.S.-backed “civil society group” formed by right-wing darling María Corina Machado in order to “build democracy” in Venezuela.

In 2003, Súmate received \$53,400 from the National Endowment for Democracy “to work on referendum and general electoral activities,” [according](#) to a U.S. diplomatic cable released by WikiLeaks.

The initiative represented Jatar and Machado’s attempt to remove Chávez from power through popular recall. Yet the public rejected the referendum by a whopping 59 percent margin, in results certified by the Carter Center and Organization of American States.

Seeking to defend his wife’s failed project, Ricardo Hausmann co-authored a paper that he [insisted](#) “open[ed] the door to... hypotheses of fraud” marring the vote. His argument was thoroughly [rebuked](#) in an extensive study issued by the Center for Economic and Policy Research, which determined Hausmann and his co-author, M.I.T.’s Roberto Rigobon, “provide no evidence of fraud.”

Súmate’s subsequent efforts to label the vote as fraudulent were also rebuffed in a comprehensive report released by the Carter Center, which [concluded](#): “the Aug. 15 vote clearly expressed the will of the Venezuelan electorate.” The Carter Center concluded that it “did not observe, and has not received, credible evidence of fraud that would have changed the outcome of the vote.”

Despite Súmate’s failures, President George W. Bush [welcomed](#) Machado to the White House in 2005. In the Oval Office, Bush heralded her efforts “to defend the electoral and constitutional rights of all Venezuelan citizens” and monitor the country’s elections.

Sociologist William I. Robinson [told](#) *Venezuelanalysis* that Súmate was part of “a full-blown operation, a massive foreign-policy operation to undermine the Venezuelan revolution, to overthrow the government of Hugo Chávez, and to reinstall the elite back in power in Venezuela.”

Such elites include multiple members of Joanna Hausmann’s clan.

“My extended family, they go out on these protests,” the YouTube comedian declared in her video. “My uncle is in jail for simply being a journalist.”

Image on the right: Ana Julia Jatar and her father, Braulio Jatar Dotti. Photo | NotiEspartano



That uncle is Ana Julia's brother, Braulio Jatar, and he was not "simply" a journalist, but also a lawyer and businessman [jailed](#) not for "journalism," but rather for extortion, fraud, and other financial crimes.

Ana Julia and Braulio were the children of Braulio Jatar Dotti, who served as Secretary for Parliamentary and Municipal Affairs in the ruling Democratic Action party while it was engaged in a violent battle against the armed Revolutionary Left Movement.

The independent Chilean news site *El Desconcierto* [described](#) Braulio Sr. as having been "in charge of eliminating the leftist groups" in Venezuela at the time. In 1963, he literally [wrote](#) the book on how to disable the "extreme left" and guerillas. It was called, "Disabling the Extreme Left and the Corian Guerillas."

Hausmann's power play for "opening up the oil industry"

Fast forward to 2019, and Joanna Hausmann sits comfortably in her New York City apartment, complaining that "the Venezuelan economy is a disaster in a country that sits on the world's largest oil reserves."

Meanwhile, Joanna's father, Ricardo, has been barnstorming the U.S. to drum up support at elite think tanks for a coup he clearly saw on the horizon. During his November 2018 address to the World Affairs Council of Greater Houston, which functions as a [roundtable](#) for U.S. oil executives, Hausman [laid out](#) his agenda for "the morning after" regime change.

The economist called for an end to the Bolivarian government's policy of investing oil wealth into Venezuelan society, stating his support for "private investment in the oil industry without PDVSA participation." In fact, Hausmann imagined "the opening up of the oil industry" as a top item on the new government's agenda.

The selection of Ricardo Hausmann to serve at the Inter-American Development Bank by Guaidó's U.S. handlers demonstrates how central neoliberal economics are to his own administration.

"This is about people," Joanna Hausmann insisted at the end of her YouTube performance; "this is about people wanting to take their country back."

Those people include her family, and they are not your average Venezuelans.

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Featured image: Ricardo Hausmann speaks at the "Us and prosperity" conference organized by the Rafael del Pino Foundation on June 7, 2017. in Madrid, Spain. Photo | Rafael del Pino Foundation | Creative Commons

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