

June 4: OAS silent on Chávez move

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By choosing not to discuss last month's controversial closure of Venezuela's largest and oldest terrestrial television broadcaster at its general assembly meeting, the Organisation of American States has ducked an important issue.

Admittedly, energy is a good subject to talk about at the three-day session that opened on Sunday in Panama City. Even so, it is surprising that there is – on the **formal agenda** at least – no mention of the RCTV affair, which has been the cause of heated opposition protests in Venezuela and some strong international **condemnation**.

The OAS's silence is remarkable given the fact that as recently as January, José Miguel Insulza, its combative secretary general, criticised the way President Hugo Chávez had simply announced the end of RCTV license.

In addition, privately at least, officials at the OAS privately recognise the Venezuelan government's action could be seen as violating the spirit of article four, paragraph one of the Democratic Charter, which insists that "transparency in government activities, probity, responsible public administration on the part of governments, respect for social rights, and freedom of expression and of the press are essential components of the exercise of democracy."

Despite this, President Hugo Chávez and his diplomatic corps seem to have been able to suppress discussion of the issue. That will give succour to other leaders who feel similarly inclined to take a hard-line against press critics. It is worrying in this context in recent weeks that two of Mr Chávez' allies – Ecuador's Rafael Correa and Bolivia's Evo Morales – have been threatening a clampdown on hostile media.

Regional leaders seem to be quite happy to see the OAS spend hours discussing issues over which it has precious little – if any leverage – Bolivia's access to the sea, Argentina's claim to the Falkland Islands and the human rights of migrant workers all figure on the formal agenda. But they will avoid controversy at all costs. That cannot be good for democracy in the region.

Richard Lapper

Colombian manoeuvres

Diplomatic manoeuvres designed to secure the release of hostages held by FARC guerrillas – including the Colombian politician Ingrid Betancourt – look set to continue this week, despite the left-wing group's **fierce rejection** on Sunday of the idea of a prisoner exchange.

But this will not prevent President Álvaro Uribe from making a planned trip to the US where he will continue his campaign to win US congressional support for the free trade agreement signed last year and continued military and economic aid under Plan Colombia. His chances of winning the trade deal are minimal in the wake of the "para-politics" scandal implicating leading government figures with right-wing paramilitary groups responsible for serious human rights abuses.

Meanwhile, a US congressional subcommittee is due to meet on Tuesday to decide the contents of the aid bill (the administration has requested \$750m for the fiscal year beginning in October) that will be debated by congress later this month.

The Democrat-controlled body still seems intent on reducing the amount of military aid and increasing the portion of economic support, especially in areas like alternative development. Economic support could eventually account for as much as half US aid to Colombia, compared with less than a fifth at present.

Mr Uribe would prefer a free trade deal and keeping military aid at existing levels. At the

moment, the odds favour his defeat on both fronts.

Benedict Mander

Rising inflation in Argentina

Days after announcing its lowest unemployment rate in 20 years and record tax revenues, Argentina publishes inflation data on Tuesday. It's unlikely to be such a success story. Inflation is stubbornly resisting government price controls and the official figures have lost all credibility after what is widely seen as official manipulation of the closely-watched index.

Economists forecast a rise in prices during May of up to 1 per cent, after consumer inflation of 0.7 per cent in April, hot on the heels of news that, though supermarket sales are booming, prices there are rising too.

Interior Trade Minister Guillermo Moreno has had the job of managing price controls for the past year, but signs are beginning to emerge that he may be relaxing his grip. That raises the prospect that the government could gradually abandon a measure it always vowed would be temporary, and which Nobel Prize laureate Joseph Stiglitz warned in recent days was likely to fail and could distort the economy.

These are the first inflation figures since the new head of the national statistics institute announced a plan to overhaul data. But the new methodology is not expected to come into force before presidential elections in October that the government – with either President Nestor Kirchner or his wife, Senator Cristina Fernandez as candidate – is expected to win comfortably.

Jude Webber

Venezuelan bonds

Expect several more of Venezuela's innovative bond issues before the year is up, but don't assume that they will have the desired downward effect on price levels.

Issues of bonds into the domestic market by Venezuela, Argentina and Pdvs, the state oil company, have helped mop up some of the liquidity triggered by expansion in the domestic money supply, together with cuts in VAT that helped depress month-on-month inflation earlier this year. But in May, prices again rose by 1.7 per cent, bringing the annual year-on-year rate to 19.5 per cent.

Worryingly for the government, on the informal parallel market the Bolivar is again trading at more than 4,000 to the dollar (compared with 2,150 at the official rate). That is why the government is planning another joint-bond.

Before the end of this month Venezuela will pair up with Bolivia to offer up to \$500m while a third instalment of the "Bond of the South" with Argentina of up to \$1bn will be available before the end of this year.

It is even possible that an "ALBA" bond – a capital raising exercise benefiting Cuba, Nicaragua and Bolivia as well as Venezuela – will be sold this year too. That will provide local investors with some interesting speculative opportunities but it will not bring inflation down to a more sustainable rate.

Benedict Mander

Political finance

The debate about Latin American democracy can sometimes be limited, starting and finishing with the mere fact of elections. But as a string of recent political scandals have shown, the relationship between voters, their representatives and political parties is rarely straightforward and frequently corrupt. In fact, recent surveys have shown that Latin Americans consider political parties to be one of the most corrupt segments of their societies.

For that reason a new survey – published on Sunday - on political financing by Transparency International and the Carter Center is welcome.

It looks at the transparency and accountability of party and campaign financing systems in just eight countries - four from Central America as well as Argentina, Paraguay, Peru and Colombia. But its conclusions are more widely applicable. In particular, much more information is needed about big private donors. Candidates need to be made more accountable and oversight more reliable. In addition, electoral authorities should make public information on political financing.

Richard Lapper

The June edition of News & Views from the Americas Society and Council of the Americas, published this week, features an interview with Mexican Secretary of Energy Georgina Kessel along with updates on hemispheric constituent assemblies, Latin American agenda items in the US Congress and a video of a recent address by the Colombian Vice President. [Subscribe here](#).

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