

Pablo Bachelet, *Gustavo Cisneros: un empresario global*  
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## VENEZUELA'S MURDOCH

With a fortune of more than \$4 billion, Gustavo Cisneros likes to promote the notion of himself as the wealthiest man in Latin America and the most powerful media baron of the continent, a Latino equivalent to Murdoch or Berlusconi. Since 1961 the Organización Cisneros has owned Venevisión, the main commercial tv channel in Venezuela—best known abroad for its rabid opposition to Chávez during the 2002 coup, and ceaseless denunciation of his supporters as ‘mobs’ and ‘monkeys’. From the 1980s he has extended his empire across Latin America to include Chile’s Chilevisión and Colombia’s Caracol tv, with a major stake in DirecTV Latin America, whose satellite beams a diet of sport, game-shows, *telenovelas* and predigested news to twenty Latin American countries. He also has a lucrative share in Univisión, the main Spanish-language channel for the United States, and a joint Latin American internet connection venture with AOL-TimeWarner.

Like many wealthy Latin Americans, Cisneros is a chameleon when it comes to nationality. Nominally a Venezuelan—he was born in Caracas in 1945, to an entrepreneurial Cuban father and Venezuelan mother—he was educated and served his media apprenticeship in the us. But he is also a citizen of Spain, at the personal request of King Juan Carlos; an American in New York, a Cuban in Miami, and a Dominican in the Dominican Republic, where his principal base—the Casa Bonita, close to the La Ramona beach resort—is within a golfer’s swing of the retreats of other billionaires of Cuban extraction, grown rich on the profits of sugar, rum and real estate. Cisneros’s cosmopolitan lifestyle allows him to escape the limited horizons of a Latin American country that traditionally plays in a minor league. A Venezuelan, according to a long-standing and disrespectful Latin American

joke, is a Panamanian who thinks he is an Argentinian. Like so many rich Spanish Americans, Cisneros has always found his own country too small for his talents and too insecure for his accumulated fortune. As one of the shadowy figures providing American capitalism with local muscle outside the United States, he is a striking illustration of why there is no national bourgeoisie in Venezuela. Cisneros is bound hand and foot to the empire, and has been handsomely repaid.

No slouch at self-promotion, Cisneros can now boast a glowing biography by Pablo Bachelet, replete with an introductory panegyric from the liberal Mexican novelist Carlos Fuentes. Bachelet's motives in this project—he is a half-Chilean, Washington-based financial journalist, ex-Dow Jones, currently Reuters—can hardly be in doubt. Bachelet has had privileged access to the Cisneros family, and most of his account—an undemanding read—is drawn verbatim from the insights of Gustavo himself, who presumably also provided the smiling photographs of 'the global *empresario*' with the Pope, the Dalai Lama, Kissinger, Deng Xiaoping, Walesa, Mandela, Thatcher, Netanyahu, Agnelli and, of course, Presidents Carter, Reagan, Bush, Clinton and Bush. Why Fuentes, once a pillar of progressive writing in Latin America and an early supporter of the Cuban Revolution, should choose to hitch his wagon to such a figure as Cisneros, when similar literary turncoats in the Anglophone or European spheres would balk at playing such a role for Murdoch or Berlusconi, can only be explained by the Latin American context.

Gustavo was the fourth son of Diego Cisneros, already an important entrepreneur in Caracas. On the death of his Cuban father, young Diego had gone with his Venezuelan mother to Trinidad, and was educated there as a British-Dominion schoolboy. He moved to Caracas as a young man and soon, with considerable charm and fluent English, became a salesman for us auto firms, selling Chryslers and Studebakers to a burgeoning Venezuelan market in the 1930s, while running a bus service to Catia, a working-class hilltop suburb of Caracas, out of a fleet of converted trucks. The Cisneros fortunes took off at the beginning of the Second World War when the family acquired the rights to bottle and distribute Pepsi Cola. According to local legend (though Bachelet does not mention the episode), Diego's men pushed Coca Cola's lorries over a cliff, thereby depriving his rival of their unmistakable skirt-shaped bottles, unobtainable until after peace was declared. Pepsi swiftly moved to Number One and—uniquely in Latin America—remained in that position in Venezuela for years to come. As Bachelet approvingly relates, Cisneros *père* soon brought under his control every product involved in Pepsi's production: glass, bottles, bottle tops, sugar, carbolic acid, crates and packaging. Later the company began operating in other countries in Latin America, first Colombia and then Brazil. In the 1950s, Diego moved into radio

and the embryonic television industry, and in 1961 founded a new channel, *Venevisión*, which was to become Gustavo's special preoccupation.

The Cisneros company of the 1950s and 60s was centrally placed to act as an outrider for American capital. As such, it became part of a new elite in Venezuela that flourished through the state's (more properly, the political parties') liberal distribution of rising oil rents. The landed oligarchy had waned in wealth and power from the early years of the twentieth century, as agriculture began a steep decline. With expanding urbanization and public-sector employment, private profits in the postwar period were tied to the rising trade in imported—above all American—goods. The project of the Cisneros family, like those of other entrepreneurial white settler families in many Latin American countries, was to bring the particular comforts of us civilization—its foods, its culture, its forms of relaxation, its beauty products—to Latin America's growing middle class.

Diego Cisneros was a good friend of Rómulo Betancourt, founder leader of *Acción Democrática*, who had helped him with the launch of *Venevisión*. The family would be in close touch with *Acción Democrática*'s subsequent leaders as they took their turn with those of *COPEI*, the other principal bourgeois party, in the Tweedledum–Tweedledee rotations that constituted Venezuelan democracy for four decades after 1958; and in particular with the notoriously corrupt Carlos Andrés Pérez, president both in the boom years of the mid-70s and at the crisis-ridden turn of the 90s, when he was hounded out of office for misappropriation of funds. Another vital ally was the powerful *Acción Democrática* banker Pedro Tinoco, who played the role of *consigliere* for the Cisneros family in its dealings with us companies. Tinoco would serve as Venezuelan Finance Minister from 1969–72, and as chairman of the Central Bank under Pérez from 1989–92. He died just before the fall of the *Banco Latino*, of which he had been president, triggered the Venezuelan financial crisis of 1994.

The 25-year-old Gustavo took over the family business in 1970 when his father was incapacitated by a stroke. He had graduated from Babson College in 1968, and then spent two years working at *ABC Television* in Detroit, Chicago, Los Angeles and New York. In 1970, in a 'simple ceremony' at St Patrick's Cathedral in Manhattan, he made a successful dynastic marriage to Patty Phelps, whose American father had, like Diego Cisneros, established himself in Caracas as a salesman for Ford Motors, Singer Sewing Machines and Underwood Typewriters. The Phelps were also the founding owners of *Radio Caracas*, whose tv branch, *RCTV*, was the main competitor to *Venevisión*.

Through the 1970s, oil-rich Venezuela was flooded with petro-dollars. Political connections could not quite secure Cisneros's ambitious 1975 bid for a string of petrochemical plants, to be part-financed by the state. Bachelet sadly reports that 'it was not enough to have convinced the president': despite

Carlos Andrés Pérez's support, Cisneros's Pentacom project was blocked by strong opposition from deputies—unnamed in Bachelet's rather opaque account—who felt it would hand a strategic Venezuelan industry over to transnational companies. But fortuitously in 1976 the Latin American supermarket empire of the Rockefeller family was broken up under the rules of the Andean Pact. Aided by Tinoco, the Cisneros family snapped up the Venezuelan branch, acquiring 48 supermarkets and a dozen soda fountains at a stroke. They were now able to integrate the various Cisneros interests, using one to promote the other. Products available in their CADA supermarkets were soon displayed on Venevisión, by now the country's dominant tv channel. Stars of the new soap operas pioneered by Venevisión were mobilized to drink Cisneros-franchise champagne and to use Cisneros shampoo. Before long the soda fountains acquired from Rockefeller had been re-branded as Burger King; the franchises for Taco Bell and Pizza Hut were also acquired and promoted on tv, followed by the local chain of Sears, Roebuck department stores, later renamed Maxys.

Always modern and American, the Cisneros family were early promoters of mild pornography, acquiring the 'Miss Venezuela Organization' that groomed aspiring models for national and international beauty competitions. The scantily clad women, all spookily white in a country of Indians and blacks, not only appeared regularly in Maxys and on Venevisión but were also the vehicle for promoting the Cisneros goods available in the Cisneros supermarkets. As Cisneros's nephew Carlos would later boast, when purchasing the Latin American rights to Playboy tv: 'We understood that [Playboy] was the single biggest treasure that had not been taken from the United States to Latin America, because everybody assumed it's a very Catholic continent.'

The massive oil revenues of the 1970s had gone to shore up a vast patronage network for Venezuela's rulers, as well as a scattering of show-piece infrastructural projects. As oil prices began to fall, the Pérez and then Herrera governments sought to sustain the AD-COPEI dyarchy through increased borrowing. The country's external debt spiralled dramatically after the hike in us interest rates in 1979, reaching \$31bn in 1982—almost double the figure for 1978. The economy contracted sharply, inflation rose and capital flight accelerated, creating pressures the overvalued *bolívar* could not withstand. The results were the exchange controls and devaluation of 1983, which Bachelet discusses only in terms of the impact—'a harsh blow'—on the elites whose greed had helped bring it about. According to Julia Buxton in her essay, 'Economic Policy and the Rise of Chávez', the new controls revealed that favoured 'clients' of the governing parties had siphoned off some \$11bn in foreign-currency reserves to fund their cheap dollars. During the six years in which the exchange controls were in place real salaries fell by 20 per cent, public spending collapsed, unemployment rose to double digits

and inflation reached 40 per cent. In 1978 only 10 per cent of Venezuelans lived in poverty; by 1988 the figure was 39 per cent.

The response of Cisneros and his ilk was, of course, capital flight. Briskly citing Cisneros's motto: 'The greatest and best opportunities arise from crises', Bachelet turns to detail Cisneros's investments overseas. In 1984 he bought Spalding, the giant us sporting chain, and then Galerías Preciados in Madrid, another flagship store. The outcome was disastrous: the British real-estate developer whom Cisneros had hoped to rope into the deal went down in the Wall Street crash of 1987, and in lieu of cash Cisneros was lumbered with a prestigious plot next to St Paul's Cathedral in London, on which the specious architectural attentions of the Prince of Wales were already fixed. Cisneros, obsequiously anxious to please the Prince but keener still for the cash the development would produce, presented Charles with the plans for the site drawn up by Arup, in the ultra-modernist residence of the British Ambassador in Caracas. The Prince excoriated the Arup scheme, demanding lower buildings and fewer shops, and Cisneros was forced to abandon the project.

By 1988 real wages had fallen by 40 per cent, and the cost of servicing the debt had risen to \$5bn a year. That December, Carlos Andrés Pérez was re-elected as President after a campaign designed to conjure the free-spending boom years of his 1970s term. Once installed, however, Pérez switched tack, pledged himself to an IMF-dictated Structural Adjustment Programme and implemented a raft of neoliberal measures, cutting public-service subsidies and rescinding price controls. Within a year, the economy contracted by 8 per cent. General poverty rose from 44 per cent in 1988 to 67 per cent in 1989, and extreme poverty from 14 to 30 per cent in the same period. When bus fares shot up to reflect the rising cost of petrol in February 1989, Caracas exploded in a fiesta of looting and rioting. Four of the Cisneros supermarkets were sacked. The uprising, known as the *Caracazo*, was eventually crushed by the army, with more than a thousand people killed.

Defending Pérez's 'sober package of measures', Bachelet admits that 'Venezuela had not been prepared during the election campaign to confront the truth'. But his principal concern is his hero's fortune. The *Caracazo* was a turning point for Cisneros. It made him realize that his wealth was no longer safe in Caracas. His simple and lucrative role as the handmaiden of us capitalism there was under serious threat. The Venezuelan state itself was collapsing, its timbers rotted from within. He decided he would have to move the bulk of his family's fortune out of the country. As shock therapy continued, the economy shrank further and poverty rates continued to worsen. In February 1992 the then Colonel Chávez launched an unsuccessful *coup d'état* aimed at halting the neoliberal juggernaut Pérez had set in motion. Cisneros placed Venevisión at Pérez's disposal, and the President's broadcast on the day of the coup saved his political life. But such was Pérez's

unpopularity that it rubbed off on the TV station. Audience figures dropped dramatically, with a consequent loss of advertising revenue, and the station only regained prime position when it broadcast the football World Cup from the United States in 1994.

In the spring 1993 Pérez's government collapsed amid accusations that he had misappropriated 250m *bolívars* (\$2.8m) of government funds—an episode Bachelet discreetly veils, wringing his hands instead over the onset of instability in Venezuela's democracy. Fresh elections were held in December, in which Acción Democrática was defeated; Cisneros had lost his ally in the Miraflores Palace. Then, in January 1994, the country's principal bank, the Banco Latino, was taken into receivership, threatening the savings of the middle class. The Cisneros family was heavily implicated in the debacle: their friend Tinoco had been the bank's President, and had invited Gustavo's brother Ricardo onto its Board. The flurry of accusations against his brother prompted Cisneros to make a public appearance on Venevisión, denouncing the campaign against his kin and the pain it had caused him. Though Bachelet glides rapidly over the scandal, content to let Cisneros's fraternal feelings take the place of facts, the blow to the Cisneros reputation was considerable. The effect on the country's economy was far worse. The Rafael Caldera government poured 12 per cent of the 1994 GDP into stabilizing the country's financial system. Capital flight and currency devaluation led to inflation rates of over 70 per cent and even deeper public-spending cuts.

Cisneros's moves to get his stock out of Venezuela now went into top gear. He sold off his Pepsi operation to its rival, Coke—dismaying free-market sentimentalists, and proving once again that there is no honour among thieves—and Maxys and the CADA supermarkets to a Colombian chain; he even got rid of Spalding. He reinvested the proceeds in the US-based Pueblo Xtra supermarkets, with outlets in less disturbed regions like Florida and Puerto Rico, and began to move his funds out of the earlier vehicles of mass consumption—supermarkets, burger joints, ice cream, shampoo—and into the income-generators of a new era: television, telecommunications, the internet, popular music and, of course, their accompaniments, soft drinks and beer.

From this fire sale, Venevisión was exempted. It had proved its worth through the international success of its *telenovelas*, which moved out of the limited Latin American market in the 1990s to find a niche all over the globe. Their tacky formula proved irresistible: an aspirational story-line, tear-jerking emotional drama and dollops of soft porn. Based on this triumph, Cisneros had high hopes of buying into the US TV market, with its millions of Latino viewers. His friend Emilio Azcárraga, owner of Mexico's Televisa, had already made a stab at this in the 1980s, setting up a company known as Univisión, but had been forced to sell in 1986 after a run-in with

the us Federal Communications Commission over its foreign ownership. Fifteen years Cisneros's senior, Azcárraga was otherwise a similar figure: the son of a local magnate, who consolidated and expanded the family business into a pan-Latin American operation; Bachelet mentions Azcárraga's frequent yachting trips to see Cisneros in the Dominican Republic. Cisneros now helpfully proposed a joint venture between himself, Azcárraga and an American partner, to placate the FCC. The deal was clinched in 1992, and Univisión began broadcasting to us Latinos the fare—*telenovelas*, vacuous talk-shows, 'news'—that had originated in Venezuela and Mexico. This might be considered cultural imperialism in reverse, but in practice the programming was already highly Americanized, and was now merely regurgitated to a us Latino audience already familiar with the recipe. Ironically, Venevisión was now obliged to introduce a multi-ethnic dimension into its programmes—wholly unfamiliar in the white racist atmosphere of Caracas, but a *sine qua non* in the contemporary culture of the United States.

By 1996 the limping Caldera government was forced to turn to the IMF. The brutal 'Venezuela Accord' lifted price controls, *inter alia*, and inflation rose to over 100 per cent. By the end of the year generalized poverty was 86 per cent and extreme poverty 65 per cent. These were salad days for Cisneros. He soon took over Azcárraga's share-holding of Univisión and, with the United States under his belt, began buying up TV stations in Latin America, notably Chilevisión in Chile and Caracol TV in Colombia. In 1995 he set up DirecTV as a joint venture with Hughes Communications, an offshoot of General Motors. Despite entering the market at the same time as Rupert Murdoch's Sky, which had already made a deal with Televisa and Roberto Marinho's Globo in Brazil, within five years DirecTV had over a million subscribers. It was at this stage that Cisneros turned his attention to the internet, launching his joint venture to extend AOL's coverage to Latin America.

By the time of the 1998 Venezuelan election the political establishment had been utterly discredited. Imprisoned for two years after the failed coup, Chávez had gained considerable popular support for his rejection of neoliberal orthodoxy and outspoken defence of the poor—by now the mass of the population. He was swept to power in December 1998 with 56 per cent of the vote. Cisneros was among those of the country's financial oligarchs who hoped the untested officer could be bent to their will. On election night they met in friendly fashion at Venevisión's studios, and Bachelet reports subsequent conversations with the new President in which Cisneros professed his attachment to social solidarity. At a meeting Bachelet does not mention, Cisneros suggested that one of his men should take charge of the National Telecommunications Commission, a state regulator that could do much to assist the schemes of the Organización Cisneros. Chávez refused the offer. He planned to push through his programme to regenerate the country without

the assistance of its traditional rulers, political or financial. In November 2001 he introduced a raft of legislation on land reform, hydrocarbons and social security. Cisneros soon joined the increasingly shrill elite opposition, complaining that the country had been taken over by a populist authoritarian, and pointing to the continuing economic woes—wrought, long before Chávez's election, by a string of governments they had supported to the hilt.

Cisneros was a central member of the group that planned the Chávez overthrow of April 2002. On the night of April 11th, after Chávez had been removed from the Miraflores Palace at gunpoint, the principal conspirators gathered in Cisneros's suite at Venevisión (for Bachelet, who seeks to distance Cisneros from the US-approved coup, this was simply a place where 'political leaders, business men, union leaders and intellectuals came in time of crisis'). Early the next morning Pedro Carmona, head of the employers' confederation, announced on TV from Fuerte Tiuna, the principal military base in the capital, that he was the new President—much to the surprise of Cisneros, according to Bachelet, who also finds it unnecessary to mention that on the following day, April 13th, Cisneros went to the Miraflores, already surrounded by an angry crowd demanding Chávez's return. Carmona had recently announced the closure of the Congress and Supreme Court, as well as the suppression of the Constitution. Cisneros, arriving with local media representatives, suggested that the new government's communications strategy should be left in their hands. Carmona gratefully accepted. Within minutes of Cisneros's delegation leaving the Palace, however, the soldiers of the Presidential Guard re-took it, detaining some of the coup leaders while Carmona escaped.

Again, unreported by Bachelet, Cisneros gave orders that his channels should carry no news of the counter-coup, or show pictures of the tens of thousands of people descending from the shanty-towns to ensure the return of 'their' President—described by Bachelet as 'a few counterdemonstrations in favour of the deposed head of state'. For the rest of the day, Cisneros's screens were filled with old movies and cartoons. News of the events in the capital was carried only by CNN. Chávez's return to power on April 14th did not deter Cisneros and other opposition supporters from attempting a further coup, this time by organizing a stoppage of the country's oil industry in December 2002. Chávez survived both the oil stoppage—which cost the country an estimated \$6bn—and a subsequent recall referendum in August 2004.

'The day will come,' Chávez declared in May 2004, at the start of the referendum campaign, 'when we shall have a fearless team of judges who will act in line with the Constitution and imprison these mafia dons like Gustavo Cisneros.' It is, of course, the existence of a radical Chávez government, presenting an alternative to the free-market project to which Fuentes and much of Latin America's old left have now subscribed, that explains



the liberal novelist's rococo ode to the right-wing billionaire. Seen through Fuentes's sycophantic binoculars, Cisneros is a model citizen, a visionary and 'global' entrepreneur. The peddler of soap operas, blondes and shampoo is lauded for creating a business culture in Latin America 'comparable in depth and resilience' to the continent's aesthetic and literary traditions. His shabby real-estate deals in Madrid have 'abolished the ocean'. He has been 'a shield-bearer for the Spanish language in the heart of Anglo-America'. In his relations with us business, Cisneros has been 'an *adelantado*'—the bold Spanish adventurer of the colonial era—'of relations of mutual benefit'. Above all, when 'obliged to play a political role in his native Venezuela', Cisneros has provided a 'democratic centre' against the elected President, here (predictably) compared to Hitler, Mussolini and Perón. No mention is made of the form which this high-minded intervention took—the 2002 *coup d'état* that sought to close down Venezuela's democracy, with Venevisión a major player in those events, on and off the screen, and Cisneros himself one of the principal shufflers of the pack.

In retrospect, Fuentes's enthusiasm for Cisneros is not altogether surprising. As the son of a Mexican diplomat, Fuentes belongs to the same trans-cultural world as the Venezuelan entrepreneur. He too can be American in New York when occasion demands, or European in Paris and Madrid. His jaundiced view of Latin America's revolutionary traditions has grown ever more pronounced over the years and clearly colours his attitude towards Chávez, condemned even before the Bolivarian revolution had begun. Such venom, often with an openly racist or elitist cast, is common enough not only among Latin America's pampered, Americophile elite but also among its intellectual left.

Ironically, since the failure to oust the President in the 2004 recall referendum, Fuentes's *adelantado* seems to have taken a more cynical-realist view. Chávez's threat has always lain largely in his ability to pose an ideological alternative to that of the Washington consensus, backed up with a real, if patchy, extension of social provision; his redistributory measures have barely touched the fortunes that Cisneros and his ilk have reaped from ordinary Venezuelans, via decades of state corruption and crony banks. Later on in 2004, Cisneros engineered a meeting with Chávez through the mediation of Jimmy Carter. If Chávez would organize an entrée for Cisneros with the Lula government in Brazil, Venevisión's anti-government propaganda would be calmed down. Cisneros has since stepped up his semi-charitable works in Venezuela, many of them overseen by his wife—a 'magnificent ally', in Fuentes's words—whose collections of 20th-century European art and Latin American Abstract Expressionism have served to protect the Organización Cisneros with a substantial cultural veneer. Ever alert to changing fashions, Patty Phelps de Cisneros has become interested in the tribal peoples of the Orinoco, inviting

celebrities to her holiday camp on the river and accumulating an immense collection of indigenous art and artefacts. Her concern for the area is paralleled by that of her husband, who owns a gold mine in the neighbouring state of Guayana, developed with Gold Fields Ltd., a South African company.

But if Cisneros has moved on from his panegyrist, he has provided Fuentes with a favour in return, one that surely outstrips the prologue writer's nominal fee: that of a real-life character whose biography has imitated his own fiction. No novelist could ask for greater flattery. For the central figure in Fuentes's early and most famous novel, *The Death of Artemio Cruz*, published in 1962, is a portrait of Cisneros *avant la lettre*: a man who takes his chances where he can, emerging as a corrupt and wealthy businessman, wielding power through his factories, his newspapers, his contacts and his fortune, acquired through:

loans at short terms and high interest to peasants in Puebla, whose growth you foresaw; acres for sub-division in Mexico City, thanks to the friendly intervention of each succeeding president; the daily newspaper; the purchase of mining stock; the formation of Mexican-us enterprises in which you participated as front-man . . .

One whole wall of your office is covered by the map that shows the sweep and inter-relationships of your business network: the newspaper in Mexico City, and the real estate there and in Puebla, Guadalajara, Monterrey, Culiacán, Hermosillo, Guaymas, and Acapulco. The sulphur domes in Jáltipan, the mines in Hidalgo, the timber concessions in Tarahumara. The chain of hotels, the pipe foundry, the fish business. The financing operations, the stock holdings, the administration of the company formed to lend money to the railroad, the legal representation of North American firms, the directorship of banking houses, the foreign stocks—dyes, steel, and detergents; and one little item that does not appear on the wall: fifteen million dollars deposited in banks in Zürich, London, and New York.

When Cisneros too eventually lies on his death bed, perhaps he will conjure up the final moments of his *alter ego*:

Yes, you will sigh . . . twenty good years, years of progress, of peace and progress among the classes . . . twenty years of submissive Labour leaders, of broken strikes, of protection for industry. And now you will raise your hands to your stomach and to your head of greyed chestnut hair, to your oily face, and you will see yourself reflected in the glass top of your desk . . . as all sounds will suddenly flee, laughing, from your hearing, and the sweat of men will swirl around you and their bodies will suffocate you, and you will lose consciousness . . . and you will not know which events of your life will pass into your biography, or which will be suppressed and hidden; you won't know . . . though you will be remembering other things, other days . . . days when destiny will sniff after you like a bloodhound and will find and frighten you.