

GUNBOATS, DEPENDENCY,  
AND OIL:  
Issues in United States–Venezuelan Relations

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- GUNBOAT DIPLOMACY, 1895–1905: GREAT POWER PRESSURE IN VENEZUELA.* By MIRIAM HOOD. (Winchester, Mass.: Allen and Unwin, 1983. Pp. 210. \$9.95.)
- THE ROAD TO OPEC: UNITED STATES RELATIONS WITH VENEZUELA, 1919–1976.* By STEPHEN G. RABE. (Austin: University of Texas Press, 1982. Pp. 262. \$25.00.)
- UNITED STATES OIL POLICY AND DIPLOMACY: A TWENTIETH-CENTURY OVERVIEW.* By EDWARD W. CHESTER. (Westport, Conn.: Greenwood Press, 1983. Pp. 399. \$35.00.)

Upon examining relations between the United States and Venezuela over the past century or so, several consistent themes emerge. Foremost, the United States has sought to promote its hegemony and security in the Caribbean as well as its access to Venezuela's oil. In contrast, Venezuela has attempted to challenge its status of dependency, particularly upon the United States, and to assert its nationality in the course of evolving from a poor agrarian society with a turbulent political and diplomatic history into an urban society with a stable, representative government and the highest per capita income in Latin America. The three titles comprising the focus of this review essay illustrate these general themes.

*Gunboat Diplomacy, 1895–1905: Great Power Pressure in Venezuela* was written by Miriam Blanco-Fombona Hood, counselor for cultural affairs to the Venezuelan Embassy in London. It is less the study that the title implies than a narration of selected events in Venezuelan political-diplomatic history and financial relations, especially those with Britain, during the second half of the nineteenth century. Its nine chapters of background discussion culminate in one chapter on the Anglo-German blockade of 1902–3 and a summary.

According to Hood, the financial dilemma that Cipriano Castro inherited "must also be seen against Venezuela's own domestic back-

ground" (p. 135). The author recognizes the relation between domestic weakness and international vulnerability. "It was these conditions which brought about the blockade since Venezuela was never in a position, physically and morally, to meet the claims of the great powers" (p. 172).

In the diplomatic histories of the United States and Britain, the blockade and its aftermath are depicted as marginal events and usually from an Anglocentric viewpoint, a tendency that Hood endeavors to correct. She provides a Venezuelan perspective as she conveys an understanding of "the growing pains of a small nation, jealous of her national sovereignty as regards her relations with the great powers" (p. 194). Hood is not uncritical, however, of the Venezuelans who participated in the drama. Antonio Guzmán Blanco, whose machinations occupy several chapters, contributed to the financial imbroglio. "He successfully garnered his immense fortune at the expense of the . . . bondholders" (p. 194). Cipriano Castro is characterized less as crude tyrant and villain than as a victim of circumstances. Castro obtained a reasonably good education and gained administrative experience as governor of the state of Tachira, but according to Hood, he was a dreamer who lacked an understanding of international politics. Overall, both Guzmán Blanco and Castro emerge as patriots defending their homeland against usurping foreigners (Hood observes that European creditors "were not above crooked business methods"). Her appraisal of the two as nationalists is similar to that of Elias Pino Iturrieta in the work on Castro that he edited.<sup>1</sup>

Hood insists that the results of the blockade of 1902–3 demonstrate its considerable importance. First, the affair prompted Theodore Roosevelt to deploy an international police force in the region. Second, the blockade established the principle that Latin American policy decisions must take the United States into account. Finally, the blockade traumatized Venezuela and influenced its history for three decades. Castro's successor, Juan Vicente Gómez, realized that his political survival depended upon domestic stability, the benevolence of the great powers, and the exploitation of petroleum in order to provide the revenues needed to settle the nation's international debt.

*Gunboat Diplomacy* occasionally suffers from repetition and incomplete citation of sources. Although the bibliography cites Venezuelan archival materials, most of the notes refer to sources in the British Foreign Office. The work contains far too much material on Venezuelan history before 1895 and fails to address the issue of what is meant by "gunboat diplomacy." Although useful because of its Venezuelan perspective and reference to British relations, this work is nevertheless a partial account of the Anglo-German blockade.

In *The Road to OPEC: United States Relations with Venezuela, 1919–*

1976, Steven Rabe focuses on the exploitation of oil and all its ramifications as the major topic of his book. The chapters are organized chronologically around predominant themes or policy innovations such as the Caribbean sphere of influence and the Alliance for Progress in U.S. history, the 1945–48 *trienio* in Venezuelan politics, and events that have affected both nations, like the energy crisis from 1969 to 1976.

Rabe demonstrates how Venezuelan petroleum fell under foreign domination, and he outlines the establishment of U.S. economic and political influence in Venezuela. The oil industry is depicted as self-seeking in resisting Venezuelan efforts to increase local revenues and authority over the nation's nonrenewable resource. At the same time, Rabe is less critical of U.S. governmental policies that advocated "keeping the oil flowing" above all else. On occasion, the rhetoric displayed in official dispatches or statements is accepted as the reality of what was actually implemented. In quoting the correspondence of Minister Nicholson, Rabe suggests that the U.S. State Department was not always in sympathy with the petroleum giants. The objectives outlined in Rabe's preface are achieved, except perhaps for providing a satisfactory explanation of the impact of U.S. policy on Venezuelan social and economic development.

Rabe asserts that the United States pursued an economic policy in the 1920s that established hegemony in Venezuela despite its advocating an open-door policy. As the interests of the oil industry and Caracas became intertwined, Washington bolstered the regime of dictator Juan Vicente Gómez (p. 36). The author believes that neither the oil interests nor the U.S. government was prepared for a reaction in the years following the death of Gómez (p. 41). But events demonstrate that the oil companies indeed contemplated unfavorable repercussions when they located their refineries during the 1920s in the more stable Dutch West Indies (p. 86). Likewise, Washington anticipated an unfavorable post-Gómez climate when it restricted contacts with the regime during the dictator's declining years (p. 50). This formative era in the petroleum industry is described in greater detail in a more recent study by B. S. McBeth and an earlier, more controversial work by Domingo A. Rangel.<sup>2</sup>

Integral to the subject is an analysis of the reasons for the lack of major disagreements between the United States and Venezuela in comparison with other hemispheric nations. The explanation lies in the reasonable policies pursued by all parties, the periodic adjustment of U.S. policies due to the impact of events elsewhere, and Venezuela's dependency upon U.S. technology, capital, and marketing. The 1943 oil law, which increased oil revenues for Caracas, is described as advantageous for both the industry and the national treasury. During the years of the *trienio*, the Caracas government contested its dependency whereas

during the following Pérez Jiménez dictatorship, dependency was unquestioned. After 1958 the United States viewed its relations with Venezuela as critically significant because of the cold war, Venezuela's revival of its campaign to regulate oil, and the challenging of American economic policies. Despite occasional tensions, however, accommodation has characterized relations between the two nations. In the aftermath of nationalization, the restrained response of foreign investors and the State Department confirmed Venezuela's moderation (p. 186).

Considering Venezuela's recent economic and financial plight, Rabe's concluding remark that "the nation's financial security seemed assured for the rest of the twentieth century" (p. 188) is arguable. Moreover, despite OPEC, the rise in oil prices, and nationalization, diplomatic relations between the United States and Venezuela have not changed as profoundly as Rabe suggests. Recent international events also disprove the propositions that Caracas no longer has to rely upon U.S. investments or goodwill for prosperity and that the United States has lost some of its diplomatic clout in the Americas by becoming partially dependent upon a Caribbean state. Along other lines, the author quotes Washington's commendation of Caracas for "using its surplus wealth to meet the human needs of the world's people" (p. 190). In the context of these comments, the reader is left wondering why one-third of the Venezuelan people are ill-housed and ill-fed. Obviously, no "surplus wealth" really exists nor is "financial security" applicable to all sectors of the population.

*The Road to OPEC* includes an impressive bibliography, despite Rabe's caveat that Venezuelan sources are limited partially because twentieth-century archives are closed to researchers. There are several useful statistical tables in the appendix, although none of them show Venezuelan governmental revenues from petroleum. Overall, Rabe's research, well-written analysis, and sound judgments result in an admirable contribution to the study of diplomacy.

Broader in subject than the two works considered thus far is Edward Chester's *United States Oil Policy and Diplomacy: A Twentieth-Century Overview*, a region-by-region analysis of American oil policy and diplomacy from the origin of the industry to 1973. This ambitious study is divided into a historical overview of U.S. oil policy, followed by five chapters devoted to geographic regions important to petroleum, then a single chapter dealing with the author's conclusions, and a brief epilogue relating the events from 1973 to 1980. The book also contains a chronological listing of events in petroleum history, starting in the mid-nineteenth century. Chester provides extensive notes and a bibliography of English-language sources based largely on secondary accounts.

The emphasis of this work is on the details—the twists and turns—of policies and negotiations affecting the petroleum industry.

Chester discusses the participants and their roles, the rivalries and clashes over policy formulation, and the actions of foreign governments. In the preface, he raises numerous incisive questions pertinent to the subject, observing that the topic is so complex that "it is almost frightening to contemplate . . . that decisions have been made . . . by individuals who have only a partial . . . grasp of the immense subject" (p. xii). According to Chester, the United States and the other nations have no single basic oil policy or diplomacy, displaying instead a variety of policies and diplomacies in regard to petroleum (p. 318). In his textbook approach to this vast and complicated subject, Chester advances few surprising statements or sweeping generalizations.

*United States Oil Policy and Diplomacy* devotes only one chapter to those Western Hemispheric countries not contiguous to the United States (including Venezuela). The discussion of Venezuela's petroleum relations extends from the formative Gómez era to nationalization in 1976. Chester's discussion agrees broadly with Rabe's more specialized account, with occasional differences on minor points. Chester is more cautious and less analytical than Rabe, more restrained in his judgments of the foreign oil companies, for example. He refutes economic nationalist arguments by asserting that increasing revenues for the petroleum-producing nations does not guarantee that such funds will benefit the populace (p. 324). Chester describes the petroleum law of 1922 as more than adequate in its protection of Venezuelan interests, in contrast with Rabe's assertion that it enabled the companies to realize great profits. Chester characterizes Acción Democrática as a left-wing party. He notes the role of the Netherlands Antilles in the Venezuelan petroleum industry. His portrayal of the Gómez regime is in some respects more thorough than Rabe's in that it identifies others besides the dictator who participated in policy formulation. Although occasional statements are not clarified, such as the assertion that in 1959 the Venezuelan government had a "growing stranglehold over the nation's petroleum industry" (p. 154), Chester's succinct overview of oil policy in Venezuela is comparable to his discussion of petroleum issues in other areas.

Countries of more recent importance in the production of oil (for example, Ecuador, the United Arab Emirates, and Oman) are barely mentioned in *United States Oil Policy and Diplomacy*. It focuses instead on the numerous nations whose petroleum relations with the United States have transpired over a longer period of time. Unfortunately, the work provides no charts or tables showing comparative oil production figures by country or area, leaving the reader to search these facts out in the text (the publication *World Oil* contained a statistical summary of the type appropriate for inclusion in this study<sup>3</sup>). In order to consider U.S. oil policy and diplomacy, Chester familiarized himself with the events and policies of the many nations covered in his book. The section on

the Middle East is particularly relevant because of that region's vast petroleum resources, turbulent politics, and current prominence in world affairs. Chester's timely account, which is obviously an outgrowth of the oil crisis of the 1970s, is a welcome scholarly inquiry into a subject too often left to the province of journalists.

The advent of the petroleum economy and the post-1958 political democracy have created new enthusiasm and vigor in the writings on the history of Venezuela and its relations with the United States. These two developments have also enhanced Venezuela's credibility in the hemisphere so that the Caracas government quietly emerged during the 1970s as an important independent actor in Caribbean affairs. Currently, more scholarly attention is being devoted to twentieth-century Venezuelan history, petroleum subjects, and revisionism.<sup>4</sup> But archival materials in Venezuela are not yet fully accessible, and those available are often neglected by researchers. In this new era, heightened national pride is reflected in the writings of Venezuelans who are endeavoring to elevate the status of their country, their academic profession, and their standards of scholarship. That Venezuela as a nation has attained greater independence in foreign affairs is reflected in the fact that its government's diplomatic goals are now considered in explaining its international policy.<sup>5</sup>

But unlike the flourishing conditions of the 1970s, Venezuelan prospects for the present decade are less than promising. Fiscal and economic adversities have introduced a new dependency, curbed local expectations, and lessened the country's drive for regional leadership. Venezuela's current massive foreign debt of thirty-four billion dollars, double that of 1978, has jolted the nation into a rude awakening.<sup>6</sup> While these developments undoubtedly constitute a significant setback to national goals, it is too soon to assess accurately the impact of the crisis on scholarly studies.

## NOTES

1. *Castro: epistolario presidencial, 1899–1908*, edited by Elías Pino Iturrieta (Caracas: Universidad Central de Venezuela, 1974).
2. B. S. McBeth, *Juan Vicente Gómez and the Oil Companies in Venezuela, 1908–1935* (Cambridge: Cambridge University Press, 1983); Domingo A. Rangel, *Gómez, el amo del poder* (Caracas: Yadell Hermanos, 1975).
3. "World Crude Oil Production by Countries, 1974 and 1975," *World Oil* 182, no. 3 (15 Feb. 1976):110.
4. John V. Lombardi, *Venezuela: The Search for Order, The Dream of Progress* (New York and Oxford: Oxford University Press, 1982), 288–90.
5. Demetrio Boersner, "Cuba and Venezuela: Liberal and Conservative Possibilities," in *The New Cuban Presence in the Caribbean*, edited by Barry B. Levine (Boulder: Westview Press, 1983), 91–105. Rómulo Betancourt, *Venezuela's Oil* (London: Allen and Unwin, 1978).
6. John D. Martz, "The Crisis of Venezuelan Democracy," *Current History* 83 (Feb. 1984):73–77, 89.