

DEMOCRACY IN VENEZUELA

- ROMULO GALLEGOS Y LA REVOLUCIÓN BURGUESA EN VENEZUELA.* By HARRISON SABIN HOWARD. (Caracas: Monte Avila Editores, C.A. Pp. 358.)
- VENEZUELA: THE DEMOCRATIC EXPERIENCE.* Edited by JOHN D. MARTZ and DAVID J. MYERS. (New York: Praeger, 1977. Pp. 406.)
- CONTEMPORARY VENEZUELA AND ITS ROLE IN INTERNATIONAL AFFAIRS.* Edited by ROBERT BOND. (New York: New York University Press, 1977. Pp. 267.)
- THE NATIONALIZATION OF VENEZUELAN OIL.* By JAMES F. PETRAS, MORRIS MORLEY, and STEVEN SMITH. (New York: Praeger, 1977. Pp. 173.)
- MODELO DEMO-ECONÓMICO DE VENEZUELA.* By ANIBAL FERNANDEZ, ALEJO PLANCHART, and GENE E. BIGLER. (Caracas: Instituto de Estudios Superiores de Administración, 1975. Pp. 129.)

One of the most important things to have happened in Latin America since World War Two was the emergence of Venezuela as one of the constitutional democracies of the area. Luis Herrera Campins, elected in December 1978 and inaugurated two months later, was the fifth consecutive president to be elected by the country's voters; in addition, he is the third president to take over from a member of a major opposition party. This is all the more significant because of the country's previous history: throughout the nineteenth century and most of the first half of the twentieth, Venezuela had been a virtual model of *caudillismo* and the change of government by coup d'état and civil war. Romulo Betancourt (1959–64) was the first president in the history of the country to come into office through democratic election and to give up his post to a democratically elected successor. However, the emergence of a more or less stable democratic and constitutional regime is not the only thing that has characterized Venezuela since the overthrow of her last military dictatorship; there has also been a basic change in the economy and social structure of the country. In any meaningful definition of the word, there has been a real revolution.

During the colonial period, Venezuela was a backwater of the Spanish empire; it had little gold or silver, and so did not particularly interest colonizers. It produced moderate amounts of anil, sugar, coffee, and cacao, which were sold to Spain or smuggled to the British or Dutch. The large landowners who produced these things, and the merchants who sold them, dominated the country, under the general supervision of political and clerical officials sent from Spain. The economic situation did not fundamentally change during the first century of independence. Venezuela continued to be principally a producer of agricultural products that were sold to Europe. However, due to periodic civil wars during the nineteenth century, the traditional colonial creole oligarchy was largely wiped out; as a result, Venezuela came to have a kind of social democracy that was not typical of most Latin American countries.

During this period, Venezuelan politics were controlled by the *caudillo*, the charismatic character who could command the armed men who were his

employees or the employees of his supporters and who dominated a part of the country. The national government was in the hands of any caudillo who could rally others behind him in sufficient number to march on the capital and displace the then ruling caudillo. The last of these, Juan Vicente Gomez, rose to power as the principal lieutenant of Cipriano Castro, who swept down from the mountain state of Tachira in 1899 and seized control of the national government. Gomez completely dominated the country from 1909, when Castro left Venezuela for medical treatment, until he died in bed in December 1935.

Under Gomez two basic changes took place in Venezuela: oil was discovered, and, by the time Gomez died, petroleum had far surpassed all other Venezuelan exports in quantity and value and the country had become one of the world's major exporters; and the armed forces, which had previously consisted of supporters of the particular caudillo who controlled the national government, had begun to be converted into a professional body. Gomez had set up a national military academy, and, by 1935, most of the younger officers and some of the middle-ranking ones were graduates of this school and had a feeling of esprit de corps, which the army had not had theretofore. Gomez was succeeded by his Minister of War, General Eleazar Lopez Contreras, and he named his successor, General Isaias Medina Angarita, who presided over a government more liberal than any of its predecessors. During the Lopez Contreras and Medina regimes, there began the development of modern institutions: trade unions, organizations of industrialists and merchants, and most of all, political parties.

The most important party, Acción Democrática (AD), was organized and headed by Romulo Betancourt. It joined forces with young officers of the armed forces to overthrow General Medina in October 1945, and remained in power for thirty-seven months, during which time it brought about many basic changes: it started an agrarian reform, distributing land to landless peasants; it established the principle that the Venezuelan government would receive 50 percent of the profits of the foreign companies exploiting the country's oil reserves; it started a program to stimulate industrialization through the Corporación Venezolana de Fomento (Venezuelan Development Corporation), which it established; and it greatly expanded educational and health facilities and public housing, as well as fomenting rapid growth of the labor movement, establishing collective bargaining as the pattern of labor relations.

The first period of AD control (the so-called *trienio*) was followed by the last of the dictatorships, from 24 November 1948 until 23 January 1958, during which General Marcos Pérez Jiménez reversed most of the economic and social policies launched during the *trienio*. But by the end of the nine years of this dictatorship, the programs launched in the *trienio* by the AD came to be generally accepted by all democratic parties. They also came to agree that it was essential to establish some "rules of the game" for Venezuelan democracy and to avoid the bitter interparty conflicts of the *trienio* that had opened the way for the military to seize power. Since 1959 democratic government has become as secure as it can be, perhaps, in Latin America. The process of import substitution industrialization has been completed and the last two governments have turned

their attention to expanding the internal market and exporting "nontraditional" goods, particularly manufactures. As a consequence of rapid economic expansion and the generalization of educational opportunity, Venezuelan society has become highly mobile, and the "middle sectors" have come to constitute a majority of the population. The five books under discussion here deal with various aspects of this transformation of the Venezuelan economy, society, and polity. Their writers approach the process from a variety of ideological viewpoints, and so their conclusions differ considerably.

The study by Howard centers on the personality and politics of Romulo Gallegos, the nation's most famous novelist and the first president elected by Acción Democrática. Using both Gallegos' novels and public speeches as sources, Howard finds in the early writings interesting parallels with the ideas of Laureano Vallenilla Lanz, the principal intellectual apologist of the Gomez dictatorship; however, he traces Gallegos' evolution into what can best be called a liberal democrat. Although he concedes that important reforms were carried out in this period, Howard concludes that in spite of "all the progress realized during the trienio, the attempt of the satellite to carry out the bourgeois revolution had not solved the profound contradictions derived from its condition as a satellite" (p. 340). Howard thinks that a "socialist" system could have resolved these "contradictions" and argues that "problems such as 'who will have an automobile industry?' and 'where should surplus value or profits be invested,' could have been answered more easily in a system in which the State controlled the means of production. That system of state property could have temporarily sustained losses that the bourgeois nationalists within the capitalist system certainly could not permit. . . . A socialist system also could have invested, for instance, profits with much greater rapidity in all those areas to which Betancourt and Gallegos dedicated admirably so much attention" (pp. 325-26).

However, Howard doesn't seem to prove his case that the Venezuelan Communist party, which he seems to favor over the AD, or any "socialist" government at that time (1945-48), could have made Venezuela any less dependent on the United States as a market for its oil or as a source for technology and capital goods for the AD government's development programs. Howard's book also has a number of nagging errors that his Venezuelan editor should have caught: he insists on baptizing Luis Beltrán Prieto as Juan; he makes the AD oil workers' leader Luis Tovar head of the commercial workers; and he renames the Unión Republicana Democrática the Unión Revolucionaria Democrática and the Corporación Venezolana de Fomento the Corporación Venezolana de Desarrollo.

The other four books deal principally with the period since 1958 and with projections for the future. The volume edited by John Martz and David Myers focuses on Venezuelan evolution since Pérez Jiménez and is written from a basically friendly point of view towards the emergence of a politically democratic system and the efforts to develop a more diversified economy and a juster social system. It is divided into three parts. The first, "The Environment of an Emergent System," has chapters on the historical evolution of Venezuela and its "constitutional forms and realities"; an interesting one on "public attitudes to-

wards the democratic regime," based on survey data; and a chapter on "cycles of economic growth and structural change since 1950." Part two deals with "Articulating and Aggregating Interests," with chapters on the evolution of the party system, "the armed forces and patterns of civil-military relations," and others on the entrepreneurial class, the Church, the labor movement, students, and public administration. Part three is concerned with "Policy and Performance" and treats oil policy, education, the problem of Caracas, local government, Indian policy, and foreign policy. It ends with an overall review by the editors entitled "Venezuelan Democracy and the Future."

The editors have drawn on a wide field of expertise: the contributors include John Lombardi, Lyn Kelley, Enrique Baloyra, James Hanson, Gene Bigler, Jose Antonio Gil, Daniel H. Levine, Stuart Fagan, Robert Arno, William Stewart, Franklin Tugwell, Gordon Ruscoe, Ildemaro Jesus Martinez, Charles Ameringer, Nelly Arvelo de Jimenez, Walter Coppens, Roberto Lizarralde, and H. Deiter Heinen. On balance, the conclusions of this volume are moderately optimistic concerning the future of Venezuelan democracy. There are potentials for economic crises, party conflict, social unrest and military intervention, but the authors are inclined to feel that these are by no means insurmountable obstacles to the continuation and strengthening of Venezuelan democracy.

The books by Bond and Petras, Morley, and Smith concentrate particularly on the early performance of the administration of President Carlos Andres Pérez. Daniel Levine starts off Bond's book with a general survey of Venezuelan politics in the democratic period. He concludes that four factors were largely responsible for the success of a democratic system: "(1) powerful organizational structures and enduring popular loyalties; (2) autonomous and effective leadership; (3) favorable economic conditions; and (4) the peculiar configuration of the international scene." He sees certain dangers in the growth of large, politically unaffiliated elements in the urban population, the slowing down of the oil industry, and the better education and sophistication of the military. He speculates on possible change in Venezuela's international position that might result from a new military regime.

Franklin Tugwell has a detailed chapter on the circumstances in which oil nationalization was carried out by the Pérez government, and the nature of the new organization of the petroleum industry. He also has a chapter on "The United States and Venezuelan Prospects for Accommodation." He points out that the Pérez government had certain policies that irritated the U.S., including backing OPEC price rises and strong support of Panama in the Canal dispute. However, he thinks that the longer-range dangers are likely to come from the decline of the Venezuelan oil industry and a resulting economic crisis, and suggests the great interest that the United States should have in helping Venezuela get over this crisis.

The two chapters by Kim Fuad and John Martz deal with specific interests of Venezuelan foreign policy: OPEC and Latin America. Both of these are issues that involve not only Venezuela but the U.S. as well. Robert Bond contributes an overall final chapter on Venezuelan foreign policy and concludes that it is "an

intriguing blend of personal style, pragmatism, idealism, and moralist impulses," but that "At its most fundamental level, however, Venezuelan foreign policy is directed toward the achievement of the country's development program." He, too, ends with speculation concerning the possibilities of conflict or accommodation in Venezuelan relations with the U.S.

The volume by Petras and his associates, like that of Howard, is written from the Marxist-Leninist perspective. Its basic thesis is that, although nationalization of the oil industry has undoubtedly made the state the overwhelmingly most powerful element in the Venezuelan economy, it has neither undermined capitalism nor made Venezuela less dependent internationally. The authors look at the Venezuelan experience within a broader context of what they call "state capitalism," which they define "as a social system in which the principal sources of surplus production are owned and directed by the state and in which the state becomes the principal source of capital accumulation within a market economy" (p. 58).

The authors argue that with state capitalist nationalization of something like the Venezuelan oil industry, the result is "state ownership of profitable enterprises that serve to capture the surplus for the financing of state and national private investment. The expropriation of raw materials, banks, insurance companies, and basic industries provides substantial sources of new capital toward strengthening the internal (private and state) forces of accumulation. This type of nationalization usually occurs in the Third World and usually affects foreign-owned enterprises." They contrast this kind of nationalization with three other types: "private capitalist nationalization" involves the state taking over unprofitable enterprises that the private sector doesn't want but the economy needs; "bureaucratic collective nationalization," they say, "occurs in the context of total transfer of the principal means of production, foreign and national, to the state within a bureaucratically controlled and planned economy and serves to finance the expansion of national state enterprises. This has been the experience in Eastern Europe and the USSR"; and, finally, "socialist nationalization" is described as "part of a total transformation in which the direction and ownership of the process of production are under workers' control. This has appeared in varying forms in Yugoslavia (prior to the advent of the market) and perhaps is present in China" (p. 59).

Pursuing their definition of Venezuela's oil nationalization as taking place in the context of "state capitalism," they argue that the government of Carlos Andres Pérez followed the policy of using the capital accumulated in state-owned firms "upstream" in basic industries such as electricity, oil, steel, and aluminum to finance private firms "downstream" in the even more profitable fabricating sectors. Finally, they argue that despite nationalization of oil, Venezuela remains just as dependent as ever on foreign companies. They claim that too much was paid for the oil industry and for the "technological aid" contracts that PETROVEN signed with the international companies. Furthermore, these contracts preclude PETROVEN from developing its own technology, they argue.

There is considerable truth in what Petras and his colleagues argue, so far

as it goes. The Pérez regime did make large resources available to private entrepreneurs, both in industry and in agriculture, although not so much to the established large economic groups such as the Mendozas, Vollmers, and Boultons, as Petras and his associates argue, as to relatively small and middle-sized entrepreneurs, with whom Pérez had close personal connections. However, the most disturbing thing about the volume, from this reviewer's point of view, is that in their survey of the transformation of Venezuela they do not consider that aspect of it that most Venezuelans would probably argue is most important: the existence of political democracy. They comment, for instance, that "Differences between authoritarian and democratic regimes on welfare and redistributive measures are not significant" (p. 43); they refer to Venezuela's "expensive electoral charades" (p. 54); and they claim that the Venezuelan political system has resulted in "the exclusion of the popular classes" (p. 55) in a country in which the two major parties each claim close to a million (voluntary) members. The attitude of Petras, Morley, and Smith is the more surprising since the leaders of the parties of the far Left in Venezuela (particularly the MAS and the MIR), with which they obviously sympathize, have themselves become convinced that democracy and the pluralist system is an essential ingredient for the future of Venezuela. In the summer of 1978, both Teodoro Petkoff of MAS and Americo Martín of MIR asserted that they could not conceive of socialism in Venezuela without civil liberties and a system in which parties alternated in power.

The final book under discussion is a highly technical explanation of an economic model developed and used by the Centro de Investigaciones Económicas y Demográficas of the Instituto de Estudios Superiores de Administración. It outlines the Centro's method of choosing a panel, drawn from various economic and political groups, to develop various alternative policies in the economic and demographic fields. It then describes the econometric techniques used to analyze major problems in terms of the alternatives developed through the panels, and analyzes the application of the model to the problems of marginal population, dependence on petroleum, Venezuelanization of the economy, and statization of the economy.

The last chapter presents the conclusions of the study: "1. Venezuela will experience, due to the economic and productive resources which the country has, a long-term increase in per capita output, which will oscillate at least between 2.5% and 3.1% . . . but, almost independently of the decisions taken, there will be a period of recession within approximately 10 years. . . . 2. The great problem which the marginal sector represents now should be solved in a relatively short time. . . . 3. The perspective of Venezuela is such that the problem of demographic control as an instrument of or obstacle to development is irrelevant . . ." (pp. 123–24). The recommendations generally deal with fields of possible future research.

These five books represent only a sampling of the very considerable number of volumes that have appeared in both the United States and Venezuela on the emergence of "Venedemocracia" of which Venezuelans talk, and the policies that its various governments have followed. They bear witness to the emergence of Venezuela as one of the most important of the Latin American countries, not

only because of the boost given its economy by the world oil situation, but also because of its transformation from one of the most politically retrograde nations to one of the few more or less stable democracies of the area.

ROBERT J. ALEXANDER
Rutgers–The State University