

CHAPTER 4

WHY IT IS ANTI-AMERICANIZATION

In this chapter, I will prove the thesis statement of this paper by providing evidences of Chávez's policies considered to be anti-Americanization.

A. Why it is Anti-Americanization

Oil is the important factor in U.S.-Venezuelan relations. "Venezuelan is the fifth largest oil exporter in the world and the fourth largest supplier of oil to the United States after Canada, Mexico, and Saudi Arabia. In 2004, Venezuela's state-owned oil company, Petroleos de Venezuela Sociedad Anonima (PdVSA), accounted for 11.8 percent (1.52 million barrels a day) of U.S. imports."¹ In the event of further conflict in the Middle East, Venezuela could become a critical energy supplier.

In a small country where U.S. political and economic influence has been pervasive, being too closely identified with foreign petroleum interests can prove politically costly. Perhaps no figure was more closely allied to U.S. oil interests than Luis Giusti, PdVSA's head from 1994-1999.² Luis Giusti's "crime", according to nationalists such as Chávez, was that he identified too closely with foreign oil men as opposed to

¹ Nikolas Kozloff, Hugo Chávez oil, politics, and the challenge to the U.S. (USA: Palgrave Macmillan, 2006), p.7.

² Ibid., p.8.

looking out for Venezuelan interests. Giusti came of age at a time when the country sought to exert greater control over oil resources. Although some oil wealth had filtered down to the poorest and successive regimes were able to carry out important works in health and education, the nation still suffered from persistent poverty and unequal distribution of wealth. Nationalization of the foreign oil companies in 1975-76, designed to “share the petroleum” more equitably, was supposed to change all that. With the creation of PdVSA, Venezuelans gained a sense of national pride. In the same year that nationalization was carried out, Giusti was working with Shell oil. Under the nationalization, Shell then became Maraven, a PdVSA subsidiary. The ambitious young man quickly ascended the corporate ladder at Maraven, gaining valuable experience in exploration, production, refining, corporate planning, and marketing. Giusti’s hard work and determination paid off; in 1944 he became PdVSA’s chairman and chief executive officer.³

But Giusti’s tenure at PdVSA was controversial. According to Chávez, who tried to bring the state oil company under greater government control, Giusti and others pursued an oil policy that was closely allied to the interests of Washington and foreign oil companies, a policy that was opposite to Venezuelan interests. Specifically, under his direction, PdVSA started to open up to private participation and to increase production. In a country where oil was seen as a symbol of national independence and sovereignty, Giusti’s “aperture,” or opening of the oil sector, proved divisive and created hostility toward PdVSA executives. Giusti questioned the traditional orientation of the country.

³ Hugo Chávez oil, p.9.

“Here [in Venezuela],” he remarked, “people brandish the terms ‘sovereignty’ and ‘patriotism’. Enough of that.” According to Giusti, there is no greater loss of sovereignty than poverty, which is how he justifies his strategy to develop Venezuela’s natural resources.⁴

Having become a political actor in its own right, PdVSA, in line with Giusti’s new emphasis, concentrated more on the development of the oil industry as opposed to fiscal revenues.⁵

Bristling at the corporate independence of PdVSA and its privileged executives, Chávez actively campaigned against the privatization of the company during the presidential election of 1998. The presidential hopeful promised to fire Giusti and to “review” oil deals with foreign companies. Chávez challenged vested interests at PdVSA by seeking to reestablish a predominant role for the presidency in the design and implementation of an oil strategy, the Ministry of Energy and Mining. This running action no doubt secured more political support for the aspiring politician. Chávez cruised to victory in December of 1998, winning the presidential election with 56.2 percent of the vote. Following through on his promise, Chávez promptly fired Giusti who became an energy advisor to U.S. president George Bush.⁶

Until President Chávez’s election in 1998, the United States was one of Venezuela’s closest allies. President Chávez, however, has never had a good relationship with the U.S. government. In 1998, when he was a presidential candidate, the U.S.

⁴ Hugo Chávez oil, pp.9-10.

⁵ Ibid., pp.10-11.

⁶ Ibid., p.13.

government denied Chávez a visa on the grounds that he had participated in the 1992 coup. Ironically, on May 31, 2005, President Bush decided not only to grant a visa but also to have a private meeting with Marfa Corina Machado, a political opponent to Chávez who is awaiting trial for treason against Venezuela. Machado participated in the 2002 coup against the Chávez government and was present when Pedro Carmona swore himself in as president and issued his decree dissolving the National Assembly and the Supreme Court, and empowering himself to remove any elected official in the country. The Bush administration has been unwilling to meet bilaterally with any representatives of the Chávez government, but decided to grant a high-profile meeting to this representative of “Venezuelan civil society.” Machado is the director of the Venezuelan nongovernmental organization (NGO) Sumate (Join Up), which was founded to organize support for the recall referendum against Chávez, and which receives a significant portion of its funding from the U.S. government via the National Endowment for Democracy (NED). Bush’s decision to meet with Machado is a clear indication of the nature of the relationship between Venezuela and the United States.⁷

As soon as Chávez was elected as Venezuelan president, the United States immediately authorized a visa for him to enter the country. Since the Chávez has visited the United States on eight separate occasions. “On June 9, 1999, shortly after taking office, he visited both New York and Houston to strengthen ties with international investors and representatives of the oil industry. During his day in New York, he visited the Stock Exchange and the Council on Foreign Relations; he also threw out the first

⁷ Chesa Boudin, Gabriel Gonzalez, and Wilmer Rumbos, *The Venezuela Revolution* 100 question - 100 answers (USA: Thunder’s Mouth Press, 2006), p.5.

pitch at a Mets game in Shea Stadium. When he passed through Houston, he met the Bush family, including former President George H.W. Bush and then presidential candidate Governor George W. Bush. Despite these visits, President Chávez has never been officially received by an acting president of the United States (Clinton did unofficially receive him), and Venezuelan-U.S. relations have steadily deteriorated.”⁸

When President Chávez first took office, his anti-imperialist rhetoric did not seem to bother the Clinton administration, which preferred to wait and see concrete developments instead of reacting to the rhetoric.

When the Venezuelan government took a leadership role in the Organization of the Petroleum Exporting Countries (OPEC), cultivated diplomatic relations with Cuba, and openly sought new, nontraditional alliances, the United States reacted negatively. Some say that “Chávez is not Castro; he is Perón with oil”⁹

Moreover, President Chávez continually criticized the U.S. government for such things as “U.S. pushing of the Free Trade Area of the Americas (FTAA) and even more so with regard to the invasion and occupation of Afghanistan and Iraq.”¹⁰ Furthermore, Chávez has established a strategic alliance with Havana that includes the presence of nearly 20,000 Cuban teachers, doctors, and cadres in Venezuela.¹¹ Chávez is also flirting with Iran and Argentina on nuclear technology issues. Most of all, Chávez is attempting, with some success, to split the hemisphere into two camps: “one pro-Chávez,

⁸ The Venezuela Revolution, p.5

⁹ Jorge G. Castaneda, “Latin America's Left Turn,” *Foreign Affairs* (May/June, 2006): 38, <http://www.foreignaffairs.org/20060501faessay85302/jorge-g-castaneda/latin-america-s-left-turn.html>.

¹⁰ The Venezuela Revolution, pp.5-6.

¹¹ “Latin America's Left,” 40.

one pro-American.”¹² Likewise, the Venezuelan government has, on many occasions, accused the U.S. government of intervening in domestic Venezuelan affairs, using Central Intelligence Agency (CIA) documents and NED funding for oppositional NGOs as its primary evidence. Because of these fears of U.S. intervention, in April 2005, when a U.S. military officer was caught taking photos of Venezuelan military installations, “Chávez unilaterally terminated a long-standing U.S. Venezuela military-exchange program.”¹³

“The U.S. State Department has also openly declared its continued support for the Venezuelan opposition and defines Chávez as a “negative force in the region.” While everyone knows that Chávez, in attempting to reduce U.S influence in his country and beyond, continues to insist that he does not want confrontation, but rather cordial relations, selective cooperation, and mutual respect.”¹⁴

Though relations have started to be deteriorate, the two countries continue to be interdependent.

“The United States depends on Venezuela for approximately 12 percent of its daily oil imports (or just over 6 percent of its daily oil consumption), and Venezuela sells roughly 70 percent of its daily oil exports to U.S. markets. The United States consumes 50 percent of all Venezuelan exports, white 35 percent of Venezuelan imports come

¹² “Latin America’s Left,” 40.

¹³ The Venezuela Revolution, pp.5-6.

¹⁴ Ibid., p.6.

from U.S. ports, making Venezuela the United States' third most important trading partner in Latin America after Mexico and Brazil.¹⁵

If it were not for this strong economic interdependency, it is possible that economic relations would already have been cut off.

At the beginning of 2005, rumors began circulating in the press about Venezuela's interest in selling Citgo, the U.S. based oil refinery and filling station chain wholly owned by Petroleos de Venezuela, Sociedad Anonima (PdVSA), the Venezuelan state-owned oil company. Rumors and developments such as these have led many lawmakers in Washington to express their fear of the possibility of losing Venezuela's reliable oil supply.

Bilateral relations reached a new low thanks to a series of international developments both in and out Venezuela. Venezuela's efforts to negotiate a series of light arms purchases from Russia, Brazil, and Spain led to open protest from the White House, the State Department, and the Pentagon. Venezuelan government accusations of a U.S. plot to assassinate President Chávez made relations even worse. Finally, in May 2005, Luis Posada Carriles, an admitted anti-Castro terrorist with Venezuelan citizen-ship, illegally entered the United States from Mexico and requested asylum. Venezuela has had an international arrest warrant pending since he escaped from a Venezuelan jail in 1985 while awaiting trial for the bombing of a Cuban airplane that resulted in seventy-three deaths. The United States has been slow to honor the terms of its 1922 extradition treaty with Venezuela. Instead of extraditing him or trying him as an international terrorist, the

¹⁵ The Venezuela Revolution, p.6.

United States is holding Posada Carriles on immigration violation charges. On May 22, 2005, President Chávez threatened to cut off diplomatic relations if the United States did not honor its treaty obligations and cooperate in bringing this renowned international terrorist to justice. At the writing of this paper, the U.S. government was still holding Posada Carriles on immigration charges and had not formally responded to the Venezuelan extradition request.¹⁶

Historically, Venezuelan governments have put a lot of energy into maintaining a strong relationship with the United States, without paying much attention to other bilateral relations or international alliances. This approach to foreign policy, not uncommon in Latin America and dating back to before the Monroe Doctrine, created a form of isolation and dependency. The Chávez government actively seeks ways to break the historic dependency. It sounds more rational when picturing that the Neoliberalism was pushing to exercise globally by the leading role of the United States though there were numerous countries not ready for this ideology. As a result those countries including countries in Latin Americas, including Venezuela have suffered economic difficulties and recessions.

Since 1999, Venezuela has worked to deepen alliances in the region and pursued new relationships with countries all over the world. According to the Venezuelan government, many of these new alliances run much deeper than the simple signing of trade pacts and represent steps toward regional and international solidarity.¹⁷

¹⁶ The Venezuela Revolution, pp.6-7.

¹⁷ Ibid., pp.21-22.

Economic difficulties, especially the rule of Peres as pursuing Neoliberalism, and political upheaval have caused political, economic, and social problems all over the country. These are problems that cannot be easily fixed. Chávez sees that these problems are rooted in the domination and pressure of a Neoliberalism pushed by the United States as this ideology will maximize its interest. To root out Neoliberalism, Chávez chose to gain support domestically. He aimed to become a powerful political figure in the Latin America region trying to gather strength between the Latin America country members in order to have leverage over the United States. Consequently Chávez's idea leads to an attempt to establish regional integration such as *Petroamerica* and *Telesur*.

Chávez works to realize Simon Bolivar's dream of Latin American integration in the interests of defending the welfare and sovereignty of the region. To that end, "Chávez meets with the presidents of Brazil, Argentina, and Cuba several times a year. Venezuela and Brazil – the economic heavyweight with a massive industrial base – have signed a series of economic, energy, telecommunications, and military treaties."¹⁸ Venezuela and Argentina have signed mutual-support treaties, including one in which Venezuela agreed to buy nearly \$1 billion in bonds to help Argentina recover from its financial crisis of 2001.

In defiance of the U.S. led blockade, Venezuela has negotiated preferential prices for Cuba's oil imports in exchange for services, technology, and the use of thousands of doctors and medicine to Venezuela's poor through Mission Barrio Adentro. Venezuela has also signed a series of treaties that provide preferential buying conditions

¹⁸ The Venezuela Revolution, p.22.

for many of its neighbors, thus dramatically increasing its oil exports in the region. In February 2005, Venezuela cancelled the small Caribbean island of Dominica's debt and donated more than \$10 million in development aid. Venezuela has also led in the integration of the two most important South American economic blocks- the Andean Community of Nations (CAN) and the Southern Common Market (Mercosur) to form the South American Community of Nations.¹⁹

Venezuela's foreign policy goes beyond its regional alliances. Before President Chávez was elected, Venezuela had stopped any meaningful participation in OPEC, preferring lower prices for oil and higher export volume. In 1999 President Chávez set off on an historic tour of ten of the leading members of OPEC, including controversial visits to Saddam Hussein in Iraq and to Mu'ammar Gadhafi in Libya. Then, in 2000, Venezuela hosted an OPEC summit in which it successfully strengthened the entire oil cartel. Subsequently, the country was selected president of the organization and began to drive world market prices up. Since then, Venezuela has continued to dedicate time and energy to maintaining its relationship with OPEC member states, and President Chávez has returned to visit his allies in the Middle East on several occasions. In early 2005, Venezuela hosted President Khatami of Iran, and gave tours of the missions and other social programs to a Saudi minister.²⁰

After putting its relationships with other oil-exporting countries in order and gaining meaningful control of the state oil company, PdVSA, Venezuela began to develop its relationships with rising economic powers around the world. President

¹⁹ The Venezuela Revolution, p.22

²⁰ Ibid., pp.22-23.

Chávez has cultivated his relationship with China, visiting this economic mammoth on several separate trips and signing numerous economic agreements. For example, the Chinese and the Venezuelans have partnered in a joint venture to install a plant for the China Petroleum Co. in the Orinoco River basin to produce four million tons of super heavy crude oil by 2008, all for Chinese consumption. Venezuela has also begun buying uniforms for its army and other low-cost imports from China.²¹

In March 2005, President Chávez visited India to sign cultural and economic agreements and to pave the way for oil exports to one of Asia's largest energy consumers.²²

Through this diverse, complex series of economic, social, and energy agreements, Venezuela has developed a strong, independent foreign policy, much to the chagrin of the U.S. government. Finally, Venezuela has used a series of strategic arms purchases to strengthen old alliances and build new ones.²³

President Chávez's prioritization of relations with his Latin American and Caribbean neighbors is clear in his Bolivarian rhetoric as well as in his actions. Broadly speaking, Chávez is trying to use Latin American cooperation to shift the regional balance of power. This was Simon Bolivar's dream, too, as President Chávez is quick to remind his listeners.²⁴

For Chávez, Latin American integration is a broad, multifaceted project. It is economic because it seeks ways to combine markets, share experience and technology,

²¹ The Venezuela Revolution, p.23.

²² Ibid.

²³ Ibid.

²⁴ Ibid., p.30.

and work on joint ventures. It is political because it establishes the workings and the trust to confront regional challenges as a group instead of as individual small, weak, isolated countries. It is cultural because of the shared history in the region and because, despite the differences, Latin America has common identity when considered globally. It is militaristic because it implies the capacity to coordinate the region's numerous armed forces to project and defend their collective interests rather than depending on and being vulnerable to foreign armies.²⁵

With these goals and the general improvement of regional relations in mind, President Chávez has met with presidents of Brazil, Argentina, and Cuba several times a year. Through these meetings, and others in the region, Venezuela has launched a series of specific regional-integration projects.²⁶

Since Venezuela is an oil-exporting country, it is pursuing the idea of forming a regional oil company that would be called "*Petroamerica*" and that would bring together the state oil companies from Argentina, Brazil, and Venezuela. Another one of President Chávez's regional integration projects is the new continental news network called *Telesur*. President Chávez sees these programs in energy, communications, and trade as imperative for an independent and strong Latin America.²⁷

Venezuela's domestic policies depend on a strong, independent foreign policy that leads toward a multipolar world. Venezuela is initiating a set of diverse,

²⁵ The Venezuela Revolution, pp.30-31.

²⁶ Ibid., p.31.

²⁷ Ibid.

extraordinary alliances in order to break its historic dependence on the United States, thus proving it is possible to maintain an independent foreign and domestic model.

On various international issues impacting poor countries, Venezuela has taken a leadership role. Chávez is now seen as one of the few political leaders in the world who has fought for independent government policies in the face of U.S. pressure and dominance. Chávez has confronted the United States at almost every opportunity through a policy that – for those who support him – represents speaking truth to power, and – for those who oppose him – represents populist anti-Americanism.²⁸ Many of the poor people in the world, certainly in Latin America, are tired of having their governments promise one thing and deliver another, always representing the interests of the elite. For these people, the concentrated achievements of the Venezuelan government, including the political will to fight poverty, have made Chávez a regional and even global leader.

During 2005 Venezuela took steps to open permanent diplomatic channels with a series of African countries and Chávez is planning an African diplomatic tour. This represents the first-ever Venezuelan diplomatic effort in Africa.²⁹

Chávez has not only improved relations with other poor countries, but also with people and movements around the world. He has used his speeches criticizing the Neoliberal economic model and calling for an international humanitarian fund at several key international summits, such as the “FTAA in Quebec in 2001, Sustainable

²⁸ The Venezuela Revolution, p.32.

²⁹ Ibid.

Development in Johannesburg in 2002, the Americas in Monterrey in 2004, and the World Social Forum in Porto Alegre in 2005.”³⁰

The FTAA is a project conceived and backed by the United States to make the Western hemisphere (totaling thirty-four countries), with the exception of Cuba, a free-trade zone. After seeing the initial success of the North American Free Trade Association (NAFTA) for U.S. corporate interests, the United States launched the idea for the FTAA with a meeting of representatives from all thirty-four countries in Miami in December 1994. The agreement that came out of that initial round of negotiations established January 2005 as the target date for implementing the FTAA.³¹ All of the countries, including Venezuela, agreed to the initial timeline. The first meeting that President Chávez attended on this topic was held in Quebec City, Canada, in 2001, at the viability of meeting the January 2005 implementation target dates.

The FTAA represents a top-down model of economic integration.³² More than just a free-trade agreement, it would reduce the sovereignty of countries by restraining their ability to act against multinational corporations. Given the history of Neoliberal policy in Venezuela, it is hard to imagine any Venezuela government supporting FTAA. For Venezuela, the idea of opening its markets to the United States is less attractive than it is to other Latin American countries because Venezuela’s primary export, oil, would not benefit significantly from the kind of trade liberalization the FTAA promises. Venezuela’s oil economy makes it a large importer and small exporter of the non-

³⁰ The Venezuela Revolution, p.32.

³¹ Ibid., p.25.

³² Ibid.

petroleum products than other Latin American countries depend on as exports. Venezuela's earlier implementation of International Monetary Fund (IMF) liberalization policies in the 1980s led to an increase in poverty, a widening of the gap between the rich and the poor, the de-industrialization of the country, and ultimately a regional political crisis.

President Chávez has opposed the FTAA more strongly than any other leader in the region. The FTAA is not the right choice for Latin America, but is rather a representation of North America's strategic economic interests in the region. In a word, it is another kind of U.S. economic domination. "NAFTA represents increased profits for international corporations and serious attacks against organized labor, artisans, and local producers; it has increased poverty and socioeconomic inequality. The concept of "free trade" between a global power like the United States and countries as poor and isolated as most of those in the region is questionable."³³

In comparison to the United States, all Latin American countries, with the possible exception of Brazil, show up to the meetings in extremely weak negotiating positions. For this reason, various Latin American countries have expressed interest in negotiating economic integration with the United States; multilateral Latin American economic integration should be further strengthened. Chávez and the Bolivarian Constitution demand that any major integration proposals be submitted to popular referenda before being implemented.

³³ The Venezuela Revolution, pp.25-26.