



**Populism and Nationalism in Venezuela: New Perspectives on Accion
Democratica**

Daniel Hellinger

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Populism and Nationalism in Venezuela

New Perspectives on Acción Democrática

by
*Daniel Hellinger**

Venezuela has not figured prominently in much of the influential literature on nationalism and populism published in the last twenty years (notably, O'Donnell, 1978; and Cardoso and Faletto, 1968). But case studies focused on Venezuela have repeatedly stressed populist and nationalist characteristics of Acción Democrática (AD), which remains one of the most significant political parties on the continent. John Martz (1966: 11) describes AD as a "national revolutionary" party, one that seeks "sweeping social and economic change." Accordingly, he sees the trienio of 1945-1948, the party's first experience in power, "as a period of activity and accomplishment on a scale never before experienced....It marked a structural transformation that has provided the basis for future national development" (1966: 62). His view is representative of most orthodox scholars (e.g., Alexander, 1964; Powell, 1971). Most radical scholars (e.g., Rangel, 1972; Petras et al., 1977) take a similar view of the trienio. Petras et al. characterize the party's rule as "essentially nationalist populist. The party leadership was aggressively nationalist (within limits)" (1977: 12).

There is no consensus, however, about the party's latter day record. Radical scholars view the policies of post-1958 AD governments as a betrayal of Venezuela's national interests. The nationalization of Venezuelan oil and militant rhetoric of the President Carlos Andres Pérez are viewed as a facade. Two of the books under review here even suggest that the Pérez government displayed characteristics that theorists like O'Donnell and Cardoso have associated with the military

*Daniel Hellinger is Associate Professor of Political Science at Webster University, St. Louis, Missouri. The author would like to acknowledge the beneficial commentary and encouragement of Thelman Alvarez, Luis Salamón Barrios, Fernando Coronil, Bernard Mommer, Guillermo O'Donnell, Julie Skurski, and the editors and reviewers of *LAP*.

governments of the Southern Cone. To the orthodox scholars, modern AD rule has been mature, moderate, and democratic.

The purpose of this review article is to examine some recent literature by Pedro Duno (1975), Steve Ellner (1980), EQUIPO Proceso Político (1978), Angel Marquez and Ramón Rivero (1975, 1977, 1979), and Arturo Sosa A. and Eloi Lengrand (1981), all Venezuelan (except for Ellner) scholars who significantly revise orthodox and radical interpretations of Acción Democrática's historical role. It also allows us to refine and qualify our present understanding of the class forces that have generated periods of populist liberalization in Latin America. The Venezuela case puts to rest the deterministic view that there is a necessary link between economic "deepening" and "bureaucratic authoritarianism," two key concepts in the influential interpretations of Latin politics advanced by Guillermo O'Donnell (1978). In fact, the peaks of populist rhetoric in Venezuela (1945-1948 and 1974-1976) coincide with changes in policies and the establishment of institutions that have served to *deepen* rather than to loosen the links between national and foreign capital.

These books reviewed here clarify why Venezuela's experience with populism has not reached a point of crisis as in the Southern Cone and Brazil. There is general agreement that the Vargas, Perón, and Cárdenas regimes (and similar regimes elsewhere) shared as their base an alliance of the national bourgeoisie and parts of the popular sector. This alliance in which the former was dominant, sought to break the political dominance of an unholy alliance of foreign capital, the agrarian oligarchy, and sectors of merchant and finance capital. Industrialization under the guise of import substitution was the economic goal of the challenging alliance and confrontation with foreign capital a necessary result of the turn from outward-oriented to inward-oriented development. Agrarian reform and mobilization of the peasantry were usually abandoned in the eventual compromise, leaving the foundations of landlord economic and political power intact in the countryside. AD's reputation as a proponent of land reform and as an aggressive adversary of the oil companies might seem to justify its inclusion among the most radical of populist parties, at least as far as the trienio is concerned. The issue of land reform cannot be addressed here, but the place to begin qualifying and revising the comparison is with the relationship between the government and the most important sector of foreign capital in Venezuela—the petroleum companies. ~

GROUND RENT AND THE VENEZUELAN STATE

A striking reinterpretation of the history of AD and of the relationship between the Venezuelan state and the oil companies is presented in three volumes by Angel Marquez and Ramón Rivero (1975, 1977, and 1979), collectively entitled *El imperialismo petrolero y la revolución venezolano*. Volume 1, *Capital y propiedad territorial* 1975, critically reviews Marx's theory of ground rent and applies it to the international petroleum industry. Like Marx, the authors find it useful to treat separately two analytically distinct aspects of rent: differential and absolute. Just as Marx criticized Ricardo for appreciating only the former and neglecting the latter, the authors fault most analysts (e.g. Adelman, 1972; Tanzer, 1976) of the petroleum industry for doing the same.

Marx (1973), in his treatment of differential rent, ascribes a good portion of the variation in rent to differences in natural productivity. He argued that although capitalists might have benefitted from socializing surplus profits made on more productive lands (instead of permitting them to be pocketed by landlords), such differentials in rent did not contradict the interests of industrial capital because they did not cause higher prices. Thus, differential rent does not drive up the cost of reproducing the work force (reflected in wages) or the cost of raw materials. While landlord and tenant might clash over differential rent, landlord and industrial capitalist are less antagonistically engaged.

But this is not the case for the second analytical category of rent: absolute rent. Under capitalism, no landlord allows any land to enter into production without some minimal rent, a condition made possible by the political power and proprietary monopoly of the landlords. In the absence of such a minimum absolute rent, the price of commodities produced would be determined by the cost of production on the most marginally productive properties needed to satisfy a given level of demand plus a profit determined by the average rate of profit in the entire economy. (Otherwise capital would flow to other sectors.) But the imposition of rent on even the most marginally productive land necessarily forces prices above this level, creating a serious antagonism between landed property and industrial capital. In England, this antagonism was expressed in the dispute over the Corn Laws. The conflict is serious, but muted by the reluctance of industrial capital to challenge the institution of private property and the growing integration of agrarian and industrial capital.

Capital y propiedad territorial utilizes the theory of ground rent to prepare the basis for an analysis of social forces and policies presented in the second and third volumes. A relatively minor problem of the study is that the petroleum industry alone, rather than the entire energy sector (see Masserrat, 1980: 32-39), is analyzed as the relevant sphere of production (although some discussion of the entire energy sector enters the discussion of future oil prices in Volume 3, *La OPEP y las nacionalizaciones: La renta absoluta* [1979]).

A serious problem is raised by the solution applied to the nettlesome problem, recognized by most sympathetic critics of Marx's theory of rent, that Marx overgeneralized the proposition that ground rent is made possible only by a low organic composition of capital. The low organic composition of capital combined with low wages permits the generation of "surplus profit"—that is, profits at a rate higher than the average for the entire economy. This was the basis for agricultural rent in Britain. Clearly, the capital-intensive petroleum industry contradicts the universality of this formulation. Marquez and Rivero propose that the basis for ground rent in petroleum can be found in the law of unequal exchange that predominates between the central capitalist and the peripheral capitalist social formations and spheres of production. This explanation makes sense for the prewar period, when the small dominant ruling class of Venezuela predominated over a semifeudal social formation. As Mohssen Massarrat (1980: 41) explains,

For their part the ruling classes of pre-capitalist societies, as the indirect exclusive proprietors of the national land, and the source of raw materials of these societies, are quite satisfied with a payment from capital for utilizing their landed property as the natural basis of its production. This is a kind of pre-capitalist ground rent, on which their power and domination has rested since time immemorial.

But today the capitalist mode of production has penetrated virtually all areas of Venezuelan economy and society. Although a global division of labor persists, spheres of production are less clearly bounded and differentiated as global capitalism assumes a more integrated, transnational character, eroding precapitalist social and economic relationships. Still, "the particular relationship of capital to landed property, in which the latter does not operate as a barrier to the former, can only exist as long as the precapitalist relationships of class and landed property can be maintained" (Massarrat, 1980). The implication would

seem to be that the expansion of global capitalism will sharpen rather than reduce the conflict between Third World primary goods exporters and advanced capitalist states.

With the exception of a handful of analysts (e.g., Massarrat, 1980; Hausmann, 1981), the question of rent has been virtually ignored even in radical studies (Tanzer, 1976; Petras et al., 1977). Adelman (1972), perhaps the best-known orthodox scholar on the petroleum industry, acknowledges differential rent, but like Ricardo attaches no significance to absolute rent. Most students of the oil industry tend to exaggerate the importance of the monopoly power of the oil companies and downplay the significance of the Organization of Petroleum Exporting Companies (OPEC), especially for the pre-1974 period. For these reasons, *El imperialismo petrolero* has an important contribution to make to our understanding of the antagonisms between OPEC (and other primary goods exporters) and the industrialized nations. More important for our purposes it also makes a significant contribution to our understanding of nationalism and populism by showing how these antagonisms were articulated with the evolution of class forces, the role of the state, and the emergence of Acción Democrática in Venezuela. Volume 2, *Las ganancias extraordinarias y las soberanía nacional* (1977) develops these themes.

THE STATE AS LANDLORD AND SOVEREIGN

Las ganancias . . . (1977) departs from the premise that from the rule of Juan Vicente Gómez (1908-1935) to the administration of AD's Raul Leoni (1963-1968) the struggle between the Venezuelan nation and "el imperialismo petrolero" revolved around the appropriation of excess profits generated by the oil industry—that is, around the appropriation of differential ground rent. At the time of arrival of the oil companies the Venezuelan state was, befitting the Spanish colonial legacy, the proprietor over subsoil resources. Surface property could be held privately, but in sparsely populated Venezuela the state was also a major owner. As a result, Gómez was in a position to enrich himself and his collaborators by selling (or virtually giving) away property and concessions from the public domain. Despite this clear compromise of the national interest and literal *vende patria*, the Venezuelan state began to acquire proprietary interests as the Gomecista-controlled Congress legislated fees for exploration and extraction of oil (based on the

example of Texas). The most important of these was the *regalia* (royalty), established as a fraction of the wellhead price of crude. The state had no control over this price nor did it seek any. Thus, the *regalia* combined with other less important taxes allowed the state to recover a portion of differential rent but it did not allow it to fix any minimal absolute rent.

In this relationship the companies were tenants; like all tenants they sought mechanisms, such as long leases, to prevent their landlords from raising their rent. The compliant Gómez regime offered them contracts that expressly forbade any increase of payments for the duration of their concessions. Not only did this apply to the *regalia* but also to other forms of taxation, most notably customs, which had been the principal source of revenue for the state in semifeudal, nineteenth-century Venezuela. Not only did the neocolonial Gómez regime fail to appropriate differential rent aggressively, it also returned through tax exemptions a portion of revenue it might have received.

The relationship between state landed property and corporations has not been unique to Venezuela. The nations of the Third World have been confronted by powerful foreign tenants whose principal interest requires them to limit the state's sovereign powers of taxation. The potential for conflict between state and tenant in Latin America (as opposed to the Middle East) was great even before the Second World War because of the relative degree of juridical independence of the state—a condition utilized effectively by Cárdenas, Perón, and Vargas. But in Venezuela in 1920, the agrarian oligarchy, dominant over a semifeudal mode of production, was not capable of asserting or recovering the national sovereignty of a state that had for a century been compromised by ruinous civil wars and foreign intervention. The most recent round of foreign intrigues and gunboat diplomacy had permitted the Gómez regime to seize and consolidate power from his phlegmatic, Andean predecessor, Cipriano Castro (1899-1908), who had proven too nationalist for imperialist interests.

Although the price of crude was low by modern standards, and although Gómez was content with one-eighth of the price per barrel, the portion of ground rent appropriated by the dictatorial regime was sufficient to allow Venezuela to pay off its international debt, which had seemed staggering and insurmountable at the turn of the century. Because of the high organic composition of capital in petroleum production, imperialism in Venezuela did not require a high rate of exploitation of labor. The companies and Gómez did impose horrible conditions in the camps around Lake Maracaibo, but this was more a

reflection of the social origins of the regime than a reflection of economic necessity. Wages and social conditions would become issues in the 1930s, but the real antagonism between the companies and the state would eventually be focused on the issue of what share of surplus profits (ground rent) would be retained by the Venezuelan state. As late as 1940 this was lower than 20 percent.

Renovation of these terms depended upon two factors—the increasingly favorable conjuncture of world economic forces as demand for oil increased; and the emergence in Venezuela of classes interested in appropriating a greater proportion of ground rent. The latter included (1) the expanding bourgeoisie, (2) middle class groups dependent for employment upon the state, and (3) the nascent working class. From these sectors emerged political leaders who would forge Acción Democrática. But AD's consolidation of an alliance among these groups and assertion of its hegemony was not uncontested. Political forces originally linked to the dictatorship contested AD for hegemony over the bourgeoisie. More prolonged and protracted was the struggle with the Communist party of Venezuela (PCV) for hegemony over the working class. What proved decisive (and what deserves more treatment in *Las ganancias . . .* than it receives) was the mobilization of the peasantry (Powell, 1971) by AD around the banner of land reform. In this respect, the Venezuelan experience more closely resembles Mexico than Brazil or Argentina; although like Mexico, the actual land reform fell well short of that promised (Micheo and Ugalde, 1977a, 1977b; Micheo and Ciriza, 1978).

The two regimes (that of General Eleazar López Contreras, 1936-1941, and that of General Isaias Medina Angarita, 1941-1945) that followed Gómez reflected the mounting influence of the Venezuelan bourgeoisie and the decline of the agrarian oligarchy. Contreras formulated the first state plan for development and initiated a democratic opening. Medina widened this opening and instituted a landmark revision of the petroleum laws in 1943. Rómulo Betancourt (1956) consistently characterized the Contreras and Medina governments, however, as little more than extensions of the semifeudal Gómez dictatorship. While recognizing the partisan character of Betancourt's views, most scholars have generally accepted the idea that, in contrast to its predecessors, the trienio regime headed by Betancourt (1945-1948) represented a dramatic breakthrough for nationalist forces set in motion by the influx of petroleum revenues (e.g., Martz, 1966: 81-86). Reinforcing the nationalist myth shrouding the trienio is the unsubstantiated claim, challenged in *Las ganancias . . .*, that the 1948 *golpe* against

the *adeco* regime (that of the AD) was instigated by the companies and the U.S. embassy.¹ The hostility of the companies, so the myth maintains, was aroused by AD's insistence upon an equal share of oil profits ("the policy of 50/50"), refusal to grant new concessions, and mobilization of petroleum workers into unions.

This interpretation is disputed in *Las ganancias . . .*, especially in the sections dealing with AD's posture toward the 1943 revision of the petroleum law under Medina Angarita and the petroleum policies pursued by AD during the *trienio*. Under the 1943 law, the *regalia* was raised; imports for the oil industry were made subject to customs taxes; the companies were required for the first time to develop refining capacity in Venezuela; provisions for new concessions were designed to guarantee more competition among the companies and to guard against decapitalization upon reversion; and, most important, profits were subjected to the state's general taxation powers (including the newly enacted income tax). These gains were realized partly because of the favorable conjuncture created by the Second World War, but also because a degree of populist mobilization was permitted and orchestrated by Medina. In exchange for renunciation of legal rights that protected privileges obtained from Gómez, and to induce them to renew their concessions (not yet expired) under terms of the new law, Medina's law released the companies from liability for underpayments and fraud dating back to the Gómez era, and it renewed old concessions for another forty years.

This compromise attracted vitriolic criticism from AD as part of its campaign to taint the Medina regime and the Communists (with whom the General had a tacit alliance) with collaborationism. Betancourt and Juan Pérez Alfonso—AD's chief spokesperson on petroleum policy—argued that Medina had compromised Venezuelan sovereignty. In contrast to the policy of Medina and the Communists (who supported Medina as part of the United Front strategy of supporting pro-Allied governments during the Second World War), AD adopted the popular slogan of "Venezuela First," although AD proclaimed its allegiance to the Allied cause.

What AD conveniently overlooked in its opposition to the 1943 law (the Party abstained in Congress), argue Marquez and Rivero (1977) was that *the subjection of the companies to the laws of general taxation was a dramatic assertion of national sovereignty over the companies with far-reaching consequences for the future*. With the recovery of the power to tax company profits, the government had recovered the ability to *raise* the share of surplus profits appropriated as ground rent. The

companies fiercely resisted this legal concession, but the World War, the astute mobilization of popular sentiment by Medina, and the growing aggressiveness of the Venezuelan bourgeoisie forced them to relent.²

The fiscal implications of the law were significant, raising Venezuela's share of profits for 1943 to 61 percent (Mommer, 1981). Government revenue skyrocketed from 133 million *bolivars* (Bs.) in 1943 to Bs. 263 million in 1944 and Bs. 442 million in 1945. Despite the soaring revenues, the government's *share* of industry profits actually fell back below 50 percent over this period. The combination of the regalia and general tax revenues was not sufficient to keep payments proportional to rising prices and to the volume of production. Nevertheless, it is worth noting that Medina, *not AD*, was the *first* to gain for Venezuela a 50 percent share of industry profits. At the time (1945) of his overthrow, Medina was preparing tax legislation to restore the government's portion of profits to that level.

The sharpening of the antagonism between "*el capital arrendatario*" (the companies) and "*el propietario*" (the Venezuelan state) coincided with the emergence of a domestic bourgeoisie (see Brito Figueroa, 1974: 567-654) with its own thirst for oil revenues. The changing class character of the Venezuelan state was already evident in the dramatic popular outbursts following the death of Gómez (1935), in the great petroleum strike that followed, and in the López Contreras plan for development. While the agrarian oligarchy continued to dominate Congress and retained sufficient influence in the military to restrain the executive, the emerging bourgeoisie was well represented in the cabinets of both Contreras and (especially) Medina. The 1943 law was a logical expression of the class interest of the bourgeoisie and the expanding middle class.

With such a petroleum policy, one might have supposed that Medina could have mobilized popular support behind his regime. But the bourgeoisie was still too weak and divided to permit Medina to break completely from the Gomecistas. He had originally come to power, after all, as a successor to a line of military rulers known as the Táchira military elite (after the Andean province from which Gómez and Castro had descended), and the agrarian oligarchy still controlled Congress. He could not indefinitely compete for the allegiance of the popular sector and continue to deny the rising demand for constitutional reforms that threatened the political dominance of the oligarchy. Attempts to found his own party floundered under the circumstances. His Communist allies enjoyed strong working class support, but they were restrained by allegiance to the United Front strategy of the Comintern. AD, drawing

mostly upon the urban classes for leadership and cadre, skillfully exploited the vulnerability of Medina and the Communists by projecting a militant, nationalist posture. In this way, Betancourt and his contemporaries were able to attack the law of 1943 and later to portray the trienio policy of 50/50 as a great victory over "*el imperialismo petrolero*."

AD itself came to power through a golpe against Medina in 1945. It soon consolidated power with an overwhelming electoral mandate. It was now in position to implement its own policies and reject those of Medina, but AD made no move to repeal the 1943 law nor did it use its provisions to further increase the state's share of profits. Instead, the *adecos* (AD partisans) implemented an extraordinary profits tax, expressly limited to a single year. Then in 1946 they implemented the famous policy of 50/50 by decreeing an additional tax under which the industry was to pay whatever amount of revenue would be necessary to raise the state's share of profits to 50 percent. Although it had attacked Medina for negotiating with the companies, AD held discussions with industry representatives in advance of announcing the policy. In this way, Betancourt arrived at a tacit gentleman's agreement which was only revealed when it was discarded by the provisional government of Admiral Wolfgang Larrazabel in 1958.

The 50/50 policy in effect established a cap on the state's share of profits regardless of how much prices and company profits might rise. It represented a self-imposed limitation upon the Venezuelan state's right, established in 1943, to collect surplus profit as differential rent, and hence it compromised Venezuelan sovereignty much more profoundly than had Medina's concessions. As for the companies, the 50/50 policy ensured that their payments to the Venezuelan government would not rise above a level recoverable in the United States as tax credits. They were enamoured enough of the agreement to advocate its virtues to certain Middle Eastern countries.

It might be argued that the AD policy of "no more concessions" provoked the companies, who were anticipating a rising demand for oil during the expected post-War boom period. In fact, the Pérez Jiménez dictatorship was profligate with new concessions. However, according to *Las ganancias . . .*, the "no more concessions" policy actually worked to the advantage of the three largest companies, which already had large, rich, unexploited concessions; new concessions would have only invited more competition.

In fact, adeco philosophy on oil production stressed that control of production in the hands of large companies worked to the nation's

advantage by increasing efficiency. Juan Pablo Pérez Alfonso, the dean (aside from Betancourt himself) of *adeco* thinkers on oil policy, even speculated about the advantages that might be gained from concentrating production in the hands of a single company.³ Creole (a Standard Oil of New Jersey subsidiary) might have gained the most because it was the largest producer and because of the special friendship that developed between Betancourt and Nelson Rockefeller. *Adeco* policymakers, far from planning to limit extraction, were considering expanding it through a new system of contracts for production to replace the old system of concessions. Again, Creole was certainly the company most likely to benefit.

The authors of *Las ganancias* . . . argue that the smaller companies were just as technologically sophisticated. The higher productivity of the three majors could be attributed to their possession of the most naturally productive concessions. The 50/50 standard applied to *all* concessions, so the large companies with the best lots paid rent at the same rate as those companies with poorer ones. The policy thus created a disincentive for investment in less productive properties and encouraged early abandonment of the best concessions once easily extracted oil was removed.

In sum, *adeco* oil policies were not opposed to the interests of the companies. Other AD policies were also consistent with the interests of expanding transnational capital. Mixed ownership of industries and model foreign investment schemes provided new opportunities for links between foreign and domestic capital. AD labor policies explicitly were aimed at eliminating the influence of the Communist Party, especially from the oil fields. These tendencies stand in contrast to the nationalist policies of import substitution and nationalization pursued by populist government elsewhere. At times *Las ganancias* . . . goes beyond what the evidence justifies in asserting specific links between *adeco* leaders and the companies, but it does show that the companies and the U.S. embassy had little reason to seek the overthrow of the *trienio* regime. In 1948 the *golpe* is still viewed in much scholarship and popular mythology as imperialist inspired, but the true thrust of *adeco* policies has been largely unappreciated.

FROM STRUGGLE TO HEGEMONY

Like its populist counterparts, the *trienio* regime had tremendous mass appeal; the extent of its popular support was exceeded, perhaps,

only by Mexico. In 1948, the party marshalled more than 70 percent of the vote in its third consecutive election; yet the government fell from power with hardly any bloodshed or resistance. Government and party leaders decided not to call for a general strike or to accelerate the land reform in order to resist the military coup, which had been anticipated for months. As we have seen from the party's attitude toward the petroleum industry, it had already adopted what we might call a "pragmatic" rather than anti-imperialist stance by 1943; so its failure to resist the 1948 golpe is not surprising. But this leaves unanswered the question of why a more revolutionary elite—either the Communists or leftist elements within AD—failed to assume hegemony over society in what appeared to have been promising circumstances. One convenient explanation for AD's collaboration are the petty-bourgeois origins of Betancourt and several other of its most important leaders (e.g., see Petras et al., 1977: 11-12). This fails to account for the acceptance of their policies by a considerable number of key adeco leaders with working class and peasant origins. Furthermore, history is filled with examples of revolutionary movements led by figures whose origins are from dominant sectors of the old order.

Only recently has the ideological development and strategy of Venezuelan political leaders in the critical years between the student revolt of 1928 and the ascendancy (1945) of the Trieno government begun to attract scholarly attention. The books by Sosa and Lengrand (1981) and by Ellner (1980) are among the first such studies. Sosa and Lengrand demonstrate, through an examination of the public and private writings of key political figures between 1928 and 1935, that the future founders of AD developed a class-based, anti-imperialist plan of action of economic development that belies any notion that they subjectively and consciously manipulated popular sentiment for collaborationist ends during this early period.

Sosa and Lengrand attach the label "*garibaldismo*" to the early, obsessive concern with "action of any kind" of the student leaders sent into exile after the 1928 events. This is clear in the 1928 pamphlet, "*En las huellas de la pezuña*" ("On the Trail of the Hyena") written in association with José Rafael Pocatererra, an exiled *caudillo* figure with whom they collaborated in an ill-fated invasion. The failure of such adventures and study of the Marxist classics led Betancourt and many of the others to conclude that the Gómez dictatorship was not just another episode of regionally (Táchira) based dictatorship. The social and economic changes wrought by the petroleum boom were making caudilloism obsolete. These changes and an alternative strategy for development were presented in the 1931 *Plan de Barranquilla* in which

Betancourt and his associates advocate a "social, not merely political revolution." That this was to be a popularly oriented revolution is made even clearer in the 1932 pamphlet, "*Con quién estamos y contra quién estamos*", in which Betancourt baldly states, "*En Venezuela existe la tiranía de la clase terrateniente, industrial, mercantil—capitalista, en una palabra*" ("In Venezuela there exists the tyranny of the landlord, industrial, merchant *class*—capitalist, in one word"; author's translation, emphasis in the original).

Applying the principles of class analysis, Betancourt and his contemporaries advocated a minimalist program to unite the petty bourgeoisie, working class, and peasantry against the oligarchy and imperialism. They understood the absence of a classical working class and the weakness of the national bourgeoisie to constitute a social void that could be filled only by the state. With the popular sector providing the political power, the state would take the lead in development. The Communist party initially criticized this approach, but with the international shift to a popular front strategy, the way was clear for the future adecos and PCV to unite into the Venezuelan Popular Front of 1935.

Suspicion of Betancourt's commitment to revolutionary objectives has been reinforced by his own disavowal of his studies of Marxism and association with the Communist party of Costa Rica while in exile. Upon his death in September 1981, eulogies and biographies continued to accept his disavowal uncritically—despite the popularity of *Del garibaldismo . . .*, published in that same year. Betancourt attributed his early attraction to Marxism to "desperation over our inability to overthrow the hated tyrant, as well as ignorance of the socio-economic realities of the American people." This all "provided fertile terrain for the messianic hope of a revolution '*a la rusa*'" (in Martz, 1966: 21). But this disavowal is belied by the evidence, including personal correspondence, presented by Sosa and Lengrand. For example, in a January 1931 letter to a colleague, Betancourt describes how his studies in Costa Rica were preparing him "to approach this new type of politics less preoccupied with intrigue and more in possession of the scientific keys for solving problems."

Unfortunately, *Del garibaldismo . . .* takes us only to 1935. How the adecos moved from a popularly oriented conception of revolutionary change to subordination of popular aspirations after 1943 is not subjected to examination. Certainly the program and the broad alliance of class forces envisioned in the Plan de Barranquilla suggest clues as to why this evolution was possible. Perhaps most important, the plan was predicated upon the assumption that imperialism's interests were

associated with the reactionary character of Gomecismo. But, in fact, as we have seen in *Las ganancias . . .*, it was not. The interests of the companies were defined by their status as tenants; those of industrial capital concerned expansion of markets and new relationships of production. The former is antagonistic to state landed property, but the latter has been quite compatible with the nascent bourgeoisie of Venezuela.

The plan posited a political strategy that involved mobilizing workers and peasants as a power base for a government that would functionally substitute for an energetic bourgeoisie. In contrast to Lenin's formula this was not to be a "worker and peasant government"—that is, one in which the hegemony of the popular sector would be enforced in theory by a party. Deep suspicion of merely electoral democracy was expressed, but the plan suggested no alternative approach to guaranteeing worker and peasant hegemony. Not surprisingly, then, the state would come to be dominated by the class it would help create and the mode of production it would encourage, which was capitalist. Increasingly, after 1935, the political power of the popular sector came to be envisioned narrowly as electoral.

For AD to implement its historical project, hegemony over labor would have to be won without producing either revolution or reaction—a difficult task considering the intransigence of the agrarian oligarchy and portions of the military and the weakness of the Venezuelan bourgeoisie. The Communists presented themselves as a revolutionary alternative, and they retained great support among workers as late as 1944, when they mustered a majority of delegates to the National Workers Congress. Ellner's book sheds much light on how the adecos wrested control of the labor movement from the Communists between 1936 and 1948 and on how the more militant AD labor leaders were restrained by Betancourt and other adecos. His principal thesis is that several of the splits that occurred within AD after 1958 can be traced back to this contest with the Communists and to differences between radical adecos and Betancourt's followers.

The future adecos had been the ones to dissolve formally the "single party of the left" (the Partido Democrático Nacional, or PDN) by expelling the Communists in 1937. The loyalty of the Communists to comintern policy, the evolution of adeco leaders toward a social democratic perspective, the relative success of the Communists in union activity, Communist insistence on publishing independently of the PDN, and the feeling of growing isolation of Betancourt's followers as they slipped into minority status within the PDN all probably contributed to the split. Partisan accounts of the growing gulf between the two

former allies stress betrayal and compromise of the “national interest” by one side or the other. But Ellner’s reconstruction of the 1944 Convención Nacional de Trabajadores reveals that both Communist inflexibility and adeco exploitation of reactionary sentiment played a role in the collapse of the convention.

AD has always claimed that the Communists sought to use the convention, called for the purpose of forming a united labor confederation, to solidify their dominance over the union movement. Ellner maintains, however, that the priority of the Communists was to ensure that the growing union movement in no way interfered with the flow of oil to the Allied war effort. Since AD also supported the Allies, this would hardly have seemed threatening to the convention. However, on a resolution concerning the war, the Communists insisted that support for the Allies be limited to justifying hostilities *after* the German invasion of the Soviet Union.

Not surprisingly, the adecos found this unacceptable, but Ellner shows that AD was not any more inclined to put partisan considerations aside. The actual dissolution came when AD, despite clearly being in a minority, insisted not only upon equal representation in the projected confederation, but upon a pro-AD chair. It was in the midst of a heated debate over this issue that one Communist delegate violated a tacit agreement, vital for Medina’s benign attitude toward the labor movement, that delegates not be recognized as affiliates of any political party. When the young delegate blurted out in exasperation that a majority of delegates at the convention were Communists, the AD delegation, following the orders of Betancourt (who was not a delegate), walked off the floor. Then, in a manner suggesting advance planning, the adecos ensured that the injudicious remark was extensively published in the conservative press. The hand of Medina was thus skillfully and unscrupulously forced by AD; the government reluctantly dissolved unions controlled by the PCV. AD took advantage of the dissolution to replace many of the disbanded unions with its own organizations.

Adeco strategy was successful not only because of its exploitation of reactionary, anticommunist sentiment and (later) because of the power and patronage it exercised while in control of the government, but also because of the inflexible positions that the Communist party assumed. Its unwillingness or inability to adopt comintern policy to the situation in Venezuela cost it the considerable advantage accumulated during the PDN period. In the critically important oil fields, the Communists restrained workers from striking for better wages and conditions. The initiative passed to adeco cadres who mobilized workers under the banner “Venezuela First.” When its turn in power came between 1945

and 1948, AD used patronage, police powers, and "parallel unions" to further dislodge the Communists. Labor relations were at times difficult and tense, but contracts were invariably achieved. Both the companies and the U.S. embassy appreciated *adeco* anticommunism as the cold war era dawned.

The leadership of AD, for all its apparent militancy while in opposition, moved to subordinate the working class after gaining some significant concessions from the companies on wages and working conditions in the oil camps. The party leadership rejected the demands of its own union leadership to adopt a more militant anti-imperialist posture. But the militants eventually acquiesced to party discipline, fearing that reactionary forces would overthrow the government. They did, however, prevent Betancourt from taking the AD labor movement away from Vicent Toledano's *Confederación de Trabajadores de América Latina* into the *Confederación Interamericano de Trabajadores*, dominated by the U.S. American Federation of Labor.

During the last days of the *trienio*, as the government of Romulo Gallegos struggled to survive despite the resounding electoral victories, party and government leaders rejected appeals from union officials to prepare a general strike. Betancourt in particular was committed to a program of "social peace" in the belief that domestic reactionaries could be mollified and the confidence of foreign capital be retained. The coup occurred *despite* vigorous efforts on AD's part to discipline the work force, especially in the oil fields. As late as 1948, the Gallegos government responded immediately and positively to a U.S. complaint that *adeco* complacency in the petroleum fields was permitting the growth of Communist influence (U.S. Department of State, 1948: 776).

Was *adeco* moderation essential for the survival of the government? Would a more militant, popular mobilization have strengthened the regime or only have hastened its demise? The same questions were to be raised twenty-five years later in regard to the Popular Unity government in Chile. In several respects, the Venezuelan case seems to have been much more favorably inclined toward radicalization should AD have been so disposed. The *trienio* government, in contrast to the Allende regime, was led by a single, well organized, disciplined party with an overwhelming electoral majority. Although the Venezuelans lacked the dubious advantage of a "constitutionalist military," the domestic bourgeoisie was considerably weaker and less developed. The international economic conjuncture was certainly much more favorable than it was for Allende. Yet there was scarcely any attempt by the party to organize resistance to the 1948 *golpe*.

Conspiratorial explanations of the 1948 golpe only serve to obscure the fundamental convergence between AD's strategy of development and the interests of international corporations poised for rapid postwar expansion. Even more objective and critical scholars fail to grasp this convergence. Ellner, for example, expresses surprise at how quickly the friendship between Betancourt and Rockefeller blossomed considering Betancourt's denunciations of the latter during the previous decade. But by 1943, his anti-imperialism had been replaced by a desire for association with foreign capital—two decades before the imperatives of such an association culminated in the “populist crises” and neofacism in Brazil and the Southern Cone (Cardoso and Faletto, 1968). *In these latter cases, populism was an obstacle to this association because it was nationalist oriented. In Venezuela, the association with foreign capital was forged under the guise of populism in the first place.*

Why then did the regime fall? The explanation probably lies in part in a reality recognized in the Plan de Barranquilla: The Venezuelan bourgeoisie was insufficiently mature to accept at that time the structural changes in the economy and society that the trienio government was introducing in order to associate foreign and domestic capital and to make possible the reproduction of capitalist relations of production. The Venezuelan bourgeoisie was not prepared to accept the institution of labor unions, for example, nor were they disposed to defend the party against reactionary sectors, including the landed oligarchy that retained influence in the military and the Church, which fiercely resisted educational reforms.

Undeniably, adecos used state power to discriminate against other political organizations seeking support among bourgeois sectors, just as they used it against the Communists in labor. But to attribute AD's denial merely to political mistakes is superficial. AD's “mistakes” must be understood in the context of changes that it sought to implement in order to extend and expand the capitalist mode of production in Venezuela. When AD returned to power in 1958, it was more experienced. But, more important, so was the Venezuelan bourgeoisie.

“In the political party, the elements of an economic social group get beyond that moment of their historical development and become agents of more general activities of a national and international character,” wrote Gramsci (1971: 16). During the trienio, AD had *not* gotten too far in advance of the working class; the working class was actually being subordinated to a subaltern position in the new social formation that AD was seeking to construct. AD was, however, too far in advance of the sector that it sought to associate with foreign capital—that is, the

nascent bourgeoisie. Foreign capital was not so wedded to Venezuela's primitive industrial economy as to rescue it from reactionary opposition or unprincipled opportunists, like General Marcos Pérez Jiménez.⁴

POPULISM, NATIONALISM, AND THE NATIONALIZATION OF OIL

By 1958, after 10 years of corruption and brutality under Pérez Jiménez, the Venezuelan bourgeoisie was economically threatened by financial crisis and socially strengthened by a decade of economic expansion. It found itself occasionally targeted for dictatorial violence. No longer in advance of its social base, the leadership of AD was now prepared to consolidate political power, even at the cost of losing some radical cadres and leaders. New initiatives in oil policy came more in response to changes in the international economy than as a result of nationalist militancy. The changes, especially the founding of OPEC, culminated in the nationalization of oil in 1976. This is the principal theme of Marquez and Rivero's (1979) *La renta absoluta . . .*, Volume 3 of *El imperialismo petrolero*.

During the administrations of Betancourt (1958-1963) and Leoni (1963-1968) the principal antagonism between the Venezuelan nation and the companies continued to revolve around the state's share of surplus profit—that is, around the appropriation of differential rent. The authors of *Las ganancias . . .* (Volume 2) argue that even after 1958, AD sought to maintain a stable relationship with the companies; the most significant changes in tax policy were actually accomplished by the provisional Larrazabel government of 1958.

La renta absoluta . . . examines the shift from the struggle for differential rent to that for the absolute rent. Although Venezuela had been instrumental in founding OPEC in 1950, it was not in the vanguard of this struggle. The key struggle undertaken during the late sixties was for the right to base their share of profits upon quoted rather than market prices. This was formalized in 1971 in Teheran by the establishment of the "reference price" system that gave the proprietor nations the unilateral right to set prices for crude oil. Even before this, despite a fall in the price of oil, the amount collected per barrel by OPEC nations

actually rose between 1960 and 1966. The share of host state profits had risen from 50 percent to 60 percent. For these reasons the authors of *La renta absoluta* . . . are more favorable in their evaluation of the pre-1973 history of OPEC and less inclined to attribute its subsequent success merely to fortunate international political circumstances or conspiracies between OPEC nations and the oil companies. Bernard Mommer, an economist at the University of the Andes, summarizes in a recent work (1983: 53) the accomplishment of the cartel in these terms:

From a qualitative point of view, OPEC had managed to free itself from the immediate dependency upon the capital of its tenant, this dependence that had been expressed with particular clarity in the policy of 50/50. . . . OPEC managed to establish itself as a cartel of proprietors whose policy would be based upon rent, not upon prices. With the system of reference prices, OPEC had created against falling prices an absolute rent; with absolute rent we have the economic definition of OPEC.

Adelman (1972) and other critics of OPEC's pre-1973 performance fail to appreciate the achievement of OPEC because they adopt a Ricardian perspective on rent that recognizes only differential, not absolute, rent.

Once OPEC's accomplishment is understood it becomes clear why the companies had little reason to oppose nationalization and why the populist and nationalist sentiments associated with expropriation in the Third World were so attenuated in Venezuela. No longer were the companies and the state struggling for a share of differential rent. The landlord state could now fix an absolute rent by setting prices. The companies still "owned" the oil, but could not fix its wellhead price. Why not permit the producing nation to "own" the extractive phase and bear the onus for the prices it set? Profits for the companies were still to be had in contracts for services and in other phases of production and distribution.

Absolute rent contradicts the interest of the capitalist consuming class by raising the cost of reproduction of the work force and the cost of production. Since the companies no longer functionally represented the consumer interests, the consuming capitalist states quickly changed their philosophy on direct negotiation with OPEC. Whereas they had always insisted that the exporting nations deal with the companies and rejected political negotiations over the price of oil, they now sought direct negotiation and formed a consumers cartel to represent their interests.

The logic of this process literally overtook Venezuela, which had previously been in the vanguard of oil producing nations. During the sixties, AD governments sought a "special relationship" with the United States. It had been AD's hope to overcome sluggish economic growth and falling investment in oil by establishing a special trading relationship with the colossus of the North. Its pleas for special treatment fell on deaf ears as more profitable and easily exploitable Middle Eastern oil reduced the relative importance of Venezuelan exports in the world economy. Still, in 1973, Venezuela refused to participate in the Arab oil boycott. Nonetheless, the establishment of the reference price system during the late sixties ensured that it would fully benefit anyway from the resulting price increases.

The oil companies, then, had little to lose politically or economically from nationalization; and they had much to gain from service and marketing contracts through which they could recover a portion of their rent. Nonetheless, nationalization in Venezuela was a significant victory for the nation. With nationalization, the Venezuelan state solidified its ability to fully appropriate ground rent. Of course, this rent is subject to market forces, but Venezuela had recovered its sovereign, proprietary "right" to appropriate ground rent fully. *La renta absoluta* . . . departs from the premise that "*negar la renta absoluta es negar las importancia económica, en la etapa actual del imperialismo, de la lucha de los países del tercer mundo por la propiedad y la soberanía sobre sus recursos naturales*" ("to deny absolute rent is to deny the economic importance, in the present era of imperialism, of the struggle of the Third World for the proprietary right and sovereignty over their natural resources"; author's translation).

It should not be presumed that the authors view the nationalization of Venezuelan oil as a radical act. They review the shortcomings of the contracts for technological assistance and services, concluding that oil company profits per barrel are approximately one half what they were in 1969 despite the absence on their part of any substantial risk and capital investment. Furthermore, the contracts

have as their object and limit themselves to the organization and administration of the petroleum industry in existing conditions, while any innovation or expansion would be arranged as part of separate agreements. . . . Second the fact that a greater net profit per barrel is conceded to the major companies than to the small ones, in our opinion reflects the differences in the distribution of profit of the old concessions; moreover, this fact also

contributes to the monopoly power that the large companies exercise in the international consumer market [1979: 19].

The contracts forbid individual Venezuelan companies, which are all subsidiaries of Petroleos de Venezuela, from transferring information or technology to one another. Since each subsidiary's area of operations corresponds to one of the old concessions, this provision in effect maintains a part of the old order at the expense of Venezuelan autonomy.

Since the formulation of James Petras's ideas on the imperial state owes so much to his analysis of the Venezuelan case, and since he insists that dependence upon the export of primary materials remains the principal role of peripheral nations, the theory of ground rent would seem to be an indispensable tool for sorting out the issues surrounding the role of the nation state. For example, the growth of the social democratic international and its spread into Latin America is cited by Petras et al. (1982: 137-150) as an illustration of the institutionalization of a transnational "imperial state" with Caracas as its critical center in Latin America. This state might, as in Venezuela, be heavily influenced by Western political forms, but "the logic of class struggle in Latin America cannot be encapsulated within the democratic class collaborationist formulas developed in Western Europe" (1982: 147).

Unfortunately, Petras omits from his formulation a consideration of relationships—national and international—arising out of state landed property. The objective interest of the Venezuelan bourgeoisie lies in raising absolute rent to the maximum; the capitalist consuming class will seek to lower it. If export of primary goods remains the most important base of accumulation for the capitalist class of the periphery, then the sovereign nation state may prove more resilient than the theory of the imperial state suggests.⁵

ANDRES PEREZ AND AD'S SECOND "POPULIST" PERIOD

To the authors of *CAP 5 años: un juicio crítico*, nationalization was simply "*un acto imperialista*" (EQUIPO, 1978: 93). The articles on the postnationalization petroleum industry and the publication of two of the contracts for services detail the intricate ways that international capital continues to maintain Venezuela in a state of dependence. As

their conclusion suggests, however, the concept of ground rent is absent from their discussion. Like other critics of nationalization, they let their zeal to contradict the populist image of Carlos Andres Pérez (CAP), president between 1973 and 1978, blind them to the significance of nationalization.

But *CAP 5 años* also contains an important theoretical analysis of recent changes in the Venezuelan class structure, particularly in regard to bourgeois sectors—changes dialectically related (as is almost everything inside Venezuela today) to the role of the state in the oil industry and the influx of massive new revenues after 1973. Pérez's populism was a façade behind which the state apparatus was centralized and made more bureaucratic and authoritarian. The articles, which appeared originally between 1976 and 1978 in the journal *Proceso Político*, posit that Pérez and his faction of AD sought to reduce the power of Congress and to free the hand of the bureaucracy through administrative reform, changes in the planning process, and the Fifth National Plan (PLAN V). One manifestation of these changes was the conclusion of marketing and technical assistance contracts with the companies without prior approval and examination by Congress. In the labor sector, challenges by the left were increasingly met with repression, as other techniques, such as parallel unionism, no longer sufficed. These measures were undertaken in the interest of an emerging sector of the bourgeoisie, one more technocratically inclined and linked directly to more diverse sectors of foreign capital than are longer established capitalist groups.

That a new faction of the bourgeoisie has emerged and that it first expressed itself in the Pérez faction of AD is also the thesis of Duno's *Los doce apóstoles, proceso a la degradación política* (1975). This little book was extremely popular during the latter years of the Pérez tenure. Like the popular book by D. A. Rangel, *La oligarchia del dinero* (1972), which described the original economic *grupos*, Duno's muckraking style yields rich biographical information on the background of relatively new members of the Venezuelan governing elite. In each "apostle" one can see the links between the dominant economic class and the governing elite. But this kind of literature is not an adequate substitute for thorough sociology. Older, established *grupos*, such as Polar, Mendoza, and Boulton, have continued to draw abundant capital from the rented public finance system and have themselves developed new links with private, foreign capital (Karl, 1979; Coronil and Skurski, 1982). There may be some validity in the proposition that the older elite is more closely linked to other sectors of AD than to Pérez, but the lines within AD are not sharply drawn along this particular dimension alone. It is doubtful that a clear-cut victory of, for example, the Pérez faction over

the Betancourtistas inside of AD would result in the hegemony of a distinctly new fraction of the bourgeoisie. The pattern of intraparty competition for political power within AD does not point to any simple division between traditional adecos and technocrats.

Yet it does seem that a more technocratic governing elite has emerged inside of AD under Pérez, and the changes in the state apparatus described by EQUIPO seem related to more than just the influx of massive oil revenues. In one essay, "Venezuela hacia la crisis," it is argued that corporatist and authoritarian tendencies during the Pérez administration are consequences of the internationalization of capital. Since the Pérez faction is closest to the Socialist International, this thesis supports the analysis of Petras. The dominance of transnational capital contradicts the constitutional basis of state, which is national, argues EQUIPO (1978: 220):

El Estado en la medida en que se constituye nacionalmente, abarca primordialmente a un campo de intereses que corresponde a burguesías locales; pero en lo que la facción burguesía transnacional adquiere cierta fuerza, entra en contradicción con las funciones clásicas del Estado nacional.⁶

The analysis resembles in many respects O'Donnel's (1978) explanation for the emergence of "bureaucratic authoritarianism" in Brazil.

But EQUIPO's analysis is limited in its historical perspective. For example, the present disputes in AD are laid by EQUIPO to the creation and exploitation of splits within AD by emergent bourgeois sectors seeking to displace those groups which the party has allegedly represented historically—the peasantry, the urban and rural petty bourgeoisie, (*en sentido estricto*) public employees, students, other parts of the middle class dependent upon the state, and the labor union bureaucracy. Conspicuous by its absence from this list is foreign capital. The present split within AD cannot be adequately explained by appealing to the notion of internationalization of capital and its penetration into Venezuela because the association of foreign capital has been a characteristic of AD hegemony since before the trienio.

All of this is not to deny the important changes taking place within the Venezuelan social formation and in the state and its functions. *CAP 5 años*, while flawed, is an important source of ideas and primary sources for those interested in assessing the significance of nationalization and the dialectical relationship between the fortunes of sectors of the Venezuelan bourgeoisie and trends in international capitalism. The massive growth of revenues at the disposal of the landlord state makes the organic links between the governing elite and fractions of the domi-

nant economic class of enormous significance. The relative autonomy of the state cannot help but be impaired, and this is manifested in the chronic corruption of Venezuelan society, especially among the technocrats.

CONCLUSIONS

The primary contradiction of Venezuelan politics remains the fact that the process of accumulation is situated outside the national territory (Hein, 1980: 228). This contradiction is common to peripheral nations, which are so overwhelmingly dependent upon ground rent. We still lack a theory of the peripheral state that adequately captures the present moment. But it is clear from the case of Venezuela, where the possibility of export-led growth would seem to have enjoyed its most favorable environment, that the possibility that a nationalist, progressive bourgeoisie might emerge to lead economic development and oppose imperialism is more remote than ever.

This possibility was the foundation for the formidable nationalist myth that has surrounded *Acción Democrática* and for the legitimacy that the present constitutional regime, the concrete result of AD's historical project, has enjoyed since 1958. The material basis for this legitimacy is thereby being undermined as the boom years draw to a close, corruption corrodes the reputation of civic leaders, financial problems grow more acute, and the dream of social and economic development benefitting the masses recedes.

Not surprisingly, the state as a major employer and as the center for accumulation of capital finds itself increasingly placed in direct confrontation with labor. Since 1981, strikes in the textile and steel industries led to blatant repression against labor leaders and stiff worker resistance (see Arrieta, 1981, 1982). Guerilla "threats" have been manufactured to provide an excuse for attacks on radical leaders. The penetration of capitalist relations of production into the countryside has created a more proletarian peasantry and militant class of small farmers, while large producers have failed to produce adequately for the expanding urban population or for export diversification.

The results of the December 1983 elections indicate the parliamentary weakness of the left, but they mask the steady erosion of mass confidence in the present "democratic" regime. The Venezuelan state is likely to find itself increasingly caught up in reviving class struggle as the decade proceeds.

NOTES

1. In 1980 AD began to issue a series of publications containing important historical documents connected with the party's history. Significantly, the first, *El cuartelazo de Noviembre 1948* (1980), contains major speeches of party officials, including one by President Romulo Gallegos charging that the companies and the U.S. embassy were behind the golpe. The introduction to the 1980 pamphlet carefully notes this charge without mentioning the subsequent recantation by Gallegos.

2. Massarrat (1980), in an otherwise excellent summary of the growth of nationalism and its relationship to ground rent, completely overlooks the 1943 Venezuelan law. Hein's essay (1980) makes ground rent the organizing theory for understanding Venezuelan history as well as the internationalist character of AD's developmental plan as far back as the trienio. He also fails to appreciate, however, the radical implications of the 1943 law and the essentially retrogressive nature of AD policies between 1945-1948. A good summary of the perspective advanced in *El imperialismo petrolero* can be found in Mommer (1981).

3. In his well-known study of copper in Chile, Moran (1974) recognizes that the monopoly power of multinational corporations is potentially beneficial to host states since this power can be used to drive up prices, an approach consistent with Marx's theory of differential rent. Like Adelman (1972), however Moran's analysis does not embrace absolute ground rent, and therein lies its major shortcoming.

4. Hein (1980: 240) criticizes the guerilla movement of the 1960s and the contemporary left for its naivete in failing to understand that "imperialism had taken on a new character. It had virtually absorbed the old national bourgeoisie through the penetration of manufacturing by international capital. These developments were ignored, as was the special effect of oil rent on the relationship between Venezuelan capital and the integrated working class."

5. Petras's position is incisive in its critique of the obsolescence of the concept of the national state. The organization of consuming nations through the International Energy Agency and the internationalization of capital in other respects support his position, which leads to a critique of the classical position that the nationalist bourgeoisie in peripheral nations must be drawn into an alliance with the popular forces to confront imperialism. Massarrat (1980: 40-47) seems to concur:

Just as on a national level *capital* in reality exists in single capitals, *landed property* in individual landed properties, and *wage labour* in the wage workers of one factory, so likewise these exist on the world market in their individual fractions: as *national capital*, and *national landed property*, and national wage labour . . . "the material basis for anti-imperialist policies that involve alliances with the non-proletarian classes in the countries of the Third World was dissolved long ago."

At the same time, it is not clear that all sectors of the bourgeoisie have been equally assimilated by international capital, nor that certain antagonisms between the national bourgeoisie in peripheral nations and its counterpart in the center do not remain. This being the case, anti-imperialist alliances may yet be possible. We should not over-generalize either position.

6. The state, to the extent to which it is constituted as a national entity, encompasses in a primordial way a field of interests among the local bourgeoisie; but regarding those in which the transnational faction of the bourgeoisie acquires certain influence, there arises a contradiction with the class functions of the national state.

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