

## What is Really New about Venezuela's Bolivarian Foreign Policy?

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### Introduction

The most recent Summit of the Americas, held in Argentina in November 2005, bringing together the leaders of the Western Hemisphere, provided the latest opportunity for President Hugo Chavez's efforts to put forward an alternative project for Latin America. Upsetting the agenda of the Summit, Chavez was successful in transforming the event into a referendum on the Free Trade Area of the Americas (FTAA). As he has long argued, Chavez denounced the FTAA as an effort by the wealthier states in the hemisphere to exploit the poor, and he has instead proposed ALBA (Alternativa Bolivariana de las Americas) as a pact that would exclude the United States.

By the end of the event, only Venezuela and the four members of Mercosur, an alternative regional integration effort, opposed the proposed summit communiqué and the FTAA. However, Chavez played skillfully to the numerous Latin American journalists in attendance and the masses of anti-Bush demonstrators that had gathered near the Summit venue.[2] Sentiments among the leaders after the Summit ran high, with a public rebuke by Mexico's President Fox leading to a verbal counterpunch by Hugo Chavez and a mutual withdrawal of ambassadors between Mexico and Venezuela.

The acrimony of this Summit contrasts strongly with the consensual atmosphere of previous regional summits and highlights a growing division in the Americas. In 1998, President Hugo Chavez became one of the first Latin American leaders elected in what has become an increasingly clear trend towards left wing or progressive governments in the region. Unlike many of those that have followed, Hugo Chavez is not the product of democratic party politics but rather a former military officer and coup leader whose attachment to the rules of democratic game is shaky at best. In fact, the Chavez administration represents an outlier among the recent wave of elected leaders in Latin America—leaders such as Presidents Luis Ignacio da Silva of Brazil and Nestor Kirchner of Argentina who by and large are firmly committed to democracy and the rule of law.

Within Venezuela, Hugo Chavez has led a veritable transformation of the democratic system that had been in place since 1958 by introducing a new constitution, a new legislative assembly and supreme court, and a new electoral oversight mechanism. Despite considerable domestic opposition and an attempted coup in 2002, President Chavez has consolidated complete control

within Venezuela, as highlighted by his overwhelming victory in the 2005 municipal and legislative elections. Chavez's clear commitment to a populist agenda, 'Bolivarian' participative democracy, and most recently, '21st century socialism', sets him apart within Latin America, but also contrasts strongly with many of Venezuela's previous policies, which had largely been designed to favor representative democracy and the status quo.

Radical change in Venezuela has produced a transformation in its foreign policy. President Chávez has reinvigorated OPEC, which had seemed moribund during the 1990s, and he has sought to build direct ties to other non-OPEC oil producers, such as Russia, and new markets, such as China. Venezuela has increasingly projected its ambivalence over its role as a key supplier of oil to the United States, both reaffirming its view of the importance of the U.S. market and threatening to deny access to oil as a strategic lever against U.S. policies. Where it had once been a major supporter of representative democracy in the hemisphere, increasingly, Venezuela has been advocating an alternative vision of participatory democracy that emphasizes mass mobilization and downgrades the role of institutions. It views continuing U.S. support for representative democracy in Latin America as thinly disguised meddling in the hemisphere, yet it is all too willing to use its oil wealth to support like-minded political leaders and elements of civil society in Latin America, Europe and the United States. At its core, Venezuela's current foreign policy views the United States as the main threat to the promotion of its agenda internationally and the defense of the revolution at home.

To what extent does Venezuela's Bolivarian foreign policy represent a historic break with the past? How important is this shift? Does it represent a threat to U.S. interests? In some ways, there are significant continuities in Venezuela's contemporary foreign policy when it comes to oil, but there has been a substantial shift when it comes to democracy. What is new about President Chávez's Bolivarian foreign policy is that it has moved beyond Venezuela's traditional efforts to maintain strategic independence and maximize oil revenue to one of explicitly seeking out allies in a bid to check U.S. power and influence in Latin America. From the perspective of U.S. policy makers, this goal may seem unfeasible for a country with the limited power and resources of Venezuela. Nevertheless, this is the main axis of Bolivarian foreign policy today.

## **The Strategic Importance of Venezuela**

Venezuela has often sought to play an outsized role in hemispheric politics, particularly considering its relatively limited size and capabilities. Although it enjoyed a brief moment in the sun during the Latin American wars of independence, the strategic importance of Venezuela only truly emerged after the discovery of major oil deposits there in 1914. Since World War II, Venezuela has parlayed its role as a leading oil supplier to world markets into a diplomatic voice in pursuit of its national interests. During the democratic period of 1958-1998, this meant that Venezuela often used its influence and power to promote democracy within the hemisphere, yet on a world stage, what mattered was protecting its share of the world market for petroleum products and sustaining high prices for the same.

Beginning in the 1920s, U.S., British and Dutch companies created the physical infrastructure for Venezuela to become the largest oil exporter in the Western Hemisphere. They also played a key role in shaping Venezuelan oil legislation and even the role this natural resource would play in its politics. The strategic importance of Venezuela's oil to the United States was confirmed during World War II, and was reconfirmed time and again during each recurring Middle East political or military crisis of the Cold War and beyond.

After World War II, Venezuelan democratic governments sought greater access to a share of oil profits, initially through higher royalties and taxes, but eventually shifting towards gaining state control of the industry itself. Venezuela also sought to promote its views regarding the importance of national control of oil production in developing countries through its leading role in the creation

of OPEC.[3] Even though it was a leader in OPEC, Venezuela developed a reputation as a reliable supplier of oil to U.S. markets, particularly in moments of international crisis. There was considerable friction until the 1973 oil crisis over U.S. oil import quotas that were disadvantageous to Venezuela. One historic missed opportunity, at least from the Venezuelan perspective, was that the United States never appeared to be interested in institutionalizing a special relationship between the two countries over oil, which they blamed on the opposition of American oil companies.[4] When it comes to oil, much of Venezuela's foreign policy can be seen as an effort to throw off an early dependence of international oil companies and set its own terms for the production and export of its key resource.

The oil wealth generated during the 1970s allowed Venezuela to pursue a more assertive foreign policy, and often one that irritated the United States. Its role in the creation and leadership of OPEC gave it a new prominence during the oil crises of this period. President Carlos Andres Perez (1974-79) promoted a Venezuelan leadership role in the non-aligned movement, often critical of U.S. policies, and in 1974, Venezuela reestablished diplomatic relations with Cuba.[5] Venezuelan support for the overthrow of the regime of dictator Anastasio Somoza in Nicaragua in 1979 showcased a willingness to actively subvert governments once considered U.S. allies. Venezuela also sought to contain and change U.S. Central American policies during the 1980s through its leadership role in the Contadora group, promoting confidence building and regional peace negotiations as alternatives to a more confrontational U.S. stance with Nicaragua and Cuba.[6] Part of the political importance of Venezuela in the region can be explained by its policy of strategically subsidizing oil exports to Central America and the Caribbean. Venezuelan influence in the region, especially when backed by abundant oil money, occasionally frustrated U.S. designs.

Venezuela's political leaders after the 1958 transition to democracy were firmly convinced of the importance of supporting like-minded governments in the region, and they opposed the model advocated by the Cuban revolution on both ideological and pragmatic grounds. The Kennedy and Johnson administrations in the United States cooperated assiduously with the Venezuelans in defeating a Cuban-backed insurgency in their country. It is from this experience that United States and Venezuelan militaries developed strong mutual security and defense links. Venezuela's first leader of the democratic period, Rómulo Betancourt, even promulgated the doctrine of non-recognition of both left and right wing dictatorships in the Americas, a step too far for the United States, which often saw right wing authoritarian regimes as strategic partners in the Cold War.[7] Venezuela had an important role in El Salvador during the 1980s when it provided political support to President Duarte's Christian Democratic government. Venezuela also provided funding and security assistance to assure the survival of the elected government of Violeta Chamorro in Nicaragua following the end of the Sandinista regime in 1990.[8]

Oil enabled Venezuela to 'punch above its weight' at key moments in its foreign policy history, particularly after the 1973 and 1979 oil crises gave it the economic wherewithal to support its international agenda. Although occasionally at odds with the United States and other leading powers, Venezuela generally pursued a status quo or pro-democracy agenda in the Americas designed to promote regional stability. What has changed today is that the foreign policy agenda of Venezuela is designed to overturn the status quo, and the oil wealth that made Venezuela strategically important has now been devoted to supporting this project.

## **What is Different about a Bolivarian Foreign Policy?**

To the extent that it can be defined, President Chávez's Bolivarian foreign policy seeks to defend the revolution in Venezuela, promotes a sovereign and autonomous leadership role for Venezuela in Latin America, opposes globalization and neoliberal economic policies, and works towards the emergence of a multipolar world in which U.S. hegemony is checked.[9] The changing pattern of Venezuelan foreign relations since the election of President Chávez, particularly its growing closeness to traditional U.S. adversaries, such as Cuba and Iran, and

potential challengers, such as Russia and China, disturbs many in the United States foreign policy establishment. It has also expressed its opposition to the war in Iraq and its skepticism regarding the global war on terrorism.

In concrete terms, President Chávez's first foreign policy goal was revitalizing OPEC, and he has succeeded completely, although he did benefit from burgeoning demand for energy in China, India and the West. President Chávez has reached out to other OPEC members, even those on Washington's short list of least favorite regimes, such as Libya, Iran, and Iraq before the overthrow of the Hussein dictatorship.<sup>[10]</sup> He has also invested a great deal of time in building relations with Russia and China, the former because of its important oil production capacity, and the latter because it is perceived as a major potential consumer of Venezuelan exports. Beyond oil, these two countries are key partners in Venezuela's Bolivarian foreign policy because they represent alternative sources of technology and military equipment whose decisions to cooperate with President Chávez are unlikely to be influenced by U.S. objections. The logical objective of this policy is to reduce Venezuelan political, economic and military dependence on the United States. We should remember that Venezuela will find it difficult to escape its connection to the U.S. oil market because the refineries most capable of processing the particular type of sour (high sulphur content) and heavy crude produced in Venezuela are almost all located in the United States.<sup>[11]</sup>

In Latin America, Venezuela has sought to achieve a position of leadership and rally support for regional policies and institutions that exclude the United States. One particular area of friction has been the U.S.-sponsored Free Trade Area of the Americas (FTAA), which came to a head at the 2005 Summit of the Americas. He also worked towards an alliance of state oil companies in Latin America, called Petrosur, to foster stronger regional integration in the energy sector.<sup>[12]</sup> Similarly, at a hemispheric defense ministerial in 2000, the Chávez administration proposed the integration of Latin American militaries and the creation of a regional defense alliance without U.S. participation.

These proposals all fit the Bolivarian theme of regional integration and suspicion of the United States. The Chávez administration has also dissented from the regional political trend towards institutionalizing international policies that defend representative democracy in the region, such as the OAS Democratic Charter. Instead, it has showcased its own 'participatory democracy' as a superior alternative.<sup>[13]</sup> In the security arena, Venezuela has suspended all military-to-military links with the United States and has sought alternative sources of military expertise and equipment from Brazil, China, and Russia. Given the central role that the military plays in supporting the Chávez administration in Venezuela, the loss of these military-to-military contacts is taken seriously by the United States. Taken together, it is clear that Venezuela seeks to reduce its dependence on the United States in security and foreign policy and develop an alternative network of allies.<sup>[14]</sup>

Having achieved a measure of domestic tranquility in the wake of his victory in the 2004 referendum on his leadership and his 2005 electoral sweeps in municipal and legislative elections, President Chavez is now focusing on communicating his message internationally. As part of an effort to increase its regional political and communications reach, the Venezuelan government is sponsoring a regional alternative, Telesur, to U.S.-owned media outlets such as CNN. It also sees this as an important mechanism to circumvent the role of privately owned Venezuelan media companies, which it perceives as actively hostile to the revolution.<sup>[15]</sup> The Venezuelan government has also provided support to sympathizers across the Americas, in the United States, and the rest of the developed world, often sponsoring local Círculos Bolivarianos to bring together its supporters overseas.<sup>[16]</sup> Venezuela has also sought to use its oil wealth to purchase influence by buying up the international debts of economically troubled regional neighbors such as Argentina and Ecuador, and reinvigorating its policy of providing subsidized oil to the Caribbean and Central America.<sup>[17]</sup>

This has provoked friction with a number of neighboring states due to suspicions that the Chávez administration has aided political groups that are either semi-loyal (Bolivia and Peru) or disloyal (Colombia) to local democratic regimes. In particular, there are concerns that the boom in oil revenues Venezuela is experiencing due to high oil prices in 2004 and 2005 may translate into substantial material support for forces opposed to the current democratic order in the politically volatile Andean Ridge.

Venezuelan policy towards Colombia and Cuba are the two areas where U.S. policy makers have expressed most concern since President Chávez came to office. In the case of Colombia, Venezuela has always had a tense relationship due to enduring border disputes and spillover effects of its neighbor's multiple violent insurgencies, particularly during the 1980s and 1990s. Tensions have worsened since President Chávez has become more vocal in his opposition to Plan Colombia. Colombian accusations of Venezuelan material and moral support for the FARC have found a sympathetic ear among U.S. policy makers.[18] One of the most salient indications of how much relations between the two countries have worsened is the case of the kidnapping of FARC leader Rodrigo Granda on Venezuelan territory in 2005. The Colombian government paid a reward, allegedly to members of the Venezuela security forces, for the delivery of Rodrigo Granda to its territory. This led to weeks of tensions between the two countries and the embargo of border trade by Venezuela against Colombia. Mediation efforts by Brazil and other regional powers resolved the stand-off, but not before revealing the lack of sympathy in the region for Colombia and its ally, the United States.[19]

During this same time period, Venezuela also entered a de facto alliance with Cuba. Fidel Castro serves as an important political ally for President Chávez, and Cuba is a source of technical expertise to support the Bolivarian revolution. The influx of Cuban doctors, educators, sports trainers, and security experts into Venezuela helps the Chávez administration meet the demands of its key constituencies. In particular, Cubans provide politically reliable personnel to staff new government poverty alleviation programs. For example, Barrio Adentro places Cuban medical personnel in many poor neighborhoods. In return for this assistance, Cuba receives nearly 60,000 barrels of oil a day, either on very favorable payment terms or as a form of trade in kind.[20] Cuban personnel have also been a presence in Venezuela's foreign policy ventures, including at the recent Summit of the Americas.[21] There has also been some speculation regarding the possible political role that President Chavez might play when Cuba is inevitably faced with the passing of Fidel Castro. Given the importance of Cuba to the Venezuelan foreign policy agenda, it is hard to imagine that Hugo Chavez would not participate in such a political transition. Given the longstanding hostility between Washington and Havana, it is not surprising that the new Caracas-Havana alliance has generated suspicions in the U.S. foreign policy establishment.

## **What is the bottom line for the United States on Venezuela's Bolivarian Revolution?**

In any discussion of contemporary Venezuelan foreign policy, it is important to keep in mind that Venezuelan national interests have never been identical with those of developed countries. We should expect disagreement even in a relationship historically characterized by the mutual interdependence generated by oil. However, it is increasingly clear that when it comes to President Chávez's Bolivarian foreign policy, politics trumps economics. Given that President Hugo Chávez seems likely to win reelection in 2006, it appears that he will be around to annoy Washington for a considerable period of time. This puts the United States in a bind when it comes to dealing with the Bolivarian revolution.

A policy of engagement, which is what the U.S. government attempted in the first two years of the Chávez administration, appears unlikely to generate a solid working relationship given the foreign policy objectives of Venezuela's Bolivarian foreign policy. U.S. efforts to work with Venezuela since 1998, even on such non-controversial issues as disaster relief, have met with rejection.



However, there appears to be little sympathy, both in Latin America and internationally, for a policy of confrontation with the Venezuelan government. Both international reaction to the 2002 coup in Venezuela and Latin American reaction to the Venezuela-Colombia crisis over the kidnapping of FARC leader Rodrigo Granda confirm this. If Washington pursues such a diplomatic policy towards President Hugo Chávez, he has already demonstrated that the likely outcome would be the isolation of Washington and its regional allies rather than Venezuela.

Washington's dilemma does not mean that Venezuela's Bolivarian foreign policy is likely to succeed to any great extent. Venezuela has achieved its minimum foreign policy objective, which is the defense of the revolution. However, its leadership role in Latin America is still limited at best, and its efforts to construct alternative regional institutions have failed. The fact that only four other countries supported the Venezuela position on FTAA at the 2005 Summit of the Americas is an indicator that the Chavez agenda has a long way to go before it achieves its objectives. Latin American leaders such as Vicente Fox of Mexico and Alejandro Toledo have been vocal in criticizing Venezuela's foreign policy and Hugo Chavez's perceived meddling in their domestic politics. Venezuela has succeeded in revitalizing OPEC, although worldwide demand for energy in the 2000s was likely to provide this opportunity even in the absence of President Chávez's leadership. Venezuela's alliance with Cuba serves mostly to strengthen the Chávez administration in its own domestic rather than international politics.

Despite Venezuelan opposition to Plan Colombia, the Colombian state has become stronger and better prepared to deal with violent non-state actors within its territory, and the FARC has lost ground since President Chávez came to power. Venezuela's new alliances with Russia and China are unlikely to produce much in the way of military advantage for this country vis a vis its neighbors, particularly if we consider Colombia's growing strength. Even the development of alternative markets for Venezuelan oil exports seems difficult to justify on anything other than political grounds since the economics of oil so strongly favor a U.S.-Venezuelan trade relationship.

The final question remains whether Venezuela's new political model is likely to be emulated across the region. This seems unlikely for two reasons. The first is that the Bolivarian revolution is not a coherent ideological model that can be replicated in other countries, but it rather depends on the personality, charisma, and drive of President Hugo Chávez. The second is that the Bolivarian revolution increasingly depends on distributing large amounts of oil income to serve key constituencies in Venezuela. Other Latin American countries would lack this level of resources, nor have they shown in the past much success at redistributing wealth.

However, this does not mean that the underlying sources of political volatility in Latin America—such as poverty, extreme income inequality, and poor economic policies—will disappear anytime soon. This makes it likely that governments will emerge in the region, particularly in the Andean region where democracy seems most vulnerable, which sympathize with some elements of the new Venezuelan foreign policy, much to the consternation of Washington.

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