

works as a sign that expresses the desire for modes of apprehending, and constructing, difference within equality. By taking this perspective, I hope not simply to broaden the geopolitical referents of modernity, but to transcend its conceptual horizon. As Dussel proposes,

The "realization" of modernity no longer lies in the passage from its abstract to its "real," European embodiment. It lies today, rather, in a process that will transcend modernity as such, a trans-modernity, in which both modernity and its negated alterity (the victims) co-realize themselves in a process of mutual creative fertilization. (1993:76.)

In his book *Oil: The Juice of the Earth*, Juan Pablo Pérez Alfonso, the leading architect and a subsequent critic of Venezuela's oil policies, stated that "oil is the most important of the fuels indispensable for modern life" (1961: 83). His life work was informed by an acute sense of oil's centrality in the making of the modern world both as a vanishing source of energy and as a substance that enters into the object world of modernity—from the clothes we wear and the vehicles that transport us to the homes we inhabit. Oil has helped mold a highly stratified and ecologically unsound world shaped in the image of disconnected peoples and things that have in common their separation from each other and from the history that engendered them. If modernity is a process characterized by the incessant, obsessive, and irreversible transformation of a world splintered into distinct entities, then the effects of oil production and consumption reflect the spirit of modernity.<sup>13</sup> Susan Buck-Morss has argued that "a construction of history that looks backward, rather than forward, at the destruction that has taken place, provides a dialectical contrast to the futurist myth of historical progress (which can only be sustained by forgetting what has happened)" (1995:95). If a subaltern vision of the past—what Walter Benjamin called "the traditions of the oppressed" (1969:253–64)—is sustained by the hope of a future without subalternity, this book's construction of Venezuelan history seeks to look forward toward a form of progress shaped by that hope.

13. I owe this conceptualization of modernity to Jim Huey.

## ❧ I ❧ *Première*

### THE NATURE OF THE NATION: STATE FETISHISM AND NATIONALISM



## HISTORY'S NATURE

Nature is perhaps the most complex word in the language. It is relatively easy to distinguish three areas of meaning: (i) the essential quality and character of something; (ii) the inherent force which directs either the world of human beings or both; (iii) the material world itself, taken as including or not including human beings. Yet it is evident that within (ii) and (iii), though the area of reference is broadly clear, precise meanings are variable and at times even opposed. The historical development of the word through three senses is important, but it is also significant that all three senses, and the main variations and alternatives within the two most difficult of them, are still active and widespread in contemporary usage.

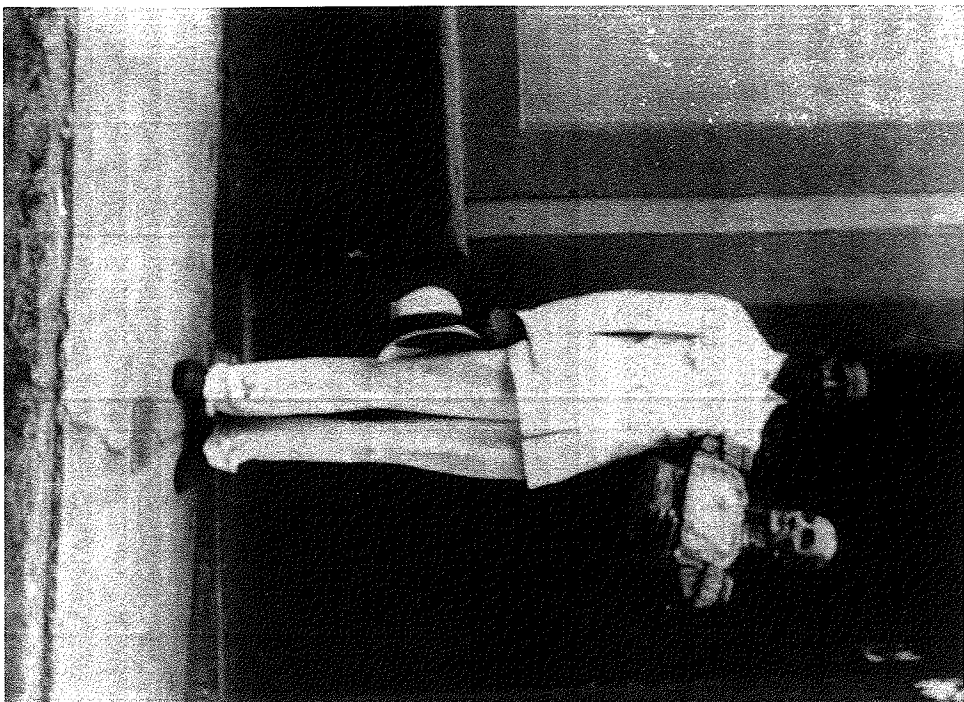
*Raymond Williams*

A construction of history that looks backward, rather than forward, at the destruction of material nature as it has actually taken place, provides dialectical contrast to the futurist myth of historical progress (which can only be sustained by forgetting what has happened).

*Susan Buck-Morss*

Jorge Luis Borges once remarked that the absence of camels in the Koran reveals the book's authenticity. It has roots in a culture in which camels are taken for granted. By the same logic, the neglect of nature in contemporary Western social theory perhaps shows the extent to which the massive appropriation of natural resources upon which the modern world depends has come to be assumed as a fact of life. Yet if one instance of habituation expresses a millenarian dynamic between society and nature, the other reflects the abrupt rise of a short-term perspective that threatens the future of both nature and humanity.

"We can bury our heads in the sand and say we don't want to be well informed on these issues," states one of the authors of "the first full review of the health of the American [U.S.] landscape."<sup>1</sup> Yet this study calls for



Man holding a bust of Simón Bolívar during looting in Caracas following General Juan Vicente Gómez's death on 17 December 1935. (Instituto Autónomo Biblioteca Nacional)

*Previous page:* General Juan Vicente Gómez with family and friends in Maracay. (Instituto Autónomo Biblioteca Nacional. Photo: Felipe Toro.)

1. An article about this report appeared on the *New York Times* front page on 15 February 1995. For the view that the protection of endangered species cannot be taken as an absolute goal but must be balanced with the promotion of human needs, see Mann and Plummer (1994).

a collective awakening: "Vast stretches of formerly vibrant natural habitat, once amounting to at least half the area of the 48 contiguous states, have declined to the point of endangerment." Another of its authors, warning that "we're not losing single species here and there, we're losing entire assemblages of species and their habitats," proposes that "the burden of proof ought to be on developers to demonstrate that their activities will not be harmful." At a time when the free market is exalted as the natural embodiment of rationality, I believe it is more likely that the burden of proof will fall on the state whose regulations concerning conservation (including the Endangered Species Act in the U.S.) are in danger of being eliminated "as unnatural" in response to pressure from advocates of property rights and their conservative allies in the U.S. Congress. Ironically, the conservative move to open new spaces for profit making by removing constraints upon the "natural" play of the market threatens to erode the physical foundation which makes long-term profits, and life itself, possible.

It is noteworthy that this report depicts the destruction of nature as taking place at the very center of the capitalist system. The available information for the rest of the Americas and for other nonmetropolitan regions provides a disturbing image of the devastation of nature that has occurred in neo-colonial nations in which a colonial culture of plundering nature continues to inform present-day practices. Despite postindependence efforts to diversify their economies, these former colonies typically continue to depend on agricultural or mineral products for export, and are ruled by states whose lenient environmental policies are frequently sidestepped by "developers" in collusion with state functionaries.<sup>2</sup>

A typical example illustrates the erosion of the natural foundation of third-world economies. The United Nations considered El Salvador "rich" in hydraulic resources a decade ago but today defines it as being near the "poverty line." The country is now experiencing a severe water shortage due to poor planning, waste through ill-maintained pipelines, and landholder abuse. The flow of the country's largest river, the Lempa, has diminished 62.9 percent between 1983 and 1993. The head of the Salvadoran Center for Appropriate Technology, Ricardo Navarro, states that water "will become a strategic resource, and a large part of future political and military actions will be defined by the supply of water for powerful inhabitants." He adds, "In the future we will talk about ecopolitics rather than geopolitics, because geo-

2. For a classic statement of the destructive impact of the conquest and colonization of the Americas, see Crooby (1972).

graphical limits will be less important than ecological ones in defining areas of interest and power relationships." In Navarro's words, "What should be a source of life will become a source of disagreements and violence" (cited in Dalton 1993). Navarro's distinction between ecological and geographical concerns forcefully calls attention to the need to include a fuller appreciation of the importance of nature in contemporary geopolitics. While this example appears to have only domestic relevance, the destruction of the Amazonian rain forest, a source of oxygen for the whole planet, makes evident that ecological concerns raise issues about national sovereignty and international rights which question traditional geopolitical boundaries.

From the dawning of global trade originating with the conquest of the Americas to the globalization of the market hastened by advanced technologies of production and communication, the worldwide commodification of natural resources has tended to proceed, despite conservationist constraints, as if they were inexhaustible. For all practical purposes, in societies in which business practice has come to define the commonsensical aims of existence, nature is taken for granted.

#### WESTERN SOCIAL THEORY AND NATURE

No generalization can do justice to Western social theory's diverse and complex treatments of nature. I think, however, that the dominant paradigms in Western social science tend to reproduce the assumption permeating modern culture that nature can be taken for granted. Post-Enlightenment visions of historical progress typically assert the primacy of time over space and of culture over nature. In terms of these polarities, nature is so deeply associated with space and geography that these categories often stand as metaphors of each other. In differentiating them, historians and social scientists usually present space or geography as the inert stage on which historical events take place and nature as the passive material with which humans make their world.<sup>3</sup> The separation of history from geography and the dominance of

3. This statement excludes subdisciplines that attribute to nature a decisive influence on social affairs, such as sociobiology and various types of geographical determinisms whose reductionist logic and reified categories hinder understanding and discourage transformative action; paradoxically, these modes of viewing nature may have the effect of inhibiting, by fear of being associated with them, alternative attempts to integrate nature in social analysis. On the other hand, my characterization unintentionally does injustice to a substantial body of work that has illuminated the complex unity of society and nature (by geographers, ecological anthropologists, feminist critics), including many studies which inform this book but which I can only partially acknowledge in this discussion.

time over space has the effect of producing images of societies cut off from their material environment, as if they were fashioned out of thin air. If nature is included, it typically appears in the likeness of the appearance of the air itself, eternally and readily available. Bathed in this deceptive light, the social appropriation of nature does not seem to require particular analytical attention.

I intend to have this characterization serve only as a rough guide to help locate my argument in relation to dominant theoretical paradigms as I see them from my perspective as a cultural anthropologist and historian. Part of a countercurrent, my work builds on studies which resist the prevailing prioritization of time over space, not by reordering it but by redefining these categories so as to integrate a spatialized conception of time with a temporalized notion of space. A major body of these works has been produced in the interface between radical geography and political economy. In a discussion of this scholarship, entitled "The Postmodernization of Geography: A Review," Edward Soja comments that the growing attention paid by non-geographers to spatial and geographical issues has reached the point where these outsiders "are even daring . . . to proclaim what most geographers still hesitate to make explicit—that space and geography may be displacing the primacy of time and history as the distinctively significant interpretive dimensions of the contemporary period" (1987: 289).

If the complex set of cultural transformations associated with postmodernity entails a crisis of metanarratives and a related privileging of simultaneity over sequentiality and of surfaces over depth, it is understandable that the "postmodernization of geography" may be believed to lead, as Soja suggests, to the displacement of time by space. While modernity's *grands récits* pushed geography to the background, postmodernity's bricolage brings it back to center stage. Geography may indeed be occupying a leading role at this juncture; but to the degree that this reversal of roles preserves the meanings commonly attached to spatial and temporal categories, its protagonism is inhibited by a postmodern anxiety concerning any form of agency and the possibility of historical protagonism itself.

For example, Fredric Jameson sees postmodernism as a "cultural dominant" that expresses the homogenization of the world under late capitalism. The expansion of capitalism colonizes domains that had served to establish standards of difference and grounds of historicity. In this respect, Jameson assigns a critical role to the third world. At times he unabashedly includes it with the unconscious as part of nature: "Late capitalism can therefore be described as the moment in which the last vestiges of Nature which survived

on into classical capitalism are at length eliminated: namely the third world and the unconscious" (1984: 207). In other writings, he locates it as a pre-capitalist formation within a rather conventional evolutionary framework (1986, 1988, 1990). In either case, to the extent that the third world is colonized by postmodernism, it ceases to function as an alter ego in relation to which the first world can recognize its own advancement and historicity.<sup>4</sup> Without an outside (that is, nature or the third world) that can serve as a source of radical difference and with an inside constituted by the generalization of a depthless postmodern space produced by new technologies of production and communication, the world becomes unrepresentable. In response to an opaque and impenetrable world that has dissolved the prospect of radical political action by sovereign subjects, Jameson proposes an "aesthetics of cognitive mapping." To the loss of a sense of historicity associated with the emergence of postmodern space corresponds a weakening of political agency.

In contrast to Jameson, Ernesto Laclau celebrates the political possibilities opened up by postmodernism, which he sees as an epochal shift in the conditions of identity formation. In place of the unitary political protagonists of modernity whose preordained roles were fixed by master metanarratives, it now becomes possible to imagine multiple political strategies around a plethora of fluidly constituted identities and alliances. In a book revealingly entitled *New Reflections on the Revolution of Our Time* (1990), Laclau supports this argument with an extended discussion of space and time as contrasting principles of organization. In this work he views space as a field of repetition, stasis, and determination, in opposition to time as the realm of innovation, change, and freedom. Conceptualizing freedom as the absence of determination (in affinity with liberal definitions of freedom as absence of constraints), Laclau sees history as an expression of freedom and thus as the proper realm of the political. As the domain of repetition or stasis, space is restricted to a nonpolitical sphere of structural determination.

It is significant that despite their differing evaluations of postmodernity, Jameson and Laclau reproduce a commonly held view of space and time as contrasting categories. While they appreciate space's new role in postmodern culture, they preserve its familiar subordination to time as the primary locus of agency in social theory. The new valorization of space, however, reduces

4. For Jameson, however, third-world texts somehow remain outside the reach of postmodernism. Presumably because as expressions of a resistant culture they reflect a pre-postmodern reality, they still have a "tendency to remind us of unmodulated stages of our own first-world cultural development" (1986: 65). For a critique of Jameson's conception of third-world literature, see Ahmad (1987).



history's effectivity. Freed from modernist metanarratives and unmoored from structural conditions that infused it with momentous power, history is now associated with microprocesses of uncertain effects. By locating the making of history in contingent situations, human agency is freed from structural determination but is also rendered less capable of effecting historical transformations.

A postmodern inclination to divorce cultural formations from social intercourse has often meant that they are viewed as texts whose meaning can be elucidated by textual analysis independently of the conditions under which they are produced and received. Insofar as a postmodern sensibility leads to the theorization of nature and space in these textualized terms, space appears as a disembodied discursive construct. If nature and the spatial phenomena associated with it were once treated as the material stage on which modernist dramas depicted history's fateful progress, they are now brought to a decentered stage as ethereal bodies on which history's representability and advance are cast in doubt. Whether displaced as material background or dematerialized as a discursive protagonist, nature has eluded these dominant modes of social analysis.

If one conceptualizes society and nature from the outset as distinct but unified, it ceases to make sense to treat nature as external to society or to neglect the sensuous and signifying materiality of the human-made world. Nature can be recognized as given and yet as made into a "second nature" by human beings who are part of it and yet participate in its transformation as they transform themselves.<sup>5</sup> This recognition permits historicizing rather than ontologizing the relationship between nature and society. Building on Marx's conception of the fundamental unity between society and nature, Ollman argues that society and nature are linked by "internal relations" rather than external interaction, that is, by the dialectical constitution of related entities rather than the interaction between separate entities (1971: 28).<sup>6</sup> Similarly, Schmidt suggests that for Marx, "while natural processes

5. The concept of second nature was used by Hegel to distinguish the natural, external environment or first nature from the meaningful social environment that human beings create. In capitalist societies, according to Marx, this second nature also appears as external to human beings, since they do not control the conditions of its production. Marx's concept of the metabolism between society and nature expresses both their fundamental unity and their variable historical differentiation and separation. For a discussion of Marx's concept of nature, see Schmidt (1971), Smith (1984) and Lippi (1983).
6. According to Bertell Ollman, a philosophy of "internal relations" posits not only that relations are internal to things but that things are inherently relational. "No one would deny that things appear and function as they do because of their spatial-temporal ties with other things, including man as a creature with physical and social needs," says Ollman. He adds: "To conceive of things as Relations is simply to interiorize this interdependence . . . in the thing itself" (1971: 28).

independent of men are essentially transformations of material and energy, human production itself does not fall outside the sphere of nature," for human beings are a part of nature whose human nature is transformed by acting upon external nature. As a result of this "metabolic interaction," as Marx referred to the exchange between society and nature, "nature is humanized while men are naturalized" (1971: 78–79).

This unifying perspective can also be brought to the study of space and time. What Soja calls the "reassertion of space and geography in critical social theory" (in effect, the subtitle of his 1989 book) could then be taken as the opportunity not to install space and geography in place of time and history as "the distinctively significant interpretive dimensions of the contemporary period," but to reassess the meaning of these polarized categories. Just as time occupies space, space unfolds in time; as "mediums" for each other, they share a fundamental unity-in-difference.<sup>7</sup> Doreen Massey notes that the issue is "not to argue for an upgrading of the status of space within the terms of the old dualism (a project which is arguably inherently difficult anyway, given the terms of that dualism) but to argue that what must be overcome is the very formulation of space/time in terms of this kind of dichotomy" (1992: 75).

This dualist opposition is being challenged by different academic and intellectual fields. Massey's own reconceptualization creatively integrates findings from radical geography, feminist theory, and physics. It involves three considerations. First, the need to develop an alternative view of society as a four-dimensional entity, rather than "as a kind of 3-D (and indeed more usually 2-D) slice that moves through time" (1992: 79). Second, the need to conceptualize space "as constructed out of interrelations, as the simultaneous coexistence of social interrelations and interactions at all spatial scales, from the most local level to the most global" (1992: 80). Space is to be viewed not as an absolute dimension but as a form of relationality, as simultaneity, a "moment in the intersection of configured social relations" (1992: 81). Third, the need to think of space as both ordered and chaotic and thus to transcend dichotomies that have served, as in Lachau's work, to treat spatiality as "a structure that establishes the positive nature of all of its terms" (1990: 69). No longer restricted to the structured domain of order, space can be brought back from its unwarranted exile from politics. Freedom can be seen substantively, instead of identifying it formally with unconstrained, immaculate action.

7. Gregory and Ury use this notion of "medium" in relation to space: "Spatial structure is now seen not merely as an arena in which social life unfolds, but rather as a medium through which social relations are produced and reproduced" (Gregory and Ury 1985: 3).

Henry Lefebvre's pathbreaking *The Social Construction of Space* (1974) 1991) has provided a foundation for thinking about space in terms which integrate its socially constructed significance with its formal and material properties. Unlike theorists who take the argument that space is socially constructed as a license to detach society from nature, Lefebvre sees it as involved in the challenge to examine how nature enters into the social construction of space. His triad of "spatial practice, representations of space, and representational spaces" offers a useful framework for investigating how the multiple forms of perceiving, conceiving of, and living in space have been produced historically and given cultural significance. For him, human beings, located in nature and making use of nature's materials, construct space but do not produce it as a thing, as a "kilogram of sugar or a yard of cloth is produced." Spaces are produced from social relations and from nature, which form their "raw material" (1974: 84). They are both the product of and the condition of possibility of social relations. As a social relation, space also involves a natural relation, a relation between society and nature through which society produces itself as it appropriates and transforms nature. "Is space a social relation?" asks Lefebvre. His answer highlights the role of power in the social production of space: "Certainly—but one which is inherent to property relationships (especially the ownership of the earth, of land) and also closely bound up with the forces of production (which impose a form on that earth or land)" (1974: 85). While nature's effects necessarily depend on its physical properties, these properties are always constructed culturally through social interactions occurring in fields of power. As we will see, this critical perspective—as refined by feminist scholars and radical geographers—informs my examination of the relationship between the state and the oil economy in Venezuela.

### THE THIRD WORLD'S NATURE

It is evident that all nations are located in space and that they are constituted through specific relations to the natural world. Yet the relationship of nations to nature assumes particular significance in countries dependent on the production of primary products—commodities whose comparative advantage in the international market typically rests on a combination of natural factors and cheap labor rather than on higher social productivity. In most neo-colonial nations, these products are either agricultural or mineral commodities; except for capital-intensive mining, their production generally involves the abundant use of labor. For this reason, it is likely that cheap labor will

remain an important comparative advantage of third-world economies. Yet, given the power of capital to substitute machines for labor, and the development of an informal economy in metropolitan societies based on cheap domestic and migrant labor, the special qualities of the third world's natural resources, rather than its cheap labor, ultimately secures a role in the international division of labor for this region as a whole.<sup>8</sup>

Even this natural foundation, however, is not stable. According to Alexander Kouznetsov, economic affairs officer of the United Nations Conference of Trade and Development, there is evidence that supports "a generally neglected dimension of long-term structural change which can be characterized as a 'dematerialization' of production—that is, a reduction in the demand for the products of the more raw-material-intensive industries in industrialized countries and a decline in the intensity of raw materials use in existing industrial sectors" (1988: 70). This "dematerialization of production" will affect in particular, according to Kouznetsov, "the majority of the developing countries [which] depend on the ability to exploit and market their natural resources, which represent the principal part of their export potential and often the only reliable source of foreign exchange earnings" (1988: 67).<sup>9</sup>

The international division of labor is not solely a social division of labor but also a global division of nature. "The earth, underground resources, the air and light above the ground," as Lefebvre argues, "all are part of the forces of production and part of the products of those forces." The division of labor, therefore, "affects the whole of space—not just the 'space of work,' not just the factory floor" (1991: 347). What may be called the international division of nature provides the material foundation for the international division of labor: they form two dimensions of a unitary process. An exclusive focus on labor obscures from view the inescapable fact that labor is always located in space, that it transforms nature in specific locations, and thus that its worldwide structure involves as well a global division of nature.

Once nature is brought into social analysis, the organization of labor can

8. The industry of tourism confirms the third world's reliance on "nature." While tourism in the first world involves the consumption of human-made environments and cultural products, in the third world it is heavily dependent on the consumption of natural environments that have been minimally modified to provide adequate comforts for the experience of "nature" away from "civilization."

9. For a fuller discussion of the role of raw materials in evolving productive structures, see *Materials Technology and Development*, the fifth issue of the *Bulletin for the Advanced Technology Alert System*, published by the United Nations.

no longer be abstracted from its material foundation. The worldwide expansion of capitalism and the creation of a global market of commodities has been driven by the profit-seeking effort to control not only cheap labor, technology, or markets, but also nature. The abstract notion of "the commodity world," as Lefebvre notes, "cannot be conceived apart from the world market, which is defined territorially (in terms of flows and networks) and politically (in terms of centres and peripheries)" (1991: 350). The construction of the "first" and "third" worlds as regional categories is premised on a distinction between areas where capitalism develops, promoting new technologies and products, and regions where it expands, controlling labor, markets, and nature. While this schematic taxonomy masks the complex interactions through which first and third worlds have been formed historically, it does reflect the role assigned to the periphery as a source of cheap labor and raw materials.

If, as radical geographers propose, geography matters, it is in no small measure because matter itself is made to matter. Since the significance of nature is always constituted historically, the point of recognizing the importance of geography, in my view, is not to displace history but to integrate historical and geographical perspectives. As I have argued, this synthetic perspective is particularly important for examining societies in the third world, a region constituted by changing forms of colonial and imperial control over their populations and natural resources. It is by developing this perspective that I seek to recognize how oil was made to matter in the transformation of Venezuela into an oil nation. Far from being a local process, this transfiguration was effected through links that related, and transformed, the nation and the world in the process of producing wealth.

#### THE WEALTH OF NATIONS: NATURAL PRODUCTS, SOCIAL PRODUCTS

The produce of the earth—all that is derived from its surface by the united application of labour, machinery, and capital, is divided among three classes of the community; namely, the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated. But in the different stages of society, the proportions of the whole produce of the earth which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different; depending mainly on the actual fertility of the soil, on the accumulation of capital and population, and on the skill, ingenuity, and instruments employed

in agriculture. To determine the laws which regulate this distribution, is the principal problem in Political Economy.

*David Ricardo*

In the Western world, the complex social transformation associated with the rise of modernity has entailed a radical redefinition of the relationship between society and nature. The reorganization of work spurred by what Weber ambivalently called the "rational pursuit of profit" has raised a number of questions, central among which has been, in Smith's words, the "cause and nature of the wealth of nations." The great accomplishment of classical political economy was to have made labor central to the discussion of this issue. While mercantilism had seen the source of value in trade and physiocracy in agricultural land, classical political economists located it in productive labor. They came to distinguish between natural riches as invariable givens and labor as a value-creating force. For them, while the wealth of nations results from the combination of nature and labor, only productive labor could expand its existing magnitude.

This argument was first formulated in this form by Adam Smith and was developed by David Ricardo and Karl Marx. Yet the focus on labor became immediately so widespread that Marx in his own time had to remind his followers that wealth results not only from socially created value but also from naturally available "material wealth"; or, as he also said, following William Petty, labor is the "father" and the earth the "mother" of value (1967: 43). Still, followers of the labor theory of value have tended to focus on the extraction of surplus value either domestically or internationally and to neglect the role of nature in the creation of wealth. This neglect of nature also characterizes the work of neoclassical economists, for whom natural resources deserve no special treatment because they become simply commodities in a market of goods whose value is determined by the subjective orientations of economic actors.

Using the labor theory of value, a number of scholars have produced critical accounts to explain the lack of development of the periphery in terms of the exploitation of labor. Theories of unequal exchange posit that the goods produced in the periphery have a larger component of labor incorporated in them than the goods it obtains in exchange for them. Given this focus, as well as the fact that nature plays no role in the creation of value, it is understandable that the theorists who are most concerned with analyzing international inequality have neglected the role of natural resources in the organization and reproduction of peripheral societies.

Since commodity production in the periphery is generally organized around the exploitation not only of labor but of natural resources, I believe the study of neocolonialism requires a shift of focus from the unequal flow of value to the unequal structure of international production. This approach brings to the center of analysis the relationship between the production of social value and natural wealth. In bringing attention to production as a holistic process the aim is to examine the ensemble of social relations and understandings formed through the mutual commodification of labor power and of natural resources rather than to study natural resources as discrete commodities (as in neoclassical economics) or to focus exclusively on the transfer of value (as in unequal exchange theory).

In societies in which revenues derive predominantly from the commodification of labor, value creation is both the primary aim of production and the underlying principle of economic organization. In societies in which revenues depend on the commodification of nature, rent capture conditions the organization of economic activities. In one case, productive structures must be constantly transformed in order to increase productivity and profits; in the other, rents must be maximized and access to their distribution ensured by a variety of political means. Needless to say, the commodification of nature and that of labor depend upon each other. The point of this schematic distinction is to help us distinguish dominant tendencies in different social orders. While in any particular society the elements that are contrasted here are blurred, my argument is that the first and third worlds tend to be polarized in terms of these modes of producing and distributing wealth. This difference has profound political and cultural consequences, which need to be explored further.

#### BEYOND APPEARANCES

"The Wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'" (Marx 1977: 125). With this simple observation Marx opened his classic analysis of capitalist society. Critics and followers have argued about Marx's findings and method but have tended to share the two assumptions expressed in his starting position: the conception of the nation as the fundamental unit of analysis and of national wealth as being represented by commodities. While this perspective has been useful for the analysis of nations at the center of the international capitalist system, it has profoundly obscured the understanding of societies at its periphery.

Capitalism has developed not just within nations but among them. Yet the treatment of the nation as a self-contained unit often leads to the interpretation of international economic phenomena as the outward projections of the endogenous dynamics of the more advanced nations. As one critic has noted:

The tendency is to take the national economy—the developed, monopoly capitalist system in which the capitalist mode of production is universal, the development and the socialization of the means of production has gone furthest, the dominance of capital and its movement is most clear—and then to analyze the forces projecting out from this system into the outside world. (Radice 1975: 18.)

As this statement suggests, advanced capitalist nations are typically studied as autonomous units, while peripheral societies are seen in terms of the impact that center nations have on them. An alternative position argues that the dynamics of the "world system" explains the development of nations (Wallerstein 1976). This latter position shifts the focus from the dominant nations to the international system but risks preserving the view that peripheral nations are to be understood as being shaped by external forces. Even when an explicit effort is made to account for the histories of non-European peoples and to observe the interaction between expanding metropolitan nations and peripheral societies, the tendency is to cover these societies under the mantle of capitalism and to see capitalism as an external force.<sup>10</sup>

In fairness to Marx, the focus on a closed economy in *Capital* is a simplifying assumption aimed at clarifying the logic of capitalist accumulation. But since in this work the links between the national economy and the international system—links forged through primitive accumulation, colonialism, world trade, foreign investment, and overseas banking—are suggested, but not developed, this working assumption has reinforced a tendency to treat the national economy as if it actually were an independent system. By abstracting from external conditions, Marx's model directs attention to the inner dynamic of capitalist society conceived of as a national unit. It is a society driven by the constant expansion of value that results from the transformation of labor into increasingly productive labor power under conditions of capitalist competition. Competition for profits leads to the formation of a productive system of increasing specialization and differentiation and to

10. Through the discussion of works by Wolf (1982), Minz (1983), Tausig (1980), and Mitchell, among others (1988), I have noted how the development of capitalism in the periphery tends to be seen as an "external" force that originates in metropolitan centers (1996).

the expanding production of a growing variety of commodities. Commodities for Marx are both the product of a society's total productive power and factors in the organization of a society's productive system. As symbolic tokens of a society's productive power, they form a system of signification through which domestic value is represented; in this sense, they are "national" commodities. It is from this perspective that the wealth of capitalist society appears as an "immense collection of commodities."

But Marx's concern was to ascertain not only the means of representing wealth but the ends of representation—not just how, but why, the representation of value assumes the form it does in capitalist society. He shared with Smith and Ricardo the view that the wealth of nations depends on the productive organization of labor. He called Adam Smith "the Luther of political economy" for having demolished the fetishes of vulgar economy—the notions that land, money, or trade are in themselves the origin of wealth. But Marx took another step. He showed how fetishism arises from the functioning of capitalist society and revealed a connection between the mode of producing and the form of representing value.

In his view, capitalist society generates a set of illusory beliefs about itself that are essential constituents of capitalist relations. These beliefs are real in the sense that they participate in the social construction of reality, and provide a rationale for economic behavior that accurately represents subjective experience as it is shaped within a given system of social relations. But they are deceitful in that they misrepresent the fundamental processes of value creation and distribution in capitalist society: they do not show their origin in the reproductive dynamic of social life. Fetishism is the representational complex through which objects appear as the source of the powers which human labor inscribes in them.

What is concealed, Marx's work suggests, determines not only what is represented but the nature of representation itself. Exchange in the sphere of circulation, which is ruled by notions of equivalence, hides the creation of value in the sphere of production, which is structured in terms of relations of inequality. In the arena of the market, the appearance of equivalent exchange of wages for labor power conceals the creation of surplus value by unpaid labor power in the abode of production. Thus, exchange in capitalist society creates the illusion that wages, profits, and rents are created by labor, capital, and land, respectively, and that each of these forms of revenue is the fair compensation to its corresponding factor of production. The apparent equivalence of exchange thus conceals the inequality in production. On this illusion capitalist legitimacy rests.

#### THE WEALTH OF POOR NATIONS

When this classic model is transposed from the center to the periphery of the capitalist system, Marx's simplifying assumption—that the nation constitutes a unit—mythifies more than it illuminates. For what typifies the economies of peripheral societies, if one may generalize, is that they in fact do not form integrated domestic systems and are connected to the world market through the export of primary products. Of course, no nation's economy constitutes a self-sufficient system in an absolute sense. But advanced capitalist nations have diversified productive structures which grant them a degree of internal coherence and enable their states and dominant classes to exert relative control over domestic economic decisions. Peripheral societies, in contrast, tend to be linked to the world market through the export of one or a few primary products and the massive import not only of capital and intermediate goods but also of a wide range of consumer goods. The prices of these primary products, which depend on shifting natural factors, tend to vary widely and are subjected to competition from other third-world regions and from increasing productivity at the center, as well as from substitution by human-made products. Domestic productive structures in the periphery—which often combine and rearticulate precapitalist and capitalist relations—depend on imports to achieve internal coherence. Primary export products are less important as concrete goods—as use values—than as means to obtain foreign currency in the international market—as exchange values. A significant portion of the foreign exchange that these products bring to the country is used to import the foreign goods that have become increasingly vital for the reproduction of third-world societies. This dependence on manufactured imports maintains the fragmentation of the local economy and the need for integrating the domestic and international spheres.

For these nations, primary exports are principally a source of foreign exchange. The worth of domestic products and of the national currency that represents local productive capacity is measured in terms of the international system of production and exchange; their monetary value expresses, in crystallized form, the intersection of the national and the global. Is the wealth of these societies represented as "an immense collection of commodities"? In the case of societies organized around the capture of rent or in which rent plays an important role, a mechanical transposition of Marx's observation will not do.

In these societies there is no single "collection of commodities." The world of commodities is fragmented, reflecting and reinforcing the disarticulation of economies in which rents play a key role. The commodities that

circulate domestically are the product not just of different nations but of different cultural orders and bear upon them the mark of this difference. Imported commodities that come from metropolitan centers represent the cultural orders of these nations. The differentiated collection of imported commodities, in contrast to the limited range of domestically produced ones, becomes a privileged vehicle for the representation of wealth. But these imported commodities are no simple representations of wealth, for they embody another society's productive organization and, by implication, its place in a hierarchy of cultural development. Through trade an apparent equivalence is established between the value of the commodities of different societies. But this formal equivalence does not conceal but, rather, heightens the inequality between the productive and cultural orders of metropolitan and peripheral societies.

The increasing globalization of metropolitan production renders this difference less evident. While a large range of products, as their labels indicate, are now produced in third-world locations, their production is controlled in fact by metropolitan transnational corporations. Beneath the surface impression that production is being dispersed throughout the world lies the reality of a growing concentration of capital and polarization of global productive structures (Palloix 1978; Mandel 1978; Sassen 1991). A number of processes which include the internationalization of third-world capital and the emergence of corporations not limited by borders—truly transnational corporations that do not have a national home (Miyoshi 1993)—blur the continent-based boundaries that define the center/periphery model. Just as the first world has generated a third world within, the third world has produced its own first-world enclaves.

In third-world societies, commodities have thus become profoundly charged symbols, social things that carry their worldly life inscribed in them.<sup>11</sup> Imported goods are at once the tangible evidence of the domestic capacity to import and, therefore, of local wealth and inescapable reminders of the local incapacity to produce them. Primary export products, when they are reduced to mere intermediaries, appear strictly as the material counterpart of alluring metropolitan commodities, representing at once the

11. For an insightful discussion of some of the theoretical issues involved in the examination of the "social life of things," see Appadurai (1988), as well as a critique by Ferguson (1988). For a treatment of commodities and exchange in a colonial context, see Thomas (1991). Haug offers a pioneering analysis of commodity culture under capitalism (1986). Fernando Ortiz's *Cuban Counterpoint: Tobacco and Sugar* remains a classic analysis of the "social life" of the two main agricultural commodities of Cuban society (1995).

level of local productive development and the narrowness of its specialization. Commodities express hierarchies among cultures, not just magnitudes of value. In the quest for foreign exchange, domestic productive powers are channeled into the production of one or a few commodities, such as sugar, bananas, coffee, rubber, gold, copper, and oil. These commodities mark the place of primary exporters in the international division of labor and to a significant extent define their national identity, specifically labeling them as oil nations, banana republics, or plantation societies, for example, or broadly as underdeveloped or backward nations.

International trade appears to establish a relation of equivalence between the commodities and the productive capacity of different societies. For the theorists working within the premises of unequal exchange, prices (as the expression of market forces) would have to correspond to values (as the objectification of abstract labor power) for this equivalence to reflect actual social relations in the sphere of production. But international market prices are particularly affected by the interplay of political and natural factors, causing prices to deviate sharply from values.

What, then, makes primary export products competitive in the world market, and how is it that they become a source of foreign exchange? Despite their considerable differences, primary goods exporters share a common fortune: the international competitiveness of their export products is determined by (in addition to locational factors) the degree to which the export sector possesses either cheap labor or a natural advantage. The latter may consist of land especially suitable for a product, the presence of scarce or unique natural goods, or rich mineral resources. Historically, when it has been the source of comparative advantage in trade, cheap labor has tended to reflect, rather than the local generalization of capitalist relations of production, the persistence of noncommodified relations, which cheapens the cost of reproduction of the labor force. Cheap labor also indicates the existence of political control on workers, which reduces the expansion, mobility, and autonomy of free labor.

Nevertheless, as capitalist competition has standardized labor processes worldwide, cheap labor has become a crucial factor in manufacturing. This is most evident in the case of such export platforms as Hong Kong, Singapore, South Korea, and Taiwan.<sup>12</sup> According to Mandel, labor-intensive

12. Some of these nations have managed to develop backward linkages and integrated industrial structures. According to Gereffi and Humpel, the key to the success of East Asian newly industrialized countries lies in having used state protection to transform export-oriented industrialization into



manufacturing in late capitalism is not declining in importance relative to capital-intensive industries, but the latter tends not to be transferred to the periphery (1978: 364–76). An unexpected development has been the emergence of a vast “informal economy” at the core of the highly developed nations which reflects not only the presence of immigrant labor but also of structural conditions which lead to the formation and expansion of labor-intensive processes that generate a large proportion of inputs used in the “formal economy” (Sassen 1993). Thus, the third world, as many commentators have noted, has grown within the very confines of the first world; and one author has even baptized Los Angeles as the capital of the third world—the title of his book (Rieff 1991).

In the case of many primary export goods, the same worldwide processes that standardize international production highlight the importance of natural factors for creating comparative advantage in trade. This suggests that the competitiveness of these goods arises from a mixture of social and natural factors. By 1965 only \$4 billion of third-world exports out of a total of \$40 billion were industrial products. Despite a significant expansion of third-world industrial production, slightly transformed raw materials and agricultural products remain the major exports for most peripheral nations (*Parson Report*, cited by Mandel 1978: 370). Trends in aggregate production by nation or region do not convey the transformations in productive structures taking place worldwide in response to the globalization of production under the control of a relatively small number of transnational corporations. While there is evidence of significant growth of manufacturing in certain enclaves within the third world, it is also clear that the industrialized nations—mainly through transnational corporations still “located” in their respective home countries—maintain global dominance in both productive technologies and production itself. With 80 percent of the world population, the third world accounts for only 20 percent of world output. Primary commodities account for almost one half of third-world exports, but for only about a quarter of the U.S.’s world trade (ECLA 1993: 219–34).

Cheap labor has always been a focal point for the analysis of third-world nations. Heated debates have centered on the role of cheap labor in unequal exchange and in the reproduction of an international division of labor that

<sup>2</sup> means to upgrade and develop internal productive enterprises. The major mechanism used to ensure this has been a type of contract manufacturing (original equipment manufacturing, or OEM) in which there is a sharp separation between the actual producer and the supplier of product specifications and marketing (1990).

blocks the balanced development of the periphery. In contrast, natural resources remain a highly neglected and untheorized dimension of center-periphery relations. The focus on cheap labor has resulted in part from an understandable reaction against reductionist interpretations which attribute economic underdevelopment to cultural or psychological factors. The emphasis on the costs of labor has directed attention to the manner of structuring worldwide productive processes.

This focus on productive relations has also provided the basis for a critique of the prevailing theory of international trade. The fundamental principle of neoclassical exchange theory, the Ricardian law of comparative costs, posits that in time all nations gain from trade. Just as in Adam Smith's seamless world the pursuit of individual interest leads to collective welfare, in the uniform universe of neoclassical economics free trade among nations benefits them all. In this world of “universal harmonies,” as a critic has remarked ironically, “no nation need be afraid of free trade, for it humbles the mighty and raises the weak. Something like God, only quite a bit more reliable” (Shalk 1979b: 205).

Empirical evidence of the growing inequality among nations has encouraged the study of the interaction between international trade and production. Raul Prebisch in the 1950s focused on the “deteriorating terms of trade” for primary exporters (1959); Paul Baran offered a pioneering analysis of the international mechanisms of surplus investment and extraction (1957). During a decade when political economy occupied a central place in social analysis, Arghiri Emmanuel (1972), Samir Amin (1974), and Ernest Mandel (1978) examined the mechanisms of unequal exchange through trade. Despite significant differences among them, these authors share a view that underdevelopment results from a constant drain of surplus value from periphery to center. This common assumption leads them to focus on the mechanism of this transfer. Although they disagree about the particular mechanism, their basic argument is that underdevelopment is rooted in unequal exchange, which consists of a significant lack of correspondence between prices and values; the appearance of equal exchange at the level of prices thus conceals an asymmetry at the level of values. As Mandel puts it, “Equal international values are exchanged for equal international values. Where, then, does ‘unequal exchange’ lie hidden behind this equivalence? It is to be found in the fact that these equal international values represent unequal quantities of labor” (1978: 359). That is, “through exchange, advanced countries appropriate more labor time in exchange than they generate in production” (Weeks 1983: 500).

It must be recognized that these authors also analyze the specific features of the social structures of third-world societies, not just the flow of value out of them. Amin distinguishes between the integrated "autocentric" economies of the center and the "extroverted" ones of the periphery. Mandel criticizes Emmanuel for emphasizing the cost of wage labor to the exclusion of an analysis of its productivity. For him, "The problem of unequal exchange ultimately goes back to the problem of the different social structures of the underdeveloped countries" (1978:365). But, as often occurs in social analysis, ultimate factors often become explanatory principles, not problems that themselves should be explained. Underdeveloped social structures turn into tautological explanations for underdevelopment.

Despite their differences, these critics focus on the transfer of value because they share a common assumption. They criticize the findings of orthodox trade theory, not its foundation in the law of comparative cost (which posits that trade that flows from the comparative advantage of each nation benefits them all). Using Marx's theory of value, Shaik has demonstrated how free trade leads instead to the absolute advantage of the stronger economy (1979a: 1979b; 1980). From this perspective, unequal development becomes the consequence of free trade itself. "Instead of negating uneven development, free trade is shown to enhance it. Instead of closing the gap between rich and poor countries, direct investment is seen to tighten the grip of the strong over the weak" (Shaik 1979b: 57).

I find Shaik's insight into the nature of underdevelopment particularly suggestive. The crucial issue, according to him, is not the drain of value from the periphery to the center but the uneven development of world productive structures brought about by international competition. Shaik is thus critical of authors who derive underdevelopment from the transfer of value from the underdeveloped to the developed regions of the capitalist world. "On the contrary," he argues, "since uneven development on a world scale is a direct consequence of free trade itself, these transfers of value and the theories of unequal exchange which rely on them emerge as secondary phenomena, not primary causes of underdevelopment." He concludes by asserting that "in fact, a critical examination of the theories of unequal exchange shows that even the net direction of value transfers cannot be simply established" (1980a: 57). By restricting the analysis of value to the problem of its magnitude, unequal exchange theory stays within the orthodox theory's fetishized conception of wealth and runs the risk of fetishizing labor itself.

Shaik's perspective entails a shift in focus: it directs analysis from the unequal flow of value among nations to the unequal structures of production through which they are linked, from the concrete products of labor to the

international division of labor itself. This focus encourages a closer examination of the structures within which value is created and distributed. It can also help place the international division of labor and that of nature within a unitary analytical field.

By focusing on labor, unequal exchange theory has paid insufficient attention to the role of natural resources in forming the social relations that give rise to unequal exchange. Since what is socially significant in the case of natural resources is how the material properties of these resources are made to matter by the network of social relations woven around them, this focus should lead to an examination of the spatial structures and political units produced in the process of producing and distributing wealth. Paradoxically, a focus on the exploitation of natural resources may encourage a more comprehensive view of the labor process itself.

The process of value creation involves at once the production of objects and the transformation of social relations. As Marx never tired of saying, value is not a thing but a social relation mediated and represented by means of things. The task is to study how the production of value entails the reproduction or transformation of social and cultural formations. In terms of this emphasis on the constitution of labor through the process of production, the labor theory of value can be properly seen as a "value theory of labor," that is, a theory about "the determination of the structure of production as well as the distribution of labor in that structure" (Elson 1979: 128). Similarly, the labor theory of value should also be seen as a value theory of nature; it can illuminate the organization and division of nature just as it does that of labor.

A holistic approach to production encompasses the production of commodities as well as the formation of the social agents involved in this process and therefore unifies within a single analytical field the material and cultural orders within which human beings form themselves as they make their world (Turner 1984: 11). This unifying vision seeks to comprehend the historical constitution of subjects in a world of human-made social relations and understandings. Since these subjects are historically constituted as well as the protagonists of history, this perspective views the activity which makes history as part of the history that forms them and informs their activity.

I seek to develop this perspective in this study of the historical transformation of state and nation in Venezuela during a period when that country became a major oil exporter. Oil's "mixed blessings"—to use Annzagar's expression (1982)—have puzzled most analysts, for they express the paradox of "wealthy" peripheral nations which nevertheless are subjected to the typical problems that afflict third-world countries. While during the oil boom of the midseventies Venezuela obtained more dollars from its oil exports than

those given to all European nations by the Marshall Plan, Venezuela in 1995 had the highest inflation and the lowest growth rate in Latin America. When they remark on the inability of oil-exporting nations to use their resources productively, analysts speak of the "inexorable dynamic of an oil-reliant economy" (Amuzegar 1982; see also Attiga 1981). In this study of Venezuela, I examine the social dynamic of what appears to be the "inexorable dynamic" of petroleum-led economies. In order to understand this social process, we must first have a sense of how mineral wealth is valorized.

#### NATURAL RESOURCES: MAINSTREAM VIEWS

Neoclassical economics represents a break from classical economics' concern with the relation between production and exchange. While classical economics seeks to establish the foundation of value in production, neoclassical economics determines value through the subjective preferences of economic agents. By positing a market-centered, subjective theory of value, neoclassical economics defines the value of natural resources in the same way that it defines the value of any commodity: by its utility, that is, by its usefulness for consumers as measured in the market. The price of goods expresses their relative utilities as established through their exchange among economic agents in the market. Revenues paid to the owners of capital, land, and labor are regarded as compensation for their contribution to the production of value through a calculus of utilities or similar mechanism of defining subjective preferences.

In addition, as Mommer has suggested, natural resources are analyzed in neoclassical economic theory from two major perspectives: either from a microeconomic vantage point that reflects the position of an individual or from a macroeconomic standpoint that takes the outlook of society as a whole (1983:45). From a microeconomic perspective, natural resources are seen as "natural capital." As Alfred Marshall says, "Land is but a form of capital for the individual producer" (Mommer 1983:3). From this perspective, natural resources are bought and sold like any other commodity; they thus figure either as a cost of production or as a source of gain. Their price is determined by supply and demand; scarcity is therefore a crucial factor in price determination. Their cost of production is based on the evaluation of the investor's opportunity costs, alternative costs, or disutility. As Marshall stated, "While demand is based on the desire to obtain commodities, supply depends mainly on the unwillingness to undergo 'discomforts'" (1961:140).

From this perspective, earnings derived from natural resources appear as profits, in the case of renewable resources such as crops and as payment for preexisting capital in the case of nonrenewable resources such as oil. Mining royalties to landowners are thus considered a payment for "natural capital." The products of human labor and of nature are treated as if they were essentially the same; they are defined as commodities. Thus, Marshall argues that mining royalties are the price paid for a commodity which was "stored by nature but is now treated as private property." For this reason, Marshall argues, the marginal price of minerals includes a royalty besides the marginal costs involved in exploitation of the mine (1961:430). In an article considered to be "the classic work explicating the economics of exhaustible resources" (Moran 1982:95), Hotelling argues the same point. Nonrenewable resources such as minerals are assets like any other asset: they yield a return to the owner either as capital appreciation—if they are left in the ground as capital—or as current dividends, if they are sold (1931).

A macroeconomic perspective recognizes that natural resources in fact do not have a cost of production; this viewpoint is therefore more sensitive to the actual mechanism through which owners of natural resources receive an income. Their income depends on the relative differences among natural resources of the same type but which are of different origins. Since the market price tends to be set by the cost of production of the least efficient producers, landowners receive a rent the magnitude of which depends on the difference between the average market price of the commodity produced in the sector and its lower cost of production on lands or from mines which are of above-average productivity. Therefore, the revenues received by landowners represent a transference of income from capitalists.

From a microeconomic perspective, the price paid to landowners for the use of their land or for their resources reflects the value assigned to the resources as natural capital. From a macroeconomic standpoint, the rent that landowners receive is determined by the price of the commodity produced in the sector; thus, the royalty paid to the landowner is a transference of income, not a payment for natural capital. As Morris Adelman argues in relation to oil, "rents or royalties are not costs." Therefore, "the whole problem of rents and royalties is superfluous in the determination of prices" (Adelman 1964:109).

As Mommer has shown, both perspectives are reflected, respectively, in the tax and accounting systems of most capitalist societies. Tax systems generally represent the viewpoint of the individual taxpayer, while national accounting systems adopt the perspective of society as a collectivity. Thus, most

domestic tax codes grant a depletion allowance for mineral producers, treating minerals as "natural capital." Yet no such depletion of capital is recognized in the national accounting system; from the perspective of society, the products of nature are not treated as capital (1983: 4) but as a transference of income from capitalists to landowners.

Scholars working on societies in which agricultural or mineral production plays a central role often use a neo-Ricardian conception of rent to explain the price of agricultural and mineral products.<sup>13</sup> While treating land and minerals as a form of capital, they determine the magnitude of the rent on the basis of natural comparative advantages and the relationship between domestic production and international levels of supply and demand at specific temporal conjunctures. Marmakis's attempt to formulate a "mineral theory of growth" in relation to Latin America is particularly interesting because of the richness of its comparative scope (1978). Yet, to the extent that they treat natural resources as capital, they conflate wealth and value and make it difficult to understand the relationship between different forms of income-generating activity. A fundamental feature of societies analyzed under the rubric of the "mineral theory of growth" is that the income generated by mineral commodities is largely unrelated to the domestic productivity of labor, and its high level, particularly during boom periods, often has the "perverse" effect of inhibiting its development.<sup>14</sup> The experiences of the guano boom in Peru, of nitrates in Chile, and of oil in Venezuela demonstrate this tendency.

In fact Marmakis concludes his article by mentioning the cases of Peru

13. From this perspective, rent is generally seen as an extraordinary, fiscally unearned income to low-cost producers of a commodity in short supply; since capitalist competition tends to equalize costs of production, rent tends to be temporary. Rent also refers to rewards obtained by producers due to their monopoly of technology, production, or political control in certain economic areas.

14. Many authors have analyzed the "perverse" effects of petroleum rents and other forms of windfall profits on society, often referred to as the "Dutch disease." For a classic discussion of the "Dutch disease" theory of resource booms I have already mentioned the work of Corden and Neary (1982). In Venezuela, the expansion of oil production in the 1920s was accompanied by a critique of its effects. One of the most vocal critics has been Arturo Uslar Pietri, who as early as 1936 expressed concern that the nation might become a parasite of petroleum. The most authoritative critic was Juan Pablo Pérez Alfonzo, who was the architect of AD's oil policies and a founder of OPEC and became increasingly concerned with the effects of petroleum on Venezuela after the 1973 boom. For a discussion of ideas concerning petroleum held by prominent Venezuelan economists, including Uslar Pietri's and Pérez Alfonzo's positions, see Baptista and Mommer (1987). For an attempt to locate the economic discourse about the oil industry in Venezuela within a larger symbolic universe, see Pérez Schael (1993). For a study of the "perverse" effects of oil rents in a local region of Venezuela, see Briceño León (1990).

and Chile as examples of the rather typical "inefficient" use of mineral income and notes that "the most promising use of surplus mineral rents has occurred in Venezuela since 1974, where the government is putting into effect a massive conversion of its mineral surplus into physical, human, and technological capital" (1978: 875). Yet Venezuela, like most oil exporters, faces today more serious economic distortions than before the boom periods of 1973 and 1979; it is such results that make it necessary to examine the "social dynamic" of an oil-reliant economy.<sup>15</sup>

#### NATURAL RESOURCES: THE MYSTERY OF MADAME LA TERRE

As for most third-world primary producers, for oil producers the determination of the international price of oil is a matter of extraordinary importance. If we wish to ascertain how oil prices have been determined, we must leave the neoclassical world of market exchange and turn to the thinkers who first analyzed capitalist production as a social process that engages people and nature in mutual transformation. Among classical political economists, Adam Smith and David Ricardo provided some of the most interesting discussions of the origins of value in production and of the determination of the exchange value of natural resources in the market. Building on their work, Marx developed their theory of value by unveiling the mystified appearance in which factors of production such as land or capital appear as sources of value under capitalism.

Classical economists were centrally concerned with analyzing the origin of wealth and the mechanisms of its distribution. They thought that the value of a commodity depended on the conditions of its production, that economies were capable of producing a surplus, and that the wealth of a nation depended on the expansion of its productive capacity. For them there were two kinds of prices: prices of production, which reflect the actual costs of production and which they explained by means of a theory of value; and market prices, which describe the actual exchange price of commodities in response to fluctuations of supply and demand. The interesting issue for them was the interplay between production and exchange and, therefore, the relation between values (as natural prices or prices of production) and market

15. Although oil-exporting nations share many common features, they also have distinct histories, which makes comparisons both more difficult and more interesting. Even authors who work with different theoretical perspectives tend to agree that oil production in third-world nations tends to have wide-ranging effects, and most would agree that oil has been, at best, a "mixed blessing" (Amuzegar 1982).

prices. As I indicated above, neoclassical thought does not continue this concern with the origins of wealth in production, for it treats the determination of value as the result of the subjective preferences of economic agents through the market; it explains production in terms of exchange. Agents invest or consume in accordance with their subjective preferences and prices result from the play of supply and demand. Therefore, there is only one kind of price: market price.

In the market the conditions of the original production of value fall completely out of sight; under its blinding light, value is invisible. All that can be seen are different forms of revenue: wages paid to labor, profits to capitalists, rents to landowners. Even Adam Smith, who saw labor as the source of value, was bewitched by the same fetishes that he had shattered. Contradicting his own labor theory of value, Smith asserted in *The Wealth of Nations* that "wages, profits and rents are the three original sources of all revenues, as well as of all exchangeable value" (quoted in Marx 1968: 347). As Marx pointed out, "In accordance with his own explanation he should have said: original sources of all revenue, although none of the these so-called sources enters into the formation of the value" (1968: 347-48).

For Marx, the "trinity form," by which he meant the relationship among capital-profit, land-ground rent, and labor-wages, "holds in itself all the mysteries of the social production process" (1981: 953). The fact that this magic formula appears as natural shows the extent to which capitalism has succeeded in establishing as normal its fantastic conception of reality:

As the connection between the components of value and wealth in general and its sources (this trinity) completes the mystification of the capitalist mode of production, the reification of social relations, and the immediate coalescence of the material relations of production with their historical and social specificity: the bewitched, distorted and upside-down world haunted by Monsieur le Capital and Madame la Terre, who are at the same time social characters and mere things. (1981: 969.)

In this bewitched world these forms appear together as sources of value but, according to Marx, actually have nothing in common. Labor, divested of any specific social form, is an abstraction without historical reality. As the source of value, it is absurd that it should have a price—"The price of labor is just as irrational as a yellow logarithm" (1981: 957). Capital, in turn, is not a thing but a social relation specific to a specific mode of production. It is not the means of production but the means of production transformed into capital, that is, monopolized by a particular sector of society and used to

make profits: capital seeks to expand itself. When capital seeks self-expansion through its form as money rather than as the means of production, it then generates interest rather than profits. Here the fetishism of capital appears in its most "estranged and peculiar form," for "interest seems independent both of the wage-labor of the worker and of the capitalist's own labor; it seems to derive from capital as its own independent source" (Marx 1981: 968): money begets money. Finally, land, by definition a nonproduced condition of production that partakes as a material element of any process of production, can have price but no value, for "value is labor" (Marx 1981: 954).

By land, Marx meant "every power of nature," not just agricultural land but also mines, rivers, and waterfalls (Marx 1968: 342). While for Ricardo rent was an attribute of nature itself and landed property determined simply its distribution, for Marx it was an attribute of landed property, and its extent was determined by the level of excess profits possible under a given set of productive conditions. From Marx's perspective, the mystery of Madame la Terre is solved when it is recognized that rents do not add value because they are unambiguously a deduction from surplus value. Since value derives not from nature but from society, rents pertain to the distribution of surplus value, not to its creation. But insofar as production involves the use of natural resources, the intrinsic differences among them affect differentially the productivity of human labor and therefore the profitability of capital. Thus, rents represent a deduction from the capitalists' profits that accrue to landowners by virtue of their ownership of a natural factor of production. Rents depend, therefore, on the existence of both surplus profits and the institution of landed property.

The source of surplus profits gives rise to two kinds of rent: differential and absolute. Differential rent depends on surplus originating from the competition between sources of capital within the same economic sector, for instance, the oil sector, which may expand to a wider energy sector if the price of oil approximates the price of coal. Absolute rent results from surplus arising from capitalist competition between different sectors; it is the rent that must be paid to the landowner independently of the fertility of its land. Both forms of rent derive from the monopoly of land.

Competition within a sector, given differences in the natural conditions of production (such as soil fertility and richness of mines) or in the intensity of capital (varying amounts and type of capital invested, such as the use of fertilizers and mechanized agriculture) brings about uneven rates of profits. The landowner can obtain a rent the size of which depends on the excess of the rate of profit over the average. If excess profits derive from advantageous

natural conditions, this rent is called differential rent I; it is named differential rent II if surplus profits result from the more intensive use of capital. In either case, the level of the rent is set by the size of the existing surplus profits within the sector. Let us assume that prices in the oil sector are determined by the cost of production in the United States. If Standard Oil makes higher profits in Venezuela's oil fields than in its mines in the United States, the Venezuelan state, as landowner, is in the position to claim a higher rent.

In other words, the amount of the rent received by the landowner depends on the market price of the commodity produced by the capitalist. Differential rent, as Marx explained, "does not enter as a determining factor into the general production price of commodities, but rather is based on it" (1974: 646). Differential rent "invariably arises from the difference between the individual production price of a particular capital having command over the monopolized natural force, on the one hand, and the general production price of the total capital invested in the sphere of production concerned, on the other" (1974: 646).

Within a productive economic sector (the oil sector or the wider energy sector), landed property promotes competition by offering capital different natural conditions of production and therefore of profitability. In contrast, between productive sectors, landed property acts as an obstacle to capitalist competition by demanding a rent as a condition for capital investment to use land. For instance, capitalists must decide whether to invest in manufacture, with minimal rent obligations, or in mining, which includes a substantial rent payment. Because a rent is demanded, market prices in the sector rise above the average prices of production. Absolute rent, as the expression of the social power of landed property, creates the conditions that generate a sectoral increase in the rate of profit over the average rate of profit in the economy as a whole; landed property (such as that of private landowners and oil-exporting states) captures this increase in profit in the form of absolute rent. Thus, absolute rent reflects the power of landed property over capital in the struggle over the distribution of the mass of surplus value. While the level of differential rent is limited by the existing market price, the level of absolute rent depends on the power of landed property to increase the market price through extramarket means; in one case, rent is determined by price; in the other, price is determined by rent.<sup>16</sup>

16. There is a vast and inconclusive literature on the labor theory of value; the theory has been criticized as vigorously as it has been defended. Marx developed this theory in the *Grundrisse* (1973), *Capital* (1967) and *Theories of Surplus Value* (1968). For interpretations and discussions of the theory

#### BLACK GOLD

Oil, more than any other commodity, illustrates both the importance and the mystification of natural resources in the modern world. An essential commodity for the capitalist system, oil has fueled not only its industrial, transportation, and heating systems but also the popular and academic imagination worldwide. Not surprisingly, as Mommer's analysis shows (1983), the price of oil has generally been interpreted in terms of the same two common-sense outlooks informed by the neoclassical view of natural resources.<sup>17</sup>

From a microeconomic perspective, oil is natural capital. This definition emerged from the conflict between private landowners and capitalists in the United States during the late nineteenth century at the outset of the oil industry's development. In the confrontation between landlords and capitalists which took place in that period, an implicit understanding was reached that profits should be shared equally between the owners of the resource and the capitalists who extracted it. The payment to the landlord of a royalty of one oil barrel out of eight reflected this understanding. By the last quarter of the nineteenth century, profits in the oil industry in Pennsylvania were considered to be around 25 percent of the commercial price; half of 25 percent was 12.5 percent, or 1:8, the size of the royalty for the landowner.

This microeconomic view was recognized by U.S. tax legislation. A series of legislative acts, culminating in the 1932 depletion allowance law, validated a conception of oil as natural capital. Just as income derived from capital gains is taxed by half (in principle, to protect the capital structure of society), taxes on the sale of oil were reduced by 27.5 percent, to compensate for the depletion of this natural capital. (The depletion allowance for oil is granted both to the capitalist and to the landowner: 7:8 and 1:8, respectively.) The significance of this depletion allowance cannot be overstated; by

of value and related issues, see Bohm-Bawerk (1946), Hilferding (1949), Rubin (1973), Rosdolsky (1977), Meek (1956), Brunnhoff (1973), Elson (1979), Fine (1986), Morishima and Carephores (1978), Mandel and Freeman (1984), Steedman et al. (1981), Shaik (1977, 1980). For discussions of the theory in relation to ground rent, see Ball (1977, 1980), Edel (1976), Fine (1979, 1980), Murry (1977). For analysis of ground rent in relation to urban spaces, see Harvey (1989), Lofkine (1977), Edel (1976). See also the polemic among Samuelson, Sweezy, and Baumol in the *Journal of Economic Literature* (1974). These debates range from the hypertechnical to the almost theological. I find the labor theory of value useful as a way of comprehending the formation of subjects in a world of objectified values, rather than as a technical tool to determine prices.

17. This discussion of the conceptualization of pricing mechanisms in the mineral sector and of the evolution of oil prices is drawn from Mommer's pathbreaking work (1983, 1986).



1970, income tax on manufacturing activities was 43 percent, while for the oil industry it was only 21 percent (Mommer 1986: 31).

The same microeconomic perspective has been adopted by oil-producing nations. While in the United States oil belongs to the private owner of the soil, in most other nations oil is considered to be public or national property. Oil-producing nations in the third world took the standpoint of the individual landowner in their confrontation with international oil companies, and their governments chose to act at the international level as representatives of the nation as an individual property-owning unit. They came to justify their demand for a share of the profits derived from the sale of this natural resource by invoking the idea that oil has an inherent value and should thus be treated as "natural capital." The mining legislation of most oil countries reflects this viewpoint.

This view was explicitly recognized by the Organization of Petroleum Exporting Countries (OPEC) in 1962. In its struggle to increase its participation in oil revenues, OPEC redefined the commonly accepted goal of dividing profits equally between states and oil companies. Before this historic OPEC meeting, these oil-producing states tended to include the royalty as part of the percentage of profits distributed to the state. Following OPEC's new initiative, the royalty was defined as compensation for the intrinsic value of oil as nonrenewable resource, that is, as a form of depletion allowance. Profits were to be shared after discounting the company's operating costs and distributing the royalty. By separating royalty payments from their share in oil profits, oil states increased their total oil revenues.

The macroeconomic perspective, on the other hand, does not regard the rent paid to landowners as entering into price formation. As Adelman argues throughout his examination of the petroleum market, the price of oil is determined by supply and demand, with increases based on scarcity. Rents (royalty payments) do not constitute a cost and therefore do not affect prices. They do represent a residue, a difference due to natural advantages. The conditions of production on the least productive oil fields determine the price of oil in the world market. Since prices of comparable types of oil become uniform whether extracted from poor or rich fields, the more productive oil fields yield a rent (Adelman 1972).

Following closely Ricardo's theory of rent, Adelman takes into account the importance of differing conditions of production, in contrast to neoclassical analysts who adopt a microeconomic perspective. But since his theory recognizes only natural features as determinants of rents, it is unable to take into account the social forces that actually determine the price of oil. In the

introduction to his 1972 study of the oil industry, Adelman predicted that oil prices would decline: "The conclusions of this study are that crude oil prices will decline because supply will far exceed demand even at lower prices, and because—a separate issue—there will continue to be enough competition to make price gravitate toward cost, however slowly" (quoted in Hausmann 1981: 230).

This theoretical framework could not account for the 1973–74 fourfold increase in oil prices. For Adelman, the movement of oil prices is determined by supply and demand. For him, the payment of rent to states in oil-exporting nations depends on the level of the market price for oil. This theory assumes that capital has access to the oil fields; it does not understand the economic significance of landed property as a barrier to capital.

When they attempt to find an underlying logic behind the apparently chaotic events—wars, revolutions, coups—that have led to rapid shifts in prices, neoclassical interpretations remain at the level of supply and demand, where supply itself is established by an exchange-determined view of production. At best, they introduce "political factors" into their models (Moran 1982); but since these models are premised on the postulate that value is determined in exchange, they are ultimately unable to account for the origin of value in production. "Politics," in this context, does not include the deployment of power by landowners as such, in which their ability to claim an absolute rent is exercised.

Thus, despite the considerable degree of sophistication of these attempts, the movement of prices is seen as constrained by a ceiling set by supply and demand within the oil or energy sectors. Thus, Adelman, using a Ricardian conception of differential rents, sees oil rents as a residual category. For him the ceiling on energy prices was determined, at the supply side, by the potential competition of more expensive sources of crude oil before the boom (1973: 1256) or, after the oil booms of the seventies, "by opportunities to invest in greater thermal efficiency more than by new sources of crude oil" (1982: 32).

As the price of oil moved upward, Adelman broadened the ceiling on oil prices to extend from the oil industry itself to the entire energy sector. In this respect he was right, for as oil prices jumped, the use of alternative sources of energy set limits on further oil price increases. The oil booms of the seventies made it evident that differential rents are best seen as arising not from within the confines of a narrowly defined industrial sector (oil) but from within the limits set by alternative resources such as coal within a broader sector (energy). Massarat's analysis of the oil industry in the context

of the energy sector illustrates this point (1980). Adelman's view of the larger field within which differential rents are established does not consider, however, the role of landed property itself as a barrier to capital investment in natural resources. It simply extends the boundaries within which landed property plays this role.

The sharp increase of 1973 and 1974 in oil prices did not result from a world shortage of oil. It was, rather, the outcome of a long historical process by which OPEC nations, acting as landowners, developed the means to extract a rent on the basis of their ownership of the oil fields—an absolute rent—in addition to the differential rents they had collected in the past. In 1973 a set of converging political and economic conditions helped establish their collective ability to restrict the world supply of oil. With this power, OPEC felt entitled to set the market price of oil, thus freeing the level of rent from the previous constraint of the market price. Now rent itself (absolute and differential) would determine the market price of oil.

This shift, from a rent the level of which was determined by the market price to a market price determined by the level of rent, expressed a historical change in power relations between capital and landed property throughout the capitalist world. The original 1:8 Pennsylvania oil royalty, while ideologically construed as being a payment to the landlords for the use of their natural capital, represented in fact the power of landowners to claim an absolute rent; that is, a payment due them as landowners, regardless of the productivity of their oil fields. As profits in the oil sector expanded, this royalty came to represent an increasingly smaller percentage of oil profits, not an equal sharing of profits. Thus, it became what it really was all along: a minimum payment to landlords, an absolute rent. Landlords in the United States devised various contractual arrangements to increase their participation in the growing oil industry profits but lacked the collective organization and knowledge to preserve the original goal of equal profit sharing.

Initially, oil-exporting nations behaved very much like individual domestic landlords in the United States, acting as passive and atomized independent agents with limited knowledge of the oil industry. In their struggle to increase their participation in oil profits, however, they were better placed than individual landlords to learn about the industry, to share information, and to act together. As sovereign states, they could obtain crucial information about this secretive industry; as the major suppliers of oil for the capitalist world, they could affect the level of world production. The key to understanding the evolution of oil prices is the analysis of how these states consolidated their power as landowners, both separately, as sovereign states con-

fronting oil company subsidiaries, and collectively, through OPEC's actions at the international level.

These states were able to define the level of absolute rent by setting market prices. Given this redefinition of power relations, absolute rent has functioned as a new barrier that redefines the field within which it functions. By promoting the expansion of the field, it redraws the boundaries of the expanded field. Thus, the underlying logic of oil price formation cannot be found in the market as defined by neoclassical economics but in the complex political arena in which states and oil companies, landed property, and capital struggle for the production and appropriation of value. In these struggles, labor figures as a force through the mediation of the state in nations in which it has contributed to defining nationalist demands.<sup>18</sup>

#### ONE HUNDRED YEARS OF OIL PRICES

I can now draw, on the basis of Mommer's work, the broad outlines of the evolution of oil prices. From the origins of the oil industry in Pennsylvania in the nineteenth century until 1959, the world market price of oil was set by U.S. oil companies, which were the world's major oil producers during most of this century. From 1917 until 1958, U.S. oil accounted, on average, for 55 percent of total world production. Since 1928, the International Oil Cartel (a U.S.-dominated alliance of British, Dutch, and U.S. oil companies) controlled world oil production and set the world market price on the basis of the elevated cost levels prevailing in the United States. Oil production was significantly cheaper in all other oil-producing nations. This was in part because in some cases they had richer oil fields but also because oil extraction was more rationally organized than in the United States. Since the subsoil in these countries is public property, oil fields are not anarchically subdivided into scattered small plots, as in the United States, which are costlier to mine. Given uniform market prices determined by high-cost U.S. oil, this cost difference was the source of surplus profits for the oil companies that operated overseas.

18. The significance of labor in global struggles over price formation in the oil sector remains to be determined, but it is evident that labor's role is mediated through its influence on the states of oil-producing nations. In the case of Venezuela, several scholars have emphasized the significance of labor in defining a nationalist oil policy, particularly in the early stages of the oil industry, before the trade union movement became controlled by Acción Democrática (Tennessee 1979; Bergquist 1986). The collection of articles brought together by Nore and Turner in *Oil and Class Struggle* (1980) seeks to underline the relevance of labor in the domestic and international politics of oil in various countries.

As they sought to increase their oil revenues, the oil-exporting states claimed for themselves a portion of these surplus profits. To the extent that they were successful, they in effect transformed these surplus profits into rents—differential rents. Given a certain level of consumption, the ceiling of these rents seemed to be set by the world market price of oil as fixed by the U.S. oil industry (which, it must be remembered, included the royalty—an absolute rent). Insofar as this perception determined the action of economic agents, it was an accurate reflection of reality. Until 1960, the struggle of oil-producing nations to increase their oil revenues was constrained by the magnitude of surplus profits within the international oil industry. In other words, rent was determined by price.

The conditions that enabled oil-producing states to increase their participation in oil profits by turning the industry's surplus profits into differential rents could not last indefinitely. Oil prices had been remarkably stable. In fact, since 1934 they had slowly increased for a quarter century. As oil production overseas expanded, U.S. participation in world oil production declined; between 1959 and 1972 it accounted for only 25 percent of the total. Already by 1947 the U.S. had become an importer of oil. The United States began to exert influence on world oil prices not only as a major producer but also as an increasingly large consumer. In 1959 oil prices declined for the first time in twenty-five years. As could be expected, this reduction deeply concerned oil-exporting nations. In 1960 OPEC was founded, in large part at the initiative of Venezuela, which had more experience as an oil exporter and as a sovereign state than Middle Eastern oil exporters. A cartel of landowners, not of producers, OPEC originally attempted to make oil prices stable. But its pursuit of larger revenues, within existing market conditions, necessarily entailed an increase in oil prices, that is, the establishment of an absolute rent.

This shift from a rent determined by price to a price determined by rent began in the 1960s and culminated in the 1970s. The crucial moment came in 1968. OPEC nations, limited in their earnings by the existing market price of oil, decided that, for tax purposes, the price of oil would be fixed by the oil-exporting states. The stated purpose of these state-set fiscal prices was to capture the companies' surplus profits. Ostensibly, their limit was set by the level of surplus profits obtained by the oil companies, which were defined as profits above the customary level that would have been necessary to induce capitalists to invest. As Mommer has argued, "OPEC was on the road to transforming any existing or possible surplus profits into ground rent" (1986:183).

Mommer's analysis shows how the mechanism of this transformation created the conditions for the generation of surplus profits in the oil industry. Surplus profits were to be transformed into rents not by increasing the taxes of oil companies but by raising the fiscal price of oil and defining taxes as a proportion of the increased price of oil itself. Given an existing magnitude of surplus profits in the oil sector, a tax increase transforms surplus profits into ground rent. In contrast, an increase in the fiscal price of oil establishes a priori the level of rent, regardless of the existing magnitude of profits in the sector. It may, therefore, push market prices upwards in the effort to maintain the present rate of profit in the sector. Thus, OPEC nations, by potentially pushing prices upwards and demanding an absolute rent, were in fact not only capturing existing surplus profits but creating the conditions for the continued existence of surplus profits in the oil sector (1986:182–83).

At the 1968 meeting, OPEC nations formulated the goal of achieving national control over their domestic oil industries. This goal was to be achieved by increasing state participation in all phases of the oil industry. According to this plan, the role of foreign companies would eventually be reduced to that of minor partners or licensees. Once government-owned oil companies had developed their capacity to operate the industry, foreign companies would derive income only from payments for their limited services. Thus, the OPEC states' pursuit of an absolute rent was intimately related to their political consolidation as sovereign states in the domestic and international arenas and to the development of specific state capacities.

The quadrupling of oil prices in 1973–74, and then again in 1979, was the culmination of this process. Surplus profits were transformed into rents by transferring value at the international level between different economic sectors, rather than within the oil sector. This movement of value toward the oil sector shook the entire world economy. It was perceived as a shift of the world's wealth toward the oil-exporting nations. It entailed a redistribution of profits underwritten by oil consumers in all sectors, from basic industry to the general public. For this reason, OPEC nations became the target of attack of oil-consuming nations on an unprecedented scale.

In this context, transnational oil companies lost interest in remaining as oil capitalists in the third world: they wanted to avoid public attack at a moment when they were making large profits in their own operations. Moreover, the capacity of OPEC states to extract an absolute rent not only reflected, but also heightened, their power. These states could now assume control over their respective oil industries. By 1976, the oil industry in every oil-exporting nation had been nationalized. Transnational oil companies

now were contracted for their services to the nationalized industries. The stated goals of the 1968 OPEC meeting had been achieved.

Two events highlighted in this brief sketch point to the significance of political relations in the determination of oil prices. The 1968 OPEC meeting was preceded in 1967 by the third Arab-Israeli war. The 1973–74 oil price increase was preceded in 1973 by the fourth Arab-Israeli war. On each occasion, oil was used as a political weapon. It would be simplistic to argue that political conflicts caused the increase in oil price by affecting the supply of oil. Rather, through these confrontations, oil-producing states tested and extended their power. If oil became a political weapon, it is because oil states turned into an economic force.

The history of oil prices, then, reflects political struggles over the distribution of value within and among sectors of the world economy. Underlying the diverse events that conditioned the evolution of oil prices was the growing power of OPEC states, acting individually and collectively, as owners of a natural resource. In turn, the most evident consequence of their power as landlords, the increase in oil revenues and the nationalization of oil industries, affected not only the extent of their power, but its basis, the social relations through which state power was constituted both domestically and internationally.

#### HISTORY'S NATURE: FROM A BINARY TO AN OPEN DIALECTIC

I have used some Marxist categories to illuminate aspects of the international political economy of oil and to introduce my discussion of state formation in Venezuela. From the perspective informing my work on Venezuela, I wish to conclude this chapter by offering a view of both capitalism and the state that seeks to overcome Eurocentric and androcentric biases present in the vision of capitalism that Marx handed down to us.

Marx's relationship to capitalism was marked by a deep ambivalence. He recognized at once its achievements and liberating potential, as well as its alienating consequences and limited historical horizon. Only by inhabiting capitalist culture, immersing himself in its categories and examining its implicit assumptions could he subject it to a critique that remains exemplary in its comprehensiveness and imagination. Yet nineteenth-century European capitalist culture also inhabited Marx, limiting his critical reach. His deconstruction of political economy's categorical system did not free him from its heterosexist identification of activity with masculinity, passivity with femininity, and productivity with fertility (Arendt 1958: 106, Parker 1993: 35).

His conception of history's progress assumes a trajectory defined by the dialectical union of capital and labor which increasingly displaces nature—as well as the social classes and regions of the world identified with it—from history's center stage. Not only the bourgeoisie and the working class but city and country, landowners and peasants, metropolitan centers and capitalist periphery are defined by their assigned role in his narrative of history's advance. His account of the productive engagement of Monsieur le Capital with Madame la Terre unwittingly serves to confirm dominant representations of a world polarized into a masculine and creative order which is the home of capital in the metropolitan centers and a feminized and subjected domain where nature passively awaits capital's fertile embrace in the periphery.

The neglect of nature in Marxist thought is related to the identification of capital and labor with activity and of nature with passivity. In the spirit of Hegel's master/slave dialectic, Marx's capital/labor dialectic posits the antagonism between these two agents as the source of history's emancipatory movement. While this binary focus informs most of his work, through his discussion of the role of ground rent under capitalism Marx brings out a third actor: nature (together with the cluster of factors associated with it). Although nature forcefully enters analysis only at the end of volume 3 of *Capital*, Marx makes rather large claims for the role it plays in union with capital and labor. They are the leading protagonists of capitalist societies: "Capital (profit of enterprise plus interest), land—ground rent, labor—wages, this trinity form holds in itself all the mysteries of the social production process" (1981: 953).

Since most Marxists, following Marx, have devoted themselves to solving the mystery of the capital/labor relation, it is no surprise that the mystery of Madame la Terre still remains to be deciphered. Few thinkers have noted that Marx's binary system clashes with his "trinity formula." Henry Lefebvre is exceptional in noting this tension and brilliantly exploring its consequences. He suggests that a fuller inclusion of nature would bring to center stage the role of additional social agents and of politics itself, understood as a specific social relation. Recognizing that by "land" Marx meant a social relation, not a thing (agricultural or mineral resources not as inert objects but as elements of social formations constituted through the socialization of nature), Lefebvre argues that land includes "landlords, country, aristocracy" and, most significant for my argument, the "nation-state, confined within a specific territory" and therefore, "in the most absolute sense, politics and political strategy" (1991: 325). Thus for him, Marx's "binary opposition of a conflictual (dialectical) character implies the subordination of the historical to the economic, both in reality and in the conceptual realm" and

also "the dissolving or absorption, by the economic sphere proper, of a multiplicity of formations (the town, among others) inherited from history, and themselves of a precapitalist nature" (1991:324).

Lefebvre suggests that with Marx's treatment of nature at the end of *Capital* his analysis of capitalism "comes to a halt" (1991:325) because it presented him with difficulties which he could not resolve. The main difficulty was to acknowledge the implication of the growing importance of nature for capitalist production, given that he had a binary model of capitalist development. Contrary to the historical progression envisaged in Marx's model, mobilized as it was by the capital/labor relation, Lefebvre argues that the growing importance of land has entailed a more complex development: "On a world scale, landed property showed no signs of disappearing, nor did the political importance of landowners, nor did the characteristics peculiar to agricultural production. Nor, consequently, did ground rent suddenly abandon the field to profits and wages." He underlines the expanding significance of natural resources and spatial considerations: "What was more, questions of underground and above-ground resources—of the space of the entire planet—were continually growing in importance" (1991:324).

Marx's inability to account for the importance of nature, according to Lefebvre, is reproduced in contemporary social theory's remarkable insensitivity to the significance of ground rent: "Any attempt to restore to its proper place the concept of ground rent has for decades been utterly squelched, whether in France, in Europe or in the world at large, in the name of a Marxism that has become mere ideology—nothing but a political tool in the hands of apparatchiks" (1991:324). He does not explain why the recognition of ground rent's centrality has been so threatening, but I believe that it would entail integrating temporal and spatial dimensions and replacing Eurocentric and formulaic conceptions of capitalism with a more historical, political, and global understanding of its historical development.<sup>19</sup>

However, since Marx wrote volume 3 of *Capital* before volumes 1 and 2

19. The concept of ground rent, however, has been used to study societies in which mining or agricultural products play a key role. While these studies have made valuable contributions to the analysis of specific nations, they have not modified dominant conceptions of capitalism. My work in this area builds on the contributions of scholars who have used the category of rent to analyze primary producers, and in particular, oil-producing nations. One of the earliest attempts to bring together a number of essays that use the theory of ground rent to study of oil-exporting states is Nore and Turner (1980). The journal *Peuples Méditerranéens/Mediterranean Peoples* dedicates a special issue (no. 26, 1984) entitled *Pétrole et société*, to the analysis of petroleum-based societies. Among the authors who are sensitive to the cultural or political implications of oil rents, see the work by Wats (1983; 1987; 1994) and Graf (1988) on Nigeria.

(Rosdolsky 1977), the acknowledgment of the importance of land in volume 3 (at that "late" point) thus does not account for its subordination to the capital/labor dynamic in the rest of this work. Moreover, Marx's neglect of nature cannot be explained strictly by what Lefebvre calls the "subordination of the historical to the economic." Although a fuller recognition of land's role in capitalist production would have certainly challenged Marx to present a more political and global conception of capitalism, I think that one of Marx's accomplishments is to have begun to show that the apparent separation of the "economy" from "politics" under capitalism is itself an effect of politics. Through his work he demonstrated that what came to be called the economy in bourgeois society was constituted through class struggle and state regulation, as can be clearly seen in his historical writings as well as in *Capital*.<sup>20</sup>

I believe that Marx's oversight had to do with his aims. From his location in England in the midst of the industrial revolution, he sought to advance the cause of socialism by presenting workers as an exploited class that has an interest in the universal emancipation of humankind. He saw the roots of exploitation in the extraction of surplus value in the production process. Thus, he focused on the dialectic between capital and labor and on the relation between profits and wages in order to make visible, at a relatively high level of abstraction, the hidden operations that secure the extraction of surplus labor and obscure this process from view. In contrast to labor, land does not produce value. Like capital, it only appropriates it but does so not by engaging labor in the production process like capital but by blocking capital's mobility and its ability to exploit labor. In this sense, land is parasitical on both labor and capital.

Marx thus saw land as a conservative force that inhibits capital's advance. His work suggests that in time, land would be subsumed under capital, that is, capital would control land's power as a social relation opposed to it. Given this view, and his concern to lay bare the logic of capitalist accumulation from a perspective that privileged the problem of the exploitation of labor, it is understandable that he did not focus on nature as a source of wealth or as the basis of landed property and ground rent. Marx's strictly social conception of exploitation avoids fetishizing capital, money, or land as sources of value. But in the end it excludes the exploitation of nature from the analysis of capitalist production and erases its role in the formation of wealth.

20. I have in mind in particular several chapters of *Capital's* volume 1 (1967): on money (chapter 3), the working day (chapter 10), and primitive accumulation (chapters 26–33).



This erasure of nature also takes place in Marx's discussion of the main form of wealth under capitalism: the commodity. He takes such pains to show that the value of commodities depends only on the social relations that stamp upon them a definite quantity of abstract labor power that he neglects the role of nature in their constitution as commodities: "The existence of things *qua* commodities, and the value-relation between the products of labor which stamps them as commodities, have absolutely no connection with their physical properties and with the material relations arising therefrom" (1967:72). While it is true that the value-relation between commodities has nothing to do with their physical properties, their existence *qua* commodities cannot be separated from their physical properties.

As things that embody exchange values and use values, commodities are, as Marx emphasizes elsewhere, intrinsically sensual objects, dependent on a physical medium for their constitution as such; they have a material or "natural form" and a social or "value form" (1977:138). This is true not only for unquestionably material commodities such as cars or mangos but also for those that are less tangible, such as musical performances or poems. What makes a particular song or mango into a commodity, of course, is not its real or imagined usefulness alone but its marketability; its participation in market exchange transforms it into a commodity. The mango I buy in the market is a commodity, the one I pick freely from a tree is not; in one case I eat a commodity, in the other a thing. The same is true of a song, which can circulate freely, as when I receive it from a friend "who sings like a bird" (Marx 1977:1044), or dressed as a commodity weighed down by a price tag, as when I buy a ticket to a concert to listen to her. Commodities circulate through the medium of their physical properties, not independently of them. The particular form of their sensuous materiality is an intrinsic element of the form they take as commodities.<sup>21</sup>

My argument about the importance of the physical properties of commodities is not restricted to recognizing the role of matter in defining their usefulness as things. Many scholars have noted that *Capital* focuses on exchange value and pays little attention to use value (Baudillard 1981; Sahlins 1976). Given Marx's aims, I find this focus understandable. In my view, the materiality of commodities also participates in their constitution *qua* com-

21. As Marx noted, commodities are no simple things, and it is not always easy to identify what is in fact a commodity. Marxists often attribute great significance to goods produced by wage labor for exchange, but then goods could be produced for exchange under a variety of labor conditions and still be commodities. For an interesting discussion of the commodification of music as a program to which labor is later applied, see Attali (1977).

modities and therefore in defining their role as the form of appearance of wealth under capitalism. If it is true, as Marx argues from *Capital's* opening sentence, that "the wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'" (1967:125), I think it is so because commodities embody not only abstract labor power but also material wealth. The commodity, *qua* commodity, embodies social value and natural wealth; as "sensual things which are at the same time suprasensible or social" (Marx 1967:165), they cannot be understood independently either of their physical or their social properties.

In his discussion of the commodity form, Marx's major concern is to dissipate the mist of familiarity "through which the social character of labor appears to us to be an objective character of the products themselves" (1967:74). For Marx, the fetishism of commodities involves the inscription of abstract labor power into objects and the simultaneous erasure of the mechanism of this inscription from collective awareness. Ironically, in his zeal to demonstrate that a commodity's value resides in the inscription, not the object, Marx erases William Petty's insight (which he makes his own) that labor inscribes value through a material medium and that wealth is generated from the union of labor, "the father," and nature, "the mother" (Marx 1967:43). As far as I know, this is an unremarked aspect of Marx's discussion of the commodity form.

An appreciation of the role of nature in the formation of wealth offers a different view of capitalism. The inclusion of nature (and of the agents associated with it) should displace the capital/labor relation from the ossified centrality it has been made to occupy by Marxist theory. Together with land, the capital/labor relation may be viewed within a wider process of commodification, the specific form and effects of which must be demonstrated concretely in each instance. In light of this more comprehensive view of capitalism, it would be difficult to reduce its development to a dialectic of capital and labor originating in advanced centers and expanding to the backward periphery. Instead, the international division of labor could be more properly recognized as being simultaneously an international division of nations and of nature (and of other geopolitical units, such as the first and third worlds, that reflect changing international realignments). By including the worldwide agents involved in the making of capitalism, this perspective makes it possible to envisage a global, non-Eurocentric conception of its development.

The aim of shifting from a binary to a triadic dialectic is to open our view of the historical development of capitalism rather than to limit it by



defining *a priori* the identity of its agents and the logic of its transformation. A focus on the commodification of land, labor, and capital—Marx's trinity formula—embraces within social analysis, as Lefebvre proposes, a wider range of social actors and social formations, unifies temporal and spatial dimensions, and brings out more forcefully the play of structure and contingency in history. The critical purpose is to apprehend the relational character of the units included in the making of the modern world, not to multiply their number as independent entities.

In Marx's account of capitalism, land appears ambivalently both as necessary natural powers that participate in the production of commodities and as a social class that acts as an obstacle to the expansion of capital. When Marx speaks of landowners as a class, his ambiguity resolves itself into sheer negativity: "a class that neither works itself nor directly exploits workers, and cannot even, like interest-bearing capital, launch forth in edifying homilies about the risk and sacrifice in lending capital" (1981:968). Given his negative evaluation of land's social role, it is understandable that he paid little attention to its role in the evolution of capitalism. From the perspective of the periphery of the capitalist system, however, it is necessary to recognize the centrality of land as an active social force of ongoing economic significance and remarkable political eloquence.

If land is brought to the center of analysis in the multiple forms which it assumes in the contemporary world—not just as a class that represents a declining mode of production, but as an active social force in the reproduction of modern relations—it would be difficult to continue to view capital accumulation as an economic drama enacted by capital and labor *in society*. Instead, one would have to include as well, as Lefebvre suggests, the "nation-state confined within a specific territory" and, therefore, "in the most absolute sense, politics and political strategy."

From this perspective, the Marxist critique of the reified appearance of politics and economics as independent spheres in both capitalist culture and mainstream social theory can be made to include a criticism of their persistent separation within Marxist theory itself. The vast literature on the state in advanced and peripheral capitalist societies focuses on the relationship between politics and economics. Within mainstream analysis, inspired by Weber's programmatic rather than historical writings, most works seek to establish the independence of the state from its socioeconomic context and to privilege the intentional role of political agents in both the domestic and international domains. Within Marxism, debate has centered on competing modes of apprehending the links between the state and capitalism, on the assumption that states are constituted and organized in response to their role

in reproducing capitalist social relations. Thus, while neo-Weberians tend to posit an essential separation between state and economy and are concerned with the assessment of relative degrees of "state capacities" (Skocpol 1985), Marxists generally assume the existence of a structural connection between state and society and are thus interested in exploring its significance for the form and relative autonomy of the state (Milliband 1969; Poulantzas 1976).

Studies of states on the periphery—such as "modernizing states" (Almond and Verba 1963), "colonial states" (Chandra 1980; Alavi 1972), and "dependent states" (Cardoso and Faletto 1979; Frank 1978; Amin 1980)—tend to reproduce the terms of these debates. Given the prevailing forms of theoretical discourse, it is understandable that attempts by neo-Weberians and Marxists to "bring the state back in" (Evans, Rueschmeyer, and Skocpol 1985) and to see "state making" as a continuous historical process (Bright and Harding 1984) have been framed in terms of the dual problematic of the relative autonomy of the state and of the capacity of state agents to generate and pursue specific courses of action. These approaches tend to assume capitalism and to problematize the state's relation to it.

The conception of capitalism advanced here provides a different perspective on state theories. A curious feature of these theories is the ease with which they present state and society as separate spheres. While the state is treated as the "public" order of real or imagined general interests, "society" is viewed as the domain of private interests. Given this opposition, society, capital, and the economy often come to function as synonyms of each other. The separation of the political and the social is so deeply embedded in liberal theories of the state that defining the "boundaries" dividing society and state (or the "political system," the term embraced by David Easton and Gabriel Almond in the 1950s) has been a central problem in liberal political theory.<sup>22</sup> While Marxist state theories typically historicize the relation between these separate spheres or domains, their mode of historicizing them reproduces Marx's tendency to identify the expansion of the wealth of nations with the production of value. This conflation of value and wealth reduces the generation of wealth to the capital/labor relation and excludes the role of land, viewed as a social relation, in its formation.

The exclusion of nature has important consequences for Marxist theories of the state. Whether theorists focus on the relationship between the ruling class and state rule (as in instrumentalist and structuralist positions) or

22. For a useful review of liberal conceptualizations of the state that underlines the difficulty of defining the state and of identifying the boundaries that separate it from society, see Mitchell (1991). Mitchell's solution to the problem rests on a Foucauldian conception of the state as the structural effect of dispersed disciplinary formations.

on the form and function of the capitalist state (as in the German derivationist school), they generally assume that the state depends on society or capital for its economic resources. Analysts may conceptualize the state in sharply differing ways, viewing it as a cohesive apparatus which fulfills specific "functions" for capital, or as a conflict-ridden social complex with contradictory "interests," but they agree that, whatever its form or function, it must rely for its revenues on society.

It is thus not surprising that this prevailing assumption is reproduced without comment in one of the most lucid recent attempts to "retrieve" the Marxist theory of the state. In *Allen Politics: Marxist State Theory Retrieved*, Paul Thomas takes as a given the state's dependence on capital: "One of the reasons why it does make sense to employ the category of the capitalist state is that the state has long been dependent upon the activities of capitalism, and on the accumulation of capital, which is after all the source of its own revenues" (1994:21). On the basis of Giddens's distinction between two forms of authority, command over persons and command over allocable resources, Thomas treats the decisive separation of the political and economic spheres as the distinctive feature of capitalist societies. "Command over persons and command over resources are separate processes or spheres, falling into different hands, under capitalism." Thomas's argument is complex, but its thrust is unambiguous: in capitalist societies, command over persons rests in the hands of the state, while command over resources lies in the hands of capital. Capitalists need the state to control its citizens, but the state, "after all," needs capital to finance its activities, for capital accumulation is "the source of its revenues" (1993:19).

In capitalist societies, an economic surplus is produced by labor under the domination of capital, in a fundamental sense, the revenues of all social actors ultimately depend on capital as the agent that controls the production process. This justifies, at a general level, the notion of the structural dependence of the state on capital. Yet the surplus produced by labor under the rule of capital accrues to capitalists as profits but also to landlords as rents and to workers as wages. Moreover, the state often participates directly in the exploitation of labor through its involvement in productive activities and may act as landlord as representative of the nation.

Thus, while it is indeed true that they depend on capital and its profits, states also depend on land and its rents; and both profits and rents derive not just from domestic, but from international activities. If, as Marx suggested, the state, as a general representative of a capitalist society, is an abstract capitalist, as the sovereign authority over a national territory it plays the role of

an abstract landlord. Moreover, these abstract roles assume concrete expression through the state's direct involvement in the economy. Thus, the state can become an active capitalist when it participates directly in financial and productive sectors—often in so-called basic industries such as steel and petrochemicals. It can also effectively become a landlord when it controls natural resources,<sup>23</sup> which in third-world countries are often major means of foreign exchange. In this case, domestic capitalists may come to depend on the resource-rich state for their revenues through multiple forms of state protection and promotion of private industry, from direct export subsidies to high tariffs against imports. Given the varied forms of the state's involvement in the economy of capitalist nations, the boundaries separating the political and the economic spheres in these nations are variously drawn and seldom clear-cut.

Theories of the state, like theories of capitalism, need to be decentered in order to encompass the totality of capitalist states and the global process of their formation. To the extent that state theories have construed the states of advanced capitalist nations as the general model of the capitalist state, the states of peripheral capitalist societies, when they are considered at all, are represented as truncated versions of this model; they are identified by a regime of deficits, not by historical differences.<sup>24</sup> But a unifying view of the global formation of states and of capitalism shows that all national states are constituted as mediators of an order that is simultaneously national and international, political and territorial. This conception does not deny the inequality in power and development among national states or the significance of modular influences among them. Rather, by placing states within a unified temporal and spatial matrix, it views their inequality as the expression of mutually constitutive transcultural exchanges among the allegedly bounded societies they represent.

These considerations inform my analysis of state formation in Venezuela as the Venezuelan state, by virtue of its ownership of the oil-rich subsoil, was turned into a major landlord and capitalist during a period when oil became

23. For a discussion of the state's involvement in the oil sector in both metropolitan and third world nations, see Klapp's *The Sovereign Entrepreneur: Oil Politics in Advanced and Less Developed Countries* (1987). Focusing her comparative study on four countries, she approaches the question of why "the governments of seventy-four governments become entrepreneurs in the oil industry rather leave this business to the private sector" (1987:9).

24. It is sufficient to read the excellent synthetic studies of Marxist theory by Carnoy (1984) and Jessop (1982, 1990) to see that "dependent" states, as Carnoy calls them, appear only as imperialized and inferior models of the "normal" capitalist state.

one of the world's most valuable and essential commodities. While my discussion seeks to throw light upon the specific example of Venezuela, my presumption is that the revelation of a unique national formation offers a general illumination, since it reflects upon the circumstances from which other singular national histories spring. I believe this perspective can throw new light on societies also dependent on primary exports for foreign exchange and recast the analysis of struggles over land, which have emphasized the relations between landlords and peasants but have neglected to include the significance of agricultural rents in these relations. Although the identities of most third-world nations have come to be so intimately bound up with specific primary export products that in some cases they have been identified with them—banana (Central America), oil (OPEC nations), coffee (Colombia and Brazil), nitrates and copper (Chile), wheat and cattle (Argentina), and sugar (Cuba)—it has proven difficult to think through the economic, political, and cultural significance of this bond. While the Venezuelan case is exceptional in certain respects, it makes more visible processes that also shape other third-world societies.

As I have suggested, struggles over oil have helped draw the contemporary map of the world. In recognition of oil's crucial role in making our "hydrocarbon societies," a noted analyst of the oil industry proposes that the "twentieth century rightly deserves the title of 'the century of oil'" (Yergin 1991:14). At the beginning of this century, the world's most advanced transnational corporations established themselves in Venezuela, a precariously organized agricultural society, and began pumping oil from its subsoil. In a few years this society became the world's major oil exporter and came to see itself as an "oil nation." In the following chapters I examine this transfiguration, focusing on the state's capture of oil wealth and on the transformative effects of its circulation within the body politic.

# 2

## THE NATION'S TWO BODIES

The future of the nation will be written with oil. This liquid will penetrate into all our cells and will take possession of our destiny.<sup>1</sup>

*Domingo Alberto Rangel*

The essence of a nation is that all individuals have many things in common, and also that they are obliged to have already forgotten many things.

*Ernest Renan*

Let us forget Renan's insight that "forgetting is a crucial factor in the creation of a nation" (1990:11), Benedict Anderson has reminded us that national imaginings conjure up a timeless image of the nation by inducing specific historical amnesias (1991). Through selective remembering that mythologize a nation's past and displace from consciousness conflictual aspects of its historical origins, these national imaginings evoke a sacralized conception of the nation as an eternal community.

At the close of the twentieth century, Venezuela is commonly identified as an oil nation.<sup>2</sup> Strange as this may seem, a mere material commodity serves to represent its identity as a national community. The remarkable fact that this rather common manner of identifying a neocolonial nation by its major export product seems unremarkably natural only highlights the need to understand why some nations have become so bonded to some commodities that they have come to be identified by them.

Although in Venezuela the coupling of nation and oil occurred as recently as the 1930s, it has achieved the force of a timeless reality. As if it were an imperceptible cloud, oil wealth enveloped Venezuelan society, leaving its fresh mark everywhere and yet making its presence seem part of an

1. "El futuro del país se escribirá con petróleo. Este líquido penetrará en todos nuestros poros y llegará a adueñarse de nuestro destino" (Rangel 1970:9).

2. I am tempted to say, "Venezuela is still imagined as an oil nation." Growing poverty, political instability, inflation and deepening uncertainty concerning the future have transformed, if not eroded, the meanings attached to Venezuela as an oil nation. Yet opinion polls taken in 1995 and 1996 indicate that Venezuelans still believe that their country is wealthy and that they are entitled to its wealth. Each return of rising oil prices, as in 1996, fuels that belief.

immemorial landscape. In this chapter I wish to unsettle amnesiac nationalist remembrings in order to call back the time when Venezuela was first imagined as an oil nation. In these forgotten memories I hope to find clues that may help explain the significance of this manner of imagining the nation for the transformation of the state both as an ideal complex and as an institutional construct.

#### FORGETTING JUAN VICENTE GÓMEZ

The abrupt transformation of Venezuela from an indebted agricultural nation into a wealthy oil exporter took place during General Juan Vicente Gómez's rule. While Gómez provided the oil companies with what was widely regarded as an exceptionally advantageous investment climate, the oil companies established political and economic conditions that helped consolidate his dictatorial rule and turned him into one of America's wealthiest men. During this formative period, the Gómez regime and the domiciliated foreign oil industry conditioned each other. Together, they defined the social landscape in which Venezuelans began to recognize the elusive presence of oil and to fashion their political identity as citizens of an oil nation.

Yet in the public national imagination as well as in official historiography, Venezuela emerged as a modern nation essentially unpolluted by its links to the Gómez period. This purification was largely the effect of the ideological work of emerging political actors who drew a sharp demarcation between Gómez's privatization of the state and their project for democratizing it. This demarcation was presented as a historical turning point, as in Mariano Picón Salas's frequently repeated dictum that Gómez's death marked Venezuela's entrance into the twentieth century. Up to this day, this phrase has circulated as a mythical charter of Venezuela's birth as a modern nation.<sup>3</sup>

If a trick of prestidigitation could turn Gómez's death into Venezuela's magical entrance into modernity, the same type of trick converted his life into a model of the nation's primitive past. Yet both tricks depended on conjuring away the links that joined the oil industry to the Venezuelan state during the Gómez regime. As we have seen, for playwright José Ignacio Cabrujas oil wealth made possible such magical tricks. In the hands of politicians oil wealth created the illusion that modernity could be brought to

3. Mariano Picón Salas (1909; 1976) was a noted essayist closely identified with Acción Democrática.

Venezuela as if pulled out of a hat. Cabrujas singles out two statesmen as Venezuela's foremost magicians: General Marcos Pérez Jiménez (1948–58), who “decreed the myth of progress,” and Carlos Andrés Pérez (1974–79), who transformed progress into a “hallucination.”

I take Cabrujas's forgetting of Juan Vicente Gómez as symptomatic of a collective amnesia. Dominant accounts, intent on signaling a disjuncture between the regimes established after Gómez's death and his dictatorial rule, have buried from view the extent to which the contemporary state rests on a structure built during the Gómez regime. Yet Venezuela's “modern democracy,” feverishly constructed in opposition to Gómez's “primitive dictatorship,” is in effect its antithesis, the other side of the same oil coin. Despite the significant differences between Gómez's dictatorial rule and the liberal regimes erected against it, both took form as the state of an oil nation. I will explore here how this common form took shape during the Gómez regime and its immediate aftermath by examining oil policies (up to 1943) and struggles for democracy against Gómez's “backward” rule (focusing on formulations produced in 1936).

The purpose of initiating this drama about the Venezuelan state with Gómez, however, is not so much to restore repressed memories as to recast hegemonic remembrings in light of what they forget: the moral of the drama is revelatory, not restitutive. By bringing to light the state's earthly foundation as it was laid down during the Gómez regime, we will be better placed to understand the conditions that have both enabled and circumscribed Venezuela's long-lasting democracy, as well as the unprecedented moral and economic crisis that, since the 1980s, has eroded its basis.

#### THE FIRST MAGICIAN: JUAN VICENTE GÓMEZ

In 1902, Venezuela's ports were blocked by the combined navies of England, Italy, and Germany, which threatened to invade if the government's foreign debts were not paid, and the port of Puerto Cabello was bombarded at the end of that year.<sup>4</sup> Yet in 1930, in honor of the hundredth anniversary of Simón Bolívar's death, the Venezuelan government paid its entire foreign debt.<sup>5</sup> In the context of a history of state financial shortages which reflected

4. Venezuela's foreign debt reached Bs. 189 million in 1900. In 1901 the government, suffering a steady decline of fiscal income, was forced to suspend payment of interests on the foreign debt, which steadily increased, reaching Bs. 224.7 million in 1903 (Pardo 1973: 163).

5. By that time the debt amounted only to Bs. 23.76 millions at a yearly 3 percent interest rate. This gesture, “used to intensify praise of Gómez, lacked an economic rationale” (Pardo 1973: 180).

the government's limited control over a weak and fragmented national economy, this was a rather exceptional happening. However, it was the kind of achievement that came to be expected from the spectacular rule of Juan Vicente Gómez, who seized leadership of the government in 1908 and managed to centralize and control state power until he died in bed in 1935 at the age of 76.<sup>6</sup>

According to Ramón Díaz Sánchez, a perceptive Venezuelan writer, Gómez's death was his "last miracle": after twenty-seven years of rule people had come to believe that his death "would never happen" (Díaz Sánchez 1973:24; López 1985:659–60). During his lifetime, through a succession of extraordinary performances that wove his private and public lives into a singular model of state power (Skurski 1995), Gómez produced his own rule as the most astounding miracle of all in the republican history of Venezuela, a nation torn by civil war and warring caudillos since it became independent in 1821.

How to explain this miracle, or more significant, how to account for Gómez's rule being imagined as one? Until recently, a sharp polarization of the Venezuelan ideological climate has rendered these questions difficult to answer. As I indicated, the establishment of democratic rule entailed a reconstruction of history that posits a sharp opposition between Venezuela's primitive past, represented by Gómez, and the liberal regimes that followed it; within this scheme, the Pérez Jiménez dictatorship from 1948 to 1958 is presented as a dark parenthesis, a sort of temporary resurgence of the turbid past within the enlightened present.

Yet it is no mere coincidence that by 1930, the year when Gómez paid the national foreign debt, Venezuela had consolidated its position as the world's leading oil exporter. Venezuela's first major oil deposit was discovered in 1914; oil exports began in 1918; and by 1928 the country had become the world's second largest oil producer and the top oil exporter (Pardo 1973:172). Although the state's oil income in 1924 scarcely reached Bs. 6 million, by 1930 it increased more than fiftyfold to over Bs. 300 million. Supported politically and financially by the oil industry, Gómez surrounded himself during his twenty-seven-year rule with some of the most distinguished

According to Pardo, it made more economic sense to invest this money productively than to pay a debt that was being paid regularly at very low interest.

6. Gómez came to power in 1908 through a bloodless coup d'état. As a result of his importance as a military leader during the civil war that led to Cipriano Castro's ascent to power in 1902, Gómez became Castro's vice president. When Castro left for Europe in 1908 for medical reasons, Gómez seized power.

professionals of his time and implemented a number of economic and social reforms which modified significantly the economic and political foundations of Venezuela and helped consolidate his ruthless and idiosyncratic dictatorship. Paradoxically, the most modern industry of the world contributed to consolidating Gómez's autocratic rule as a model of the traditional Latin American caudillo.

As the Gómez regime was redefined as a backward dictatorship that stood in opposition to Venezuela's civilizing democracy, its analysis was shaped by the ideological need to construe it as the embodiment of primitivity. Mariano Picón Salas, as I said, defined what came to be the official view of history with his oft-repeated assertion that Gómez's death marked Venezuela's entrance into the twentieth century. Set in opposition to modern Venezuela, Gómez has stood as an internal other against which contemporary Venezuela is evaluated (Skurski 1994). Gómez became the embodiment of democracy's antithesis. As a result, the study of Gómez's rule has been covered by the same obscurity that has been attributed to Gómez himself. Yet the intangible ideological barrier that has hidden Gómez from view, as Skurski has shown, has also surrounded him with an aura of mystery that heightens the fascination that his charged political figure has never ceased to exert. Always a submerged presence, the specific form of Gómez's enduring appeal has fluctuated with changing circumstances. Until the recent crisis, it has been hard to break through the wall separating Gómez from the more liberal regimes that followed his rule. This wall has cracked as a result of the general deterioration of the economy and the loss of faith in Venezuela's democratic institutions. Through these cracks Gómez is being viewed in a different light. The Gómez period is no longer a taboo subject, or it is at least a less forbidding one; new studies are exploring the period and removing the dark mantle that had covered Gómez's rule.

In a special issue of a history journal dedicated to the regime on the fiftieth anniversary of Gómez's death, Venezuelan historian Elías Pino Iurrieta argues, in an article provocatively entitled "To Kill Gómez," that the aim of current historiography is to unsettle both the (dominant) image of Gómez's regime as Venezuela's Dark Ages and the (repressed) view that he was a model of peaceful and productive rule (1985a:535). Gómez was never buried, Pino Iurrieta explains, because his rule ended not by means of a collective upheaval but with his natural death. His unburied presence has therefore permeated Venezuela's collective life in unacknowledged ways. According to Pino Iurrieta, "Every five years, with each new government, our life is determined by the rule of Gómez-like figures who



have no links to civil society" (1985a:334). Not restricted to the figure of the president, these Gómez-like characters are "state functionaries at every level" who "model themselves after him, holding power and distributing favors as in the past" (1985a:334). Gómez "must be killed," he claims, and released into the open so that his figure could be finally recognized for what it was. He proposes to see the Gómez period as the origin of modern Venezuela: "the first chapter of contemporary Venezuela" (1985a:335).

In another account, the origin of Venezuela's modernity is pushed even further back. Criticizing both Picón Salas's dictum that Venezuela entered the twentieth century in 1936 and AD's notion that it did so on 18 October 1945 (the date of its coup d'état against General Medina), Dávila suggests that the origins of Venezuela's modernity must be traced to the rule of General Guzmán Blanco in the last quarter of the nineteenth century (1992:37). During the times that he ruled (1870–77, 1879–84, and 1886–88), Guzmán Blanco unified the national currency, established a national printing press, promoted the construction of roads and waterworks, expanded the railway system, and built a large number of monumental buildings.

Although the new revisionist history is succeeding in illuminating anew an old territory, it is also casting its own shadow over it.<sup>7</sup> If earlier the emphasis was placed on differentiating Gómez as a primitive tyrant from the liberal regimes that succeeded him, now the revisionist tendency is to focus on their continuities. Debates center on issues of periodization and typically include efforts to specify the precise timing of Gómez's historical death. If until recently his biological death marked Venezuela's entrance into modernity, now that Gómez is no longer the unquestionable embodiment of primitivity, discerning the origin of Venezuela's modernity has invited new answers.

My contribution to this collective effort involves not an alternative trac-

7. Countering the notion that Gómez was a primitive dictator, in *El tirano liberal*, Manuel Caballero, a noted Marxist historian, portrays him as a liberal tyrant, a contradictory embodiment which expresses the unresolved tensions between autocracy and liberalism permeating Gómez's rule (1992). Tomás Polanco Alcántara's more traditional biographical work presents a nuanced image of Gómez that shows the complexity of his persona, including evidence that unsettles such myths as Gómez's illiteracy (1980). Yolanda Segnini has highlighted how Gómez surrounded himself by some of the most outstanding intellectuals and professionals of the period, whose projects of health, educational, and economic reform he supported (1982). Ramón Velázquez has reconstructed through fictional dialogues Gómez's intimate subjectivity (1988). While in this chapter I restrict my focus to certain aspects of Gómez's rule, I have been influenced by these works, and particularly by Skurski's pioneering analysis of Gómez's model of rule (1994, forthcoming).

ing of Venezuela's modern origins but rather an interrogation of the categories used to draw these landmarks. The "historicism that projected the West as History" (Prakash 1995:1475) has constructed Europe as the home of modernity and the rest of the world as only its belated recipient with no alternative than to catch up or remain in a backward state. Prevailing geopolitical taxonomies reflect and reinforce worldwide processes of polarization that essentialize rather than historicize difference; nations are placed in the slots of imperial taxonomies by virtue of their allegedly sociocultural characteristics without taking into account the fact that these national characters are the transcultural products of interrelated histories. While the modern West has been made to include economically successful non-European nations (Chomsky refers to Japan as an "honorary European" [1991:13]), the third world is condemned to remain in an eternal state of "transition," if not of regression. Many third-world countries, now abandoned by the imperial powers that once exploited them, are seen as intrinsically unable to chart new paths for themselves or to tread along the historical tracks set by History's protagonists. Trapped in a historical limbo, they are presented as the quintessential embodiment of primitivity or of the banality of politics in the postcolony (Mbenbe 1992).<sup>8</sup>

The self-fashioning of Europe as the home of modernity has been premised on the colonization of vast regions of the world that are seen as backward and in need of civilization. The ambivalent Latin American discourse of modernity, in its rejection of European domination but its internalization of its civilizing mission, has taken the form of a process of self-colonization which assumes distinct forms in different political contexts and historical periods. In this respect, it is, like nationalism, a "derivative discourse" (Chatterjee 1986) that simultaneously rejects Europe's imperial hegemony but reinscribes its changing values and rationality, except, as we need to remember, that the periphery is not just the passive recipient but frequently the coauthor of this

8. For Mbenbe's views, see his "The Banality of Power and the Aesthetics of Vulgarity in the Postcolony" (1992) and the discussion of this article in the following issue of *Public Culture*. In my contribution to this exchange, I suggest that there is a connection between modern modes of essentializing cultural difference and certain forms of postmodern analysis that refuse to locate power in historically constituted structural relations. I argue that this approach, "directed against metanarratives of history, produces disjointed mini-narratives which reinforce dominant world-views, reacting against determinisms, it presents free-floating events, refusing to fix identity in structural categories, it essentializes identity through difference, resisting the location of power in structures or institutions, it diffuses it throughout society and ultimately dissolves it" (1992:99–100). From either modern or postmodern perspectives, the periphery is typically viewed as modernity's Other.



allegedly derivative discourse, as Anderson reminds us in relation to nationalism itself.<sup>9</sup>

If we see the formation of the modern world as a unitary global process that has entailed the mutual constitution of core and peripheries, the project of provincializing Western modernity (Chakrabarty 1991; Rafael 1993) involves as well recognizing the periphery as the site of subaltern modernities. The aim is neither to homogenize nor to catalogue modernity's multiple forms, least of all to uplift the periphery by semantic fiat, but to undo imperial taxonomies that fetishize Europe as the sole bearer of modernity and erases the transnational constitution of imperial centers and colonized peripheries. The criticism of the locus of modernity from its margins creates conditions for an inherently unsettling critique of modernity itself. Undoing the periphery's depiction as the incarnation of barbarous backwardness demystifies as well Europe's self-representation as the embodiment of universal reason and historical progress.<sup>10</sup>

Far from the blinding light of Europe's Enlightenment, among peoples who wear the scars of modern violence as a second skin, it becomes difficult to clear from sight or to displace onto foreign Others the barbarous underside of modern civilization. In Latin America, from Argentina to Mexico, the incessant insistence upon the need to protect imported civilization from local primitivity reveals both the limits of Europe's civilizing mission and the extent to which its rationality has become part of Latin America's self-fashioning. In societies formed by the violence of a culture of conquest, the state's appearance as civilization's agent can hardly conceal the violence that sustains its power.

Writing in the midst of a Europe engulfed by its own savagery, Walter Benjamin grasped the horror before him with the assertion that "there is no document of civilization which is not at the same time a document of barbarism" (1969:256). Reading Latin American history as a double-sided

9. In the second edition of *Imagined Communities*, Benedict Anderson explains that his intent had been to stress the New World origins of nationalism but that his critics, "accustomed to the conceit that everything important in the modern world originated in Europe, too easily took 'second generation' nationalisms (Hungarian, Czech, Greek, Polish, etc.) as the starting point in their modeling" (1991: xiii). He adds, "I was startled to discover in many of the notices of *Imagined Communities* that this Eurocentric provincialism remained quite undisturbed, and that the crucial chapter on the originating Americas was largely ignored. Unfortunately, I have found no better 'instant' solution to this problem than to retitile Chapter 4 as 'Creole Pioneers'" (1991: xiii).

10. As some observers have noted, the critique of modernity cannot be separated from decolonizing struggles after World War II (Young 1990). I have sought to relate the critiques of modernity and Orientalism in a discussion of Occidentalism modalities of representation (1996).

document reveals the unity of reason and violence that lies at the root of its formation as Europe's periphery. By historicizing the specific forms in which metropolitan civilization has been the mother of colonial barbarism,<sup>11</sup> we can recast our understanding of centers and peripheries alike. From this perspective we may begin to see the rule of Gómez not just as an obstacle to modern progress in Venezuela, or as its effect and condition, but as a form of modernity that recasts its (one-sided) metropolitan rendition.

#### OIL IN VENEZUELA

The existence of what we know today as oil in the territory that now is Venezuela was known before the arrival of Columbus by the natives of the land, who used it for medicinal purposes. The first written reference to oil appeared in the chronicles of Gonzalo Fernández de Oviedo y Valdez in 1535, and already by 1839 Venezuelans were carrying out scientific studies of oil in order to promote its development (Martínez 1973: 31–53). The first oil-producing well in the world was drilled in Pennsylvania in 1859; six years later the first oil concession was granted in Venezuela (Martínez 1973: 65). While oil production expanded rapidly in the United States after 1859, reflecting not only the abundance of oil but also the power of U.S. capital, in Venezuela it did not begin on a large commercial scale until the second decade of the twentieth century. Until then foreign interest in Venezuela had focused on asphalt: local capitalists, who had been the first to exploit oil, did not have sufficient resources to carry out the necessary investments in exploration and drilling to compete internationally.

The expansion of the world economy at the beginning of this century created worldwide demand for oil. Oil became the central commodity of the capitalist system when World War I proved the superiority of motorized vehicles and the mass production of the automobile began to redefine forms of production and consumption, reconfiguring the very structure of social space in the modern world. At this time, increasing European demand for oil turned Venezuela into an attractive investment site. While in the United States, John D. Rockefeller's Standard Oil of New Jersey (now Exxon), facing an anarchic mass of private landowners, achieved supremacy by monopolizing oil's distribution (the "downstream") in Europe, Henri

11. Markoff and Baretta, in a pioneering discussion of the colonization of space in the cattle frontiers of the Americas, advanced this project by showing how in the Americas "civilization" was indeed the "mother" of "barbarism" (1978).

Deterding's Royal Dutch Shell led the control of oil fields overseas (the "upstream").

In Venezuela, General Juan Vicente Gómez, facing a "chaotic economy" (Sullivan 1976:249) after overthrowing General Cipriano Castro in 1908, sought to restore order by inviting foreign capital to invest with the guarantee of labor peace and flexible business conditions. Gómez only managed to attract investments from oil companies, but he reciprocated by maintaining "the most liberal oil policy in all of Latin America" (Sullivan 1976:258). Deterding's Shell, and later Rockefeller's Standard Oil, as well as other firms, invested heavily in Venezuela. Gómez, propped up by their support, kept his promise: he preserved unrestricted conditions and guaranteed "social peace" during the twenty-seven years of his ruthless rule. By the late 1930s, Standard Oil and Shell had come to control 85 percent of oil extraction in Venezuela (50 and 35 percent, respectively).

As foreign oil companies immersed themselves in the business of extracting oil in Venezuela, the state acquired a new role as a national landlord. This role entailed its expansion into an increasingly complex system of institutions and rules—mining codes, tax legislation, bureaucratic institutions, government agencies, and ideologies of rule—designed to regulate oil's exploitation and to retain within Venezuela a share of the profits obtained by the oil companies. In this novel capacity, the state also assumed a new relationship with society as manager of income derived from the nation's major source of wealth. As it began to affect society in unprecedented ways, the petroleum state became the central referent for heightened public discussions about the role of the state in an oil nation.

#### THE STATE SYSTEM

At the beginning of this century the state was so weak and precarious as a national institution that its stability and legitimacy were constantly at risk. Without a national army or an effective bureaucracy, in an indebted country that lacked a national road network or an effective system of communication, the state appeared as an unfulfilled project whose institutional form remained limited to localized sites of power with but partial dominion over the nation's territory and sway over its citizens.

Under Gómez the state underwent a metamorphosis. As the representative of the nation in negotiations with the foreign oil industry, the state became intimately tied to its presence in the national territory and benefited in multiple ways from its association with it. In addition to political support

and legitimacy, the oil industry provided a growing proportion of the state's income, first through import duties and the sale of concessions, and in the 1920s through the taxation of oil exports. Continuing what Veliz has examined as a Latin American "centralist" tradition (1980), but propped up by the oil industry, the state implemented a series of administrative reforms, some of which had been initiated by presidents Guzmán Blanco at the end of the nineteenth century and Cipriano Castro at the beginning of this century, which enabled it to increase its fiscal income (Quintero 1985; Vallenilla 1986), develop a national army (Ziems 1979), promote the integration of the territory through a national road system (Arcila Farías 1974; Martín Frechilla 1994), and make and enforce decisions that affected the national community. Like many nineteenth-century caudillos in Venezuela, Gómez became the head of state as a result of his military and political skills, but by becoming the ruler of an oil nation, he stabilized his rule and consolidated his power.<sup>12</sup>

The influence of the oil industry cannot be reduced to the financial contribution of oil exports to the state. There is consensus among historians that Gómez offered favorable conditions to oil companies after 1908 and that they reciprocated by providing him with critical political and economic support. Needless to say, during the second decade of the twentieth century agricultural exports continued to be Venezuela's main source of foreign exchange. Cárdenas's reorganization of the Treasury Ministry expanded and organized the state's tax base and increased its income (Quintero 1985). While this reform, together with the expansion of the army (Ziems 1979), continued a long-standing tradition of state centralization, it cannot be seen in isolation from the powerful presence of the oil industry in Venezuela and from the growing political and economic support it provided to the state. Salazar Carrillo notes that statistics covering oil's impact during this period must also include payment for concessions, indirect taxes, and import duties, which are difficult to determine given the available data. According to him, one additional difficulty is that at that time the state could not be readily separated from Gómez: "The Venezuelan state was not, during those years, easily distinguishable from the clan of Juan Vicente Gómez, which dominated the

12. The effects of the oil industry on society are multiple but not readily discernible. For an attempt to quantify the economic "contribution" and "effects" of the oil industry in Venezuela which includes this period, see Salazar Carrillo (1994:33–103). Pacheco correctly notes that oil exports provided significant state income only in the 1920s but then argues that the oil industry could not be seen as the source of Gómez's power, at least in the early phase of his regime. Instead, he underlines the importance of Gómez's consolidation of the army and the reorganization of public finances under minister Román Gádenas in the 1910s, which he sees as part of a process of national unification which started with Cipriano Castro (1984).

country . . . the compensation for the use of the concessions went to Gómez's favorites, and possibly to him as well through them" (1992: 39–40). Baptista has also noted the limitations of statistical information for this period, including the lack of data on the companies' benefits before 1936 (1991: 105). It is even more difficult to measure the extent to which the oil companies' support protected Gómez from his enemies and made him even more indispensable among his supporters.

During this period, the state's income shifted from resources derived from import duties and the taxation of agricultural products cultivated by private producers to rents produced by the sale of a natural resource that belonged to the nation. Coffee remained, until 1925, Venezuela's main export and a basic sector of the national economy. Yet while during this period coffee production expanded in Colombia and Brazil, reaffirming its significance in their economies and strengthening the social classes associated with it, it remained stationary in Venezuela, in part because circulating oil rents began to shift the focus of profit-making activities from agricultural production in the countryside to commerce and real estate development in urban centers (de la Plaza 1970; see also Rodríguez 1983; Roseberry 1983; Ascancio 1985). In less than a decade, oil displaced coffee as Venezuela's major export product. Mining regulations reflected the changing domestic perception of the significance of the oil industry. In turn, these regulations, as they increased domestic control over the industry and participation in its profits, consolidated its centrality.

#### "OUR NATIONAL WEALTH" AND GÓMEZ'S OIL POLICIES

The complex history of oil industry regulation has been told in detail from different perspectives.<sup>13</sup> My concern here is not to trace this history once again but to explore changing representations of the nation which these regulations expressed and helped bring about. While Gómez always offered flexible conditions to the oil industry, as time passed he sought to increase the state's oil income. At first Gómez placed practically no demands on foreign capital. The 1910 Mining Law only required that companies pay a small tax, no different from taxes paid on other economic activities. It was a minimal tax—Bs. 2 per ton of oil and Bs. 1 per hectare of land—to be paid contractually during the duration of the concession.

13. Betancourt (1979), Liewen (1961), MacBeth (1983), Malavé Mata (1974), Martínez (1966; 1973; 1980), Mejía Alarcón (1972), Mommer (1983; 1986), Pérez Alfonso (1971), Tugwell (1975), Salazar Carrillo (1994), Vallenilla (1973).



Plaque commemorating the initiation of oil production in Venezuela: "Zumaque 1, the well that started the era of commercial production in the country. The oil industry began to participate in the progress of Venezuela with the start of production on 31 July 1914." Only the logo indicates that this plaque was installed by Shell Oil Co.

In part these extremely liberal conditions reflected the initial uncertainty about the possibility of developing the oil industry in Venezuela. At the outset there developed a system by which the local elite mediated between the government and the oil companies. The government granted land concessions to the local elite land, and the elite, in turn, sold these concessions to the oil companies at a high profit. In effect, "the early history of the Venezuelan oil industry shows the difficulty encountered by the oil concessionaires in attracting foreign capital. Only after considerable time and effort were they able to transfer their oil concessions to foreign companies"

(MacBeth 1983:13). This situation began to change in 1913 when Shell made its entry into Venezuela, buying two large concessions that had been given to two members of Gómez's clique (the Valladares and the Vigas concessions) in a transaction that Shell's Deterding called "our most colossal deal" (MacBeth 1983:12). The presence of Shell in Venezuela "with its ample resources was not only welcomed by the oil concessionaires, but by the Gómez administration too, which had tried since the December 1908 coup to encourage the development of the mining and oil industries" (MacBeth 1983:13).

As awareness of the magnitude of Venezuela's oil reserves increased, so did local efforts to participate in the industry's profits. These efforts resulted in the closer regulation of the oil industry, as well as in the centralization in the executive branch of decision making power regarding it. In 1923 Gómez created the *Compañía Venezolana de Petróleo, S.A.* (CVP), which monopolized all oil concessions and negotiated the sale of these concessions and national reserves to the oil companies. The major source of oil profits for Venezuelans throughout this period had been the sale of concessions to foreign oil companies. Since 1908, oil regulations had therefore focused on this aspect. The creation of the CVP consolidated a shift of power from private landowners, who as recipients of concessions had been mediators between the state and the oil companies, to the state, which, personified by Gómez, practically monopolized this business for his own benefit and that of his entourage of relatives and allies.

The most significant change, however, occurred between 1917 and 1922, when Development Minister Gumersindo Torres issued regulations intended to increase the state's participation in the industry's profits. In 1920 he drafted the first oil law, which legally distinguished oil extraction from other mining activities. Torres was not an expert in this field but a medical doctor with strong nationalist convictions. His regulatory work focused on the extractive character of the oil industry. After studying the oil legislation of Mexico and the United States, he concluded that Venezuela was entitled to receive a significant share of the oil industry's profits. He claimed that this was not an industry like any other because nationally owned natural resources were removed forever and sold overseas. Thus, oil industry taxes should not be seen as ordinary taxes but as the means by which the state asserts its right to participate in the industry's profits.<sup>14</sup> In effect, Torres, in-

spired by the rights conferred to private landowners by the U.S. legislation of the oil industry, was claiming for the nation, as landlord, the right to charge a rent for the use of its subsoil. Through Torres, ironically, "ground rent, as it was developed under conditions of private property in the U.S., became the criteria to define Venezuelan national property" (Mommert 1983:27, 1986:65-73).

The new oil legislation both reflected and was instrumental in effecting a transformation in the conception of the nation. Economic discourse began to shift its focus from private agricultural production to public mining rent capture. For Torres, oil, seen as an "article" that played an important role in "universal industry," was part of "national wealth." The state, as representative of the nation, was responsible to this and future generations of Venezuelans for safeguarding this "sure source of wealth" (1917:xviii). In 1917 he justified a policy of halting further oil concessions in terms of the state's responsibility to protect the nation's wealth for the welfare of future generations. The new regulations would be drafted after the ministry had "obtained all the knowledge required to evaluate the situation reasonably, so that future generations will not be entitled to criticize us for not knowing how to safeguard our national wealth" (1917:xviii). The notion that oil constituted "our national wealth" and that the role of the state was to "safeguard it" eternally for the nation, were the foundations of an emergent political discourse of national identity.

The Gómez government was torn by conflicting demands as it began to rely on oil income. On the one hand, it sought to increase its revenues, for which it required the development of its regulatory capacity and of a legitimizing nationalist discourse. Yet this was a personalistic government with an extremely narrow social base. It neither sought, nor could it afford, to antagonize the oil companies, and it remained highly responsive to their pressures.

In part as a result of this tension, Torres was ousted from the ministry in 1922 but was returned to his post in 1929. Gómez could not do either without the backing of the oil companies or the support of the small urban professional and commercial elite which sought to promote the nation's economic modernization. The laws and regulations enacted during the Gómez regime reflect this conflict between the particularistic interests and limited mobilizing capacity of the personalistic state and the new demands for political and economic development made by urban sectors whose growth depended on maximizing oil rent distribution.

The 1920 law which regulated oil concessions until 1943 established an

14. Despite Betancourt's opposition to the Gómez regime, he praised Torres as a fierce nationalist who confronted those who sold out Venezuela (1975:17).

average royalty of only 9 percent. Gómez, in addition, granted the oil companies tax exemptions on their imports. Thus, during the period from 1923 to 1930, the oil companies paid the government less in royalties than the value of the exemptions the government had granted them on their imported goods. As Gumersindo Torres said, "The companies exploited the petroleum, and the government paid them for carrying it away" (Vallemla 1973: 89; also Betancourt 1975: 23).

Gómez's liberal treatment of the oil companies was also a consequence of the mercantile relation which existed between the ruling elite and the oil industry. For this elite the commerce in oil concessions was the principal source of gain from the oil industry. According to an observer, throughout the Gómez regime, the concessions policy was characterized by transactions of an unparalleled corruption. Thousands of concession lots were acquired by more than a hundred companies through an intermediary system. Gómez granted leases to his favorites, probably for a "consideration"—and the favorites then sold them to the companies at exorbitant profits (Karlsson 1975: 73).

These lenient regulations reflect Gómez's reliance on the oil companies for political support. Backed by these powerful firms, he used the state as a private government. Gómez became the largest landowner in Venezuela and one of the wealthiest men on the continent. He "took exclusive control of the soap, paper, cotton, milk, butter and match industries; he became the only meat supplier for the port of Puerto Cabello and other urban markets, and was the major shareholder of the Compañía Anónima Venezolana de Navegación" (Sullivan 1976: 266).

#### THE PRIVATIZATION AND CENTRALIZATION OF THE LANDLORD STATE

As a consequence of this private system of commerce there developed a close connection between the growth of the oil industry and of Gómez's fortune. A historian points to "one advantage" in this close association: "Now the development and monitoring of the country's oil and mining industries would be linked directly to the personal gain of Gómez's family, thus ensuring that the head of the country was intimately informed on the progress and problems of the industry" (MacBeth 1983: 17). For most Venezuelans, however, this advantage did not translate into their individual benefit but instead heightened their sense that national wealth was being monopolized by a small clique. As this historian acknowledges, the "greater awareness of the coun-

try's oil potential had the pernicious effect of increasing the corruption and intrigue amongst Gómez's family and entourage, the consequences of which would be felt until 1935" (1983: 17).

As oil production expanded, the center of gravity of the economy shifted from the cultivated soil to the naturally existing subsoil, from private agricultural producers to the state as landlord. Agricultural ground rent, which was distributed through economic competition among regional coffee and cacao producers, was now displaced by mining ground rent, which was monopolized and distributed at its own discretion by the central state. With this shift, political power, once fragmented among contending regional caudillos, became centralized in the state. Backed by the power of oil wealth, Gómez consolidated his own political power and decided on key appointments, distributed rewards and punishments, and came to exercise personal control over every branch of his government.

As the oil industry expanded in a society whose state had very limited institutional capacities, it promoted the concentration of state powers in the figure of the president. The collusion between foreign oil companies and a regional caudillo brought together the most dynamic corporations of the capitalist world and the most characteristic form of rule in nineteenth-century Latin America. As in many other instances in Latin America's history, the paradoxical result of the region's engagement with modernity was to reinforce practices and institutions considered to be traditional but which were the transnational product of previous exchanges between European and American cultures.<sup>15</sup>

The more the state expanded institutionally and tightened its control over the body politic, the more Gómez appeared to be the source of its growth and the embodiment of its power. If on the public stage of politics Gómez played the role of a nineteenth-century caudillo, this stage was propped up by the oil industry. At a time when oil's presence began imperceptibly to permeate the body politic, the state, personified in the figure of Gómez, expanded its role as mediator between the national and

15. Ortiz's notion of "transculturation" (1995) highlights the "constructed" dimension (Poole 1994: 126) of "invented" traditions (Hobsbawm and Ranger 1983). Manuel Moreno Fraginals provides a dramatic illustration of the collusion between "modernity" and "tradition" in his extraordinary historical interpretation of Cuba's sugar industry in *The Sugar Mill* (1976). He shows how the introduction of such modern technologies as steam engines at the point of production in the sugar mill intensified slave labor in the cane fields. Needless to say, while by the nineteenth century slave labor had come to be seen as a traditional aspect of Cuban culture, its development in the Caribbean during the previous centuries was constructed as an aspect of Europe's civilizational mission.



the international domains and between the social and the natural orders.<sup>16</sup> Through the effects of this double mediation, the powers of numerous social actors and institutions were condensed in Gómez. His figure, and the state he represented, was elevated above society as a transcendental agency, and its sacralized appearance was projected as the original source of these powers and the single expression of the national will.

To the extent that the state gained new capacities, its form and function came to matter as never before: it mattered how it was organized, what kind of access (some) people had to it, what decisions were made and who benefited from them. The growing public recognition of the importance of oil wealth as a collective patrimony focused attention on the state as the agent responsible for regulating the oil industry and allocating oil income. Whether positioned inside or outside the institutional structures of the state apparatus, Venezuelans learned to take the perspective of the state when they addressed their nation, to recognize themselves as citizens of an oil nation, and to assume the totalizing viewpoint normatively ascribed to the state as the nation's representative. This unified perspective facilitated the construction of the state as a single representative of a unified people.

With the state transfigured into the national landlord, political struggles came to center on the state's role as the representative of an oil nation. Since the 1930s, oil became a necessary reference point in the articles, political programs, and books written by Venezuelan politicians. As new social sectors sought to change the state, not just to replace its leaders, political struggles became more properly struggles about politics—linking contests over rulers to competing visions of rule. Oil was at the center of these visions. As the oil business became a state business, the politics of oil became the business of politics.

#### FROM CLASSICAL LIBERALISM TO RENTIER LIBERALISM

As I have argued, the unprecedented duration of the Gómez dictatorship was conditioned by the political support and economic resources given to his

16. Gómez made good use of modern technologies and resources. For instance, he used the expanded telegraph system as an intelligence resource to monitor his adversaries through a vast network of well-placed informants. His ability to defuse his enemies' plans added to the mysterious aura constructed around his public persona and enhanced his image as a powerful caudillo. Oil money, of course, was one of his most effective modern resources. According to Rouke, money was for Gómez "the golden key." "Money was always, to him, the greatest thing in the world, the only thing worth striving for. He thought that everyone felt the same way. He was convinced that that there was no real honesty of motive in the behavior of his enemies. They were simply out to overthrow him so that the money he enjoyed would become theirs" ([1936] 1969:192).

regime by the international oil industry. From 1908 until his death in 1935, Gómez managed to subdue local caudillos and concentrate power in the executive. He created a national army, built a road system that initiated the economic integration of the nation, developed an effective state bureaucracy and filled its top posts with his supporters, transformed rivals into allies by granting them status without power, and disposed of his enemies through exile, prison, or death. As a result, his regime achieved the nation's political and administrative unification and its first sustained political stability since independence in 1821.

Chronic political strife and the constant disruption of economic activities throughout the nineteenth century had made for unstable political regimes. The erosion of the economic basis of the landed oligarchy through war and civil conflict had turned the military into the major source of social and political power. "The landed aristocracy was decimated in the nineteenth-century civil wars; property and position depended heavily on political power, not the reverse" (Levine 1979:65). The expansion of the oil industry in the 1920s radically increased the extent of the state's power while intensifying its personal nature. In the context of a poor, agrarian society long torn by civil strife, this increase reinforced the prevailing tendency to view political power as the property of the ruler. Juan Vicente Gómez treated the state as a private government and depicted the nation as an hacienda writ large. In 1929, he told Congress, "Gentleman, managing the country is like managing an hacienda. I was a good 'hacendado' because I knew how to watch over my managers and foremen. My eyes were open. What we need now is not my presence, but a good administrator. If you want, I will choose him. You will leave me the command of the army, and we make an agreement to name a President" (Velásquez 1984:13).

Despite glaring contradictions, the official discourse of power was still nominally liberal. Gómez, while possessing absolute power, was concerned with preserving the appearance of legality. Figureheads from the social elite occupied the presidency, and Congress formally approved Gómez's legislation. Ever since the struggle for independence, liberalism had been the public language of the Venezuelan political elite; identified with the very origins of the nation, this language seemed untouchable. It was associated not only with the origins of the nation but with Bolívar's project of social emancipation and republicanism under the *criollo* elite's leadership. Thus, it had become an essential component in the legitimization of *criollo* rule since independence. The Liberal and Conservative parties, the main parties of the nineteenth century, shared the formal discourse of liberalism as well as an



indifference to the effective organization of a liberal state. In this war-torn century, marked by shifting elite alliances and a succession of military rulers, "Liberals were Conservatives and the Conservatives were also Conservatives" (Velásquez 1983: 23).

Since it was understood that liberal principles were fundamentally unrelated to the elite's actual practices, the elite could claim to represent them without visible political cost. An example of this was the National Constitution of 1864, drafted during the government of Guzmán Blanco. Formally "an ideal project for the transformation of Venezuela into a liberal and democratic state" (Carrera Damas 1980: 138), it granted direct and secret suffrage for males over twenty-one to elect local and national legislators, and it established the separation of powers. In contrast to the constitution's democratic postulates, Guzmán Blanco exercised autocratic power. The gap between political discourse and practice reached unprecedented dimensions under Gómez, who eliminated political parties and rights of association but "who never thought of remaining as president without putting up an electoral show, without the appearance of alternation" (Carrera Damas 1980: 139).

The Gómez regime came to an end with his death; it was not overthrown. Although under these conditions there was indeed understandable continuity because a fundamental realignment of social forces had not occurred, the extent to which *gomecismo* was collectively repudiated is striking. Even those who had worked under Gómez, such as his minister of war and successor, General López Contreras, felt compelled to distance themselves from gomecismo, for Gómez was now seen as the negation of the same liberal ideals that he had claimed to uphold.

How did it happen that gomecismo, despite a long-standing tradition of disparity between liberal discourse and autocratic practice, now came to be synonymous with autocracy and corruption? As far as I know, in Venezuelan historiography this question is not posed, for its answer seems self-evident: the façade was too transparent; it could not conceal the extreme autocratic character of Gómez's regime. While this is indeed true, the façade was transparent for another reason as well: as Gómez concentrated power, the gap between appearance and reality became so large that it became indeed a different kind of gap. Within this gap new social sectors found space not just to address the usual disparity between liberal principles and actual practices but to affirm liberal principles from a different standpoint.

In the opposition to Gómez the ideals of liberalism established roots, for

the first time, in a fertile social terrain where they gained new significance. Liberalism ceased to be an abstract political notion, the substantive content of which was limited to the economic interests of an export-oriented oligarchy that saw in free trade a source of economic advantage, and came to inform and link the interests and convictions of wider social groups. The development of the oil industry during the Gómez regime transformed the relationship between dominant and subaltern sectors. The traditional agrarian oligarchy and the commercial bourgeoisie which once had shared a common interest in export agriculture now became oriented toward activities in urban commerce and real estate based on oil income and were challenged by the ascendant new commercial and manufacturing interests that had entered the economic space opened up by the expansion of the oil industry.

The international value of the bolívar reflected the financial weight of oil in the economy as well as the dominance of commercial over agricultural and industrial interests. A strong bolívar, whose value was unrelated to the productivity of domestic labor, raised the price of agricultural exports and made them uncompetitive on the world market and reduced the cost of imported goods, thus inhibiting local production and promoting imports. The internal circulation of oil revenues created a local market of consumers without its counterpart of producers. Imports became a crucial link in the circuit of the "realization of the oil rent" (Hausmann 1981), that is, by multiplying the goods available for purchase, they made possible the transformation of oil money into things. The concentration of financial resources in urban centers led to a rapid process of urbanization, giving rise to an incipient construction industry linked to the expansion of urban real estate development. The transformation of agricultural lands into urban real estate became a central path to wealth and the basis for the formation of major *grupos económicos*, that is, diversified conglomerates centered on one or a few families linked by ties of marriage, business, and friendship. This process did not set an emerging bourgeoisie against a traditional landowning class, as occurred in many countries. Landowners were quick to adapt to the new conditions and to shift investments to new activities.

A rapid process of urbanization began to signal the growing importance of urban sectors and the declining significance of the peasantry. Emerging middle sectors began to claim their own space within the national political system by appealing to the people as a collective subject that had been marginalized by oligarchic regimes. Universal suffrage became the emblem of liberalism's fulfillment. Thus, the ideals expressed and the interests advanced

through liberal discourse were no longer the same. The remarkable historical continuity of the liberal "national project," noted by Carrera Damas (1980), conceals a less visible, but no less remarkable, discontinuity in the way this project was in fact interpreted.

This discontinuity has been less visible not because it was less real but because, from the outset, the new reality seemed so natural that its historical genesis and the economic interests it sustained were taken for granted. If one could take a bird's-eye view of this process, one might see this change as an emergent conception of Venezuela directly as an oil nation. During the Gómez period, the entity called Venezuela came to be seen as constituted not only by its people but also by its main source of wealth—not just by its social but by its natural body. Although the land and its products were celebrated in poetry as well as in the visual arts, music, and popular songs, agriculture did not provide a common source of national identification in Venezuela. In contrast, as the oil industry expanded and Venezuelan society changed, a perceptible shift occurred. Not only was oil included in the conception of what Venezuela was as a nation, but it came to define Venezuela as an oil nation. The opposition to gomecismo reflected not just a rejection of the familiar gap between ideals and practice but a revalorization of liberal principles that reflected a significant change in Venezuela's economic structure and social relations.

Ironically, the new social basis of liberalism came to be grounded in nature—in the collective interest in the nation's commonly owned subsoil, rather than in the atomized interests of private individuals: common landed property, not individual labor, became liberalism's new ideological and material foundation. The citizen was construed as a member of a corporate national body, not just as the autonomous agent of an atomized market or as the isolated bearer of formal rights. As before, the realization of the liberal national project required the democratization of political life. But now the social bearers of democratic ideals understood democracy as the extension of social participation not only in national politics but also in the nation's wealth. Democratic discourse presented the political and economic domains as two sides of the same oil coin.<sup>17</sup>

In an unexpected historical twist, this new liberalism shared a profound affinity with the original liberal ideas of Bolívar, which were modeled, as

17. In a lucid discussion of the relationship between the economy and the state, Keith Hart has shown how they function as two sides of the same coin, the specific properties of which have to be historically constructed.

Luis Castro Leiva has shown, after the republican ideals of Rousseau (1985) and thus found inspiration in the republics of the ancient world rather than in the contractual market societies of Locke, Smith, or Ricardo. In these ancient societies liberty meant, as Pagden notes, "not the freedom of their members to pursue their own personal goals unhindered but, as Constant phrased it, 'the sharing of social power among the citizens of the same fatherland'" (1982: 142). In his famous 1819 Angostura speech, in which Bolívar expressed his vision of republican Venezuela, he underlined the ideal of a society in which "men are born with equal rights to all the goods of society" (1950: 691). Paradoxically, a common interest in the nation's subsoil, itself the historical expression of the implantation in Venezuela of the most dynamic multinational corporations of the twentieth century, built upon a subterranean current of republican liberalism that had looked to the ancient past for its image of the modern future. As if Bolívar's specter hovered over Venezuela, this rentier liberalism fused the original liberal ideals of the founders of the fatherland, rooted in a communitarian conception of the republic, with the transfigured liberal ideals of social actors who imagined modern Venezuela as a community of citizens bound by a common link to their motherland's natural body. In Venezuela, "sharing social power" was beginning to mean sharing political rights and oil wealth among the citizens of the same land.

By restricting the social base of the regime and increasing its dependence on the oil companies, the centralization of power under Gómez limited not just the circle of beneficiaries of oil rents to his small clique but also the total amount of rents. Through pressure from below, the democratization of the state promised to increase the amount of state income, expand its beneficiaries, and most significantly, transform ephemeral wealth into permanent productive capacity, turning Venezuela into a modern nation. As the opposition construed the democratic state as the nation's agent, it assigned the state the historical task of uniting and developing the fractured nation by seizing control of the resources of the subsoil from foreign hands and using them on behalf of the collectivity as a united subject.

If the classical liberal view associated with the expansion of an atomized market supposes that national ends depend on the pursuit of each individual's own interests, in Venezuela's rentier liberalism, based on the expansion of the state's oil rents, each person's interests came to depend on the realization of the nation's own ends. Oil and politics had been linked by an autocratic regime. The new liberal project promised to break this link and to put another in its place: democracy.

## THE VOICE OF DEMOCRACY

This discussion may allow us to listen to the voices that emerged after Gómez's death (his "last miracle"). Out of these voices Venezuela emerged as a nation.<sup>18</sup>

The image of a ruler of unlimited political power who was believed to be "invincible and immortal" was re-created by Gabriel García Márquez in *The Autumn of the Patriarch*. The Patriarch—a synthesis of Latin American dictators in which Gómez's figure was prominent—returned from his presumed death, walked among the living, listening to their voices in order to destroy those who had conspired against him:

[The Patriarch] saw through the smoke that all the ones he wanted to be there were there, the liberals who had sold the federalist war, the conservatives who had bought it, the generals of the high command, three of his cabinet ministers, the archbishop primate and Ambassador Schommer, all together in one single plot calling for the unity of all against the despotism of centuries so that they could divide up among themselves the booty of his death, so absorbed in the depths of greed that no one noticed the appearance of the unburred president who gave a single blow with the palm of his hand on the table, and shouted, ah! and that was all he had to do, for when he lifted his hand from the table the stampede of panic was over (1991: 31).

After Gómez's death there were similar voices, attempts by traditional cliques "in one single plot calling for the unity of all against the despotism of centuries so that they could divide up among themselves the booty of his death." But during the Gómez regime not only the abrupt expansion but also the very nature of these "spoils" had heightened the contradiction between the public nature of the state's wealth and its private appropriation. By monopolizing both political power and the nation's wealth, Gómez had invalidated the legitimacy of his own voice—he could have no formal or acknowledged continuity; even his followers had to distance themselves from him.

18. In this section I have focused on materials written during the liminal period following Gómez's death, for they eloquently reveal how a new vision of the nation was defined. Whenever possible, I have referred to the compilation of some of these documents edited by Sáenz Figueroa because it is readily available in Venezuela. The Venezuelan National Congress has published a multivolume collection of Venezuelan political thought throughout the republican era which includes materials covering the period I examine here. These useful volumes bring together primary sources and introductory essays by Venezuelan scholars. Particularly relevant for the issues discussed in this chapter are volumes 14 and 15, "El debate político en 1936" (1983).

In effect, his successors, General Eleazar López Contreras (1936–41), his minister of war, and General Isaías Medina Angarita (1941–45), López Contreras's minister of war, prompted by a changed public climate and pressure from below, distanced themselves from gomecismo and took ever larger steps toward the establishment of a democratic regime in Venezuela.

While many tough caudillos and prominent intellectuals had fought against Gómez, the students in Caracas undermined gomecismo and redefined the terms of public discourse. These students, known as the Generation of 28 because in 1928 they had participated in the most significant public protest against Gómez, Student Week, became after Gómez's death the founders of the nation's major political parties and were the leading figures in national politics until the 1970s.<sup>19</sup> Between 1928 and 1935 they articulated a new discourse about Venezuela whose importance cannot be underestimated.

According to Maza Zavala, "The controversy that was developed in exile between 1930 and 1935 about the nature, reach, route, and strategy and tactics of the Venezuelan revolution is, without doubt, the most important one in the contemporary history of Venezuela" (1991: iii). There were certainly divisions within the left (mostly centering around the role of class struggle in the context of Venezuela's distinctive social formation), but there was a consensus about the need to overcome feudal structures, free Venezuela from the grip of imperialism, and democratize the political system. In the play of politics after 1936 these aims achieved more specific meaning, often losing their radical edge. The very centrality of the state and of its immense financial resources focused attention on the expansion and control of these resources, inhibiting demands for more radical social transformations not only in agriculture and industry but also within the oil industry itself. The main goal was to maximize oil income; the nationalization of the industry remained a distant dream.<sup>20</sup>

When Gómez died and there was an opening for free expression, the voice of this young generation achieved public recognition; for others to be heard, they had to echo its words, whose repressed presence had already

19. During Student Week, university students took advantage of carnival celebrations to launch a veiled critique of the regime; for an analysis of the symbolism and political significance of these events, see Skurski (1993).

20. The basic division was between the Marxists (whose leading figures were the brothers Gustavo and Eduardo Machado, Salvador de la Plaza, Miguel Otero Silva, and Juan Bautista Fuenmayor), and the Social Democrats (led by Rómulo Betancourt, Raúl Leoni, Valmore Rodríguez, and Luis Tróconis Guerrero). The Marxists were more prone to emphasize class struggle and therefore to favor agrarian reform; but even they were cautious concerning oil and emphasized the distribution and use of oil resources, not the nationalization of the industry at this point.

permeated public discourse. Rómulo Gallegos, the teacher of many of these students, had finished in 1928 a draft of a novel tentatively entitled *La Corvina*. Inspired by the example of these students, he transformed it into *Doña Bárbara* (1929), an internationally acclaimed novel that became the mythic charter of Venezuela's democracy. Santos Luzardo, a young lawyer from Caracas, returns to his roots in the plains, where he defeats the forces of backwardness, represented by Doña Bárbara (an emblem of Gómez) and her ally Mister Danger (an agent of foreign interests), and brings the promise of civilization through his union with her daughter, Marisela, the embodiment of the people (Skurski 1993). As Skurski has shown, while the students had inspired Gallegos's novel, the novel shaped their orientation to politics and provided in Santos Luzardo a model that was widely emulated. Freer to express themselves at this historical opening, what these students said in 1936 marked the terms of political discourse in Venezuela for years to come. They no longer spoke as students but as aspiring national political leaders. Although their student organization (Federación de Estudiantes Venezolanos, FEV) remained an important association, they concentrated their efforts on organizing broad sectors of the population. As Levine has aptly noted,

The most notable aspect of the political changes following Gómez's death is precisely the growth of organizations with a broad social base—unions, civic leagues, political parties, etc. Although these groups were generally founded and led by returning exiles of the 1928 generation, the organizations themselves were general in scope and not limited to students. Students as a power group per se soon faded from the scene. They provided the catalyst for party organization, but never again would they wield autonomous power. In 1936, power began to pass to those who could organize the masses. (1973: 23.)

The year following Gómez's death was marked by important popular mobilizations and active political debate. A remarkable feature of this period was the emergence of a hegemonic discourse of democracy which developed in response to Gómez's privatization of the state. Democracy was identified with social harmony. While those associated with the Communist Party did not disregard class conflict, they did agree that the main opposition in Venezuela was between the foreign oil companies, and their allies within the domestic arena, and the unified population. Most of the young political leaders preferred to organize movements rather than parties, as the latter were associated with a history of political division and strife.<sup>21</sup>

21. López Contreras forced political movements to become political parties through the so-called Ley Lara, promulgated in 1936 in order to increase state control over political activity and dismantle

They encountered little ideological opposition from the right or from the state. As Velásquez has observed, only the Partido Acción Nacional (PANAC) expressed the views of the right; but its action was limited to attacking members of leftist organizations as communists; it represented no ideological challenge. The president, General López Contreras, adapted to the pressure from below with great flexibility and "ideological mimetism" (Hermoso 1991: 152). In his day-by-day account of events marking the dramatic year following Gómez's death, Hermoso has shown how the adaptability of left and the state to each other created an ideological consensus at the center: "The fact that there were no confrontations between extreme positions strengthened the 'political center.'" Standing at the center and buttressed by its institutional power, the state could emerge as a mediating figure: "López became an imaginary arbiter of the supposed confrontation between two ghosts: the nonexistent communist danger and the 'threat' of collapsing gomecismo" (1991: 153). But the condition of possibility of this mutual convergence at the ideological center was the very centrality of the state as the manager of the nation's wealth.

#### MANIFESTOS OF THE NATION

The political literature of the period following Gómez's death eloquently articulated the new vision woven around this center. One of the earliest manifestos that circulated in December 1935, just after Gómez's death, was signed by a large number of intellectuals, politicians, professionals, and businessmen who proclaimed very cautiously their commitment to constructing a different Venezuela. "We are convinced there is a new Venezuelan reality in which the diverse expressions of civic life may be inspired and stimulated by a renewed spirit" (Suárez Figueroa 1977: 111).

With the growing assurance that General López Contreras was not going to follow Gómez's procedures, the manifestos explicitly endorsed democratic goals in terms which linked the pursuit of political rights to the recovery of the nation's wealth appropriated by Gómez. Gomecista wealth was seen as an illegitimate and dangerous—"unhealthy"—source of power. The Bloque Nacional Democrático, founded in 1936 in Maracaibo, the center of the oil industry, criticized the fact that gomecistas continued to occupy a privileged position:

Communist organizations. For a discussion of changes in political discourse in this period, see Velásquez (1983); for a succinct description of the growth of civil society-based organizations between 1900 and 1945, see Margarita López (1984).

The nation faces, after the death and collapse of the Juan Vicente Gómez dictatorship, a situation of anxiety created by the fact that the important personalities who accompanied the dictator in the ominous task of plundering public and private coffers continue, inside and outside Venezuela, to enjoy their accumulated wealth in a defiant and rebellious posture, conspiring against our democratic institutions and threatening to become a constant danger to the health of the Republic. (Suárez Figueroa 1977: 148.)

On 14 February, leaders of the Generation of 28 organized a mass demonstration in Caracas against gomecismo. As popular sectors confronted government forces, the police responded by killing several demonstrators. At this critical transition, this state action was read collectively as a sign that the new leaders were reverting to forms of violence identified with Gómez. In prompt response, a week later López Contreras presented the government's February Program, an analysis of the nation's major problems and a plan of national development which some regard as "the first large project of reform of the modern State in Venezuela" (Peña 1988: 248). By incorporating criticisms produced within civil society, the state neutralized its opposition but also legitimated a reformist discourse which intensified the social pressure to democratize the polity.

Among the many reactions to the February Program, Miguel Otero Silva, who became one of the most influential intellectuals of this generation, published an article, tellingly entitled "Money, Money, Money," in which he reminded the public that money was required to finance the state's February Program.<sup>22</sup> I find revealing his didactic insistence that in Venezuela this money should come from the nation's two main sources of wealth: Gómez's personal wealth, which should be nationalized, and petroleum, which should yield larger benefits to the country through increased taxation (the idea that state's programs could be financed at least in part by citizens' taxes was simply absent). Otero Silva countered the fear that oil companies would leave Venezuela if the state imposed stricter conditions on them with the argument that they obtained oil at such bargain prices that they would never leave the country. Invoking the authority of Gunter Torres, Gómez's minister of development, who had pioneered the state's nationalist oil policy, Otero Silva reiterated his view that Venezuela sells its oil so cheaply that the state would

22. Miguel Otero Silva (1908–1985) was a leader of the Generation of 28. In 1936 he was affiliated with the Communist Party (he gave up his membership in 1951 but remained identified with the left). He later became a noted novelist, humorist, and journalist. As senator after 1958 he promoted the development of cultural institutions in Venezuela.

obtain more income if it simply gave oil freely to the companies but did not exonerate them from paying duties for their imports.

Obtaining more state income, however, was not enough. Otero Silva warned that the expansion of state income could not by itself assure that these financial resources would be used to implement social reforms, for in Venezuela state officials had made a habit of robbing the nation. Thus, he called for the democratization of the state and the imposition of strict controls over public functionaries. Otero Silva concluded his article by insisting that the "democratic revolution" begun in Venezuela on 19 December 1935 would have to finance its social programs by drawing on these two sources of national wealth. Gómez's biological death opened up a political space in which it became possible to link the demand to expand political rights to the demand to promote social welfare. Otero Silva did not hesitate to define as a "democratic revolution" this marriage of political rights and oil-financed social reforms.

In 1936 members of the Generation of 28 founded ORVE (Movimiento de Organización Venezuela) to promote a moderate program of political and social reform for the transition from "autocratic rule" to a "democratic regime." Its members included Alberto Adriani, who became López Contreras's minister of agriculture, and Rómulo Betancourt, who, along with other ORVE members, later founded the Partido Democrático Nacional (PDN), which was a precursor of Acción Democrática (AD), founded in 1941. ORVE's program established a stark contrast between the "barbarous" Gómez regime, which had denied the collective existence of the nation, and the promising new political situation:

Under the previous regime there was no national existence. The state served interests opposed to those of the nation: it served the foreign penetration of the nation and provincial caudillos. A group of caudillos, seizing the country, subjected Venezuelan honor to powerful foreign interests and made the public administration a tool of public plunder. (Suárez Figueroa 1977: 142.)

The present was promising, however, because of the project of establishing a new relationship among state, nation, and public wealth:

We want a Democracy, but a responsible Democracy, where the state would not be captured by the power of money . . . We want to unite, not divide Venezuelans. We want to transform politics, which before was a business of small oligarchic circles, into a national will and spirit which will permeate all the expressions of collective life with discipline and reveal permanently the creative will of the Venezuelan soul. (Suárez Figueroa 1977: 143.)



Money in Venezuela was beginning to be understood as oil money. A state freed from the power of money was one that controlled oil money rather than being controlled by it. While in the past politics had also been a "business of small oligarchic circles," money had now "captured the state" and made the business of these circles depend on the oil business. The task was to forge a national will that would domesticate the powers of money on behalf of the collectivity.

Nationalism, which had been identified with the achievement of political independence and the unification of the state, was now linked to the pursuit of economic development and collective prosperity. The political program of the Partido Democrático Nacional connected the change from Gómez's "autocratic state" into a "constitutional democratic state" to the use of national resources on behalf of all the people in order to promote national development. As the document stated, "Nationalism is for us the creation and defense of national industry and the exploitation of our large natural resources on behalf of the totality of the Venezuelan people" (Suárez Figueroa 1977: 184).

Democracy came to mean a system of popular participation not only in national political life but also in the nation's natural wealth. One of the earliest expressions of this view appeared in a document of the Partido Republicano Progresista, an organization founded in 1936 by members of the Communist Party and socialist leaders (the Communist Party had been illegal since its foundation in 1931) designed to function as a popular front party. Its program affirmed the principle of popular sovereignty and demanded that the state not only represent but defend the interests and be the expression of the popular majority:

The state should avoid being allowed to become, for any reason, a tool of domination and oppression against the popular majority by a minority protected under restrictive social and economic conditions . . . The state should be, then, a tool for the defense of the people by the people. (Suárez Figueroa 1977: 136)

Public sentiment against the legacy of gomecismo made it possible for this generation of politicians and intellectuals to present as a given the demand to democratize political life in conjunction with the demand to democratize the nation's wealth. Their conception of a prosperous democratic state was counterposed to the reality of the autocratic state under Gómez; they gave meaning to democracy by contrasting it to the personalistic regime whose rule they defined as both onerous and anachronistic:

Because Gómez and his relatives and close accomplices monopolized most of the wealth of the nation, both its land and its industries, and because the nation, as an entity which includes all Venezuelans, has been the most damaged of all both in the present and in the future, we have to struggle to make the state confiscate all the assets of Juan Vicente Gómez, his relatives and close accomplices. (Suárez Figueroa 1977: 136.)

Arguing that all those who had "suffered personally" under Gómez (meaning political as well as economic hardship) could not be compensated legally as individuals, the document urges that Gómez's wealth be nationalized. The aim was to collectivize oil wealth through the state rather than to atomize it by distributing it to a few people. "Only by transferring this wealth to the state and using it on behalf of the nation will all of us Venezuelan workers feel partially compensated for all the personal harm we have suffered" (Suárez Figueroa 1977: 136).

Foreign companies were associated with the transformation of the state into a tool of domination and of natural resources into money; the companies capable of effecting this alchemy held the key to real power. Rómulo Betancourt, in a speech at the first mass meeting of ORVE on 1 March 1936, depicted Venezuela as a captive country because its subsoil was controlled by foreign interests:

It is a country without an external debt, it is true, but its economy has been intervened by the most aggressive and bold sector of international finances: the oil sector. It is true that the Venezuelan state does not have foreign creditors, but, on the other hand, our subsoil has been distributed among the oil companies. (1975: 25.)

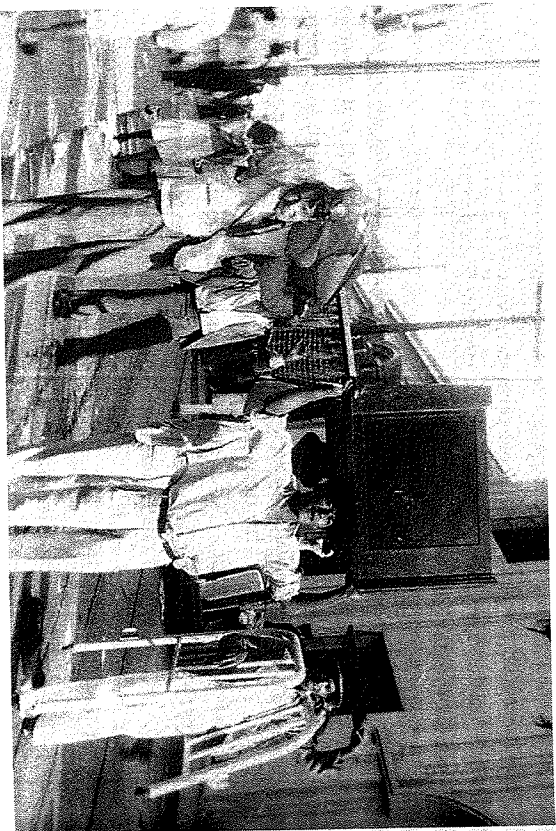
In 1975 Betancourt claimed that this statement was "the first public discussion of the oil problem in Venezuela" (1975: 25). It was not, but it was one of the first attempts to bring to a broad public a view which Gunnersindo Torres had expressed in the 1920s: oil was a national resource that should belong to Venezuela. The new political parties made this idea the basis of their mass-based politics. "Our subsoil" was an image without public currency in 1920, but after Gómez's death it condensed new assumptions concerning the nation. Through democratic discourse, the wealth of the nation came to be identified with its natural body. Gómez had paid Venezuela's foreign debt but had sold the nation's subsoil ("distributed it among the oil companies"). Democracy promised to unify the nation, to use the nation's natural wealth on behalf of the nation's people.

In response to popular pressure, which included mass demonstrations in





Students from the Generation of 28, including Rómulo Betancourt (in the back row) and Jóvito Villalba (center). (Fundación Andrés Bora.)



Looting in Caracas following General Juan Vicente Gómez's death on 17 December 1935. (Instituto Autónomo Biblioteca Nacional.)

June involving several thousand participants (thirty thousand according to ORVE), the government decided to confiscate all of Gómez's personal property. An editorial in ORVE's newspaper presented this decision as a victory of the June popular mobilization. It emphasized its popular character by referring to it as "Juan Bimba's" first "great triumph" and his "first justification for having collectively abandoned the workshop and the factory, the industrial enterprise or commercial establishment, in order to demonstrate in the street his will" (1983: 265).<sup>23</sup>

The term *Juan Bimba*, which became popular in this period, refers not just to everyman, the Joe Blow of the United States, but to the virtuous poor man—typically in this era the rural worker, abused by oligarchic rulers. I have not seen Juan Bimba used as an emblem of the pueblo when *pueblo* is employed as an inclusive term to address the whole population as a unified community of values and goals, including its intellectual and professional elites. Thus, while pueblo is potentially a totalizing category which may include the middle-class leaders who speak on its behalf, Juan Bimba is a more restrictive category which refers to an archetype of the nation's neglected majority. The document defines the confiscated properties as part of the "immense wealth" stolen by the "Benefactor thief" (*Benemérito ladrón*)<sup>24</sup> from the people (*el pueblo*). Not only the opposition but the state presented this measure as an attempt to return to the people, as its rightful owner, the collective wealth that Gómez had appropriated. In order to guarantee that this collective property would remain in the hands of the state and at the service of the people, ORVE's editorial concluded by asking *el pueblo* to remain alert so as to avert the reprivatization of the confiscated property: "Gómez's lands and factories must not be sold to national or foreign capitalists. They should be exploited on behalf of the people" (ORVE 1983: 266).

According to a Venezuelan historian, "This has been the most important sanction, in terms of its severity, that has been decreed since 1830" (Velásquez 1984: 15). The administrative consequences of this measure were immediate: the state became an entrepreneur, acquiring banks, a vast array of industries

23. It is interesting to note that this mention of Juan Bimba presents the June 1936 actions as his first historical victory, thus indicating the relative "modernity" of Juan Bimba and the masses represented by him. Cartoonist Mariano Medina Febres (Medo) has been credited as the creator of this character (Febres 1990). It should be noted that in this case its sociological referents include only low-level urban occupations, not the professional and middle-level leadership which also participated in the June mobilizations. Perhaps the urban nature of this mobilization explains why in this case peasants are not mentioned. The graphic image which came to identify "Juan Bimba" in AD's propaganda depicts him as a (stereo)typical peasant dressed in villager's crude pants and shirt and *alpargatas* (rustic sandals).

24. Benemérito was an official title Congress bestowed on Gómez.

(paper, electricity, meat packing, soap, milk, matches), and large haciendas in up to fifteen states. This marked the beginning of the state's direct participation as a capitalist in the economy.

This measure created conditions which intensified the demands for democratization. Democratization was understood not just as the establishment of universal suffrage and a competitive party system but also as the expansion of the state's involvement in the economy. The creation of state-owned economic enterprises was seen as a means to ensure that the nation's wealth would be used for the benefit of the collectivity. Enterprises established with state money should not be privately appropriated but managed by the democratic state for the benefit of society as a whole. It was this reasoning which allowed ORVE to present this measure as Juan Bimba's "first great victory."

Those who articulated these demands increasingly appealed to el pueblo as a collective subject or to Juan Bimba, the prototypical common man, as the rightful beneficiary of state policies and as the embodiment of the desire for the democratization of the political system. While el pueblo had been addressed throughout the republican era as the sovereign of the liberal republic, now it was invoked as the legitimate heir of the nation's wealth who had been unjustly deprived of it. Popular sectors excluded from previous discourses about the nation articulated by educated urban men were now presented as citizens of an oil nation entitled not just to political rights but to the nation's wealth.

Demands to protect the nation's wealth focused on the need both to recover what Gómez had taken and to regulate the activities of the oil companies. Thus, the Partido Republicano Progresista also proposed that oil concessions to foreign companies be modified because the companies had already repatriated in profits more than their investments. It justified this demand by arguing that "in the hands of the oil companies lies the fundamental wealth of the country, petroleum" (the inclusion of the word *petroleum* here to designate the nation's wealth would be superfluous in a few years), but "the Venezuelan nation does not participate in this wealth except in a minimal proportion" (Sáñez Figueroa 1977: 136).

The nature of the state was publicly debated in newspapers and political meetings. On 18 March 1936 ORVE published a memorandum in which it stated its conception of the state. That document emphasizes unity, underlines the dangers of class struggle through reference to nineteenth-century civil wars, and focuses on the need to promote the idea of the state as a representative of the common interests of the nation:

We have to support and strengthen in Venezuela the idea of the State as the organ that conciliates social dissension and as the tool of collective discipline.

ORVE's document establishes a sharp contrast between the exclusionary and personalistic Gómez state and ORVE's image of the inclusive national state:

In opposition to the personalist state monopolized by a group as was the case with the Gómez State, ORVE seeks a State in which all leading sectors of the nation (*todas las fuerzas vivas del país*) could participate, overcoming through just and unifying national policies regional polemics and resentments. (Velásquez 1983: 49–50.)

In response to a request that it explain further its conception of the state by the assembly that approved the memorandum, ORVE's Committee of Political Orientation offered the following definition, which again was cast in opposition to the Gómez state:

We understand by the State not the tool of domination and personal exploitation which was the state under the Dictatorship, but an administrative and political machinery, conscious and ordered, capable of fully developing, without residues of the traditional vices of corruption and theft, a coherent process of national reintegration and social justice. (Velásquez 1983: 51.)

In order for the state—"as an administrative and political machinery"—to exercise its power on behalf of the collectivity, it would have to be accountable to it—it had to be a democratic state. Corruption was identified with autocratic rule; democracy was presented as providing a check against the possibility of corruption in a vastly expanded state possessing growing financial resources.

ORVE's political statements reflected basic postulates that had been outlined in the Barranquilla Plan written in 1931 by Betancourt and other exiled members of the opposition group ARDI (Agrupación Revolucionaria de Izquierda). This document defined the terms of political thought which prevailed among the non-Communist members of the Generation of 28. Since its foundation in 1931, the Communist Party had been very influential among members of this generation. It applied the theory of the international communist movement to Venezuela, arguing that in Venezuela conflicting class interests placed workers in opposition to capitalists. ARDI, in contrast, claimed that Venezuelan society was set apart by its distinct features: its weak proletariat and peasantry, rising middle class, powerful oil enclave, and strategically positioned state. Class, therefore, was not the determining factor in

Venezuela's political struggles. All classes had a common enemy: imperialism and its local allies, the "feudal structures embodied in gomecismo." These premises became the center of AD's self-definition as a multiclass nationalist party whose mission was to unite the Venezuelan people via the state against the foreign powers that had appropriated the resources of its subsoil. Thus, AD was to return sovereignty, dignity, and wealth to the nation.

This conception of nationalist politics animates a speech Betancourt gave in September 1936 in a meeting called to unify the left within a single party (five years before the founding of AD). Betancourt decries the fact that oil legislation in Venezuela has been written by the oil companies in collusion with local lawyers. The oil companies "take out of our country fabulous profits of no less than Bs. 500 million yearly" which could be used to solve urgent social needs, such as providing school for over 420 thousand children in Venezuela who did not receive any kind of formal education (1983: 300). Betancourt appeals to the collectivity as a unified entity endowed with a single will and links plans to nationalize oil in the future to the nineteenth-century battles for political independence:

Everyone is interested in achieving some day the nationalization of the enormous wealth of our subsoil, even though in order to achieve this aim we may have to wage another Ayacucho, making it possible in this fashion for Venezuela to be for Venezuelans. (1983.)<sup>25</sup>

For Venezuela to be effectively "for Venezuelans," the country had to reconquer the subsoil that had been appropriated by foreign powers. Only by uniting its body politic and its natural body would Venezuela be able to achieve full sovereignty; political independence without economic autonomy remained an insidious form of dependence. In the same speech, Betancourt summarized the political program of the unified leftist party in terms of two objectives: the struggles for democratic liberty and against imperialism. By democratizing the polity Venezuelans would regain control of the national

25. The battle of Ayacucho (9 December 1924) marked the independence of Peru and culminated the independence of northern South America. It was led by Antonio José de Sucre, Bolívar's most loyal officer. Betancourt's reference to Ayacucho rather than to Carabobo (Venezuela's battle of independence in 1821) is intriguing in part because it is uncommon. Ayacucho is invoked in Venezuela when the accent is placed on Latin American, rather than Venezuelan, independence or on the international dimension of Venezuelan independence struggles. Ayacucho is also associated with Sucre's loyalty to Bolívar, and thus to the nation. The scholarship program developed by Carlos Andrés Pérez during his first administration (1974–79), which sent thousands of Venezuelans to study overseas, was named after Sucre as the victor at the battle of Ayacucho (Programa de Becas Gran Mariscal de Ayacucho).

subsoil and achieve the nation's economic independence. The concept of "Venezuela for Venezuelans" powerfully joined both goals.<sup>26</sup>

In public meetings and writings, the young political leaders, writers, and activists seized for themselves the role of democracy's spokespersons for a general public. They informed this public about the meaning of democracy in Venezuela, emphasizing its economic foundation in the oil economy. "In a democracy," wrote an activist, "everyone believes that the *national economy* is everyone's affair (*es la cosa de todos*, literally, everyone's thing), each one expects benefits from its prosperity and is prone to suffer with its decline or its ruin" (Morales 1983: 346; emphasis added).

The extent of the appropriation of this collective affair or thing by foreign powers was often quantified, and its vast magnitude was construed as the cause of prosperity abroad and poverty at home. This loss of the nation's patrimony was presented, as in the writings of Antonio Arraíz (a young Venezuelan intellectual who had lived in the United States) as a source of both intimate personal pain and love of nation. Arraíz argues that since agricultural products represent only 8 percent of the value of total exports (oil accounting for the remainder), Venezuelans own only one-twelfth of their exports.<sup>27</sup> He calculates the oil industry's daily profits at Bs. 1,360,000 and argues, through fictional characters, that this money supports the standard of living of the U.S. owners of the oil industry: Mr. Thus, or Mr. Such, the oil magnate, Molly, his wife, Ted, the spendthrift son, Mildred, the spoiled daughter ("who only knows of the art of making cocktails and of the skillful art of loving and being loved without consequences"), all of whom live in affluent homes (with "silver plates, Louis XV furniture"). In contrast, the masses in Venezuela remain trapped in miserable conditions.

For Arraíz, the laughable ease with which oil money could be drained from Venezuela was a sign that Venezuela was treated as a primitive nation of unreasonable people, who he figured in his writing as "monkeys" and "blacks" incapable of exploiting their own resources:

One million three hundred sixty thousand bolívares go to them from Venezuela, from the poor, obscure, remote, and diffuse Venezuela. A little republic

26. This notion became one of the most popular slogans of his party, Acción Democrática (founded in 1941).

27. Although Antonio Arraíz was not a student at the time, he participated in the Student Week activities of February 1928 as well as in the assault on the San Carlos military garrison in April of the same year. He was imprisoned by Gómez, tortured, and exiled in 1935. He returned to Venezuela in 1936 and became a noted writer, poet, and journalist.

(*una república*), populated by monkeys and blacks, a hot place where coconut trees grow and where these people have, poor souls!, this rich thing that is petroleum, which they allow to be exploited. (1983: 193.)

According to Arraiz, Venezuelan oil in effect did not belong to "the poor Venezuelan man" but to the "blond mister" who came "attracted to its smell like flies to honey." Yet the "blond mister" obtained oil because "we had a General Gómez, who gave away even the subsoil, without pity." Arraiz concludes his article by making a direct link between his love of nation—"that rises up from within my interior . . . pathetic, almost painful"—and his nation's exploitation—"A suffering motherland (*Patria*)," which is "most loved" when it "suffers most, when I remember that one million three hundred sixty thousand bolívars of our national wealth leave us every day never to return again" (1983: 196).<sup>28</sup> In his highly feminized image of the nation as weak, prostrate, and lacking in will, "love of nation" is identified with the male defense of the exploited nation's subsoil—the source of collective wealth, *la cosa de todos* (everyone's affair or business).<sup>29</sup>

Oil policy was made synonymous with a nationalist economic policy that should seek to defend the nation's subsoil, not just to maximize oil income. Since the blind pursuit of oil income would deplete the nation's subsoil, a nationalist oil policy should seek to make productive use of oil revenues. While the foreign oil industry exploited Venezuela's docile and wild nature, the (male) Venezuelan state would transform it into a domesticated and productive force. The need to transform ephemeral and corrupting oil money into permanent wealth was compellingly articulated in a newspaper article by Arturo Uslar Pietri, one of Venezuela's most influential public intellectuals:<sup>30</sup>

More than a third of Venezuela's public wealth now rests on the destructive utilization of subsoil deposits whose life is limited not only by natural condi-

28. The image of a "nation of monkeys," which has currency to this day, refers to a nation of primitive people who cannot defend themselves or their resources; "monkeys" can serve as an euphemistic metaphor for blacks, Indians, and even mestizos or Venezuelans in general. "Blacks" too can be a metaphor for all these categories, including "monkeys." The juxtaposition of these two terms helps blur the boundaries of the cultural and the natural, the social and the savage. (I am grateful to Aims MacGuiness for helping me see the multiple associations evoked by these terms.)

29. As I indicated earlier, *cosa* literally means thing. In this context, this multivocal term brings to mind not only affair or business but also female genitals.

30. Arturo Uslar Pietri is a leading public intellectual of upper-class origin who articulated the bourgeoisie's emerging economic and political ideology. He became one of Venezuela's most influential public figures, occupying public office under various administrations and authoring texts ranging from economics and history to fiction.

tions, but also by the fact that their productivity depends entirely on factors and decisions that are alien to the national economy. This great proportion of wealth of destructive origin will doubtless grow when the day comes that the mining taxes are made more just and remunerative, bringing nearer the suicidal dream of those naive people who feel it would be ideal if the Venezuelan treasury could pay for the entire national budget out of mining income alone, which would simply mean the following: Venezuela would become an unproductive and idle nation, an immense petroleum parasite, swimming in a monetary and corrupting abundance and impelled toward an imminent and inevitable catastrophe. (Suárez Figueroa 1977: 163.)

The proposed solution to the disturbing prospect of becoming a rentier nation, vividly conveyed by his image of the nation as an "immense petroleum parasite," was to use oil revenues to create "a reproductive and progressive economy." Uslar Pietri claimed that it was urgent to use the "transitory wealth" of the present "destructive economy" to create the healthy and broad foundations of a "progressive economy that will be our true declaration of independence." If political independence had been Simón Bolívar's heroic achievement, full independence would now be the task of those capable of transforming ephemeral wealth into permanent productive capacity. The editorial ended with a call to action:

If we were to propose a motto for our economic policy, we would suggest the following one, which dramatically sums up the need to invest the wealth produced by the destructive mining system in order to create reproductive and productive agricultural wealth: "sow the oil (*sembrar el petróleo*)." (Suárez Figueroa 1977: 163.)

"Sow the oil" resonated widely in an agrarian nation that could no longer feed itself and whose economic elite sought new areas of profit making; it expressed the problematic of production, distribution, and reproduction in an oil nation. This phrase became the central slogan in the political discourse of democratic development.

#### OIL LEGISLATION: OIL NATION

Except for Gumerindo Torres's efforts to define a nationalist oil policy, under Gómez the state had essentially acted toward the companies primarily like a private party that benefited from the sale of national property. Gómez had made limited provisions to secure for the nation long-term revenues from the production of oil itself and had profited personally from the sale of

oil concessions to the oil companies. This situation was to change after 1936, when public debate sought to establish a different relation between the state (as landlord) and the oil companies (as capitalists).<sup>31</sup>

The negotiations between the state and the oil companies followed a typical pattern that characterizes the relations between host nations and multinational corporations involved in the exploitation of natural resources. After an initial period in which terms are favorable for the foreign companies, states manage to obtain increasingly better conditions, a process that Vernon calls "an obsolescing bargain" (1971).

A central confrontation between the Venezuelan state and the oil companies occurred over the issue of taxation. Since Gómez had granted the oil companies long-term contracts (which specified the small and unchanging payment the companies would give the state), President López Contreras sought to increase the state's oil revenues by modifying national income tax schedules and tariff exemptions. Accustomed to Gómez's liberal economic policies, the oil companies opposed this attempt to reduce their profits and restrict their privileges. Arguing that income taxes and tariff exemptions had been agreed upon contractually, they took this matter to court in Venezuela and won the legal battle.

For the government, this setback had an important consequence. Development Minister Manuel Egaña (1938–41), after studying U.S. mining regulations, applied in Venezuela the same criteria that existed in the United States, where a distinction is made between the contractual rights of private parties and the government's rights as a sovereign state. Thus, in the United States, the government can lease public lands to private parties, establishing through a contract the level of its revenues. At the same time, as a sovereign state, it can impose—and change at will—an income tax, thus modifying the size of its revenues in accordance with the private parties' earnings. Although the companies accepted this principle in the United States, they strongly opposed it in Venezuela. This inconsistency was considered to be a serious affront to Venezuelan sovereignty.

World War II underlined the strategic importance of Venezuelan oil and in so doing also increased the bargaining power of the Venezuelan government. Since the oil companies had systematically refused to recognize the Venezuelan state's fiscal sovereignty, President Medina wrote a personal letter to President Roosevelt asking him to intercede on behalf of Venezuela's

claims. President Roosevelt responded by requesting that the oil companies accept Venezuela's demands. In exchange, Venezuela promised to become a stable supplier of oil for the United States.

A new oil law was passed in 1943 that fundamentally altered the state's relation with the oil industry. It assured the long-term presence of the oil industry in the country by validating many early concessions granted through illicit means under Gómez and, most important, by granting the oil companies large new concessions for a period of forty years. In turn, it created a capitalist tie between the landowning state and the tenant-producer oil companies. The new law considerably increased the state's participation in the industry's profits, both by fixing contractually a higher royalty and by establishing an income tax on the oil sector. It was believed that the royalty, which was set at 1:6 (meaning that one out of six barrels belonged to Venezuela), together with other fixed taxes, would yield an even, fifty-fifty split in the distribution of profits between the corporations and the state. In addition, in 1945 the state sought to raise its participation to 60 percent by imposing an income tax of 12 percent on this sector.

This income tax was justified on both theoretical and practical grounds. The theoretical argument was that surplus profits in a public interest sector should be seen as excessive profits: they should not be privately appropriated but should revert back to the nation. Accordingly, oil companies' profits should not rise above a fair percentage of return on capitalist investment—a principle that was accepted by OPEC twenty-five years later, in 1968. Thus, the ostensible purpose of this income tax was to transform private surplus profits into state revenues. In effect, by establishing the state's sovereign right to modify the income tax schedule, this law gave the government a tool to appropriate all surplus profits in this industry, that is, to capture an increasingly larger proportion of international ground rent (Monmer 1986: 83).

A practical consideration facilitated the oil companies' acceptance of the Venezuelan state's position. Since the U.S. tax code does not recognize the principle of double taxation, their Venezuelan income taxes would simply be discounted from their U.S. income taxes. That is, the loser was the U.S. government (and U.S. consumers), not the U.S. oil companies. The law also included an important clause: it obliged the oil companies to build refineries in Venezuela. In sharp contrast to Gómez—who had asked the oil companies to establish refineries overseas, such as the island of Curazao, in order to avoid creating large concentrations of workers with their attendant labor problems—the Medina government sought to diversify the Venezuelan economy. The government's task was not solely to extract more revenues from the oil

31. This discussion of oil policy in Venezuela draws mostly from Mommer (1983, 1986), as well as from Lieuwijn (1959), Tugwell (1975), and Vallenilla (1975).



industry but to promote the industrialization of Venezuela—"to sow the oil." AD supported the goals of this policy but objected to it on technical and political grounds. It argued that the policy's specific methods of measuring profits did not enable the Venezuelan state to obtain even 50 percent of the industry's profits, not to mention the higher goal of a 60-40 distribution (Betancourt 1975: 161-97).

The 1943 Oil Law is thus a landmark in the transformation of Venezuela into an oil nation. It fully recognized that the subsoil was national property and that the role of the state was to safeguard this property on behalf of the collectivity. The law confirmed the state's dual role as a sovereign power and as a landowner. The recognition of these roles legitimized an oil policy of incremental tax increases and an economic policy of state-promoted economic development.

#### HISTORICAL AMNESIA AND OIL'S SOCIAL INVISIBILITY

Oil's social invisibility has heightened the historical amnesia concerning the origins of Venezuela's transformation into an oil nation. This imperceptibility may be traced to the industry's origins as a transplanted foreign enclave, to its capital-intensive productive structure, and to the diffuse effects of the circulation of oil money throughout the body politic. Clearly, the *foreign* enclave character of the oil industry initially contributed to creating a sense of oil's unfamiliar presence in Venezuela. But as an *oil* enclave the industry became both extraordinarily tangible—a direct expression of a foreign presence—and yet so isolated and so clearly demarcated that it remained an isolated presence beyond its location.

As an export activity, oil extraction contrasts with labor-intensive agricultural export activities which involve large sectors of the population in seasonal cycles of planting and harvest or livestock reproduction, as well as with most mining operations, which require massive labor inputs. Oil extraction—often defined as oil production—is capital-intensive. After its exploration phase, the jobs that oil extraction creates tend to decrease. Carried out in relatively isolated areas of the country, forming separate pockets of economic activity, it never occupied a large percentage of the Venezuelan working population. Historically, most oil has been shipped out of the country, some of it after local refinement, without the involvement of most of the population or tangibly affecting their lives. Buying gasoline from Shell or Creole (Exxon) gas stations made evident the fact that the nation's basic resource became available to Venezuelans only through the mediation of foreign companies. With the aging of the industry, abandoned oil camps and

decaying oil towns scattered throughout the states of Zulia, Portuguesa, and Anzoátegui have added a ghostly aura to oil's former presence in Venezuela.

The isolation of the early industry rested on its dependence on imported supplies for its operations and employees' consumption, the divorce of its production decisions from domestic considerations, and the absence of the local bourgeoisie from its control and management.<sup>32</sup> During the first decades of its existence, the industry's managerial and professional positions were almost entirely staffed by foreigners, with Venezuelans hired only as unskilled workers. Fenced oil camps re-created foreign comforts and conditions for the foreign managerial elite. "If ever could a white man live happily with his wife and children in a hot climate," remarks an observer in a memoir published in 1931, "that was in Mene Grande (a U.S. oil camp)" (Lady Mills 1931). As veritable enclaves with private roads, schools, stores, and medical supplies, these camps constituted, as a Venezuelan noted in 1936, "a State apart from the Venezuelan State" (*un Estado aparte del Estado Venezolano*) (Cabrea 1983: 388).

With the passage of time, as the fences separating these two states were literally and metaphorically torn down, the Venezuelan state consolidated its sovereignty over the national territory. Yet to the extent that the Venezuelan state took up functions previously performed by the oil companies, the two states in effect merged into one, at once increasing the national state's apparent unity and intensifying its internal conflicts. While the oil companies' home offices always managed to retain decision-making power concerning a number of key issues (such as investment, technology, marketing, and prices), the national state increasingly tightened its control over the industry. In part through government pressure, but also through the industry's own policies, Venezuelans came to occupy some of the industry's top technical and managerial positions. No longer a separate enclave, the oil industry in effect became a school<sup>33</sup> that set standards of business practice within and outside the oil sector. Given the oil industry's international structure, the local subsidiaries necessarily remained foreign implants; yet with the passage of time they grew roots in the local terrain, generating a technocratic ethos among its

32. For a classic discussion of the significance of enclaves in Latin America, see Cardoso and Faletto (1979).

33. This term (*escuela*) was widely used by automobile, steel, and petrochemical industrialists whom Julie Skurski and I interviewed during our fieldwork in Venezuela. Many of the managers, technicians, and engineers who worked in the metalworking sector had previously worked in the oil sector and spontaneously remarked on the impact the industry had on their own formation. Although it is evident that the oil industry was a model of corporate rationality and organization in Venezuela, as far as I know no study has analyzed how the oil industry affected the development of business practices in other areas of the economy.



managerial staff which facilitated its identification with the oil industry's entrepreneurial rationality. By 1976, when the administration of Carlos Andrés Pérez nationalized the oil industry, highly trained Venezuelans who ensured its smooth operation as a national company occupied most of the industry's managerial positions. After 1976, conflicts over distribution of resources and profits which had previously set the Venezuelan state and the foreign oil companies against each other were now played out within the Venezuelan state itself.<sup>34</sup>

As the work of several Venezuelan scholars has shown, despite the limited space occupied by its productive structures, the oil industry reconfigured space nationwide.<sup>35</sup> The oil industry destructured the social and economic relations associated with Venezuela's agricultural past and structured the urban-commercial organization of space of contemporary Venezuela (Santalla 1985:622). Calling it an "oil structure," Santalla argues that oil, through its impact on urbanization, production, commerce, and consumption, as well as on systems of communication and service, had a "considerable qualitative weight with regards to the occupation of space." As he says, "All spaces become coherent within the Venezuelan territory through the dominance of the oil structure" (1985:622).<sup>36</sup>

Oil's effects on Venezuelan society are most pervasive not in its form as a commodity with specific physical properties but in its form as money, not as a use value but as an exchange value. In this respect, oil's social impact occurs after it has been sold in the international market. At the surface level of market exchange, the transformation of oil into money and of money into goods and services takes on the appearance of a natural process; in exchange for oil Venezuela receives its monetary equivalent in dollars which are then spent at home and abroad. Yet these transformations involve as well the transfiguration of the social agents that participate in these processes. Thus, if oil permeates Venezuelan society through its metamorphosis into money, it is by metamorphosing society that oil money is fully incorporated into it and achieves its multiple effects.

I refer to the incorporation of oil into society as the domestication of

34. For an informative report of this conflictive relationship, see the detailed, almost confessional account of Andrés Soa Pietri's experience as president of Petroleos de Venezuela (1993).

35. I have in mind Arcila Fariñas pioneering study of the Ministry of Public Works (1974), and Marín Frechilla's monumental examination of plans to transform Caracas during the first half of this century (1994).

36. For a similar argument and more extended discussions of the impact of oil on patterns of urbanization, communication and organization of space, see Arcila Fariñas (1974) and Frechilla (1994).

value. The construction of Venezuela as an oil nation was a part of this process of domesticating value. Conceptualizing Venezuela as an oil nation became a way of coming to terms with changed habits and expectations, of recognizing oil's potent presence within the body politic and thus of taming its effects. Through the old alchemic magic of money, "who makes a courtesan a slave, a slave a courtesan,"<sup>37</sup> oil pulled off the trick of putting a "primitive" Venezuela into a hat and taking it out in the form of an "oil nation."

#### THE NATION'S TWO BODIES AND DEMOCRATIC THEORY

Around three quarters of a century ago, the exploitation of the Venezuelan subsoil by foreign companies came to be interpreted in Venezuela as a loss of sovereignty. Because the foreign oil companies took oil from the country and left behind little in exchange, the nation's wealth, it was asserted, was "sucked away." A political consensus developed that Gómez had in effect "given away our subsoil." Yet this loss of the nation's physical wealth was the condition for the articulation of a democratic political project in terms of which the nation was constructed as a unified community of citizen landowners.

As Venezuela was represented as an oil nation in these terms and as the landlord state was transformed into the nation's agent, the state became the focus of social demands leveled against the internal and external forces that had "rapaciously" privatized the nation's collective subsoil. In the repeated call "to safeguard our national wealth" (originally enunciated, as we saw, by Gumerindo Torres's 1920 oil policy) and in the insistence on using this wealth on behalf of the collectivity that rightfully owned it (a demand that was forcefully articulated by the Generation of 28), particularistic interests were subsumed within the universal interest of the nation as a unified subject. Out of the struggle against gomecismo and foreign oil companies, a nationalist language developed that addressed Venezuelans as members of a national community sustained by the collective ownership of the common subsoil. The state's task, it was asserted, was to reintegrate the split nation that it represents by safeguarding the nation's vanishing physical body on behalf of the nation's eternal political body.

This image of a sovereign nation split into a mortal natural body and an

37. This expression comes from Juan Ruiz, the medieval poet known as the Archpriest of Hita, cited by Fernando Ortiz in his discussion of the effects of sugar export earnings on Cuban society (1995:81).

immortal political body resonates with medieval representations of theological and political power which still saturate the secular language of politics in the West. As Ernst Kantorowicz shows in his classical study of medieval political theology, the legal fiction of the king's two bodies developed in England during the sixteenth century as part of its process of nation-state formation. According to this fiction, the king has a natural body as an idiosyncratic mortal man and also a supernatural body as the embodiment of the immortal and omnipotent kingdom.

While Kantorowicz treats this legal fiction as an "offshoot of Christian thought" (1988: 506), Claude Lefort asks whether we should not view it instead as a "theological-political formation" in which the integration of the religious and the political appears "logically and historically, as a primary datum?" (1988: 249). The exchange of properties or "chiasmata" that for Kantorowicz obtains between the theological and the political for Lefort occurs "between the already politicized theological and the already theologized political" (1988: 250). Thus, Lefort sees the representation of the king's two bodies not as the displaced product of successive social stages (Christo-centric, juridico-centric, politico-centric, and humano-centric kingdoms) but as a multilayered cultural formation in which "what is displaced on each occasion is not eradicated, and proves to contain the kernel of a future symbolic configuration" (1988: 250). Through his reinterpretation of the king's two bodies as a theological-political formation, Lefort seeks to place us in a better position to detect how "certain schemata of organization and representation survive thanks to the displacement and transference onto new entities of the image of the body and of its double nature" and, thus, to enable us to ask "whether democracy is the theatre of a new mode of transference, or whether the only thing that survives in it is the phantom of the theologico-political" (1988: 249).

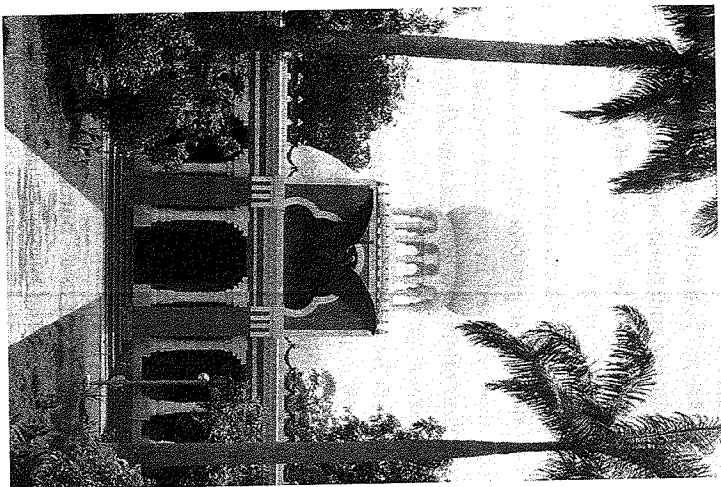
According to Lefort, while in the premodern world political authority was invested in the sacralized body of the king, thus giving society a body (1988: 17), in modern democracies political power is totally disincorporated, thus abstracting it from any particular location or embodiment: power, by belonging to all, belongs to none. As Lefort put it, in modern societies "the locus of power is an empty place, it cannot be occupied—it is such that no individual and no group can be consubstantial with it—and it cannot be represented" (1988: 17). Without the kind of natural foundation that sustained the monarchical model of the ancien régime, a "democratic society is instituted as a society without a body" (1988: 18). As such, it emerges as "a purely social society" in which "the people, the nation, and the state" take

on the status of "universal entities" which do not, however, "represent substantial entities" (1988: 17). Without natural markers of certainty, modern democracy becomes a postfoundational society in which "people experience a fundamental indeterminacy as to the basis of power, law, and knowledge" (1988: 19).

These considerations throw some light upon the transition from the rule of Gómez, whose quasi-sacral personal figure came to embody the state (and whose spirit is now invoked in popular religious practices to heal the wounded body and soul of citizens and nation alike), to the rule of democracy, whose representatives, as we shall see, have had to justify the claim that they rightfully occupy, rather than usurp, a sovereign space that in principle belongs to all. Yet this shift in the formal representation of sovereign power "from the body of the king to the body of nobody" (Turner 1989: 331) should not be interpreted as the dematerialization of power or the erasure of its material foundations, but as a change in the form in which power is materialized and represented in modern societies. The theological image of the body's double nature, with its multiple religious and political resonances in the Christian West, may be displaced, as I have shown, to secular political leaders or to the nation's natural body. Lefort's notion of modern democracy as a "society without a body" or as a "purely social society," depends upon the acceptance of fetishized conceptions of power in premodern societies. Instead of examining these conceptions as ideological constructs, Lefort endorses their fetish-meaning ("he knows that the king really doesn't have two bodies, but still . . ."), reinscribing the mystified separation of the material and the sociocultural which they both reflect and express. By reinscribing rather than accounting for the separation between material practices and cultural constructs, Lefort's discussion instantiates a discursive approach to the demystification of state power that obscures from view the worldly relations of exploitation and domination within which political power is exercised and achieves its mystifying effects.<sup>38</sup>

For example, building on Lefort's elaboration of Kantorowicz's work, this separation makes it possible for Slavoj Žižek to discuss state dominance in terms of psychoideological operations that reduce the state to an idea and make its subjects responsible for their subjection: "It is the subject himself who, by behaving toward the Master in a subject-like way, makes him a Master" (1991: 263). Similarly, Philip Abrams treats the state as a fiction that

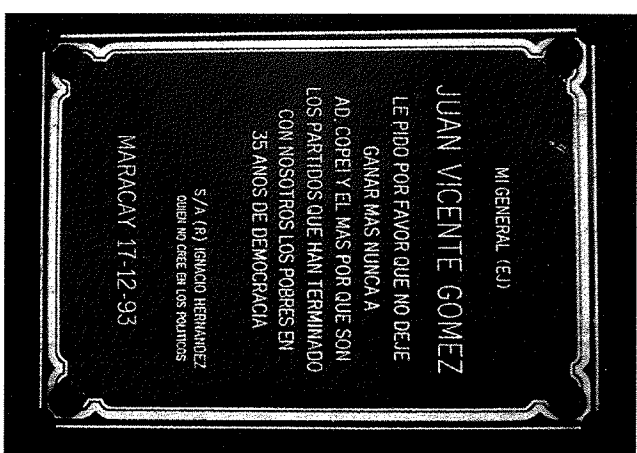
38. For a lucid materialist critique of semiological approaches to power that includes a discussion of Žižek's work, see Piez's important article (1993).



The Gómez family mausoleum in the cemetery of Maracay. (Photo: Julie Skurski.)

conceals the real practice of political power: "The state is not the reality which stands behind the mask of political practice. It is itself the mask which prevents our seeing political practice as it is" (1988: 82).<sup>39</sup> Abrams argues that what exists—and what should be the proper object of study—is both the state's real institutional disunity ("the state-system") and the ideological message of its unity ("the state-idea") (1988: 82). While he recognizes that the state is "an ideological artefact" (1988: 81) that should be studied historically, by separating (fictive) mask from (real) practice and privileging the latter, he misses the opportunity to conceptualize the practice of masking and the masking of practice as dual aspects of the historical process through which states are constituted. The process of masking is active—it entails not concealing a preexisting reality but trans/forming it. Turning his own mask both

39. Abrams's provocative article has had considerable influence among scholars working on Latin America; for instance, see Joseph and Nugent (1994).



Plaque placed in the Gómez family mausoleum in the cemetery of Maracay: "My General (EJ) Juan Vicente Gómez. I ask you please never to let AD, COPEI, and MAS win because these parties have destroyed us poor people in 35 years of democracy. S/A (R) Ignacio Hernandez, who does not believe in politicians." (Photo: Julie Skurski.)

into a defining feature of his political face and into a means to unmask politicians whose faces *are* their masks, "Superbarrio," the Mexican political activist who appears as a masked wrestler told his Harvard University audience: "Distrust all politicians who wear masks and don't show their true faces."<sup>40</sup> Analysis too should unsettle rather than confirm the separation between false mask and true faces. The state is not the mask that prevents our seeing political practice for what it is; it is the mystifying unity of the mask and the masked in terms of which political practice is constituted.

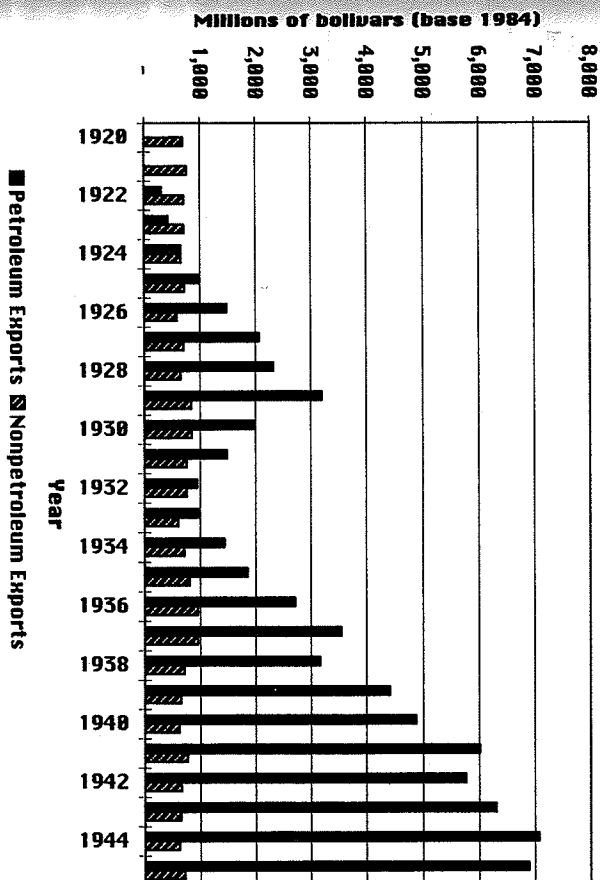
Rather than adopting a limiting view of the state that focuses on the belief in its power (as in Žižek) or regards it as a fetish idea that must be

40. Superbarrio's statement came during his response to my question: "Are you going to remove your mask some day?" at the conference Performance and Politics, Harvard University, 10 May 1996. His presentation took the form of a campaign speech as a candidate for the presidency of the United States.

disbelieved (as in Abrams), I suggest we analyze the historical production of the state as a mystifying complex of practices and beliefs. If a multiplicity of particularities produces the appearance of the state as a single general form, this Foucauldian "state effect" is always already present in each of these particularities as its condition of possibility. The state's reification is both the effect and the condition of its manifold objectifications. What could be called the "state form" works by establishing a relationship of equivalence between the general and the particular, the abstract and the concrete. Like money and capital, the state is not just a thing or an idea, but a complex ensemble of social relations mediated by things or thing-like objectifications of social practice. These objectifications are neither independent entities with inherent properties nor solely symbols of social relations, but are the medium through which these relations are constituted. "Social production relations are not only 'symbolized' by things, but are realized through things" (Rubin 1973: 11). Thus, it is by examining the historical objectifications of the state that we can understand its configuration in a given society—its particular general form.

By revisiting traces of the past and of its broken memory, I have sought to offer a view of state policies and contests over state rule that led to the mutual construction of Venezuela as an oil nation and to the reconfiguration of its state. As an oil nation, Venezuela was imagined as having two bodies, a natural body (the material source of its wealth) and a political body (its citizenry), both of which were represented by the state. When today Gómez's spirit is invoked in his mausoleum or incorporated in a *materia* (spiritual medium) and speaks to followers in the mountain of Sorte, the authority of his words is inseparable from the long-buried foundations of his power as representative of the nation's two bodies. The democratic state's power also lies on these foundations. As we shall see, if those who represent the democratic state appear as state usurpers (as is the case with Carlos Andrés Pérez, who was deposed and imprisoned between 1993 and 1996 for the illegal use of state funds), it is not only because they occupy a space that formally belongs to all but because their performance is collectively repudiated in terms of substantive criteria—of historically evolved expectations and standards concerning the state's role as representative of an oil nation. As both democratic and dictatorial states have been formed and evaluated in terms of these criteria, there has developed a counterpoint between dictatorship and democracy that continues, as the haunting presence of Gómez's spirit reveals, to this day.

Figure 1  
Relationship between nonpetroleum exports and petroleum exports  
(nonrentistic), 1920–45



SOURCE: Baptista 1991: 118

Table 3  
Share of agriculture in gross domestic product,  
1920–45  
(in millions of bolívares, base 1984)

Year	GDP (non rentistic)	Agriculture	% of Agr. in GDP
1920	7,324.4	1,985.8	27
1925	14,587.3	2,929.0	20
1930	21,334.5	3,357.5	16
1935	20,090.3	3,627.2	18
1940	30,121.6	3,716.0	12
1945	40,733.9	3,870.7	10

SOURCE: Baptista 1991: 114

Table 4  
Share of petroleum in total exports, 1920-45  
(in millions of Bolívars, base 1984)

Year	Total exports	Petroleum exports (nonrentistic)	Non-petroleum exports	% of petroleum in total exports
1920	677.2	—	677.2	0
1925	1,690.2	980.9	709.3	58
1930	2,803.6	1,964.3	839.3	70
1935	2,635.5	1,846.5	789.0	70
1940	5,484.3	4,871.6	612.7	89
1945	7,594.5	6,882.0	712.5	91

SOURCE: Baptista 1991: 118.

Table 5  
Urban/rural population distribution, 1920-45

Year	Total population	Urban population	Urban/total population (%)	Rural population	Rural/total population (%)
1920	2,992,468	490,765	16	2,501,703	84
1925	3,114,434	588,398	19	2,526,036	81
1930	3,300,214	749,844	23	2,550,370	77
1935	3,464,993	890,290	26	2,574,703	74
1940	3,783,780	1,169,188	31	2,614,592	69
1945	4,223,014	1,541,400	36	2,681,614	64

SOURCE: Baptista 1991: 21, 22.

## PART TWO

### *Debut*

## VENEZUELAN COUNTERPOINT: DICTATORSHIP AND DEMOCRACY

