Venezuela’s Petro-Diplomacy
Hugo Chávez’s Foreign Policy

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FOREWORD BY CRISTINA EGUIZÁBAL
The United States is again nervous about Latin America. The consolidation of Venezuela’s Hugo Chávez, the most vehement U.S.-basher in the region since the Cold War, has caught the United States unprepared. Chávez issues threats against the United States almost daily, and the United States has begun to wonder whether any of these threats could materialize. Chávez has forced Washington to begin to draft all kinds of contingency plans, even “war” scenarios, in the Americas. These scenarios include Venezuela provoking a war against neighboring Colombia; spreading weapons and destabilizing democracies abroad; disrupting oil sales to the United States; providing financial support to Hezbollah, Al-Qaeda, or other fundamentalist movements; observing lax border, passport, and drug controls; and even acquiring nuclear weapons.

These are legitimate worries, but they miss a larger issue. The real challenge that Venezuela poses to the United States has less to do with aggressive actions that Venezuela could take against the United States than with something else in Venezuela’s arsenal: a foreign policy based on generous handouts peppered with a pro-poor, distributionist discourse. For the purposes of this discussion, we will call this weapon “social power.” In the United States we are used to discussing the requirements of “hard power” (military and economic might), and even “soft power” (the intrinsic appeal of values and institutions). We spend less time discussing the requirements of social power—either as something to project or something to contain.

As a foreign policy tool, social power is a spectacularly effective way for world leaders to earn allies, and even admirers, abroad. Spending lavishly on social projects is a policy almost impossible to criticize. At a minimum, it serves to deflect potential criticism and scrutiny. Social power makes it essentially impossible to launch any type of multilateral initiative to contain the regime. Furthermore, social power is easy to emulate. Other regimes—with nastier, gutsier, and more competent leaders than Chávez—could replicate Venezuela’s social-power foreign policy model and improve on it. The result could be the rise of meaner rogue states masquerading as international humanitarians. For all its power, the United States is simply unprepared to meet this potential new development in international politics.

Social Power as a Foreign Policy Tool

Venezuela’s foreign policy under Chávez has undergone two major changes relative to previous administrations. First, Venezuela has declared the United States the country’s main adversary, and in response has adopted a policy of “soft balancing.” Soft balancing is the term used to describe efforts short of military action to frustrate the foreign policy objective of larger nations. Venezuela is, rhetorically at least, actively trying to counter and frustrate U.S. goals in the region. Second, Venezuela has declared an overt commitment to promote development and, especially, help the poor at home and abroad. To further these goals, the Chávez government has gone on an international spending spree. It has offered investment to as many nations as possible, most of it billed as development aid. Venezuela’s main innovation in foreign policy is to use this type of foreign economic largesse as a way to balance the United States. Few nations since the end of the Cold War have exploited this foreign policy tool to the same degree as Venezuela.

Venezuela’s investments abroad have two salient characteristics. First, they are mostly carried out by the Venezuelan state (rather than private firms, as is typically the case with most FDI). Second, they include large sums for development projects. Gustavo Coronel estimates that Chávez has committed a total of US$43 billion in investments abroad. Of this total, perhaps US$17 billion (40 percent of the total) could be classified as social investments. This includes oil subsidies to Cuba and the members of PetroCaribe; the acquisition of Argentine commercial paper, which exempts the government from having to pay the IMF; cash donations to Bolivia; medical equipment for Nicaragua; even heating oil subsidies for more than one million U.S. consumers. Some estimates suggest that Chávez has provided or promised as much aid to Latin American countries, in real terms, as the U.S. spent on the Marshall Plan in Europe after World War II. PetroCaribe alone, which rep-
resents an annual subsidy of US$1.7 billion, puts Venezuelan aid on par with OECD countries such as Australia, Belgium, Denmark, Norway, Portugal, Spain, and Switzerland.⁵

Every treaty Chávez signs seems to include an obligatory mention of development goals. ALBA, the Bolivarian Alternative for the Americas, is promoted as a “socially oriented” trade bloc dedicated to eradicating poverty. Multi-million-dollar monopoly investment deals with China and Iran come with special funds to promote “development,” or to create “development banks.” Foreign aid to Bolivia comes with real checks, issued by the Venezuelan embassy, for mayors to spend on “building hospitals.” At OPEC meetings, Venezuela rebukes the Saudis for “not doing enough” to help the poor. In the United States, Venezuela has placed TV ads for CITGO, a company owned by the Venezuelan state, flaunting the fact that 228,000 households in the United States receive subsidized heating oil as a “gift of the people of Venezuela.” PetroCaribe is a Venezuelan initiative to provide several small Caribbean countries with under 200,000 barrels a day of oil and petroleum products at preferential payment rates, with the savings to be used for development projects.⁶ Jamaica has already used PetroCaribe loans for housing and other infrastructure projects. When a Brazilian plastics factory was shuttered in 2003 by its indebted owners, Chávez offered displaced workers subsidized raw materials in exchange for the technology to produce plastic homes in Venezuela. In 2007, Venezuela created a $20 million development assistance fund for Haiti, the poorest country in the Americas, aimed at investing in education, health care, housing, and other basic necessities.

Projecting social power as a diplomatic tool is not a Venezuelan invention. Great powers have used it. Small powers like Cuba have used it. Even previous Venezuelan leaders, such as Carlos Andrés Pérez in the 1970s, have used it. The Chávez innovation is to make social power the centerpiece of foreign policy, and to abandon the goal of promoting democracy abroad.⁷ Few other countries have used social power to the same degree.

Compare Cuba’s foreign policy during the Cold War and Venezuela’s foreign policy during this oil boom. Both had a strong social policy component in their foreign policy toolkits. Cuba has been exporting doctors since the 1960s, but its most prominent exports during its heyday were guerrillas, weapons, and insurgency training.⁸ The promotion of revolution abroad was always a far more important goal for Cuba than the export of doctors, by its leaders’ admission. In Ché’s words, Cuba’s top interest was to create “one, two, many Vietnams.” More than 350,000 Cuban personnel traveled abroad to plant guerrillas, assist existing ones, support socialist dictatorships, or conduct the actual fighting on their behalf.

Venezuela has adapted the Cuban model with a twist: let’s create “one, two, many . . . clinics.” If a foreign government accepts, what follows is more than just clinics. The Venezuelan government begins to extend its influence throughout the host country via direct cash payments with very few conditions other than: don’t criticize me. Beyond that, recipients are free to use the money as they see fit.

Venezuela has thus developed a new export model. It is not so much the export of civil war, as in Cold War-era Cuba. It is not so much the export of weapons (as in both Communist and present-day Russia). It is certainly not the export of capital and technological know-how (as in the OECD countries) or the export of inexpensive manufactures (as in China). It’s the export of corruption, or, more precisely, blank checks for governments and officials competing in democratic elections. The blank checks are billed as payments for social services, but in fact they represent unaccountable financing of corruption, campaigns, political movements, and governments.

And it works. As a publicity stunt, converting social policy into a primary foreign policy tool has brought Venezuela huge rewards. Domestically, it has allowed Chávez to win elections by seducing sectors on the left that are obsessed with international solidarity. Internationally, the effects have been more dramatic. Social power has brought Chávez two types of allies: other states that refuse to criticize him, especially if they receive petro-cash; and intellectuals on the left, especially in Europe, who admire almost any form of foreign aid.⁹

In Latin American diplomatic circles, Chávez’s social-power foreign policy has essentially given him a shield against criticism. Governments on the left know better than to think of Chávez as a Venezuelan Mother Teresa. Everyone in the region understands that this is mostly a publicity stunt meant to camouflage serious domestic abuses and dubious international pretensions. Yet even these governments refuse to engage in a public fight with someone who gives the impression of having his heart in the right place. It’s not just that center-left governments hope to receive special deals from Chávez (they do), it’s also that they fear that picking a fight with Chávez will make him side with their most radical left-wingers at home, potentially destabilizing their governments.
In short, Chávez’s social-power foreign policy has given him an impressive shield against international criticism, even by those who know better, and a reputation for humanitarianism among those who are less informed. This is an amazing foreign policy accomplishment. Undemocratic rulers worldwide, take notice: social power can save you from tough criticism of domestic performance. The Venezuelan foreign policy model holds enormous appeal for other leaders, especially less-impressive ones.

In international relations there is a theory that, especially in non-democracies, rulers will pursue international conflict, even war, as a way to divert attention from domestic political problems. The Chávez case shows that the same factors can lead to a foreign policy of largesse, even the exportation of corruption.

The First Paradox of Effective Social Power: Democracy Demotion

One would think that to project social power, all world leaders would need is money—in this case, petro-dollars. Venezuela is, after all, enjoying the most formidable oil boom since the 1970s; without it, the Chávez regime would be merely talk. But while money is crucial for the projection of social power, it is not the only requirement. Perhaps even more important than money is limited democracy at home. The reason is that social power requires freedom to spend unaccountably, and this is only possible when domestic institutions of checks and balances are disabled.

Social power as a foreign policy tool cannot flourish easily in a vibrant democracy. Foreign aid is always unpopular at home, where it competes with other spending priorities and domestic groups that have alternative plans for spending the money. Politicians running for office at home will want to devote more money to pork than to foreign spending. A system of governance that guarantees political competition and allows institutional space for opposition forces (which is what a democracy does) will naturally place checks on foreign profligacy.

Deploying a social-power foreign policy requires limiting the opportunities for the opposition to exercise influence, and even lessening the degree of political competition. The first paradox of a social-power foreign policy is that it is incompatible with democracy. Not surprisingly, therefore, the rise of social power in Venezuela has come with a decline in democracy. Chávez essentially created what political scientists call a hybrid regime—one that is neither fully authoritarian, but not exactly democratic, either. Instead of abolishing checks-and-balances institutions, the regime packs them with loyalists. Instead of repressing dissidents, it practices job discrimination against voters. Instead of banning civic protests, it organizes counter-mobilizations by inciting and organizing mobs. Instead of disbanding organized opposition parties, it denies them resources. Instead of eliminating elected offices, it creates parallel, undemocratic units of government. Instead of shutting down the press, it burdens it with content regulations and, through media buyouts, reduces the private media’s market share. Instead of suspending elections, it promotes abstentionism among would-be opponents by failing to guarantee the secrecy of the vote. Compared to the most repressive regimes of the twentieth century, the Chávez regime is relatively tame. But compared to most Latin American countries today, where indices of political and civil liberties are historically high, the Chávez regime is certainly the most intolerant of opposition, second only to Cuba.

The Second Paradox: Who Cares about the Poor?

As a way to divert attention from its increasing authoritarian, conservative, militaristic, and business-collusion tendencies, the Venezuelan regime overemphasizes two features of its foreign policy: distributionism and anti-Americanism. Chávez wants to be recognized across the world as an undisputed champion of the poor. He spends far more on social programs than is typical of most authoritarian regimes, almost to the point where there are virtually no controls on spending. Chávez also wants to be known as a champion of anti-U.S. rhetoric. He estimates that as long as he can overlay these two features, progressive forces will either ignore or forgive the regime’s less-than-progressive attributes. These features of chavismo will not go away. It is naive to believe that better U.S. diplomacy toward the regime will make it more fiscally frugal or less anti-American.

The Chávez government accomplishes its electoral victories by pursuing a classic populist strategy of inducements and constraints. Enormous benefits are allocated to those political actors willing to support the regime (e.g., access to new welfare programs, the so-called “missions,” public-sector jobs, contracts with the state), while serious ostracism is applied to those who oppose it, mostly in the form of insults, job discrimination, legal accusations, and exclusion from welfare benefits. There is evidence that ostracism and
Concentration of power are on the rise, but the inducements continue as well. Given any petro-state’s disproportionate advantage in controlling the mix of inducements and constraints to be dispensed, it becomes very difficult for any opposition force to beat the government in elections. The opposition has no means to reward supporters or punish opponents the way the state does.

Chávez’s base of support is among low-income groups, but his coalition includes many high-income and privileged sectors of society. The most prominent non-disadvantaged ally is the military. After a series of purges between 2001 and 2004, the military is now well staffed with loyalists and larger than ever. Another government partner group is the so-called bolívar-gueñas: business owners and business managers who support the Bolivarian revolution because they welcome state contracts and protectionism. Finally, Chávez is actively supported by those elements that profit from corruption and crime, especially the drug trade.

Chávez’s social-power foreign policy mirrors his domestic policies. Hidden behind the sums of money allocated for the poor are real transfers to political elites who share Chávez’s political objectives of expanding statism, imposing restrictions on the opposition, and undermining institutions of checks and balances.

How the International Political Economy Fosters and Hinders the Exercise of Social Power

In addition to low levels of democracy, another factor aiding the rise of social power is a favorable international political economic environment. Among the scholars who focus on the external causes of soft-balancing, the emphasis seems to be on the actions of the hegemon: the larger and more threatening the hegemon becomes, the more likely soft-balancing will emerge. Favorable international conditions also seem to be necessary, however. High oil prices fuel Chávez’s political excesses by providing the necessary revenues to expand statism, and thus the regime’s policies of inducements and constraints.

A favorable IPE was a major contributing factor in Cuba’s radicalization in the 1960s. The Soviet Union became willing to serve not just as Cuba’s political sponsor, but also as its buyer of last resort, by absorbing sugar sales and providing subsidies (energy, capital, and financial assets). This allowed Cuba to break trade ties (and thus political ties) with the United States and, one could even argue, disregard economic efficiency. However, it is important to keep in mind the differences in the international political economy of the early 1960s, when the Cuban Revolution became radicalized, and the late 2000s, when Venezuela’s revolution could follow the same path. No country today is willing to play the Soviet Union’s role. China, with its fast-growing appetite for oil, is the only likely candidate. Yet China is unlikely to offer to buy all of Venezuela’s oil. In 2007, Venezuela sold approximately 1.23 million barrels per day of crude oil and petroleum products to the United States, and 0.35 million barrels per day of oil to China. Despite rhetoric from Caracas, this level of China-Venezuela oil trade is unlikely to grow significantly in the medium term. First, China knows that it is cheaper to develop markets near its border (Central Asia) or in countries where it can have greater bargaining leverage (African states). Furthermore, China does not have the refineries necessary to process Venezuela’s extra-heavy crude. Shipping oil from Venezuela to China would also be prohibitively expensive, involving a forty-day trip. Finally, China is unlikely to consider Venezuela to be the strong strategic asset that Cuba was for the Soviet Union. Back in the 1960s, acquiring a political/military base in Cuba was the equivalent of placing a battleship in the Gulf of Mexico and allowed the Soviet Union to balance NATO’s military advantage in Europe (weapons near the Iron Curtain). China has no desire for a “battleship” in the Caribbean Basin.

Instead, Venezuela has turned to Iran. Not having found a buyer of last resort, Venezuela has developed a strong interest in maximizing the price of oil in world markets. Venezuela cannot accomplish this price hike alone, so it has become interested in Iran, one of the world’s largest oil exporters. In addition to exchanging and developing weapons, the primary purpose of ties with Iran is to push oil prices up.

There are two ways in which a Venezuela-Iran alliance could promote oil price increases. The first strategy is out in the open: increase the number of hawks within OPEC. Both countries are interested in price increases (through oil production cutbacks) rather than price stabilization (through production increases). Iran and Venezuela are the second- and fifth-largest producers in OPEC; partnership gives them the power within the oil cartel to counteract Saudi Arabia’s attempts to keep production high. The other reason that an alliance with Iran could help promote price increases is a bit more sinister. Venezuela knows that a confrontation between Iran and the
United States could produce a crisis in the Middle East, which would boost the price of oil. If so, one could argue that Venezuela has an interest in encouraging such a crisis.

Table 2.1 shows the crucial actors in the world political economy of oil, as well as actual, tacit, and potential alliances. Venezuela and Iran share similar policy goals: to strengthen OPEC and oil prices. The United States and China share the opposite goals: to dilute OPEC’s power and keep oil prices low. Saudi Arabia is the intermediate player. It sides with Venezuela and Iran on the issue of strengthening OPEC, but is somewhat sympathetic toward the United States and China on the issue of avoiding high oil prices. Insofar as the United States can keep China and Saudi Arabia on its side, it will preserve an international political economy that can contain some of Venezuela’s foreign policy goals.

A confrontation between Iran and the United States could bring China closer to Venezuela. China has significantly increased its oil ties with Iran in the last decade. Iran is China’s second-largest source of imported oil, and China dominates about 8 percent of Iran’s oil market. If a confrontation between Iran and the United States were to occur, leading to an increase in the price of oil or a disruption in Iranian oil to China, the U.S.-Chinese alliance could become strained. At the very least, China would want to find new suppliers, and Venezuela could begin to look more appealing.

The reality, however, is that the United States depends far less on Venezuela than Venezuela does on the United States. Venezuela provides approximately 13 percent of U.S. oil imports, but the United States provides the bulk of Venezuela’s export revenues (70 percent) and, therefore, its government revenues (almost 50 percent). Economically speaking, the United States is in a better position to absorb a hike in oil prices than Venezuela is to survive a collapse in oil sales to the U.S. Provided some conditions hold (inflation stays low, oil exporters continue to send their dollars to the United States), many analysts feel that the United States could survive further increases in oil prices.

Politically, for the United States unilaterally to end trade with Venezuela would be a serious public relations disaster and a boom for chavismo. Chávez is interested in a provocation with the United States. A confrontation would allow him to blame all his economic woes on the United States, concentrate more power, crack down on enemies by declaring a state of emergency, and gain even more international sympathy. Far from containing chavismo, a confrontation with the United States would embolden it.

Chávez’s Ineptness No. 1: Oil Crisis in Venezuela

Despite all the advantages that Chávez derives from using social power as a balancing foreign policy tool, he is far from a master at his own game. In particular, Chávez has consistently mishandled two factors that are necessary for exercising his brand of social power: he shows complete disregard for promoting efficiency in the oil sector, and he uses money abroad in ways that polarize rather than unite potential allies.

Chávez has failed to address or, one could argue, has even helped create a productivity crisis at PDVSA, the state-owned petroleum company. PDVSA is unquestionably the regime’s vital cash cow. In late 2007, with international demand and prices for oil at their highest since 2005, one could have expected growing productivity within the Venezuelan petroleum sector. In fact, the opposite was true. The productivity of the petroleum sector dropped to record lows, mostly because of PDVSA’s drop in productivity.16

Two principal factors explain this decline. The first stems from Chávez’s decision, after the winter 2002–3 oil strike, to fire 20,000 PDVSA employees (almost 29 percent of the company’s payroll), many of them technical experts or management personnel. The second factor is the replacement of multinational firms with transnational, state-owned oil firms. Chávez’s petroleum foreign policy is split: on the one hand, he has opened the petroleum sector to state-owned petroleum enterprises from allied countries (China, Russia, Brazil); on the other hand, starting in 2005 he began to lift investment and
operation barriers to the private international petroleum industry. The cost of this decision has been less foreign investment and domestic inefficiency.

Despite these efficiency holes, the political net balance is not necessarily negative. What Chávez loses in efficiency and investments he gains in terms of political control and discretionary power. The cracks in the system, however abundant, will not necessarily undermine the regime politically. The civilian opposition is numerically strong, but it lacks institutional mechanisms with which to act. So far, the opposition has rejected violence, which has saved it from repression but left it with few tools for pressuring the system. Ultimately, what keeps Chávez in office is his vast coalition of supporters. They find many faults with Chávez, but they also feel that with him as president their gains are guaranteed to last.  

Bad Santa: Venezuela’s Foreign Policy Blunders

Chávez has shown incompetence not just as a ruler, but also as a player at his own international game. Having discovered a potent foreign policy weapon—social power—he has been rather clumsy at exercising it. Chávez has done very little to hide the fact that he spends money on some foreign politicians and not on others. The overt political bias of this interventionism has two problems. First, it is not clear that Chávez has obtained support for some of his most-radical soft-balancing objectives. Other than ensuring a shield against criticism and a disregard for external conditionalities, his foreign policy influences its recipients’ domestic politics more than their foreign policies.  

Second, and more important, this foreign policy has brought angry responses from opposition politicians. Chávez has become enormously unpopular in the opposition parties of all the countries where he intervenes. Their denunciations have had much greater resonance than the criticisms of the U.S. government, international organizations, and even Venezuelan citizens. The best strategy to contain Chávez’s social power, therefore, is to rely on existing democracies, because only democracies make room for strong opposition politics. The problem is that when social power is directed at a democratic regime, the incumbent becomes so empowered that even a scandalized and denunciatory opposition can do little to defeat the government politically.

In this context, Chávez can perhaps best be seen not as a “tropical Santa,”

as a former Venezuelan ambassador once put it, but as a “bad Santa”: bad in the sense that he doesn’t always deliver on what he promises, and that he polarizes almost every country in which he intervenes. In addition, his attempts to influence the politics of other countries sometimes backfire. In Peru in 2007 and Colombia in 2008, citizens ended up voting for the most anti-Chávez candidates on the ballot. Because he wants to use social spending to create clones abroad, not just a diplomatic shield, Chávez suffers numerous diplomatic setbacks.

The advantage of the role of international Santa, however, even if the role is played badly and abusively, is that the world community seldom reacts with outright condemnation. Santa may disappoint, but he never appears too threatening to others, except to opposition politicians in the countries where he intervenes. In terms of public relations, the misuse of social power is therefore less damaging than the misuse of hard power, which tends to produce more virulent international condemnation. Herein lies the advantage of Venezuela’s foreign policy tool.

The Trade-Offs of Chávez’s Foreign Policy

It would be disingenuous to think that social power is Chávez’s only foreign policy objective. Like most nations, Venezuela pursues multiple foreign policy goals. The problem is that many of these goals contradict and counteract each other.

Table 2.2 summarizes some of Chávez’s most important foreign policy objectives, in addition to social power. Pursuing any one of these policies (indicated with a checkmark) will frustrate one of the other goals (marked with an “X”).

For instance, Venezuela would like to reduce its dependence on the U.S. as an export market and at the same time disrupt the U.S. oil supply. However, this would entail sacrificing distributionism and social power as a foreign policy goal, since Chávez has no alternative market for its oil or, therefore, alternative source of revenue. Venezuela has also expressed interest in developing the Chinese oil market. This would require heavy investments in refineries and shipping costs, which would undermine distributionism as well as Venezuela’s desire to keep oil prices high (since developing the Chinese market would ease pressure on supply restraints). Venezuela wants to pursue
high oil prices, but this would cause rifts with China and OPEC. Venezuela may be tempted to seek international confrontations for the sake of rallying domestic support, but this would undermine Chávez’s capacity to project social power. Chávez has a penchant for dealing with state-owned, rather than private-owned, oil multinationals, but this hampers his ability to acquire the capital and technology needed to keep the oil sector productive and, in turn, for him to pursue his foreign policy objectives.

Two main conclusions can be drawn from Table 2.2. First, we should expect erratic foreign policies from Venezuela. One day Chávez may prefer one of these objectives, but he is likely to desist soon, given the tradeoffs involved. Second, of all the foreign policy objectives he may pursue, projecting social power is likely to persist because it seems to entail the fewest tradeoffs and costs.

How to Meet the Social Power Challenge

Hugo Chávez has discovered an innovative foreign policy instrument: heavy international spending with a veneer of subsidizing the poor. This type of power, which is different from traditional hard power or soft power, allows the regime to shield itself from diplomatic criticism and gain admirers. It also influences elections abroad. The Venezuelan case proves that social power as a foreign policy tool to attract goodwill can work, even when exercised incompetently. Furthermore, precisely because it is such a friends-making, low-risk foreign policy tool, future U.S. rivals can easily emulate it and, with a little effort, become better players at it than Chávez. It is a form of diversionary foreign policy that appeals to the most unappealing regimes.

The United States must develop a counterstrategy to Venezuela’s “social power” diplomacy. A “hard power” response—military or economic aggression—seems disproportionate to the offense. A “soft power” response—preaching the virtues of liberal democracy, for example—would have little impact on illiberal political movements and would not lessen the demand for foreign aid that Venezuela satisfies.

Emulating Venezuela—that is, offering more foreign aid—is not the solution either. The United States already devotes a large amount of aid to Latin America. Adding substantially to this pool may have little marginal return. Part of the problem with U.S. aid is that, while substantial, it is
generally indirect (offered through various agencies) or comes with strings attached. The United States cannot simply become the charity organization of last resort. Adding more aid would not diminish the demand for the type of foreign policy that Venezuela projects, and so would not deal with the problem of social power by balancing regimes. Making aid less conditional could also undermine the U.S. goals of democracy and governance promotion.

The challenge for the United States in dealing with Venezuela is not necessarily (or at least not yet) how to contain the Venezuelan threat, but how to respond to a foreign policy tool that is so suitable for an age in which petro-states have become major world actors, incentives to soft-balance the United States are strong, and advocates around the world are calling for unconditional development aid.

Notes


6. See Maingot, "Responses to Venezuelan Petro-politics in the Greater Caribbean," this volume.


11. In addition to a decline in democracy, there has been a decline in the professionalism of the diplomatic corps. In April 1999, Chávez ordered a "gigantic shuffling of diplomatic and consular personnel abroad," transferring many people back home and removing key staff. Nearly fifty diplomatic missions lost their leaders (see Demetrius Boernner, "Dimensión internacional de la crisis venezolana," in Venezuela en retrospectiva: Los pasos hacia el régimen chavista, ed. Günther Maihold (Madrid: Iberoamericana; Frankfurt: Vervuert, 2007, 316–17).


13. Others would suggest that soft-balancing, or balancing in general, is a response to domestic factors. According to the theory of "diversionary" conflict, balancing in general, even provoking war, can be caused by domestic political insecurities under certain fiscal pressures and military conditions.

14. Because supertankers are not allowed through the Panama Canal, oil shipments from Venezuela to China would need to go first south-southeast to the Strait of Magellan and then north-northwest across the Pacific, or entirely east through Cape Horn and then the Strait of Malacca. Either route would be one of the longest in the world.

15. There is some concern that Iran is helping Venezuela explore the nuclear option. There are rumors that Iranian scientists and engineers are prospecting for uranium ore in the granite bedrock under the jungles of southeastern Venezuela, a region rich with mineral deposits. It is difficult to see why Chávez would want nuclear technology for peaceful, energy-producing ends: Venezuela has the largest hydrocarbon reserves in the Americas, and it already makes good use of its ample hydroelectricity-generation potential.

16. In 2003, at the time of the petroleum stoppage, PDVSA's productivity reached 2.2 million barrels per day (not including the production of hydrocarbons by foreign businesses). In late 2007, PDVSA was producing about 1.6 million barrels a day—30 percent less than in 2003, although it is difficult to say with certainty, since the company will not provide definite and verifiable data. In September 2007, OPEC reassigned its members' quotas to better reflect their current production. Venezuela's quota was reduced from 11.5 percent to 9.1 percent (from 3,085,000 barrels per day to 2,470,000 barrels per day) as of November 1, 2007, information that the Chávez government tried to hide but which came to public light.

17. In December 2007 a government-sponsored referendum for constitutional change
aimed at reducing checks and balances on the president was defeated by a narrow margin of 1.4 points. This was Chávez’s first defeat at the polls. One reason was a high abstention rate among chavistas, which suggests that not all chavistas favor uncontrolled expansion of the presidents formal powers.


3

Public Opinion and Venezuelan Foreign Policy

JOHN MAGDALENO G.

Many observers have noted the assertive nature of Venezuela’s foreign policy, the efforts by the Venezuelan government to market its image internationally, and the impact of this strategy on target audiences. An equally important consideration, however, is the progressive, albeit gradual, shift in opinion in Venezuela of Hugo Chávez’s foreign policy. How do Venezuelans view the evolution of this policy? How has it affected overall public opinion of the president? Finally, how can we evaluate a foreign policy that has had increasing costs abroad and well as domestically?

To answer these questions, in the following discussion I examine the empirical evidence provided by a sample of public opinion surveys with national or urban national coverage dating back to 2002. The discussion is highly descriptive, a common characteristic of exploratory analyses of quantitative surveys, but it also suggests hypotheses and possible interpretations of the results presented, as well as a number of observations on future prospects for Chávez’s foreign policy.

Perceptions of Venezuelan Foreign Policy

A February 2002 survey by DatAnalysis, a leading Venezuelan polling firm, compared Venezuelans’ perceptions of the course of Chávez’s foreign policy with the direction they would like to see this policy take (see Figure 3.1). The results are clear; while 53 percent of those surveyed said that the Chávez government should “foment relations with all the countries in the world” without regard for ideology, 63 percent perceived that “relations with non-