Using Social Power to Balance Soft Power:

Venezuela’s Foreign Policy

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Abstract: Venezuela’s President Hugo Chávez has constructed an impressive—if not impermeable—public relations shield in many parts of the world through energy subsidies, social grants to the poor, and deft advertising. The use of generous handouts abroad, peppered with a pro-poor, distributionist discourse is one of Venezuela’s most powerful foreign policy weapons. I call this weapon “social power” diplomacy. The Venezuela case demonstrates that social power diplomacy can be an effective tool to balance the soft power of the United States. Chavez's machinations have backfired occasionally, and now that oil prices have declined, these machinations have become unsustainable. Yet, Chávez’s social power diplomacy, however flawed and in recess, merits attention because it can be imitated by other, perhaps meaner regimes, leading to rogue states potentially posing as humanitarian.

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Venezuela’s president Hugo Chávez has achieved what no other Latin American leader achieved since the end of the Cold War: bringing security concerns back to U.S. foreign policy in the Western Hemisphere. Chávez issues security threats against the United States almost on a weekly basis, and the United States has begun to worry about possible “military” scenarios in the Western Hemisphere. Might Venezuela provoke a war against neighboring Colombia, spread weapons among insurgents abroad, disrupt oil sales to the United States, provide financial support to Hezbollah, Al-Qaida or other fundamentalist movements, offer safe havens for drug dealers, invite Russia to open a military base in Venezuela, even acquire nuclear weapons (see Robinson 2003; Burton 2006; Burton 2008; Gerami and Squassoni 2008; Kraul and Rotella 2008).

These are legitimate worries, and the United States is justified in worrying about these war scenarios. But attention to security issues carries the risk of ignoring what thus far has been Venezuela’s most effective foreign policy tool in challenging the United States: the use of generous handouts abroad, peppered with a pro-poor, distributionist discourse. Let’s call this weapon: “social power diplomacy.” In the United States, we are used to discussing the requirements of “hard power” and “soft power” (Nye 2004), but spend less time discussing the requirements of social power—either as something to project or to contain.

As a foreign policy tool, social power is a spectacularly effective way for world leaders to earn allies, even admirers abroad. Spending lavishly on social projects abroad seems, prima facie, a noble enterprise unworthy of criticism. At a minimum, projecting social power serves to deflect potential scrutiny from other nations. More dangerously,
it can provide a shield of impunity for reckless behavior at home and abroad. Social power is easily replicable. Other regimes with nastier and more competent leaders could replicate Venezuela’s social power foreign policy model, and improve on it. The result could be the proliferation of meaner rogue states masquerading as international humanitarians. For all its power, the United States is simply unprepared to meet this form of balancing behavior.

I. Social Power as a Soft-Balancing Tool

Venezuela can be considered a clear practitioner of “soft balancing” against the United States. Soft balancing is a relatively new concept in international relations. Soft balancing refers to efforts by nations, short of military action, to frustrate the foreign policy objective of other presumably more powerful nations (Pape 2005; Paul 2005; Hurrell 2006). Soft balancing is a variation of traditional balancing behavior, a core tenant of realism. Whereas hard balancing involves efforts, typically military in nature, to reconfigure the international system (e.g., ending the predominance of a great power), soft balancing seeks less ambitious goals centered mostly on raising the costs of action for the more powerful state (Walt 2004). Precisely because the goals are less ambitious, it can become a particularly appealing foreign policy tool for second-tier nations (Paul 2005), more so if they know that the chances of U.S. retaliation are low (Walt 2004).
Scholars debate the causes of soft balancing, whether it ever works, whether it is all that new or widespread (e.g., Brooks and Wohlfarth 2005; Brooks and Wohlfarth 2005; Lieber and Alexander 2005; Kagan 2008). But most scholars who study inter-American affairs agree that Venezuela is fully engaged in soft-balancing the United States (Williams 2007; Wilpert 2007:151-162; Williams Forthcoming). Since 2004, Venezuela has been displaying all the usual signs of soft-balancing: systematically eschewing cooperation (e.g., on drug interdiction), building alliances with other like-minded nations (e.g., Iran, Cuba, Belorussia), creating obstacles in international fora (e.g., organizing a parallel anti-U.S. Summit of the Americas in 2005), making counterproposals (e.g., creating ALBA in 2006, the “Bolivarian alternative” to Free Trade in the Americas, a trade agreement that does not advocate liberalization and privatization, see Wilpert 2007), generating diplomatic entanglements (e.g., discussing with Russia deployment of missiles in either Cuba or Venezuela).

But Chávez’s main innovation in his soft-balancing approach has been the use of heavy investments abroad. One of Chávez’s most well known foreign policy goal is a declared commitment to promoting development, and especially, to spend on the poor, at home and abroad. Chávez has put money where his mouth is. Since 2004, Chávez has gone on an international spending spree, offering plenty of investments, aid, subsidies to as many nations as possible, most of it billed as development aid.

There is plenty of evidence of this international spending spree. According to the United Nations, Venezuela’s direct investments abroad in 2006 totaled 8 percent of its fixed capital, far above Venezuela’s average prior to Chávez of 3 percent (in the
1990-2000 period) (UNCTAD 2007). Furthermore, this is far greater than the 2 percent average among comparable petro states.¹ In fact, Venezuela’s direct investments abroad are greater, in relative terms, than those from bigger economies in Latin America. In terms of share of GDP, Venezuela’s investments abroad rank second in the region, above those of Mexico and Brazil, the two largest economies in the region (ECLAC 2007).

Venezuela’s investments abroad have two salient characteristics. First, they are mostly carried out by the state rather than private firms, as is conventionally the case with most FDI. This is one reason that the budget allocated for foreign travel by Venezuelan government officials increased by 50 percent from 2006 to mid 2008, from US$30 million to $46 million—they have a lot of businesses to attend abroad. By mid 2008, Chávez himself had taken 225 trips abroad since he took office, an average of 22 a year (Tarre Briceño 2008).

Second, Venezuela’s investments include large sums for development projects. Every treaty Chávez signs seems to include an obligatory mention of development goals. Gustavo Coronel (2007) estimates that Chávez has made a total of US$43 billion in “commitments” abroad between 1999 and 2007, including direct investments, indirect investments, subsidies, and grants, and donations. Of this total, I estimate that US$17 billion (or 40.1 percent of total) could be classified as social investments.

¹ This includes petro-states for which there is data: Iran, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Algeria, Angola, Republic of Congo (Brazzaville), Egypt, Gabon, Libya and Nigeria. Kuwait was excluded from this list because, with 47 percent of outward FDI, it is a prominent outlier.
Venezuela’s social spending abroad between 2004 and 2004 encompassed a diverse portfolio of projects: oil subsidies to Cuba; the acquisition of Argentine commercial paper to exempt Argentina from having to pay the IMF; cash donations to Bolivia; medical equipment donations to Nicaragua; heating oil subsidies to more than 1 million U.S. consumers; $20 million to Haiti for investments in education, health care, and housing; multimillion-dollar investment deals with China and Iran with special binational funds to promote “development” or create “development banks” (LatinNews, June 18, 2008).

Sometimes the aid is offered to governments multilaterally, as is the case with PetroCaribe, a Venezuelan initiative to provide small Caribbean countries under 200,000 barrels a day of oil and petroleum products at preferential payment terms. Other times, it is offered directly to citizens. When a Brazilian plastics factory was shuttered in 2003 by its indebted owners, Chavez offered displaced workers subsidized raw materials in exchange for the technology to produce plastic homes in Venezuela (Obiko Pearson and James 2007). In rural Peru, Venezuela is also funding approximately 200 “Casas del Alba,” according to President Alan García (Oppenheimer 2008). These Casas are associations run from people’s own homes that supposedly provide literacy and health services, often with Cuban doctors, but in reality, serve as “indoctrination” units that spread radical leftist ideology and incite political protest.

Some estimates suggest that the total sum of these offerings or promises is as large in real terms as the Marshall Plan, the U.S. aid initiative to reconstruct Europe after World War II (Feinberg 2007). Calculating an exact figure is difficult because
funding is secret. Petrocaribe alone, which represents an annual subsidy of US1.7 billion, puts Venezuelan aid on par with OECD countries like Australia, Belgium, Denmark, Norway, Portugal, Spain and Switzerland (Burges 2007).

None of this constitutes discreet philanthropy. Chávez goes out of his way to flaunt his largesse. In the United States, Venezuela has placed TV ads for CITGO, a company owned by the Venezuelan state, stating that 228,000 households in the United States receive subsidized heating oil as a “gift of the people of Venezuela.” When Haiti experienced food riots early this year, Chávez dispatched a fleet of airplanes carrying 364 tons of food; Brazil offered 18 tons (Associated Press 2008). At OPEC meetings, Venezuela rebukes the Saudis for “not doing enough” to help the poor. Chavez proclaims that ALBA will be a “socially oriented” trade bloc dedicated toward eradicating poverty. In Bolivia, the government spends Venezuelan aid by distributing checks, issued by the Venezuelan embassy, to local mayors and citizens.

Projecting social power as a diplomatic tool is not a Venezuelan invention. Great powers have done it. Other petro-states in the Middle East do it. Small powers like Cuba have done it. Even previous Venezuelan administrations such as Carlos Andrés Pérez in the 1970s have done it. The Chávez innovation is to make social power the centerpiece of foreign policy and to spend so much of its budget on it. Few other countries have utilized social power to the same degree.

Compare Cuba’s foreign policy during the Cold War and Venezuela’s foreign policy during this current oil boom. Both had a strong social policy component in their foreign policy toolkits. Cuba has been exporting doctors since the 1960s. But Cuba’s
most prominent export was guerrillas, weapons, and insurgency training (see Domínguez 1989). The promotion of revolution abroad was always a higher priority for Cuba than the export of doctors. In the words of Che Guevara, Cuba’s top foreign policy goal was to create “two, three, many Vietnams” (Guevara 1987[1967]:359). In total, more than 350,000 Cuban personnel travelled abroad to plant guerrillas, assist existing guerrillas, support existing socialist dictatorships, or conduct the actual fighting on behalf of those dictators. Venezuela’s adaptation of the Cuban foreign policy model could be stated as: let’s create “two, three, many...clinics.” On the face of it, this is type of foreign policy that few people would want to criticize.

Venezuela’s social power diplomacy is not just hard to criticize, but also hard to refuse. The reason is simple. Venezuela’s aid comes with very few conditionalities. If a foreign government or politician accepts Venezuelan aid, what follows is more than just clinics. Recipients are free to do with the money as they see fit. Rarely can politicians receive this amount of aid this unconditionally. Venezuelan aid often functions as a blank check for any type of domestic spending, not necessarily pro-poor spending.

Venezuela has thus developed a new export model. It not so much the export of war, as Cuba did during the Cold War, or the export of weapons, as Russia still does. It is certainly not the export of technological know-how as OECD countries do or the export of inexpensive manufactures as China does. It’s the export of corruption. Venezuelan aid is billed as investment in social services, but in fact it consists mostly of unaccountable financing of campaigns, unelected social movements, business deals, and
even political patronage by state officials. In this era in which elections are fiercely competitive almost everywhere in Latin America, the kind of aid is irresistible.

Converting social policy into a primary foreign policy tool has brought Venezuela huge rewards. As a publicity stunt, social power has allowed Chávez to win two types of international allies: other states, which refuse to criticize Chávez, especially if they receive petrocash, and intellectuals on the left, especially in Europe (Buxton 2008), who tend to have a weakness for anti-American populists. Social power projection allows Chávez to score points among opinion-makers who would otherwise be appalled by Chávez’s domestic failings. In international relations, there is a theory that predicts that domestic political problems, especially among non-democracies, lead rulers to pursue international conflict even war as a way to divert attention (Levy and Vakili 1992; Davies 2002); the Chávez’s case shows that governance shortcomings can lead to a foreign policy largess, even corruption exporting.

Chávez’s social power foreign policy has produced for Venezuela an impressive shield. This shield protects Chávez against international criticism even by those who know better, and gives him a reputation for humanitarianism among those who are less informed. This is an amazing foreign policy accomplishment. Undemocratic rulers worldwide can take notice: social power can save them from pariah status. The Venezuelan foreign policy model thus has enormous imitative appeal.

Yet, Chávez was preparing the groundwork for his new foreign policy early on. One of Chávez’s first projects in office, unbeknownst to many back then, was to replace the professional staff of the foreign corps with like-minded radicals (Boersner 2007).
Once that was accomplished, he proceeded to change Venezuela’s historic foreign policy.

II. The Origins of Social Power Diplomacy

How did social power as a foreign policy tool surface in Venezuela? There is no question that the answer has to start with the with the person himself—Chávez’s ideology and intentions. Even before becoming president, Hugo Chávez was displaying an anti-United States rhetoric and cultivating ties with anti-United States governments (e.g., Cuba) and movements (e.g., the FARC in Colombia). Soon after taking office, he refused cooperation with the United States in a number of areas, even humanitarian assistance in 1999, long before the United States gave him reasons not to cooperate. Scholars debate the genesis of Chávez’s anti-Americanism: When did it start, what provoked it, is it addressable by the U.S. government? These issues are important but beside the point. The key point is that Hugo Chávez decided to change the nature of U.S.-Venezuela relations. Prior to Chávez, the United States and Venezuela had a remarkably cordial relationship (Kelly and Romero 2002), even during tough times. Chávez changed this cordiality, and soon declared the United States the country’s “main adversary,” blaming it for an unsuccessful coup against him in 2002, among other charges.

But individual will—whether triggered by ideology, external provocation or calculation—are not enough to explain the rise in social power diplomacy. Two
additional changes were crucial: one at the level of regime type, the other at the level of the international system.

A. Democracy demotion and social power diplomacy

In every serious index of democracy, Venezuela has become less democratic under Chávez. The connection between eroding democracy and rising social power diplomacy is not coincidental, but necessary. Social power as a foreign policy tool cannot flourish easily in a vibrant democracy. The reason is that foreign aid, always unpopular at home, has to compete with other spending priorities and other domestic lobbies with alternative plans on how to spend that money. Politicians running for office at home will want to devote more money where the voters are—at home rather than abroad. A regime that guarantees political competition and institutional space for opposition forces will consequently place breaks on foreign profligacy.

For that reason, deploying a social power foreign policy requires lessening the opportunities for the opposition to exercise influence. It is therefore no surprise that the rise of social power in Venezuela has come with Executive-branch efforts to undermine checks and balances. Chávez has created what political scientists call a hybrid regime—one that is neither fully authoritarian but not exactly democratic either (Corrales and Penfold 2007; Monaldi, González et al. 2008; Myers 2008). Instead of banning civic protests, Chávez organizes counter-mobilizations and mobs. Instead of disbanding organized opposition parties, he denies them resources. He has eroded the
independence of any government institution capable of holding him accountable, and
lessened the power of governors. Chavez burdens the free press with content
regulations and, through media buyouts, has reduced the private media’s share of the
market. Chavez does not suspend elections, but he undermines the secrecy of the vote,
disallows the opposition from using state resources, and in 2008, disqualified some 270
candidates from running for office, many from the opposition.

Compared to the most repressive regimes of the 20th century, the Chávez regime
is relatively tame. But compared to most Latin American regimes today, whose political
and civil liberties are historically high, Venezuela is one of the least democratic. This
change in regime was a necessary precondition for the rise of social power diplomacy.

B. The International Political Economy of Oil and Social Power Diplomacy

An equally crucial factor for the rise of social power is a favorable international
political economy (IPE), a point that is not often emphasized by theorists who study
soft-balancing, who focus mostly on the threatening provocations of the hegemon. The
role of the hegemon is not all that counts. A favorable IPE environment was necessary
as well. The 2004-2008 environment of high oil prices was perhaps the structural
condition that most powerfully contributed to the rise of social power diplomacy.

Venezuela is the fifth largest exporter of oil in the world—the only real petro-
state in Latin America. Presiding over a petro-state—in the midst of an oil-boom era—
gave Chávez a historical opportunity to project power abroad. High oil prices not only
paid for Venezuela’s social power diplomacy, but also boosted the demand for such policy by making oil-importing countries more desperate for oil subsidies.

However, a favorable IPE entails more than just favorable commodity prices and supplies. It also entails the availability of economic allies. Here, the situation was not all that favorable to Venezuela, but it was not that dismal either.

Another comparison with Cuba illustrates this point. A major contributing factor to Cuba’s radicalization in the 1960s was the existence of a great power willing to serve as the buyer of last resort. The Soviet Union was willing to serve not just as Cuba’s political sponsor, but also as Cuba’s main market for sugar and source of subsidies (in energy, capital, and arms). This sponsorship allowed Cuba to break trade ties (and thus political ties) with the United States, and, one could even argue, disregard economic efficiency.

Regrettably for Chávez, a similar buyer of last resort is unavailable. One would think that China, with its insatiable thirst for oil, would be it. Yet, China is unlikely to buy Venezuela’s oil in vast quantities. In 2007, Venezuela sold approximately 1.23 million bbl/d of crude oil and petroleum products to the United States, and only 0.35 million bbl/d of oil to China. This low level of China-Venezuela oil trade is unlikely to grow significantly in the medium term. First, China knows that it is cheaper to get oil near its border (Central Asia) or where it has greater bargaining leverage (Africa) (Kozyrev 2007). Furthermore, China does not have the refineries necessary to process Venezuela’s extra heavy crudes and importing oil from Venezuela would be prohibitively expensive,
involving a 40-day trip. Finally, China is unlikely to consider Venezuela the strong strategic asset that Cuba was for the Soviet Union. Back in the 1960s, acquiring a political/military base in Cuba was, for the Soviet Union, geopolitically invaluable, equivalent to placing a military base in the Gulf of Mexico and closing NATO’s military advantage in Europe. China feels no desire to have such a military base in the Caribbean Basin.

Yet, not all was lost for Venezuela. Venezuela’s response to the unavailability of China has been to embrace a policy of maximizing the price of oil in world markets, and more worrisomely, to deepen ties with Iran and Russia. Venezuela realizes that it alone cannot accomplish hikes in oil prices. But cooperating with Iran within OPEC, and partnering with Russia outside of OPEC, can do the trick.

A Venezuela-Iran alliance can promote oil price increases by increasing the number of hawks within OPEC (Farhi 2008). Iran and Venezuela are the second-and-fifth-largest producers in OPEC, partnering up makes them powerful within the oil cartel to counteract Saudi Arabia’s attempt to keep prices stable (Barkey 2007). This explain the rise of Venezuela-Iran “special relation” (see Brun 2008). Chávez has visited Tehran three times since 2005; Ahmadinejad has visited Caracas three times as well. Both have signed agreements covering trade, investments, and diplomatic coordination.

Likewise, becoming Russia’s main arms buyer—a distinction Chávez achieved in

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2 Because supertankers are not capable of passing 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 else, entirely east through Cape Horn and then the Strait of Malacca. Either route would be one of the lengthiest in the world.
2008—allows Chávez to gain leverage in Russia, which he needs to convince the
government to cooperate with OPEC’s efforts to restrict supplies. Russia is the second-
largest oil exporter in the world, supplying almost 10 percent of the world’s oil. If Russia
does not cooperate with OPEC supply restrictions, it can counteract the cartel’s chance
of influencing oil prices. Thus, in addition to exchanging and developing weapons,³ the
primary purpose of Venezuela’s ties with Iran and Russia is to influence the world oil
market, not just balance the United States.

The table below shows the actual, tacit and potential alliances in this game
among nations in the oil world. Venezuela and Iran share similar policy goals:
strengthen OPEC and oil prices. The United States and China share the opposite goals:
dilute the power of OPEC and lower the price of oil. Although it is customary to see
China and the United States as geopolitical rivals in the quest for declining sources of oil
worldwide (Klare 2008), these countries are nonetheless united on the desire to keep oil
prices down and supplies plentiful. Saudi Arabia is the intermediate player: it sides with
Venezuela and Iran on the issue of strengthening OPEC, and is somewhat sympathetic to
the United States and China on the issue of avoiding oil price hikes (Stratfor, June 24,
2008).

This distribution of preferences means that the United States is not that helpless
in confronting Venezuela. Insofar as the United States can keep China and Saudi Arabia

³ 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 southeastern jungles of Venezuela, a region rich with
mineral deposits.
on its side, it will preserve an IPE environment that can contain some of Venezuela’s foreign policy goals.

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<th>Policy Preference toward OPEC</th>
<th>Policy Preference toward Oil Prices</th>
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<tr>
<td>Venezuela/Iran</td>
<td>Strengthen</td>
<td>Raise</td>
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<tr>
<td>Saudi Arabia</td>
<td>Strengthen</td>
<td>Moderate and Stable</td>
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<td>United States/China</td>
<td>Weaken</td>
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However, a confrontation between the United States and Iran might undo this balance by forcing China to move 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 a disruption in Iranian oil to China, the tacit alliance China-United States will become strained. At the very least, China will want to find new suppliers, making Venezuela a more attractive option.

IV. Chávez’s ineptness at home: the domestic oil crisis

Despite all the gains that Chávez derives from projecting social power, it is incorrect to assume that Chávez has been all that masterful at his own game. Chávez
has shown incompetence in two areas that are indispensable for social power. First, he has allowed Venezuela’s oil sector to decay. Second, he spends abroad in ways that polarize rather than unite his potential allies.

Chávez has failed to address, and one could argue, has caused, a productivity crisis within PDVSA, the state-owned petroleum company and the administration’s vital cash cow. At a time when the international demand and price for petroleum were as high as they were in 2003-2008, one would expect the productivity of the petroleum sector of any petro-state to be thriving. But the opposite happened in Venezuela, where the productivity of PDVSA has plummeted since 2003.4

Two principal factors explain PDVSA’s productivity decline: one has to do with preferring loyalists over experts; the other, with preferring state-owned rather than private-owned oil firms. In response to the winter 2002-2003 oil strike, Chávez decided to fire 20,000 PDVSA employees (almost 29 percent of the payroll), many of them technical experts or management personnel. Chávez has replaced them with ideologues, whom he calls “rojo, rojitos,” (red, very red), converting PDVSA into a bloated company with cushy jobs for loyalists. The other explanation for declining

4 In 2003, at the time of the petroleum stoppage, the productivity of the PDVSA reached 2.2 million barrels per day (this did not include the production of hydrocarbons by foreign businesses). Today, PDVSA produces about 1.6 million barrels daily – 30 percent less than in 2003, although it is difficult to say with certainty since PDVSA will not provide definite and verifiable data. More evidence of the PDVSA’s decline in productivity is that in September 2007 OPEC reassigned quotas among its members in order to better reflect the actual current production from each member. The Venezuelan quota in OPEC was reduced from 11.5% to 9.1% (from 3,085,000 b/d to 2,470,000 b/d) for November 1, 2007, information that the Chávez government tried to hide but which came to public light.
productivity is Chávez’s decision to reduce deals with private multinationals. While on the one hand, Chávez has opened the petroleum sector to many foreign firms—an openness to globalization of sorts—he is giving preference to state-owned rather than private-owned multinationals. For the latter, Chávez has drastically increased the cost of doing business. This asymmetrical foreign investment regime is taking a toll on investments. Between 2002 and 2007 the average foreign direct investment in Venezuela was $500 million annually, or approximately $16.60 per capita, in contrast to China’s $510 per capita in 2006 (Veneconomía, October 18, 2007). Venezuela and China are both booming economies, and Venezuela is experiencing an oil boom; one should not observe such an abysmal difference in investment figures. Venezuela’s investment shortfall is the direct result of the government’s unfriendly business policies.

Despite these economic blunders, the political net balance has not been necessarily negative for Chávez. One advantage of discouraging private multinationals, for instance, is that it lessens the need for the government to be accountable. Private-owned multinationals are obligated to provide accounts to shareholders and their home governments. In contrast, state-owned firms from undemocratic nations have no shareholders to report to and are often exempted from government scrutiny. By privileging state-owned rather than private trans-nationals, Chávez seals off opportunities for leaking out information about his business dealings. What Chávez loses in terms of efficiency and investments, he gains in terms of discretionality, which as I argued, is vital for the exercise of social power diplomacy.
V. Chávez’s Ineptness Abroad

Chávez has shown ineptness not just as an economic manager, but also as a player in his own diplomatic games. Despite having discovered a dreamlike foreign policy weapon—social power—Chávez has not been a skillful practitioner. Chávez’s main diplomatic failing is that he makes no effort to hide that he spends on some politicians and not others. This overt political bias has generated angry responses from those politicians who are not benefitting from Chávez’s gifts. Thus, Chávez has become enormously unpopular among the opposition movements of those countries in which he intervenes.

Far more than the denunciations coming from Venezuelan citizens, the denunciations coming from these opposition forces have the highest chances of blocking Venezuela’s adventurism abroad (Shifter 2008). In the recent Peruvian and Mexican presidential elections, for instance, when it came to light that Chávez was supporting one of the candidates, there was outrage across the political spectrum, which boosted the opponents. Similar outrages have occurred even in non-electoral times. In Peru, for instance, the Congress has launched an investigation of medical malpractice cases in Misión Milagro, a Venezuela-sponsored program of eye clinics (http://www.noticias 24.com, Friday July 28). Likewise, in Colombia, Chávez’s support on behalf of the despised FARC has bolstered the incumbent, Alvaro Uribe, the most pro-U.S. president in Latin America. And in Honduras, political rivals are investigating the government for possible misuse of funds coming from Venezuela. In Argentina, it is
the opposition and the press that are leading the investigation of the “maletagate” (or “valijagate” in Argentina): the detection at a Buenos Aires airport of passengers traveling with $800,000 (and possibly as much as US$4 millions), allegedly as a cash transfer from the Venezuelan government to the electoral campaign for Argentina’s current president. Because of Chávez’s overtly biased intrusion, it is no surprise that public opinion polls across the region show that Chávez is the most “widely mistrusted” world leader, on par with George W. Bush (Pew Global Attitudes Project 2007).

Chávez is thus not exactly a “tropical Santa”, as a former Venezuelan ambassador once put it, but a “bad Santa:” bad in the sense that he doesn’t always deliver on what he promises, and bad in that he polarizes almost every country he intervenes in.

Venezuela’s social power diplomacy will never be powerful enough to convince most Latin American nations to suddenly turn against the United States. Despite Chávez’s efforts, most countries in the region today want closer rather than colder relations with the United States (Hakim 2008; Lowenthal 2008). Nevertheless, despite Chávez’s ineptness, social power is still paying off for Chávez. He may not have convinced many nations to join his anti-United States/anti-capitalist crusade or earn as much public goodwill as he could have earned, but he has nonetheless obtained the unwillingness of most nations, even ideological rivals, to criticize him openly.

Part of the explanation for this pledge of silence is the long-standing Latin American tradition of presidents resisting the temptation to criticize one another. But it’s more than that. This “live and let live” Latin courtesy typically works if it is
What’s unusual about the Chávez case is that he has not reciprocated. He has been blatantly meddlesome in intra and inter-Latin American affairs: condemning Chile for not granting Bolivia access to the sea, criticizing President Lula of Brazil as an environmental threat for developing ethanol, accusing the current president of Peru of being a “cachorro del imperialismo,” and of course, providing funds, weapons and praise for the FARC in Colombia, whose government Chávez has described as similar to Israel’s “genocidal” government. By most diplomatic standards, these are pretty irritating acts. Yet, the response by most Latin America is typically tame. After a quick apology by Chávez, relations return to almost-normal. Chávez’s social power diplomacy deserves the credit for this decorum.

Thus, projecting social power in Latin America has not been entirely wasteful. It has given Chávez a shield against criticism even from his Latin American peers towards whom Chávez often acts as the worse Santa. What is noteworthy about the unprecedented incident at the 2007 Ibero-America summit in which the King of Spain, Don Juan Carlos de Borbón, asked Chávez to “shut up” is not that the King had to admonish Chávez in front of the cameras, but that no one else dared to utter a similar admonition. It is not just that Latin leaders hope to receive special deals from Chávez (they do), it’s also that they also fear that picking a fight with Chávez, patron-saint of the poor, will enervate radical left-wingers at home, potentially destabilizing their governments. Chávez has crafted a coalition of the silent, even among those he annoys, and that is a non-trivial victory.
VI. Conclusion: Responding to the Social Power Challenge

For now, the United States can relax a bit. With the dramatic drop in oil prices in the second half of 2008 (from $120 for Venezuelan oil in July to $30 in December), Venezuela’s social diplomacy has become unsustainable (Romero 2009). But the United States should not relax totally or for too long. First, while Venezuela will no doubt be less generous now that oil prices are low, it will still be able to offer subsidized oil to many countries, especially small Latin American economies. Venezuela has vast amounts of oil to give away, even after it fulfills its export commitments to the United States, and even in periods of low oil prices, subsidized oil is quite a treat for any oil-importing country. It’s not just the price of oil, but the abundance of oil in Venezuela that sustains this foreign policy. Social power diplomacy will not vanquish as long as Chávez remains in office.

Nor will it vanquish from world politics after Chávez. Social power is easily imitable. In a future commodity export booms, more chavista-like foreign policies are likely to surface. Furthermore, Chávez’s social power is easily perfectible. In the hands of more competent, nastier, gutsier leaders than Chávez, social power can create worse security challenges. Corruption spending disguised as humanitarian aid can generate a shield of protection for the worse rogue states that will frustrate efforts by the international community to contain such a regime.

For all its power, the United States does not seem to possess an effective counter strategy to the “social power” diplomacy. A “hard power” response—such as
military or economic aggression—seems disproportionate to the offense. To cease oil trade with Venezuela, for instance, as some hard-liners may suggest, would strengthened Chávez politically, keen as he is on having a confrontation with the United States.

Soft-liners, incidentally, do not necessarily offer better solutions either. Some of the policy options preferred by soft-liners can be just as futile. “Constructive engagement,” for instance, will not make Chávez suddenly like the United States. “Counterintelligence and preemption” will not stop Chávez’s social spending. “Multilateral negotiations” are dead-on-arrival because coalitions against a regime with a social-power foreign policy are unrealistic. “Promoting free trade and free politics” is hopeless because illiberal states are uninterested in these principles. “Projecting soft power” onto Venezuela will have little impact in Venezuela or elsewhere that Chávez intervenes because praising liberalism does nothing to lessen the demand for unaccountable foreign aid that Venezuela satisfies.

One may be tempted to conclude that the appropriate response to social power is simply to imitate it. However, boosting foreign aid is not the answer either. No doubt, the United States could do more to promote development in the region. But a blanket push for more aid à-la-Venezuela seems impractical and possibly counterproductive. The United States should not aspire to become the world’s preeminent charity. And even if the United States were to expand aid, it will not diminish the demand for unaccountable aid, so there will continue to be room for Venezuela’s offerings. Furthermore, to compete with Venezuela’s foreign policy
requires not simply spending more, but rather, spending unconditionally, and this would violate the elementary precept that accountability is the sine qua non of good governance.

Perhaps the best strategy to deal with social power diplomacy is an indirect one: continue to promote democratic politics abroad. As I argued, the most effective checks on Venezuela’s foreign adventurism have come from opposition parties in the countries where Chávez intervenes. Opposition actors can only be strong if they operate in strong democracies. Thus, strong democracies, characterized by vibrant political competition, aggressive press, and functioning check-and-balance institutions, can help contain the ill-effects of social-power foreign policy. These checks are not infallible, naturally, but they are not worthless either. Strong democracies may not save the world from wars or yield durable allies that think and act like us. These were the false hopes of in the 1990s. But democracies may very well be our best hope, however indirect, to counteract what seems to be a new type of foreign policy threat.


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