

## ABSTRACT

SHARON MCCOY

The Success of Recent U.S. Foreign Policy in Latin America

Under the Direction of DR. LOCH JOHNSON

In 1973, the United States engaged its intelligence and economic resources in the overthrow of the democratically-elected, socialist government of Chile. A manifestation of U.S. foreign policy throughout the Cold War, these actions adhered to the prevention and eradication of communist and socialist governments worldwide. Since the close of the Cold War, a different U.S. strategy has emerged, defending U.S. economic principles and interests as strongly as political ones. This paper is interested in examining these past and present U.S. foreign policies toward Latin America to evaluate the viability of the policies and their implications for future U.S.-Latin American relations. Data is collected from government, academic, and journalistic sources regarding former U.S. actions in Chile and recent U.S. policy decisions in Venezuela. A comparison of these two data sets focuses on the following: the historical factors influencing U.S. decisions, the specific methods of U.S. action in each country, and the subsequent governmental and international effects of the policies. The expectation is that both foreign policy strategies—that of the Cold War era and its successor—have failed to yield sustainable improvements in U.S.-Latin American relations and have neglected to thoroughly consider the ramifications for Latin American countries. Therefore, the ultimate intention of this paper is to put forth suggestions for the enhancement of U.S. relationships with its southern neighbors based upon an analysis of the successes and failures of the past and current U.S. foreign policies in the region.

INDEX WORDS: U.S. Foreign Policy, U.S. Relations, Latin America, United States, Chile, Venezuela, Cold War, Post Cold War

THE SUCCESS OF RECENT U.S. FOREIGN POLICY IN LATIN AMERICA

by

SHARON MCCOY

A Thesis Submitted to the Honors Council of the University of Georgia in Partial Fulfillment of  
the Requirements for the Degree

BACHELOR OF ARTS

in INTERNATIONAL AFFAIRS

with HIGHEST HONORS

and CURO SCHOLAR DISTINCTION

Athens, Georgia

2010

© 2010

Sharon McCoy

All Rights Reserved

THE SUCCESS OF RECENT U.S. FOREIGN POLICY IN LATIN AMERICA

by

SHARON MCCOY

Approved:

Dr. Loch Johnson 05/04/2010  
Dr. Loch Johnson Date  
Faculty Research Mentor

Approved:

Dr. Patricia Sullivan 05/04/2010  
Dr. Patricia Sullivan Date  
Reader

Approved:

Dr. David S. Williams 05/07/2010  
Dr. David S. Williams Date  
Director, Honors Program

Approved:

Dr. Pamela Kleiber 05/07/2010  
Dr. Pamela B. Kleiber Date  
Associate Director, Honors Program

## DEDICATION

To Myriam & Jaime,

who taught me to never forget what I have seen and what I have heard.

Dear friends,

I have not and never will.

## ACKNOWLEDGEMENTS

This paper is an illustrative piece of the passion that God has given me and I am profoundly grateful to every single person who helped me to transform my research ideas into a tangible reality.

To my friends and host family in Chile, thank you for opening my mind to new perspectives on U.S.-Latin American relations and for teaching me about the importance of a shared American identity.

To my faculty research mentor, Dr. Loch Johnson, thank you for your wisdom and encouragement and for counseling me through every stage of this thesis from inception to conclusion. Many thanks, also, to Dr. Patricia Sullivan, for reading over my thesis and for providing useful feedback.

Thank you to my family and friends, whose names are far too many to list, but who each played an important role in the development and completion of this thesis. For every supportive conversation and brilliant suggestion, each of you has my deepest gratitude.

And to my dearest brother in spirit, thank you for walking out this journey with me. Your ideas, encouragement, and love have been such a blessing and I am honored to have shared this experience with you.

## TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS .....	v
CHAPTERS	
1 INTRODUCTION .....	1
2 THE IMPORTANCE OF LATIN AMERICA .....	3
3 HISTORICAL OVERVIEW .....	7
The United States & Chile .....	7
The United States & Venezuela.....	18
4 U.S. FOREIGN POLICY: OBJECTIVES & STRATEGIES.....	36
U.S. Foreign Policy in Chile: A Sacrifice of Principles .....	36
U.S. Foreign Policy in Venezuela: Held Together by Prosperity .....	51
5 THE SUCCESS & SUSTAINABILITY OF U.S. FOREIGN POLICY IN LATIN AMERICA .....	69
U.S. Foreign Policy in Chile: Was It Worth the Costs?.....	69
U.S. Foreign Policy in Venezuela: Pushing Away Our Neighbors .....	74

6 FOREIGN POLICY SUGGESTIONS FOR U.S. ENGAGEMENT IN LATIN	
AMERICA .....	79
7 CONCLUSION.....	83
WORKS CITED .....	84

## CHAPTER 1 INTRODUCTION

Recent U.S. foreign policy in Latin America reflects an underestimation of the extent to which the success of U.S. ambitions, both at home and abroad, is dependent upon the existence of positive ties between the United States and its southern neighbors. The result has been a gradual deterioration of U.S.-Latin American relations accompanied by an urgent need for effective and sustainable foreign policies in the region. With a new administration in the White House, the United States has the opportunity to reaffirm cooperation and leadership in the Western Hemisphere. Any such efforts, however, must begin with an awareness of the inextricable link between U.S. interests and Latin America, followed by an understanding of past U.S. foreign policy in the region and the reasons for its lack of success and sustainability.

This paper investigates the two aforementioned areas, beginning with a brief overview of the influence of Latin America on U.S. affairs and continuing with an evaluation of the achievements and errors of U.S. foreign policy in the region over the past 50 years. Data collected from academic, government, and media sources is the basis for the analysis and includes information from journal and academic articles, business, governmental, inter-governmental, and non-governmental organization reports, and newspaper publications. The paper gives special emphasis to the examination of past U.S. foreign policies with the policies in question being selected from the two most recent periods in U.S.-Latin American relations, those of the Cold War and Post-Cold War. To represent the Cold War period, this paper explores the case of U.S. interventionist policies in Chile immediately before, during, and after the election of President Salvador Allende. The Post-Cold War period, on the other hand, is analyzed in

the context of the contentious relationship between the United States and the Venezuelan government of President Hugo Chavez.

The discussion of each case begins with a historical overview of the events surrounding U.S interactions with that country at the time. Building upon this foundation, a presentation of U.S. objectives both within the country and within the global context is made and includes the foreign policy steps taken by the United States to meet those objectives. An analysis of the success and sustainability of U.S. foreign policies in each instance completes the examination of the cases with success being defined as whether or not U.S. objectives were met and sustainability being a measurement of the political, economic, and social repercussions. An examination of this sort is not entirely new and this paper agrees with past analyses concerning the continuous absence of successful and sustainable U.S. foreign policies in Latin America, despite changes in the international system. For this reason, the ultimate goals of this paper are to present alternative foreign policies for U.S. relations with its southern neighbors and to evaluate the future success of these policies in light of the most current information regarding U.S.-Latin American interactions.

## CHAPTER 2 THE IMPORTANCE OF LATIN AMERICA

Traditionally, the significance of Latin America in U.S. affairs has been rooted in the U.S. need to protect the region from extra-hemispheric threats and to promote Pan-American unity. New reasons for U.S. attention, however, are replacing these antiquated concerns. According to Abraham Lowenthal, in his recently co-authored book on U.S.-Latin American relations under the Obama administration, there are four new reasons for the United States to achieve strong cooperation with Latin America. The first is that of transnational issues. In today's global environment there are an increasing number of international dilemmas that affect multiple countries and, more importantly, that require multilateral solutions. In the case of the United States and Latin America, the resolution of issues involving energy security, global warming, pollution, narcotics, crime, and public health demands regional collaboration, which can only be gained through the establishment and preservation of healthy relations between the United States and its regional partners.<sup>1</sup>

Another reason is that of growing demographic interdependence in the region, which is most clearly manifested through the presence of continuously greater migration within the Americas. The majority of this demographic change is emigration from Latin American countries to the United States and is the result of political and/or economic conditions in Latin America and the draw of a U.S. job market in need of workers.<sup>2</sup> Overall, Latino populations now account for 15% of the U.S. populace and

---

<sup>1</sup> Lowenthal, Abraham F. "Renewing Cooperation in the Americas." *The Obama Administration and the Americas*. Lowenthal, Abraham F., Theodore J. Piccone, and Laurence Whitehead. Washington, D.C.: Brookings Institution Press, 2009.

<sup>2</sup> *Ibid.*, pp. 4.

are responsible for nearly 50% of the recent growth. This translates into an increasing amount of Latin American viewpoints in the U.S. electorate and an expansion in the opportunity for Latinos to directly influence future U.S. policy agendas.<sup>3</sup> Another result of rising demographic ties is as Lowenthal describes it, “the blurring of border lines” and the subsequent development of new challenges in areas such as education, health care, immigrants’ remittances, youth gangs, and the trafficking of arms, narcotics, and humans. These issues, like those previously mentioned, are in need of hemispheric cooperation and solutions.<sup>4</sup>

The economic importance of Latin America as a prime source of U.S. energy and other resources and as a priority market for U.S. goods and services is the third reason for why Latin America matters or should matter to the United States. Specifically, the United States obtains over half of its energy imports from states in the Western Hemisphere with over half of that amount coming from Latin America.<sup>5</sup> Considering that oil is the primary energy source in these economic dealings, it cannot be overlooked that oil from Latin America constitutes nearly 30% of all U.S. oil imports as compared to the 20% that arrives from the Middle East.<sup>6</sup> Moreover, the oil wells in Latin America are not likely to run dry in the near future and thus, the potential for expanded energy production and trade in the region—especially in countries such as Venezuela and Brazil—is high.<sup>7</sup>

---

<sup>3</sup> Independent Task Force. “U.S.-Latin America Relations: A New Direction for a New Reality.” *Council on Foreign Relations* (2008): 1-79.

*Columbia International Affairs Online (CIAO)*. Web. 28 Mar. 2010.

<sup>4</sup> Lowenthal, 2009.

<sup>5</sup> *Ibid.*, pp. 4.

<sup>6</sup> Independent Task Force, 2010.

<sup>7</sup> Lowenthal, 2009.

Beyond acting as an exporter of goods to the United States, Latin America imports U.S. products and services, which are valued at \$225 billion annually. This is an amount four times greater than that of U.S. shipments to China, demonstrating a greater economic interdependence in the Western Hemisphere than in East-West relations.<sup>8</sup> Further evidence of this interdependence and its staying power are international trade figures between the years 1996 and 2006. In that decade, U.S. merchandise trade with Latin America increased by 139%, as opposed to 96% with Asia and 95% with Europe.<sup>9</sup> Despite these indicators of prosperous trade relations in the Americas, Latin American countries recently have been reaching out to countries such as members of the European Union, Iran, Russia, and China in an effort to diversify their political and economic connections. It is imperative, therefore, that the United States work toward constructive relations with its southern neighbors if it wishes to maintain a competitive advantage in Latin American markets.<sup>10</sup>

The final reason for Latin America's importance to the United States is that of shared hemispheric values. Examples of these shared principles can be found in the Inter-American Democratic Charter and include effective democratic governance, the consistent application of the rule of law, and fundamental human rights. These values are not only foundational pieces of the U.S. political system and culture, but are also institutions that the United States wishes established abroad. Given that U.S. regional influence is greatest in Latin America, it stands to reason that if these principles do not fully embed themselves in Latin American politics and culture, they will not likely spread internationally. As with each of the previous three reasons, a powerful way to ensure the permanent establishment of these

---

<sup>8</sup> Ibid., pp. 4.

<sup>9</sup> Independent Task Force, 2010.

<sup>10</sup> Lowenthal, 2009.

values, both in the Western Hemisphere and abroad, is for the United States to promote and sustain positive relations with its global south.<sup>11</sup>

---

<sup>11</sup> Ibid., pp. 5.

## CHAPTER 3 HISTORICAL OVERVIEW

### **The United States & Chile**

#### *Setting the Stage: The Rise of Salvador Allende*

The Cold War ushered in important changes in the international system and U.S. foreign policy that strongly impacted U.S. relations with Chile for more than thirty years. Globally, conflict became domestic, occurring between internally competing groups as opposed to between states. In each instance, groups defined their ideologies as either communist or anti-communist in an attempt to receive outside support from either the United States or the Soviet Union. In Chile, this differentiation occurred between the U.S. favored Christian Democratic Party and the Socialist Party of President Salvador Allende and then later, and more predominantly, between President Allende's government and that of the succeeding military government of Augusto Pinochet. Within the United States, foreign policy during the Cold War centralized around whether or not a fellow government adopted a strong anti-communist stance. Potential allies were marked as having economic principles that favored free markets, private property, and foreign investment and as rejecting political affiliations with the Soviet Union in favor of U.S. ties.<sup>12</sup> Under the leadership of President Allende, Chile was labeled as a threat to U.S. interests due to its communist connections and thus, made the target of U.S. subversive efforts at regime change.

Before Salvador Allende's election, the atmosphere in Chile was one of reform. The president at the time, Eduardo Frei, sought to redefine democracy within the country by strengthening democratic institutions and by channeling government policy toward the improvement of the lives of those on the

---

<sup>12</sup> Kelly, Janet and Carlos A. Romero. *The United States and Venezuela: Rethinking a Relationship*. New York: Routledge, 2002.

fringes of society. Agrarian reform and movements toward the nationalization of the copper industry were also integral parts of Frei's plan for widespread change in Chile.<sup>13</sup> Unfortunately, instead of reform, his presidency would yield high levels of domestic dissatisfaction. Complaints arose concerning his inability to pass reforms through Congress and to implement effectively the few that he did pass.<sup>14</sup> Critics also chided him for his association with the ineffectual Alliance for Progress, his insufficient impact on the housing deficit and educational system, and his failure to work toward nationalizing the foreign-owned telephone and electric companies along with copper. The greatest amount of criticism, however, concerned Frei's inability to achieve agrarian reform at a faster pace. At the beginning of his term, Frei had promised to create 20,000 new land owners a year through land redistribution efforts. Instead, he concluded his six-year presidency with a total of only just over 28,000 new proprietors with the two high points in his career yielding a maximum of 5,600 and 6,400 new land owners per year.<sup>15</sup>

Dissatisfaction led to fracturing in Frei's Christian Democratic Party as members moved toward the left and right poles of the political spectrum with the conservatives joining the National Party and the leftists being absorbed into the communist and socialist blocks. Polarization also occurred among the voters, contributing to what writer Arthur Whitaker describes as the "quickening disappearance of Chile's traditional multiparty system." These divisions laid the foundation for the 1970 presidential election, where no one candidate won the majority vote, but where Salvador Allende captured the plurality vote. Representing the combined forces of socialists and communists, Allende attained 38.9% of the vote,

---

<sup>13</sup> Mares, David R. and Francisco Rojas Aravena. *The United States and Chile: Coming in from the Cold*. New York: Routledge, 2001.

<sup>14</sup> *Ibid.*, pp. 9.

<sup>15</sup> Whitaker, Arthur P. *The United States and the Southern Cone: Argentina, Chile, and Uruguay*. Cambridge, MA: Harvard University Press, 1976.

beating Jorge Alessandri of the National Party by one percent and sending the final decision to Congress concerning who would be the next president.

Traditionally, the Congress votes between the top two candidates and favors the candidate with the most votes. During the 1970 election, there was pressure within Congress to both follow and detour from this tradition. Pressure to adhere came from leftists who coerced the Christian Democrats into tipping the scales in Allende's favor and thus, secured him the presidency.<sup>16</sup> Forces from the right pushed in the opposite direction and upon realizing that they could not succeed, had Congress declare Allende president conditionally. To become president, Allende had to sign a Statute of Guarantees, by which he promised to uphold the protection of civil rights, which included the professionalization of the military and the freedom of the press. With this prerequisite fulfilled, Allende was inaugurated as the president of Chile on the 4<sup>th</sup> of November 1970.<sup>17</sup>

Throughout Frei's presidency, U.S. relations with Chile had been slowly deteriorating due to a negative perspective in Chile of recent U.S. actions in Latin America. Frei and the political elites embodied this dissatisfaction with the United States, criticizing their interventionist policies in the region following the Cuban revolution. These policies included U.S. attempts to overthrow the Cuban government of Fidel Castro and U.S. actions to isolate the country economically. Other points of contention were U.S. efforts to enact socio-economic change in Latin America through the Alliance for Progress and U.S. military intervention in the Dominican Republic. Despite tensions in Chile's relationship with the United States, support came from Washington in both the 1964 and 1970 presidential elections with the United States favoring Eduardo Frei (1964) and Jorge Alessandri (1970) over Salvador Allende. This preference is explained by U.S. disapproval of Allende's strong ties with the

---

<sup>16</sup> Ibid., pp. 316-317.

<sup>17</sup> Mares and Aravena, 2001.

Soviet Union and his close friendship with Fidel Castro. In the end, U.S. support of Eduardo Frei in the 1964 election was enough to keep the presidency from Allende's hands, but it failed to prevent his ascension to the office in 1970.<sup>18</sup>

### *The Decline of a President*

Like Frei, Allende's presidency began with reform. Within the first five months of his presidency, he implemented five reforms that were the first major steps toward what was termed as the "collectivization of Chile." These changes included the nationalization of private banking and credit, the nationalization of "basic monopolies" (i.e. steel and textile), government control of imports and exports, the radicalization of agrarian reform, and the nationalization of the copper industry. Imposing state control over the copper industry was significant in that it required a constitutional amendment, which was rapidly obtained due to overwhelming support in both houses of Congress. Though welcomed by the Chilean populace, this move was detested by U.S. corporate officials who had previously benefited financially from the industry. Their aggravation was exacerbated when the state determined that U.S. copper industries had already received a great deal more in excess profits than they themselves had ever put into the mines and would thus go uncompensated. Instead, U.S. companies were now obligated to pay more money to the government than the mines themselves were worth.<sup>19</sup>

In response to rising pressure from the far-left in his party, Allende accelerated all of his reform efforts. An example of this was his nationalization of more than 250 firms—both foreign and domestic—within his first year as president. This contrasted sharply with his campaign promise to nationalize only 90 basic firms overall. Another example dealt with agrarian reform, which was transformed into a

---

<sup>18</sup> Ibid., pp. 8-9.

<sup>19</sup> Whitaker, 1976.

program aimed at creating collective farms everywhere, despite the disadvantage to the independent farmer. This acceleration was followed by an initial wave of good results. Inflation was halted, wages rose, and production and consumerism increased in equal proportions. Unfortunately, these initial outcomes were only temporary.<sup>20</sup>

Challenges for Allende began in Congress, where he faced hefty opposition in both houses of the legislature. In response, he attempted to institute a unicameral body in the place of the divided Congress and worked to gain favor among the legislators by proposing increases in health and housing benefits. Both of these measures failed and the president was left with a permanent congressional thorn in his side.<sup>21</sup>

Opposition in Congress, however, could not compare to the dissension that Allende struggled to address in his political party, Unidad Popular. A coalition of socialist and communist factions, the party was divided over which methods were best for carrying the country toward socialism. Allende himself preferred the “*vía pacífica*” or a more gradual and peaceful path to socialism. Other members of his party, however, were more extreme in their plans and demanded an immediate and complete transition. One such faction was the Leftist Revolutionary Movement, also known as MIR, which carried out a low level campaign of violence to force the president to speed up his socialist revolution. The Socialists, which were the more aggressive group in the political party, also made outrageous demands upon the president, calling for the destruction of private enterprise by force so as to remedy deteriorating economic performance. In their own words, they proposed that “the masses, the unions, the parties can and should go beyond the legal limitations on the government, employing all forms of struggle” so as to attain the seizure of “factories whose expropriation has been blocked by Congress.” Similar to the problem of high

---

<sup>20</sup> Ibid., pp. 318.

<sup>21</sup> Ibid., pp. 318.

opposition in Congress, Allende could not resolve the issue of a fragmented party that called for his attention and acquiescence from all sides. Any efforts to do so came at the expense of other important government matters and often took the form of concessions to the extremists, which only intensified his opposition's distrust and resentment of him.<sup>22</sup>

Facing challenges from Congress and his political counterparts, Allende was also plagued by a lack of domestic support. Workers, both urban and rural, were insisting upon higher wages and refused to temporarily relinquish this benefit for any greater future gains that the government promised. The results were an increase in protests, strikes, and public violence and a sharp decline in production, foreign exchange holdings, and all imports except for foodstuffs, which were preserved to alleviate growing food shortages caused by the decrease in production. With all of this came a mounting of inflation that reached 30% by the end of Allende's first year in office and then peaked at an annual rate of 300% by mid-1973. During a visit to Chile, Fidel Castro commented on Allende's failure to mobilize the masses, warning him of the undermining consequences of a citizenry that was not enthusiastic or ready to support the country's transition to socialism. Unfortunately, Allende could not put his comrade's words into practice.<sup>23</sup>

Throughout Allende's presidency, U.S.-Chile relations steadily moved downhill. Allende was considered a staunch communist, despite his socialist ideology, and unlike China or Yugoslavia, Chile provided no strategic advantages to the United States that might offset U.S. irritation about yet another "red country" in Latin America. Specifically, the United States protested Chile's nationalization of the copper industry and the government's "compensation-excess" formula, which resulted in U.S. companies receiving zero compensation for the expropriation of their holdings. Another point of U.S. contention was Allende's friendly relations with communist and socialist states such as Cuba, the People's Republic

---

<sup>22</sup> Ibid., pp. 318-319.

<sup>23</sup> Ibid., pp. 319.

of China, North Korea, North Vietnam, and the Soviet Union. From Allende's perspective, however, such friendships were an integral part of his foreign policy, which established a doctrine of non-alignment and called for the respect of all political systems. This policy strengthened Chile's ties with other developing countries, but only worsened an already precarious relationship with the United States.<sup>24</sup>

### *Things Fall Apart*

As the year 1973 approached, fears concerning the elimination of private enterprise and exasperation with the government's handling of socio-economic matters flourished, giving birth to an atmosphere of protests and public discontentment. One particularly strong group of protestors was that of those engaged in private enterprises. Composing nearly half of the Chilean population and a significant portion of the economy, the members of this group organized themselves around guild movements, whose sole purpose was to stage events that would cause economic and political disruption with the intention of prompting a military intervention. The truckers' strike of 1972, which spread to other industries, was of their creation and so was the subsequent truckers' strike that began in mid-1973 and concluded with the military coup and Allende's death.<sup>25</sup>

Other prominent protestors were women from the middle and upper classes. In the 1964 election, 60% of these women voted for Eduardo Frei while the remaining 40% casted their votes in favor of Salvador Allende. When Allende was elected in 1970, these women were the first group to actively demonstrate against his government, waiting only until 1971 to begin their public retaliatory measures.

---

<sup>24</sup> Mares and Aravena, 2001.

<sup>25</sup> Whitaker, 1976.

Their “March of the Empty Pots” spoke out against the increasing food shortages and many of the women in this group were active participants in the 1972 and 1973 truckers’ strikes.<sup>26</sup>

The most significant players in Chile’s downward spiral were the military, who initially tried to remain neutral and uninvolved. Their participation in the political and economic matters of the country began when Allende requested for their help to maintain public order and peace. With the strikes of 1972 and 1973, Allende pulled the military in deeper, making the commanding officers of the navy, air force, army, and carabineros (police) key members of his cabinet. Though acting initially in favor of the president, Allende’s influence over the military began to wane as political and economic instability increased.<sup>27</sup>

Rumors of threats against the military from political leftists coupled with economic and political chaos set the stage for the military overthrow of the government. Matters were only made worse by the U.S. embargo of Chilean goods known as the “Invisible Blockade”<sup>28</sup> and by Congress’s inability to impeach Allende in 1973 despite the strong hold that anti-Allende forces had on the majority vote. Days before the congressional decision over whether or not to impeach Allende, Everett Martin of the Wall Street Journal painted a picture of conditions in Chile, stating that:

“[If the decision turns out] to be inconclusive as it seems [it] will be, Chileans are freely predicting more national strikes with armed extremists on both the right and the left resorting to more and more violence. At that point, the reluctant armed forces, who thus far remain the major

---

<sup>26</sup> Ibid., pp. 323.

<sup>27</sup> Ibid., pp. 325.

<sup>28</sup> Mares and Aravena, 2001.

question mark, may decide they have to step in forcefully. That could well mark the end of the Chilean experiment but not the end of Chile's problems."<sup>29</sup>

The military did step in forcefully due to the discovery of an alleged left-wing plot, Plan Z, to assassinate the military leaders on the 26<sup>th</sup> of September and in reaction to the left-wing seizure of a naval installation on the 11<sup>th</sup> of September in the city of Valparaíso. Acting swiftly, the military recaptured the naval installation and continued onward to seize all government offices and communication centers in the city. This was replicated in the capital of Santiago where military heads of the armed forces demanded the resignation of President Salvador Allende, who had secured himself within the Moneda, the executive seat of Chile. Allende refused and the military released an air attack upon the building, reducing it almost completely to rubble. Allende was found dead inside though his cause of death is debatable. Many believe the bombings took his life, while others contend that he took his own with the aid of a gun presented to him by Fidel Castro. His death marked the end of the socialist experiment in Chile, which the United States helped to terminate, and the beginning of an oppressive military dictatorship that would temporarily improve the Chilean economy and U.S.-Chilean relations at the expense of the lives of its citizens.<sup>30</sup>

#### *Chile after Allende: Repression & Change under Augusto Pinochet*

The new military government met no political resistance as leadership was snatched away from the political left and as the masses scrambled to discern what life would be like under a military regime. Composed of the four leaders of the armed forces (army, navy, air force, and police) and led by the General of the Army, Augusto Pinochet, the government made no indication of eventually ceding power

---

<sup>29</sup> Whitaker, 1976.

<sup>30</sup> Ibid., pp. 328-329.

to a democratically elected leader. Instead, they imposed political changes, dissolving congress, prohibiting political meetings, governing by decree, and drafting a new constitution. Economically, the government fought against continuing inflation while restoring the private sector. Specifically, 115 companies were returned to their private owners, 12 of which were foreign-controlled industries that had been expropriated under Allende's administration without compensation. Many farms were also returned to their original proprietors, though this wave of de-nationalization did not go so far as to return all expropriated land or industries. The copper industry, for instance, was not de-nationalized since its nationalization had been achieved through a constitutional amendment backed by a great deal of domestic support. U.S. corporate officials, however, did finally receive compensation for their losses. Human rights violations also became a part of the military government's repertoire as potential and suspected enemies were constrained by censorship laws and national curfews and permanently silenced through arbitrary arrests, disappearances, tortures, and executions. A conservative estimate told of 2,000 lives being lost due to government tactics by the end of 1973 alone—a period of less than four months.<sup>31</sup>

With the termination of Allende's administration and the establishment of the military government, U.S.-Chile relations experienced strong initial improvement. The military regime was clearly anti-communist and pro-market and the United States demonstrated its appreciation of this fact by increasing its amount of economic assistance. Under Allende, Chile received a total of \$63.7 million in U.S. and multilateral aid compared to that received under the first three years of Pinochet's government, which equaled \$628.1 million. Breaking down these totals, the United States in particular gave \$55.7 million to Chile during Allende's presidency and \$323.8 million while Pinochet was dictator. The rest of the funding in both instances came from the World Bank and the Interamerican Development Bank (IDB), two institutions predominantly influenced by U.S. foreign policy. Each of these organizations

---

<sup>31</sup> Ibid., pp. 329-330.

provided funding to Chile in a manner similar to that of the United States. The World Bank actually gave no support to Chile under Allende and \$66.5 million under Pinochet. As for the IDB, \$11.6 million was given to Chile under Allende and \$237.8 million under Pinochet.<sup>32</sup>

Tensions began to arise as the U.S. public and subsequently Congress began to act out against the pervasiveness of human rights abuses in Chile. Public opinion polls in the year 1975 showed a preference among U.S. citizens for Allende's former government as 60% stated that they believed Chileans had lived better under Allende. The following year, Congress passed the Kennedy-Humphrey Amendment, suspending sales to Chile and severely limiting economic aid in the name of criticizing the country's human rights abuses. With the election of President Jimmy Carter, the United States took a more isolationist stance toward Chile. Angered by the military government's refusal to assist in an investigation into the murder of Allende's former ambassador to the United States, Orlando Letelier, Carter cancelled Chile's Export-Import Bank loans and their insurance from the Overseas Private Investment Corporation. Moreover, the U.S. president suspended Chile's participation in the annual naval exercises conducted with South American navies, UNITAS. The military government responded in outrage, arguing that Carter's measures "violated the principles of international law and are, simply, a return to the old practices of North American imperialism in Latin America...[in which] a government reacts with violence and complete injustice against a small and materially weak country in its own hemisphere."<sup>33</sup>

The election of President Ronald Reagan brought U.S.-Chile relations to its final phase in the Cold War, which is that of a general move toward democracy. Reagan persuaded Congress to modify its arms sanctions against the military government based upon the arguments that military sales were in U.S.

---

<sup>32</sup> All U.S. and multilateral aid figures are in accordance with what was given during the first three years of the military regime.

<sup>33</sup> Mares and Aravena, 2001.

national interests and that Chile was not in support of international terrorism. He further bolstered his argument by making the lifting of the sanctions contingent upon the military government's improvement of its human rights record and upon its cooperation in the investigation to find the persons responsible for the death of Orlando Letelier. Talking also with the military government and the rising democratic opposition in Chile, Reagan encouraged the country to take the first steps toward democratization, committing U.S. assistance efforts to the "parties within the government supporting transition, and parties involved in negotiating with the opposition, so that they can reach consensus on a timetable for democratic transition." Democratization did return to Chile in 1989 with the election of President Patricio Aylwin and has persisted for the past two decades.<sup>34</sup>

Forty years after the rise and fall of President Allende, there are still lessons to be learned concerning not only the political and economic history of a country, but also about what constitutes successful and sustainable U.S. foreign policy in Latin America. It is the contention of this paper, that many of these lessons went unlearned as the United States transitioned from the Cold War to the Post Cold War and as it prepared for another challenging relationship in Latin America, that of U.S. relations with Venezuela.

## **The United States & Venezuela**

### *A New Global Context: U.S.-Latin American Relations after the Cold War*

The end of the Cold War significantly altered U.S.-Latin American relations as shifts in political and economic ideologies swept through the region and as new international forces and actors established their influence in the Western Hemisphere. Many of these changes, if not all, have had a huge impact on

---

<sup>34</sup> Ibid., pp. 12-15.

U.S. relations with Venezuela as the two countries have attempted for the past decade to find some common ground upon which to cooperate and trust each other.

With respect to communism, U.S. foreign policy underwent important changes. The close of the Cold War brought an end to the monolithic view that all communist countries are exactly alike. In the place of such a perspective, the United States began to disseminate the belief that each communist country was unique and that in certain cases, such as with China, there were potential gains to be had from interactions with those states. Another change in viewpoint came under the Carter administration and called for the reversal of the U.S. policy of turning a blind eye to a state's internal affairs as long it was anti-communist. Countries began to be put to a "democratic test" and democracy arose as a strategic U.S. interest both in the Western Hemisphere and abroad. As noted before, democracy was heavily encouraged in Chile near the end of the Cold War and it would become a priority concern in U.S.-Venezuelan relations.<sup>35</sup>

Perspectives also began to shift in Latin America as countries redefined their national security and confronted the emergence of economic "neoliberalism." Taking lessons from the southern cone of Latin America, countries in the region began to adopt a broader view of national security. They had seen how in countries such as Chile and Argentina internal threats to national security could be just as potent as external ones. National destabilization could come from hostile domestic groups, high levels of social unrest, and or from the presence of foreign companies whose political and/or economic clout might increase their ability to topple the government. In response, Latin American governments engaged in

---

<sup>35</sup> Kelly and Romero, 2002.

practices such as stronger social and economic management, censorship, or anti-liberal economic policies to safeguard against destabilization.<sup>36</sup>

Governments also worked to instill a sense of respect within the military for democracy. The scope of military activity was expanded as officials and soldiers were charged with protecting not only the state's borders, but also its democratic institutions. The result was an increased amount of military interest and participation in the state's domestic affairs and international relations. This proved to be a double edged sword in Venezuela where the military highly valued the institution of democracy, but near the end of the 20<sup>th</sup> century felt that it was their responsibility to ensure that democracy functioned correctly, even if by force. In the words of the authors Kelly and Romero, the military "absorbed the teaching that they were the custodians of democracy, but some would come to the conclusion that democracy was not working as it should." This would happen twice in the year 1992 during which two military coups would attempt and fail to remove the current government in favor of a more democratic one. The current leader of Venezuela, Hugo Chavez, was an active member of the coup that took place on February 4, 1992. Combining forces with Lieutenant Colonel Francisco Arias Cárdenas, the two men tried to overthrow the government of President Carlos Andrés Pérez with the hopes of "re-founding" Venezuelan democracy through a new civil-military government. With the coup's failure, Chavez would switch methods, running for president in the 1998 election, but maintaining his message that the current democratic system of the 1961 constitution was in desperate need of radical change. Chavez's uncompromising definition of Venezuelan democracy would frequently collide with U.S. aspirations for democratic government in the country, serving only to fan the flames of contention and disagreement between the two states.<sup>37</sup>

---

<sup>36</sup> Ibid., pp. 30-31.

<sup>37</sup> Ibid., pp. 31-32.

Economic neoliberalism first appeared under the rule of Augusto Pinochet in Chile and did not spread to the rest of Latin America until the late 1980s due to the regional fear of the political costs of liberalization. Heavy in debt and unable to achieve growth through investment, many Latin American countries began to change their minds concerning economic neoliberalism, reducing government control of their economies and opening themselves to the international market. In the United States, these policies were welcomed as beneficial to both the United States and its Latin American neighbors and thus, were espoused throughout the region.<sup>38</sup>

Certain Latin American governments, however, did not greet these policies as warmly as others. In Venezuela, support swayed back and forth regarding the exposure of the Venezuelan economy to the global market. President beginning in 1989, Carlos Andrés Pérez had initially balked at the idea of opening Venezuelan markets because he opposed U.S. economic hegemony in the region. When economic troubles began to plague the country, he switched positions, implementing policies of privatization, commercial liberalization, and the removal of multiple domestic subsidies. High inflation rates and a significant devaluation of the state currency resulted, instigating resistance movements against his neoliberal policies and contributing to the 1992 coups against his government and his eventual impeachment. His successor, Rafael Caldera, returned the Venezuelan economy to the hands of the government and advocated a more protectionist stance. The continuation of these policies under President Chavez would not only damage the Venezuelan economy in the long run, but also preserve the tension in U.S.-Venezuelan relations.<sup>39</sup>

For many Latin American countries, a final impact of the end of the Cold War was a newfound desire to reverse the asymmetric power relationship between the United States and themselves. States

---

<sup>38</sup> Ibid., pp. 36-37.

<sup>39</sup> Ibid., pp. 37-38.

now firmly believed that they could increase their roles and influence in the Western Hemisphere by seizing control of their natural resources and using them as leverage in their foreign relations. Venezuela was no exception. Emerging from the Arab-Israeli War of 1973 victorious in that the rise in oil prices had given the country an immense amount of immediate wealth, Venezuela aspired to be a regional leader in Latin America, providing monetary aid to its neighbors and talking of a “New International Economic Order,” in which U.S. dominance would be a thing of the past. With a relatively continuous decrease in oil prices between 1989 and 1998, Venezuela tempered its rhetoric, accepting a more modest role in international affairs. However, with the election of Hugo Chavez, the country returned to its former goal of becoming an influential force on the world stage.<sup>40</sup> The tragedy of September 11<sup>th</sup> yanked U.S. attention away from Latin America, as the United States embarked on its “War on Terror.” The result was a vacuum of leadership in Latin America that Hugo Chavez today is only too delighted to fill.<sup>41</sup>

*The Emergence of Venezuela from the Cold War and the Rise of Hugo Chavez*

Venezuela exited the Cold War empowered by the oil boom of the 1970s and energized by the pursuit of new global alliances that could offset U.S. influence in the Western Hemisphere and in Venezuelan internal affairs. Nationalizing oil production in 1976, Venezuela had high hopes for its energy sector, believing it to be the starting point for its emergence as a regional and global leader. These aspirations were abruptly halted as the demand for oil dropped in the late 1980s due to lower consumption rates and the exportation of oil from new fields in Mexico, Alaska, and the North Sea. The 1980s brought further economic troubles as an international debt crisis reversed Venezuela’s protectionist stance, forcing the country to lean more heavily on U.S. investment and to open its market to neoliberal free trade

---

<sup>40</sup> Ibid., pp. 21.

<sup>41</sup> McCoy, Jennifer. “Engaging Venezuela: 2009 and Beyond.” *The Obama Administration and the Americas*. Lowenthal, Abraham F., Theodore J. Piccone, and Laurence Whitehead. Washington, D.C.: Brookings Institution Press, 2009.

policies. The result was a regional market centered on U.S. involvement, which was the opposite of what most developing states in Latin America had been working towards, which was the exclusion of U.S. dominance in regional economic matters.<sup>42</sup>

Though constantly wary of U.S. influence and control, Venezuela accepted the status quo because it understood that it was the best method for advancing its petroleum industry. Venezuelan leaders, however, went too far in their efforts to win approval from U.S. bankers and investors, imposing tough economic reforms upon the population. Already suffering from a drop in oil prices, which had left the country's reserves \$6.2 billion in debt and the majority of the Venezuelan population of 19.5 million in poverty, the president at the time, Carlos Andrés Pérez, exacerbated the situation by cutting subsidies on domestic petroleum and diesel and increasing the price of public transportation. Domestic riots broke out, killing hundreds, and three short years later public discontentment was expressed through two military coups that attempted and failed to forcefully remove President Pérez from office. Ultimately, the President was impeached and replaced with the more economically moderate Rafael Caldera.<sup>43</sup>

Throughout this period, Venezuela was torn between its economic interdependence with the United States and its commitment to diversify its international contacts. The Cold War had developed within the country a strong desire to increase its ties with Latin America and the developing world. It had also formed bonds between Venezuela and the Middle East through the creation and expansion of the Organization of Petroleum Exporting Countries (OPEC). These new connections were threats to U.S. hegemony in the region and to its position as the primary external influence in Venezuelan economic matters. However, due to Venezuela's stance as an anti-Soviet, democratic government and the

---

<sup>42</sup> Ewell, Judith. *Venezuela and the United States: From Monroe's Hemisphere to Petroleum's Empire*. Athens, GA: The University of Georgia Press, 1996.

<sup>43</sup> Lapper, Richard. *Living with Hugo: U.S. Policy Toward Hugo Chávez's Venezuela*. New York: Council on Foreign Relations, 2006.

preoccupation of U.S. attention elsewhere, the country was allowed to disagree at times with U.S. international politics. For instance, the country voted against U.S. resolutions in the United Nations to censure Cuba, criticizing U.S. ostracism of the island country.<sup>44</sup> Venezuela also opposed U.S. methods for stopping Soviet and Cuban influence in Central America though it did agree on the principle that communism should not take root in the region. Thus, while the U.S. funneled secret arms to the “Contras” in their struggle against the leftist Sandinista government, Venezuela pursued a more peaceful route, supporting moderates and negotiating with Sandinista leaders.<sup>45</sup> Overall, Venezuela established a delicate balance between its interests in the United States and those in the oil industry, Latin America, and the developing world. This balance sustained friendly relations between the two countries throughout the Cold War, but would begin to falter as domestic and economic instability set the stage for the election of Hugo Chavez; the man who would redefine U.S.-Venezuelan relations in the Post Cold War era.

The years immediately before the election of Hugo Chavez were economically promising for the United States and Venezuela. The United States continued as Venezuela’s number one trading partner and trade increased proportionately between the two states up until 1996. That year Venezuela, for the first time in 20 years, opened up its oil industry to foreign investment with the intention of doubling production within 10 years and of capturing a greater percentage of the U.S. market. These productive relations were cut short by a financial crisis that hit Thailand in mid-1997 and then spread to all of East Asia, including key consumer countries such as Japan. Worsening this disaster, Russia experienced an economic downturn and began selling its petroleum exports at any price. The price of oil was sliced in half as a consequence, dropping from \$18 per barrel in 1996 to less than \$9 per barrel by the end of 1998. The result in Venezuela was a sharp decrease in state funding, expected since close to half of all

---

<sup>44</sup> Ewell, 1996.

<sup>45</sup> Kelly and Romero, 2002.

government income was supported by oil revenues. Campaigning throughout the country when the price of oil began to drop, Chavez gained support through speeches against the government's expansive oil program and through promises to reform the industry by replacing high executives and revising contracts with foreign investors.<sup>46</sup>

Chavez gained further support from his statements criticizing the corruption prevalent in the Venezuelan two-party democratic system. Established in 1958, following the end of the seven-year dictatorship of General Marcos Pérez Jiménez, the two-party system had functioned through a policy of "pacted democracy," which called for the regular alternation of power between the Democratic Action Party (AD) and the Christian Democrats (Political Electoral Independent Organization Committee, or COPEI). By the late 1990s, these two parties had obtained privileged access to state resources and had limited the majority of welfare benefits to well-organized urban workers who were closely affiliated with the political parties. Their inability to deal effectively with the economic difficulties of the 1980s and 1990s along with public evidence of government corruption resulted in the landslide electoral victory of Hugo Chavez in 1998 and the beginning of tensions between the United States and Venezuela.<sup>47</sup>

As Chavez was inaugurated as President, Washington grappled with the dilemma of how to relate to this democratically elected, yet formerly subversive president, who only six years ago had helped to orchestrate a military coup against his own government. As Chavez responded similarly, worrying about potential U.S. political and economic intervention in Venezuela, a relationship of mutual economic

---

<sup>46</sup> Ibid., pp. 45.

<sup>47</sup> Lapper, 2006.

dependence burdened by a strong sense of distrust was set between the United States and Venezuela and is the relationship that continues to this day.<sup>48</sup>

### *The Venezuela of Hugo Chavez*

#### A New Constitution

Upon becoming president, Hugo Chavez worked vigorously to remake Venezuela, beginning with the creation of a new constitution. The 1999 constitution was constructed from a pool of 624 citizen proposals with approximately half of them being incorporated into the final document. Composed by the popularly-elected National Assembly, the new constitution was met with high domestic approval as 71% of the electorate voted in favor of adopting the document.<sup>49</sup> The constitution, overall, dictated the strengthening of human rights considerations, the inclusion of a greater amount of the population in the political process, and the centralization and empowerment of the executive.<sup>50</sup> Specifically, it included important political changes such as the extension of the presidential term limit from five to six years and the dissolution of the Senate, which was responsible for electing the position of vice president. Economically and socially, the constitution increased state control of the national oil industry, institutionalized state pensions for all citizens, and expanded the autonomy of the military while limiting that of the central bank.<sup>51</sup>

---

<sup>48</sup> Kelly and Romero, 2002.

<sup>49</sup> Gobierno Bolivariano de Venezuela. Ministerio del Poder Popular para las Relaciones Exteriores. "Reformas a la Constitución de Venezuela de 1999." *Embajada en los Estados Unidos de América*. Washington, D.C. Web. 6 Feb. 2010. <<http://www.embavenez-us.org/pdfs/Fact%20Sheet,%20Reforma%20Constitucional.pdf>>.

<sup>50</sup> McCoy, 2009.

<sup>51</sup> "New Constitution for Venezuela." *BBC News*. London, 19 Nov. 1999. Web. 6 Feb. 2010. <<http://news.bbc.co.uk/2/hi/americas/528014.stm>>.

## A Political System in Favor of the Executive

The basis for reform in Venezuela, the Constitution was engineered to promote an increase in the autonomy and popular accountability of publicly elected officials. The independence of judges was to be increased, government representatives were to be held accountable through midterm recall referendums, and a new “moral” branch of government composed of the public prosecutor, comptroller general, and public ombudsman was to serve as a check on executive power. The reality, however, was the creation of a system in which judicial authority is limited, censorship is feasible, corruption is present and power is consolidated into one man: Hugo Chavez.

A testament to the lack of separation of powers in Venezuela, the judicial branch fails to act autonomously of the executive, dispensing justice in accordance with government wishes. Judges who render decisions contrary to executive desires are dismissed and as of 2004, membership in the Supreme Court has been tipped in the government’s favor with 12 new positions being filled with justices sympathetic to government policies.<sup>52</sup>

The relative weakness of the opposition in Venezuela and their efforts to boycott the National Assembly elections in 2005 gave the government full control over the national legislature as it won every seat in the assembly. Responsible for the appointment of officials to the Supreme Court, the National Electoral Council, and the Citizen’s Power group (the ombudsman, attorney general, and comptroller general), this electoral victory extended executive control to all branches of government.<sup>53</sup> In the words of Allan Brewer Carias, a former Venezuelan legislator and an adjunct professor at the Columbia

---

<sup>52</sup> Lapper, 2006.

<sup>53</sup> McCoy, 2009.

University Law School, Venezuela is in a “totalitarian government... there is no check and balance, no separation of powers at all. The executive controls the assembly, and through the assembly it controls the Supreme Tribunal, the attorney general, the prosecutor general, the defender of the people, the comptroller general. So all the branches of government are completely controlled, and the power concentrated in the executive.”<sup>54</sup>

Though the freedom of the press supposedly exists in Venezuela, it is in actuality undermined by the government. Recent media legislation encourages efforts at self-censorship through increases in the penalties for libel and defamation of political figures and through the government’s refusal to renew broadcasting licenses should “inappropriate material” be released on the air.<sup>55</sup> Allegations of corruption are prevalent in Venezuela with a famous case being the acceptance of \$4 million in bribes in 2006 by the former Supreme Court Judge, Luis Velázquez, who was considered to be an accomplice in Chavez’s efforts to increase his control over the judiciary. Evidence of corruption was also widespread in 2004 when it was discovered that 95% of government positions were awarded without competition, implying the use of bribes.<sup>56</sup>

Recent efforts have been made by President Chavez to not only expand his power in Venezuela, but also to secure it for the future. Re-elected in 2006, Chavez made arrangements for a constitutional referendum to take place the following year that would ask Venezuelan citizens whether or not to do away with presidential term limits. The result was a resounding no and was the first major electoral

---

<sup>54</sup> Carias, Allan B. and Bernard Gwertzman. “Interview: Referendum in Venezuela Hardens Chavez’s ‘Authoritarian Regime.’” *New York Times*. New York, 18 Feb. 2009. Web. 9 Apr. 2010.

<[http://www.nytimes.com/cfr/world/slot2\\_20090217.html?pagewanted=1&\\_r=1&sq=Venezuela%20referendum&st=cse&sctp=1](http://www.nytimes.com/cfr/world/slot2_20090217.html?pagewanted=1&_r=1&sq=Venezuela%20referendum&st=cse&sctp=1)>.

<sup>55</sup> McCoy, 2009.

<sup>56</sup> Lapper, 2006.

defeat that Chavez had experienced in his nine years as president.<sup>57</sup> Trying again in 2009 with another referendum vote, Chavez succeeded as 54.4% of voters outnumbered the 45.6% that voted against his proposal to end presidential term limits. Thus, when Chavez's time in office concludes in the year 2013 he will be eligible to run again, indefinitely, for Venezuela's presidency.<sup>58</sup>

### A State-run Economy

A reflection of not only the political changes that Chavez desired to implement in Venezuela, the 1999 Constitution also laid the foundation for economic reform. As discussed by Richard Lapper in his Council on Foreign Relations 2006 report, Hugo Chavez desired to overcome poverty and social inequality through a socialist economic model, which his government would implement in three main ways. The first was that of state intervention in the economic management of the country.<sup>59</sup> In the oil industry, corporate leaders, who had hoped to transform Venezuela's oil company, PDVSA, into a successful multinational company, were quickly replaced by Chavez supporters, ensuring that the industry would now respond to government interests first and business objectives second.<sup>60</sup>

In opposition to the "politicization" of the company's board of directors, Venezuelan white-collar workers engaged in a two-day strike beginning on April 9, 2002. The strike set off violence in the streets of the capital as pro-strike demonstrators fought with Chavez supporters in a gun battle that left at least 18

---

<sup>57</sup> "Hugo Chavez." *New York Times*. New York, 19 Apr. 2010. Web. 15 Apr. 2010.

<[http://topics.nytimes.com/top/reference/timestopics/people/c/hugo\\_chavez/index.html?scp=1&sq=Venezuela%20referendum&st=cse](http://topics.nytimes.com/top/reference/timestopics/people/c/hugo_chavez/index.html?scp=1&sq=Venezuela%20referendum&st=cse)>.

<sup>58</sup> Romero, Simon. "Chavez Decisively Wins Bid to End Term Limits." *New York Times*. New York, 15 Feb. 2009. Web. 1 Mar. 2010.

<[http://www.nytimes.com/2009/02/16/world/americas/16venez.html?\\_r=1&scp=3&sq=Venezuela%20referendum&st=cse](http://www.nytimes.com/2009/02/16/world/americas/16venez.html?_r=1&scp=3&sq=Venezuela%20referendum&st=cse)>.

<sup>59</sup> Lapper, 2006.

<sup>60</sup> Kelly and Romero, 2002.

people dead. The military was called in to suppress the violence but refused, asking instead that the president leave office. Pedro Carmona, president of Fedecámaras, the primary business federation in Venezuela, was made the interim president, but foolishly closed the National Assembly and the Supreme Court, separating himself from many of the opposition politicians and soldiers who had initially supported the coup. To halt continuing violence and discontentment, the military reinstated Chavez as president on April 13.<sup>61</sup>

Still unsatisfied with state control of the oil industry and frustrated by their failed attempt to remove Chavez from power, opponents of the government initiated a general strike in December of 2002, which the government only survived thanks to technical assistance from Iran, China, and Libya, oil supplies from Brazil, and a lack of political organization among Venezuelan workers. The government response to the strike was the intensification of state control over the energy sector and other parts of the Venezuelan economy. Beginning in 2003, the government fired 18,000 strikers with many of these workers being senior managers or technicians. It also restricted the type and amount of international joint-ventures that PDVSA could engage in through the use of increased royalties and tougher negotiation terms with foreign companies. Significant changes in the banking sector mirrored those in the oil industry as the government in 2004 introduced guidelines determining how much credit could be given to each sector of the Venezuelan economy. Currently, in order to facilitate growth, one third of all bank loans must go to small businesses, low income mortgages, and state-favored sectors at below market rates. The result, however, has been a decline, not an increase, in private investment.<sup>62</sup>

The second method of the government to bring about social change through economic reform was to introduce social enterprises that are dependent upon government subsidies. Two examples of this are

---

<sup>61</sup> Lapper, 2006.

<sup>62</sup> Ibid., pp. 12-13.

the cooperatives in the health and agricultural sectors of the economy. In the health sector, 108,000 cooperatives are favored for federal loans and contracts while in the area of agriculture land reform acts have eliminated the presence of large estates, bringing the allocation of land under the discretion of the government.<sup>63</sup> Constitutional amendments attempted in 2007 to expand government provisions under article 113 of the 1999 Constitution,<sup>64</sup> which prohibit monopolies and guarantee government protection of social cooperatives from the “harmful or restrictive effects of monopolies.”<sup>65</sup> Despite the government’s inability to pass these amendments in the 2007 referendum, the number of cooperatives has increased in recent years from 800 to 180,000.<sup>66</sup>

The third component of economic reform in Venezuela was the expansion of state spending, with most of the money coming from government revenues obtained from profits in the oil industry. Specifically, government funds have increased from \$8.6 billion in 2001 to the more recent \$49 billion in 2006 with \$7 billion of that latter amount going to the government’s Fund for Social and Economic Development (FONDESPA).<sup>67</sup> Created in 2004, FONDESPA is the government’s program for financing

---

<sup>63</sup> Ibid., pp. 12.

<sup>64</sup> Gobierno Bolivariano de Venezuela. Ministerio del Poder Popular para las Relaciones Exteriores. “Reformas a la Constitución de Venezuela de 1999.” *Embajada en los Estados Unidos de América*. Washington, D.C. Web. 6 Feb. 2010. <<http://www.embavenez-us.org/pdfs/Fact%20Sheet,%20Reforma%20Constitucional.pdf>>.

<sup>65</sup> Bolivarian Republic of Venezuela 1999 Constitution. Base de Datos Políticos de las Américas. “Constitution of the Bolivarian Republic of Venezuela.” *Georgetown University*. Washington, D.C. 13 Sept. 2005. Web. 6 Feb. 2010. <<http://pdba.georgetown.edu/Constitutions/Venezuela/ven1999.html>>.

<sup>66</sup> Gobierno Bolivariano de Venezuela. Ministerio del Poder Popular para las Relaciones Exteriores. “Reformas a la Constitución de Venezuela de 1999.” *Embajada en los Estados Unidos de América*. Washington, D.C. Web. 6 Feb. 2010. <<http://www.embavenez-us.org/pdfs/Fact%20Sheet,%20Reforma%20Constitucional.pdf>>.

<sup>67</sup> Lapper, 2006.

all national infrastructure, road, agriculture, health, and education initiatives through the use of PDVSA oil revenues. As Rafael Ramírez, the President of PDVSA and Venezuela's Minister of Energy and Petroleum, expressed in his speech to the National Assembly in 2005, "the use of surplus oil profit in investment projects contributes, not only to socio-economic development, but also reduces the financial pressure on the Treasury and as a consequence improves the country's financial performance."<sup>68</sup>

### Military Reform

Under the government of Hugo Chavez, the military also experienced significant changes. The first was an integration of the military into all aspects of society. Pre-military training became a requirement in high school and Chavez's Bolivarian Plan-2000 program sent soldiers into streets and towns with the purpose of improving socioeconomic conditions through the selling of subsidized food and through neighborhood improvement projects. Chavez also incorporated the military into the political process, giving many officers positions in the government and extending the right to vote to soldiers—a practice that the previous constitution of 1961 prohibited due to the belief in preserving a strong barrier between the military and politics.<sup>69</sup> The military also underwent changes in their global perspectives. The official military doctrine, formally adopted in 2005, claims that the United States and Colombia are the primary enemies of Venezuela and thus threats to national security. Adhering to this belief, military links with the United States have been suspended and Venezuela has instead directed its military alliances toward countries such as Cuba and Russia.<sup>70</sup>

---

<sup>68</sup> Petróleos de Venezuela, S.A. (PDVSA). "FONDESPA: The Fund for Social and Economic Development." *Gobierno Bolivariano de Venezuela: Ministerio del Poder Popular para la Energía y Petróleo*. 2005. Web. 1 Mar. 2010. <[http://www.pdvsa.com/index.php?tpl=interface.en/design/readmenuprinc.tpl.html&newsid\\_temas=39](http://www.pdvsa.com/index.php?tpl=interface.en/design/readmenuprinc.tpl.html&newsid_temas=39)>.

<sup>69</sup> Kelly and Romero, 2002.

<sup>70</sup> Lapper, 2006.

## Foreign Relations

Internationally, Venezuela's foreign policies under Chavez are divided between relations within Latin America and those outside of the Western Hemisphere. In the Americas, Chavez adamantly insists upon the belief that Latin American solidarity is necessary if the region wishes to effectively combat its dependence on the United States and Europe, which he claims is the root cause of the economic backwardness of each country in the region. Leaders who share his perspective include Presidents Daniel Ortega of Nicaragua, Rafael Correa of Ecuador, Evo Morales of Bolivia, and Luiz Ignácio Lula da Silva of Brazil. To demonstrate his willingness to put his money where his mouth is, President Chavez donates funds from oil revenues toward the socioeconomic development of his Latin American counterparts in a show of solidarity. Recent figures show that in the year 2006, Venezuela spent \$25.9 billion in support of its hemispheric neighbors with the three greatest amounts going to Brazil (\$4.38 billion), Cuba (\$4.34 billion), and Argentina (\$3.95 billion).<sup>71</sup>

Not all Venezuelan relations in the Americas are friendly however. Those of Venezuela and Colombia are deteriorating as a result of Venezuela's continuing support of members of the rebel group, the Revolutionary Armed Forces of Colombia (FARC). In 2009, Chavez halted all diplomatic relations with its western neighbor, angered by the country's attempts to increase the presence of U.S. troops within its borders and by its claim that Swedish rocket launchers sold to Venezuela have been found in the FARC's possession. Tensions remain as Chavez continues to deny his government's connections with the FARC, despite mounting evidence in Colombian and U.S. intelligence agencies to the contrary.<sup>72</sup>

---

<sup>71</sup> Ibid., pp. 15.

<sup>72</sup> "Venezuela." *New York Times*. New York, 19 Aug. 2009. Web. 6 Feb. 2010.

<<http://topics.nytimes.com/top/news/international/countriesandterritories/venezuela/index.html?scp=3&sq=Venezuela%20referendum&st=cse>>.

In its relations with the rest of the world, Venezuela has made extensive use of its influence as a major exporter of oil and as a founding member of OPEC. Its petro diplomacy has continued under Chavez, but has been coupled with an increase in associations with countries that are either competitors or adversaries of the United States. Specifically, over the past 10 years, Venezuela has been promoting friendships with countries such as China, Russia, and Iran in an attempt to counterbalance U.S. global hegemony.<sup>73</sup> With China, Venezuela has recently reached an agreement to accept \$20 billion in loans in return for increases in petroleum exports. This agreement not only demonstrates advancement in Venezuelan-Chinese ties, but also comes at a critical moment for Venezuela as the country is currently suffering from declines in the price of oil and from a lack of foreign investment.<sup>74</sup> With Russia, Venezuela has increased its importation of Russian arms in its efforts to counterbalance U.S. military support of Colombia.<sup>75</sup> In the Middle East, Venezuela's relations with Iran have expanded through visits in 2005 between Chavez and the Iranian President Mohammad Khatami and later in 2006 between Chavez and President Mahmoud Ahmadinejad. The purpose of these meetings was to sign commercial accords that would lay the foundation for increases in trade relations between the two states.<sup>76</sup>

Considering the topic of this paper, U.S.-Venezuelan relations during this period deserve special mention. Overall, economic ties remain strong, slumping only initially in 1999 as Chavez instituted temporary production cuts in oil in an attempt to drive up the price and restore economic stability to his

---

<sup>73</sup> Kelly and Romero, 2002.

<sup>74</sup> "Venezuela." *New York Times*. New York, 19 Aug. 2009. Web. 6 Feb. 2010.

<<http://topics.nytimes.com/top/news/international/countriesandterritories/venezuela/index.html?scp=3&sq=Venezuela%20referendum&st=cse>>.

<sup>75</sup> McCoy, 2009.

<sup>76</sup> Lapper, 2006.

country.<sup>77</sup> Bound together by layers of economic interdependence, the two countries' relationship has been severely hampered by a fracturing of cooperation as Venezuela seeks economic ties elsewhere and the United States makes no moves to effectively preserve its place in Venezuelan markets. Politically, suspicion and anger reign as Chavez believes the United States to have been behind the 2002 attempts to remove him from office and as U.S. presidents are bombarded by Chavez's accusatory and abusive rhetoric.<sup>78</sup> Current relations between Chavez and the newly-elected U.S. president, Barack Obama, appear to be walking a fine line between antagonism and hopeful friendship with future U.S. foreign policies in the region being the factors that will determine whether or not there will be a successful and sustainable improvement in U.S.-Venezuelan relations.

---

<sup>77</sup> Kelly and Romero, 2002.

<sup>78</sup> Lapper, 2006.

## CHAPTER 4 U.S. FOREIGN POLICY: OBJECTIVES & STRATEGIES

According to author Bruce Jentleson, U.S. foreign policy objectives can be divided into four categories: Power, Prosperity, Peace, and Principles. Deciding which category or categories of objectives are most important determines the course of action that the United States will take in its foreign relations. In its search for Power, for instance, the United States pursues policies that advance its national security interests and preserve its hegemonic influence. When Prosperity is most important, economic matters such as international trade or investment are the focus of U.S. policies. In terms of Peace, regional and global stability are the goal and when it comes to Principles, the establishment of U.S. perspectives abroad is at the heart of U.S. relations with its global neighbors.<sup>79</sup> An effective means for analyzing U.S. foreign policy, this paper will utilize Jentleson's model in its examination of U.S. foreign policy objectives and strategies in Chile and Venezuela.

### **U.S. Foreign Policy in Chile: A Sacrifice of Principles**

#### *Foreign Policy Objectives*

In the case of U.S. foreign policy in Chile, everything mattered except for Principles. The newly-elected government of Salvador Allende was a threat to U.S. national security interests and presidential ambitions. It endangered U.S. corporate interests in copper and telecommunications and had the potential to undermine the democratic governments of Europe and Latin America. Fearing the realization of all

---

<sup>79</sup> Jentleson, Bruce. *American Foreign Policy: The Dynamics of Choice in the 21<sup>st</sup> Century*. New York: W.W. Norton & Company, Inc., 2007.

three, the United States embarked upon a covert campaign that would span three presidencies, contribute to the destabilization and death of Allende's "socialist experiment," and push aside U.S. Principles of democracy and human rights in favor of preserving U.S. interests of Power, Prosperity, and Peace.

With the Cuban Missile Crisis fresh in the minds of U.S. leaders, the promise of Salvador Allende to bring socialism to Chile represented another moment in which the political and military threat of leftist governments was coming ever closer to U.S. shores. Specifically, a socialist president in Chile meant one thing: another doorway had been established in the Americas through which Soviet ideals, weapons, and influence could pass easily and spread throughout all of Latin America. In his memoirs, Secretary of State Henry Kissinger describes this possibility, stating, "Chile bordered Peru, Argentina, and Bolivia, all plagued by radical movements. As a continental country, a militant Chile had a capacity to undermine other nations and support radical insurgency that was far greater than Cuba's...[in time they would have been] supported by Soviet forces and Soviet arms in the southern cone of the South American continent."<sup>80</sup> President Nixon, in an interview with David Frost, paints a similar picture commenting that "if Allende should win the [1970] election in Chile, and then you have Castro in Cuba, what you will in effect have in Latin America is a red sandwich, and eventually it will all be red."<sup>81</sup>

Though understandable given the Cold War context, these fears had little evidentiary support. Rather, many U.S. policy analysts differed from Kissinger and the President in their evaluations of the security threat that Chile posed to the United States. The U.S. embassy in Santiago was "unable to identify any vital U.S. security interests in Chile" and the Group for Inter-American Affairs concluded that U.S. national security was not in jeopardy because "the world military balance of power would not be

---

<sup>80</sup> Grow, Michael. *U.S. Presidents and Latin American Interventions: Pursuing Regime Change in the Cold War*. Lawrence, KS: University Press of Kansas, 2008.

<sup>81</sup> *Ibid.*, pp. 100.

significantly altered by an Allende government.” Further accounts came from the intelligence community, which doubted the likelihood that Chile would engage in any subversive measures regarding the governments of its neighboring countries. According to their findings, Allende would refrain from encouraging left-wing extremists in Argentina, Bolivia, and Peru out of respect for the communist faction in his party, which was opposed to violent-prone groups, and out of fear of a negative military reaction.<sup>82</sup>

With the “domino theory” of Latin America discounted, more evidence arrived against the assumption of strong Soviet-Chile ties. In his analysis, the U.S. ambassador to Chile, Edward Korry, claimed that the Soviet Union would “move with caution” when it came to using Chile as a base for expansion into Latin America because it did not desire “another Cuban drain of Moscow’s resources.” Doubts concerning the national security threat of Chile were solidified when a National Intelligence Estimate was released in July of 1970 questioning how far socialism would progress in Chile, let alone the rest of Latin America. Specifically, the report stated that Allende would try to bring Chile “a long way down the Marxist-Socialist road” during his six years in office, but he would first have to overcome the barriers erected by Chile’s “security forces, the Christian Democratic Party, some elements of organized labor, Congress, and the Catholic Church.”<sup>83</sup>

Despite the evidence demonstrating that Chile was of little to no danger to the United States, the country proceeded in its relations with Santiago under this assumption. According to author Michael Grow, the reason for this persistence was that the real threat posed by Chile was its obstruction of U.S. presidential Power interests during the Cold War. Although President Kennedy had been unable to halt the communist revolution in Cuba, he was successful in his use of CIA initiatives that kept Allende from winning the presidential election in 1964. Nixon, on the other hand, failed in this attempt and as a result,

---

<sup>82</sup> Ibid., pp. 101.

<sup>83</sup> Ibid., pp. 101.

put his international and domestic aspirations at risk. Globally, Nixon intended to bring the United States out of the Cold War and into a “new era of peaceful coexistence with the communist world” through the establishment of areas of cooperation with China and the Soviet Union. With the USSR, in particular, Nixon hoped to create a relationship of mutual exchange. The United States would receive Soviet political and military restraint in problem areas such as Vietnam, Berlin, and the Middle East in return for Soviet access to Western food and technology, a strategic arms limitation agreement, and U.S. recognition of the existing boundaries in Eastern Europe. Upon the normalization of relations with China and the Soviet Union, Nixon would have the tools he needed to successfully end the Vietnam War as China and the USSR, acting in favor of their relations with the United States, put pressure on Hanoi to “moderate its requirements for a cease-fire.”<sup>84</sup>

Nixon may have succeeded if multiple international crises in 1970 had not stood in his way. That year the Soviets began their military expansion into the Middle East, jeopardizing U.S. oil sources, and conflict broke out between Jordan (supported by the West) and radical Palestinian refugees (backed by pro-Soviet Syria). To make matters worse, a Soviet nuclear submarine base was being built in Cuba and the Vietnam War was steadily increasing discontent at home. The belief among U.S. officials that Moscow was testing Washington through these international crises—searching for cracks in its credibility and power—made it so that the United States could not afford to respond softly to the presence of a socialist government in Chile. Taken within this context of multiple international dilemmas challenging U.S. credibility all at once, it is not surprising that U.S. leaders took such an uncompromising stance against Allende’s government. In the words of Ambassador Korry, the number one concern with Chile was the fear that at a time when the United States was about to “begin the scale down and withdrawal from Vietnam and...launch new initiatives in Moscow and Peking, that for the United States to act

---

<sup>84</sup> Ibid., pp. 104-105.

indifferent to the disappearing of a democracy...in what was viewed throughout the world as its backyard, could have a significant effect on those who made policy in the Soviet Union and the PRC.”<sup>85</sup>

Having already frustrated President Nixon’s international plans, a socialist Chile also undermined his domestic Power ambitions. According to Henry Kissinger, Nixon had three domestic goals with the first one being “to win [reelection in 1972] by the biggest electoral landslide in history.” With his reelection hinging upon the successful extrication of U.S. forces from Vietnam, the collapse of yet another Latin American country into Soviet hands upset voters, casting doubt upon the administration’s ability to deter communism in its own hemisphere, much less in Southeast Asia. Voter disapproval was evident as public approval ratings dropped below 50%—a first for President Nixon—following the 1970 election of Salvador Allende. Having routinely criticized the Kennedy administration for having “goofed an invasion [of Cuba] and given the Soviets squatters right in our backyard,” Nixon now feared that the Democrats would return the favor, pointing out how his failure to take sufficient action against Allende in 1969 and early 1970 despite warnings and recommendations from Ambassador Korry and CIA operatives. Kissinger explains after observing the president firsthand,

“The reason Nixon was ‘beside himself’ when he received the news of Allende’s election victory was because ‘for over a decade he had lambasted Democratic administrations for permitting the establishment of Communist power in Cuba. And now what he perceived—not wrongly—as another Cuba had come into being during his own Administration...This explains the virulence of his reaction and his insistence on doing something, *anything*, that would reverse the previous neglect.”<sup>86</sup>

---

<sup>85</sup> Ibid., pp. 104-106.

<sup>86</sup> Ibid., pp. 109-110.

The Secretary of State in his conversation with White House aide Dwight Chapin later goes on to say that “Chile could end up being the worst failure in our administration—our Cuba by 1972.” Supporting Kissinger’s conclusion, the National Security Council (NSC) determined that the “failure on the administration’s part to ‘take any steps’ against Allende would leave the initiative in his hands, discourage opposition to Allende in Chile, weaken our hemisphere leadership, and create serious problems with public and Congressional opinion in the United States.” Having the disruption of his international and domestic intentions confirmed, Nixon received a cable from Santiago on which he marked his unyielding determination to address the Chilean threat to U.S. and presidential power. The cable stated simply that “Chile voted calmly to have a Marxist-Leninist state, the first nation in the world to make this choice freely and knowingly...*It will have the most profound effect on Latin America and beyond; we have suffered a grievous defeat; the consequences will be domestic and international.*” Upon reading this cable, Nixon underlined the italicized portion.<sup>87</sup>

Beyond national security or presidential plans, U.S. business interests were also at stake. The year of Allende’s election, U.S. corporate capital investments in Chile totaled more than \$1 billion with the majority of that capital located in copper and communications industries. With Allende’s nationalization of copper and his government’s “zero compensation” evaluation of U.S. businesses, these investments along with any and all profits were lost as U.S. companies were required to pay the Chilean government for excess earnings. Anticipating this outcome, major corporations lobbied the Nixon administration in 1970, demanding and agreeing to fund the means necessary for blocking Allende’s election and the subsequent imposition of his economic policies. Together with other business leaders the board chairman of Anaconda Copper extended \$500,000 to the State Department in support of anti-Allende campaign efforts. Senior officials of the International Telephone & Telegraph Company, whose

---

<sup>87</sup> Ibid., pp. 111.

Chilean investments totaled \$150 million, also made offers to the CIA of up to \$1 million in funding. Aware of such efforts, Allende in a 1972 speech to the United Nations General Assembly later argued that his country was a victim of serious “U.S. aggression...designed to take revenge on the Chilean people for its decision to nationalize its copper.” Backing the president’s position, a 1973 Chilean internal government report declared that “what the United States cannot accept is the existence of a government like UP [Unidad Popular] that can decide to nationalize without indemnification, using legal methods that paralyze the U.S. capacity to respond.”<sup>88</sup>

In light of the pressure from U.S. business leaders, some would argue that Nixon’s opposition to Allende’s government was rooted in the need to defend U.S. Prosperity objectives. Author Seymour Hersh speaks of this assumption, stating that “there is compelling evidence that Nixon’s tough stance against Allende in 1970 was principally shaped by his concern for the future of the American corporations whose assets, he believed, would be seized by an Allende government.” Though understandable and to a degree expected, there is disagreement over whether or not economic concerns played a major role in the development and execution of U.S. foreign policy in Chile. Claims by government officials that no funding was accepted from U.S. or foreign sources speak to the minor importance of corporate interests. Kissinger seconds this position, noting in his memoirs that the “nationalization of American-owned property was not the issue...the Nixon administration did not view our foreign policy through the prism of the financial concerns of American companies.”<sup>89</sup>

Though possibly not highly influenced by U.S. corporate interests, the U.S. foreign policy strategy in Chile was impacted by U.S. ties to Chilean business leaders. In this regard, U.S. foreign policy was motivated by the Prosperity objectives of outside actors as opposed to domestic ones. One

---

<sup>88</sup> Ibid., pp. 95 & 99.

<sup>89</sup> Ibid., pp. 99-100.

such prominent actor was Agustin Edwards, Chile's "most powerful businessman" and the owner of Chile's largest granary, a major poultry business, a Pepsi bottling plant, and the conservative newspaper chain, *El Mercurio*. Before Allende's election, Edwards met with Ambassador Korry and asked if the United States planned to "do anything—directly or indirectly" to prevent Allende's electoral victory. Finding Ambassador Korry's answers insufficient, Edwards traveled to Washington and utilized his contact with PepsiCo chairman Donald Kendall, who was one of Nixon's "closest friends and largest campaign contributors," to meet with leaders such as Kissinger, Attorney General John Mitchell, and CIA director Richard Helms. Within these meetings, Edwards warned of the repercussions of a socialist government in Chile, especially one run by Salvador Allende. The Chilean business leader then made proposals concerning possible actions for U.S. intervention. Those suggestions closely mirror the two-track strategy later employed by the United States to prevent Allende's consolidation of power following his 1970 election.<sup>90</sup>

Another key member of the Chilean opposition was the former president Eduardo Frei. A week before Allende's election, a "provocative and highly inflammatory" anti-Allende letter was sent to Washington from the former Chilean president. Upon Allende's accession to power, Frei informed Washington of a possible plan to permanently halt Allende's socialist revolution. This plan became Option D of the NSC produced "Options Paper on Chile," which dictated that the United States should "maintain an outwardly correct but adversary posture, [and] adopt without delay economic, political, and diplomatic measures designed to prevent Allende from consolidating his position." Illustrating the "reported evaluation of the situation by ex-president Frei...that Chile is dead, without any future except as a fully Marxist state, and that the only miracle that might save it would be the incapacity of the

---

<sup>90</sup> Ibid., pp. 111-112.

government to handle the economic situation,” Option D became the U.S. foreign policy strategy towards Chile from 1971 until the culmination of the military coup in 1973.<sup>91</sup>

The third layer of U.S. concerns, the preservation of regional Peace and stability was also put in jeopardy as Chile took its first steps toward the Left. Specifically, the United States was anxious about two regions: Western Europe and Latin America. In Europe, there was the fear that the socialist movement in Chile would inspire “‘Euro communists’ to seek political alliances with Socialists and Christian Democrats in upcoming elections and gain control of the Italian or French government as members of leftist popular-front coalitions.” From the U.S. perspective, the emergence of leftist governments in Western Europe would result in the spread of communist ideals and the subsequent severing of old alliances as individual states transition from being formerly democratic friends to communist foes. This discontinuation of positive relations between old allies would not only occur within Europe, but also in the peaceful relations between the United States and Western Europe. According to Kissinger, “the accession to power of communists in an allied country would represent a massive change in European politics...[and] would have fundamental consequences for the structure of the postwar world...and for America’s relationship to its most important alliances.”<sup>92</sup>

Strong evidence of this effect would be found in the military institution of NATO, whose “strength would be ‘gravely weakened’ because governments containing communists would have to be excluded from discussions of classified subjects, because they would seek to weaken NATO defense efforts.” Kissinger concludes that with declines in the power of NATO, further instability would result as “member countries [of NATO] would be forced to accommodate to Soviet power and ‘massive shifts

---

<sup>91</sup> Ibid., pp. 112.

<sup>92</sup> Ibid., pp. 107.

against us would occur.’” Such shifts would include the forced Soviet removal of democratic institutions and a resulting increase in conflict between the West and the USSR.<sup>93</sup>

In Latin America, there was also the threat of a disruption of peaceful alliances. Due to its democratic origins, Allende’s government—in comparison to that of Fidel Castro—was potentially more capable of inciting an anti-U.S. movement in Latin America. Such a movement would not only undermine U.S. hegemony in the region, but also significantly harm the ties between the United States and many of its southern counterparts. The fracturing of these alliances would be evident, according to U.S. interagency intelligence assessments, in the region’s international organizations, such as the Organization of American States (OAS). These organizations would lose their hemispheric cohesion as Allende’s government challenged their democratic principles and sparked negative reactions between member states.<sup>94</sup>

### *Foreign Policy Strategy*

It was the need to protect U.S. interests in the areas of Power, Prosperity, and Peace that ultimately drove U.S. leaders to orchestrate a foreign policy strategy that would keep power away from Salvador Allende. The strategy had three parts—electoral intervention, economic destabilization, and the consolidation of opposition forces—all executed through the government use of covert initiatives. This strategy, however, pushed aside concerns for U.S. Principles of democracy and human rights. Instead of applauding the democratic processes in Chile, the United States helped to tear them down, ushering in one of the most brutal dictatorships in Latin American history. Human rights were far from protected, as the United States turned a blind eye to the atrocities committed by the succeeding military regime, refusing

---

<sup>93</sup> Ibid., pp. 107.

<sup>94</sup> Ibid., pp. 108.

even to come to the aide of American citizens caught in the fray. Thus, a tradeoff happened in relationship to the U.S. foreign policy in Chile as U.S. Principles were sacrificed for the achievement of other interests.

Sprung into action by the surprise near-victory of Allende in the 1958 presidential election, the United States along with Chile's center and right-wing groups began taking measures to ensure that Allende would never capture the presidency in 1964.<sup>95</sup> The first administration to deal with the challenge of Allende and his socialist revolution, the government of John F. Kennedy relied upon a policy of subversive electoral tactics. Beginning two years before the 1964 presidential election, the Kennedy administration "utilized every means—illegal and unconstitutional as well as legitimate—to defeat" Allende at the polls. Amassing and spending nearly \$4 million on 15 covert action projects between 1962 and 1964, the Kennedy administration, followed by that of Lyndon B. Johnson, funded the campaign efforts of the opposition candidate, Eduardo Frei. Specifically, U.S. dollars were split between campaign expenditures and the dispersion of anti-communist propaganda. Designed to "scare the living daylights out of Chileans at the prospect of a victory by Allende," the propaganda campaign portrayed Chile's socialists as "nakedly Stalinist" and put up posters throughout the country showing Russian tanks scouring the streets of Budapest and Cubans lined in front of Castro's firing squads.<sup>96</sup> Radio air time was also purchased and falsified stories were placed in foreign media outlets and then distributed throughout Chile as legitimate news. Overall, total propaganda operations amounted to \$3 million and accomplished their objective as Eduardo Frei captured 55.7% of the vote, defeating Salvador Allende's 39% in 1964.<sup>97</sup>

---

<sup>95</sup> Mares and Aravena, 2001.

<sup>96</sup> Grow, 2008.

<sup>97</sup> Prados, John. *Safe for Democracy: The Secret Wars of the CIA*. Chicago: Ivan R. Dee, 2006.

Responding to Allende's 1970 presidential bid, the Nixon administration attempted a similar subversive effort. The response came late though due to the distraction of international crises elsewhere and the administration's confidence in the poll results that showed the conservative candidate, Jorge Alessandri, in the lead.<sup>98</sup> Consequently, Nixon's covert operations before 1970 totaled only \$390,000—a mere fraction of what was put forth by his predecessors—and failed in its mission to prevent Allende's accession to the presidency.<sup>99</sup> To remedy this egregious error, the Nixon administration set in motion a Two Track strategy that paved the way for military intervention in Chile.

Track I consisted of the United States promoting a “constitutional coup d'état.” Since Allende had won only a 36% plurality of the vote he would have to face a congressional runoff against Alessandri.<sup>100</sup> This left the United States with two options. The first was to bribe congressmen to vote in favor of Alessandri, who would then resign, opening the door for new elections in which the former president, Eduardo Frei, would be constitutionally free to run for a second term in office.<sup>101</sup> A total sum of \$250,000 was dedicated to this effort, but was never spent since the plan was later deemed unworkable.<sup>102</sup> Option two was to pressure Frei to “voluntarily yield power to an interim military regime” before the runoff elections on October 24, 1970. This would also bring about new elections, which Frei, assumingly, would win.<sup>103</sup>

---

<sup>98</sup> Grow, 2008.

<sup>99</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities. *Alleged Assassination Plots Involving Foreign Leaders: An Interim Report*. Washington: U.S. Govt. Print. Off., 1975.

<sup>100</sup> Grow, 2008.

<sup>101</sup> Frei was constitutionally prohibited from succeeding himself in office.

<sup>102</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975.

<sup>103</sup> Grow, 2008.

When Congressional and military officials bucked at U.S. efforts at Track I, President Nixon demanded that the United States follow through on Track II, which called for the forceful removal of Allende from power either immediately before or after his inauguration as president. The more secretive of the two plans, details concerning the execution of Track II were to be kept from the Departments of State and Defense, the U.S. Embassy, and the overseeing NSC 40 Committee.<sup>104</sup> Nixon's orders arrived on September 15, 1970 with the president commanding that CIA director Richard Helms instigate a military coup in Chile that would "prevent Allende from taking power...or unseat him" if he took office. Helms recounts that Nixon was "determined to save Chile and was not concerned with the risks involved." The president was prepared to make \$10,000,000 available—more if necessary—and had no qualms about constantly pressuring the CIA to accomplish its assigned mission of political turnover.<sup>105</sup>

Nixon's plans were halted, however, by the refusal of Chilean military leaders to acquiesce to U.S. demands. Their rejection of U.S. initiatives was communicated through Ambassador Korry, who wrote Washington stating, "We [the Embassy] believe it now clear that Chilean military will not, repeat not, move to prevent Allende's accession, barring unlikely situation of national chaos and widespread violence."<sup>106</sup> This reaction was to be expected, according to CIA estimates, which saw the military's constitutionalist leanings as prohibiting any moves toward regime change.<sup>107</sup> Facing this reality, the United States abandoned its policy of electoral subversion, adopting a policy of "cool but correct" behavior towards Allende's government as it plotted and initiated a covert program of economic

---

<sup>104</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975.

<sup>105</sup> Grow, 2008.

<sup>106</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975.

<sup>107</sup> *Ibid.*, pp. 232-233.

destabilization designed to destroy Allende's socialist experiment and force upon his government a military coup.<sup>108</sup>

To create an environment ideal for military intervention, the United States took two steps. The first was to eliminate leaders in the military who were opposed to the coup. One such leader was the Commander-in-Chief of the armed forces, Rene Schneider. A strong constitutionalist, Schneider was seen by certain members of the military as an obstacle in their efforts to prevent Allende's accession to power. U.S. officials shared this view and supplied dissidents within the military with equipment such as machine guns and ammunition, which were later used in two attempted kidnappings of the Commander. On October 22, 1970 a group of military officials, different from the ones supported by U.S. covert operatives, attempted to abduct Schneider and in the struggle, ended up fatally wounding him. The resulting investigation convicted many of the military officers who were recipients of U.S. covert assistance for their involvement in the murder of Gen. Rene Schneider. The CIA made it clear that though they were aware of the intention of military officials to kidnap Schneider, they did not sanction his assassination.<sup>109</sup>

Continuing in the promotion of a military coup in Chile, the CIA began to establish a climate of "propaganda, disinformation, and terrorist activity" that was aimed at pushing the Left toward giving the military a pretext for intervention. Such pretexts included the encouragement of Soviet and Cuban forces on Allende to create a police state and the economic destabilization of the country, which the United States helped to engender.<sup>110</sup> Lasting three years, the undermining of the Chilean economy resulted from efforts by the United States to flood the international market with stores of copper in an attempt to lower

---

<sup>108</sup> Grow, 2008.

<sup>109</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975.

<sup>110</sup> *Ibid.*, pp. 234.

the price of Chile's most important source of export income. With each penny lost in the price of copper Chile forfeited \$14 million in earnings. In need of capital, Chile found its lines of credit blocked by the United States, which was pressuring international banks to withhold loans from Allende's government. As a result, during the first two months of his presidency, Allende watched the amount of credit available to Chile plummet from \$230 to \$30 million. The most expensive of all U.S. campaigns against Chile, the covert operations geared towards the economic destabilization of Allende's socialist experiment totaled an incredible \$7.5 million and resulted in the civil uprisings and military coup of 1973.<sup>111</sup>

Ultimately, the decision to achieve U.S. foreign policy objectives through a strategy of covert operations was motivated by the need to mask U.S. encroachments upon the sovereignty of its neighbors. Overseen by the National Security Council, these covert operations were executed by the CIA under the 1947 NSC directive 5412/2, which gave the CIA the following authority and instruction:

“To counter, reduce, and discredit ‘international communism’ throughout the world in a manner consistent with United States foreign and military policies...[and to] undertake covert operations to achieve this end and [to define these operations] as any covert activities related to propaganda, political action, economic warfare, deception plans and operations, preventive direct action (including sabotage, anti-sabotage, demolition, and assistance to resistance movements), and all activities compatible with the directive.”<sup>112</sup>

In their efforts to protect the United States and individual actors from the repercussions of disclosure, U.S. intelligence officials established the institution of “plausible denial.” Enabling higher

---

<sup>111</sup> Prados, 2006.

<sup>112</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities. *Foreign and Military Intelligence: Final Report*. Washington: U.S. Government Printing Office, 1976.

level officials, such as the President and senior staff members, to deny any detailed knowledge of U.S. covert actions, this institution obscured intent and accountability and made the control of operations at times difficult. During U.S. involvement in Chile, it became uncertain over which actors were responsible for the continuation of Track II beyond October 15, 1970. The implications of this discrepancy were great considering that the assassination of Rene Schneider, the assisted economic turmoil of the country, and the eventual military takeover of Allende's government all occurred after that date. According to Secretary of State Henry Kissinger and U.S. General Alexander Haig, U.S. involvement in Chile was terminated on October 15 and any covert activities after that date were accomplished without the knowledge and authorization of the White House. CIA officials, such as Thomas Karamessines, testify to the contrary however, claiming that White House officials were briefed frequently on covert operations both before and after October 15. Karamessines, in particular, speaks of how Track II never really ended, but rather acted as a guide for continued U.S. efforts to achieve the overthrow of Allende's Chile in 1973.<sup>113</sup>

## **U.S. Foreign Policy in Venezuela: Held Together by Prosperity**

### *Foreign Policy Objectives*

Adversely divided on seemingly every issue, the United States and Venezuela remain inextricably linked by an economic interdependence that places Prosperity at the forefront of each country's foreign policy. Washington's interests in Venezuela as a prominent market for manufactured goods and Caracas' dependence on the United States as a major importer of oil present a wide opportunity for intergovernmental cooperation. Cooperation, however, is far from the minds of U.S. foreign policy leaders. Challenged by a government that encourages an alternative economic and political model in the

---

<sup>113</sup> United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 1975.

Western Hemisphere, U.S. administrations have responded by labeling the government of Hugo Chavez a direct threat to U.S. interests in the areas of Power, Prosperity, Peace, and Principles.

The dominant source of influence in the Western Hemisphere since the days of Monroe, the United States now faces the threat of a decrease in its regional Power and hegemony. U.S. political leaders see this decline as a direct result of efforts by President Hugo Chavez to eradicate U.S. imperialism and to establish his country's role as a regional leader. Efforts by Latin American governments to promote integration without the involvement of Venezuela cast doubt, however, on whether the region's movement away from U.S. leadership can be attributed entirely to Chavez.<sup>114</sup>

Authors such as Abraham F. Lowenthal cite other reasons for the drop in U.S. hegemony with the primary one being that the United States, due to more pressing international engagements in the Middle East and Asia, has disengaged from Latin America. Ranking countries now according to their level of hindrance or support in the "Wars on Terror and Drugs," the United States has ignored the biggest concerns of Latin American countries: socioeconomic challenges. The result has been a distancing between Latin America and its "leader." Stepping into this gap, Hugo Chavez has utilized his country's oil wealth to not only alleviate problems of poverty, health, and education in neighboring countries, but also to advance his desire for stronger regional integration that excludes the United States.<sup>115</sup>

Chavez's efforts to promote regional solidarity are exemplified by Venezuela's past and present involvement in Latin American trade organizations such as the Andean Community, the G-3 (a coalition of Mexico, Colombia, and Venezuela), the Latin American Free Trade Association (LAFTA), and

---

<sup>114</sup> Lowenthal, 2009.

<sup>115</sup> Ibid., pp. 5.

Mercosur.<sup>116</sup> As previously mentioned, the country's petroleum revenues are another avenue for furthering regional partnership as Venezuela offers subsidized oil to its neighbors, most notably through its 2005 joint-ventures with PetroCaribe, PetroSur, and PetroAndina. Petroleum-based funds also support programs such as "Operación Milagro," which provides free eye care to disadvantaged populations throughout Latin America.<sup>117</sup>

Opposed to any further actions by Venezuela to limit or replace U.S. hegemony in the region, the United States has responded to the Power threat of Venezuela in three ways—none of which have succeeded in re-establishing the image of the United States as a regional leader. First, the United States has encouraged hemispheric integration through institutions such as the OAS and has demonstrated solidarity in its provision of aid through organizations such as USAID or the Inter-Development Bank (IDB). The Latin American perception of the OAS and IDB as highly biased toward U.S. interests along with recent evidence of USAID's subversive connections, however, have served to only increase the distrust of U.S. leadership among regional governments.

Secondly, the United States has made the mistake of forcing Latin American governments to choose between the political-economic model of Venezuela and its own. An example of this is President George W. Bush's speech concerning Venezuela following the 2005 Summit of the Americas meeting, in which he stated, "Ensuring social justice in the Americas requires *choosing between two rival visions*. One offers hope and is based on representative democracy, integration into the world community and faith in the transforming power of liberty in individuals' lives. The other seeks to reverse democratic achievements during the last two decades, appealing to fear, confrontation between neighbors and

---

<sup>116</sup> Kelly & Romero, 2002.

<sup>117</sup> Lapper, 2006.

blaming others for its own failures in not bringing prosperity to its people.”<sup>118</sup> Such an uncompromising stance only serves to further harm, rather than help, U.S. relations in the hemisphere. As Jennifer McCoy, an expert on Venezuela at Georgia State University and the head of the Carter Center’s 2004 election observer mission, explains, “Other countries don't want to be drawn into a polemic between Venezuela and the United States...It's a counterproductive strategy that could result in a negative Latin American reaction if they're forced to take sides.”<sup>119</sup>

Finally, the United States has sought to eliminate the competition by engaging in covert and financial activities designed to remove Chavez from power. The final goal of U.S. foreign policy strategies in Venezuela, the ousting of Chavez is seen by many U.S. political leaders as the only way to protect and restore U.S. Power interests in the region.

Supplying 15 percent of U.S. oil needs, Venezuela is integral to the economic well-being of the United States.<sup>120</sup> Recent Venezuelan trade and investment agreements with Iran, Russia, and China, however, are endangering U.S. Prosperity interests as Venezuela threatens to increase its economic interactions with other states in an attempt to decrease its trade dependence on the United States. A key part of Chavez’s foreign policy, these new ties aggravate U.S. officials because they are primarily with countries that are adversaries or competitors of the United States. Moreover, a decline in the reliance of Venezuela on the U.S. demand for oil would signify a decrease in U.S. ability to manipulate the international system, forcing it to bend to the will of oil barons in the Middle East or that of state-run oil

---

<sup>118</sup> Golinger, Eva. *Bush vs. Chavez: Washington's War on Venezuela*. New York: Monthly Review Press, 2008.

<sup>119</sup> Forero, Juan. “U.S. Considers Toughening Stance toward Venezuela.” *New York Times*. New York, 26 Apr. 2005. Web. 6 Feb. 2010.

<<http://query.nytimes.com/gst/fullpage.html?res=9B00E2D71231F935A15757C0A9639C8B63>>.

<sup>120</sup> *Ibid.*, pp. 64.

companies in Latin America.<sup>121</sup> It would also produce financial losses for U.S. businesses, such as Citgo, which are heavily involved in the oil industry in Venezuela and that would have to compete with more and more foreign companies wishing to trade and invest in the U.S. market share of the Venezuelan economy. The effects on U.S. citizens would be equally detrimental as prices for petroleum-based products would increase and jobs would be lost as trade with Venezuela declined.

Disrupting regional stability through his interventions in the electoral procedures of neighboring states and through his alleged associations with drug and terrorist networks, Hugo Chavez represents a direct threat to U.S. Peace interests. Beginning in 2005, the Venezuelan president has attempted to influence several electoral campaigns in the region by supporting, directly and indirectly, candidates who share his political perspective. Chavez made no moves to obscure his hearty approval of the December 2005 election of Bolivian president Evo Morales. He also backed the Peruvian candidate Ollanta Humala, a vehement nationalist, who though losing the election, still walked away with 40% of the vote. Other Latin American leaders who have received Chavez's praise and support during their electoral bids are Daniel Ortega of Nicaragua, Rafael Correa of Ecuador, and Luiz Inácio Lula da Silva of Brazil.<sup>122</sup>

Perfectly positioned to obstruct drug shipments to the United States, Venezuela has the ability to act as a powerful ally in the U.S. "War on Drugs." The country instead is an impediment to U.S. efforts to restrict the transportation of narcotics. Adhering to the position of his predecessors, Chavez refuses to provide the United States with the airspace clearance necessary for U.S. military plane surveillance of drug trade routes. Arguing that such a concession would be a violation of Venezuelan sovereignty and that it would enable the United States to implement its plans for Venezuelan regime change, Chavez is unyielding in his position, claiming that Venezuela's efforts against the drug trade are effective and

---

<sup>121</sup> Kelly & Romero, 2002.

<sup>122</sup> Lapper, 2006.

sufficient. The United States maintains an opposing position, declaring that Venezuela's anti-drug efforts are in fact sub-par.<sup>123</sup>

Venezuela receives equally negative reviews regarding its efforts against terrorism. A 2006 State Department annual report labeled the country as "negligible" in its attempts to cooperate with the United States in the "War on Terror," stating that "President Hugo Chavez persisted in public criticism of U.S. counterterrorism efforts, publicly championed Iraqi terrorists, deepened Venezuelan collaboration with such state sponsors of terrorism as Cuba and Iran...[and] it is unclear whether and to what extent the government of Venezuela provided material support to Colombian terrorists, and at what level."<sup>124</sup>

U.S. officials have determined that the reason for Venezuela's negligence is its desire to ally itself with terrorist groups in an effort to further counterbalance U.S. global power. Nowhere is this more evident than in Venezuela's support of the Revolutionary Armed Forces of Colombia (FARC). Allegedly providing refuge, funding, and military equipment to members of the FARC, Venezuela stands in direct opposition to the U.S.-backed Colombian government's struggle to establish stability within its borders. Recent incriminating evidence of Venezuela's assistance of the FARC arose in 2008 when Colombian forces invaded Ecuador with the purpose of capturing and killing a prominent rebel leader. During their mission, Colombian troops discovered laptops containing information on FARC activities and an account stating that Venezuela had contributed \$300 million to the FARC's combative campaign. The result of was the disintegration of diplomatic relations in the Andean region as Colombia and Ecuador recalled their ambassadors and Colombia declared that it would file charges in the International Criminal Court (ICC) against Venezuela for its collaboration with the rebels. Venezuela's retaliatory threat to use

---

<sup>123</sup> Kelly & Romero, 2002.

<sup>124</sup> Golinger, 2008.

Russian-made Sukhoi fighter jets against Colombia should it attempt a similar move in Venezuela as it did in Ecuador did little for hopes of peace in the region.<sup>125</sup>

Desiring the establishment of effective democratic governance throughout Latin America, the United States opposes Venezuela's augmentation of executive authority, believing this shift away from the traditions of separation of powers and checks and balances to be contrary to the spread of U.S. democratic Principles. Venezuela also raises U.S. anxieties over the ability of Venezuela's highly partisan and government-favoring political institutions "to protect individual civil and human rights and provide equality before the law." The government's reported infringements on the right of citizens to freely assembly or speak in opposition to the government only bolster U.S. concerns.<sup>126</sup> In the case of U.S.-Venezuelan relations, however, U.S. actions have not been consistent with U.S. verbal commitments to promote democracy. Working through institutions such as the National Endowment for Democracy (NED) and the Office of Transition Initiatives (OTI), which were created for the promotion of democracy abroad, the United States has financially backed anti-Chavez opposition forces that continuously labor to remove from power the *democratically*-elected president.<sup>127</sup>

### *Foreign Policy Strategy*

The United States saw Hugo Chavez as a threat to U.S. foreign policy objectives in every way. With U.S. Power, Prosperity, Peace, and Principles in jeopardy, the administration of President George W. Bush designed a foreign policy strategy dedicated to the ousting of Chavez from power. The strategy had two parts. The first began with Bush's accession to power in 2001 and continued throughout his

---

<sup>125</sup> Romero, Simon. "Colombia Is Flashpoint in Chavez's Feud with U.S." *New York Times*. New York, 5 Mar. 2008. Web. 9 Apr. 2010.

<<http://www.nytimes.com/2008/03/05/world/americas/05venez.html?pagewanted=1>>.

<sup>126</sup> McCoy, 2009.

<sup>127</sup> Golinger, 2008.

presidency. Involving the provision of U.S. financial support to opposition forces in Venezuela, this first tactic largely failed as U.S. subversive actions were exposed and Chavez formidably remained in power. Adjusting its foreign policy strategy, the United States in 2005 added psychological warfare to its arsenal. The goal of this second tactic was to negatively alter global and domestic perceptions of Chavez's government so that any attempt to overthrow his regime would be viewed as necessary and justifiable in the eyes of the international community.

The primary vehicles for transferring U.S. government funds to Venezuela's opposition parties, the National Endowment for Democracy (NED), USAID, and the Office of Transition Initiatives (OTI) were originally created for the international promotion of democracy and provision of humanitarian aid. Beginning in 2001 their funding in Venezuela became diverted toward the advancement of political groups closely aligned with U.S. interests. The first institution to experience this change, NED's annual budget quadrupled in 2001 with many of its dollars going towards the opposition-staged coup of 2002. Amounting to approximately \$1 million per year, NED's funding increased following the opposition's failed attempt at regime change and then again, at the request of President Bush, in the fiscal years 2005-06 and 2007-08. The recipients of these funds include anti-Chavez groups such as Súmate, which speaks of prevalent political persecution in Venezuela; Liderazgo y Visión, a prominent critic and disperser of anti-Chavez rhetoric; and the Center for International Private Enterprise (CEDICE), which is known for its harsh publications against the government. In addition to these groups, recent attempts have been made to direct portions of NED's funding towards pro-Chavez groups with the intent of "winning their hearts and minds." Many of these groups are active in the indigenous and Afro-Venezuelan sectors of

society and include organizations such as the Asociación Civil Kapé Kapé (an indigenous coalition) and Consorcio Justicia and Afro-America XXI (an Afro-Venezuelan group).<sup>128</sup>

Arriving in Venezuela after the 2002 failed coup, USAID and its Office of Transition Initiatives (OTI) were given a \$10 million budget with half of that money coming from Congressional stores and the other half from the State Department. The OTI, which was supposed to be a temporary establishment, recently had its mandate in Venezuela extended indefinitely and has seen its offices and funding expand steadily over the years. Overall, between 2000 and 2004, USAID and NED transferred approximately \$27 million in U.S. funds to opposition groups in Venezuela. These funds were dedicated to three attempts at political destabilization: the 2002 coup, the 2002-03 strike, and the 2004 presidential recall referendum.<sup>129</sup>

A coalition of unlikely forces, the opposition in Venezuela is made up of Venezuela's largest labor union, the Confederación de Trabajadores Venezolanos (CTV), the Chamber of Commerce (Fedecámaras), and the leaders of the political parties, Acción Democrática, COPEI, Movimiento al Socialismo, and others. Angered by their loss of economic and political power under Chavez's government, the opposition made its first move in December of 2001, instigating a general strike in protest of the 49 new laws instituted by the 1999 Constitution. Lasting only one day, the strike was coupled with a reorientation of the United States toward Venezuela. In 2001, the United States recalled its ambassador, Donna Hrinak, replacing her with Charles Shapiro, a political officer who had worked in the Chilean embassy during the downfall of Allende and who had recently been the director of the Bureau of Cuban Affairs office. Shapiro and the U.S. Embassy, in anticipation of the opposition's plans for regime change, sent cables to Washington proposing Pedro Carmona, the president of Fedecámaras, as

---

<sup>128</sup> Ibid., pp. 44, 77-78.

<sup>129</sup> Ibid., pp. 45 & 71.

the next leader of Venezuela. At the same time a division of NED, the International Republic Institute (IRI), was given \$300,000 for the purpose of “strengthening political parties” in Venezuela, which would stand in firm resistance to Chavez’s young government.<sup>130</sup>

With the foundation laid, the coup came on April 11, 2002. Detouring from their original course in the city, an opposition march charged toward the presidential palace where a pro-Chavez assembly was being held. Divided by the presidential guard, the opposition and government supporters did not even have a chance to clash before shots rang out from the tops of buildings. The first to fall were those in favor of the government, but as both sides began experiencing casualties, confusion reigned down upon the crowd. Blaming the president for the violence, opposition forces, including those in the military, stormed the presidential palace demanding Chavez’s resignation. Defying them, Chavez was kidnapped and imprisoned in a nearby military installation and Pedro Carmona was established as the interim president. In the aftermath, Venezuela’s democratic institutions were dissolved by presidential decree, the media published stories of liberation, and the police violently quelled dissenters. Later charged with accounts of homicide during the April 11<sup>th</sup> coup, these policemen had worked closely with the NED-funded Liderazgo y Visión, which had received \$42,207 for its law enforcement efforts.<sup>131</sup>

The response of the United States was unabashed, rapidly recognizing the new Carmona government. The State Department released a statement expressing its disappointment that Chavez’s government could not “act with restraint and show full respect for the peaceful expression of political opinion” while the White House Press Secretary, Ari Fleischer, perpetuated the story released by the

---

<sup>130</sup> Ibid., pp. 24-26.

<sup>131</sup> Ibid., pp. 27-28.

opposition that “Chavez supporters, on orders, fired on unarmed, peaceful demonstrators.”<sup>132</sup> The only nation to approve of events in Venezuela, the United States had to swallow its words when on April 13<sup>th</sup> millions of Chavez supporters filled the streets of Caracas, insisting upon the president’s return. Those in the military that had remained loyal to Chavez quickly apprehended Carmona and his government officials, reinstating President Chavez shortly thereafter. With success snatched away from them, the opposition regrouped for their next efforts. Funding from the United States also arrived following the Chavez’s return to power. A grant of \$1 million was sent to NED and then distributed to the groups responsible for the coup. Recognizing that NED funding would be insufficient, the State Department requested and received a USAID Office of Transition Initiatives in Venezuela.<sup>133</sup>

Eight months after the coup the opposition tried again, instigating a national general strike to wreck Venezuela’s economy and force Chavez’s resignation. Joining with Fedecámaras, CTV, and opposition parties, the media suspended all regular programming, dedicating all of their time to an anti-Chavez propaganda campaign. The strike lasted 64 days and hit the oil industry hardest. Specifically, resistance in the oil industry came from the employees of INTENSA, which was a joint-venture between the CIA affiliated company, Science Applications International Corporation (SAIC), and the national oil company, PDVSA. The workers of INTENSA controlled the electronic operations at PDVSA, which enabled employees to access key equipment and to run the refineries. Refusing to work and prohibiting other employees from retrieving the information necessary to supplant them, INTENSA employees brought oil production to a standstill. The result was Chavez’s petition to purchase oil from neighboring

---

<sup>132</sup> “U.S.: Chavez ‘Provoked’ Crisis that Led to Ouster.” *CNN News*. Atlanta, 12 Apr. 2002. Web. 6 Feb. 2010.

<<http://archives.cnn.com/2002/WORLD/americas/04/12/venezuela/index.html>>.

<sup>133</sup> Golinger, 2008.

states and a severe drop in the domestic availability of gasoline and other petroleum products. Lines for gas stations were reportedly five miles long during this two month period.<sup>134</sup>

The White House called for early elections to alleviate the economic crisis in Venezuela, but the Venezuelan constitution had no provision for early elections during times of national difficulty. Disregarding this constitutional stipulation, U.S. officials continued to push their solution, stating on December 13, 2002 that “the United States is convinced that the only peaceful and politically viable path to moving out of the crisis is through the holding of early elections.” The opposition backed the United States until the Venezuelan group, *Súmate*, discovered an alternative for pacifying the economic turmoil and for removing Chavez from power.<sup>135</sup>

Under Article 72 of the Venezuelan constitution a recall referendum can be held for any public official following the halfway point of their term and if solicited by at least 20 percent of the electorate. Understanding that the strike was proving fruitless, the opposition moved to obtain the signatures required for a recall election of President Chavez. Supporting the resistance movement in this effort, NED distributed another \$1 million to opposition forces while USAID’s OTI requested \$5,074,000 for its political recipients. These new funds were used for a massive campaign against Chavez’s current government and for the issuance of “blue cards,” which showed that a voter had signed the petition for a recall referendum. Employees were to turn these into their administrators or risk termination.<sup>136</sup>

Of the two million votes needed, Venezuela’s National Electoral Council (CNE) only found 1.9 million to be legitimate, with the remaining million gathered by opposition forces discounted for

---

<sup>134</sup> *Ibid.*, pp. 32-34.

<sup>135</sup> *Ibid.*, pp. 35-36.

<sup>136</sup> *Ibid.*, pp. 37.

suspicions of fraud. Outraged the opposition responded violently, engaging in acts of civil disobedience and destruction to force repressive measures by the government that could then be heralded as violations of human rights and as evidence of the disintegration of constitutional order. Known as the Guarimba, this initiative made the government allow for those signatures deemed fraudulent to be “reaffirmed” by their signatories. The two million signatures were obtained and the referendum was scheduled for August 15, 2004.<sup>137</sup>

With the referendum imminent and the opposition facing constant international criticism for offering no political alternative to Chavez, the opposition released its plans for Venezuela after the electoral removal of Chavez. Known as “Plan Consensus,” this political move was orchestrated with the financial aid and advice of actors within NED and USAID. Specifically, NED chose the opposition group, CEDICE, to be the primary drafter of the alternative political agenda. Hoping for the emergence of a transitional government in favor of U.S. interests, Washington had its aspirations returned unfulfilled as 59% of Venezuelans voted to keep Hugo Chavez in office.<sup>138</sup>

Despite the repetitive failure of the opposition to achieve regime change in Venezuela, financial support from the United States continued unabated. Between 2005 and 2007, USAID was given \$7.2 million for its Office of Transition Initiatives and other Venezuelan initiatives and NED’s budget received an additional \$3 million.<sup>139</sup> The backing of opposition forces did see a decline, however, in its importance as a U.S. foreign policy strategy. The year 2005 marked a major shift in the U.S. policy towards Venezuela as the Bush administration made psychological warfare its primary method for undermining Chavez’s international and domestic efforts. Originally put forth in the U.S. Department of

---

<sup>137</sup> Ibid., pp. 38-39.

<sup>138</sup> Ibid., pp. 39-40.

<sup>139</sup> Ibid., pp. 71.

Defense's Doctrine for Joint Psychological Operations, this strategy is executed through psychological operations (psyops), which the Department of Defense defines as "planned operations to convey selected information and indicators to foreign audiences to influence the emotions, motives, objective reasoning and ultimately the behavior of foreign governments, organizations, groups, and individuals."<sup>140</sup> In relation to Venezuela, these psyops took the form of government statements and media propaganda schemes whose purpose was to influence international and domestic popular beliefs about Chavez and his government so that regime change in Venezuela would be seen as necessary by the global populace.

Author Eva Golinger supports this conclusion, stating that "by referring to Chavez and his government as 'a negative force in the region,' 'anti-democratic,' 'authoritarian,' and a 'threat,' the State Department, aided by the U.S. media, is planting seeds to later justify subsequent actions taken against Venezuela."<sup>141</sup> Golinger further explains by highlighting the three most distributed "myths" about President Chavez, which are that he is a "dictator" and a "friend of terrorists" and that he is "destabilizing and endangering the region."<sup>142</sup> Evidence of these descriptions is found in both government and media sources and the result of such supposedly planted stories is a continued debate both within and outside of the United States over whether or not these stories are true.

Concerning whether or not Chavez is a dictator, the Director of National Intelligence, John Negroponte's 2006 comments before the Senate Select Committee on Intelligence confirm that he is, describing how Chavez will use "his control of the legislature and other institutions to continue to stifle the opposition, reduce press freedom, and entrench himself through measures that are technically legal,

---

<sup>140</sup> National Security Archive Electronic Briefing Book No. 177. "Rumsfeld's Roadmap to Propaganda." *George Washington University*.

Washington, D.C., 26 Jan. 2006. Web. 9 Apr. 2010. <<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB177/index.htm>>.

<sup>141</sup> Golinger, 2008.

<sup>142</sup> *Ibid.*, pp. 125.

but which nonetheless constrict democracy.”<sup>143</sup> The Chairman of the Subcommittee on International Terrorism and Nonproliferation of the House of Representatives, Rep. Ed Royce, makes claims concerning Chavez’s connections with terrorists, telling how “Venezuela, under President Hugo Chavez, has tolerated terrorists on its soil and has forged close relations with officially designated state-sponsors of terrorism: Cuba, Iran, and North Korea.”<sup>144</sup> Opposition media sources in Venezuela also paint the picture of Chavez as a dictator and accomplice of terrorists. An example flyer found in the military barracks of Venezuela’s armed forces reads as follows:

“This is the AK-103 rifle used by international terrorist movements and acquired on Tuesday, May 17, 2005, by the regime of Hugo Chavez...With this rifle, our armed forces become an undercover instrument at the service of guerrilla groups and international terrorism...With this rifle, Fidel Castro shot thousands of Cubans who opposed his miserable communist regime...With this rifle, Hugo Chavez threatens the people of Venezuela today with a false message of peace, in order to subject them to his revolutionary-nationalist-socialist-fascist and totalitarian regime.”<sup>145</sup>

Regarding the portrayal of Hugo Chavez as a destroyer of regional stability, a revision of Bush’s 2002 National Security Strategy released in 2006, held that “in Venezuela, a demagogue awash in oil money is undermining democracy and seeking to destabilize the region.”<sup>146</sup> A similar point of view was espoused only a year before on the Voice of America. Speaking on-the-air Assistant Secretary of State for Western Hemisphere Affairs, Roger Noriega, described Chavez’s advocacy of rebel groups such as

---

<sup>143</sup> Ibid., pp. 62.

<sup>144</sup> Ibid., pp. 65-66.

<sup>145</sup> Ibid., pp. 116.

<sup>146</sup> Ibid., pp. 63.

the FARC in Colombia as a threat to regional peace and security. He was recorded as saying that “Chavez has every right to engage in rhetorical excesses, but he also has certain obligations, not only to his own people, but to his neighbors: to respect the rule of law, respect democratic values and to help his neighbors fight criminal groups that represent a threat across the continent.” Noriega concluded his time on Voice of America by stating that the United States is working to persuade Latin American governments that Chavez poses a threat to regional peace so that they will join with the United States in confronting this “de facto dictator.”<sup>147</sup>

Suspicions concerning the verifiability of these reports have begun to arise, supporting the view that the United States along with opposition forces in Venezuela are spreading these stories in an attempt to turn international opinion against Hugo Chavez and his government. Claims that Chavez is a dictator are refuted by the international consensus that Venezuela has a viable and acceptable democracy. Venezuelan foreign minister Alí Rodríguez attests to this fact, stating, “All governments recognize the democratic character of the Venezuelan government, its peaceful vocation, and they want to establish relations with Venezuela, with just one exception, the United States...It has gone to great lengths to isolate Venezuela, but no government is playing along. It has failed, and that's because there is no reason to isolate Venezuela.”<sup>148</sup> In his time on Voice of America, U.S. Assistant Secretary of State,

---

<sup>147</sup> “U.S. Seeks Latin American Initiative on Venezuela.” *Voice of America (VOA)*. Washington, D.C., 4 Feb. 2005. Web. 6 Feb. 2010.

<<http://www1.voanews.com/english/news/a-13-2005-02-04-voa64-66914152.html>>.

<sup>148</sup> Forero, Juan. “U.S. Considers Toughening Stance toward Venezuela.” *New York Times*. New York, 26 Apr. 2005. Web. 6 Feb. 2010.

<<http://query.nytimes.com/gst/fullpage.html?res=9B00E2D71231F935A15757C0A9639C8B63>>.

Roger Noriega, also makes note of the lack of consensus against Venezuela, explaining that this is why the Bush administration is attempting to alter Latin American perspectives.<sup>149</sup>

Chavez's image as a threat to regional stability is often linked to his associations with the FARC and the Andean drug trade. Though his relationship with the FARC is more substantiated, there is some evidence against the allegation that Chavez is not cooperating in the "War on Drugs." A 2005 report from the U.S. Embassy in Caracas revealed that "the Venezuelan government cooperates on counternarcotics matters, limited at times by a lack of resources and political will. Cocaine seizures during the first six months of 2004 equaled the amount seized in Venezuela during all of 2003, thanks in large part to two multi-ton seizures made by Venezuelan task forces working closely with USG and UK law enforcement. The government also carried out some 400 cocaine and heroin seizures during the first half of the year. The GOV has extradited a number of drug traffickers to the U.S."<sup>150</sup>

The presence of evidence both in favor and against the three "myths" about Chavez strongly suggests the use of psychological tactics by the United States, but do not absolutely prove it. What is certain, however, is that this foreign policy strategy, like that of financing the opposition in Venezuela, is not working. Chavez remains in power and a threat to U.S. interests, international consensus leans in favor of Venezuela's current government (especially in Latin America), and the United States and Venezuela are left with a contentious relationship that is held together only by an economic interdependence that cannot be easily severed. This is the inheritance that the Obama administration received in 2009 and it has yet to be determined if the administration will follow the course of its

---

<sup>149</sup> "U.S. Seeks Latin American Initiative on Venezuela." *Voice of America (VOA)*. Washington, D.C., 4 Feb. 2005. Web. 6 Feb. 2010.

<<http://www1.voanews.com/english/news/a-13-2005-02-04-voa64-66914152.html>>.

<sup>150</sup> Golinger, 2008.

predecessors or engage in a new foreign policy strategy that will oust Chavez from power or strive to repair relations with Venezuela's current leader.

CHAPTER 5  
THE SUCCESS & SUSTAINABILITY OF U.S. FOREIGN POLICY IN LATIN AMERICA

The following section of this paper wishes to leave the reader with some brief parting considerations on U.S. foreign policy in Latin America. Focusing on the success and sustainability of U.S. actions in Chile and Venezuela, this paper determines success by how well U.S. objectives were met and defines sustainability according to the political, economic, and social repercussions of each foreign policy strategy.

**U.S. Foreign Policy in Chile: Was It Worth the Costs?**

*Objectives of Power*

- Keep Soviet influence out of the Americas

The U.S. foreign policy strategy of covert action, electoral intervention, and economic destabilization succeeded in its attempt to prevent the further establishment of Soviet ideology and power in the region. The socialist experiment in Chile died a mere three years after its inception and did not spread to countries such as Argentina, Bolivia, and Peru. Instead an opposite domino effect was established as the South American continent experienced a series of dictatorships that brought a swift end to any leftist tendencies. As author John Dinges describes in his book, *The Condor Years*, “Latin America, under Pinochet’s geopolitical leadership, began a

kind of reverse domino effect. Country after country whose democratic system had given leftist ideology a foothold fell under military rule and was subject to merciless political cleansing.”<sup>151</sup>

- Send the international message that the United States would not tolerate communism anywhere

The world received this message loud and clear. However, it would prove to be a barrier to Nixon’s foreign policy goals of achieving “a new era of peaceful coexistence with the communist world.”<sup>152</sup> Spoken in reference to U.S. relations with the USSR and China, it is contradictory that Nixon would expect amiable relations with the communist nations of the east if he could not even encourage them with those in the south. Thus, U.S. foreign policy in Chile only served to demonstrate U.S. resolve against communism, doing little for the peaceful resolution of the Cold War.

- Regain U.S. domestic approval following the election of Salvador Allende

Allende’s election in 1970 resulted in a severe drop in President Nixon’s approval ratings with them falling below 50% for the first time in his 20 months as president.<sup>153</sup> However, the U.S.-aided regime change in Chile in 1973 did not salvage his collapsing reputation. U.S. performance in Vietnam kept his approval rating in the 50<sup>th</sup> percentile until Watergate pulled his numbers drastically low.<sup>154</sup> It is possible that without these additional factors, Nixon’s approval ratings would have been higher as voters viewed U.S. involvement in Chile as what should have

---

<sup>151</sup> Dinges, John. *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents*. New York: The New Press, 2004.

<sup>152</sup> Grow, 2008.

<sup>153</sup> *Ibid.*, pp. 109-110.

<sup>154</sup> Please refer to the following source for more detailed graphical information concerning President Nixon’s approval ratings from 1969 to 1974:

“How U.S. President’s Stack Up.” *Wall Street Journal*. New York, 2006. Web. 15 Apr. 2010.

<<http://online.wsj.com/public/resources/documents/info-presapp0605-31.html>>.

happened in Cuba. However, considering the negative U.S. domestic response to the revelation of human rights abuses in Chile under Pinochet's military rule, it can be assumed that any initial approval would have been short-lived.<sup>155</sup>

### *Objectives of Prosperity*

- Protect U.S. corporate interests

The removal of Allende from power and the establishment of the military government enabled U.S. business leaders to regain many of the concessions lost during Allende's three years as president. Multiple U.S. businesses, which were nationalized under Allende, were returned to their U.S. owners and in areas such as the copper industry, where operations could not be returned, the military government provided appropriate compensation—a move Allende's government had refused to do.<sup>156</sup> Overall, economic relations between the United States and Chile improved following the end of Allende's government and remained positive even when U.S. domestic approval of the political system in Chile fell in the 1980s.<sup>157</sup>

- Defend economic interests of Chile's elite

In 1973, Chilean political leaders such as Eduardo Frei and economic barons such as Agustin Edwards were satisfied. The state's encroachment upon their political and economic power had been halted; private businesses had been denationalized; the 300 percent inflation rate was in the

---

<sup>155</sup> Mares and Aravena, 2001.

Please refer to pages 11-15 for more information regarding the U.S. domestic response to human rights violations in Chile.

<sup>156</sup> Whitaker, 1976.

<sup>157</sup> Mares and Aravena, 2001.

process of being addressed; and food shortages had been eliminated.<sup>158</sup> Much of this economic improvement resulted from drastic increases in U.S. financial aid to Chile. Between the years of Allende's presidency and the first years of the military regime, U.S. and multilateral aid to Chile grew from \$67.3 million to \$628.1 million.<sup>159</sup>

### *Objectives of Peace*

- Prevent regional destabilization in Western Europe and Latin America

The removal of Allende from power ensured that no government in Europe or Latin America would follow Chile's example and become leftist. Such a move would have disrupted regional stability and cohesion. Interestingly, however, was the reality that regional instability did come to Western Europe and Latin America, but not in the form of socialism. Joined by the governments of Uruguay, Paraguay, Bolivia, Brazil, and Argentina, the military regime in Chile embarked upon a manhunt for political supporters of former Latin American communist and socialist governments. With many of these supporters in exile in Europe, the initiative, known as "Operation Condor," began its lethal activities in Latin America and soon moved to Europe, kidnapping and assassinating those on its lists.<sup>160</sup>

### *Objectives of Principles*

- Encourage democracy and defend human rights

---

<sup>158</sup> Whitaker, 1976.

<sup>159</sup> Mares and Aravena, 2001.

<sup>160</sup> Dinges, 2004.

When crafting the U.S. foreign policy strategy for Chile, U.S. officials disregarded the promotion of democracy and the protection of human rights, believing that these interests were subordinate and conflicted with their political and economic counterparts. Democracy was traded for a dictatorship and civil liberties and human rights were stripped away from Chilean citizens. The military government of Augusto Pinochet imposed stringent curfews, censored the media and educational system, hunted down citizens through the use of a secret police network, and engaged in a campaign of torture, disappearances, and murder designed to eliminate the political opposition. Overall, at least 3,200 people died as a result of actions taken by the military government. An additional 28,000 individuals were tortured.<sup>161</sup> These numbers include Chileans as well as foreign nationals, two of which were the U.S. citizens Frank Teruggi and Charles Horman.

### *Was It Sustainable?*

There was no middle ground for U.S. foreign policy leaders. They had to choose between preserving U.S. political and economic interests and defending democracy and human rights. Keeping in mind that they selected the former, the U.S. foreign policy strategy in Chile can be viewed as a success in that the majority of U.S. Power and Prosperity goals were met. It can also be seen as sustainable in that positive political and economic ties existed between the United States and Chile for most of the years following the regime change. On the other hand, because the strategy provided no means for achieving all U.S. objectives it can be deemed both unsuccessful and unsustainable. Moreover, from a moralistic standpoint, any foreign policy strategy that deliberately ignores the sacrifice of human life is unsustainable.

---

<sup>161</sup> Rohter, Larry. "Chile's Leader Attacks Amnesty Law." *New York Times*. New York, 24 Dec. 2006. Web. 31 Jan. 2010.

<<http://www.nytimes.com/2006/12/24/world/americas/24chile.html?scp=9&sq=deaths%20and%20pinochet&st=cse>>.

## **U.S. Foreign Policy in Venezuela: Pushing Away Our Neighbors**

### *Objectives of Power*

- Reverse and prevent the loss of U.S. hegemony in the Western Hemisphere

President Hugo Chavez is taking deliberate steps toward increasing his role as a leader in the region and the current U.S. foreign policy strategy of financing the opposition in Venezuela and of defaming Chavez is not working to remedy this challenge. By blaming Chavez for losses in Washington's regional hegemonic power, U.S. officials are neglecting to recognize that though Chavez's actions are contributing, the primary reason for decline lies with the United States. Recently, U.S. actions have pushed its southern neighbors farther and farther away, prompting them to diversify their international ties and further decrease U.S. influence in the region as new actors such as Iran and China take up residence in the Western Hemisphere. Removing Hugo Chavez from power thus, is not the solution because it does not address the root causes for Latin America's movement away from U.S. leadership.

### *Objectives of Prosperity*

- Protect the U.S. market share in Venezuela

The United States is undermining its economic interests in Venezuela. By working closely with Venezuela's opposition forces, the United States is breeding distrust in the South American nation, causing it to look for alternative trading partners in an attempt to decrease its dependence on the U.S. market. Evidence of this is the increase in Venezuela's contacts with Russia. Motivated by Venezuela's need to counterbalance U.S. military support of Colombia, Chavez has engaged in the importation of arms from Moscow in return for access to Venezuelan oil. Since

2005, Venezuela has bought approximately \$5 billion worth of Sukhoi jet fighters, Mi-17 helicopters and Kalashnikov assault rifles and as of early April of 2010, Venezuela's PDVSA and Russian oil firms have entered into a \$20 billion agreement to extricate oil from Venezuela's energy-rich Orinoco region.<sup>162</sup> Similar expansions in trade are occurring between Venezuela and the two states of Iran and China. Chavez's 2006 visit to Tehran resulted in the signing of 11 commercial accords between the two countries<sup>163</sup> and China this year agreed to loan \$20 billion to Venezuela in exchange for access to the country's oil fields.<sup>164</sup>

There is evidence suggesting that Venezuela's contacts with Russia, Iran, and China will not replace its dependence on the United States. The primary argument is that there are few refineries outside of the United States that are capable of processing the heavy grade of Venezuelan oil.<sup>165</sup> Thus, for significant increases in trade with Venezuela, a state would have to invest a large amount of funds in its oil processing technologies. So far, none of the aforementioned countries are willing to do this. There is also the argument that due to other geopolitical connections Russia and China will not be very aggressive in their economic pursuits in Venezuela. For both countries, positive economic and political relations with the United States currently trump extensive trade with Venezuela.<sup>166</sup> This line of reasoning can be applied to

---

<sup>162</sup> Reuters. "Putin Bolsters Oil, Defence Ties with Venezuela." *New York Times*. New York, 2 Apr. 2010. Web. 9 Apr. 2010.

<<http://www.nytimes.com/reuters/2010/04/02/world/international-uk-venezuela-russia.html?scp=3&sq=Venezuela%20Iran&st=cse>>.

<sup>163</sup> Lapper, 2006.

<sup>164</sup> Romero, Simon. "Chavez Says China to Lend Venezuela \$20 Billion." *New York Times*. New York, 18 Apr. 2010.

Web. 19 Apr. 2010. <<http://www.nytimes.com/2010/04/19/world/americas/19venez.html?scp=1&sq=venezuela%20and%20china&st=cse>>.

<sup>165</sup> Lapper, 2006.

<sup>166</sup> *Ibid.*, pp. 25.

Venezuela as well, which does not wish to alienate its more moderate allies in Latin America through a strong relationship with Iran.<sup>167</sup> Despite such assurances, it is evident that Venezuela is proactively seeking new trade partners and though the country may not be able to exclude Washington from its economic dealings yet, the United States must take steps toward assuring that Venezuela never does.

### *Objectives of Peace*

- Guard against the further destabilization of the region as a result of the drug trade and terrorism

The current U.S. foreign policy in Venezuela has done little to improve Venezuela's cooperation in the "Wars on Drugs and Terror." Harsh rhetoric from the United States and fears of U.S.-assisted regime change block any opportunity for interstate cooperation against the drug trade. Furthermore, Latin American disapproval of the U.S. position toward Venezuela and of its anti-terrorism initiatives in the Middle East impedes U.S. efforts to impose unified, regional criticism on Venezuela's connections with terrorist groups such as the FARC.

### *Objectives of Principles*

- Improve democratic institutions

Regarding democracy, Venezuela has experienced some success, though that success has not been the result of U.S. efforts. Citizen approval of the state of democracy in Venezuela has risen steadily between 2002 and 2007 with it reaching 59% in 2007. Citizens overall feel more empowered under Chavez's form of participatory democracy, which enables Venezuelans to

---

<sup>167</sup> Ibid., pp. 32.

petition their government through local organizations known as community councils.<sup>168</sup> The country does have some improvements to make, however. Civil liberties such as the freedom of speech and political dissent are hampered indirectly through legislation that imposes tough penalties for libel and defamation of political figures.<sup>169</sup> Also, the judicial system is plagued with complaints concerning the inconsistent application of the law, impunity for violent acts, and delayed trials.<sup>170</sup> Finally, the dominance of the executive in all areas of government fuels a concern for the maintenance of separation of powers and the institution of checks and balances.<sup>171</sup>

The use of organizations such as the NED and USAID—which are supposed to promote democracy—for subversive activities has cast doubt on whether the United States is truly dedicated to the spread of democracy in Venezuela. Furthermore, efforts to support the opposition have only focused on removing the president and thus, have done little for the advancement of democracy. Recent attempts by the opposition to change their strategy and offer an alternative political agenda to that of Chavez have had greater success. Specifically, the opposition united and engaged in a campaign in 2008 that centered on critiquing the current government's policies and performance. The result was an electoral victory in 2008 in which the opposition won the mayorship in Caracas along with 5 out of 22 state governorships—a representation of 45% of the population.<sup>172</sup> The United States, thus, should focus its energies on improving the current democratic system—training the opposition in political debate and

---

<sup>168</sup> McCoy, 2009.

<sup>169</sup> *Ibid.*, pp. 152-153.

<sup>170</sup> *Ibid.*, pp. 154.

<sup>171</sup> *Ibid.*, pp. 149.

<sup>172</sup> *Ibid.*, pp. 148-149.

encouraging more citizen political participation—instead of constantly trying to remove a democratically-elected leader through undemocratic means.

*Is It Sustainable?*

U.S. policy leaders believe that by removing Chavez from power, U.S. objectives will be met. However, as the above evidence demonstrates the current U.S. foreign policy strategy has failed in its efforts to restore U.S. hegemony, protect U.S. economic interests, improve regional stability, and promote U.S. principles. Instead, it has bred distrust throughout Latin America and has had the opposite effect of reinforcing Chavez's rule and of encouraging Latin American relations with countries other than the United States. Considering that U.S. initiatives have achieved little to no political, economic, or social benefits for the United States, this paper concludes that the U.S. foreign policy strategy in Venezuela is not sustainable and consequently, is in desperate need of change.

CHAPTER 6  
FOREIGN POLICY SUGGESTIONS FOR U.S. ENGAGEMENT IN LATIN AMERICA

To improve and sustain a productive relationship with Latin America, the United States needs to remake its image, becoming the hemispheric leader that it has always aspired to be. To achieve this, the United States, contrarily, will have to become humble, recognizing the interdependence that exists in the region and encouraging multilateral efforts to effectively tackle areas of mutual concern. Antagonistic leaders such as Hugo Chavez will make this task difficult, but the answer to this challenge is not the unlawful removal of a president, but rather setting a strong international example that contradicts anti-U.S. rhetoric. With this end in mind, this paper puts forth three alternative foreign policy strategies designed to do away with negative impressions of the United States and lay the groundwork for a redefined relationship between the United States and its southern partners.

First, the United States must reject its legacy of opposing democratically-elected leaders with political and/or economic ideologies different from those of the United States. This tradition is what feeds Latin American fears of U.S. political or military intervention and it is this anxiety that helps to validate leaders such as Chavez in the eyes of citizens. In the case of Venezuela, it is essential that the United States recognize Venezuela's right to democratically elect its own leadership. Washington must abandon its attempts at regime change and make it clear to international audiences that the United States has no such intent. One method for accomplishing this is the moderation of U.S. rhetoric towards Venezuela. U.S. officials can disagree with the Venezuelan president's policies without the use of statements such as Chavez is a "demagogue awash in oil" or "a friend of terrorists." Another method is to act as a neutral party when it comes to the promotion of democracy. Neutrality will dispel the belief that

U.S. endorsement of democracy is merely a front for plots at regime change. Furthermore, the United States should work through international monitoring mechanisms when it comes to evaluating the progress of democracy in Venezuela. Multilateral confirmation and criticism will be better accepted than unilateral U.S. conclusions.<sup>173</sup>

Second, the United States must stop viewing Latin America as nothing more than a market for U.S. prosperity or another frontier in the “War on Terror.” Both of these perspectives only show what Latin America can do for the United States and neglect to consider how Washington can aid the region in its most pressing socioeconomic problems: social exclusion and poverty.<sup>174</sup> Not a totally selfless viewpoint, this initiative provides benefits for the United States as well, promoting regional stability, increased trade and investment opportunities, and overall positive interstate relations throughout the hemisphere.<sup>175</sup> Furthermore, this change in U.S. foreign policy strategy will undermine the draw of leaders such as Hugo Chavez that monopolize upon the failure of liberal democracies to meet the basic social needs of their citizens.<sup>176</sup> With one-fourth of the population in Latin America living on less than \$2 per day,<sup>177</sup> the United States can aid its neighbors by doing the following:

---

<sup>173</sup> Ibid., pp. 160-162.

<sup>174</sup> Lapper, 2006.

<sup>175</sup> Lowenthal, 2009.

<sup>176</sup> Lapper, 2006.

<sup>177</sup> “Latin America Needs to Cut Poverty to Boost Growth.” *The World Bank*. Washington, D.C., 14 Feb. 2006. Web. 2 Feb. 2010.

<<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20818951~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>>.

- Deliver financial assistance to community organizations, not just U.S. firms or humanitarian groups, to ensure that U.S. funds reach those for whom they were intended<sup>178</sup>
- Work through a country's avenues for achieving and distributing socioeconomic change, remembering that citizens in Latin America desire to play an active role in the advancement of their country<sup>179</sup>
- Encourage collaborative regional efforts that capitalize upon suggestions and monetary funding from states in the region that have experienced economic success such as Chile, Argentina, and Brazil; their strategies of combining open market policies with social welfare efforts may prove beneficial to the economic development of other states<sup>180</sup>
- For the challenging case of Venezuela, first recognize that Chavez has achieved economic improvement for his country, making significant advancements in health and education; this initial sign of respect will hopefully open the door to greater cooperation<sup>181</sup>

Finally, the United States must address its perceived neglect of Latin America. Since the tragedy of 9/11, U.S. attention has become increasingly diverted to events in the Middle East and Asia, causing Latin American nations to limit their efforts at cooperation with the United States. To remedy this, the United States should *not* promise to pay more attention to its regional counterparts. This risks an increase in Latin America's distrust of the United States should promises ring hollow. Instead, U.S. officials should focus on the quality of their attention, dedicating U.S. energies toward the improvement of a few

---

<sup>178</sup> Lapper, 2006.

<sup>179</sup> McCoy, 2009.

<sup>180</sup> Lapper, 2006.

<sup>181</sup> McCoy, 2009.

key regional issues. These issues may vary from the strengthening of financial institutions to the resolution of dilemmas in health, education, crime, energy, or the environment. What is important is that, in the beginning, the United States selects areas that one, will experience immediate improvement thanks to U.S. efforts and two, that have a multilateral solution in which the United States can serve as an active member.<sup>182</sup> These two provisions will effectively improve U.S. credibility in the eyes of those throughout the Western Hemisphere.

---

<sup>182</sup> Lowenthal, 2009.

## CHAPTER 7 CONCLUSION

The United States and Latin America are tied together by a multifaceted web of mutual and individual concerns. Recent U.S. foreign policy, however, has not taken advantage of these connections, but rather has promoted division between Washington and its southern neighbors through the use of covert action, financial subversion, and negative propaganda. U.S. relations with Chile during the Cold War and with Venezuela today are prime examples of this and attest to the inefficacy of past and present U.S. foreign policy strategies. New foreign policy suggestions include respecting the elected leadership of Latin America, addressing the socioeconomic difficulties of the region, and improving the quality of U.S. attention. Should the new administration choose to follow these alternative strategies, the potential for successful and sustainable hemispheric cooperation will be restored as the United States effectively leads the region further into the 21<sup>st</sup> century.

## WORKS CITED

Bolivarian Republic of Venezuela 1999 Constitution. Base de Datos Políticos de las Américas.

“Constitution of the Bolivarian Republic of Venezuela.” *Georgetown University*. Washington, D.C. 13 Sept. 2005. Web. 6 Feb. 2010.

<<http://pdba.georgetown.edu/Constitutions/Venezuela/ven1999.html>>.

Carias, Allan B. and Bernard Gwertzman. “Interview: Referendum in Venezuela Hardens Chavez’s ‘Authoritarian Regime.’” *New York Times*. New York, 18 Feb. 2009. Web. 9 Apr. 2010.

<[http://www.nytimes.com/cfr/world/slot2\\_20090217.html?pagewanted=1&\\_r=1&sq=Venezuela%20referendum&st=cse&scp=1](http://www.nytimes.com/cfr/world/slot2_20090217.html?pagewanted=1&_r=1&sq=Venezuela%20referendum&st=cse&scp=1)>.

Dinges, John. *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents*.

New York: The New Press, 2004.

Ewell, Judith. *Venezuela and the United States: From Monroe’s Hemisphere to Petroleum’s Empire*.

Athens, GA: The University of Georgia Press, 1996.

Forero, Juan. “U.S. Considers Toughening Stance toward Venezuela.” *New York Times*. New York, 26 Apr. 2005. Web. 6 Feb. 2010.

<<http://query.nytimes.com/gst/fullpage.html?res=9B00E2D71231F935A15757C0A9639C8B63>>.

Gobierno Bolivariano de Venezuela. Ministerio del Poder Popular para las Relaciones Exteriores.

“Reformas a la Constitución de Venezuela de 1999.” *Embajada en los Estados Unidos de América*. Washington, D.C. Web. 6 Feb. 2010.

<<http://www.embavenez-us.org/pdfs/Fact%20Sheet,%20Reforma%20Constitucional.pdf>>.

Golinger, Eva. *Bush vs. Chavez: Washington's War on Venezuela*. New York: Monthly Review Press, 2008.

Grow, Michael. *U.S. Presidents and Latin American Interventions: Pursuing Regime Change in the Cold War*. Lawrence, KS: University Press of Kansas, 2008.

“How U.S. President's Stack Up.” *Wall Street Journal*. New York, 2006. Web. 15 Apr. 2010.

<<http://online.wsj.com/public/resources/documents/info-presapp0605-31.html>>.

“Hugo Chavez.” *New York Times*. New York, 19 Apr. 2010. Web. 15 Apr. 2010.

<[http://topics.nytimes.com/top/reference/timestopics/people/c/hugo\\_chavez/index.html?scp=1&q=Venezuela%20referendum&st=cse](http://topics.nytimes.com/top/reference/timestopics/people/c/hugo_chavez/index.html?scp=1&q=Venezuela%20referendum&st=cse)>.

Independent Task Force. “U.S.-Latin America Relations: A New Direction for a New Reality.” *Council on Foreign Relations* (2008): 1-79. *Columbia International Affairs Online (CIAO)*. Web. 28 Mar. 2010.

Jentleson, Bruce. *American Foreign Policy: The Dynamics of Choice in the 21<sup>st</sup> Century*. New York: W.W. Norton & Company, Inc., 2007.

Kelly, Janet and Carlos A. Romero. *The United States and Venezuela: Rethinking a Relationship*. New York: Routledge, 2002.

Lapper, Richard. *Living with Hugo: U.S. Policy Toward Hugo Chávez's Venezuela*. New York: Council on Foreign Relations, 2006.

"Latin America Needs to Cut Poverty to Boost Growth." *The World Bank*. Washington, D.C., 14 Feb. 2006. Web. 2 Feb. 2010.

<<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20818951~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>>.

Lowenthal, Abraham F. "Renewing Cooperation in the Americas." *The Obama Administration and the Americas*. Lowenthal, Abraham F., Theodore J. Piccone, and Laurence Whitehead. Washington, D.C.: Brookings Institution Press, 2009.

Mares, David R. and Francisco Rojas Aravena. *The United States and Chile: Coming in from the Cold*. New York: Routledge, 2001.

McCoy, Jennifer. "Engaging Venezuela: 2009 and Beyond." *The Obama Administration and the Americas*. Lowenthal, Abraham F., Theodore J. Piccone, and Laurence Whitehead. Washington, D.C.: Brookings Institution Press, 2009.

National Security Archive Electronic Briefing Book No. 177. "Rumsfeld's Roadmap to Propaganda." *George Washington University*. Washington, D.C., 26 Jan. 2006. Web. 9 Apr. 2010.

<<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB177/index.htm>>.

“New Constitution for Venezuela.” *BBC News*. London, 19 Nov. 1999. Web. 6 Feb. 2010.

<<http://news.bbc.co.uk/2/hi/americas/528014.stm>>.

Prados, John. *Safe for Democracy: The Secret Wars of the CIA*. Chicago: Ivan R. Dee, 2006.

Petróleos de Venezuela, S.A. (PDVSA). “FONDESPA: The Fund for Social and Economic Development.” *Gobierno Bolivariano de Venezuela: Ministerio del Poder Popular para la Energía y Petróleo*. 2005. Web. 1 Mar. 2010.

<[http://www.pdvsa.com/index.php?tpl=interface.en/design/readmenuprinc.tpl.html&newsid\\_temas=39](http://www.pdvsa.com/index.php?tpl=interface.en/design/readmenuprinc.tpl.html&newsid_temas=39)>.

Reuters. “Putin Bolsters Oil, Defence Ties with Venezuela.” *New York Times*. New York, 2 Apr. 2010.

Web. 9 Apr. 2010. <<http://www.nytimes.com/reuters/2010/04/02/world/international-uk-venezuela-russia.html?scp=3&sq=Venezuela%20Iran&st=cse>>.

Rohter, Larry. “Chile’s Leader Attacks Amnesty Law.” *New York Times*. New York, 24 Dec. 2006.

Web. 31 Jan. 2010.

<<http://www.nytimes.com/2006/12/24/world/americas/24chile.html?scp=9&sq=deaths%20and%20pinochet&st=cse>>.

Romero, Simon. “Chavez Decisively Wins Bid to End Term Limits.” *New York Times*. New York, 15

Feb. 2009. Web. 1 Mar. 2010.

<[http://www.nytimes.com/2009/02/16/world/americas/16venez.html?\\_r=1&scp=3&sq=Venezuela%20referendum&st=cse](http://www.nytimes.com/2009/02/16/world/americas/16venez.html?_r=1&scp=3&sq=Venezuela%20referendum&st=cse)>.

Romero, Simon. "Chavez Says China to Lend Venezuela \$20 Billion." *New York Times*. New York, 18 Apr. 2010. Web. 19 Apr. 2010.

<<http://www.nytimes.com/2010/04/19/world/americas/19venez.html?scp=1&sq=venezuela%20and%20china&st=cse>>.

Romero, Simon. "Colombia Is Flashpoint in Chavez's Feud with U.S." *New York Times*. New York, 5 Mar. 2008. Web. 9 Apr. 2010.

<<http://www.nytimes.com/2008/03/05/world/americas/05venez.html?pagewanted=1>>.

United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities. *Alleged Assassination Plots Involving Foreign Leaders: An Interim Report*. Washington: U.S. Govt. Print. Off., 1975.

United States. Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities. *Foreign and Military Intelligence: Final Report*. Washington: U.S. Government Printing Office, 1976.

"U.S.: Chavez 'Provoked' Crisis that Led to Ouster." *CNN News*. Atlanta, 12 Apr. 2002. Web. 6 Feb. 2010. <<http://archives.cnn.com/2002/WORLD/americas/04/12/venezuela/index.html>>.

"U.S. Seeks Latin American Initiative on Venezuela." *Voice of America (VOA)*. Washington, D.C., 4 Feb. 2005. Web. 6 Feb. 2010. <<http://www1.voanews.com/english/news/a-13-2005-02-04-voa64-66914152.html>>.

“Venezuela.” *New York Times*. New York, 19 Aug. 2009. Web. 6 Feb. 2010.

<<http://topics.nytimes.com/top/news/international/countriesandterritories/venezuela/index.html?scp=3&sq=Venezuela%20referendum&st=cse>>.

Whitaker, Arthur P. *The United States and the Southern Cone: Argentina, Chile, and Uruguay*.

Cambridge, MA: Harvard University Press, 1976.