

PETROLEUM AND POLITICAL
PACTS:

The Transition to Democracy in Venezuela*

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The tentative reemergence of democracy in Latin America in the first half of the 1980s has encouraged scholars and policymakers to take a new look at the "older" democratic experiences on the continent in their search for viable political models. Just as Chile and Uruguay were once considered the "Switzerlands of Latin America," so Venezuela has now become the political darling of the development set.¹ As Peter Merkl wrote in 1981, "It appears that the only trail to a democratic future for developing societies may be the one followed by Venezuela. . . . Venezuela is a textbook case of step-by-step progress." Praxis, however, has produced a certain wariness toward "textbook cases" of this sort. The demise of past democratic regimes whose stability had been unquestioned for decades warns that the search for models is fraught with perils. Despite its having an established party system, Venezuela should not be expected to provide a formula for those who seek paths to democratization.

Yet the Venezuelan experience of regime transformation in 1958 yields important lessons. If this familiar story is retold from a new perspective focusing on the interaction between petroleum and political pacts, it can illuminate the dynamic relationship between structure and statecraft in moments of regime transition. This relationship is the focus of a central debate in political analysis: To what extent is a successful democratic outcome the product of structurally determined factors arising from the world capitalist economy, the international system of states, or the process of dependent development—that is to say, of factors beyond the control of political actors in late-developing countries.

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What roles do statecraft, leadership, collective organization, choice, and mere fortune play in institutionalizing a party system?²

The contention here is that democratic transitions are best understood by systematically relating socioeconomic and political structures, at both national and international levels, to purposive political action. Such an analysis requires expanding upon the classic equation between levels of socioeconomic development and political democracy that has been posited in differing forms and with opposite outcomes by Seymour Martin Lipset (1960) and Guillermo O'Donnell (1973).³ O'Donnell's choice of "capital deepening" as a key causal variable in the rise of bureaucratic-authoritarian regimes and the ensuing debate over his work demonstrated the necessity for moving beyond the mere specification of stages of industrialization when carrying out political analysis (Collier 1979). Although the imperative to disaggregate types of democracies as well as types of authoritarian regimes has received less attention from Latin Americanists, this step is also essential for understanding the interaction between economic and political factors. In other words, it is no longer sufficient to ask what the relationship is between economic development and political democracy. Only a careful specification of both the mode of development and the type of democratic polity can reveal the complex interplay of forces at work during a transition. In the Venezuelan case, this analysis entails clarifying the links between petroleum-led development on the one hand and "pacted democracy" on the other.

Petroleum, it is argued here, is the single most important factor shaping the structural conditions for the breakdown of military authoritarianism and the subsequent creation of a reformist political space. Although the fundamental role of this leading export commodity in constructing and maintaining a party system is often overlooked by observers of the Venezuelan polity, the particular economic organization and societal change fostered by petroleum definitively stamped the organizational and class capacities of landlords, peasants, business, and labor as well as state institutions and political styles.⁴ In this manner, an oil-mediated integration into the international market created the necessary structural conditions for a reformist regime. These structurally induced changes cannot provide a sufficient explanation for the successful construction of a competitive party system, however. As Daniel Levine (1978) has ably pointed out, political pacts also play an essential role. The emergence and subsequent character of Venezuelan democracy has been defined by explicit agreements forged among elites during 1957–1958 embodying a negotiated compromise and establishing the future rules for governance. Levine demonstrates that these pacts, which share the distinguishing features of elite cooperation found in "consociational" democracies, permitted key actors to develop new

norms and operational codes for regulating partisan and interest disputes. His analysis implies that they are largely the result of voluntaristic choices by astute political actors. But choice comes into play, and such pacts can be located at the heart of the transition process only after the context for democratization has been set by petroleum-induced structural change.

Thus it is appropriate to begin with the structural side of the equation between economic development and democracy. The central hypothesis underlying the argument presented here is that a mode of development based on the production of commodities for export yields distinctive social configurations and political interests that, when located in a historical context, affect the propensity for various regime types to emerge. In the case of primary commodity exporters dominated by a single product, this staple affects the pattern of class formation, the rise and decline of different economic actors, the structural potential for organization and consciousness, the formation and role of the state, the relative importance of various political actors, and finally, the types of sociopolitical alliances likely to be forged.⁵ Over time, staple-led development can discourage the emergence of certain regime types at a particular moment while increasing the likelihood of the appearance of other types. This tendency is especially true of oil producers because of their overwhelming dependence on a single export commodity.⁶

How is a structural space for democratization created in countries exporting primary commodities? As both Latin Americanists and staple theorists have observed, the export sector produces specific types of generalized linkages throughout the economy (Innis 1956; Watkins 1963; Hirschman 1977). Eventually, the requirements of export commodity exploitation—from labor needs, to infrastructure, to settlement patterns—generate a constellation of forces whose effects reach far beyond the economic realm. Because every economic relationship is also a social relationship, the type of export activity conditions the pace and design of class formation as well as the propensity for constructing new social alliances that bring about regime change (Cardoso and Faletto 1969). Moreover, the type of export activity also influences the formation of the state and the scope of state action—from its pattern of expansion to its mode of taxation (Karl n.d.). According to several classic political works, these transformations augur well for democratization of some sort to the extent that, over time and in a particular historical context, they produce two results: first, the creation of an independent class of urban dwellers whose source of livelihood is removed from the land; and second, “the elimination of the peasant question through the transformation of the peasantry into some other kind of social formation” (Moore 1966, 422; see also Gerschenkron 1943). This

combination of events relieves dominant classes from having to use antidemocratic means to hold down a labor force on the land. Where these conditions are not found, the development of democratic institutions is delayed and (if it occurs at all) susceptible to disintegration (Gerschenkron 1943; Skocpol 1979).

Once these necessary structural conditions for regime change have been established, statecraft is critical. Whether democracies arise at all, and the form they ultimately assume, depends on individual leadership and collective choices. Yet here, too, socioeconomic determinations play a role. If Venezuela is to be defined and understood as a *democracia pactada*, this conceptualization must be differentiated from consociational or other elite frameworks of regime change that often emphasize voluntarism or political skill in a structural vacuum (Huntington 1968; Nordlinger 1972). In the consociational literature, attention is focused upon engineering or pact-making at the strictly political level. Consequently, negotiations between political and economic actors are treated as separate or subsidiary issues rather than as an integral part of the rules for elite accommodation. Because political actors are viewed as the leaders of culturally defined identity groups, they are not analyzed in the context of concrete socioeconomic interests. This approach results in systematically underestimating the economic component of these arrangements and in interpreting regime transitions as the outcome of predominantly political events (Nordlinger 1972; Daalder 1973; Lijphart 1977; Levine 1973).

In my analysis, to the contrary, political actors are viewed as the functional representatives of concrete socioeconomic interests—a relationship that may be indirect and even unintentional. My assumption is that pact-making promulgates regime norms, substantive policies, and state structures that channel the possibilities for economic as well as political change in an enduring manner. In Venezuela, as will be shown, the set of negotiated compromises embodied by pacts establish political “rules of the game” for competition among elites, but they also institutionalize the economic boundaries between the public and private sectors, provide guarantees for private capital, and fix the parameters of future socioeconomic reform—a reality that is often overlooked. Once this socioeconomic component is reintroduced, it becomes apparent that political pacts play a dual role. On the one hand, they provide a degree of stability and predictability that is reassuring to threatened traditional elites. The rules the pacts establish limit the degree of uncertainty facing all political and economic actors in a moment of transition and are therefore an essential element of successful democratization. On the other hand, this stabilizing influence can have serious consequences for the nature and parameters of the subsequent democracy. In relying upon negotiations to reconcile the wishes of previously established dominant interests with those of new challengers, a *democracia*

pactada can institutionalize a conservative bias into the polity. Indeed, it can create a new status quo through the installation of qualitatively different structures that can block further progress toward political, social, and economic democracy.

The following discussion places the petroleum-induced structural transformation of Venezuela and the formation of elite pacts at the center of an explanation of the successful transition to democracy in 1958. The discussion will begin with a broad overview of the structural determinants that increase the likelihood of a democratic outcome in the Venezuelan case. A description of the so-called *trienio* experience and the subsequent transition year of 1957–1958 will then attempt to clarify the actors involved in regime change, their motivations, their resources, and the actual context of their immediate actions. The analysis will next examine the elite pacts themselves. Finally, the article will conclude with observations on both the cost and the durability of current democratic arrangements.

THE STRUCTURAL DETERMINANTS OF REGIME CHANGE

Marcos Pérez Jiménez's flight from Caracas on 23 January 1958 ended the military rule that had characterized Venezuela since independence. Yet this form of personalistic authoritarian rule had faded as a political form long before the general escaped from La Carlota airport (taking with him a significant share of his country's fiscal revenues). The long-term impact of oil, a commodity that initially served to buttress existing regime arrangements, eventually undermined the social basis for authoritarian rule, thus laying the groundwork for political change.

A historical perspective demonstrates the irony of this statement. The birth of the modern Venezuelan state during the twenty-seven-year rule of the caudillo Juan Vicente Gómez (1908–1935) coincided with the discovery and exploitation of oil by foreign companies. As a result of this historic accident of timing, both U.S. multinationals and the U.S. government became essential props in the formation of modern authoritarian arrangements. Colliding with a weak and fragmented civil society, their impact was overwhelming: petrodollars became the bulwark of an alliance that included a hierarchy of military caudillos, the coffee and cacao producers of the Andes, and the Caracas commercial and financial elite. The foreign relationship was direct: Gómez seized power through a U.S.-backed coup in 1908 and subsequently utilized the oil companies to maintain the stability of his rule for almost three decades. In return for accommodating the companies through cheap oil concessions and favorable legislation, Gómez received rapidly growing revenues that allowed him to equip the first national army, expand a loyal state bureaucracy, lift the tax burden from elites, and develop a

TABLE 1 *Government Income and Oil Export Values under Gómez, 1920–1935, in Millions of bolívares*

Year	Government Income	Value of Total Exports	Value of Oil Exports	Oil as % of Total Exports
1920	104.4	170.6	3.3	1.9
1925	147.6	330.0	137.5	41.6
1930	243.7	762.5	643.1	83.2
1935	206.4	711.7	649.3	91.2

Source: Tugwell (1975), p. 182.

sophisticated repressive apparatus (Lieuwen 1954; Rangel 1970, 1964; Sullivan n.d.).

Oil initially protected this oligarchic alliance from the disruptive strains of industrialization. Because an oil-mediated integration into the world market provided the revenues for a continuous expansion of the country's import capacity, petrodollars delayed indigenous industrialization in this financially rich country. One manifestation of this structural dynamic was the consistent appreciation of the bolívar in relation to the dollar, a currency movement that created an incentive for imports rather than for domestic production (Córdoba 1974; Aranda 1977). Although the Depression encouraged manufacturing in Argentina, Chile, Brazil, and Mexico and brought powerful pressures for expanding political participation in these countries, Venezuela was insulated by its unusually strong capacity to import. Accelerated import-substitution industrialization and the populist strategies accompanying its beginning in the rest of Latin America did not start in Venezuela until the end of World War II, almost two decades later than in neighboring countries. This difference in world timing was to prove essential for the construction of Venezuela's democracy.

Yet oil eventually set in motion the long-term structural changes in the economy that undermined the existing organization of the society and polity. The petroleum economy hastened the decline of Venezuela's stagnating agriculture. Overvalued exchange rates induced by oil destroyed the international competitiveness of coffee and other traditional exports while the country's high import capacity for foodstuffs hurt the domestic market for agricultural products. With the collapse of coffee and cocoa exports during the Depression, agriculture virtually died: the sector's share of GDP sank from one-third in the mid-1920s to less than one-tenth by 1950, the smallest contribution in all of Latin America (Karlsson 1975, 24–26). Because petrodollars provided easier ways to keep the economy alive, few major efforts were made to revive the agricultural sector.

The oil-induced decline of agriculture profoundly affected both the social structure and the political behavior of Venezuela's elites, a particularly small and weak class by South American standards. The combined impact of the Independence and Federal wars had already removed the ability of landowners to unite and form durable parties of the right. The introduction of the petroleum enclave perpetuated their historical decline by creating strong incentives to engage in new forms of entrepreneurial activities. In "the dance of the concessions," some landowners sold their property to the oil companies, converting themselves into the commercial and financial urban bourgeoisie that had once been their nemesis. Others held onto their land but moved their primary interests from unprofitable agriculture into the lucrative trade created by state's growing appropriation and circulation of petrodollars. Meanwhile, the growing mercantile class gradually switched from handling traditional agricultural exports to handling goods imported from the United States. Thus by the 1950s, petroleum helped to cement a close set of relationships between foreign capital, urban local capital, and the state, while removing the incentive for landed elites to maintain authoritarian control or even commercialize rural areas (Rangel 1970; Sullivan n.d.).

But the political price of the decline of the landlord class was high. Without a strong rural base, agrarian interests lost the chance to make an autonomous political impact. Although they would support the formation of a conservative Christian Democratic party in 1946 and consistently provide this party with its major base in the Andean coffee-growing region, a weak landlord class in the postpetroleum era could never supply the social underpinnings for a conservative peasant-based party. Even an alliance with the church could not overcome the political results of this structural change. As a result, Venezuela lacked a party formation that could significantly shift the political spectrum to the right in a future electoral arena.

The social and political impact of agriculture's demise was extensive at the mass level as well. Faced with the loss of their livelihood in their villages, rural workers headed for lucrative jobs in the oil fields or possible employment in public works programs in the cities (Donnelly 1975). Venezuela experienced the fastest rate of urbanization in Latin America as the proportion of the workforce engaged in rural activities declined rapidly—from 71.6 percent in 1920 to 33.5 percent in 1961 (Karlsson 1975, 34). As the stagnation of agriculture forced peasants off the land and turned them into an urban force, they became prime targets for political action (see table 2). The rapid disintegration of traditional rural ties created the opportunity for political parties to organize the peasantry. These peasants, however, were not propelled toward revolutionary activity because critical factors conducive to sustained

TABLE 2 Population Distribution in Venezuela, 1936–1971, in percentages

Year	Rural (%)	Urban (%)
1936	71	29
1941	69	31
1950	52	48
1961	37	63
1971	27	73

Source: Levine (1978), p. 87.

radical action in rural zones were lacking in Venezuela.⁷ Strong peasant communities did not exist; the rapid commercialization of agriculture had been blocked by food imports bought with oil revenues; and most important, the zero-sum conflict necessary to produce peasant revolutions in other countries was simply not present (Paige 1975; Skocpol 1979; Wolfe 1969). Oil eased the virulence of landlord-peasant disputes, providing a permanent “exit” from the land for both elites and masses. If political change was unlikely to be authoritarian due to the weakness of the rural elite, a revolutionary turn was arguably doubtful as well.

In this context, the growth and transformation of urban Venezuela provided fertile ground for a reformist democratic regime. Once again, oil played a decisive role, creating the first significant internal market as well as the urban social forces that have historically provided the backbone for party systems in Latin America. As agriculture declined, the import and service sectors expanded rapidly, fueled by petroleum revenues. Total wages and salaries paid to the oil sector alone increased eightfold in the decade of the 1920s while imports soared: between 1913 and 1926 alone, they leapt in value from \$2 million to \$14 million (Córdoba 1974, 153). The most important social phenomenon resulting from the introduction and consolidation of the oil enclave economy was the emergence of a middle class composed primarily of propertied and salaried small artisans and white-collar workers in the service sector. Their numbers were complemented by a rapidly expanding state bureaucracy that swelled from thirteen thousand to fifty-six thousand in fifteen years, fueled by the leap in oil revenues. This middle class continued to increase following the death of Gómez, rising from 37 percent to 54 percent of the nonagricultural workforce between 1936 and 1950 (Petras 1977, 6–7).⁸

Of necessity, the aspirations and demands of these *capas medias* dominated the political arena. The oil economy fostered the emergence of an inverted pyramid of social classes: the generation and rapid circulation of petrodollars, a function of rent rather than real productive

activities, meant that a largely nonproductive urban middle class actually preceded and outnumbered a slowly growing working class. The relative weakness of the urban working class, in relation to both its counterparts in the rest of South America and other classes within Venezuela, meant that politics assumed a decidedly middle-class character. Although the petroleum industry created a modern industrial workforce, oil workers numbered less than twenty-six thousand due to the capital intensity of the industry (Petras 1977, 101). While militantly organized, primarily by the Communist party and later by *Acción Democrática* (AD), the oil workers' small numbers and isolation in camps far from urban centers hindered their ability to influence national politics, even though they were able to organize several important strikes. They could not unite with their industrial counterparts in the cities until the 1950s because a politically significant working class in manufacturing simply did not exist before that time. A small and geographically fragmented proletariat was not conducive to the formation of large socialist or communist parties like those in Chile. Because petroleum workers had to link up to forces in the urban areas in order to win their labor demands, they became prime organizing candidates for reformist parties based in Caracas (Godio 1980; Nehru Tennessee 1979).

The beginning of a significant process of industrialization, which did not take place until the 1950s, contributed the final structural element necessary for a reformist regime change. Once again, an oil-mediated integration into the international system provided the motor for economic transformation. As a result of soaring demand for petroleum in the postwar period, the Iranian crisis of 1954, and the closing of the Suez Canal, Venezuela experienced a phenomenal economic boom that literally forced the country into industrialization. In the period between 1950 and 1957, Venezuela accumulated more foreign exchange than any other nation in the world except West Germany, which was enjoying the fruits of the Marshall Plan. Venezuelan treasury reserves tripled and oil exports increased two and a half times, creating an immediate impact on the domestic economy. Fueled by a high level of public expenditures that created a parallel expansion of aggregate demand, manufacturing grew 313 percent, and the average investment rate was a staggering 28.3 percent (Salazar-Carrillo 1976, 101, 117).

The industrialization, which is evident in table 3, took the prospects for democracy a step further. While the decline of agriculture and the creation of new urban social classes undermined the old regime, manufacturing provided the necessary material base for a qualitatively new alliance. The timing of this industrialization was particularly important. Because it did not begin until the 1950s (a period of international expansion) rather than in the 1930s (a period of international

TABLE 3 Growth of Manufacturing Output in Venezuela, 1948–1957

Year	Output
1948	350
1949	413
1950	538
1951	650
1952	716
1953	880
1954	1000
1955	1165
1956	1273
1957	1446

Source: Salazar-Carrillo (1976), p. 119.

Note: The index is based on 1938 equaling 100.

contraction), direct foreign investment played an unusually large role from the beginning—contrary to the experiences of other Latin American countries. During the 1950s, foreign investment increased from \$938 million to \$3.71 billion, the largest concentration in any Latin American nation. Investment in manufacturing grew most rapidly (Maza Zavala 1977, 515). The political implications of this close intertwining of foreign and local capital were profound: by 1958, specific national and international interests existed that could be convinced to defend an industrialization program and the regime changes that might also occur. Although their numbers were small, they were united, highly concentrated, and economically powerful.

STATECRAFT AND POLITICAL LEARNING IN THE TRIENIO YEARS

In 1946, a mere two years after the party's founding, Acción Democrática was given an unexpected chance to govern. Invited to share power with the military, AD ruled for three crisis-filled years before being overthrown by the armed forces.⁹ This trienio proved to be an important training ground for political leadership as well as a valuable learning period for more traditional interests. The military rule of Generals Eleazar López Contreras and Isaías Medina Angarita, who succeeded Gómez, had been characterized by pendular swings between liberalization and repression, reflecting the slowly approaching collision between new urban social forces and a dying, but unyielding, oligarchy. The trienio experience, in the wake of World War II, tipped the balance toward liberalization by altering the perceptions and ideologies of elites with regard to industrialization and a party system.

The leadership and organization of Acción Democrática—especially party founder Rómulo Betancourt—were required to transform changing structural realities into a viable political program. Betancourt traveled the length and breadth of Venezuela to get a firm understanding of the national situation, laying the basis for a party headquarters in every region of the country through his conversations with local citizens. He and other party leaders then drew up a platform for the Partido Democrático Nacional (the forerunner of AD), which declared “*gomecismo*, the landowners, the usurer banks and foreign imperialism” as the enemies of Venezuela and the targets of their political action (Acción Democrática 1962). This stance perfectly captured Betancourt’s vision of the future because it could mobilize and unite the peasants in declining agrarian sectors with the militant oil workers as well as with the emerging middle and industrial classes in Caracas. It was radical because it directly opposed the traditional authoritarian alliance, but at the same time it was prudently based on a broad united front that included some leading economic interests. Largely at Betancourt’s insistence, the program explicitly rejected the Communist party’s organizing doctrine based on the notion of class struggle led by workers. Instead, AD leadership contended that the industrial working class was too small and weak to lead a regime change, that agrarian reform in a declining sector could be accomplished by peaceful means without alienating urban commercial interests, and that distinctive classes could work together for change.

Industrialization was the cement that could bond newly emerging social forces with entrepreneurial elites in party form, and it therefore became a central part of the party platform. Industrialization could avoid a zero-sum struggle by providing practical benefits for all Venezuelans. As the AD program stated:

We aim to create a wide spectrum that will awaken and sustain private initiative through cheap credits and rational protective tariffs to fight the invasion of foreign products. This, and the increase in the buying power of the population through an honest and broad social policy, will increase the domestic market, a necessary step in the development of a national industry and agriculture. We do not make our fervent proclamation for a policy of bettering the conditions of workers and peasants only out of loyalty to the principles of social justice. . . . We also recognize a scientific and practical reason: without this improvement, the internal market necessary for Venezuelan agriculture and industry cannot be created. (Acción Democrática 1962)

Agrarian reform was also a key component of the party’s plans for the future, yet the party carefully avoided references to collectivization or expropriation without compensation, recognizing that any challenge to property might frighten Caracas-based elites. Another central element of the party’s plan was gaining greater control over the oil companies, the symbols of foreign domination.

The outbreak of World War II boosted AD's industrial vision because it prompted the first noticeable economic and political learning on the part of normally intransigent economic family groups. A large decline in wartime oil sales to Europe forced the Medina government to implement tight import controls to protect scarce foreign exchange, the first state action of this kind in Venezuela's history. As hardship and the scarcity of goods struck the urban middle classes, support increased for both *Acción Democrática* and the Communist party, thus heightening elite fears of social disruption. Although most of the landowning and commercial classes believed that AD represented too radical a future, some farsighted entrepreneurs like Eugenio Mendoza, General Medina's Minister of Development, understood the potential advantages to be gained from industrialization. They began to call upon Venezuelans to "dress ourselves in our own textiles, take advantage of the production of our nascent industry, and feel noble pride in all that is Venezuelan" (Fundación Mendoza n.d., 59).

The war experience and talk of industrialization also began to affect the attitudes of key economic leaders as to the appropriate role of the state. Trade and financial figures such as J. J. González Gorrondona and Rodolfo Rojas, affected by New Deal rhetoric, discussed planning, protective tariffs, the technification of the state, progressive services such as social security, and indigenous industrial development. Some entrepreneurs began to believe that only an interventionist state—a heretical concept in the prewar period—could guarantee domestic production and prevent social turmoil. In 1944 the nation's most important banker argued: "The state must guarantee the normal development of production, consumption, and trade because if it evades that responsibility and abandons economic activity to the free play of private interests as the liberals argue, this will lead to a systematic repetition of economic cycles, wars, and all kinds of other disturbances that bring anguish into our society" (Gorrondona 1945, 91). Although this attitude was fiercely resisted by declining agrarian interests, some of their urban counterparts began to see that the political and economic platform of a party like *Acción Democrática* might hold some future advantages.

World War II also began to affect the ideology of the military in a manner that was ultimately to prove advantageous to *Acción Democrática*. Following the death of Gómez, the linchpin of the military hierarchy, disagreements surfaced concerning succession, the closed system of advancement, and the conservative bent of such *Gomecistas* as General López Contreras. As young officers returned from studies and service abroad during the war, they brought newly acquired technical skills, a different conception of a professional military, and new ideas originating from their exposure to intense postwar democratic sentiment. Many began to question whether the old army hierarchy was

adequate for modernizing Venezuela. In 1943 a group of young officers formed the Unión Patriótica Militar and signed a secret oath proclaiming "the profession of our democratic faith. . . . [W]e advocate the formation of a government that has as its basis the universal and direct vote of the Venezuelan citizenry, a reform of the Constitution . . . and the creation of a truly professional army . . ." (Taylor 1968, 41–42). Although this democratic faction lost power in the coup that removed AD in 1948, it remained a potential ally for the political parties during the next decade.¹⁰

The most important political learning, however, took place within Acción Democrática during its three years in power. First, AD developed a new appreciation of the value of an organized popular constituency. Indeed, to the dismay of other parties, it took advantage of its control of the state to form and dominate the Confederación de Trabajadores de Venezuela (CTV) and the Federación Campesina Venezolana (FCV). Although both organizations became illegal after the trienio, they provided much organizational basis and political clout for the party in the future. The importance of these federations should not be underestimated. In only three years, AD took advantage of its control of the state to increase the number of organized peasants from four thousand to forty-three thousand and the number of legal labor unions from 252 to more than a thousand (Powell 1971, 79).

Second, the new party began to see the importance of compromise. Overthrown in 1948, AD learned the hard way that sectarianism could be fatal. Party leaders understood that AD had driven away potential allies during the trienio by its failure to consult with other parties and by its strong actions against Catholic education, moves that alienated both the church and the new Catholic-based Comité de Organización Electoral Independiente (COPEI). The oil companies had also turned against AD, fearing possible nationalization. Because domestic commercial interests were tied to the companies, they quickly sided with the foreign oil firms and withdrew their support for democratic rule.

The trienio government of 1946–1948 was a premature event, a product of elite responses to a changing international and domestic context rather than the actual political capacity of an emerging mass party. With hindsight illuminating the weakness of the consensus for increased participation and industrialization, it is easy to see why the first AD government had difficulty surviving. Although "sowing the oil" had become a national slogan, an industrial effort and the subsequent creation of socioeconomic interests with a material stake in a party system had yet to occur. In this context, there was no room for political errors, and AD's inexperience and mistakes sealed the young democracy's fate. But one reality remained: although military rule was

promptly restored, the structural transformation of the economy and society had been accelerated during this period, in part through AD's emphasis on industrial activity. It was merely a matter of time until the disjuncture between an outmoded polity and an increasingly complex economy and society reached a crisis point again.

THE POLITICS OF TRANSITION: 1957–1958

If the vibrant oil-led industrial boom of the 1950s ripened Venezuela for a regime change, the form, timing, and dynamics of its expression were not predetermined. Despite growing demands for participation, personalistic authoritarian rule might have held on longer had Pérez Jiménez possessed some degree of political skill. Instead, his systematic and often unnecessary alienation of the key interests in the authoritarian alliance stimulated a process of breakdown from within, an internal decay provoking pressure for a transfer of power from within the military institution itself. But the fall of Pérez Jiménez can explain neither the collapse of military authoritarianism as a system nor the subsequent establishment of a political party system. Here other factors intervene. Beginning in 1957–1958, the fruits of organizing under clandestine conditions as well as the political lessons learned in the *trienio* years were finally harvested. Skillful leadership succeeded in directing a mobilized civilian population to confront a divided military and an isolated entrepreneurial class. This confrontation converted a simple transfer of power among traditional elites into a partial surrender of power to new historical actors (Schmitter 1980).

The coincidence of a crisis of political succession with an economic crisis provided the catalyst for regime change. Pérez Jiménez had come to power in a coup in 1948 and declared himself president by rigging the elections of 1952. In order to resolve the new leadership dilemma posed by presidential elections previously scheduled for 1957, he then rigged a plebiscite sponsored by the legislature and announced his intention to remain in power indefinitely. The outlawed political parties, led by AD, moved into open protest. A fiscal crisis provoked by Pérez Jiménez's extraordinary public spending in the wake of the oil boom of the 1950s led the conservative economic elites to join the parties. Even industrialists in the construction sector, generally this government's greatest allies because they received the benefits from public works projects, were left holding unpaid bills from the state. As Venezuela's international credit status suffered, Pérez Jiménez attempted to paper over his extravagance and corruption by selling new concessions to the oil companies—a controversial move, given widespread nationalist sentiment against the multinationals. As Pérez Jiménez's financial policies brought the economy to the point of crisis in the final months

of 1957, well-known entrepreneurs such as Blas Lamberti and Eugenio Mendoza issued public manifestos calling for "the normalizing and dignifying of the administration of public monies" (Stambouli 1979).

Protests against economic mismanagement brought out other long-standing complaints of the entrepreneurial class. In 1952 the government had renewed the Treaty of Reciprocal Trade with the United States, which permitted a wide range of cheap imported manufactured products to overrun national markets. As a result, non-construction-related industries suffered. Despite repeated appeals to renegotiate the treaty or establish some kind of protection for local entrepreneurs, Pérez Jiménez refused to raise tariffs and actually cut industrial credits for all sectors except construction. His simultaneous encouragement of foreign capital inflows, which tripled during his government, also threatened local initiative. At the same time, Pérez Jiménez began to expand the state into direct production at the expense of the domestic private sector. Although he had originally assured Eugenio Mendoza and other industrialists that the government would not enter the steel sector, he apparently changed his mind and overruled local proposals for a privately owned mill put forward by the *Sindicato de Hierro*. In his first open conflict with entrepreneurs, Pérez Jiménez reserved steel, electrification, and petrochemicals for the public sector by establishing state enterprises in each area (Stambouli 1979).¹¹

This squeeze on domestic industry was compounded by the lack of formal entrepreneurial access to state decision making. Because Pérez Jiménez favored a particular group of contractors linked to him through corruption, he paid little attention to *Fedecámaras*, the major business association representing the entire economic elite. As favoritism grew, important factions of the economic elite concluded that few avenues existed to affect economic policy. The fixed plebiscite threatened to institutionalize this situation permanently by leaving Pérez Jiménez in power.

The general's intention to remain in power also sparked church opposition. Like the entrepreneurs, the church had benefited especially from military rule. Virulently hostile to *Acción Democrática* because of the party's secularizing, anti-Catholic, and reformist policies, the church had welcomed the 1948 coup with enthusiasm. But while the local religious hierarchy was content with authoritarian arrangements, changes were occurring within the Catholic Church at the international level. Papal declarations by Pius XII urging more sensitivity to social justice encouraged several Catholic publications in editorials published on May Day of 1957 to remind the government gently of its duties toward the lower classes. Unaccustomed to criticism of any sort, the government reacted swiftly and harshly: Minister of the Interior Laureano Valenilla Lanz summoned the Archbishop of Caracas to his office

and ordered the church to take a lower profile. When the Seguridad Nacional (the political police) detained a well-known opposition priest and harassed other important figures of the church hierarchy at the dictator's orders, the church and COPEI (which had never been declared illegal) also joined the opposition (Herrera Campins 1978; Levine 1978).

As elite civilian support crumbled, the military became the focus of the regime's decay. Pérez Jiménez had initially been careful to please his own institution by allocating huge funds for military purposes, expanding personnel, purchasing expensive equipment, raising salaries, and virtually creating a navy and an air force. Yet the general's extraordinary levels of corruption, combined with his total reliance on unpopular civilian ministers such as Valenilla Lanz and Pedro Estrada, alarmed younger officers. More important, Pérez Jiménez created a parallel military authority through the Seguridad Nacional, investing this police organization with the power to punish military officers suspected of disloyalty to the government. Discontent crystallized into two factions: the first, a group of higher officers linked to the government attempted to pressure Pérez Jiménez into correcting some of the abuses of his rule; the second group, composed of younger officers organized in the Movimiento para la Liberación Nacional (MLN), sought his ouster.

Divisions within the military created their own dynamics. As Pérez Jiménez became more suspicious of possible disloyalty, he relied more heavily upon the Seguridad Nacional, using this security force to arrest officers suspected of treason. The arbitrary use of power against his own military increased factionalism. By December, although Pérez Jiménez publicly claimed to have the united support of the armed forces, distrust was so rampant that different divisions had begun to guard each other. The MLN's futile attempt at a *cuartelazo* to remove Pérez Jiménez on 1 January provoked a cabinet crisis in mid-January. On 9 January, Pérez Jiménez's ministers were forced to resign and a new group, including known opponents of the general, was appointed. On 13 January, Pérez Jiménez embarked on a counteroffensive, appointing himself as Minister of Defense. Amidst cabinet reshufflings, coup attempts, and arrests, a new military consensus emerged convinced that Pérez Jiménez had to be removed in order to maintain the unity of the armed forces (Burgraff 1972; Stambouli 1979; Taylor 1968).

By the time the military and the economic elite finally acted in January 1958, they had lost their ability to control events or determine the direction of future political change. The initiative had shifted to the political parties who were prepared to exercise political leadership. The organization of each party had grown stronger and their leadership had also matured. Brought together by the common experience of repres-

sion and having learned about the dangers of sectarianism from the trienio failure, party representatives agreed to an initiative by the Unión Republicana Democrática (URD) and the Venezuelan Communist party to form the Junta Patriótica, the first umbrella organization for all parties, in June 1957. Insisting that all parties must overcome partisan struggles and “act jointly without hate or vengeance,” this clandestine organization succeeded in coordinating the opposition activities of parties and student groups that had previously been unable to work together (Herrera Campins 1978, 101).

But unity had different meanings for different groups. As the Junta Patriótica sought to bring all forces inside Venezuela together in a radical program to oust Pérez Jiménez, some economic and party leaders had a different plan. Fearful that events might spiral out of control, Rómulo Betancourt, the nominal leader of AD from exile, Rafael Caldera, the head of COPEI, Jovito Villalba from the URD, and Eugenio Mendoza met secretly in New York to discuss the composition and parameters of the government to follow the downfall of Pérez Jiménez.¹² They agreed to abide by some formula of power sharing of their design and pledged to stay out of any transition arrangement offered by the military. Furthermore, they quietly decided to exclude the Communist party from claims to equal partnership despite the party’s leading role in the resistance. This arrangement was made without the knowledge of the Junta Patriótica, where Communists continued to work closely with members of the other parties.

On 10 January, in the midst of the cabinet crisis, the Junta Patriótica defied the military by calling a massive civilian demonstration in downtown Caracas. Two days later, the junta had established itself as the principal organ for coordinating all civilian action. On 21 January, the Junta Patriótica called a general strike to force Pérez Jiménez from power, and trade unions led by AD loyalists promptly joined the strike. As Venezuelans poured into the streets, church bells rang at noon to demonstrate Catholic support for the strike. The Consejo Nacional de Banqueros, the Cámara de Industria, and the Cámara de Construcción (the former bastion of regime support) also backed the general strike, stating: “The economic structure of Venezuela cannot withstand the political chaos facing the country. The Nation’s patrimony is menaced and urgent protective measures must be taken to avoid a collapse of commerce, industry, and banking. The return to normalcy only can be contemplated in a climate of security and guarantees, the free play of supply and demand, and equal opportunities to intervene in political and economic activity” (Stambouli 1979, 34). The military refused to leave the barracks to put down the general strike. On 23 January, with the entire city of Caracas mobilized and demonstrations taking place around the country, Pérez Jiménez agreed to relinquish power.

A military junta led by Admiral Wolfgang Larrazábal and four other officers attempted to reestablish the authority of the armed forces, but the pressure for democratization was too powerful. The Junta Patriótica declared that further military rule was unacceptable and protested the inclusion of two colonels linked to Pérez Jiménez in the new junta. Crowds again poured into the streets, supporting demands for an end to military rule, only to be fired upon by the Seguridad Nacional. Although Admiral Larrazábal promptly promised elections in the near future, the protests continued. With the death toll exceeding 250, the Guardia Nacional joined civilians to battle the police. Fearing that the country was on the brink of civil war, the military agreed to change the composition of the new ruling junta. Eugenio Mendoza and Blas Lambertí, another civilian entrepreneur, were asked to join the government and the Perezjimenista colonels were ousted. The Junta Patriótica, now dominated by AD, met with the new ruling junta and promised to reestablish social peace in return for democratic elections. On 27 January, Admiral Larrazábal publicly announced the military junta's decision: Venezuela would be democratic.

NEGOTIATING DEMOCRACY: THE POLITICAL AND ECONOMIC PACTS OF ELITES

The nature of Venezuela's new democracy was profoundly affected by the manner in which the authoritarian regime broke down. Although long-term structural changes had strengthened emerging social forces at the expense of traditional interests, the ability of new actors to define a different order was always constrained by the persistent power, or the appearance of power, of traditional interests seeking to limit reform. The type of democracy that eventually emerged depended largely on the perceptions formed and the political skills exercised in the immediate context of transition—a context still delineated by traditional elites.

The fall of Pérez Jiménez in 1958 plunged the country into acute political and economic crisis. Crowds filled the streets calling for jobs, condemning the oil companies for their support of the military government, and sacking the homes of members of Pérez Jiménez's clique. Pact-making first came into play at this time. On the advice of the political and economic leaders who had previously met in New York, the provisional government announced a Plan de Emergencia consisting of wage subsidies and a massive public-works campaign intended to defuse the intense mobilization while containing the potentially hostile reaction of dominant economic classes. On 15 February, the unions followed AD's leadership and accepted this proposal, guaranteeing labor peace in all major industrial sectors in return for the promise of factory owners to refrain from reducing personnel in their plants. As a quid

pro quo, the government consented to pay Pérez Jiménez's outstanding debts to the private sector despite the illegality and corruption behind many of the contracts. The financial cost of this package of agreements, negotiated primarily through Acción Democrática, was enormous. The combination of the Plan de Emergencia and the payment of \$1.4 billion to bankers and industrialists resulted in "a huge dole given on terms that had never been equaled in any other country" (Alexander 1964, 59; see also Hanson 1977).

Ironically, the oil industry that underwrote this arrangement for social peace became a key source of pressure for the limitation of reform. The foreign oil companies, fearful of social unrest that might lead to nationalization, threatened to transfer their operations to the Middle East if disruption continued, a powerful warning in the context of declining oil prices following the end of the boom in the 1950s. The constant fear of intervention from the U.S. government, which supported the companies, added to the atmosphere of constraint. At one point, U.S. Marine and Air Force transports were actually sent into the Caribbean "in the event their assistance would be required" (Herrera Campins 1978, 111).¹³ In the context of the recent U.S.-directed overthrow of the reformist Arbenz government in nearby Guatemala and the CIA-sponsored coup in Iran (another oil-producing nation with the temerity to confront the oil companies), the lesson seemed obvious: the United States would protect U.S. companies if necessary by containing unruly radicalism. At this point, it could not be anticipated that the United States, spurred by the Cuban Revolution, would soon change its policies toward Latin America, and specifically toward Venezuela.

But the most immediate pressure opposing a successful transition to democracy and overly enthusiastic efforts toward reform lay closer to home. Right-wing army officers belonging to a group called Pro Fuerzas Armadas Nacionales (PROFAN) refused to accept Admiral Larrazábal's promise to implement a party system that might include AD and perhaps the Communist party. Led by Air Force General Jesús María Castro León, these officers attempted a coup that was subsequently blocked by the combined influence of Caldera, Villalba, and Mendoza. Keeping their New York agreement with Betancourt, these leaders insisted that no civilian support existed for continued military rule or for a party system that tried to exclude AD. Fedecámaras, backing its leading industrialist, warned that commercial and industrial sectors would suspend all operations in Venezuela if the military tried to stop the transition to democracy. Meanwhile, the Junta Patriótica called three hundred thousand persons into the streets of Caracas to protest Castro León's actions. Although the attempted coup failed, *golpistas* were active throughout the year, leaving the threat of a coup hanging over the transition process like the sword of Damocles.

The conservative pressure from the oil companies, the United States, and golpista officers found functional allies among a variety of forces sharing a different yet compatible goal—that of limiting the power of Acción Democrática. The majority of the armed forces wanted to withdraw from power in order to maintain the institutional integrity of the military. The church, weakened by its long association with authoritarian rule, wanted merely to guard its position in society. Both forces were anxious to remove themselves from the political arena if they could extract agreements from the parties, primarily AD, guaranteeing their institutional survival. The entrepreneurial class wanted their property rights protected, labor controlled, and the economic situation stabilized. Those with a greater vision, such as Eugenio Mendoza and Gustavo Vollmer, called for state protection for local industrialization—a goal that could provide future earnings as well as diversification away from oil dependence. Yet driven by fears of populism or socialism, they too sought some formula that could contain any future radicalization that might arise from AD's leadership in a truly competitive party environment.

COPEI and the URD also wanted to circumscribe the power of Acción Democrática. Although both parties had a definite stake in the establishment of a party system and therefore some incentive to overcome partisan disputes, COPEI and the URD feared possible hegemonic pretensions on the part of AD. Thus as they sought to limit the future power of AD for their own partisan reasons, they became the de facto allies of the entrepreneurs, the oil companies, the U.S. government, the church, and the military. COPEI, in particular, represented traditional economic interests, a role it played with relative ease due to its conservative Andean origins. The desire of these parties to delineate carefully the role of Acción Democrática in conjunction with other traditionally conservative forces meant the containment of future reform, a reality that would be reflected in the political and economic agreements forming the basis of the new regime.

In order to accommodate the demands and desires of new politically organized actors without significantly threatening the interests of those strong enough to reverse the process of change, democratization required an explicit definition of the new parameters of action and the rules of the game, both formal and informal. These institutional arrangements were established through several interlocking elite-negotiated pacts formulated in 1958 and were refined during the first years of the Betancourt administration. The Pacto de Punto Fijo and the Declaración de Principios y Programa Mínimo de Gobierno (a less-known document), signed prior to the country's first elections by all contending presidential candidates, bound all signatories to the same basic political and economic program, regardless of the electoral outcome.¹⁴

Only the Communist party was excluded from the two agreements.

The military pact represented the first key compromise. In return for leaving power and accepting the new definition of an "apolitical, obedient, and nondeliberative body," the armed forces received the state's promise to technify and modernize equipment, improve the economic situation of officers and enlisted men, and maintain obligatory military service. Perhaps most important, the armed forces were guaranteed amnesty for their role in abuses committed during the Pérez Jiménez era and were assured that all parties would renounce thoughts of trying military leaders and would recognize "the merits and service of the men who make up the Armed Forces and their important collaboration in the maintenance of public peace" (Herrera Campins 1978, 111–16). These statements were not mere rhetoric. After 1958 the parties made a consistent effort to uphold the notion of the military as a repository of national values.

The church also received guarantees. While these agreements were not written into the original document, the first new AD government immediately altered the church's legal status, granting greater independence from the state. All political parties also promised to increase their subsidies to the religious establishment (Levine 1977).

The political components of pact-making were embodied in the Pact of Punto Fijo. This document guaranteed that all parties would respect the electoral process and share power in a manner commensurate with the voting results. In addition, the parties promised to maintain a "prolonged political truce" that would depersonalize debate as well as ensure consultation among the parties. This truce, although not involving explicit quotas of power, required the formation of coalitions and an equitable distribution of the benefits from the state. Regardless of who won the elections, each party was guaranteed some share of the political and economic pie through access to state jobs and contracts, a partitioning of the ministries, and a complicated spoils system ensuring the political survival of all signatories.¹⁵ This political formula resulted from intense negotiations among the parties between August and October of 1958, after a previous proposal to put forward a single presidential candidate had been defeated. The formula was to be carefully implemented by President Betancourt.

The political spirit of the Punto Fijo pact was institutionalized in the Constitution of 1961. Reflecting Venezuela's tradition of highly centralized power as well as the need for a mediator above the parties, the president became the supreme national arbiter. The president's office was to control the nation's defense, the monetary system, all tax and tariff policy, the exploitation of subsoil rights, the management of foreign affairs, and a variety of other powers. It had the authority to name all cabinet ministers, state governors, and state enterprise officials and

to declare a state of emergency. In essence, the decision regarding power sharing belonged to the president, who was supposed to be non-partisan. A nonreelection clause was aimed in part at weakening partisan control over the national leader, although it also protected against *continuismo* (República de Venezuela 1961). The ramifications of this arrangement were felt in the future, however. Because immediate reelection had been ruled out, presidents could not be held directly accountable to their constituencies or their party base once elected and were more open to the influences of interest groups.

The powers of the congress, in contrast, were fashioned to contain political competition. On the one hand, party influence was maximized because the electoral law provided for a system of proportional representation by party that encouraged partisan control over legislators. The Cámara de Diputados and the Senado were divided into party *fracciones* chaired by the representative of the party's national central executive committee. On the other hand, the power of the legislature itself was carefully circumscribed in order to limit the perceived dangers that could result from free-ranging competition between the parties. Congressional committees were extremely weak, with little financial or human resources at their disposal, making it difficult to initiate legislation or criticize adequately laws originating in the executive branch. Although the political parties had finally won a forum for debate and political struggle, the outcome of those struggles could be significant only if the opposition held a congressional majority (Kelley 1977).

The possibility of radicalization and partisan conflict stemming from widespread debate was further contained by the Programa Mínimo de Gobierno, which specified the broad outlines of the country's new economic *proyecto* and exemplified the programmatic compromises conceded by AD. All parties agreed to accept a development model based on foreign and local private capital accumulation, a basic law codified in the new constitution. They also promised to subsidize the private sector through the Corporación Venezolana de Fomento and to provide high levels of protection to local industry. The Programa Mínimo ruled out the possibility of expropriating or socializing property. Although the program proposed an agrarian reform, it promised that changes in land tenure would be based on a principle of compensation. Demands for nationalizing the foreign-owned oil and steel companies were never raised. Although future state policy would insist upon greater participation in revenues from oil and a firm policy of "no concessions," the continued presence of the multinationals in extractive industries was guaranteed in the new democracy—a significant retreat from AD's original nationalistic and anti-imperialistic stance (Herrera Campins 1978).

Having granted these substantive assurances to the country's in-

dustrial and financial interests, AD and the other political parties received a quid pro quo. They could control the state, thus increasing the job opportunities for politicians, bureaucrats, technicians, and others in the large urban middle class. The party system would thus be tied to expanding and promoting the state's role. Political parties also won important new benefits for their base of organized labor, peasants, and the middle classes. The Programa Mínimo promised to pursue full employment, a major housing program for the poor, a new labor code, and widespread social legislation in health, education, and social security. Recognizing that "work is the fundamental element of economic progress," the democratic regime granted trade-union rights and the freedom of association (República de Venezuela 1961). In practice, this agreement meant that the state would intervene in the process of collective bargaining in favor of the Confederación de Trabajadores Venezolanos as well as the Federación Campesina Venezolana, both closely linked to Acción Democrática. In addition, the state would provide subsidies in food, housing, and welfare for the poor.

Taken together, the Programa Mínimo de Gobierno and the Pacto de Punto Fijo represented a classic exchange between "the right to rule for the right to make money." A party system was implemented that lacked the power to channel entrepreneurial and other demands through political parties, but fundamental issues concerning policies toward industry, the petroleum companies, labor, and the peasantry would be decided before any elections were ever held. This arrangement changed what could have become potential issues of national debate into established parameters by removing them from the electoral arena. In essence, the overall rules of production were predetermined prior to a national debate while future partisan conflict was confined to a weak congress. This depoliticization of broad economic questions was guaranteed to continue as long as the basic compromise represented by these pacts served to bind all parties. Although the signatories could struggle over issues not included in the Programa Mínimo, they could not cross these previously accepted fundamental boundaries.

This conscious limitation of the parameters of reform was not without immediate costs. The agreement to exclude important social forces and organizations led to serious struggles within Acción Democrática. Determined to uphold the spirit of the agreements he had secretly made in New York with other political leaders, Betancourt abandoned the mobilizational tactics of the past, purged leaders of peasant and labor organizations who insisted on further reform, and stopped trying to organize and mobilize previously unorganized groups. Not surprisingly, this tactic was bitterly resented by the Communist party and the militant youth of AD, who had risked their lives in a clandestine struggle while Betancourt was in exile. In April 1960, the entire

youth branch of AD left the party in protest. Later they launched the largest guerrilla movement in Latin America up to that time. Betancourt's alliance with COPEI and the URD gave him additional clout in facing the divisions within his own party, but it also led to the loss of valuable political leadership for AD's future, permanent demobilization of the popular sectors, and the freezing of initial efforts toward redistributing wealth.

STRUCTURE AND STATECRAFT IN VENEZUELA'S DEMOCRATIZATION

The Venezuelan case suggests certain conclusions concerning the successful transition from an authoritarian regime to a polity based on party competition. First, in late-developing countries dependent on a single export, it is essential to understand the impact of the leading commodity on prospects for democratization—a theme that has yet to be fully explored. This conclusion does not imply that some kind of “elective affinity” exists between a particular commodity, say oil or coffee, and democratization. But it does mean that the constellation of economic and social linkages generated by an export product, when viewed in a particular historical conjuncture and in the context of an individual country's prior development, produces structural conditions that may augur especially well (or especially badly) for a transition to democracy.

This tendency is especially notable in Venezuela. Here the *democracia pactada* always rested upon the existence of a structural opportunity created by oil that provided the political and economic space for eventually accommodating divergent interests. Without this structural opportunity, the will, intentions, and political learning of individuals could not have produced the desired outcome. Over time, as has been shown, petroleum's impact gave rise to a social class formation that first delayed and then encouraged a particular form of democratization in a manner somewhat akin to that specified by Moore (1966), Gerschenkron (1943), and others. Initially, oil-induced development retarded the formation of independent sectors of urban dwellers, whether bourgeois, middle- or working-class. When these sectors finally appeared, their weakness and small numbers facilitated the process of inter-elite bargaining as well as the control that individual leaders like Betancourt, Caldera, and Mendoza could exercise over distinctive constituencies. This unified control was especially observable in the entrepreneurial class, which used oil revenues to overcome intense divisions among commercial, industrial, and agrarian interests, divisions that have proved to be obstacles to pact-making elsewhere. Meanwhile, the rapidly diminishing importance of both landlord and peasant classes (an atypical resolution of the “peasant question” brought about by petro-

leum development) and the appearance of an unusually large middle class fostered by petrodollars were critical for explaining the relative weakness of the right and the left as well as Venezuela's avoidance of both authoritarianism and revolution.¹⁶

Furthermore, oil development fulfilled other important functions in democratization. On the one hand, the tremendous disorganization accompanying the oil boom in the 1950s served as a catalyst for regime change. On the other, petrodollars served as a lubricant to smooth social conflict during the transition. Just as petrodollars assuaged the virulence of landlord-peasant conflicts in the countryside, they later financed an emergency plan that was essential for calming the atmosphere during the transition to democracy. Overall, Venezuela's fiscal advantage provided the revenues to make feasible a development model based on simultaneously subsidizing the private sector, the *capas medias*, and some sectors of the working classes. Specifically, pact-making rested on the capacity to grant extensive state favors, contracts, and infrastructure to entrepreneurs while charging the lowest taxes on the continent, permitting some of the highest profits, and supporting a mode of collective bargaining that resulted in the highest wages, price controls, and food subsidies in Latin America. Oil revenues meant that a democratic transition could take place with very few losers.

Second, what converts a structural opportunity into a reality are the relative political skills of different actors in the context of a particular historical *coyuntura*; thus the explanatory power of commodity-based development for democratization has limits. The notion of world timing is especially important in this context. In the Venezuelan case, regime transition occurred at the end of the 1950s during a moment of significant change in the international system. On the one hand, the presence of a hegemonic power willing to intervene in Latin America (and in oil-producing countries in general) proved to be an important veto to revolution or profound reform. On the other hand, the tentative U.S. decision to permit the democratic experiment, and substantially change its Latin American policy by wholeheartedly backing Venezuela as the most palatable alternative to the the system created by the Cuban Revolution, meant that the transition could be completed.

At the domestic level, Betancourt and others were able to widen the political space for a democratic transition by drawing upon the experiences of the trienio. Understanding that well-timed concessions in AD's program could bring long-term benefits, they agreed to the programmatic restrictions in the Punto Fijo pact and the Programa Mí-nimo. Once president, Betancourt granted COPEI and URD certain key ministries and new influence in the unions, thus helping to ensure the future growth of the other parties. By curbing its own influence while strengthening the loyal opposition, AD permitted other parties (with

the exception of those on the left) to build the potential to win elections in the future, an act that would guarantee their commitment to defending the party system. This granting of concessions is one of the truest indicators of Betancourt's statecraft. While compromise involves an explicit recognition of existing structures of power, the necessity for concessions is more difficult to perceive because it often requires some vision of the future. Concessions demonstrate the ability to underutilize power while simultaneously overrewarding weaker forces in order to create a real stake in the system.

Third, pacted democracies, whatever their advantages, also have critical shortcomings that only become apparent when both their political and socioeconomic components are taken into account. The contribution of pact-making to democratization is apparent. Because an electoral regime institutionalizes the resolution of conflict by means of contests whose winners are not predetermined and whose subsequent activities cannot be prescribed, it is difficult to win the support of traditional elites for this uncertain form of rule. Conversely, as has been shown, the combination of crises that can lead to the collapse of authoritarian rule—the coincidence of serious economic difficulties with a political succession dilemma—weakens those very elites normally hostile to accommodation, that is, the military and the economic elites. Thus in the immediate conjuncture, these elites may be drawn by necessity into compromises with new social forces. A central task for the designers of a new democracy is to limit the uncertainty that characterizes political transitions in order to reassure militarily undefeated dominant classes (Przeworski 1980). Implementing explicit durable agreements or, in some cases, implicit accords that result in style of governance based on an ongoing “pact to make pacts” in the future can accomplish this task. The advantages of pacted democracies for stability, at least in the Venezuelan case, are notable. The country has experienced six popular elections and four transfers of power between opposition parties. Formal coalitions that closely followed the Punto Fijo pact and the Programa Mínimo characterized the AD administrations of Betancourt and Leoni. During the COPEI government of Rafael Caldera, the formal coalitions were abandoned in favor of a set of informal working relations between parties that are still partially in effect.

But pact-making can also incur significant costs. Pacts can exemplify the conscious creation of a deliberate socioeconomic and political contract that demobilizes new social forces while circumscribing the extent to which all actors can participate or wield power in the future. In the long run, pacts may hinder the prospects for the future democratic self-transformation of the society, economy, or polity, thereby producing a sort of “frozen” democracy. This outcome is a logical one because pact-making among leaders, which is often conducted in se-

crecy, represents the construction of democracy by antidemocratic means. Furthermore, pacts may adversely affect state efficiency in the long run. Pact-making is generally based on agreements that carve up the state in a complicated spoils system, which in the end may deeply corrode efficacy and productivity. In the Venezuelan case, the roots of both these problems can be located in the stage of democratic transition. The agreement to exclude all groups to the left of Acción Democrática, combined with fundamental concessions to the military and dominant foreign and domestic economic interests that were never a matter of national debate, placed powerful limitations on future possibilities for reform. Meanwhile, the decision to use the state, the center of accumulation in this oil-exporting country, as a spoils system to create formal and informal mechanisms of partisan power sharing immediately placed its future efficacy in question. It is therefore not surprising that both substantive reform and state efficiency are at the top of the democratic agenda in Venezuela today.

Finally, the very success of pact-making may prove to be its nemesis. While pacts depend upon the existence of a specific structurally determined space, the political stability they produce creates the opportunity for future economic growth and the subsequent transformation of that space in a particular direction. In effect, statecraft eventually produces new structures, thereby eroding the foundations of existing pacts. In Venezuela, as industrialization accelerates and financial woes worsen in the wake of two huge oil booms in the 1970s, the ability of political and economic elites in the democratic pact to bargain with each other and to maintain control over their constituencies necessarily becomes more problematic. Thus oil-mediated development has the potential to undermine the bases for these agreements just as it once destroyed the social foundations of authoritarian rule. Of course, the distribution of economic benefits and the political understanding that have developed over two decades between diverse organized sectors as they maintain their "pact to make pacts" provides a sort of cement for the regime to counteract possible erosion. Yet if this form of *democracia pactada*, certainly broader and more inclusionary than anything previously seen in Venezuela, has grown to symbolize *una nación de cómplices* (in the words of Venezuelan poet Thomas Lander), this complicity is built on a fragile structure—a nonrenewable resource that is slowly being depleted. Because petroleum has played a fundamental and unique role in the formation and maintenance of the Venezuelan party system, its value as a model for other countries may become clear only when the oil money begins to disappear.

NOTES

1. This attitude is especially notable among U.S. policymakers responsible for Central America. When Thomas O. Enders was Assistant Secretary of State for Latin American Affairs, he often spoke of the appropriateness of the Venezuelan model of democratization for El Salvador, perhaps reflecting the influence of President José Napoleón Duarte. Salvadoran Christian Democrats, especially Duarte, have been strongly influenced by Venezuela. During his seven years of exile in Caracas, Duarte formed close friendships with former presidents Rafael Caldera and Luis Herrera Campins, who had both been deeply involved in Venezuela's regime change; thus Duarte learned the details of the Venezuelan experience from their points of view. In October 1983, Duarte remarked to this author, "We are following the Venezuelan example, and I am Rómulo Betancourt" (Karl 1985, 309).
2. One way to follow the debate over the relative importance of "structure" versus "process" variables like leadership is to contrast the approaches to democratization or regime change of O'Donnell (1973), Cardoso and Faletto (1969), and Moore (1966) with "consociationalists" like Nordlinger (1972) and Lijphart (1977). The former emphasize socioeconomic variables like stages of industrialization or the commercialization of agriculture, while the latter focus almost exclusively on negotiations among elites, purposive action, or leadership and party variables.
3. Lipset contended that higher levels of socioeconomic development are conducive to the formation of democratic polities, while O'Donnell demonstrated that, at a particular historical conjuncture and economic threshold, higher levels of socioeconomic development are actually conducive to the appearance of bureaucratic authoritarianism in Latin America.
4. Throughout this article, *petroleum* refers to the types of institutions that develop around the production of oil for export. People, not commodities, make history; thus in order to avoid a kind of commodity fetishism, it is important to note that the use of the word *petroleum* here connotes the constellation of linkages or distinctive characteristics associated with the commodity, not merely its mineral properties. In the past, North American authors like Levine (1978), Alexander (1964), and Taylor (1968) have tended to neglect the impact of petroleum on political institutions or political change.
5. Specifically, *primary commodity-led development* refers to those countries in which one staple accounts for a high share of GDP as well as the bulk of export revenues as a share of total revenues. The guiding figures generally used by the World Bank are 10 percent of GDP and at least 40 percent of total merchandise exports. This distinction is essential to the argument presented here. The mere presence of a particular commodity in a particular country has a different political meaning if it plays a minimal role in the economy or if it is produced for internal use.
6. Oil exporters generally demonstrate greater dependence on their commodity export than do other mineral or agricultural producers. Between 1974 and 1976, for example, the petroleum share of total merchandise exports of countries like Iran, Iraq, Venezuela, and Nigeria was generally well over 85 percent (Karl n.d., chap. 1).
7. This statement does not imply that peasants were quiescent. Between 1936 and 1945, numerous skirmishes took place between peasants and landowners, occasionally resulting in the violent occupation of property. In the coffee plantations also, disputes arose between owners or managers and their *colono* labor force (Powell 1971, 54).
8. *Middle class* is defined here as including white-collar workers in the service sector. The figure quoted may seem unusually high for this period in Latin America, but it is explained by the powerful commercial and service sectors characteristic of an economy based on petroleum.
9. The circumstances in which AD was invited to share power were unusual. López Contreras succeeded Gómez as president because he had been the ruler's defense minister. In turn, Minister of Defense Medina succeeded López. Once Medina became president, however, no clear rules for succession existed. The military, deeply

- divided between various candidates, asked AD to form a government in order to avoid an institutional split.
10. An anonymous reviewer of this article pointed out that a number of the leaders of the Unión Patriótica Militar, like Pérez Jiménez, were not committed to any form of democracy. Those military officers who studied in Peru seemed to approve of some form of authoritarian rule instead.
 11. I am grateful to Julie Skurski and Fernando Coronil for drawing the steel conflict to my attention.
 12. Party leaders often deny that Mendoza actually took part in this New York meeting, but his visit coincided with that of the party leaders and he participated in conversations with them. Conversation with Eugenio Mendoza, Caracas, 1978.
 13. U.S. Marine and Air Force transports were sent to Venezuela during Vice-President Richard Nixon's visit in 1958. His convoy was attacked by demonstrators protesting the decision of the Eisenhower administration to grant Pérez Jiménez a visa to enter the United States.
 14. The Pact of Punto Fijo was signed on 31 October 1958 by the URD, AD, and COPEI. The signers included Copeyanos Rafael Caldera and Lorenzo Fernando; Adecos Rómulo Betancourt, Raul Leoni, and Gonzalo Barrios; and Jovito Villalba from the URD. Significant portions of these documents are reproduced in Herrera Campins (1978).
 15. The wording of the Punto Fijo pact is particularly instructive here. It first calls for safeguards ensuring that the electoral process and the public power stemming from it will correspond to the results of the vote; and second, it asserts that the electoral process will not merely avoid rupturing a united front but will also strengthen this unity through a prolonged political truce, the depersonalization of debate, the eradication of interparty violence, and the definition of norms to facilitate the formation of a government and a deliberative body that equitably reflects all sectors of Venezuelan society (Herrera Campins 1978, 131).
 16. Moore's argument is especially relevant here (1968, 420ff). He claims that where the impulse to commercialize agriculture is weak, the result is "the survival of a huge peasant mass that is at best a tremendous problem for democracy and at worst the reservoir for a peasant revolution leading to a communist dictatorship." The other possibility, in his view, is fascism, which occurs when the landed class is powerful enough to control rural labor coercively. The impact of oil on agriculture enabled Venezuela to escape these unfavorable conditions for democratization.

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