

## **U.S. Venezuelan Relations: Imperialism and Revolution**

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Historically Latin America has been of great importance to the United States on numerous counts: the region has in the past, provided the US with a trade surplus; its outflows of licit and ill-begotten funds to US banks, numbers annually in the tens of billions; the US has been, up to recently, the major trading partner in the region; Latin America has provided a lucrative outlet for US buyouts of oil, telecoms, banking and related strategic mining companies during the golden age of imperial pillage (1975 – 1999). Throughout most of the 20<sup>th</sup> century the US could rely on the vote of its client regimes in the United Nations (UN), the Organization of American States (OAS) and in the international financial institution (IMF, WB, IDB) to back its efforts to sustain its global political and economic expansion.

In the latter half of the 20<sup>th</sup> century Latin America was an important target for the expansion of US based agro-mineral, transport (Ford, General Motors and Chrysler), farm machinery and other multi-national manufacturers. Within this regional pattern of US empire building, each country played a different role: Argentina, Mexico, Brazil and Columbia were targeted by manufacturing multi-national corporations (MNC) banks and exporters; Central America and the Caribbean for tropical fruits, tourism and export platforms, Bolivia, Peru and Chile for minerals; Venezuela, Mexico, Ecuador for oil and gas. Mexico, Central America and the Caribbean, were principle suppliers of cheap labor in the agricultural, construction and low paid service sector.

Within this imperial matrix, Venezuela was of special importance as the most important provider of petroleum. This was especially true in times of heightened US and Israeli induced political hostility and military warfare in the Middle East, with the onset of the US invasion of Iraq and sanctions against Iran, Sudan and other Muslim oil suppliers.

Under US hegemony Venezuela was a major player in the US effort to isolate and undermine the Cuban revolutionary government. Venezuelan client regimes played a major role in support of the successful US led effort to expel Cuba from the OAS; in 1961 and brokering a deal in the early 1990's to disarm the guerillas in El Salvador and Guatemala without regime or structural changes in exchange for legal status of the ex-combatants. In short, Venezuelan regimes played a strategic role in policing the Central American-Caribbean region, a supplier of oil and as an important regional market for US exports.

For Venezuela the benefits of its relations with the US were highly skewed to the upper and the affluent middle classes. They were able to import luxury goods with low tariffs and invest in real estate, especially in south Florida. The business and banking elite were able to “associate” in joint ventures with US MNC especially in the lucrative oil, gas, aluminum and refinery sectors. US military training missions and joint military exercises provided a seemingly reliable force to defend ruling class interests and repress popular protests and revolts. The benefits for the popular classes, mainly US consumer imports, were far outweighed by the losses incurred through the outflow of income in the form of royalties, interest, profits and rents. Even more prejudicial were the US promoted neo-liberal policies which undermined the social safety net, increased

economic vulnerability to market volatility and led to a two decade long crises culminating in a double digit decline in living standards (1979 – 1999).

### **Toward Conceptualizing US-Venezuelan Relations**

Several key concepts are central to the understanding of US-Venezuelan relations in the past and present Chavez era.

These include the notion of ‘hegemony’ in which the ideas and interests of Washington are accepted and internalized by the Venezuelan ruling and governing class. Hegemony was never effective throughout Venezuelan class and civil society. “Counter-hegemonic” ideologies and definitions of socio-economic interests existed with varying degree of intensity and organization throughout the post 1958 revolutionary period. In the 1960’s mass movements, guerilla organizations and sectors of the trade unions formed part of a nationalist and socialist counter-hegemonic bloc.

Venezuelan-US relations were not uniform despite substantial continuities over time. Despite close relations and economic dependence especially during the 1960’s counter-insurgency period, Venezuela was one of the original promoters of OPEC, nationalized the oil industry (1976), opposed the US backed Somoza regime and White House plans to intervene to block a Sandinista victory (in 1979). The regression from nationalist capitalism to US sponsored neo-liberalism in the late 1980’s and 1990’s reflected a period of maximum US hegemony, a phenomena that took place throughout Latin America in the 1990’s. The election and re-election of President Chavez beginning in 1998 through the first decade of the new century marked a decline of US hegemony in the governing and popular classes but not among the business elite, trade union officials (CTV) and sectors of the military and public sector elite especially in the state oil company (PDVSA). The decline in US hegemony was influenced by the change in the

power configuration governing Venezuela, the severe economic crises in 2000 – 2002, the demise and overthrow of client regimes in key Latin American countries and the rise of radical social movements and left center regimes. Accelerating the ‘loss of presence of the US’ and ‘policing’ of Latin America, were the wars in the Middle East, Iraq, South Asia (Afghanistan, Pakistan) and the expanding economic role and trading relations between Latin America and Asia (mainly China). The commodity boom between 2003 – 2008 further eroded US leverage via the IMF and WB and enhanced the counter-hegemonic policies of the center-left regimes especially in Venezuela.

A key concept toward understanding the decline of US hegemony over Venezuela are “pivotal events”. This concept refers to major political conflicts which trigger a realignment of inter-state relations and changes the correlation of domestic socio-political forces. In our study President’s Bush’s launch of the “War on Terror” following 9/11/01 involving the invasion of Afghanistan and claims to extra territorial rights to pursue and assassinate adversaries dubbed “terrorists” was rejected by President Chavez (“you can’t fight terror with terror”). These events triggered far reaching consequences in US-Venezuelan relations.

Related to the above, our conceptualization of US-Venezuelan relations emphasizes the high degree of inter-action between global policies and regional conflicts. In operational terms the attempt by Washington to impose universal/global conformity to its war on terrorism led to a US backed coup, which in turn fueled Chavez’ policy of extra hemispheric alignments with adversaries of the White House.

Historical shifts in global economic power and profound changes in the internal make-up of the US economy have necessitated a reconceptualization of the principal levers of the US empire. In the past dollar diplomacy, meaning the dominant role of US

industry and banks, played a major role in imposing US hegemony in Latin America, supplemented via military interventions and military coups especially in the Caribbean and Central America. In recent years financial capital “services” have displaced US manufacturing as the driving force and military wars and intervention have overshadowed economic instruments, especially with the surge of Asian trade agreements with Latin America.

We reconceptualize US-Venezuelan relations in light of a declining US economic and rising military empire, as a compensatory mechanism for sustaining hegemony especially as a tool for restoring client domestic elites to power.

The relation between past imperial successes in securing harmonious hegemonic collaborating rulers in the 1990’s and the profound political changes resulting from the crises of and breakdown of neo-liberalism, led Washington to totally misread the new realities. The resulting policy failures (for example Latin America’s rejection of the Free Trade Agreement of the Americas) and isolation and defeat of US policy toward Venezuela, Cuba and Honduras reflects what we conceptualize as “romantic reaction”, a failure of political realism: nostalgia for the imperial “golden age” of hegemony and pillage of the 1990’s. The repeated failure by both the Bush and Obama regime to recognize regime changes, ideological shifts and the new development models and trade patterns has led to mindless threats and diplomatic incapacity to develop any new bridges to the centrist regimes in the key countries of South America, especially toward Mercosur (Brazil, Argentina, Uruguay and Paraguay).

The gap between past (1975 – 2000) dominance and present declining hegemony, in Latin America establishes the parameters for understanding US-Venezuelan relations and in particular the ten years of political confrontation and the incapacity of Washington

to restore its client elites to power, despite repeated efforts. Likewise despite Venezuela's dependence on single product exports (petrol) and bureaucratic inefficiencies and corruption, its external policies have gotten around selected US boycotts and hostile diplomatic moves, while expanding regional ties and forging new trade and investment networks.

The full story of the emergence of this hemispheric and extra hemispheric polarization between Washington and Caracas which follows tells us a great deal about the future of US-Latin American relations and equally so of the prospects for US empire at a time of financial crises and rising militarism.

### **Method**

Our study draws on interviews in the US and Venezuela, published government documents, newspaper and journal articles, press releases and speeches by principals in both the Venezuelan and US government and informed sources covering the period from the 1990's to 2010.

### **Propositions**

Several propositions inform our research and form the bases for developing hypothesis about the relations between empire and anti-imperial regimes.

- 1.) Financial and military driven empires (like the US) have few economic partners (in Latin America) to counter radical counter hegemonic regimes (like Venezuela's President Chavez).
- 2.) Multiple counter-hegemonic strategies can effectively limit the efforts by imperial powers to boycott, destabilize and reverse an anti-imperialist regime.

- 3.) In some cases, like Venezuela, external confrontations can induce and hasten radical domestic socio-economic changes (i.e., including nationalizations, agrarian reform and mass oriented social programs).
- 4.) Paradigmatic crises (collapse of neo-liberalism) and the subsequent defeat or overthrow of collaborating regimes can lead to a variety of alternatives (from left to center-left to hard right regimes) and multiple imperial policy options (restoration, accommodation, confrontation).
- 5.) The pursuit of policies reflecting a unipolar world of absolute imperial hegemony (US – Latin America in the 1990's) becomes a major obstacle to adaptation and strategizing in a world of declining hegemony and a multi-polar context (2000 – 2010).
- 6.) Extremist imperial policies, including coups (Honduras 2009, Bolivia 2008) and military bases (seven in Colombia 2009) in pursuit of regaining imperial dominances, may exacerbate diplomatic and political isolation with major regional powers even as they regain influence over marginal countries.
- 7.) Commodity based, export strategies may provide economic resources for extending social welfare and financing capital growth but over the medium run it opens progressive regimes to volatile fluctuations in revenues and political instability.
- 8.) Strong leaders (Chavez) can be a powerful antidote to imperial aggression and create social cohesion over the short and medium run but may weaken successor leader's capacity to sustain counter-hegemonic policies and followers.

### **Procedure**

Our discussion of US-Venezuelan relations will begin with an overview of the period between 1990 – 2010, initially focusing on the impact of the neo-liberal ascendancy and low commodity prices during the Bush Sr. – Clinton years. This will be followed by an account of the post 9/11/01 global and regional offensive accompanying the “War on Terror” launched by the Bush Jr. regime at a time of the commodity boom. We will conclude this section with a discussion of the Obama’s regime politics of conciliatory gestures and the practice of the ‘big stick’ at a time of escalating wars, militarization and global recession.

In the second section, we will be discussing the trajectory of the Chavez regime’s foreign policy in light of the decade long neo-liberal crises preceding its rise to government and the significant political events which marked a shift in its dealings with Washington, Latin America and its turn toward a global realignment in times of the commodity boom.

The third section will detail the abrupt shifts in US policy from accommodation, confrontation to intervention and multiple track policies. This section will discuss US political collaborators or “assets” and the efficacy of their operations as instruments of a larger strategy of regime change and political rollback (restoration of the pre-Chavez neo-liberal order).

The fourth section will discuss Washington’s insider and outsider strategies in destabilizing and isolating the Chavez regime including unilateral measures on arms embargos, regional approaches, including proposals to the Organization of American States and global policies linked to the “war on terror”.

The fifth section will detail the Chavez’ regimes responses to US moves at the domestic level (disarticulation of power moves by US assets), regional countermoves (at



the OAS, Ibero-American Summit as well as new regional alliances such as Petrocaribe and ALBA) and global realignments (in the Middle East, China, Russia, OPEC).

The sixth section will analyze the success and failures of US strategy. In particular we will discuss the shifts in global economic conditions (the commodity boom), the relative decline of the US economy and its turn to military empire building, the relative autonomous economic growth and diversification of economic relations of center left regimes in Latin America. Central to our analysis will be the demise of neo-liberal ideology, the principle ideological wedge for US influence, and the decline of its principle institutional weapons for projecting 'hegemonic policies', the IMF and world Bank.

Central to the US quest for hegemonic rule in Latin America and, in particular in Venezuela, was the Free Trade of the Americas treaty - a proposal which ran counter to Chavez project of a strictly 'Bolivarian' integration proposal later embodied in ALBA. We will evaluate the outcomes of this contest of competing integration projects in light of their successes, failures and limitations. Specifically, we will evaluate the failure of both projects to incorporate major economies (Brazil, Argentina) as well as (Uruguay, Chile, Paraguay) and the resort to bilateral free trade linkage and long term trade and investment agreements.

The increasing turn of the Obama regime toward military instruments as policy tools against Chavez, as well as overt and military coups and thinly veiled threats against his allies, is analyzed in the penultimate section of the paper. The US backed military coup against elected president Zelaya in Honduras, the securing of seven military bases in neighboring Colombia, the undiplomatic threats of Secretary of State Clinton to retaliate against Latin America economic ties with Iran, all add up to increased militarization as a

compensatory tool for declining economic leverage. The resort to unilateral policy decisions even at the cost of alienating the most powerful political regimes in the region and at the expense of lucrative economic ties suggests the extremist nature of the Obama regime, contrary to the original conciliatory rhetoric.

In the next section we will investigate the internal debates over US-Venezuelan relations, to determine the divergences and consensus within policy bodies (the Executive) and between institutions (Executive-Congress). We expect greater opposition to official policy in Venezuela where long standing economic elites and their political representatives have long-term linkages to the US government and private sector elites and where they control the vast majority of the print and electronic media. Most of US dissent is found outside governmental officialdom in civil society groups and among a thin layer of Congressional and staff officials.

In the concluding section will sum up the consequences of US militarist policies toward Venezuela, their radicalizing effects and the net ‘cost/benefit’ consequences in a time of crises and in a context of a multi-polar global economy.

We will consider the probable outcome of the radicalization of US policy in a time of declining economic capacity to offer a sustainable political economic alternative – given the abject failure and universal rejection of the neo-liberal US centered project of the 1990’s.

We will reflect on the capacity of the Venezuelan regime to construct a viable new economic strategy that goes beyond oil dependence to a diversified economy in line with its ‘counter-hegemonic’ foreign policy.

### **US-Venezuelan Relations 1990 – 1998**

The 1990's were the "golden years" for US hegemony in Latin America and Venezuela was no exception. Under President's Carlos Andres Perez and Rafael Caldera, extensive privatizations took place in strategic oil, gas and other extractive sectors resulting in lucrative joint ventures. Both Presidents closely towed the line of the IMF and World Bank, pursuing "structural adjustment policies" (SAP) which impoverished wage and salaried workers and enriched the foreign and domestic elites. Severe declines of oil prices and reduced revenues resulting from low taxes led to the savaging of social programs, while the liberalizing of prices led to sharp declines in living standards, leading to mass protests, urban riots and an aborted military coup.

Washington could count on the Venezuelan regimes for support in regional (OAS) and global forums (United Nations). While Venezuela remained in OPEC it was one of the 'moderates' on oil pricing and negotiations with the major oil importing countries. Venezuela remained in the Andean Pact but at no point moved toward any deeper integration such as a transpired among the southern cone countries which formed MERCOSUR. Venezuela supported the US policy toward the Middle East, backing Washington in the first Iraq war and its subsequent sanction policies in the 1990's, but established diplomatic relations with Cuba.

US policy perceptions of Venezuela in the 1990's had a profound impact on how it related to the changes which ensued under President Chavez. The extremely favorable conditions for US bankers, oil investors, exporters and the high levels of subservience to US global and regional foreign policies and the general collaboration of the military and intelligence agencies with their US counterparts ensconced in the country formed the bases for US judgment and responses to the Chavez government. Washington ignored the mass uprising of 1989 and widespread opposition against the SAP, the rejection of the

Washington Consensus, popular sympathy for the Chavez military uprising of 1992 and the rising tide of nationalist discontent against its close collaborators in the Democratic Action and COPEI (social christian) parties. The Clinton Administration's hegemonic position over Venezuela was confined to its ruling economic elites and political class, sectors of the military command, the trade union confederation elite (CTV), the Catholic hierarchy and the executives in the public oil company PDVSA. Hegemony was extensive but lacked depth among the middle classes and was totally absent among the sixty percent of the population living in the poor 'ranchos' and employed in the 'informal sector' – the electoral majority.

Convinced of the stability of its hegemony based on forty years of alternating rule by the two major collaborating parties, the Clinton regime saw no reason for large scale intervention in the elections of 1998 (won by Hugo Chavez). This was especially the case since most US diplomats and policymakers discounted his national popular appeals as so much campaign rhetoric, common in all previous electoral contests. Even after taking office, US policymakers remained relatively satisfied with the economic, foreign policy and defense ministers appointed as well as the Congressional leaders in his electoral coalition, many drawn from defectors of the traditional parties and known as long time collaborators with Washington.

Several regional factors reinforced Washington's initial "neutral" stance to Chavez' first electoral victory. The election took place (1998) at a time in which US hegemony reigned supreme throughout the continent. Neo-liberal rulers continued to win elections, Menem, (Argentina), Cardoso (Brazil), Sanchez de Losada (Bolivia), Fujimoro (Peru), Zedillo (Mexico), Sanguinetti (Uruguay), Pastrana (Colombia), and elsewhere. In the minds of the Clinton elite there was no reason to think that the pattern would not

repeat itself in Venezuela. Moreover Washington was by now familiar with the ideological ruse used by its collaborators spouting nationalist-populist rhetoric on the campaign trail and then once in office offering up the jewels of the economy to foreign purchase at bargain basement prices. In fact most of the neo-liberal presidents of the period promised 'populist' measures and attacked 'neo-liberalism' even as they imposed a most virulent variant. Menem cited the Peronist legacy, Cardoso played on his 'radical' past, Fujimori' denounced the 'white European elite'. Populist demagoguery flourished even as they handed over to foreign investors the most lucrative oil, gas, iron, copper, tin, mineral and telecom sectors.

Washington's relative 'tolerance' of Chavez' electoral victory could be understood in this context of demagogic populism and practical neo-liberalism, a pattern especially familiar and practiced by the incumbent US President William Clinton.

The second factor which influenced Washington's initial policy toward Venezuela was the growing concern with the major military-political-diplomatic advances of the leftist guerilla movements in Columbia, the Revolutionary Armed Forces of Columbia (FARC) and the National Liberation Army (ELN) which controlled over one-third of the country, were closing in on the major cities and successfully pressing for peace and justice negotiations in a substantial demilitarized zone. Washington, based on its long-standing ties to military and intelligence officials, was hoping to secure Venezuelan collaboration in its counter-insurgency program. The relative stability of hegemony in Latin America, the information technology bubble growth inside the US, the growing effort to impose a settlement to the Israeli-Palestine conflict and the periodic bombing and sanctions policies against Iraq received priority in Clinton's foreign policy agenda.

Since Washington was deeply satisfied with the status quo in the region, since it was accustomed to dismiss inconsequential populist demagogy in the region and since Washington believed it controlled strategic ‘assets’ (clients) in the Venezuelan state, economy and society which it could leverage to limit any substantive changes, Washington saw no reason to intervene.

### **The Bush Period: From January to 9/11/01**

During the first period of the Chavez presidency, he was pre-occupied with constitutional, legal and political changes. He argued that the existing legal and political framework was a major obstacle to popular participation, subject to rampant corruption and an obstacle to “structural changes”, which he promised would follow a reordering of the political, judicial and legal system. During this initial period, faced with a President who sought to democratize the political system, and who was engaged in open and free elections, but who still embraced orthodox fiscal, monetary and neo-liberal economic policies, the Bush administration retained the main features of the Clinton administration, of “watchful tolerance”, holding more forceful action if any contingency warranted it. Moreover, Bush’s Latin American policymakers inherited the social explosions which rocked the continent beginning in 2000 and 2001 in Ecuador, Bolivia, Argentina and Peru followed later by the electoral defeat of ruling military backed parties in Brazil, Uruguay and Paraguay. The collapse of the US IT bubble and the profound recession which ended the ultra neo-liberal era in Latin America caught the Bush administration off guard: like the Clinton regime it too envisioned perpetual US hegemonic supremacy, based on alternating collaborator presidents dually elected by conformist electorates. The depth and scope of the mass uprisings in Argentina, Ecuador, and Bolivia was impressive and engaged over three quarters of the population. The abrupt and total collapse of the client

regimes precluded any direct US intervention on behalf of a coup, especially in light of the discredited role of the military during its previous dictatorial reign.

The initial period of ‘peaceful coexistence’ in US-Venezuelan relations was fraught with latent tensions given the Bush administrations appointment of several extremists to influential Latin American positions, including the notorious Otto Reich, Manuel Noriega and others. Moreover, the entire neo-conservative cohort which included notorious militarists like Cheney and Rumsfeld and rightwing Zionists Wolfowitz, Feith and Abrams to top positions in the White House, Pentagon and National Security Council, were primed to launch a more virulent global military driven empire building project to counter declining US influence in the Middle East and Latin America.

The pretext for the launch of the ‘global war’ was the destruction of the World Trade Center towers and damage to the Pentagon on 9/11/2001. Through subsequent controversy has severely tested the official versions of the events of 9/11, the far reaching political consequences were undeniable.

The Bush administration announced a “global war on terrorism” which included the right to engage in cross border military activities throughout the world against alleged adversaries, a rejection of the Taliban regimes’ offer to negotiate the surrender of “Al Queda” activists if the US could demonstrate their complicity in 9/11, and a subsequent military invasion of Afghanistan, (followed 18 month later) by an invasion of Iraq. The White House’s ‘War on Terrorism’ was effectively a grandiose launch of the neo-conservative manifesto (PNAC) for military driven empire building. The ‘War on Terror’ sought to subordinate allies (NATO – European Union) and Third World countries to US global hegemonic aspirations: Washington quickly and emphatically

made it clear that any questioning of the global projection of military power was to “effectively aid the terrorists” and become an adversary to the US.

President Chavez was the first and only head of state to reject the methods and consequences of the Bush Administrations policy. Chavez declared, “you cannot fight terror with terror”.

The Bush global offensive and Chavez forthright defense of diplomacy over war, and self-determination over military intervention (in Afghanistan) was the trigger event which drastically altered US policy toward Venezuela and in particular set in motion events which hastened the emergence of an adversarial relation.

### **US-Latin American Relations: 2002 – 2003**

Shortly after President Chavez took sharp exception to Bush’s claim of extra territorial military powers throughout the world, relations deteriorated sharply. Despite Chavez’s moderate domestic economic policies and the full play of democratic electoral politics and procedures, his declaration of an independent critical foreign policy detonated a series of public criticisms from the far right members of the Bush administration.

From the late fall of 2001 neo-conservatives began to mount a media campaign in the US and Venezuela calling into question the democratic credentials of the Chavez government and insinuating hemispheric security dangers explicit in Chavez opposition to the US invasion of Afghanistan.

Several considerations seems to have agitated the militarists in the White House.

First, Chavez’s declaration of independence from US policy resonated with mass movements engaged in major uprisings and widespread revolts against client regimes in many countries in Latin America. The neo-conservatives feared that Venezuela’s



example would encourage the emerging social movements and emerging leftist regimes to follow suite.

Secondly, the militarists counted on their assets in the business organizations, legislature and state apparatus to reverse Chavez' policy, destabilize and perhaps topple the elected government.

Thirdly, the militarists were deeply influenced by events in the nineties during which Latin America regimes generally conformed to US global and regional policies, especially when pressured by Washington.

Fourthly, within the US a multi-million member peace movement was emerging (especially between 2001 – 2003) protesting war preparations against Iraq and Chavez was perceived as a possible point of reference.

Washington adopted a two-track policy toward Venezuela: a diplomatic track, which included dire threats if Chavez did not retract his position on the US global war (“War on Terror”) and a covert track of consultation, support and organization of a military-civilian coup to overthrow the elected government.

In the late fall of 2001 the State Department sent Grossman on a mission which essentially relayed to the Venezuelan President the seriousness with which Washington took his dissent. The visit, according to Venezuelan officials present during the encounter, ended with Grossman issuing dire threats if Chavez remained adamant in opposition to the US resort to military resolutions of international conflicts:

“If you persist in opposing our war on terror, you and future generations of Venezuelans will pay the consequences”.

The predictable failure of Grossman's big stick” diplomacy accelerated the shift to ‘track-two’ – the overthrow of the Chavez regime via a civilian-military coup backed

by a combination of a mass media blitz, the business confederations, the trade union bureaucracy, sectors of the military and the political party opposition.

Contrary to conventional opinion, the big US oil companies do not appear to have taken the initiative nor to have played a leading role in Washington's move to unify its Venezuelan assets toward destabilizing and overthrowing the Chavez government. Big US oil companies had not been adversely affected by Chavez oil policies. His "oil reform" policies during his first three years in power were to slightly increase royalty and tax payments. He had yet to reverse the previous regimes privatization policies. There is little doubt, however, that the oil companies were knowledgeable of US efforts to destabilize the regime and certainly did not object, especially if the forthcoming "regime change" would result in the restoration of a neo-liberal regime less prone to potentially nationalist policies. The cautious public posture of 'Big Oil' probably reflected unease over the possible risks and spill over effects of a failed coup in which the US government was complicit. The risk attending a failed coup, might have serious consequences for the oil companies standing with the Chavez government, a point, however, which did not seem to have motivated them to try to put the brakes on Washington's plotting with the Venezuelan opposition.

Washington's primordial interest in overthrowing Chavez was political, not economic, revolving around his opposition to the Bush regime's War on Terror and his specific condemnation of the US Afghan invasion and strong opposition to Washington's plans to invade Iraq. Moreover, Chavez was a thorn in the side of the Clinton-Bush "Plan Colombia" with its military approach to the civil conflict in that country. Chavez proposed a continuation of the peace negotiations between the Colombian regime and the FARC, recognition of a state of belligerency and the FARC as a legitimate interlocutor.

Chavez position was directly opposed to Washington's push to end the peace negotiations and Bush's labeling the FARC as a "terrorist organization".

Parallel to Washington's activation of "track two" destabilization cum military coup strategy toward Venezuela, Washington backed Alvaro Uribe for President of Colombia a notorious paramilitary organizer and State Department designated narco-trafficker.

The view in Washington was that Chavez' opposition to its global military offensive might provide an alternative point of reference for the newly emerging 'center-left' regimes in Latin America and as an elected democratic government undermine the neo-conservative propaganda claims that the 'war on terror' was part of a democratic mission only opposed by "Islamic dictatorships".

With Latin American policy in the hands of what in Washington was known as the "Cuban Mafia", diplomacy implicit in "track one", was shunted aside and the "regime change" track two, was fully and unquestionably embraced, whatever the possible lingering, unexpressed doubts which might exist among foreign service professionals.

### **The April 2002 Coup and its Aftermath**

On April 12, 2002, a sector of the military backed by the entire big business elite and the corrupt trade union bureaucracy arrested Chavez and seized power. Immediately Ambassador Shapiro backed by the Bush White House and far right Spanish Prime Minister Aznar, congratulated the self-appointed new president Carmona – head of the business confederation Fedecameras and moved to recognize the illicit regime.

In the lead up to the coup, Bush administration officials were in constant consultation with the coup-makers while escalating a propaganda war against Chavez' supposedly "strongman rule" and above all "lack of co-operation in the War against

Terror”. Washington’s policy of promoting tension and internal polarization was directed at creating the appearance of an isolated regime, with deteriorating public support. The Bush policy encouraged the coup makers to believe that they had the full backing of the US and because of that support, the likelihood of Washington’s backing for the post-coup regime.

US intelligence officials believed that their political, military and media assets were sufficient to overthrow the regime and defeat any restorationist efforts. Therefore, they did not plan or organize a US military expeditionary force to intervene to buttress the coup-makers in case of a successful democratic constitutional restoration.

Several factors entered into Washington’s calculus on the low risk of a coup failure.

First, they exaggerated the degree of support for the coup among top and middle level military officials, refusing to recognize Chavez’ own military ties and loyalty among the military. Secondly, they over-estimated the military’s loyalty to the business elite and the influence of US missions and overseas training programs in establishing US hegemony. Thirdly, they ignored the impact of over 40 years of constitutionalism on the military outlook toward coups. Fourthly, they exaggerated the impact of the oligarchy’s monopoly of the mass media with regard to mass popular opinion toward Chavez and his social welfare and nationalist appeals. The mass media were influential among those privileged classes already disposed to deny the legitimacy of the elected President.

The over confidence of the State Department in the success of the coup makers was demonstrated by the premature salutations and recognition of the junta prior to the consummation of the coup. While the event was still in progress a mass outpouring of support for Chavez was surrounding the Presidential Palace and there were indications of

strong military opposition to the coup and uncertainty among many other top military officials.

In summary the Bush administration's policy was based on intelligence linked to and dependent on its convinced assets/clients, which merely reinforced desired outcomes rather than the high risks and the views and loyalties of the mass of the population and strategic groups in the military.

The coup triggered a huge outpouring of over a million supporters from the "ranchos" marching on the Presidential palace where the coup makers were holed up. Military officials and middle ranking commanders of troops took up positions in defense of the restoration of Chavez to power, which precipitated, a shift in the balance of power within the military. Within forty-eight hours, Chavez was released from captivity and restored to power as the coup collapsed under the combined weight of mass mobilization and military power.

Washington's precipitous support for the coup makers and their subsequent defeat, resulted in political losses of strategic assets and a sharp turn in Chavez foreign policy. In the immediate aftermath of the failed coup, several top business leaders involved led the coup fled, the business federation (FEDECAMERAS) was discredited (but not dissolved), the head of the opposition led trade union confederation (CTV) went into exile and the organization was discredited in the eyes of the trade union rank and file. Equally important, Chavez arrested or discharged the top military officials involved in the coup and some of their middle level supporters.

The coup and its defeat triggered a realignment of forces within Venezuela, strengthening the national and populist forces within the state apparatus and depriving the imperial state of strategic levers of power. Equally, the mass role in restoring Chavez to

power established the popular barrios and their improvised organizations as a power center in determining national politics and endowed them with a ‘privileged’ place in Chavez future policies. The upper middle class, the business and landholding elite, which backed the coup, staunch US allies, were the big political losers. They were designated as the enemies of democracy and the constitutional order. The mass media which played a central role in the lead-up to the coup and the celebration of the illegal seizure of power as well as the fabrication of a Chavez “resignation”, was discredited in the eyes of the mass public. Venezuelan and US media propaganda charging Chavez with “dictatorial rule” lost credibility in light of their support of the ephemeral junta, whose first measure was to close parliament, ban electoral parties and arrest the political opposition.

The coup and restoration of Chavez resulted in a major diplomatic victory. The coup was universally condemned in Latin America and, with the exception of Spain, by the European Union. The restoration of the constitutional order was applauded everywhere. The US in an attempt to save face and retain a diplomatic foothold weakly praised the restoration.

However, the coup plot and Washington’s tacit and overt complicity in the context of a center-left electoral turn in Latin America isolated and eroded Washington’s influence in the region. Moreover, Washington’s long term strategic goal of replacing Chavez with a more pliant client was severely undermined by the loss of key levers of power.

Nevertheless, the defeat of Washington based clients did not lead to a reassessment of the relationship of forces within Venezuela, even less to a ‘moderation’ in policies. Instead Washington turned to an even riskier or “adventurous” policy, trying

to cover its losses by throwing its last strategic assets into a frontal confrontation with the regime, nine months later, backing a “bosses lockout” (December 2002 – February 2003) in a desperate attempt to destabilize the Chavez government.

### **The Bosses Lock-Out**

Chavez’s initial response to the coup upon returning to the Presidential palace, was to search for a new direction in domestic and foreign policy. He looked for advice from those of his senior advisors in the foreign office who advocated a policy of “reconciliation” and “national unity”. He invited his adversaries both among the business elite and those in the armed forces to join with him in a new consensus based on a policy of consultation; Chavez showed himself generous even to those deeply involved in the coup particular the media moguls, as well as the deeply entrenched senior officials in the public sector enterprises, who retained allegiances toward the leaders of the opposition who appointed them. Chavez extended his hand to the conservative hierarchy of the Catholic church, willing to forgive and forget the blessing they extended to the ephemeral coup. Many of his mass supporters and leaders as well as leftist advisers were disappointed, thinking that the defeat of the elite backed coup was an opportunity to deepen “the revolution”, by expropriating the property of the media moguls and the business elite as well as purging the police, military and intelligence agencies of right wingers who were ideologically hostile and administratively obstructionist.

The response of the business elite was cool to hostile, though they quickly took advantage of Chavez reconciliation offer to quickly regroup and re-launch their intransigent opposition.

The US followed suit – most likely interpreting Chavez concessions as a sign of weakness and vulnerability. Both Washington and the local elite felt that Chavez appeals failed to include the kinds of concessions which would warrant any political pact.

In the case of Washington, Chavez still refused to back Washington's global military interventionism and in particular the ouster of President Bertrand Aristide of Haiti, the Afghan war and the war preparations against Iraq.

Apart from the arrest (and flight) of a handful of top coup plotters, the rest of their entourage escaped any judicial prosecution – they went scott-free to return to practice the destabilization and demonization of the Chavez government. In other words leniency toward the coup makers, many on the verge of committing lese majesty, led to another go at knocking out a nemesis of the White House. The Bush Administration made another risky attempt to restore hegemony in a region, slipping to the left. The most formidable asset that remained in the US and elites' hands were their control over the major, private and public economic media institutions of the country.

Even as the US lost important assets in the state apparatus and its political control of the legislative and executive branch was weakened, Washington retained close collaborators in the financial, banking, agricultural sectors and most important of all the top and middle management of the nominally “public” state oil and gas company PDVSA were closely linked to Washington and Big Oil.

Undaunted by Chavez' defeat of the civilian-military coup, a US backed employers lockout was launched in December 2002, led by the senior officials of the oil industry, which paralyzed the entire economy. Since oil revenue accounted for over 70% of Venezuela export earnings and over 30% of its GNP the lockout threatened to bring-down the government, which was precisely the intention of its instigators.



The lockout continued into the new year, peaking in late January, until it was decisively beaten back thanks to the massive intervention of management, technical and skilled workers backed by the armed forces.

After a period of negotiations and hesitation, Chavez realized this was not an economically motivated lockout but a politically driven effort to topple the government. He took two decisive measures: he called on the engineers, loyalist managers and the working class to take over and run the oil wells, refineries, port and transport and he fired 15,000 oil executives, managers, technicians and employees who organized and backed the lockout. With the aid of oil shipments from abroad (Brazil) and pressure from below, the oil industry slowly returned to production. The rest of the capitalist class fearing expropriation and worker takeovers grudgingly and reluctantly returned to production, transportation, banking. The lockout was defeated but at a heavy cost to the economy which declined by 10% in 2002 and only began to recover pre lockout levels by the end of 2003 thanks to rising oil prices.

Once again Washington played a risky game – pushing its strategic assets in an essential sector into an unequal fray ... and losing. Another layer of Venezuelan society linked to US hegemony was stripped and replaced by Chavez loyalists. Having lost key elements in the state apparatus, the White House tried to compensate and recover leverage by putting at risk its strategic economic collaborator and lost. The “bosses’ lockout” and its defeat by the working class had far reaching consequences for both Venezuelan domestic and foreign policy. It served to radicalize Chavez’ socio-economic agenda, turning him toward massive social investments in the poor barrios, toward far reaching diversification of trade, investment and military procurement and intensified his effort to build a new regional foreign policy which excluded the US. The combined

efforts of the failed coup and lockout triggered the domestic radicalization of Chavez, his turn toward 'socialism', his advocacy of 'Bolivarian' regional integration and an opening to China, Russia and Iran.

Washington's double defeats gravely weakened its domestic leverage to overthrow or destabilize Chavez forcing a rethink along the lines of adopting a two track approach: an external strategy based in strengthening ties with the far-right Colombian regime, its military and paramilitary force as a platform for launching a military confrontation and an internal electoral strategy.

### **The Insider Strategy: Masters of Defeats:**

The insider strategy was launched by the US at a time of greatly depleted assets, and rising oil prices, (and state revenues). It essentially involved financing NGO's for street and electoral confrontations and a referendum/recall and a legislative boycott. The external strategy attempted to isolate Chavez in Latin America through the Free Trade Agreement of the Americas and securing military bases in Colombia.

### **The Diplomatic and Electoral confrontation (2003 – 2007)**

Despite the loss of assets in both the state apparatus and the strategic petroleum industry, US policymakers still retained a formidable array of supporters in civil society through well financed non-governmental organizations (NG), a powerful propaganda apparatus in the private mass media (over ninety percent backing the opposition and Washington) and a network of weakened but still active political parties, political activists and wealthy political financial backers.

Since the US could not count on executing any new extra-parliamentary adventures, it backed and financed a referendum to impeach President Chavez. Once the signatures were collected and the campaign was underway, Chavez turned to his mass

popular base, till then very extensive but loosely organized, to organize at the barrio level, independently of the existing party structures.

The coup and lockouts and the popular mobilization which defeated them, triggered massive social welfare programs, new government sponsored “missions”, providing universal free health programs via barrio based clinics, a massive literacy campaign and heavily subsidized food distributed by state grocery stores in the poor neighborhoods. Chavez signed on to a huge oil for doctors and professionals deal with Cuba, compensating for the unwillingness of many Venezuelan doctors to work in the popular clinics.

The refusal of the ‘Right’ and its professional class supporters to back the social programs, strengthened popular support for Chavez. The presence of Cuban doctors in social programs provided Chavez with mass support for his strategic alliance with Cuba. Rising oil prices and the double digit growth in 2004 – 2005 provided windfall profits to finance the social programs and the campaign against the referendum-recall.

The referendum was defeated by a huge 20 point margin (60% to 40%), demoralizing the US supported coalition and leading to the further fracturing of the opposition parties. Clearly the timing and the content of the referendum was an extraordinarily high risk operation, which demonstrated how clearly out of touch US strategists were with Venezuelan realities.

Clearly the Bush White House and the right wing ideologues were substituting their animus for Chavez for the political realities on the ground. Still, despite all signs to the contrary, Washington persisted in believing that even under the most favorable conditions for Chavez, they could discredit him – Washington supported and publicized an opposition promoted boycott of the legislative election of 2005 (?), resulting in the

election of over ninety percent pro-Chavez congress people ... and a free hand in pursuing a new and more radical political and socio-economic agenda. The US and its allies lost one of the last institutional platforms to criticize the government and regroup the opposition to his policies.

### **The Outsider Strategy**

If Washington's insider strategy was a political disaster, the outsider strategy was close behind. Washington's apparent strategy was to consolidate its regime supporters on the right, influence the regimes on the center left and isolate the Chavez regime.

This policy faced several major constraints in its implementation. First and foremost, events and political changes in Latin America led to the coming to power of center-left regime opposed to US interventionism backed by social movements highly favorable to Chavez. Secondly, with the commodity boom well underway, fueled in large part by an enormous increase in demand from China (and the rest of Asia), Latin America was diversifying its trading and investment partnerships. The US was no longer Brazil, Chile, Peru and Argentina's main trading partner. Hence, Washington no longer had the economic leverage of the past.

Thirdly, because of the trade surpluses and the onerous terms imposed by the IMF, Latin America totally marginalized the IMF from any financing agreements, paying off their debts to the IMF. As a result, US leverage via the IFI (International Financial Institutions) was curtailed.

Fourthly, because of huge oil revenue surpluses, Venezuela signed a series of oil trade and investment agreements with Brazil, Argentina and Ecuador diminishing any hope that the White House could impose a diplomatic blockade on Venezuela.

Fifthly, blind to the new realities, Washington went ahead seeking Latin American support for the Clinton initiated Free Trade of the Americas Treaty, an agreement which favored US protectionism and subsidized exporters at the expense of highly competitive Latin American exports. The Treaty was almost unanimously rejected striking a blow to US hegemonic aspirations and raising the political stock of Chavez' regionalist 'Bolivarian agenda'.

Washington's 'War on Terror', its military-driven empire building did not resonate with the economic developmentalism and (post dictatorial) anti-militarism pervasive in Latin America. Washington's heavy emphasis on costly military expansionism evidenced in two wars and ballooning military expenditures left little room for new economic initiatives (like the Alliance for Progress) toward Latin America actively rebuilding their economies from the neo-liberal debacle of the lost decade of the 1990's and the ensuing crash.

Moreover, Washington was closely identified with the so-called "free market" neo-liberal ideology which was widely seen by most Latin Americans and their new leaders as responsible for the economic crash of 2000 – 2002 and widely and intensely detested. Yet Washington oblivious to the new realities continued to hold up free market ideology and policies as the panacea for the region, giving Chavez an enormous ideological advantage.

Venezuela's ideological edge over Washington was based more on Chavez's critique of neo-liberalism than in his advocacy of socialism or Bolivarianism. Most of the new Latin American rulers were themselves deeply immersed in pursuing a decidedly capitalist agenda – albeit with greater diversity, a modicum of state regulation and without any structural changes in property and class relations.

Chavez in response to Washington's (failed) efforts to isolate him, turned toward a multi-pronged international strategy. (1) He launched ALBA a regional integration project which included Cuba, Bolivia, Nicaragua, several Caribbean island states and briefly Honduras (before the coup of 2009). (2) He organized Petrocaribe a trade agreement to sell oil at subsidized prices to poor Caribbean states in exchange for political support. (3) He turned to Russia and China to sign multi-billion dollar arms purchases, joint ventures in oil and gas exploitation and increased sales and purchases of energy and manufactured goods. (4) Chavez signed off on extensive diplomatic trade and investment agreements with Iran, on the bases of their facing a common enemy. (5) Chavez championed the resistance of the Palestinians and Hezbollah in Lebanon against Israel attracting a positive response from the Moslem countries, the Arab "street" and opening the door to ties with other North African regimes (Libyan, Algeria).

Parallel to his new regional plans, Chavez petitioned to be included as a member of MERCOSUR, the four country (Brazil, Argentina, Uruguay, Paraguay) regional free trade bloc, thus opening up new trade and joint venture opportunities, to offset any US moves to "embargo" the country.

Nevertheless, despite Washington's overt hostility and Chavez's anti-imperialist policies, Venezuela remained the US's third biggest supplier of oil and Venezuela depended on the US market for eighty percent of its oil exports – its biggest single trading partner.

While for the most part Washington's "outsider" strategy failed to isolate Chavez and was unsuccessful in winning over the 'center' or center-left to its overall policies, it more or less did succeed in consolidating its ties with right wing regimes, notably Columbia, Peru, Mexico and Costa Rica. The major gain was Columbia's active co-

operation in putting pressure on Venezuela, creating cross border attacks and provocations and even allowing over a hundred paramilitary combatants to enter Venezuela for a (failed) clandestine operation. As Washington's internal and regional policy options diminished, Washington concentrated on building up a strategic presence in Columbia and weakening, destabilizing or overthrowing Chavez political allies.

### **US: Military Offensive 2008 – 2009: Bolivia, Ecuador, Honduras and the Seven**

#### **Bases**

By late 2008, Washington was a lonely presence in regional meetings, suffering a series of serious diplomatic losses on Cuba (a unanimous vote in favor of readmission to the OAS), exclusion from a proposed regional defense force and a refusal by the entire region to condemn Venezuela.

Lacking economic leverage and witnessing the rejection of its diplomatic initiatives, Washington resorted to what it most excelled – clandestine intelligence and military operations in an attempt to weaken Chavez' allies.

Despite the weakening of US hegemony at the national governmental level, it still retained levers of powers at the sub national level among economic elites, regional governors and local political officials as well as among the rulers of the right wing regimes.

Washington's attempt to regain hegemony focused on destabilizing the elected democratic governments most closely allied with President Chavez. This strategy was pursued by both the Bush and Obama regimes and focused on Bolivia, Ecuador and Honduras with mixed results. In each case, Washington resorted to different strategies .

From even before Morales' election as President of Bolivia (December 2005) Washington maintained close political and economic ties with the ruling class centered in

Santa Cruz, Pando, Beni and to a lesser degree in Cochabamba. The Bush White House through the DEA, AID and NED financed rightist NGOs and movements who promoted separatist and electoral campaign against Morales' center-left agenda.

Through its activist Ambassador Goldberg, Washington took an active role in the attempted Sta Cruz violent power grab in September – October 2008, funding and giving political support to a separatist referendum and a campaign of terror organized by the provincial governor. Thanks to a massive popular mobilization which threatened civil war and the loyalty of the military, the regional putsch was just put down, Goldberg was declared persona non grata and the US temporarily pulled in its horns.

The election of Rafael Correa and his decision to terminate the US military base at Manta at the conclusion of the treaty (2009) and ally with Chavez, started bells ringing in the White House. A regional movement in Guayaquil fizzled out, but a US backed Columbia military intrusion into Ecuador against the FARC, was one of a series of threatening gestures designed to destabilize the center-left regime. Columbia's threats to repeat the violation of Ecuador's territorial integrity had the overt and tacit support of the US.

The most blatant reassertion of US hegemony was the Obama White House support for the civilian-military junta which overthrew the elected Zelaya regime – for aligning with Chavez' regional alliance ALBA.

In all three cases Washington exploited a different set of assets and tactics: regional rightist elite in Bolivia; a client regime (Colombia) against Ecuador; a military-congressional junta in Honduras. The thrust of policy was to restore hegemony by resorting to illegal, violent, means.



Alongside with violent regime changes, Washington's policy under Obama took a decidedly military turn toward Venezuela: Washington secured a seven military base agreement with Columbia, including one on the border, less than 30 minutes from Caracas. The Pentagon expanded base facilities in Panama, Aruba, Curacao and Honduras. In addition, Obama added a nuclear powered aircraft carrier to the Fourth Fleet cruising off the Atlantic shore of Latin America.

The military destabilization strategy failed in both Bolivia and Ecuador – eroding the power of strategic regional assets in Bolivia, diminishing the US presence and stoking up popular anti-imperialist sentiments. In the case of Ecuador it led to a temporary break in relations between Ecuador and Colombia. In the Presidential elections of 2009, Morales won over 60% of the vote. In the case of Honduras the White House succeeded in ousting Zelaya but at an enormous diplomatic cost. The pro US junta was ostracized, failing to secure recognition. The entire OAS opted for policies contrary to US intent. The overall result was greater diplomatic isolation and a greater sense that, Obama's democratic rhetoric notwithstanding, the US was no longer viewed as a country moving forward from his predecessors military posturing. If anything Bush's "neglect" of Latin America was being 'changed' toward a more aggressive interventionism and greater reliance on Colombian militarism as a vehicle for its anti-Chavez crusade.

### **US – Venezuelan Relations Under Obama: Change ... For the Worse**

What is striking about the Obama regimes' policies toward Latin America and Venezuela are several contrasts: The contradictions between the diplomatic rhetoric of "change" and the continued and even escalating militarization of policy; the contrast between multiple overtures and opportunities to open a 'new chapter' of improved relations and the pursuit of policies which worsened relations and increased US isolation;

the contrast between a US policy designed to bail out the financial sector and Latin America policies designed to activate its productive and export sector; the contrast between a deep US recession and slow recovery and a mild recession (except Mexico) and a quicker recovery in Latin America; the contrast between the US relative decline as a trading partner with Latin America and the latter's' increased trade with China and Asia; the contrast between Washington's pursuit of politically driven boycotts of Iran and other countries and Latin America's emphasis on increasing trade and investment across the political spectrum; the contrast between the US military definitions of global security threats and Latin America's emphasis on free trade and pursuit of "economic developmentalism".

If these sharply contrasting structural and programmatic differences mark a divergent foreign policy approach, between the US and Latin America, the differences between the US and Venezuela are even more acute, defined by the US military build-up in the Caribbean and Venezuela's growing national security concerns.

For a President like Obama who promised a new more open relation with Latin America and who received a strong endorsement of all Latin American leaders including the 'radical trio' of Castro, Chavez and Evo Morales, his subsequent continuation of Bush era policies rapidly evaporated the good will and in some cases led to public repudiation. In the first OAS meeting, Secretary of State Clinton was the lone vote still backing the boycott and non-recognition of Cuba. Obama and Clinton still retained the Bush rhetoric of Venezuela being a 'danger to democracy in Latin America', securing US diplomatic isolation.

By mid 2009 the Obama regime took a bigger step toward alienating its neighbors by covertly supporting the military coup in Honduras, then initially denying it was a

coup, then refusing to follow Latin America and the OAS by retaining relations, then replacing the OAS as mediator by pushing Costa Rican client Arias and finally recognizing the electoral process organized by the military junta against the position of all Latin regimes except the narco-president of Colombia.

Washington's recognition and support of the overturn, its constant reference to the illegal authoritarian regime as an "interim regime" spelled out, a return to the use of military coups to overthrow democratically governments which diverge from US foreign policy. In the case of Honduras the 'divergence' was over foreign policy – namely President Zelaya's decision to join ALBA and Petrocaribe and reap the benefits of subsidized oil prices and Venezuelan foreign aid. Zelaya, a member of the big landholding elite had not expropriated any domestic or foreign property holdings nor redistributed land or wealth, though he did encourage trade union organizing and increased expenditures on social programs.

The Washington's backing of the Honduran junta, cost it regional support and dissipated sympathy throughout the region. The key point is that Obama valued restoring control over a client banana republic in Central America to an improvement of relations with Brazil, Argentina and the rest of the region. The key to Obama's decision is his overriding priority to erode Chavez influence, by overthrowing allied regimes and establishing political-military beachheads for any future military operations.

The centrality of military driven policies against Chavez was dramatically evident in the seven base military treaty signed by Obama and Alvaro Uribe, Colombia's infamous narco-president. Colombia ceded several naval, air and special forces bases to the US, including one proximate to the Venezuela boundary. Once again neither Uribe nor Obama consulted with the rest of the OAS: it was presented with a *fait accompli*, a

unilateral violation of the regional organizations' charter. The reaction from Latin America was almost universally negative, varying in intensity between Brazil's demand for details on the agreement, the purpose of the bases and guarantees that the bases would not be used to invade neighboring countries to Venezuela's robust denunciation that the bases were a platform for an invasion. Once again Obama brushed off the negative response and proceeded with the militarist option as a top priority over diplomatic isolation in the hemisphere.

As the US 'outsider strategy' turned toward a massive and sustained military buildup of Colombia – over \$6 billion in military aid over the decade – with the introduction of modern fighter planes, drone reconnaissance planes and several thousand advisers and sub-contracted private “security” mercenaries, Chavez turned to Russia for a massive \$4 billion dollar purchase of small arms, armored vehicles and warplanes. A US induced 'arms race' was on. Chavez described his large scale arms purchases as a deterrent, an effort to increase the cost of an armed intervention.

Washington's military driven foreign policy in the Middle East and its boycott and sanctions policies toward Iran were rejected by most of the rest of Latin America. Brazil, Venezuela, Bolivia in particular signed multiple trade and investment agreements, worth, in the case of Brazil, several billion dollars.

Secretary of State Clinton responded with thinly veiled threats of “consequences” for economic ties to Iran, particularly toward Bolivia, provoking a denunciation of meddling in internal relations.

US – Latin America's policy has failed to open a new relationship and certainly has deepened US isolation. Obama has increased the degree of alienation and failed to recover hegemony. In large part for the same reason that the Bush administration failed:

Washington policymakers retain as the “model”, Latin American submission to US supremacy during the “golden years” of the 1990’s. Undersecretary Arturo Valenzuela during his visit to Argentina revealed this reactionary nostalgia when he recalled the “good times” during the Menem regime (1989-1999), a period of pillage, plunder and monumental corruption, universally condemned. This gaffe provoked a storm of protest and further soured Argentine-US relations beyond what existed under Bush.

Rising militarization under Obama as evidenced in the US-Colombia-Venezuela triangle is out of sync with the Latin America’s big push for greater trade diversification, higher growth and increased regional integration, including countries targeted by Obama. Chavez, despite his defense spending, fits into the Latin American pattern, looking toward greater trade with Argentina, Brazil, China, Iran while freezing trade relations with Colombia and attempting to lower dependence on the US market.

The Bush-Obama policy of confrontation and intimidation to force a break between Latin America’s center-left and centrist governments and the “radicals” has boomeranged, exacerbating conflicts across a series of diplomatic and economic issues. The strategy of isolating Cuba and Venezuela has highlighted Washington’s lone vote on each occasion.

Washington’s resort to a military strategy reflects its global policy but one that is out of tune with the changing priorities and political complexion of Latin regimes. As much as anything, the Obama regimes’ military position reflects the decline of economic leverage, in part a reflection of the primacy of finance over manufacturing, in part a result of the demise of the empire-centered neo-liberal ideology which greased the wheels of US hegemony. It is clear that Washington has failed to recognize that the restoration of the type of client regimes of the previous decade is a highly dubious proposition; efforts

to that effect are likely to provoke greater regime and mass rejection of any overtures to ‘new relations’.

Washington’s double discourse of “free trade for your markets” and “protectionism for ours” does not fly. Brazil under Lula, a staunch free marketer has said as much in the face of US tariffs on ethanol and other competitive exports.

What is striking about US-Latin American relations is that the deterioration occurs at a time when the so-called center-left regimes have embraced capitalism, foreign investment, moderate regulations on capital flows, co-opted radical social movements and trade unions, retained the bulk of the dubious privatizations and the agro-mineral export model. That the US and particular the Obama regime have failed to build a new positive relationship in these eminently democratic capitalist circumstances can only be attributed to its extremism, its deep-going commitment to military driven empire building.

Even in the case of Venezuela, Bolivia, Nicaragua and Ecuador, joint economic ventures with foreign capital continue to thrive; the private sector still controls the mass media, banking, agriculture, commerce and transport. Positive investment and trade relations thrive with other economic blocs including the EU and the emerging dynamic capitalist countries of China, South Africa, Russia as well as the Middle East. Chavez’ rejection of US military policies and interventionism has solid popular backing and is supported by polls in the EU and even in the US. If Washington proceeds toward a proxy war with Venezuela using Honduras as a dress rehearsal, (in addition to its overstretch today in Afghanistan, Iraq, Pakistan and Yemen) can it win a prolonged offensive war? A highly dubious proposition. More likely it will re-radicalize the continent and certainly turn Venezuela toward socialization of the economy and deepen its ties to radical social

movements elsewhere. As it stands today, Venezuela eschews ties to radical social movements, favoring ties with social liberal and even conservative regimes willing to sign trade and investment treaties and friendly diplomatic relations.

As it stands, recent history teaches us that each military and diplomatic move against Chavez has radicalized the regime not intimidated it. Each effort to pressure or to coerce center-left regimes to break with Venezuela has failed or boomeranged. Given Washington's policy of rule or ruin it has interpreted each diplomatic rebuff as a "reason" to bunker down with the most retrograde regimes as is the case of militarizing Colombia.

The diplomatic factions of the State Department, to the extent that they exist and retain any positions of influence, have been rebuffed, as every expression of moderation and possible negotiated solutions is undercut by the ultimatums and unacceptable conditions. Clinton, Obama and Gates set the conditions for good relations on accepting US global interventionism (the war on terror) and regime change (client power). Those policy conditions have only strengthened the nationalist and democratic credentials of Chavez and weakened Washington's appeals for regional realignment.