

Oil and Politics in Latin America: Nationalist Movements and State Companies. By GEORGE PHILIP. Cambridge: Cambridge University Press, 1982. Maps. Glossary. Tables. Bibliography. Notes. Index. Pp. xxii, 577. Cloth.

This is the fortieth volume to emanate from the prestigious Cambridge Latin American Studies series, and it is an exceptionally good one. Therein George Philip has successfully completed the Herculean task of synthesizing the vast petroleum history literature of twenty Latin American republics. Not only has he used all the important books on this topic, but also he has supplemented this research with periodical literature, government documents, British archival materials, and interviews with petroleum experts. After digesting this mountain of information and skillfully weaving it into a regional narrative of oil and politics, he then embarks upon fresh interpretive analysis and comparative history.

This book is a political history, not an economic study. “Essentially it aims to provide an account of the conflict that has been played out within the Latin American oil industry between the claims of international capitalism . . . and more recent claims of national sovereignty and state control” (p. 2). Up to World War II, the companies were the consistent winners, except in Mexico. Since then, it has been no contest as all Latin American governments, over the intervening thirty years, have nationalized their oil industries.

The first third of the book places Latin America in the world oil environment. Corporate ascendancy takes place in the first quarter of the twentieth century under the aegis of the world’s two largest multinationals—Royal Dutch Shell and Standard Oil of New Jersey. Rejecting Marxist and dependency theory, Philip argues that when political risk-economic reward ratios are considered along with non-Latin American options and alternatives, the companies did not make exorbitant profits, that United States and British imperialism have been much exaggerated factors, and that the chief exploiters in the process were Latin America’s own corrupt governments and greedy elites. Corporate retrenchment during the great world depression was countered by rising economic nationalism. World War II saw Latin America make a significant energy contribution to the Allied military effort, but the opening of the large, lower-cost Middle East fields in the immediate postwar period reduced Latin America, over the next fifteen years, to a marginal place in the world energy environment. As the multinationals retreated and shifted their geographical priorities, state enterprises filled the vacuum. Economically, the energy price revolution of the 1970s was a boon to the big exporters (Venezuela, Mexico, and Ecuador), a curse to the big importers

(Brazil, Chile, Uruguay, Paraguay, Central America, and the Caribbean), and of little consequence to the nearly self-sufficient (Colombia, Peru, Bolivia, and Argentina).

The middle third of this book deals with the oil expropriations in nine countries. The long and controversial Argentine oil nationalization campaign of 1922–35 “was less dramatic than is often believed” (p. 180). The Chilean nationalization was an even longer (1928–50), but less controversial, process. It took Uruguay’s national oil firm (ANCAP) only six years (1931–37) to reduce the multinationals to marginal factors. The Bolivian expropriation of 1937 was a knee-jerk reaction to the Chaco War disaster, which unjustly made Standard Oil of New Jersey the scapegoat. Although the dramatic Mexican expropriation, as is well known, was precipitated by the sovereignty issue, Philip argues that “public opinion played a role that was essentially subordinate” (p. 226). Oil nationalism in Brazil and the Petrobras monopoly of 1954 were the outcome of two myths that had no basis in fact: (1) that Brazil was rich in oil, and (2) that the multinationals were determined to exploit it. The 1968 expropriation of the IPC in Peru was an inevitable outcome of a near half-century of questionable Standard Oil policy involving dubious legal titles, bribery, and outrageous profits, which invited nationalist economic pressures and political attacks. The Bolivian expropriation of Gulf Oil in 1969 is generally viewed as a reflection of domestic political instability, but Philip argues that it was really the result of Gulf’s rivalry with the state company (YPFB) and of military nationalism. The Ecuadorian state company’s (CEPE) 1974 over-hasty ouster of Texaco and dominance of Gulf were by-products of inexperience and lack of policy expertise. Finally, and conversely, the Venezuelan nationalization of 1976 was merely the *de jure* stamp put on a *de facto* nationalization that began in 1958 and that by 1976 was virtually complete. Despite the varied apparent causes for expropriation, Philip detects a common underlying theme, namely, that Latin American oil nationalism was the inevitable by-product of urban middle-class (especially military) pressure and the politico-economic weakening, over time, of the multinationals.

The final third of the book appraises the performance of six state oil companies. Mexico’s Pemex, despite its many vicissitudes, is judged to have had a “remarkably successful record” (p. 367). Brazil’s Petrobras, during the first seven years of its experience (1954–61), generally used its monopolistic opportunities to great national advantage, was destructively politicized by President Goulart (from 1962 to 1964), but since then has resumed its progressive, developmental momentum under military tutelage. The missed potential of Argentina’s YPF is attributed to irresponsible political intervention and political upheaval, with Peronism

seen as the most damaging element. The sad experience of Peru's Petroperú (1968–79) is seen as a case of political incompetence and gross mismanagement. Bolivia's YPF, ever since its establishment in 1936, has been the frustrated victim of unpredictable governments. Finally, Venezuela's Petroven (since 1976) has been the successful beneficiary of a gradual, smooth nationalization process and of two governments that have allowed it great autonomy. Again, though the state company experience has varied, a unified interpretive theme emerges. Politics are seen as the destructive force. When respect for economic considerations, particularly market forces, prevails, state oil companies can succeed.

Latin America's energy future looks very promising to Philip. Only 5 percent of its potential oil area has been explored. Technical expertise is being both imported and developed locally. The costly learning experience of emotional oil politics is paving the way for greater emphasis upon rational economic considerations in the years ahead.

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Communism in Central America and the Caribbean. Edited by ROBERT WESSON. Introduction by RICHARD F. STAAR. Stanford: Hoover Institution Press, 1982. Notes. Tables. Index. Pp. xiv, 177. Paper. \$10.95.

This short book gives an overall view of communist parties, guerrilla movements, and Marxist-Leninist governments in the various countries of Central America and the Caribbean. It does so against the background of the social, economic, and political problems of these nations, and within the context of the worldwide Soviet–United States conflict.

The first chapter, by W. Raymond Duncan of SUNY-Brockport, surveys Soviet objectives in Central America and the Caribbean. It notes the growing interest of the USSR in the area as social tensions have exploded and United States influence has receded, and evaluates the assets and liabilities of the Soviet Union in its search for influence in these regions.

William LeoGrande of Syracuse University looks at the Castro regime's interests and operations. He notes the various shifts in policy of Castro, seeks to judge the Cuban regime's activities both in terms of its own interests and as a surrogate for the Soviet Union, and to assess the continuing attractiveness of Cuba as a revolutionary model.

James Nelson Goodsell, the long-term Latin American correspondent of the *Christian Science Monitor*, sketches the advent of the Nicaraguan revolutionary regime. He notes the conflicting tendencies within the regime and in Nicaraguan politics generally, pulling for and against the Sandinista government's becoming completely Marxist-Leninist.