

policies to link export production to local development, a task that Sanderson considers nearly impossible on a national level. Finally, his emphasis on the nation state leads him to fear a national populist backlash, while recent events—eg. Chiapas—underscore the importance of subnational regional backlash. Clearly the tension between global and local is not resolved by focusing on the nation state. A nation state focus, moreover, obscures a whole set of policy initiatives that could be carried out at a decentralized level to link trade and development.

In the long run, the major contribution of Sanderson's book will not be the compilation of data on the effects of trade or the extensive cross-disciplinary reviews of the literature. Rather, the book will be remembered for making the case for a social contract in international trade: that short term generosity by the U.S. with its Latin American trading partners will yield the highest return. Many will also remember it for the understated candidness that permeates the entire book but is so clearly manifested in the acknowledgments: How much authors freely admit that "my family was not much help at all!"

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Andrés SERBIN, Andrés STAMBOULI, Jennifer McCOY, and William SMITH, eds. *Venezuela: la democracia bajo presión*. Caracas y Miami: Instituto Venezolano de Estudios Sociales y Políticos, Editorial Nueva Sociedad y North-South Center (Universidad de Miami), 1993, 216 p., cuadros, gráficos.

This very good edited volume is the product of a seminar co-sponsored by the North-South Center of the University of Miami and Instituto Venezolano de Estudios Sociales y Políticos, held in Caracas in November 1992, between the first and second unsuccessful coups d'état directed against the Venezuelan government in that year. The seminar focused naturally on the question of identifying the conditions which led to the first coup, and more generally to the forces undermining the legitimacy of Venezuelan democracy and the potential for reforming it. Each of the authors in the volume has his/her own explanation, but the volume is unusual in that it provides an excellent overview of the recent part and gives the reader plenty of material to come to his/her own conclusions.

Most of the authors in this volume refer to the origins of Venezuelan democracy in 1958. The various political forces allied against the dictatorship of Pérez Jiménez created the institutional basis for the new regime with a variety of pacts, including the "Pacto de Punto Fijo." These pacts guarantee pride of place for two parties: Acción Democrática (AD) and the Christian Democratic Party (COPEI). The system that resulted was highly centralized, with all legislative and local political candidates approved by a very small executive committee of the two parties. As a result, Venezuelan democratic politics were focused on the party leadership and winning the Presidency. The party that won the Presidency generally also controlled the legislature, so rule was virtually by decree. This system encouraged rent-seeking behavior on the part of the two major parties, otherwise known as a corruption. This corruption eventually undermined the legitimacy of the system. The chapters by Jennifer McCoy, Juan Carlos Navarro, Michael Coppedge, and Luis Salamanca all deal with these overarching issues in one way or another.

The economic strategy of the post-1958 Venezuelan state was strongly influenced by the desire of political leaders to maximize the benefit to the Venezuelan population of exploiting Venezuela's petroleum resources. The government adopted an import-substituting industrialization strategy along with various policies to increase its share of the profits and revenues of the mostly foreign-owned oil companies. In 1974, the government of President Carlos Andrés Pérez nationalized the oil industry and bought out the remaining foreign interests with the windfall

revenues obtained after the 1973 OPEC price increases. High taxes were imposed on the main state-owned petroleum enterprise, *Petroleos de Venezuela S.A.*, to ensure the continued flow of petroleum money into state coffers.

Venezuela, like the other resource-rich countries after 1973, went on a binge of foreign borrowing. The debt crisis of the 1980s hit the country hard, especially as oil prices declined and non-oil exports remained weak. The Herrera and Lusirchi governments did not see the writing on the wall, and continued the previous policies of import substitution combined with high levels of public spending. It was not until the election of Carlos Andrés Pérez for the second time in 1988 that the Venezuelan government signalled its desire to make a major change in economic strategy. Just as Mexico had done in 1982, Venezuela was forced to reassess its economic strategy in order to avoid a major economic crisis. Pérez proposed a major reduction in government spending and a fast liberalization of external trade to induce Venezuelan enterprises, public and private, to become more internationally competitive (this is described in detail in the chapters by Luis Zambrano Sequín and Miguel Rodríguez Mendoza).

The problem appears to have been the manner in which the Pérez government announced and defended this policy shift: the Pérez government did not, perhaps they could not, prepare the ground adequately through various forms of outreach and inclusion. Overcentralization of decision-making was the problem here. Also, there were problems of implementation caused by partisan and bureaucratic resistance to the move away from state-led import substitution (see the especially fine chapter by Miriam Kornblith on this question). Here the main cause was the inertia of "partidocracy" in the Venezuela system.

Most troubling in this volume was the chapter by ex-General Commandant of the Army Pedro Remigio Rangel Rojas which, while extolling the virtues citizen control of government, also urged further efforts on the part of the military to engage itself in assuring the defence of democracy (see pp. 184-185). The content and tone of this essay was quite different from all the others in the volume, and suggested the likelihood of further resistance on the part of the military to the conduct of business as usual in Venezuela.

To end on a slightly more positive note, this book contains many useful suggestions for constitutional and policy reforms in Venezuela based on careful thought about the recent past. As such, it should be read carefully by anyone interested in the future of that country.

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