

Populism and Foreign Policy in Venezuela and Iran

by Michael Dodson and Manochehr Dorraj

The remarkable ascendance of Venezuela's president, Hugo Chávez, has generated new interest in Latin America's recurrent populism. Like the charismatic populists that preceded him, Chávez rose to power rapidly and became a symbol of deepening social polarization.¹ He is seen as a pivotal figure in promoting a sharp leftward shift in Latin American politics² and has been criticized for his authoritarian tendencies.³ In the words of Jorge Castañeda, "Chavismo" is the "wrong left" for Latin America.⁴ Hugo Chávez has become a much discussed leader for all these reasons, but he is perhaps most notorious for his aggressive foreign policy and for the strongly confrontational posture he has adopted toward the United States.⁵ Chávez has pursued high profile efforts to check US influence in Latin America, assert his own leadership in the region, and demonstrate that developing countries can act more independently of Washington's wishes.⁶

In a similar vein, Mahmoud Ahmadinejad was a virtual political unknown internationally prior to his election as president of Iran in 2005. Ever since then, Ahmadinejad's attempt to go back to the populist policies of the Islamic Revolution's early days as well as his confrontational political style, authoritarianism, and incendiary remarks against the United States and Israel have also rendered him a polarizing and controversial figure.⁷ His administration has been very assertive in promoting a pan-Islamic agenda and in trying to strengthen Iran's regional influence,⁸ much as Chávez has tried to exert his leadership in Latin America.⁹ As a result, Chávez and Ahmadinejad have dominated Western media coverage as emerging leaders of the developing world, who are willing to challenge an American-led regional and global order.

The populist rhetoric and ideals espoused by Chávez and Ahmadinejad are strongly shaped by the current international context of economic globalization. Countries like Venezuela and Iran cannot hope to pursue economic development by shielding their producers from international trade and competition. Nevertheless, leaders and the mass public in both countries share a strong perception that

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foreigners seek to exert control over their national economies. Hence, Chávez and Ahmadinejad seek to build trade alliances that bypass the hegemonic power of the US. At the same time, their public attacks on the US and its unfair economic strategies play well to a nationalist sentiment that is widespread and felt with special intensity by their respective political bases.

Clearly, Venezuela and Iran are located in different regions of the developing world and are led by regimes whose ideology stem from the Bolivar Revolution and the Islamic Revolution respectively. Notwithstanding such differences in geography and motivation, this article aims to identify and explore common features of the foreign policy strategies of Iran and Venezuela. We focus on recent developments that suggest that new challenges are emerging in the global south to the unipolar hegemonic world order led by the United States. Our discussion will highlight the anti-imperialist and regionalist foreign policy initiatives of these two countries, which draw their common inspiration from populism.

Populism has been a widely used concept for explaining dynamic mass movements that typically blend charismatic leadership with the mobilization of marginalized sectors of society. However, a recent review of attempts to define populism reveals that the concept has been used in such a wide variety of ways to capture such diverse examples of charismatic leadership coupled with popular mobilization that it proves to be “essentially a fractured concept.”¹⁰ Despite the absence of a consensus definition of populism, the term continues to be used, and remains a useful concept that merits further analysis. One indisputable pattern that emerges from the literature is that populism in the developing world is closely associated with economic crises that arise from late development¹¹ and a strong nationalist impulse to break away from all forms of colonial dependence.¹²

This essay seeks to show how the powerful impulses associated with populist movements are being employed in disparate regions of the developing world, namely Latin America and the Middle East. In the cases we examine, the populist leaders, Hugo Chávez and Mahmoud Ahmadinejad, who seek a redistribution of wealth and a moral regeneration of society not only by mobilizing the masses against the corrupt elite, but also by pursuing an aggressive foreign policy that seeks to diminish the hegemonic power historically exerted over their economies and politics by the United States. In order to achieve this goal, each leader has manifested strong ambitions to exert regional, if not international leadership, and each of them has skillfully used petroleum wealth to leverage that influence. To illustrate briefly, Hugo Chávez claims to be inspired by Simon Bolívar’s venerable plan to establish a unified Latin America that could effectively wield power internationally. Chávez credits Bolívar with having the original vision of a multipolar world¹³ and his current foreign policy is devoted to pursuing that Bolivarian goal. The aim of greater economic and political integration within Latin America under Venezuelan leadership, together with international trade agreements that compete against US hegemony, undergird President Chávez’s domestic political agenda (just as they do that of President Ahmadinejad) because they challenge the neoliberal model championed in

Washington, which many hold responsible for the neglect and hardship suffered by the world's poor. This foreign policy agenda affords many opportunities to attack neoliberalism on the grounds that it is elitist (the bane of populist movements) and predatory, thereby preventing a just distribution of wealth and opportunity both within and among countries.

But how can relatively weak states such as Venezuela or Iran hope to resist the strongly held foreign policy objectives of a superpower like the United States? One answer advanced in the literature on international security issues is "soft balancing," which is the notion that weaker countries turn to "international institutions, economic statecraft, and diplomatic arrangements" to resist US policies in a unipolar world.¹⁴ Although the concept of soft balancing was developed to analyze the way weak states might coordinate the use of nonmilitary tools to frustrate unilateral US military actions, it could also apply to contexts in which states want to pursue a domestic political agenda that the US strongly opposes, such as the 21st century socialism espoused in Venezuela or the Islamic Revolution in Iran. As Mark Eric Williams suggests, such a strategy reveals broader aims than resolving a specific policy dispute, and depends on the willingness of the state's leaders to accept a deteriorated relationship with the United States in order to achieve their domestic objectives.¹⁵ In Latin America, the US seeks to preserve its hegemony by encouraging friendly electoral democracies that embrace free market policies, a strategy that encourages efforts to isolate or discredit the emerging Venezuelan model. The Venezuelan foreign policy we discuss below seeks to counter US strategy with a variety of soft balancing measures. In the Middle East, the United States seeks to preserve its access to oil, protect the state of Israel, and bolster its own national security by isolating or overthrowing "rogue states" that sponsor terrorism and seek weapons of mass destruction. As a designated member of the "axis of evil" state, Iran has a strong incentive to counter US hostility with tools from the soft balancing arsenal.

VENEZUELA

Historically, Venezuela sought a close bilateral partnership with the United States. Considering Venezuela's importance as a supplier of oil to the US market, one might expect this desire to have been reciprocated. However, according to Carlos A. Romero, Venezuela was never accepted as a special partner by the United States. Throughout the Punto Fijo era (late 1940s to early 1990s) the two countries maintained strong trade ties; 50 percent of Venezuela's exports went to the US and 45 percent of its imports came from there. Even so, in its relations with the United States, Venezuela occupied a secondary status in a region that was, normally, of only tertiary concern to the United States.¹⁶ As a result, although Venezuela was basically a status quo nation during this period, its leaders did occasionally strike out in directions that ran counter to US policies. This certainly was true of Venezuelan activism in OPEC, which is one area where Chávez's policies reflect continuity with the past. Venezuela also deviated strongly from the US policy line by providing

leadership for the Contadora initiative, which sought to achieve a negotiated resolution of the US sponsored counterinsurgency wars in Central America during the 1980s. Of course, Hugo Chávez has put Venezuela on a much more strikingly independent and confrontational course vis-à-vis the United States. In this he seems to have been aided by the US preoccupation with fighting terrorism and waging wars in Afghanistan and Iraq. In that context, President Chávez has exerted vigorous leadership within OPEC to keep oil prices high by limiting production; he has pursued closer relations with US rivals such as China and Russia, and with US adversaries like Cuba and Iran; he has also worked to promote regional institutions and alliances that will increase Venezuela's influence in the Western Hemisphere while undermining US hegemony. Chávez has openly opposed the Bush Doctrine and advocates a multipolar world order that purports to protect weaker countries against the predatory effects of neoliberal trade and lending policies.

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The principal thrust of Chávez's foreign policy is twofold: anti-imperialism and pan-Americanism, both of which draw on the memory of Simón Bolívar's dream of Latin American unity. Chávez has worked tirelessly to promote trade agreements and closer economic integration with his Latin American neighbors. Oil finances this long-term effort to diversify the Latin American economies and lessen their dependence on what Chávez sees as disadvantageous trade relationships with the United States. US–Venezuelan relations became notably strained following the 2002 coup attempt when the US appeared eager to recognize the coup plotters' legitimacy after they deposed Chávez's elected government. In the period after the failed coup, when opponents of Chávez tried to remove him by means of a recall initiative, the president told Venezuelans that voting for his recall in the national referendum would be tantamount to allowing President Bush to govern their country. In the three years since the recall failed, he has been extremely vocal in his criticisms of the Bush administration and has frequently cited the dangers that US imperialism poses to Venezuelan sovereignty.

Fresh off his strong showing in the presidential election of December 2006, Hugo Chávez is in perhaps the strongest position a leader could expect to be in order to pursue an anti-imperialist policy using a soft balancing approach. In addition to the legitimacy Chávez enjoys from repeatedly winning elections, Venezuela currently has "the fastest growing economy in the Americas,"¹⁷ which has enabled Chávez to spend as much as \$25 billion abroad since taking office in 1999 and to ink trade pacts with or provide aid to as many as thirty countries.¹⁸ In the context of recent US neglect of Latin America due to the Iraq war, coupled with a growing reaction against neoliberal policies that many believe exacerbate Latin America's poverty and

inequality, Hugo Chávez has seized the initiative to enhance Venezuelan independence from Washington using an array of soft balancing measures.

At his most ambitious, Chávez has fostered a direct challenge to one of the Bush Administration's most ardent goals, a Free Trade Agreement of the Americas (FTAA). Outside security issues, the FTAA is probably the United States' highest policy priority in the region. Chávez's initiative, the Bolivarian Alternative for the Americas (Alternativa Bolivariana por las Américas, or ALBA), seeks to establish a more socially oriented trade bloc within the hemisphere that gives special attention to poverty reduction.¹⁹ Chávez claims that ALBA is modeled on the European Union (albeit tailored to the specific needs and conditions of developing countries). By encouraging poor countries to work together, he hopes to reduce the trade disadvantages that would plague them with membership in the FTAA.²⁰ Furthermore, trade deals would be accompanied by agreements to invest in education, health care and other social needs within each member state. Thus, ALBA would not only keep profits in Latin America, it would also channel capital into human development programs. It may be too soon to tell how many other countries will embrace ALBA. Some may be reluctant to confront the US so openly, while large countries such as Brazil and Mexico believe that they can realize their national economic objectives without doing so. Only the small nations of Cuba, Nicaragua, and Bolivia have shown active support for ALBA so far.

Despite the small number of commitments to ALBA, it is clear that Chávez's basic objective of promoting Latin American integration and reducing the region's reliance on the United States strikes a sympathetic chord. While Chávez has promoted ALBA as the best alternative to the FTAA, the countries of the southern and northern halves of South America have been working together to combine existing trade blocs. By merging the Southern Market (Mercado del Sur or MERCOSUR) and the Andean Community (Comunidad Andina or CAN), the member nations have created the Union of South American Nations (Unión de Naciones Sudamericanas, or UnaSur), a more comprehensively integrated entity. Like ALBA, UnaSur follows an EU model and envisions broad elimination of tariffs within Latin America, free movement of citizens regionally, and a common currency.²¹ As a new member of MERCOSUR, "Chávez has spun a web of supply lines that are already or soon will be essential: gas from the staunch US ally Colombia will be refined in Maracaibo from 2008, [and] a \$20 billion pipeline will send Venezuelan fuel through Brazil to Argentina."²²

Bilateral and multilateral trade agreements in the energy sector have been a mainstay of Venezuela's soft balancing strategy. When Chávez took office in 1999 the Venezuelan national oil company (Petróleos de Venezuela, Sociedad Anónima, or PDVSA) had become "a state within a state."²³ As Bernard Mommer points out, oil executives had undermined the nationalization of Venezuelan oil inasmuch as they had come to share the outlook of international oil companies. Indeed, the PDVSA had been transformed from a national to a global company, which aligned itself with the interests of international oil companies and capitalist countries. Unsurprisingly,

the state's share of oil revenues had declined severely by the time Chávez assumed the presidency. In order, then, to reharness this vital national asset in the service of the Bolivarian Revolution, Chávez had to confront the vexing challenge of restoring state regulation of the industry (including the fiscal discipline and oversight that would channel oil revenues into state coffers) without losing the technological and managerial expertise of PDVSA personnel who had little loyalty to the Bolivarian project. Indeed, Chávez survived a PDVSA lockout that began in December 2002 and lasted several months, sabotaging the economy and slowing the government's ambitious economic development plans.²⁴ In spite of this serious political obstacle, Chávez has found ways to use petroleum wealth diplomatically and commercially to promote his country's national interest as he sees it.

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Chávez has brokered an impressive array of oil alliances linking nations throughout Latin America through an initiative called PetroSur, and also in the Caribbean, through a similar initiative known as PetroCaribe. Through these alliances Venezuela seeks to assure a steady flow of petroleum within the region through discounted pricing, by offering cheap credit, or by accepting in kind transfers of oil for services. PetroCaribe, for example, allows heavily indebted countries "to trade agricultural goods for concessionary oil prices."²⁵ Chávez has assured Caribbean leaders that PetroCaribe will provide their countries with affordable oil for an indefinite period. Venezuelan oil agreements also seek to finance further gas and oil exploration and production, while reducing reliance on the giant oil firms of the private sector. Note, too, that Chávez has negotiated bilateral agreements with neighboring governments that run the ideological gamut from conservative Colombia, to progressive Argentina, to radicalized Bolivia. With respect to Colombia, a country with very strong ties to the US, he has signed an agreement to build a \$335 million gas pipeline that is scheduled to come on line in 2007. Venezuela has struck a deal with Brazil's national oil company to build a refinery in northeastern Brazil that is slated to refine 200,000 barrels per day. In a similar vein, Chávez has signed agreements with Bolivia to invest \$1.5 billion in oil and gas development and with Ecuador to refine up to 100,000 barrels of Ecuadoran crude per day at discount prices.²⁶

In the Southern Cone, not only is Venezuela helping to finance oil exploration in Argentina, but Chávez has also joined with the Argentine government to create an investment bank that will support infrastructure development. On top of purchasing \$3.5 billion in bonds that allowed Argentina to pay off its debt to the International Monetary Fund (IMF), this past summer Chávez went a step further. At an ALBA summit in Caracas in June 2007, he proposed to establish a Bank of the South (Banco del Sur) that would, if fully capitalized, replace the IMF as the banker to the countries of Latin America. While far from implementation, this proposal

demonstrates the scope of his vision for using regional commercial ties and solidarity to challenge the unipolar model of world order based on US hegemony. Complementing these commercial links, Venezuela has become a major provider of foreign aid to her Latin American neighbors. Indeed, it appears as though Venezuela's total foreign aid in Latin America is nearly equal to that being provided by the US certainly in the billions per year. However, Venezuelan aid may carry greater political benefit because it is widely distributed and is devoted to funding initiatives that help the poor rather than to fighting the drug wars and other security concerns that preoccupy the US. Finally, Chávez has found a way to compete ideologically with Washington over the airwaves. He has funded a CNN-like 24-hour news network—TV of the South or TeleSur—that may make an anti-US and populist message widely available to Latin American viewers.²⁷ Not coincidentally, TeleSur will also provide the Venezuelan public with an alternative to the views expressed by the country's privately owned media, which are generally hostile to the Bolivarian Revolution.

Beyond Latin America, Chávez has established a high profile internationally by deepening Venezuela's trade relationships in the Middle East, the Far East, and with Russia. This outreach includes forming stronger ties with governments that have an adversarial relationship with Washington. Venezuela is aggressively developing its trade ties with China. Its rapidly increasing oil exports to Far East have provided ample cash flow for investments in oil-related exploration, transportation, telecommunications, and agriculture. In the spring of 2007, a high level Chinese delegation to Caracas signed an agreement to establish the Petrozumano Company, which will store and transport oil and gas from the Zumano region, while also agreeing to facilitate further oil production in the Orinoco Belt. President Chávez concluded these meetings by declaring that Venezuela's goal was to provide China with half a million barrels of oil per day by the end of 2007.²⁸ Even more provocatively, Venezuela has struck agreements with Iran jointly to build refineries in Islamic countries such as Indonesia and Syria (the Syrian refinery is projected to have the capacity to produce 140,000 barrels a day). Also, like China, Iran is now investing in the development of Venezuela's Orinoco Belt oil fields. In fact, Chávez has been cultivating ties with Iran, well before Mahmoud Ahmadinejad became president, through state visits with Ahmadinejad's predecessor, President Mohamed Khatami. Commercial air traffic has also opened between Caracas and Tehran, with a stopover in Damascus.

Finally, Chávez has also forged closer ties with Russia even as Russia's relations with the US have become more strained. These ties include large arms purchases from Russia, including 100,000 Kalishnikov assault rifles and a \$120 million agreement to purchase Russian attack helicopters.²⁹ These arms purchases are complemented by trade deals that will have Russian firms building power plants in Venezuela, participating in oil exploration, and investing up to \$1 billion to mine bauxite and promote aluminum production. These deals, which followed a US decision not to provide arms and spare parts to the Venezuelan armed forces,

conform to the broader pattern of Venezuela's current foreign policy. They are designed to diminish US influence in Venezuela and in Latin America more generally, and to push forward the Chavista agenda of building a multipolar world in which smaller, poorer nations can take greater control of their own destinies by using soft balancing strategies to increase regional solidarity in opposition to US hegemony.

IRAN

If one were to see the world as a contentious battle between oppressor and oppressed nations, then Iran's sympathies in the early years of the Islamic Revolution clearly lay with the latter. Indeed, the followers of Ayatollah Khomeini bestowed upon him the title of "leader of the dispossessed masses of the world" because, under his leadership, Iran actively supported national liberation movements in developing countries.³⁰ Iran's trade with the developing world also increased considerably following the revolution.³¹ The practical problem with the postrevolution Iranian development strategy was that the developing countries with which it was trading could not easily supply the industrial goods needed. Due to this practical reality, a debate began among the postrevolution ruling elite regarding the advisability of seeking Western investment and loans for the reconstruction of the country. Irrespective of differences over development strategy, regionalism has served as an important pillar of Iranian foreign policy since the inception of the Islamic republic. The onset of the hostage crisis of 1980, and the accompanying deterioration of diplomatic and economic relations between Iran and the United States, gave further impetus to adopt a regionalist foreign and development strategy. Iran found that forging regional alliances was necessary to alleviate Washington's economic and political sanctions. Regionalism also complemented the pan-Islamic ideology of the new regime with its populist, anti-imperialist and developing world solidarity proclivities.

However, with the election of Ayatollah Rafsanjani as president in 1989, Iran took some initiatives to shed the policy of "neither East, nor West" and normalize relations with both camps, as manifested by improved relations with Western Europe, Russia and China. Rafsanjani's successor, President Mohammad Khatami, continued this policy by cultivating closer relations with moderate pro-Western Arab states such as Saudi Arabia, and took additional initiatives to improve relations with Western Europe and the United States. He introduced a policy of "dialogue of civilizations," designed to further improve Iran's global image and end its international isolation.³² Khatami's government cooperated closely with the Bush administration to inaugurate a stable government in post-Taliban Afghanistan, providing the largest financial aid of any developing nation for the reconstruction efforts of the Karzai government. This rapprochement was threatened when, in January of 2002, Israeli officials seized a ship in the Red Sea carrying weapons to the Palestinian Authority. Israel accused Iran of sending the shipment and Iran soon found itself on the "axis of evil" list, along with North Korea and Iraq. Soon after the US invasion of Iraq, Iranian officials sent a letter to the Bush administration

offering to negotiate all outstanding issues between the two nations.³³ Additionally, Iran briefly halted its uranium enrichment activities in 2004 after several European nations offered technological, economic, and political incentives. But the Bush administration, guided by neoconservative thinking, rebuffed Iran's conciliatory initiative,³⁴ thereby setting the stage for the election of populist presidential candidate Mahmoud Ahmadinejad in August 2005.

President Ahmadinejad took the view that President Khatami's moderate political course had only brought Iran humiliation and no tangible benefits. By ignoring Iran's cooperation in Afghanistan and rejecting Tehran's diplomatic initiatives for rapprochement, the US had rendered the Islamic Republic more insecure and vulnerable to a possible military attack. For Iran's clerical elite, the need for a nuclear deterrent to a potential US or Israeli attack increased. Iran was heartened by US military and political setbacks in the Iraq war, which led Ahmadinejad to choose a more assertive and confrontational foreign policy. He used the nuclear standoff with the international community to galvanize Iranian nationalism, mobilize his support base, and solidify the regime's survival. By reinvigorating Iranian nationalism and reasserting Iran's greater regional ambitions, Ahmadinejad effectively abandoned Khatami's more conciliatory tone. On August 8, 2005, three days after his election, President Ahmadinejad resumed the enrichment of uranium at the Isfahan processing plant, proclaiming that Iran's nuclear program was peaceful and intended solely as a source of domestic energy.³⁵

Regionalism has served as an important pillar of Iranian foreign policy since the inception of the Islamic republic.

Projection of Iran's regional power came in the form of intensified support for Islamic Jihad and Hamas in Palestine and Hizbollah in Lebanon. In 2007, Hamas was given a financial aid package worth \$150 million. In Lebanon, Iran has given financial aid and military training leading up to, and after the Israeli invasion in 2006. Iran has also supported the Badr Brigade militia associated with the moderate Ayatollah Hakim group, known as the Supreme Council for the Islamic Revolution in Iraq (recently renamed Supreme Islamic Iraqi Council). The Badr Brigade was originally trained in Iran while Saddam Hussein was in power and has recently been assimilated into the security apparatus in the Shi'a-dominated government of Nuri Al-Maliki. Ahmadinejad's administration has also supported the rival Shi'a faction of radical populist cleric Muqtada-Al Sadr and the Al-Mahdi army, which opposes the US occupation and has repeatedly clashed with American troops.

Like Venezuela, Iran has also been busy building "petro-alliances". In the last decade, economic ties between Iran and China have expanded considerably. Chinese exports to Iran are diverse and include electronics, arms, machinery, consumer goods, and textiles. Oil accounts for 80 percent of Chinese imports from Iran, and 15 percent of China's overall oil imports. In 2004, before Ahmadinejad's election, Iran and China signed a \$20 billion agreement committing Iran to sell China 2.5 million metric tons of liquefied natural gas annually over the next twenty-five years,

starting in 2008. Ahmadinejad's government has signed an additional contract that would allow China to buy 250 million tons of Iranian liquefied natural gas over the next thirty years, a deal estimated to be worth \$70 to \$100 billion.³⁶ This is the world's largest purchase of natural gas so far. China is actively involved in Iran's efforts to explore and develop its oil and gas reserves in southern Iran as well as in the Caspian Sea region, and has also supported Iran's attempts to bring Caspian Sea oil and gas reserves through pipelines to the Persian Gulf for shipping to Europe and Asia.³⁷ The US is opposed to this initiative, which would increase the Islamic Republic's economic and political clout in the region. These expanding economic ties between Iran and China explain why Iran enlisted as a member of the Shanghai Cooperation Council in 2007, and why China has opposed the imposition of harsh economic sanctions or the use of military force against Iran for its nuclear weapons program.

Russia has contributed greatly to the development of Iran's nuclear facilities, and has been a major provider of military supplies and armaments, thereby playing a significant role in the maintenance of Iran's national security. Russia is also said to be deeply involved in the construction and development of a projected Iran–Pakistan–India pipeline. However, the most significant development in the Iran–Russia energy partnership is an agreement in with Russia's state-owned oil company, Gazprom, which will facilitate and coordinate Iran's gas exports. This partnership would make Iran and Russia responsible for half of the world's gas production and export, and would give the two countries an OPEC like leverage on the global gas market.³⁸

Iran has also been expanding its bilateral relations with India. Partially driven by its increasing need for energy due to the simultaneous expansion of its population and economy, India now considers Iran a viable provider for its needs. In 2005 the two countries signed a \$22 billion agreement that would provide 5 million tons of Iranian liquefied natural gas to India, which is due to come into effect in 2009. India is also playing a more prominent role in exploration and development of Iran's oil and gas resources in recent years.³⁹ Equally important to Iranian-Indian relations is the previously mentioned Iran–Pakistan–India pipeline that would take Iranian natural gas to the Indian market. Again, Washington is opposed to these expanding trade ties, which harbors the possibility of forging a closer strategic alliance between the two countries in the future.

The formation of alliances, such as those described above, not only serves Iran's need to find buyers for its vast energy resources, but also serves to counter Washington's pressures on Tehran. As with Venezuela, Iran is attempting to use its petro-power to push back against Washington's hostile political posture. According to Mohsen Aminezadeh, the former deputy foreign minister, Ahmadinejad and his inner circle of populist ideologues would like to engage in a cold war with the United States, "whereby an Iranian alliance with Russia, India, and China, along with a number of other ideologically inclined states, would present a formidable front against American global aspirations."⁴⁰ This is clearly intended to serve the strategy

of “soft balancing” in order to diminish US pressures on Iran.

Since 2005, Iran has also forged closer alliances with Hugo Chávez and more recently with Nicaragua’s Daniel Ortega. In the last three years, Iran–Venezuela trade relations have expanded considerably. In 2006, Mr. Mohsen Shaterzadeh, Iranian deputy minister of industries and mines for economic and international affairs, while visiting Caracas, announced that Iran intends to invest \$9 billion in 125 development projects in Venezuela.⁴¹ The bilateral trade between the two nations is projected to increase to \$11 billion in 2008.⁴² Iran and Venezuela, respectively the world’s fourth- and fifth largest oil exporters are also engaged in a joint venture exploring for oil in Venezuela’s Orinoco region. They have declared plans for a joint oil trading company, hoping to price oil in Euros instead of dollars in order to diminish US influence in the global oil market.⁴³ In 2007, President Ahmadinejad attended the inauguration of Rafael Correa, the newly elect populist President of Ecuador. He also visited Daniel Ortega in Nicaragua after the two leaders met in Tehran that same year. In 2007, Ahmadinejad and Chávez also exchanged state visits. They announced the creation of a \$2 billion investment fund to finance projects in both countries. In addition, Iran and Venezuela in cooperation with Syria intend to build an oil refinery capable of processing 150,000 barrels of oil a day.⁴⁴ The two leaders also pledged their commitment to support national liberation movements in developing countries.

Despite ideological differences (Chávez espouses a secular socialist vision while Ahmadinejad is a Muslim nationalist) the two leaders seem to have developed strong personal ties. What they share in common is considerable: both are populist leaders of humble origins and both have military backgrounds; each enjoys support among the poor and has promised to distribute oil money among them; and both embrace anti-imperialism and support a non-aligned, developing world solidarity political agenda. This close partnership manifested itself in September of 2006 when Ahmadinejad visited Venezuela and was awarded the Collar of the Order of the Liberator, the highest honor bestowed upon visiting dignitaries. When Ahmadinejad’s decision to ration gasoline in June of 2007 led to wide public resentment and unrest, it was Chávez who came to the rescue, agreeing to sell Iran the gasoline it needed to boost supplies.⁴⁵ These trans-continental political developments have not gone unnoticed in Washington. In the words of one Pentagon official, “Venezuela’s Hugo Chávez and Nicaragua’s Daniel Ortega are the poster boys of everything this administration abominates. The picture of president Ahmadinejad exchanging toasts with them has set the White House on fire.”⁴⁶

In 2006, in an attempt to broaden his administration’s pan-Islamic appeal and to put to rest any anxiety among the masses in the Arab world about Iran’s nuclear ambitions, Ahmadinejad escalated his anti-Israeli rhetoric, questioning the authenticity of the Holocaust and convening a conference in Tehran in which most of the guests were Holocaust deniers. Given the strength of the Israeli lobby and the centrality of Israel’s security to the US foreign policy agenda in the Middle East, Ahmadinejad’s aggressive posture toward Israel widened the rift between Washington and Tehran. Although the reformed wing of the clergy led by former

President Khatami sharply criticized Ahmadinejad for his holocaust denial, the wide publicity that Ahmadinejad's comments received throughout the world did significant damage to Iran's image.⁴⁷

As with Venezuela, Iran is attempting to use its petro-power to push back against Washington's hostile political posture.

Populist policies and friendly relations with other populist leaders aside, the Iranian clerical establishment, which exerts almost complete control over the presidency, knows that its long-term survival, as well as its prosperity, is linked to a normalization of relations with the United States. It is in this context that we should read Ahmadinejad's 2006 letter to George W. Bush, a clumsy attempt at a dialogue that received a cold shoulder from the Bush administration. Iran's participation in bilateral negotiations with the United States over Iraqi security in 2007 is intended to serve the interests of both parties. Ideally, the US would like to use Iran's influence among Iraqi Shi'as for its "Iraqification" of the war and to facilitate its military exit. Iran, on the other hand, hopes to use its influence in Iraq to engage in a broader political bargain with the US that includes its nuclear program and other outstanding issues of conflict. However, as long as the Bush administration remains unresponsive to such Iranian initiatives, the clerical establishment will feel compelled to fall back on its populist foreign policy course. With his populist credentials, Ahmadinejad has proven to be the right person for the articulation of this "rejectionist" rhetoric because it plays well with the conservative, patronage-based political constituency of the regime at home and the larger Muslim world.

At the same time, Ahmadinejad's brash style and militant rhetoric is unpopular with much of the Iranian public and his populist appeal domestically remains fragile. Several recent surveys indicate that the overwhelming majority of Iranians favor improved relations with the United States and Western Europe. According to the Washington Institute for Near East Policy, a 2002 poll conducted by the Iranian parliament revealed that "three quarters of Iranians favored rapprochement with the United States."⁴⁸ A 2007 poll published by Terror Free Tomorrow, a nonprofit research group, concludes that "70 percent of Iranians thought that normal relations with the West should be a high priority, but only 29 percent thought nuclear energy should be, and an astonishing 61 percent disapproved of Ahmadinejad's government."⁴⁹ The results from the December 2006 local elections for City Council and the outcome of the Assembly of Experts elections in which the pro-Ahmadinejad candidates in both elections lost to reform candidates suggest that Iranian voters favor a more pragmatic and moderate political course. Nevertheless, Ahmadinejad has persisted in trying to return Iran to the pan-Islamic and developing world solidarity policies that marked the first decade of the revolution.

Ahmadinejad's administration uses the nuclear issue and the ongoing confrontation with United States and its allies to stoke nationalist fervor and shield

the regime against possible external military threats. The danger is that if the nuclear issue is mishandled, it could spell the end of the theocratic regime's monopoly of power. In fact, many within the conservative camp think that Ahmadinejad's anti-Israeli pronouncements and Holocaust denials have weakened Iran's position in negotiating the nuclear standoff leading to charges of "adventurism" against the president's foreign policy.⁵⁰ Cognizant of this reality, and unhappy with the bellicose rhetoric and brash style of Ahmadinejad's foreign policy posture, the Supreme Leader appointed a bipartisan foreign policy advisory council that included two former foreign ministers, a former defense minister and a former ambassador. The purpose of the council is to provide Ahmadinejad with guidance on the foreign relations of the Islamic Republic.⁵¹ By contrast, Venezuelan foreign policy does not entail any elements that are as politicized and toxic in the eyes of Washington and its close ally, Israel, as the Iranian nuclear issue and its support for Hizballah in Lebanon and Hamas in Palestine. Its lower profile in this sense allows Venezuela more latitude and maneuverability in its political dealings abroad.

In September 2007, the Bush administration signalled the heightened possibility of a military strike against Iran when it designated the Iranian Revolutionary Guard Corp. This was intended to give the Bush administration and its European allies the ability to increase the pressure on the Iranian government and squeeze the financial assets of one of the major pillars of security and support for the Islamic Republic.⁵² Arguably, this led former Iranian president Rafsanjani, head of the Expediency Council and the Assembly of Experts to summon Hassan Rowhani, the former chief nuclear negotiator in President Khatami's cabinet, to negotiate with the EU-3 (Germany, France, England). The appointment of Rowhani was designed to show Iran's willingness to cooperate further with IAEA in seeking a compromise solution to the nuclear standoff.⁵³ This measure was presumably undertaken with the blessings of the supreme leader, Ayatollah Khamenei, and can be characterized as a major blow to Ahmadinejad's foreign policy team. The change in personnel may also explain why the French foreign minister, Bernard Kouchner, who threatened war if Iran did not stop its uranium enrichment program, assumed a more conciliatory tone. Nevertheless, the United States is pushing for another round of sanctions against Iran at the United Nations Security Council (Russia and China are opposed to this initiative) and France are pushing for a separate set of sanctions in the European Union.

However, while the release of the US National Intelligence Estimate (NIE) in December of 2007, declaring that Iranian government has not pursued a nuclear weapons program since 2003, might have diminished the possibility of a US military strike against Iran; the continued antagonistic posture of the Bush administration toward the Islamic Republic reveals that US conflict with Iran is primarily over hegemony in the Middle East.⁵⁴ To frustrate Iran's regional ambitions and further isolate it, Washington has attempted to forge a coalition of pro-Western Arab moderate nations (Egypt, Saudi Arabia, Jordan, the Persian Gulf conservative Arab states) and Israel.⁵⁵ But with the diminishing political capital of the Bush

administration, having invaded Iraq in 2003 under what proved to be a false premises, and in the post NIE report on Iran which is another blow to the white house, US seems to have little success in rallying the conservative Arab regimes against the Islamic Republic. In fact, the opposite seems to be happening, as Saudi Arabia and The Persian Gulf Arab states are seeking to improve relations with Tehran. This was evident in the invitation and the warm reception that Ahmadinejad received in the Gulf Cooperation Council meeting in Doha, Qatar in December 3, 2007. All sides expressed their desire for expanded economic ties and cordial political relations. Iran's neighbor seems to be accommodating themselves to "the increasing political weight" of their neighbor.⁵⁶ It may well be that one of the impacts of the NIE report would be that now that the danger of the imminent US military threat has diminished, Ahmadinejad's defiant and confrontationist foreign policy stand may be regarded as a liability by the clerical elite and the supreme leader, Khamenie.

CONCLUSION

The populist, anti-imperialist foreign policies of Venezuela and Iran are designed in no small measure to galvanize nationalism and serve the domestic agenda of mass mobilization and power consolidation. Anti-imperialism helps populist leaders to protect themselves against foreign threats and pressures with a thick layer of mass support at home, a strategy that our research suggests has been more effective in Venezuela than in Iran. It also serves the purpose of pushing back against US influence in Latin America and the Middle East through efforts to expand the regional influence of these two populist regimes. The defiant nationalist postures of Hugo Chávez and Mahmoud Ahmadinejad seem to provide a remedy for the aggrieved nationalism of the masses; it addresses their psychological need for the restoration of national pride in the wake of lingering memories of the colonial era and painful US interventions of the past (Iran) and the realities of their subordinate position in the global power structure in the post-Communist era (Iran and Venezuela). No longer willing to play the role of an inferior client state, these populist regimes resist the global hegemonic power of the United States. Their attempts to develop national models that are more egalitarian and redistributive put them in open opposition to the neoliberal philosophy espoused by the United States and its allies.

To protect themselves as they seek this independent course, Venezuela and Iran have opted for a regional integration model and have utilized economic soft balancing measures extensively, as discussed in this paper. Their primary tool has been the "petro-alliance," briskly expanding energy and trade ties both regionally (especially Venezuela) and internationally to counter Washington's hegemonic agenda. Each regime has had some success with this strategy in the short run. If the petroleum-based alliances they have formed can be sustained, it could potentially signal the emergence of a new multipolarity in global politics.

The harder questions pertain to the long run. In the final analysis the ability, of these two countries to emerge as an alternative to Washington in their respective

regions, thereby making a success of their regionalist and soft balancing strategies, depends heavily on sustained high oil prices and on their ability to manage oil revenues wisely so that their domestic political agendas can also remain viable. Their success will also be contingent on the willingness of other regional powers, such as Brazil and Saudi Arabia, to embrace the enhanced roles that Venezuela and Iran wish to play.

At this juncture, the prospects for success seem better for Hugo Chávez, given the strength of his domestic political position and the recent leftist swing of the political pendulum in Latin America, together with Washington's apparent willingness to deal with Venezuela politically rather than militarily. Iran's prospects for success seem less promising. Washington's deeply antagonistic posture toward Iran over its nuclear and regional ambitions and its conflict with Israel, the political weakness of the presidency in the Islamic Republic, the unpopularity of Ahmadinejad's government among many Iranians, and the political and sectarian divisions in the Sunni-dominated Middle East are key factors that stand in the way of the regional ambitions of the Shi'a state of Iran.

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