

## **Big Power Pressure on Venezuela during the Presidency of Cipriano Castro**

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When Cipriano Castro descended from the Venezuelan Andean state of Tachira in May, 1899, and through a combination of military and negotiating skills won access five months later to the presidential chair in Miraflores palace, Caracas, he was assuming the executive power of his country in the midst of its most profound political and economic crisis. The country had been riven during the previous forty years by almost continuous civil war or insurgency, which made its survival as an integrated federal state seem almost miraculous.<sup>1</sup> This condition was not peculiar to Venezuela, since nearly every other Spanish American republic suffered a similar fate for prolonged periods in the course of the nineteenth century, leading to the negative stereotyping of the Latin American peoples as uncivilised and unprogressive by European, North American, and even Latin American intellectuals, diplomats, publicists and propagandists. The country was also, like so many of its Latin American counterparts, weighed down by a heavy external debt burden imposed on a narrow fiscal base, consisting almost exclusively of the customs duties collected at its two main ports of La Guayra and Puerto Cabello. Added to its external debt burden was the accumulation of what were referred to internationally as “diplomatic claims,” which were claims for financial compensation made by foreign residents and company agents through their national diplomats for alleged injury suffered by the claimants to their persons or property in the course of the numerous insurgencies or civil wars, or for alleged illegal seizure of, or damage to, foreign trading or fishing vessels operating in Venezuelan waters. Soon after Castro came to power a new class of diplomatic claim would be added—that for alleged breach of contractual arrangements with private foreign companies—mostly monopolies—operating in Venezuela.<sup>2</sup> These claims were distinct from those of foreign bondholders, who had long-standing debts due them by the Venezuelan government, but which did not occasion diplomatic intervention except in cases of prolonged default on interest payments and

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<sup>1</sup>D.A. Rangel, *Los Andinos in El Poder* (Caracas, Venezuela, 1960), 70.

<sup>2</sup>Loomis/Hay No. 456, conf. June 5, 1900. Despatches of U.S. Ministers in Venezuela. M. 79 (Washington, D.C.: U.S. National Archives).

refusal by the Venezuelan government to raise new loans to repay older ones, which was hardly ever the case since, as in so many other Latin American countries, the raising of foreign loans was an easy road to quick enrichment by incumbent and often short-lived administrations.<sup>3</sup>

It was the diplomatic claims which had become a major justification for coercion employed against successive Venezuelan administrations by Great Britain since the mid-nineteenth century, setting precedents which were later to be emulated by France, the Netherlands, Germany, Italy and the United States of America. Such coercion sometimes took the form of naval demonstrations by foreign war vessels, the threatened bombardment or occupation of the key Venezuelan port towns,<sup>4</sup> or in extreme cases, as Cipriano Castro was soon to experience, the naval blockade by one or more foreign fleets of the most strategic points of the Venezuelan coast. The existence of British, Dutch and French colonies, especially Trinidad, Curaçao and Martinique served as convenient points of rendezvous and supply of coal and war materiel for such fleets. The preferred course of coercion by these foreign powers, however, was the destabilization of Venezuelan administrations by the granting of asylum in the island colonies to Venezuelan insurgents and assisting them in the acquisition of gunboats, arms and ammunition for their armed incursions into Venezuelan territory.<sup>5</sup>

We cannot, however, fully comprehend the dynamics of the historical situation in which Cipriano Castro was quickly immersed without an appreciation of the specific interests of these powers in Venezuela in the context of an impending tectonic shift in the global balance of forces which was threatening the British imperial hegemon, whose global empire was now coming under challenge from the United States in the western hemisphere, from France and Germany in Africa and from Russia, France, Germany and Japan in the Far East. It was in this context that British diplomacy, as indeed that of the other major imperialist and aspirant imperialist players, became a game of global checkmate in which strife-torn and economically weak Venezuela would become another pawn.

In terms of the specifics of big power interests in Venezuela, British imperialist interests in the year in which Cipriano Castro came to power

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<sup>3</sup>Examples are Antonio Guzmán and Joaquín Crespo. M. Hood, *Gunboat Diplomacy: Great Power in Venezuela* (London, 1983), 55; 94; 142. G.S. Caudillo Wise, *A Portrait of Antonio Guzmán Blanco* (Greenwood Press, 1951), 144.

<sup>4</sup>In 1850, for example, the Earl of Dundonald, commanding a warship in Trinidad waters threatened a naval bombardment of the Venezuelan port of La Guayra if the Venezuelan government did not rescind a moratorium law on debt repayment it had recently passed. *Port of Spain Gazette*, June 11, 1850.

<sup>5</sup>For the use of Trinidad and Venezuela by Venezuelan insurgents, see K. Singh, "Trinidad as a Base for Venezuelan Insurgency," *Revista/Review Interamericana* XIV, no. 1-4 (1984): 47-65.

consisted, apart from the on-going “diplomatic claims” and the debt owed to British bondholders, of the following: (1) to acquire as much as possible of the gold-bearing area of the disputed Venezuela/British Guiana region, (2) to ensure free navigation of the Orinoco, which would facilitate the development of Trinidad as the major entrepot for expanded British trade with Venezuela, Colombia and Northern Brazil, (3) to secure the abolition of the thirty per cent surtax imposed by President Antonio Guzmán Blanco in 1881 on goods transhipped from the British and Dutch Antilles, particularly Trinidad and Curaçao. The Dutch shared this last interest. French and German interests were primarily financial, largely diplomatic claims and debts owed to their bondholders and companies operating in Venezuela; while American interests were primarily in asphalt production, shipping and commerce, most of the American diplomatic claims having been already “arranged” by a mixed American-Venezuelan arbitration commission in 1885. All these interests were interwoven with the geopolitical advantages all the big powers already had or aspired to in the Caribbean and Circum-Caribbean region. The Caribbean islands retained their value, as they still do, as strategic possessions in the competition among the global competitors for markets and influence in Latin America.

Some press comments in 1899 amply illustrate the global and regional contexts in which big power pressure was soon to be exerted against the Cipriano Castro administration. In July 1899, the *Port of Spain Gazette*, the most prestigious of the Trinidad newspapers, a generally consistent supporter of British imperial interests and often taking its cue from the establishment press in Britain, claimed that the yellow press in the United States was pressing for the annexation of the British West Indies, following the annexation by the United States of Cuba and Puerto Rico; and that there was even a proposal for the exchange of the Philippines for the British West Indies.<sup>6</sup> In the following month, the paper again editorialized on “The West Indian Question.” It argued that the Americans, having got control of Cuba and Puerto Rico, were casting eyes on Haiti and Santo Domingo. It proceeded to link the Central American canal question to the acquisition of Caribbean island territory, and argued that the attempt by the Americans to gain a preponderant position in the West Indies put American interests in conflict with European interests, thus creating what might be called the “European Question” just as there was an “Eastern Question.” It gloomily predicted that the Caribbean would once again be a battlefield for the strong powers, for “neither Great Britain nor Germany nor France could view unmoved the development of the American policy of Monroism, strengthened by annexation.” Nor was it likely that the other American republics “would accept the self-appointed role of the United States as arbiter of their internal and external affairs.” Indeed, it was already reported that

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<sup>6</sup>*Port of Spain Gazette*, July 8, 1899, editorial.

Brazil and the Argentine Republic were “moving to effect a concert of the South American republics against the pretensions of Monroism.”<sup>7</sup>

But whatever the strategy that was being entertained by the British government for checking “Monroism” in the Caribbean, it had to be temporarily held in abeyance following the outbreak of the war with the Boers in South Africa in October 1899, a growing preoccupation with a perceived Russian threat to British interests in China at the same time, and the possibility of a French, German and Russian alliance pitted against British interests in Asia and Africa. In the context of a growing sense of isolation within Europe, the British government conceived of the strategy of drawing the United States as a major player in the Far East. The *London Times*, rivalled only by the *Daily Telegraph*, in the role of semi-official mouthpiece for British imperial interests, urged the American government to take vigorous measures to subdue the uprising in the Philippines, which could be done “if the Americans exhibit the aptitude for dealing with alien and subject races which seems inherent in our common stock.” Should the Americans take up the “white man’s burden” by exercising sovereignty over the Filipinos, this would imply not merely the annexation of a group of islands, but also “the exercise of imperial rights and the entrance of the United States into the broader and deeper currents of external politics, from which they have hitherto stood almost entirely clear...”<sup>8</sup> The Americans did indeed put down the native rebellion in the Philippines, but refused to enter into any formal alliance with Britain to ensure an “open door” in China, so the British had to check Russian expansion in the Far East by detaching Germany from any alliance with Russia and encouraging Japan to check Russian expansion in the Far East.<sup>9</sup> This enabled the British government to concentrate more of its efforts on the struggle against the Boers. But the unexpectedly prolonged Boer military resistance enabled the United States to extract a major strategic concession from Britain, which the British Foreign Office had hitherto consistently refused to yield: the concession of exclusive American control over an inter-oceanic canal in Central America.<sup>10</sup>

It is the interweaving of the specific interests of the big powers in Venezuela with their larger strategic interests in the Caribbean and Circum-Caribbean area that determined the nature and the timing of the pressures they applied on the Cipriano Castro administration. The 1891 arbitration award had given Colombia an accession of Venezuelan-claimed territory from the confluence of the Meta to that of the Atabapo, both being tributaries of the

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<sup>7</sup>*Port of Spain Gazette*, August 6, 1899, editorial.

<sup>8</sup>*The Times*, November 4, 1899.

<sup>9</sup>The Treaty with Germany (Yang-tse Convention) was signed on October 16, 1900. On January 30, 1902, the treaty of defensive alliance was signed with Japan.

<sup>10</sup>This was conceded in the second Hay/Pauncefote treaty signed on November 18, 1901. C.S. Campbell, Jr., *Anglo-American Understanding, 1898-1903* (Baltimore, MD: The Johns Hopkins Press, 1957), 239.

Orinoco. This re-ignited the hope of British commercial interests that their long-desired objective of making their island colony of Trinidad the foremost emporium in the trade with Venezuela, Colombia and Brazil would soon become reality.<sup>11</sup> To guarantee this, however, they needed to have the British Guiana boundary extended in a north-westerly direction to incorporate at least one of the mouths of the Orinoco. However, the Arbitration tribunal that decided the Venezuela/British Guiana boundary issue in October, 1899, while giving to British Guiana most of the disputed territory, including most of the gold mines, did not concede the territorial concession in the Orinoco British interests had anticipated, though it stipulated that the navigation of the Orinoco should be open to all nations.<sup>12</sup> British shipping interests in the river hoped to enlist American support for this free navigation provision by selling a substantial part of their shares in the Orinoco Shipping and Trading Company which had a monopoly concession for the Orinoco trade. Moreover, the Andrade administration that Castro replaced had recently altered the Venezuelan constitution to allow the individual states a large measure of autonomy.<sup>13</sup> This suited British interests, as it would allow General Rolando, head of the Venezuelan state of Guyana and favourably disposed to British interests, to strengthen commercial links between that state's port city of Ciudad Bolivar and Port of Spain, the port capital of the British colony, Trinidad. The British Minister in Caracas had also extracted from the beleaguered Andrade administration a Note Verbale that the thirty per cent surtax would be removed.<sup>14</sup>

Cipriano Castro, however, proved in many respects to be the most nationalist of the Venezuelan presidents so far encountered by foreign powers in Venezuela. He intended to be the restorer of Venezuelan unity and pride, and very quickly decided to deal with the perennial diplomatic claims with which foreign diplomats harassed nearly every Venezuelan administration.

Since most western historians who have written on this period of Venezuelan history seem to accept without reservation the view that Castro was simply a notorious dictator who was unwilling to meet his legal obligations to foreigners, we must at this point comment on the nature of these claims. Undoubtedly some of the claims were legitimate, but in the second half of the nineteenth century they were increasingly used in a cynical fashion by foreign

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<sup>11</sup>*Port of Spain Gazette*, July 17, 1891. Editorial.

<sup>12</sup>*Port of Spain Gazette*, October 17, 1899.

<sup>13</sup>According to Francis Loomis, American Minister at Caracas at the time, it was after the Venezuelan congress had approved this on April 22, 1899, that Castro began his revolutionary movement from the Andes. Loomis/Hay No. 440 May 12, 1900. M. 779 Roll 52, National Archives, Washington, D.C.

<sup>14</sup>*Port of Spain Gazette*, September 29, 1899. The Trinidad Governor, Sir Hubert Jerningham, had gone to Caracas to confer with Haggard and the Andrade administration on the surtax issue.

diplomats and consular agents both to fill their own pockets and to apply pressure on an incumbent administration. As one of the writers on this subject, Miriam Hood, herself of Venezuelan ancestry, has taken the view that in contrast to the diplomatic claims of other foreign powers, British claims were “clean,” it is worth referring to an interesting dispatch in 1865 from Richard Edwards, the successor to Doveton Orme as British Minister in Caracas. Bombarded by claims of “British subjects” for compensation from the Venezuelan government for alleged injury to persons and property in the course of civil strife, Edwards conducted an investigation lasting several months into some of these claims and concluded it was a “matter of speculation” encompassing both “persons without principles” and the British legation in Caracas. It involved the following: a Venezuelan gets a foreign resident to claim he is the proprietor of a property; the foreign resident then goes to the British legation claiming to have suffered losses or damages caused by government or insurgent troops; he is advised by the British legation to make his financial claim as high as possible; appropriate witnesses are found; and the claimant is then asked by the legation to accept fifty per cent since the Venezuelan government is so exacting! If the claimant demurs, a little more is offered him and the necessary documents are drawn up, with a florid diplomatic Note being sent to the Venezuelan Minister for Foreign Affairs beginning: “The Undersigned...” Edwards proceeded to give several specific examples of shady deals and concluded that “the natural consequence of such a system was to bring great discredit upon the English name.”<sup>15</sup> But by the end of the century the situation had not improved and even the anglophile, Miriam Hood, cites a later British Minister, W.H.D. Haggard, as confessing that a member of the British legation was involved in a swindle with two Venezuelan ministers to the tune of one million francs. Later in 1905 the American Minister to Caracas, Herbert Bowen, would expose the involvement of his predecessor, Francis Loomis, in shady financial dealings.<sup>16</sup>

The diplomatic claims, especially in the context of the penury of the Venezuelan exchequer, became a matter of great concern to Castro, as it had been to Guzmán Blanco. In February, 1873, Guzmán Blanco had sought to bring some order into the claims business by issuing a decree outlining procedures to be adopted by both Venezuelans and foreigners for the presentation of claims against the Venezuelan government before the Venezuelan High Federal Court. Article 8 of the decree prescribed penalties

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<sup>15</sup>F.O. 80/176. Edwards/Russell. No 93, November 9, 1865. M. Hood, *Gunboat Diplomacy*, 148, footnote.

<sup>16</sup>E. Hendrickson, *Roosevelt's Second Venezuelan Controversy*, *Hispanic American Historical Review* 50(3) (August 1970): 487-8.

(fine or imprisonment) for presenting exaggerated claims.<sup>17</sup> But strong resistance from the United States and other foreign governments and the subsequent prolonged period of civil strife made the decree a dead letter. Cipriano Castro on January 24, 1901, declared Guzmán Blanco's decree to be in force. Effectively, the enforcement of the decree would mean that diplomats could no longer intervene on behalf of claimants, who henceforth would have to seek redress on an equal basis with Venezuelans in local courts, as advocated by the Argentine jurist, Carlos Calvo (the so-called Calvo Doctrine).<sup>18</sup>

Every major power regarded the law as a threat to the interests of their nationals, the more so as Castro also began to address the issue of monopoly claims by foreign companies which had been granted, or more often, had bought out concessions in Venezuela from the individuals who were the original concessionaires. Among these companies was the New York and Bermudez Company, to which had been transferred a concession granted by the Venezuelan government in 1883 to an American, Horatio R. Hamilton, to exploit the forest resources and asphalt in the Venezuelan state of Bermúdez. Following a series of corporate manoeuvres, the New York and Bermudez Company became a subsidiary of the Asphalt Company of America, which in turn was absorbed in 1900 by the National Asphalt Company, also American based. The issue became further complicated when in May 1900 two other Americans, C.M. Warner and P.R. Quinlan, both of New York, purchased a property in the State of Bermúdez known as "La Felicidad," which led to litigation with the New York and Bermudez Company, the latter claiming that "La Felicidad" was within its concession. The matter was scheduled to be heard before the district court of Cumaná, when news reached Castro that the New York and Bermudez Company's manager, whose operational headquarters were in Port of Spain, Trinidad, had arrived at Cumaná aboard a steamer with \$10,000 in gold, with the intention of influencing the three judges in the district court. Castro responded by ordering the dismissal of the court and the transfer of the case to the High Federal Court in Caracas. The latter eventually rendered its decision on January 28, 1904, in favour of the New York and Bermudez Company, following which the company's managing director, Robert K. Wright, immediately congratulated Castro on the "triumph of justice" and begged for an audience with the Venezuelan president so that he could "salute" him personally.<sup>19</sup>

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<sup>17</sup>A. Adee/H. Bowen No. 23 October 7, 1901. M. 77 Roll 175, U.S. Archives, Washington, D.C.

<sup>18</sup>Carlos Calvo, the Argentine diplomat and expert on international law, argued in 1902 that foreign residents in Venezuela must seek redress through local courts rather than invoke diplomatic intervention.

<sup>19</sup>O.E. Thurber, *Castro and the Asphalt Trust: From Official Records* (New York, 1907), 5-10.

But by that time Venezuela had just emerged from its gravest crisis, an orchestrated, multi-pronged insurgency lasting one and a half years and known as “La Revolución Libertador,” followed almost immediately by an Anglo-German blockade of Venezuelan ports. Unknown to Castro at the time, the New York and Bermudez Company, fearful that the litigation in the High Federal Court would be adverse to its interests, helped finance the insurgency in which British and French interests were also implicated, as was the Colombian government, then in the throes of its own civil war which it thought was being fomented by Castro. The insurgency was led by the reputedly richest man in Venezuela, Antonio Matos, a banker and son-in-law of former president Antonio Guzmán Blanco. Matos and a group of other bankers had been humiliated by being temporarily imprisoned and publicly paraded by Castro shortly after the latter captured the presidency. The alleged reason for this dastardly act by Castro was that the bankers refused to extend a loan to help bail out his financially strapped administration.<sup>20</sup> Matos shortly afterwards headed for Europe, commissioned in Aberdeen a war vessel named the “Ban Righ,” hired a British captain and crew, and flying the British flag, made for Antwerp, where arms and ammunition were received, much of it coming from France through a special Paris agent.<sup>21</sup> It was the most powerful and best armed insurgency prepared abroad against an incumbent Venezuelan administration. Finance came via bank transfers from New York organized by agents of the New York and Bermudez Company. Leaving Antwerp on November 23, 1901, the Ban Righ sailed for the Caribbean, arriving at Martinique on 22<sup>nd</sup> December, 1901. At Martinique the British crew was paid off, though a few elected to stay with the vessel in the service of Matos. Venezuelan revolutionaries were then taken on board and ownership of the vessel, renamed “Libertador,” was formerly transferred to the Colombian government. From January, 1901, Matos and the revolutionaries on board made a series of forays along the Venezuelan coast, depositing arms and ammunition at strategic points to be picked up by revolutionary contingents coming from the west, north and east of the country.<sup>22</sup> While in Venezuelan waters it flew the Venezuelan flag, but sometimes entered into naval battles with Venezuelan government gunboats, which frequently trailed her. The nearby British colony of Trinidad provided a safe anchorage for the vessel, whenever it needed to re-supply its stock of provisions and ammunition. In March, 1902, suffering partial damage in a skirmish with a

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<sup>20</sup>M. Picón Salas, *Los días de Cipriano Castro* (Caracas, 1991; originally publ. 1953), 134-6.

<sup>21</sup>Cd. 1399 No. 36. Perry/Landsdowne November 18, 1901.

<sup>22</sup>Cd. 1399 No. 53. Hudson/Landsdowne February 7, 1902. For a first-hand account of the early career of the Ban Righ by its English captain, Willis Mallory, see *El crucero revolucionario del Ban Righ*, *Boletín del Archivo Histórico de Miraflores* No. 9-10 (1960-61): 45-95. Mallory says the Ban Righ arrived at Fort de France on Sunday 22<sup>nd</sup> December, 1901, at 3 p.m.

Venezuelan government gunboat, it anchored at the Port of Spain harbour for several months. It still had on board over five thousand rifles and large quantities of ammunition, while more munitions remained stored in a Port of Spain warehouse.<sup>23</sup> There could hardly be any doubt about the complicity of the colonial authorities in Trinidad and the British Minister in Caracas, W.H.D. Haggard, in the attempted revolution, the principal objective being to detach from effective central control the Venezuelan state of Guyana, whose Orinoco port city of Ciudad Bolívar was the major entrepot between Port of Spain and the gold districts of the Yuruari region in Venezuela.<sup>24</sup> The establishment by the Trinidad authorities in August, 1902, of a guard station on the disputed island of Patos, less than three miles off the northeastern coast of Venezuela, and known to be a haven for smugglers and insurgents, occurred in the context of this prolonged multi-pronged insurgency.<sup>25</sup>

Castro, showing his characteristic grit and determination and ably assisted by Andino loyalists like Juan Vicente Gomez, was able by November, 1902, to break the back of this "Revolución Libertadora." But it was also just at this time that the British government had invited to Sandringham the German Kaiser, Wilhelm II, following which the "iron-clad" agreement was concluded between the British and German governments for a blockade of Venezuela ports in order to enforce their diplomatic claims.<sup>26</sup>

The Anglo-German blockade of Venezuelan ports which began on December 9, 1902, and was lifted on February 14, 1903, has been discussed by several writers and we therefore need not detain ourselves on its details. We merely look at the points of significance. The local factor was the serious reverses Castro was beginning to inflict on the Matos-led insurgency. The hemispheric factor was that the United States was beginning to entrench itself in strategic areas of the Caribbean. It had imposed the Platt Amendment on Cuba, making it a virtual protectorate and an economic dependency of the United States; Puerto Rico was being made into a de facto colony and negotiations were proceeding with the beleaguered Colombian government for a treaty that would cede control of the French canal project in Panama to the United States. The fundamental question is, however, why did British government decide in December, 1902, to enter into an alliance with Germany when Britain had the naval capacity to blockade Venezuela's key ports unilaterally and when Theodore Roosevelt had made it publicly known in his December, 1901, presidential message that the United States government would not under the

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<sup>23</sup>F.O. 199/167/195003. Knollys/Chamberlain 12<sup>th</sup> August, 1902. See also the attached statement by the Collector of Customs.

<sup>24</sup>F.O. 80/438. Haggard/Landsdowne No. 5. Conf. 13/1/1902. Up to July, 1903, there was fighting in the Guyana region. F.O. 199/170. C.H. de Lemos/Bax-Ironside July 21, 1903.

<sup>25</sup>F.O. 199/167/195003. Knollys/Chamberlain 27<sup>th</sup> August, 1902.

<sup>26</sup>C.S. Campbell, *Anglo-American Understanding*, 272-3.

cover of the Monroe Doctrine object to “punishment” of a Latin American state if the latter “misconducts itself” provided that such punishment did not take the form of the acquisition of territory by a non-American power.<sup>27</sup> Perhaps the answer to this question was provided by the *Daily Telegraph* when the Anglo-German alliance was coming under bitter opposition attacks in the British parliament and in the press both in Britain and in the United States. It was a classic statement of realpolitik on the global chessboard and therefore deserves an extended quotation:

Lord Salisbury, during his long tenure of the post of Foreign Secretary invariably acted upon the principle that politics—especially international politics—are matters of business and not of sentiment. If our foreign policy were dependent upon the veerings of the sympathies and antipathies of other European powers, it would indeed be as unstable as water... Temporary or provisional combinations such as were necessitated two years ago in China, and today by common injuries in Venezuela, commit us to nothing when the joint object has been obtained... The policy of watching every rival power as though it were a potential enemy is quite sound, but this does not involve, as the extreme anti-Germans seem to imagine, the adoption of a distinctly hostile or provocative attitude.<sup>28</sup>

Apart from economic stakes in Venezuela, Britain still had unsettled issues with the United States itself. These were the Alaska boundary dispute with Canada, the Newfoundland fisheries dispute and the Bering Strait fur seal dispute. The Americans had refused a formal alliance with Britain in the Far East, and while preaching the virtues of the “open door” in China, they were using their coastwise shipping laws to prevent an open door in the Philippines and Puerto Rico, while they were in the process of giving the United States privileged access to the Cuban market through a reciprocal commercial treaty. Britain had signed the Second Hay Pauncefote Treaty with the United States under the pressure of the Boer imbroglio. With the Boer War now concluded, and with arrangements in hand for Japan to checkmate the Russians in China and Korea by November, 1902, the British Foreign Office was at least temporarily free from diversions away from western hemispheric concerns. If inducing the Americans to take and keep the Philippines was intended to create a new element in the balance of power in the Far East and the Pacific, containing American expansiveness in the Western Hemisphere was still on the British agenda. The Germans, though much disliked because of their support for the

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<sup>27</sup>*Ibid.*, 270-1.

<sup>28</sup>*The Daily Telegraph*, December 23, 1902.

Boers during the early phase of the struggle in South Africa, could be tempted into a joint demonstration of European power. They were not as yet a significant colonial power, were longing for an imperial place in the sun, and were prepared to acquire international prestige in association with Britain.<sup>29</sup> The fact that neither power gave priority to the foreign debt, but to the diplomatic claims when they decided to put pressure jointly on the Castro administration—in which they were later joined by Italy—might have been partly influenced by the need to punish a “degenerate” Latin American “rogue” president,<sup>30</sup> who had no naval power to match that of the advanced northern industrial nations, for resisting their diplomatic claims and insisting that his nation’s courts must first judge these claims. But when it is considered that Castro made some effort to pay up to fifty per cent of the foreign debt out of his government’s meagre revenues, had paid more than half the debt owed to the German railroad company, had arrived at an amicable settlement with the French on their debt claims and had withheld further debt servicing only after the Matos-led insurgency had begun, necessitating a large expenditure of the government’s scarce revenues,<sup>31</sup> we must conclude that the diplomatic claims were only part of a much larger objective behind the blockade of Venezuela’s ports, and that it was intended to demonstrate to the Americans that Europeans could join forces to contain American expansion if need be.

But in undertaking the blockade, the allies played into American hands. A demonstration of military aggression against a Circum-Caribbean state by one or more European states had always provided an opportunity for American diplomats to wring out transit and other rights from the beleaguered state. This had happened in Colombia in 1848, which had conceded transit rights to United States citizens in Panama against the background of British encroachments in Central America; Nicaragua had done the same the following year; while Guzmán Blanco in desperation at British encroachments in the Guyana region in the mid-1880s, had sought to cultivate American support by granting monopoly concessions to American interests in the Orinoco basin.<sup>32</sup> The British, if not the Germans, because of their novice status in the Caribbean, might have been expected to learn from this historical experience the risk of throwing Caribbean

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<sup>29</sup>N. Mitchell, The Height of the German Challenge, *Diplomatic History* 20(2) (1996): 187. *The New York Times*, January 23, 1903.

<sup>30</sup>W.G. Kneer, *Great Britain and the Caribbean, 1901-1913* (Michigan, 1975), 3; 25: views of British and Italian foreign office officials. Theodore Roosevelt was even more notorious for his Social Darwinist ethnocentrism. H.K. Beale, *Theodore Roosevelt and the Rise of America to World Power* (Baltimore, MD: The Johns Hopkins Press, 1956), 26-36.

<sup>31</sup>See statement of Castro carried in the *Port of Spain Gazette* January 13, 1903. On the French debt arrangement, see Haggard/Landsdowne April 19, 1902.

<sup>32</sup>This was probably the motive for the Hamilton and Fitzgerald concessions in 1883.

states more firmly into the orbit of Monroism, but evidently they did not. The allied coercion of Venezuela, reaching the highest pitch of intensity with the German bombardment and destruction of the Venezuelan fort of San Carlos, precipitated the signing in Washington by the Colombian negotiator of the inequitable Panama Canal zone treaty, which the Colombian Congress would later regret and vainly try to reverse. As for Castro, though the majority of Venezuelans rallied to his memorable war cry "*La planta insolente del extranjero ha profanado el suelo sagrado de la Patria*,"<sup>33</sup> he knew that while he could wear the allied enemies out in a land war, they were supreme at sea, especially after they had seized or destroyed several Venezuelan gunboats without any declaration of war. Castro also knew that with the local insurgents not yet fully suppressed, and with the nearly total dependence of his government on the customs revenues of the two main ports of La Guayra and Puerto Cabello, he had to lean on the Americans for intercession with the blockading powers and for a negotiated settlement.

The story of how the American minister at Caracas, Herbert Bowen, was assigned the role of negotiator by Castro, with the consent of the government of the United States, is well known and the details of the negotiations need not be repeated. The end result was that by February 13, 1903, the first of two series of protocols were signed at Washington with the blockading powers under which a partial cash payment by Venezuela for "first line" diplomatic claims would be made, "second line" diplomatic claims would be resolved in the now time-honoured tradition of "mixed commissions" with provision for a neutral umpire if the commissioners were deadlocked, and for the vexed question of preferential treatment for the blockading nations over all other foreign claimants to be decided by the Hague Tribunal. The following year that tribunal decided in favour of the blockaders.<sup>34</sup> As far as foreign capitalist interests were concerned—in which American interests were now becoming vitally involved—it was once more a triumph for the advanced industrial states since the attempt by Castro to have these claims first assessed in Venezuelan courts before reference to international tribunals was at least temporarily defeated. It is an indication of the exploitative nature of the claims business, that once negotiations for a settlement had begun nearly every western investor country put in its claim, and some of the claims were enormously inflated. To give some examples: The United States, posing as the friend of Venezuela, put in the largest claim of all, amounting in round figures to Bs 81,410,952, of which only Bs 2,269,543 were recognised by the mixed commission; Italy claimed Bs 39,844,259, of which only Bs 2,975,906 were recognised; Belgium claimed Bs 14,921,805, of which Bs 1,898,643 were recognised. Germany's claim was

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<sup>33</sup>T.P. Alcantara, Esquema Biográfico in Cipriano, *Castro y su época* (Caracas, 1991), 42-4.

<sup>34</sup>This is well covered in Kneer's *Great Britain and the Caribbean*, Chapter 2.

relatively modest—Bs 7,376,685—of which 2,091,906 were recognised. English claims fared best of all: Bs 14,743,572—of which Bs 9,401,267 were recognised. Altogether foreign claims on Venezuela's hard-pressed revenues amounted in round figures to Bs 186,558,150 of which a small fraction—Bs 35,575,154—were eventually recognised by the mixed commissions of 1904.<sup>35</sup> This seeming fair play was no doubt meant to legitimize the precedence of international tribunals over Latin American national tribunals, but the gross discrepancy in the amount of the claims and what was eventually recognised also reveals the utter lack of scruple employed by the northern states as a pressure tactic against Latin American states at the time.

The Anglo/German blockade of the Venezuelan ports, we have argued, played into the hands of the Americans. By the end of January, 1903, the Conservative government of Britain was anxious to get out of the Venezuelan imbroglio. The strategic significance of the alliance with Germany stirred up a vehement press campaign in the United States, with similar repercussions in some sections of the British press, and gave the Liberals in the British parliament a handy issue with which to embarrass the Conservatives. Leading conservative statesmen were now finding it necessary to pay fulsome, even grovelling, obeisance to the Monroe Doctrine.<sup>36</sup> Germany was made the scapegoat in the whole affair both by its American and British critics, though recent scholarship has demonstrated that the inexperienced Germans cautiously followed the strategic planning of the British government in challenging the growth of American hegemony in the Caribbean.<sup>37</sup> Equally important, the United States now had the justification needed for the Roosevelt Corollary to the Monroe Doctrine. The preference shown for the claims of the blockading nations also represented a de facto rejection of the Drago Doctrine<sup>38</sup> by the Hague Tribunal, though in 1907, when the claims of the blockaders were virtually paid out by the Castro regime, the Hague Tribunal modified its position on the use of force to collect debts.

For Venezuela, the claims payments, though drastically reduced, represented an annual remittance to the blockading powers of thirty percent of revenues from the two principal ports engaged in external trade, La Guayra and Puerto Cabello. In addition, in June, 1905, the Castro administration was required to sign a new agreement consolidating the external debt due to British bondholders and the debt due to the Diskonto Gesellschaft of Berlin, both

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<sup>35</sup>M.R. Campos, "El Bloqueo," in *Cipriano Castro y su época*, 127-8.

<sup>36</sup>For example, Austen Chamberlain, who at the height of the American press criticism claimed that there was "no nation in the world that had so heartily and loyally accepted the Monroe Doctrine as Great Britain," *The Times*, February 2, 1903.

<sup>37</sup>N. Mitchell, "The Height of the German Challenge," 195.

<sup>38</sup>Luis Drago, the Argentine diplomat who argued that force should not be applied for the collection of debts. J. Pratt and others, *A History of United States Foreign Policy* (Prentice Hall, 1980), 206-7.

inherited from previous administrations, amounting to Bs 132,049,925, which had to be serviced by twenty five percent of the ordinary revenues of all ports. This meant that the charges on the income of the two major ports of La Guayra and Puerto Cabello amounted to fifty five percent of their annual revenues—"this, in a country whose port revenues amounted on the average to 90% of all fiscal collections; a country whose treasury was in a permanent state of penury and which in that epoch had no possibility of tapping other sources of fiscal income."<sup>39</sup> That Castro paid out the debts to the blockaders within the stipulated period is testimony to his strong commitment to legal obligations and the capacity of the Venezuelan masses to endure deprivation.

It was that very commitment to legality, as well as his national fervour and outrage, that brought him into headlong conflict with American and French interests after 1904. He received information in early 1904 that the New York and Bermudez Company, before the Venezuelan Supreme Court had rendered its decision in favour of the company, had helped to finance the destructive *Revolución Libertadora* led by Matos. In 1905, he also received information which implicated in the same insurgency the French Cable Company, which had a monopoly over cable communications between Venezuela and Europe. He also had ample evidence that the British and Dutch colonies of Trinidad and Curaçao had once again played an important facilitating role in the costly insurgency. Castro was determined to reverse the tradition whereby Venezuela always had to pay compensation for alleged injury to foreigners and their property in Venezuela, while those foreign interests which fomented death and destruction in Venezuela received no punitive sanction. He retaliated by first suing on July 20<sup>th</sup>, 1904, through his Attorney General, the New York and Bermudez Company for damages for the non-fulfillment of the terms of its contract and applied to the Primary Court of Claims of the Federal Court and Court of Cassation for the cancellation of the company's concession. He also applied, as was permissible under Venezuelan law, for a Receiver to take charge of the company's assets pending the outcome of the litigation. The suit was granted, and a commission was appointed by the court to assess damages to be paid by the company. It assessed damages at Bs 1,500,000 or approximately \$300,000. Castro followed this by another suit in September, 1904, through the Attorney General, this one against the company for having fomented and aided the Matos rebellion. That suit finally heard in August, 1907, after much diplomatic protest and threats from Washington, resulted in the company being fined Bs 25,000,000, equivalent to \$5,000,000. As O.E. Thurber, who gave in 1907 what was perhaps the most thoroughly documented account of the diplomatic impasse between the United States and Venezuela, argued, if a foreign corporation operating in the United States had been caught promoting riot and insurrection against the United States Government, the principals would

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<sup>39</sup>Campos, "El Bloqueo." 129.

probably have been hung if apprehended, the property of the offending corporation would have been confiscated, and the universal verdict would have been one of approval: "Can any one conceive that another nation would have the temerity or insolence to call us to account for our action, or for the means adopted to bring the criminals to justice?"<sup>40</sup>

But as Castro himself had recognised, in the international relations conducted by the western powers, it was strength, not principle or consistency of conduct, that mattered. When he received news of the success of the first suit, the immediate response of the same American Minister, Herbert Bowen, who had negotiated the Washington Protocols with the blockading powers, was immediately to request an American battle fleet to seize the customs houses at La Guayra and Puerto Cabello if the company's embargoed property was not returned within twenty four hours. The Venezuelan foreign minister responded by pointing out that his government was following due legal process, that the company was free to appeal to the Venezuelan courts, that Bowen was tarnishing the name of a Venezuelan nation and threatening its sovereignty, against which the Venezuelan government had to protest. The Venezuelan government on January 6, 1905, in the face of a mounting campaign of hostility by the State Department and sections of the American press, offered to sign an arbitration treaty with the United States under which all issues which "legally acquired a diplomatic character" and which the two governments could not settle by mutual consent would be settled. The United States government agreed in principle, but wanted the Venezuelan government to suspend all legal proceedings against the New York and Bermudez Company and to restore its control over its properties, pending the decision of an arbitration tribunal. However, the Venezuelan government took the view that in international law a case pending in a national court is not a diplomatic question and can only become such after the court had rendered its final decision in such a way and in such terms as to constitute an injustice.<sup>41</sup> The United States government, like most of the other strong powers, refused to recognise this Venezuelan insistence on what was now being called the "Calvo Doctrine." Instead, it adopted the big power tactic of invoking more diplomatic claims,<sup>42</sup> sending some warships for naval manoeuvres, but not proceeding to blockade any port, since Latin American countries were already becoming alienated from the United States. Moreover, in the years 1905 to 1907, the United States government was preoccupied with the Russo-Japanese war and the Morocco conflict.

Castro acted against the French Cable Company in September 1905, by raising its annual tax payment. When the company's manager refused to pay the increased tax, he had him expelled and took the company to court. The French

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<sup>40</sup>Thurber, *Castro and the Asphalt Trust*, 42.

<sup>41</sup>*Ibid*, 68-9 for the pertinent correspondence.

<sup>42</sup>Hendrickson, "Roosevelt's Second Venezuelan Controversy," 485-6.

government withdrew its minister, leaving their consul general, Olivier Taigny, in charge of French interests. Taigny protested against the Venezuelan government's action, rejecting the allegation that the company had supported the Matos rebellion. Then followed what Taigny would later call "an opera bouffe." Castro had refused to send Taigny an invitation to his 1906 New Year's party for foreign diplomats, on the ground that Taigny was a consular agent and not a diplomat. When Taigny turned up anyway at the party, he was studiously ignored by Castro. This immediately led to a furore, with the French government, asserting that it had been subjected to a diplomatic insult, called for a public apology from the Venezuelan government, and when this was not forthcoming broke off diplomatic relations. Castro, in the meantime, fully aware of the use of the cables for coded messages to insurgents, cut the French cable link from Caracas to Curaçao. Taigny, now without diplomatic status, attempted to hand-retrieve French diplomatic mail on board the French liner, the "Martinique," but was not permitted to debark by Venezuelan customs security, and was thus effectively expelled from Venezuela.<sup>43</sup> This, of course, further embittered relations with France, which now threatened a naval blockade with secret encouragement from the United States, which, however, wished France to act unilaterally. Entangled with Germany in the Morocco crisis, the French government wisely refrained from playing the American game, and simply settled, like the Americans, for a policy of watchful waiting.

Castro's strategy for dealing with those two island bases of insurgency, Trinidad and Curaçao, was to blockade the major Venezuelan ports in times of insurgency, which only the powerful war vessels of the western powers could break, and often did. Such blockades had the effect of strangling legal trade between the islands and Venezuela, which could be circumvented only by smuggling, with the risk of contraband vessels falling victim to Venezuelan gunboats. Moreover, Castro continued Guzmán Blanco's strategy of making the Venezuela northern coastal ports direct ports of call for ships engaged in the trans-Atlantic and North America trade.<sup>44</sup> This would cut off the lucrative middle man's profits from Trinidad and Curaçao. Simultaneously, he strengthened port defenses, strengthened his military and popular forces, especially in the outlying states, and allocated a larger share of the budget to defense. He also dealt ruthlessly with insurgents when they were caught, and could be credited as the Venezuelan leader who effectively put an end to the caudillaje, which had devastated the country over the previous half century. By 1908, every externally sponsored attempt to dislodge him from power had failed miserably. Detested by most resident diplomats except the Germans, with whom he had developed a rapprochement, Castro by mid-1908 could only evoke

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<sup>43</sup>*The Port of Spain Gazette*, January 19, 20; February 21, 1906.

<sup>44</sup>For example, Carupano and Cristobal Colon. *The Port of Spain Gazette*, June 22, 1905.

something akin to despair from the British minister, Sir Vincent Corbett. Commenting on the signs of another insurgency, he denounced Castro as ruthless in his response: “On the other hand, it must be remembered that the President, despite his low origin and imperfect education is a **Man** [his emphasis], and as such a head and shoulders above his adversaries. In spite of the universal detestation in which he is held, he may yet by sheer force of character again defeat his enemies as he has done before.”<sup>45</sup>

Yet the unexpected happened: by the end of the year Castro would be out of power via a palace coup rather than an insurgency. We must now conclude with a brief overview of how it happened. In April, 1908, the United States Government, becoming increasingly frustrated by Castro’s intransigence on the issue of arbitrating the New York and Bermudez issue and four others that were subsequently added, attempted a naval intimidation of Castro by sending the warship “Tacoma” to La Guayra, which, in the context of news of another insurgency in the making, with Trinidad as a likely base of operations for General Rolando, prompted Castro to make defensive preparations once more. Early in the same month it was rumoured abroad that there was an outbreak of bubonic plague in La Guayra, the chief Venezuelan port. The Trinidad authorities began prohibiting Venezuelan ships from landing goods and passengers at the Port of Spain harbour.<sup>46</sup> This measure would certainly have resulted in Venezuelan ports having to depend on goods coming from Trinidad and Curaçao and would have delivered a serious setback to Castro’s attempt to confine the Venezuelan coasting and external trade to Venezuelan ports. On April 28, Castro retaliated against Trinidad by passing a decree which quarantined La Guayra as a port of entry, citing the very bubonic plague that the Trinidad government had cited for its action. In early May the Curaçao authorities began to quarantine Venezuelan vessels coming with clean bills of health from other Venezuelan ports. Castro retaliated with a decree on May 14, virtually prohibiting foreign vessels from conducting trade with Venezuelan ports. In the same month of May an Amsterdam journal, the *Hou en Trou* published a letter from the Dutch Minister in Caracas, J.H. De Reuss, critical of the Castro administration. A month later, sensing an impending crisis between Castro and the British and Dutch interests, the Roosevelt administration decided to increase the pressure on Castro by breaking off diplomatic relations (June 13, 1908). In July another Dutch journal, the *Handelsblad*, revealed De Reuss’ letter to the public, following which Castro handed De Reuss his passport on the ground that his conduct was incompatible with his diplomatic status. In the meantime mercantile interests in Curaçao appealed to the queen of the Netherlands saying that Castro’s decree was ruining the trade of Curaçao and it was hinted that unless the Dutch government took urgent action, Curaçao might

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<sup>45</sup>F.O. Corbett/Grey No. 32, conf. May 7, 1908.

<sup>46</sup>*Port of Spain Gazette*, April 22, 23; May 3, 1908.

invite the United States to establish a protectorate over the island. The Roosevelt administration made it known diplomatically to the Dutch that it would have no objection to the Dutch mounting a naval blockade and even temporarily taking control of the Venezuelan customs houses. The stage was set for the final showdown.<sup>47</sup> From August the Dutch began sending their iron-clads for a demonstration before the main Venezuelan ports and to prepare for the possible landing of troops.

The timing could not have been better. Castro was now suffering from severe bouts of fever and exhaustion due to a bladder infection and an intestinal ulcer. It was rumoured that he might die, unless he undertook a delicate operation abroad. Leaving his Vice President, Juan Vicente Gomez to deal with the Dutch blockade, Castro sailed for Europe on the 23<sup>rd</sup> of November, heading for a medical institution in Germany to be operated on by one Dr. Israel. According to the British Minister in The Hague, Lord Acton, the prevailing feeling there was that “a fatal termination to the President’s illness might afford a solution to the difficulty”; while the British Foreign Minister, Lord Lansdowne, minuted on December 7, “Dutch diplomacy has so far been futile. The government probably long for Castro’s death at the hands of the Berlin surgeon.”<sup>48</sup>

It was while Castro was being medically treated in Berlin that Juan V. Gomez, in a move carefully orchestrated by Castro’s local opponents and foreign diplomats, carried out his palace coup on December 19, 1908, and invited the United States government to despatch warships to Venezuela, following which the Buchanan-Guinan accords were worked out. The New York and Bermudez property would be returned and the other American claims arbitrated.<sup>49</sup> The Dutch failed to obtain the general commercial agreement with Venezuela they had hoped for. Once again a European aggression against Venezuela had worked to the advantage of United States interests.

But Castro did not die from the surgeon’s knife and once he had sufficiently recuperated from the operation, he took ship and headed back to the Caribbean in March 1909, confident that his popular support among the masses, as distinct from the Venezuelan elite and their foreign allies, was strong enough for him to recapture the government and to deal with those who had betrayed him. Both Gomez and his foreign allies evidently believed that as well. In a move coordinated by the American government, the British and the Dutch authorities debarred him from landing at either Trinidad or Curaçao. On the 7<sup>th</sup> of April, 1909, he disembarked from the “S.S. Guadeloupe” at Fort de France,

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<sup>47</sup>F.O. 371/570 Howard/Grey No. 141 July 24, 1908. Howard/Grey No. 163 conf. August 13, 1908.

<sup>48</sup>Acton/Grey No. 247, December 1, 1908. Lansdowne’s comment on December 7 is on Acton’s despatch.

<sup>49</sup>R. Betancourt, *Venezuela, política y petróleo* (Boston, 1978), 9-10.

Martinique, but after taking an early morning stroll, he reported feeling unwell and his brother claimed that his stitches were reopening; he remained in his bed for the rest of the day in his underwear. In the meantime orders arrived from Paris that he was not to be permitted to remain in Martinique or be allowed to head for Venezuela. Three doctors testified that he was fit enough to be embarked despite the protests of some civilians who had seen him. He himself refused to get out of his bed. Gendarmes were summoned. At around 8:45 p.m. they took him out in a stretcher clad only in his underwear to the French liner "The Versailles" which had been delayed for nearly three hours for the purpose.<sup>50</sup>

The first Caribbean Castro to challenge Western imperialism would never again be allowed to set foot on his native land. He was transported to France, disembarking at St. Nazaire on 24<sup>th</sup> April, 1909. Despite his immediate proclamation that he was no longer interested in regaining the Venezuelan presidency and wanted only freedom to attend to his personal affairs and to grow lettuce like Diocletian, after a period of physical recuperation he would make several vain attempts to return to his native Venezuela before dying in exile in Puerto Rico.<sup>51</sup>

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<sup>50</sup>W.M. Sullivan, "The Harassed Exile: *General Cipriano Castro 1908-1924*," *The Americas* XXXIII (Oct. 1976): 288. Also J.D. Schnegg/Asst. S of S April 13, 1909. M.62. R.298. U.S. Archives, Washington, D.C.

<sup>51</sup>*Ibid.*, 288-97.