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The Good Corporate Citizen:

Social responsibility and the foreign oil companies

Marcus Golding

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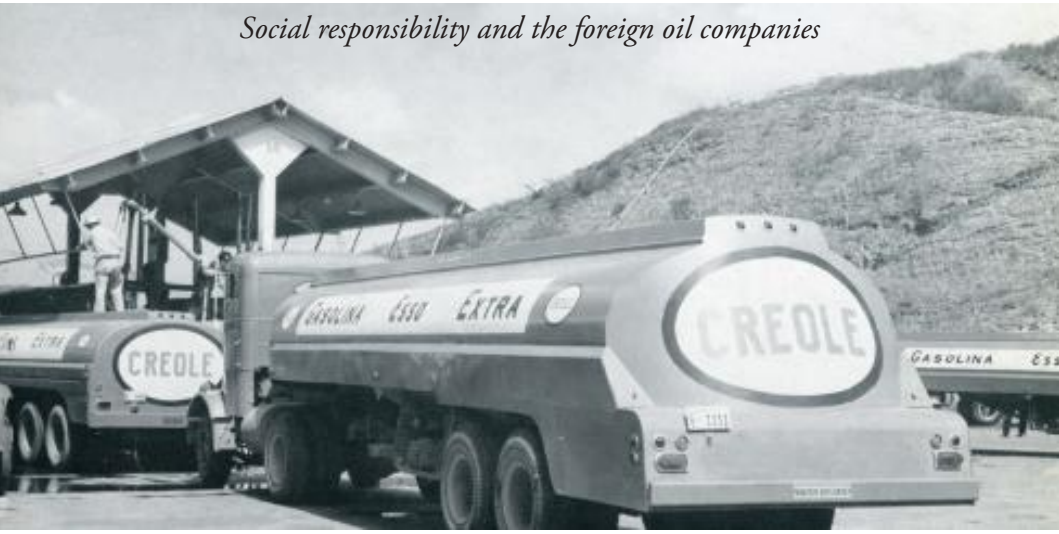
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Author's note: the following paper is an original article part of my doctoral thesis, *The Price of Doing Business: Foreign Capital and the Venezuelan Oil Industry (1936-1976)*. This paper has not been published anywhere to this date.

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The Good Corporate Citizen:

Social responsibility and the foreign oil companies

El buen ciudadano empresarial:

Responsabilidad social y las empresas extranjeras de petróleo

Marcus Golding

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Grupo de Estudios Venezuela - Estados Unidos

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Para el Centro Venezolano Americano de Mérida (CEVAM) es una importante labor continuar respaldando actividades de difusión como las presentadas por el Grupo de Estudios Venezuela – Estados Unidos (GEVEU) a través de sus distintas publicaciones. Obras que profundizan desde diversos temas los análisis sobre los vínculos entre ambas naciones y que permiten captar el interés de un público más numeroso sobre las relaciones histórico-culturales existentes. Desde el CEVAM nos sentimos motivados con la participación constante en proyectos con estas características, los cuales son relevantes para construir puentes de entendimiento, que fortalezcan y mantengan las relaciones amistosas y recíprocas, que resalten las consideraciones y rasgos comunes de constante comunicación entre los dos países.

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Presentation

Las distintas miradas al tema del petróleo en los estudios históricos venezolanos han tenido mayor interés en presentar una visión enfocada en el intercambio económico en sus diversas etapas, su huella imborrable en el desarrollo político del país durante el siglo XX y, desde luego, su influencia en la cultura nacional. No obstante, esta importante línea de investigación sigue ofreciendo nuevas rutas para su estudio y dando perspectivas para novedosos acercamientos a las fuentes que aún siguen aportando puntos de vista de relevantes o desconocidos. Una de estas sendas de estudio es el análisis de los aportes de las compañías petroleras al país, destacando el concepto de responsabilidad empresarial, el cual implica el sentido de pertenencia y soporte que puede proveer un consorcio a una comunidad, como un mecanismo de retribución y apoyo en el espacio donde se realiza una actividad comercial, extractiva o empresarial. En Venezuela las empresas estadounidenses y británicas se convirtieron en pioneras por sus aportes en la creación de importantes proyectos socioeconómicos como la construcción de complejos residenciales, clubes sociales, centros de enseñanza bilingüe, centros deportivos, entre otros. Sin dejar de lado las propuestas de desarrollo económico y profesional ofrecidas sus empleados,

lo que representó un valioso cambio y una ruta de ascenso social. Acciones de renovación de la concepción empresarial como las empleadas por las compañías petroleras, especialmente la Creole Petroleum Corporation, dieron cuenta de una transformación en la mentalidad netamente extractiva hacia el compromiso social. Evitando de esta manera la conflictividad local o el forjamiento de un nacionalismo exacerbado que entorpeciera el desarrollo del negocio petrolero en Venezuela. En *The Good Corporate Citizen: Social responsibility and the foreign oil companies* Marcus Golding expone con dedicado detalle y perfilado análisis los cambios en las propuestas empresariales de las compañías petroleras en Venezuela en las décadas de los años treinta y cuarenta del siglo XX, adentrándose en las acciones direccionadas hacia el progreso social y la responsabilidad empresarial.

El Grupo de Estudios Venezuela Estados Unidos (GEVEU) se honra en dar continuidad a la colección *Cuadernos* con el trabajo de Marcus Golding, un joven historiador venezolano, radicado en Austin-Texas, donde realiza sus estudios doctorales, quien nos presenta una obra fresca y novedosa para la comprensión de la historia petrolera de Venezuela y sus relaciones con las empresas estadounidenses. Trabajo que evidencia el profesionalismo y la dedicación de un investigador acucioso abocado a ofrecer nuevas rutas para el estudio de las relaciones entre Venezuela y Estados Unidos.

Prof. Francisco Soto Oráa
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The good corporate citizen:

social responsibility and the foreign oil companies

Abstract

American and British oil companies emerged as the leading advocates of corporate social responsibility in Venezuela, providing public services, investing in socio-economic projects, and offering professional opportunities for all Venezuelans. However, they did not initially profess this liberal mindset. Instead, foreign corporations such as the Creole Petroleum Corporation transitioned from being unconcerned with local grievances in the 1930s to becoming exemplary models of commitment towards the social problems of the country in the 1940s. This article traces the process of corporate reinvention, analyzing how Creole and its predecessors adopted this business philosophy. Ultimately, this agenda allowed the company to avoid the economic nationalism that had led to the expropriation of foreign capital assets in other parts of the world. The last section explores the scope and reach of Creole's policy of 'Venezolanization,' which aimed to promote local talent at all levels of the oil industry.

Keywords: Foreign oil companies, corporate social responsibility, Venezolanization of the industry, Creole Petroleum Corporation.





El buen ciudadano empresarial:

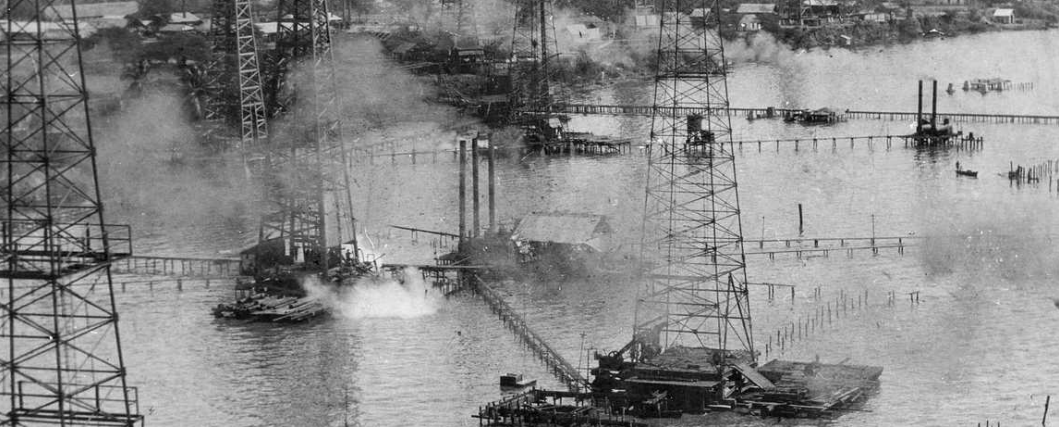
Responsabilidad social y las empresas extranjeras de petróleo

Resumen

Las compañías americanas y británicas se establecieron como las principales promotoras de la responsabilidad social empresarial en Venezuela, proveyendo servicios públicos, invirtiendo en proyectos socioeconómicos, y ofreciendo oportunidades de avance profesional para todos los venezolanos. Sin embargo, estas corporaciones no profesaban inicialmente esta mentalidad gerencial. Empresas como la Creole Petroleum Corporation pasaron de ser entes comerciales sin ningún interés en los problemas locales en la década de los años 30 a convertirse en modelos ejemplares de compromiso hacia los problemas sociales del país en la década de los años 40. El artículo rastrea este proceso de reinvención corporativa analizando cómo y por qué la Creole y sus predecesores adoptaron esta filosofía de negocios. Esta nueva agenda le permitió a la empresa evitar el nacionalismo económico que había llevado a la expropiación de capitales extranjeros en otras partes del mundo. La última sección explora el alcance y profundidad de la política de Venezolanización de le Creole, la cual buscó promover el talento local a todos los niveles de la industria.

Palabras claves: Compañías petroleras extranjeras, responsabilidad social empresarial, Venezolanización de la industria, Creole Petroleum Corporation.





Introduction

This article analyzes the social agenda of the Creole Petroleum Corporation, a subsidiary wholly owned by the Standard Oil Company of New Jersey operating in Venezuela. It traces how the company went from an organization unconcerned with local needs, to a firm committed to the idea of social progress of the Venezuelan people. United States petroleum companies particularly faced a tough situation in Latin America during the 1930s. The economic havoc brought by the Great Depression convinced host governments that they needed to impose greater restrictions and tax burdens on foreign capital.[1] Oil workers in Mexico and state officials in Argentina began to perceive American and British petroleum firms as plunderers of the countries' national resources. They considered economic intervention as the only way to break the chains of foreign exploitation. As a result, United States oil corporations suffered. Jersey Standard experienced the nationalization of its Bolivian

1 Thomas F. O'Brien, *Making the Americas: The United States and Latin America from the Age of Revolutions to the Era of Globalization* (Albuquerque: University of New Mexico Press, 2007); Jonathan C. Brown, "The Structure of the Foreign-Owned Petroleum Industry in Mexico," in *The Mexican Petroleum Industry in the Twentieth Century*, ed. Jonathan C. Brown and Alan Knight (Austin, Texas: University of Texas Press, 2009), 14.



subsidiary in 1937. Its Mexican affiliate, the Huasteca Oil Company, went down the next year when oil workers declared a strike and the state took over the industry.

For a time, Venezuela seemed to be heading into that direction. The first nationwide oil strike took place in December of 1936. Workers demanded higher wages, opportunities to progress professionally in the industry, improved health care and better housing. All these requests company managers had not fully addressed or paid attention to in the past. But within a few years, the perspective of the Creole Petroleum Corporation about its social responsibility towards Venezuela changed drastically. In the 1940s, the firm got involved in providing public services and economic support to communities in the nearby oilfields. It started a tradition of state sanctioned collective bargaining, negotiating generous collective contracts with labor bosses. Creole executives also collaborated with state officials on many issues, from providing energy subsidies to Venezuelan consumers to diversifying the local economy by investing in agro-industrial businesses. By the 1960s, Creole officials persuaded domestic businessmen to adopt social responsibility as a core element of their business agenda. Together they created an organization, "The Voluntary Dividend for the Community." This pioneering nonprofit institution channeled a percentage of the profits from the affiliated American and Venezuelan corporations into health, education, and science programs throughout the country. Business communities later replicated this model in Latin America and Asia.

The government in Caracas only nationalized the petroleum industry in 1976. By Latin American standards, this take-over came very late. Most other countries in the region had already set up state monopolies or expropriated the assets of foreign oil firms. In order to answer why American and British petroleum



firms behaved differently and endured for so long in Venezuela, one must understand the role that the social welfare of the country played in their business strategy.

The paper addresses this question from two angles. The first part analyzes the reasons behind the Creole Petroleum Corporation's adoption of a broad agenda of corporate social responsibility in the 1940s. I argue that external changes and internal conditions convinced Creole executives to adopt a new managerial perspective focused on the social problems of the country. The 1938 Mexican oil nationalization had a special traumatic impact, influencing this process of corporate reinvention. A new cohort of American managers and executives with experience in Latin America, and who had witnessed the hardships brought on by the Great Depression, also supported this transformation. Men like Nelson D. Rockefeller, son of the founder of the Standard Oil Company of New Jersey and a Creole executive. Arthur T. Proudift, a Creole manager, and later president of this affiliate, also believed in a reformed capitalism. Their vision consisted of a system not only centered on profits but also on finding solutions to the social problems of the host country. Finally, the Hydrocarbons Law negotiations of 1942 alerted managers to the perils that ignoring the socio-economic demands of the Venezuelans could have for the companies' operations.

The second section of this article concentrates on the widespread policy of "Venezolanization" adopted by the Creole Petroleum Corporation. This initiative constituted one of the salient features of Creole's new policy of promotion and integration of local talent into the company. It consisted of the progressive hiring and training of Venezuelans to all positions of the corporate hierarchy. The company's main competitors, Royal Dutch Shell, and the Gulf Corporation, implemented their own

version of this policy as well.[2] The program of Venezolanization is exceptional for another reason. It applied to foreigners as well. Creole prioritized the constitution of a workforce in which non-Venezuelan personnel could communicate and supervise their local subordinates in the native tongue. To that end, management set up training programs for the American personnel to learn the language, customs, and the history of the host nation. These requirements became mandatory for any foreigner wanting to work in the Venezuelan subsidiary.

The corporate agenda of social change implemented by Creole and other the foreign petroleum companies in Venezuela was huge and had different components. One constituted the industrial and employee relations initiatives the firms undertook to improve the wellbeing of their workers and their families. A second component involved socio-economic investments outside the hydrocarbon sector. These projects included provision of public services such as roads, water systems and electricity. Companies also fomented Venezuelan industries by purchasing goods and materials from local suppliers needed for the hydrocarbon sector. They created cultural, educational and research institutions to serve the community. Foreign employees also got involved in community affairs by participating actively in civic organizations around the country. Finally, United States and British oil interests invested in public relations departments. They played a crucial role communicating to Venezuelans how foreign capital contributed to the national development of the country, and how the interests of the companies and Venezuela

2 Alejandro E Cáceres, *Londres en Caracas y la Haya en Maracaibo: Retos empresariales de Royal Dutch Shell en la industria petrolera venezolana entre 1943-1958* (Caracas, Venezuela: Academia Nacional de la Historia, 2019). In his book, Cáceres studies in detail many of the management reforms undertaken by Royal Shell Dutch in Venezuela in order to become a more efficient and socially committed enterprise between the 1940s and the 1950s.



were essentially the same. Their sophisticated media apparatus also countered local voices that criticized the presence of foreigners in the top economic sector of Venezuela.

The scope of the corporate social responsibility agenda of foreign petroleum enterprises was massive. The oilmen's commitment to Venezuela's prosperity was different in at least two ways to what happened in other countries of Latin America. First, the domestic hydrocarbon industry continued to be profitable throughout the twentieth century. It did not face any serious downturns in production or fluctuation in prices, or the same degree of competition, as other Latin American commodities. The insatiable world hunger for petroleum also placed the country's abundant oil reserves in a privilege position in the global economy. In contrast, places like Argentina consumed most of its oil internally and experienced stationary or declining production.[3] This situation meant that American and British interests could satisfy the needs of workers and tax collectors in Caracas, reap considerable profits for their shareholders and still finance a comprehensive set of policies and projects oriented towards the social welfare of the country and its citizens. Finally, the political elites allowed foreign companies to run the oil industry until it was fully developed as for Venezuelans to assume control without their direction. A goal achieved with the 1976 nationalization.

3 Jonathan C. Brown, *A Brief History of Argentina.* (New York: Facts On File, Incorporated, 2011), 195.





Corporate Social Responsibility

Scholars studying the social responsibility of corporations have presented different definitions of the idea. In general, they agree that this agenda involves the active involvement of businesses in helping societies solve social, environmental, or economic problems, among other issues, in the regions where these firms operate.[4] These policies can be entirely self-interested or motivated by genuine ethical concerns of the organization. This article follows Archie B. Carroll's and Kenneth E. Goodpaster's basic definition. They see corporate social responsibility (CSR) as the idea that corporations exist and have rights and responsibilities as citizens of a community.[5] United States and British oil interests conceived themselves as corporate citizens with social responsibilities in Venezuela. I add two other elements to this concept. The first element is that in order to be perceived as good citizens publicly, corporations have to get involved in a process of continued successful relationships with society.[6] In other words,

4 Archie B Carroll and Kenneth E Goodpaster, *Corporate Responsibility: The American Experience* (Cambridge: Cambridge University Press, 2013), 7-8.

5 *Ibid.,* 7.

6 Davide Secchi, "Utilitarian, Managerial and Relational Theories of Corporate Social Responsibility," *International Journal of Management Reviews* 9, no. 4 (2007): 347–73, 362.



enterprises have to constantly invest in policies, programs and reforms that confirm their claims of responsibility to the citizens of a host country. The last aspect of corporate social responsibility is that it concerns itself with the social actions of the company and not its rhetoric. This observation is a key distinction with the idea of public relations, which focuses on the words and not the deeds of the firm. However, both are complementary, and work best in tandem.

Based on this definition, the paper engages with two strands of literature regarding corporate social responsibility in Latin America. The historiography on United States businesses identifies two types of corporate capitalism. One, associated with the "stick to business" attitude, is unconcerned with social services. The other is the "progressive" tradition that concentrates on the workers' and community needs, with companies offering a variety of social services, high wages, and long-term job security.[7]

Historians have studied how some American firms, in the 1940s, drew from the "progressive" approach to business to overcome domestic nationalism in Latin America. The policies of many United States manufacturing and retailing companies in Mexico and Brazil focused on upward mobility, higher wages, social benefits, hiring locals for management positions, and respect for Latin American culture.[8] They did not stop there. Corporations also used the airwaves to connect with the

7 Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business*, (Berkeley: University of California Press, 2001), 4; Sanford M. Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (New Jersey: Princeton University Press, 1998), 4.

8 Julio Moreno, *Yankee Don't Go Home!: Mexican Nationalism, American Business Culture, and the Shaping of Modern Mexico, 1920-1950* (Chapel Hill: University of North Carolina Press, 2003); Joel Wolfe, *Autos and Progress: The Brazilian Search for Modernity* (Oxford: Oxford University Press, 2010).



audience. Sears Roebuck in Mexico sponsored half-hour radio programs linking their store to the nationalist goals of the Mexican Revolution. Ford Motors and General Motors did the same in Brazil by broadcasting messages that tied domestically produced vehicles with local ideals of social mobility and national unification. Colgate-Palmolive participated in the creation of a modern Latin American cultural product, the soap opera, targeted at their main clients, housewives.[9] In all these instances companies promoted a vision of nationalism compatible with, and even reliant on, the participation of foreign capital in the economic and social prosperity of Latin America.

Those American businesses that implemented social responsibility assiduously succeeded in Latin America; those that did not faced growing popular scorn. For instance, United States capital fared poorly in the hydrocarbon sector, facing repeated state interventions between the 1930s and 1960s. Foreign oil firms suffered nationalizations in Bolivia (1937), Mexico (1938), and Peru (1968). The Creole Petroleum Corporation, and its most immediate competitors like Shell and Gulf, became unique examples in the history of social responsibility for two reasons. First, the exorbitant profits reaped by these enterprises allowed for government taxation at higher rates without risk. High earnings also enabled these firms to follow a very generous policy of social spending. In fact, Venezuelan politicians viewed these foreign businessmen as key elements for diversifying the economy and raising the living standards of all their citizens.

Second, most of the progressive corporate strategies in the United States and Latin America sought to stave off unionization. However, Venezuela's progressive corporate approach featured

9 Moreno, *Yankee Don't Go Home!*, 181; Wolfe, *Autos and Progress*, 72; James P. Woodard, *Brazil's Revolution in Commerce: Creating Consumer Capitalism in the American Century* (The University of North Carolina Press, 2020), 57, 103.



collective bargaining between managers and workers. Collective bargaining secured a degree of cooperation and social peace in the oilfields right up to the nationalization. Ironically, the petroleum companies operating in Venezuela became the best proponents of social corporate responsibility in all Latin America.

A last strand of historiography has been concerned with racial hierarchies in the petroleum industries of the Global South and their connection with nationalism. Mechanisms to prevent the rise of local employees within foreign oil firms had a single purpose. Companies sought to preserve foreign control over the managerial and technical aspects of the industry. Expatriate managers blocked upward mobility to avoid their eventual replacement by nationals and their governments. In the early days of the oil industry of Mexico, Jonathan Brown has explored how United States and British firms reserved most management positions to foreigners. The foremen in charge of supervising the Mexican workers in the oilfields even refused to learn Spanish to communicate with them.[10] According to another study, The Anglo-Iranian Oil Company argued that the perennial lack of technical skills of the local population prevented more favorable positions for them within the industry.[11] Colombians faced a similar situation as the Tropical Oil Company refused to provide the technical training needed by the native workers.[12]

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10 Jonathan C. Brown, *Oil and Revolution in Mexico* (Berkeley: University of California Press, 1993), 81, 322; Jonathan C. Brown, "Foreign and Native-Born Workers in Porfirian Mexico," *The American Historical Review* 98, no. 3 (1993): 786–818, 796.

11 Katayoun Shafiee, *Machineries of Oil: An Infrastructural History of BP in Iran* (Cambridge, Massachusetts: MIT Press, 2018), 142.

12 Stefano Tijerina, "The Zero-Sum Game of Early Oil Extraction Relations in Colombia: Workers, Tropical Oil, and the Police State, 1918-1938," in *Working for Oil: Comparative Social Histories of Labor in the Global Oil Industry*, ed. Touraj Atabaki, Elisabetta Bini, and Kaveh Ehsani (Cham, Switzerland: Palgrave Macmillan, 2018).



The importation of migrant laborers constituted another feature of the racial hierarchies erected in the oil industry of the early twentieth century. Indian and West Indies workers served in intermediary positions In Iran and Venezuela. They separated United States and British managers from the local employees at the bottom. This segmentation stoked racial tensions, inflaming national demands for state intervention.[13]

Their initial disregard for the welfare of workers and their communities made foreign oil companies easy targets of attack. On the other hand, those corporations that did engage in corporate social responsibility only half-heartedly remained vulnerable to popular scorn and the threat of state intervention. Another study on Iran notes how the social policies of the Anglo-Iranian Oil Company did not go far enough to guarantee the company's favorable image in the public's eyes. This enterprise began to expand certain services to their workers such as healthcare and housing in the 1940s. However, the corporation's continued segregation of local workers, and its unwillingness to incorporate them to technical and executive positions undermined the firm's position in the long term. The scope of social responsibility measures proved to be insufficient to prevent a crisis with the government.[14] In 1951, the state nationalized the assets of the Anglo-Iranian Oil Company.

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13 Stephanie Cronin, "Popular Politics, the New State and the Birth of the Iranian Working Class: The 1929 Abadan Oil Refinery Strike," *Middle Eastern Studies* 46, no. 5 (September 1, 2010): 699–732, 706; Giuliano Garavini, *The Rise and Fall of OPEC in the Twentieth Century* (Oxford: Oxford University Press, 2019), 79-82; Miguel Tinker Salas, "Races and Cultures in the Venezuelan Oil Fields," in *Work, Protest, and Identity in Twentieth-Century Latin America*, ed. Vicent C. Peloso (Wilmington, Delaware: Scholarly Resources, 2003), 153-154.

14 Neveen Abdelrehim, Josephine Maltby, and Steven Toms, "Corporate Social Responsibility and Corporate Control: The Anglo-Iranian Oil Company, 1933—1951," *Enterprise & Society* 12, no. 4 (2011): 824–62, 824-830, 851.



Social reforms in the Venezuelan petroleum industry produced the opposite effect.[15] The Creole Petroleum Corporation fully embraced the hiring and promotion of Venezuelans within the company's hierarchy. It also dismantled racial hierarchies in the oilfields by desegregating the camps. The company's competitors followed similar policies. As a result, United States and British oil interests did not face serious accusations of relegation of natives to inferior positions like in most places of the Global South. I argue that the policy of Venezolanization was unique in its scope. It benefitted the company in the long term by neutralizing potential sources of domestic criticism that could have generated a direct confrontation with the government. However, foreign companies did not come to Venezuela with this liberal mindset when oil production began in 1922. Internal factors and external experiences gradually changed how American and British petroleum firms did business in the country.

15 Giuliano Garavini, *The Rise and Fall of OPEC in the Twentieth Century*, 95. This author sees a clear difference between the reformist practices of the Creole Petroleum Corporation in Venezuela and other less socially-committed foreign oil companies like Saudi Aramco.





From Bad Foreigner to Good Citizen

The Creole Petroleum Corporation had a formidable presence in Venezuela. The firm became the single Venezuelan affiliate of Jersey Standard on August 19, 1943, after a merger of several subsidiaries in Venezuela, the Standard Oil Company of Venezuela (December 27, 1921), Lago Petroleum (1923), acquired by Jersey Standard in 1932, and the Creole Syndicate (March 30, 1920), bought by the parent firm in 1928 and rebranded as the Creole Petroleum Corporation. Creole became the biggest oil enterprise in Venezuela, accounting for almost 50 percent of the production in the country. The firm joined other American and British interests in dominating the Venezuelan petroleum industry for most of the twentieth century (1922-1976).

By 1958, the Creole Petroleum Corporation employed 14,540 individuals from which 90 percent were Venezuelan. It was a vertically integrated enterprise in charge of exploration, production, refining and marketing. Creole sold its oil to sixty-six countries with the United States as the top customer consuming approximately 38 per cent of the production. The company had a presence in western and eastern Venezuela with a total of 2,400 active petroleum wells, 800 hundred kilometers

of oil pipelines on land, and 2,080 kilometers of pipes under water at Lake Maracaibo. Finally, the company had nineteen oil camps, port facilities and two refineries. Its Amuay refinery in western Venezuela was one of the largest in the world at the time. With an installed capacity to refine 303 thousand barrels a day in 1957, the Creole Petroleum Corporation could satisfy the small internal demand and still have plenty of refined products to export abroad. By the end of 1958, Creole exported an average of 1,080,700 thousand barrels a day.[16] From this amount, the country's economy only consumed a minuscule amount. Venezuela's overall consumption reached only 14 million barrels worth of refined products during this year. Even though the internal market grew at an average rate of 800 thousand barrels a year from 1947 onwards, it is clear that the foreign petroleum enterprises destined most of their production and refined products to the markets abroad.[17] In any case, Creole invested colossal sums in the country. A corporate publication stated that the firm had a gross investment of more than $2,000,000, "probably the largest American enterprise operating in any foreign country."[18]

The favorable position that the Creole Petroleum Corporation enjoyed in Venezuela was not always as fantastic. In fact, the first relations with Venezuelan workers and communities in the 1930s consisted of distrustful interactions.

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16 "An Introduction to Standard Oil Company (New Jersey)," 1957, Box 2207L12c, Dolph Briscoe Center for American History. University of Texas at Austin, 19 (hereafter cited as Briscoe Center); "La Creole Petroleum Corporation Impulsa El Desarrollo de Venezuela 1921-1959," *Petroleo y Minería de Venezuela*, October 1959, Biblioteca Nacional de Venezuela, Hemeroteca, 56-72.

17 Luis Vallenilla, *Petróleo Venezolano Auge, Declinación y Porvenir* (Caracas: Venezuela: Monte Avila Editores, 1975), 172, 280.

18 "What Is Creole?" (Creole Petroleum Corporation, 1962), Box 2207H17, Briscoe Center.



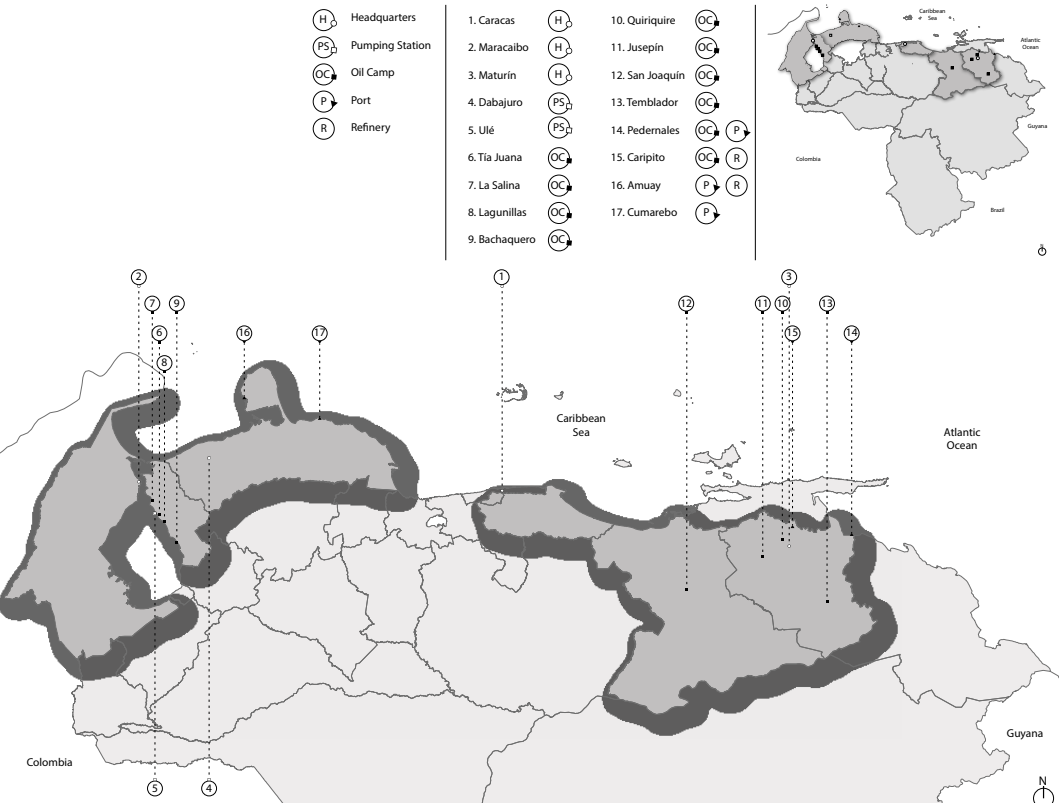


Figure 1: Main oil camps, refineries, ports and pumping stations of the Creole Petroleum Corporation in Venezuela

The overwhelming position of American expatriates in positions of authority within the company generated local resentment.

A 1930 company memo of the Creole Petroleum Corporation already identified this problem. The document argued that "to a great degree, the Venezuelan people could not be criticized too strongly for considering the development of the oil business as a foreign invasion." It alerted that even though a small percentage of "nationals can be found who are capable of performing technical duties," managers did little to "develop or encourage" Venezuelans for such positions. The attitude of the (foreign) "operators has been apathetic."[19] Six years later, things remained the same in the consideration of locals for higher positions in the firm. A Standard Oil of Venezuela official reported that the foreign supervisors harbored a "selfishness whereby they are not inclined to teach the trade to others under them or to the Venezuelan labor class." American operators apparently feared that once Venezuelans learnt the tasks, foreigners "would be replaced." Managers manifested serious concern about the negative attitude of some of the Americans towards the Venezuelan workers. This behavior delayed the training of a skilled labor force.[20] Outside the company's gates, the foreigners' behavior was not good either.

Americans, British and Dutch employees frequenting the communities nearby the oilfields caused "reaction(s) on the public" due to their mean behavior in social settings in "clubs, and public celebrations." Venezuelans reacted by withdrawing "their intention of being friendly or gathering around these people."[21] Expatriates even insisted that locals addressed them as "Mister

19 "Letter from C.H. Lieb, Maracaibo to Creole Petroleum Corporation, New York," August 14, 1930, Box 2007J100a, Briscoe Center.

20 Felipe Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 5.

21 *Ibid.,* 5



without in return Mistering the Venezuelans."[22] A Standard Venezuela manager believed the problem laid in the selection of foreign employees. He stated that the first batch of Americans that came to the country in the 1930s had been selected without considering "if they even possessed any common sense within themselves to stand the reaction to the new environment…and their new native labor class." As a result, "the wrong made by the first foreign men to come have been so impressed in the minds of the natives" that any attempt the firm made to address the problem did nothing to dispel the local feeling of "disgust."[23] The discrimination existing in the oilfields only magnified the distances between foreigners and Venezuelans.

For instance, the National Association of Employees denounced the different treatment and remuneration that locals received in the oil industry. The organization insisted that discrimination existed in accommodations, health facilities, restrictions to "swimming pools," and the entry to company "settlements and clubs." Venezuelans traveling the oilfields "have to go on tugs and barges,…sleeping on deck, while foreigners travel on commodious launches."[24] A Standard Venezuela memo corroborated the observations of the National Association of Employees, noting how "foreigners are altogether separated from Venezuelans as regards to living and boarding facilities." These differences engendered a "superiority complex on the part of any foreigner as concerns anything native," with foreign families having no "friendly intercourse with Venezuelan families."[25]

22 J.C. Kiernan, "Creole Gen. Files. S.O.V. Strike Labor Trouble 1936," April 29, 1936, Box 2007J100a, Briscoe Center, 2.

23 Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 2, 5.

24 Kiernan, "Creole Gen. Files. S.O.V. Strike Labor Trouble 1936," April 29, 1936, Box 2007J100a, Briscoe Center, 2.

25 Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 5, 6.



Segregation was detrimental because it completely prevented the development of good relationships with the locals.

On some occasions, the way certain expatriate foremen treated Venezuelans had violent consequences. An annual report of the Lago Petroleum Corporation indicated that many discharged employees had made "several attempts against the lives of some of our foreign foremen."[26] The memo did not identify any fatality as a consequence.

Most of these reports describing the frictions between expatriates and locals in the petroleum camps appeared in 1936 and 1937. The dates coincide with the start of citizen protests in Venezuela and the first big oil strike of the industry in December of 1936. This period of political effervescence resulted in a move towards government reforms that the American and British interests had not previously experienced in the county. The reason for the increased political unrest in Venezuela was the death of dictator Juan Vicente Gómez in December of 1935.

The Venezuelan general ruled the country with ferocity from 1908 until his death. Twenty-seven years had passed in which his military autocracy did not allow any form of dissent. The lack of attention for the welfare of the workers and their communities by Jersey Standard, Shell and Gulf, the big petroleum producers, responded to this logic of repression. Standard Venezuela recognized that the Gómez regime was "very lenient to all foreign capital," which was "greatly favored during the period of its existence."[27] A Creole's public relations director reflected years later about the death of the Venezuelan dictator. He reasoned that, while the strongman lived, "our public relations problem

26 "Annual Report and Review of Operations. 1936," March 29, 1937, Box 2207J105a, Briscoe Center.

27 Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 6.



was confined to getting along with Gómez and his satellites." This situation "naturally vitiated the thinking of management in terms of general public relations." [28] A manager of Standard Venezuela considered that the public's resentment towards them lay in the belief that Gómez's leniency towards the oil firms had been "well paid by the foreign concerns" to the detriment of the country' wellbeing.[29] This observation was largely true. The dictatorship granted the first concessions to exploit petroleum in Venezuela to American and British interests in very opaque circumstances, financially benefiting Gómez and his cronies.[30]

The Minister of Defense, Eleazar López Contreras (1936-1941) succeeded the Venezuelan dictator, after his death. López Contreras headed a first timid opening towards political liberalization and economic modernization in the country, with the implementation of the February 1936 program. It became the government's response to the social demands and political unrest generated after Gómez's death. The plan created a National Office of Labor to enforce labor legislation and support unions. The new regime also invested in public hygiene and social welfare and created plans to build more roads and schools among other reforms. For the first time in the 20th century, Venezuelans also had access to public spaces where they could protest and get involved in politics without necessarily facing jail. This timid liberalization does not mean that repression disappeared. For instance, the military put down the 1936 December oil strike but, in exchange, it pressured American and British oil interests to make some minor concessions to the workers. General and

28 K.E. Cook, "Public Relations Conference. Standard Oil Company (New Jersey) and Affiliated Companies. Report on Creole's Public Relations," December 1946, Box 2207L11a, Briscoe Center, 105.

29 Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 6.

30 B. S. McBeth, *Juan Vicente Gomez and the Oil Companies in Venezuela, 1908-1935* (Cambridge: Cambridge University Press, 2002), 107.



President López Contreras employed violence more selectively. He did not have the same clout, support, or style of government as his predecessor. The new context in the country meant that the views and actions of the Venezuelan people could not be entirely repressed or controlled. Ignoring them, as happened in the past, could be problematic for the future of the foreign oil companies.

Henry Edward Linam, head of Standard Venezuela, identified misguided nationalism as the most potential threat to United States petroleum interests abroad.[31] He stated that "nationalism, frequently in an exaggerated and antagonistic form, has become deep rooted" in Venezuela. The executive explained that instances of mistaken nationalism constituted the attack "on foreigners and foreign capital invested in the country." In this new atmosphere of tension, "the oil companies have been subjected to at least their share of attack."[32] One of his subordinates reflected that under the Gómez regime, "nothing would be expected to come from the public to hinder" the company's operations. The "wrong had been done" in the past and, in a new political and social reality, it pertained "to foreign capital to gain the good will of the public, which

31 Henry Linam (1900-1972) was an independent oil operator that worked for Standard Venezuela in the 1920s and 1930s. He became general manager of the company in 1932. After leaving the company in 1942, he served briefly at the office of Inter-American Relations under Nelson Rockefeller. Later, the American became vice president of the Rubber Development Corporation. In 1956, Linam founded the Cuban-Venezuelan Oil Voting Trust. Fidel Castro expropriated the firm in 1960. Linam retired in Shreveport, Lousiana. See: Efraín E. Barberii, *De los pioneros a la empresa nacional 1921 1975 - La Standard Oil of New Jersey en Venezuela* (Lagoven - Ateneo De Caracas, 1997), 236; Alejandro E Cáceres, *Londres en Caracas y la Haya en Maracaibo,* 70; "Henry Edward Linam," *The New York Times*, February 21, 1972, sec. Page 30.

32 H.E. Linam, "Industrial and Public Relations. S.O.V. Industrial Relations. H.E. Linam to E. Hollman," April 28, 1937, Box 2007J100a, Briscoe Center 12.



efforts will take a good many years."[33] Many company officials were aware of the growing trend of oil nationalism in the region. To combat it, they started addressing many of the problems for which locals accused foreigners. These small changes would transform Standard Venezuela, and its successors, into models of social responsibility over the next several years.

33 Silen, "Relationship of the Company with Its Men and Public," February 20, 1937, Private collection, 5.





First Internal Reforms at the Jersey Standard Venezuelan Subsidiaries

In 1937, a Standard Venezuela manager summarized the reforms that the firm should embrace in order to avoid the danger of nationalism in the future. The most important ones included proper remuneration and equal pay for locals, proper selection of foreign personnel "with a good will to teach their trades" to the Venezuelans, and equal standard of living condition. The official also emphasized the importance of foreigners' engagement with the activities and the social life of the local communities. He suggested "more friendly intercourse between foreigners and Venezuelans" to gain the "good will of the Venezuelan and their families." This last observation also involved appreciating the "needs of neighboring towns or cities and cooperate with them towards improving their living conditions." The Jersey Standard official added other seventeen minor points on how to improve the public standing of the company. In his view, the accomplishment of these suggestions would inaugurate "a good era" of relationships between foreign capital and the labor classes."[34]

34 *Ibid.,* 7-9.

Engagement with the social needs of Venezuelans and their environment constituted the key elements of an incipient corporate agenda of social responsibility. A fourth component became public relations. Together, they started characterizing the behavior and actions of Jersey Standard subsidiaries in Venezuela. Firm officials, who noticed the importance of changing how the company related to locals, initiated these reforms at the ground level. Public relations representatives were among the pioneers driving the change in the 1930s.

A report on the history of Creole's public relations explained how public relations officials persuaded Standard Venezuela's management to start an employees' only magazine in 1933. These individuals sensed that "what the public thought was someday going to be important to the welfare of the company." This breakthrough happened at a time when Juan Vicente Gómez still ruled Venezuela and a decade before "sixty percent of Jersey's crude oil inventory turned out to be in the Venezuelan bucket." However, company executives showed resistance to this idea. They financed the corporate publication "reluctantly." After a year and a half, oil executives shut the operation down because public relations officials "spent too much money" on the production of the magazine. Back then, public relations as a field of management was in its infancy. It did not come "into the management's purview as something we must do on a planned basis" until 1943, when public relations became a key component of Creole's overall social agenda in Venezuela.[35]

35 Cook, "Public Relations Conference. Standard Oil Company (New Jersey) and Affiliated Companies. Report on Creole's Public Relations," December 1946, Box 2207L11a, Briscoe Center, 104-105; Alejandro E Cáceres, *Londres en Caracas y la Haya en Maracaibo,* 76. Cáceres indicates that Royal Dutch Shell formally created the first department for public relations in the petroleum industry by 1935.



Only the death of the Venezuelan dictator in 1935 and the Mexican oil nationalization of 1938 convinced the Jersey Standard subsidiaries in Venezuela to start investing permanently in corporate publications. In the 1940s, foreign petroleum firms poured financial resources into the elaboration of company magazines. Creole's *El Farol,* Shell's *Tŏpicos,* and Gulf's *El Disco Anaranjado*, became key components of the public relations apparatus of these companies. They circulated nationwide and communicated to Venezuelans about all the social and economic contributions these petroleum producers were making in the country.

Beyond corporate publications, public relations departments started having more responsibilities in managing interactions with communities and the public in general. In Caripito, a small community with important crude deposits in the east, Standard Venezuela transferred public relations employees to deal with community affairs. The reason was that "due to the extent of our operations, the communities have grown up adjacent and are entirely dependent for their existence on our operations."[36] Public relations representatives also started engaging with local and national newspapers. A Standard Venezuela industrial relations report noticed how a combination of trips of "Maracaibo newspaper editors through the Lago camps and fields", a similar trip of government officials through Standard properties in the east, and "personal contacts with the press in Caracas," brought "considerable advance…in bringing about a better public understanding of the industry."[37]

The nationalization of Mexican oil in 1938 reinforced the importance of having a public relations department ready to

36 H.E. Linam, "S.O.V. Manager's Annual Review, 1935," March 1, 1936, Box 2207J105a, Briscoe Center, 2.

37 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 8.



combat negative ideas about foreign capital. A Lago Petroleum Corporation manager's review indicated how "the question of public relations has assumed a greater importance in the light of the Mexican developments." The document argued that "radicals" in Venezuela had not yet advocated for the direct confiscation of the company's properties. However, to confront that potential threat, Lago Petroleum shared with local journalists editorial opinions against state intervention in the petroleum industry. The Lamp, Jersey Standard's corporate publication, issued these articles that Venezuelan newspapermen translated and "published in local conservative newspapers." The results seemed to have been satisfactory. According to the firm, there had been no "articles condemning the policies or activities of the Lago Petroleum Corporation." In general, the press had been "very generous in its praise of the company."[38] Public relations started to emerge as an important field to communicate the firm's contributions to the social progress of the Venezuelans.

Slowly but steadily, it started improving the public image of the Jersey Standard affiliates in the country. As these companies became more responsive to the public, and invited journalists and state officials to their camps, comments in the Venezuelan press "became more friendly in tone." A Standard Venezuela industrial report considered as "remarkable" the change of the public attitude towards the corporation.[39] However, rhetoric was meaningless without tangible facts. Growing financial investments toward the welfare of the workers supported this corporate social agenda.

Providing better and more public services in the oilfields became one of the priorities of the Jersey Standard's subsidiaries

38 "Lago Petroleum Corp. Manager's Review. Public Relations," 1938, Box 2207J105a, Briscoe Center.

39 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 1-2.



in Venezuela. Starting in 1936, these American companies "increased (their) sanitation program, their housing, hospital and recreational facilities."[40] Sports became a very effective way of connecting with local employees and their communities while redirecting their energies to good activities sanctioned by the company. Baseball, for instance, had become "very popular and extremely well attended, and as many as five thousand people have been present at certain games." Understanding the growing importance of baseball for Venezuelans, the Lago Petroleum Corporation built more baseball fields in the oilfields of Tia Juana and La Salina to foment the sport among its employees.[41] Lago Petroleum also inaugurated "suitable athletic fields and stadiums in the labor camps."[42] United States oil interests additionally supported other sports such as basketball, soccer and even bowling. However, the worker needed more than entertainment in his life.

Besides sports, foreign oil companies invested in better healthcare and in schools for the workers' children. Lago Petroleum reported that "schools were opened in La Salina and Lagunillas" in 1938. State and municipal officials attended these inaugurations. The president of Zulia province was "favorably impressed" by the company's commitment to education.[43] Standard Venezuela reported that their facilities provided education to Venezuelan children "practically in all (oil)camps" in 1937.[44] To preserve the health of these youngsters and their

40 "Creole Petroleum Corporation. Annual Report," 1936, Box 2207J105a, Briscoe Center.

41 "Lago Petroleum Corporation. Annual Report-Part II. Industrial Relations," 1937, Box 2207J105a, Briscoe Center.

42 "Lago Petroleum Corp. Manager's Review. Public Relations," 1938, Box 2207J105a, Briscoe Center, 9.

43 *Ibid.,* 9.

44 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 6.



parents, the companies implemented vaccination campaigns. Many endemic diseases existed in the remote areas where United States companies operated. Lago Petroleum medics reported that "malaria, typhoid, and dysentery showed decided decrease" as a result of the corporation's sanitation campaigns.[45]

The Lago Petroleum Corporation even instituted a Thrift Fund in which workers could deposit a portion of their salaries, with the firm making a similar contribution to the fund. The idea behind this program was "to impress upon its employees and workers the importance of savings as a defense against contingencies."[46] The savings fund would continue to be one of the most popular initiatives among the firm's employees once Lago and Standard Venezuela merged in 1943.

These reforms were of little consequence as long as segregated spaces continued to exist in the petroleum camps. Cognizant of the obstacle that racial barriers generated in procuring good relations between employers and employees, firm managers started dismantling the physical barriers that separated foreigners from locals. According to a Standard Venezuela official, the company had been proceeding with a policy of "paying equal salaries for equal jobs." It also started "eliminating as possible all foreigners whose jobs can be handled by Venezuelans." In his opinion, the firm's current policy of providing housing at no cost to foreigners or nationals was the best. Employees received lodging spaces in camps according to the needs of the industry and not based on nationality. For this manager, the policy proved that "discrimination is nearly non-existent" in the provision of housing.[47] Other industrial relations reports stated that

45 "Lago Petroleum Corp. Medical," 1938, Box 2207J105a, Briscoe Center.

46 "Lago Petroleum Corp. Annual Report-Part II. Employee Relations. Thrift Fund," 1938, Box 2207J105a, Briscoe Center.

47 F.C. Laurie, "S.O.V. Housing 1936. Creole G.F. Housing 1928-1943.," November 3, 1936, Box 2207J100a, Briscoe Center, 1.



Venezuelan employees received "the same variety and quality of food as foreign employees," with plans underway to "do away with separate messes" in those places where such existed.[48]

In 1941, nationals and foreigners participated together in sports events such as the bowling tournaments hosted at the Standard Venezuela Employees Club in Caripito. Instead of facing each other according to nationality, the company presented a mixed roster of players according to departments. For instance, last names like García and Fuenmayor played in the same industrial relations team as O'Connell and Drechsel.[49] These different reforms in health, education, housing, race relations and entertainment were supported by the "The Representation Plan." The firm's initiative sought to improve the relations between the companies and the locals.

The Representation Plan was a company mechanism designed to channel workers' grievances internally, within the structure of the corporation. Workers elected their representatives who, in turn, met with management officials to address the demands of laborers. Its purpose was to settle differences peacefully through cooperation and direct negotiations. The plan allowed for collective bargaining to take place with workers' representatives recognized by the company. This system gave managers considerable control over the bargaining process. It also sidelined unions, which the firm openly discouraged. The Venezuelan affiliates adopted a version of this representation plan, which the parent company had pioneered decades before in the United States. The system lost relevance once the Creole Petroleum Corporation started negotiating collective labor contracts directly with unions in 1945.

48 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 3.

49 "Standard Caripito Club. Torneo de Bowling Inter-Departamental," July 18, 1940, Private collection.



Standard Venezuela began introducing the Representation Plan in 1936. Managers believed that the growing frictions between locals and foreigners required the implementation of this program because the system "emphasizes the mutuality of interest of employees and management." It was a factor that "we are trying most definitely to encourage in the Venezuelan situation" in order for employer-employee relations to take a "cooperative turn."[50] That same year, Lago Petroleum and even the Gulf Corporation, a competitor, also implemented their versions of the plan, which was accepted successfully "by several groups in both Maracaibo and the producing fields."[51]

The representation program encouraged supervisors to have a more open attitude towards their Venezuelan subordinates. A Standard Venezuela industrial relations report explained that when the opportunity affords, "superintendents in the field should endeavor to get along among their Venezuelan employees", getting to know them "by their first name if possible." Other foreign employees had on their own initiative "interested themselves in a particular Venezuelan worker and his family." The report suggested that if a laborer got seriously ill or injured, it would be a good "stunt if his immediate superior made a point of looking for him." Small gestures like these "built up over a period of months, were largely responsible for averting at least one possible strike during the past year," one company report concluded.[52]

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50 F.W. Pierce, "Industrial Relations. Company Policies. S.O.V. 'Striker Labor Trouble 1936.' Creole G. Files. F.W. Pierce to T.R. Armstrong," June 11, 1936, Box 2207J100a, Briscoe Center.

51 "Lago Petroleum Corporation. Annual Report and Review of Operations. Labor Situation. Oil Companies Introduce Representation Plan in Attempt to Get Better Relations," 1936, Box 2207J115B, Briscoe Center, 3a.

52 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, 15.



Standard Venezuela managers recognized that the labor situation did not compare yet to the oil unions other affiliates confronted in Mexico and Argentina in the 1930s. However, firm officials saw the current course of action as the "wisest and least harmful to pursue." Standard Venezuela believed these reforms would prepare them better for the "day when we may be confronted with a situation such as exists in Mexico and Argentina."[53]

These industrial memos reveal a growing consensus at the intermediary levels of the corporate hierarchy for implementing a more liberal style of management. Jersey Standard affiliates in the country closely followed what was happening in other oil industries of the region like Mexico. In this context, United States managers argued for moving beyond what they were doing for the local workers only. They started considering also how the company could contribute outside the company's gates.

A Standard Venezuela memo clearly stated why this enterprise had to get involved in the social and economic problems of Venezuela. It identified two key reasons. First, the simple economic fact that "Venezuela has become the most important source of crude supply for the Jersey Company's foreign business." The second aspect underlined the reality that American firms with large petroleum interests in foreign lands faced "increased difficulties in certain countries because of intense nationalism which has developed in recent years."[54] The document mentioned "bad examples" such as Russia, Mexico, Bolivia, Persia, and Argentina. Though the document considered

53 Frank C. Laurie, "Venezuela. Employee Relations Policy. Creole-Gen Files-Numericals. Laurie (Sago)-to Holman," November 27, 1935, Box 2207J100a, Briscoe Center, 1-4.

54 "Venezuela Sea View Meeting. Creole-General Files. Armstrong. Papers, Memorandum. 1937 or 1938," n.d., Box 2207J105a, Briscoe Center, 1, 9-10.



that the present outlook in Venezuela was favorable, it suggested the company to adopt a more proactive role.

Standard Venezuela was already providing important social services for the workers. However, the company admitted that the beneficiaries of these programs only amounted to a handful. If the firm concentrated the existing oil fields and the workers' settlements into "one spot in Venezuela, it would actually be hard to find it on the map." Thousands of families were scantily clad and fed outside the Standard Venezuela facilities, and wages outside the petroleum industry were very low. If the corporation did not come up with a broader social agenda, "the day is not far distant when these people will realize their [poor] condition as compared to oilfield workmen and their families." For that reason, it "is up to the oil companies to view the whole picture and not only their own" interests.[55] In line with these observations, manager documents suggested some lines of action.

One of the activities in which the corporation could participate was assisting the government in "construction of good roads." A campaign to foster roadbuilding would provide other people outside the oil industry with "work and wages." Other more general suggestions included cooperating with the needs of the state and the communities since the firm was already exploiting "the petroleum wealth of this country." Standard Venezuela started developing a sense of "duty" towards the host country that could be best performed by being "sympathetic and even of material assistance" to its people. The corporation's social responsibilities would promote "the welfare of the country as a whole, and not from the point of view of protecting our petroleum interests alone."[56] At the end of the 1930s, the idea

55 *Ibid.,* 1, 9-10.

56 *Ibid.,* 9-10.



of a social agenda towards the community started to take root within the business strategies of foreign petroleum affiliates.

Two kinds of socio-economic investments became the norm of the affiliates in Venezuela. The first one consisted of helping in infrastructural and agricultural projects. For instance, Standard Venezuela started a number of public work projects in 1939 involving the "construction of asphalt surfaced roads to agricultural centers in Eastern Venezuela." The company believed that modern highways "will lead to the development of agricultural areas closer to the cities and oil fields" and help in lowering the prices of crops. The firm also employed an agronomist to aid local farming. To collaborate with cattle ranching, Standard Venezuela introduced twenty heads of the Santa Gertrudis breed to "improve the beef producing qualities."[57]

Monetary donations and encouraging employees to become part of civic groups became the other path through which Jersey Standard affiliates in Venezuela got involved with the community. Lago Petroleum provided funds to several civic organizations such as the "Red Cross, the Lagunillas Fire Fund, Sisters of Charity, Army Day celebration, and the annual Carnival." One of the firm's employees got "elected as director of the Chamber of Commerce", while other corporation representatives were "active members of the Rotary Club" and similar associations.[58] The company's competitors also collaborated in similar charitable activities. For example, when a fire consumed a village that sat on stilts over the waters of Lake Maracaibo in 1939, "the oil companies rendered all possible aid" to help the victims.[59]

57 "Creole Petroleum Corporation. Annual Report," 1939, Box 2207J105a, Briscoe Center, 3.

58 "Lago Petroleum Corp. Manager's Review. Public Relations," 1939, Box 2207J105a, Briscoe Center.

59 J.A. Clark, "Lago Petroleum Corp. Manager's Review. Safety. Fire Destroyed Town of Lagunillas," 1939, Box 2207J105a, Briscoe Center.



The growing nationalism in Latin America, the country's first important oil labor strike in December 1936 and the 1938 expropriation of foreign petroleum assets in Mexico convinced more managers of the need for change in Venezuela. They were not alone. At the top of the corporate hierarchy, managers found a staunch supporter in the person of Nelson D. Rockefeller. The scion of the Rockefeller family had a brief stint as an executive in Creole. During his time in Venezuela, he was appalled by the arrogant attitude of some American managers and executives, and by the conditions of disease and filth in the oil towns.[60] He also noted how most American executives copied the behavior of their British counterparts, remaining aloof from all but the top economic echelons of local society. They refused to learn Spanish and relied on autocratic managers to communicate with the workers. The oil executive also had in mind what was going in Mexico, where oil workers and foreign managers engaged in a tense conflict that threatened Jersey Standard's investments in that country.[61]

Rockefeller's inclinations for a more responsible form of corporate capitalism stemmed from the age of scarcity that most Americans confronted during the Great Depression. For him, to ignore similar situations of hardship in places like Bolivia, Mexico or Venezuela was suicidal.[62] Armed with these considerations, Rockefeller proposed his strand of reformed capitalism before three hundred executives gathered for the 1937 Jersey Standard annual assembly in the United States.

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60 Darlene Rivas, *Missionary Capitalist: Nelson Rockefeller in Venezuela* (Chapel Hill, NC: The University of North Carolina Press, 2001), 27.

61 Gerard Colby and Charlotte Dennett, *Thy Will Be Done: The Conquest of the Amazon: Nelson Rockefeller and Evangelism in the Age of Oil* (New York: HarperCollins Publishers, 1995), 77-83.

62 *Ibid.,* 81-82.



On that occasion, Rockefeller challenged the auditorium to develop a sense of responsibility that went beyond profits and the shareholders' size of the dividends. He reasoned that great profits generated abroad could only be justified only if the company benefiting from them also served the broad interests of the peoples in the host country. Rockefeller cautioned against a narrow-minded and legalistic understanding of the conditions in Latin America. Countries could easily modify the laws to confiscate the foreign capital invested in the region. He considered that the unparalleled profitability of the Venezuelan venture allowed for more flexible strategies than the old conservative policies of thrift and strictness.[63] In Venezuela, Rockefeller already counted with the support of Standard Venezuela managers such as Henry E. Linam, and Arthur T. Proudfit, who held similar views about the adoption of broad social policies and civic engagement.[64] The Creole executive argued for a new model of business corporation dedicated to the welfare of its employees and responsible before the community.

His proposal faced defeat in the 1937 annual meeting. Most Jersey Standard executives did not buy the novel idea of a socially responsible corporation.[65] In the space of the next months, the company's leadership learnt the hard way the perils of ignoring local grievances and the power of Latin American nationalism. Governments first in Bolivia and then Mexico proceeded to confiscate Jersey Standard assets in those countries.

At the end of the 1930s, a vision of corporate social responsibility took root among the foreign oil firms in Venezuela. This gradual change had timidly started at the beginning of the decade and gathered full force by the end of it. In many ways, Lago

63 *Ibid.,* 82.

64 Rivas, *Missionary Capitalist*, 26.

65 Colby and Dennett, *Thy Will Be Done*, 83.



Petroleum and Standard Venezuela became pioneers, adopting broader social policies in housing, education, and health than their parent company ever accomplished in the United States. More managers convinced themselves that a socially committed enterprise was the key to fight the "bad" nationalism—that it was the best strategy to foment good relations in host countries. However, some at the top of the corporate hierarchy still opposed this alternative of management despite the earnest support shown by individuals like Nelson Rockefeller. Important changes at the executive levels of Jersey Standard and its affiliates in Venezuela would finally do away with any lingering objection to this new social agenda of change. Internal replacements in the companies' leadership occurred during the near derailment of forthcoming talks with the Venezuelan government about drafting a new Hydrocarbons Law. After averting a potential catastrophe, the Jersey Standard affiliates in Venezuela became fully converted to the creed of social corporate responsibility in the country. The Creole Petroleum Corporation, heir to all these social initiatives, became its best proponent in the subsequent decades.[66] These ideas of social responsibility had been already percolating throughout the late 1930s, as demonstrated by internal documents of Jersey Standard affiliates operating in Venezuela.

66 Rivas, *Missionary Capitalist*, 27.





The Fateful Year of 1942

In 1941, General Isaías Medina Angarita succeeded Eleazar López Contreras as the new head of the Venezuelan state. His regime continued with the reforms initiated under the previous government. Under Medina Angarita's watch, new political parties emerged and municipal elections presented new spaces for opposition groups to compete for political power. Organized labor experienced a new era of growth as unionization numbers expanded, especially in the petroleum industry. The alliance of Western democracies against fascism in Europe also encouraged a spirit of democratic opening in Venezuela. Reforming the hydrocarbon legislation of the Gómez era became one of the main priorities of the Caracas government. State officials wanted to increase the oil revenue received from royalties and other taxes. In July of 1941, President Medina Angarita contacted the heads of the foreign oil companies to discuss modifications to the law with them.

The initial reaction of Jersey Standard to this news was positive though cautious. Its oil executives considered that "the new conditions should be made known and discussed" first before accepting any new changes to the law.[67] The American

67 "Proposed Revision of Petroleum Legislation in Venezuela," July 9, 1941, RG 84 Records of the Foreign Service Posts of the Department of State.

ambassador to Caracas indicated that despite a wary attitude, the board of directors admitted that there existed a "sufficient field of mutual interest for collaboration." They expressed a desire "to cooperate in every desirous and advantageous way."[68] Two factors made the foreign oil companies and the Venezuelan government coincide in their hopes to achieve a mutually beneficial agreement. First, Jersey Standard considered the productive capacities of the Venezuelan oilfields to be "far greater than East Texas." Consequently, United States oil interests saw Venezuela as a "long time prolific producer" and did not want to be "forced out." The government in Caracas, on the other hand, derived more than one third of its revenue from oil. Another American official noted that political leaders realized the future of the country "depends upon the continued exploitation of its oil and the wise use of its revenue" to develop the economy and raise the living standards of the people.[69]

Assessing the importance of the upcoming negotiations, Jersey Standard, Shell, and Gulf decided to act as a single front. The Big Three largely excluded from consideration the situation of smaller petroleum firms, which had a relatively recent presence in the country and had larger capital expenditures than them. As head of the negotiations, these three corporations agreed to designate H.E. Linam from Standard Venezuela. Not everyone considered him the best person to lead the conversations. He was an able field operator, but American embassy reports underlined Linam's "limited experience in other fields, being now thrust into

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U.S. Legation & Embassy, Caracas. Box 7 Entry UD 3326, National Archives and Records Administration, 2-3, (hereafter cited as Foreign Service Post).

68 Frank Corrigan, "Proposed New Venezuelan Petroleum Law," August 12, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 3.

69 Ruth Sheldon Knowles, "General Report on The Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 2-3.



a position of key negotiator with a sovereign state." However, Shell and Gulf consented to this designation in order to achieve "a unified control of negotiations which vitally affect the whole industry" for the first time.[70]

The conversations between the government and the foreign oil companies started in late 1941. They soon confronted important obstacles due to mutual "distrust and considerable antagonism" according to United States embassy officials. State representatives presented several grievances. They wanted to charge foreign petroleum interests import duties for introducing goods and materials from abroad. The companies had enjoyed duty free under Gómez and López Contreras. Other key government demands constituted an increase in royalties paid to the state and the desire for United States and British firms to refine local crude in Venezuelan territory, a task accomplished until this point by the companies in the Dutch islands of Curacao and Aruba.[71] This issue constituted an important point of tension in the conversations. As long as the foreign corporations refined most crude abroad, the Venezuelan government had no significant leverage over this process of the business. Beyond this political aspect, the refining of petroleum products outside Venezuela also represented a source of wealth that the Caracas government could not tax, or benefit from, if the refineries were located offshore.[72]

The role of Venezuelans within the management of the oil industry stood out as another big source of antagonism. The

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70 Corrigan, "Proposed New Venezuelan Petroleum Law," August 12, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 4-5.

71 Sheldon Knowles, "General Report on the Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 14.

72 Gustavo Jaén, *Eugenio Mendoza: Apuntes para Una Interpretación* (Caracas, Venezuela: Ediciones Centauro, 1987), 63-64.



Medina Angarita regime criticized the absence of locals among the managerial ranks of the foreign petroleum enterprises. The law required them to employ at least seventy-five percent of native citizens on the payroll. Jersey Standard, Shell and the other oil producers already complied with this requirement, employing nearly ninety-three percent of the locals as workers in the oilfields. The situation was different in positions of responsibility. Only between thirty-three to fifty percent Venezuelans belonged to management positions.[73] The government recognized there existed a lack of professionals for these roles in the country. However, what it truly resented was the fact that those few that were trained "are not given responsible jobs." An exception to this trend existed. The American embassy reported that Jersey Standard "is the only company which has done anything along this line aside from Venezuelan attorneys" which all companies had. The firm placed native citizens in positions such as chief petroleum engineer, assistant chief geologist and head of the land department. The other American and British enterprises "have not followed this policy." They felt it was not advisable to have Venezuelans in positions "where confidential information is handled." This approach was common in other petroleum industries of the Global South at the time.

For instance, historian Katayoun Shafiee has studied how the Anglo-Iranian Oil Company rejected Iranian government demands to increase the number of locals at the manager level. British personnel resisted these pressures. Management rationalized its actions in technical and economic terms, like desired skills, experience, and the suitability of the local applicant for a given position. Anglo-American ignored Iranian demands by creating "technologies of racialization" that divided foreigners

73 Sheldon Knowles, "General Report on the Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 10.



from locals according to alleged color-blind requirements.[74] According to United States embassy records, in Venezuela, the "patronizing, and superior attitude" adopted by many American and British managers only exacerbated local resentment for the positions held by foreigners.[75]

Despite this important point of contention, the politicians in Caracas did recognize the social changes the companies had begun implementing over the last six years. These enterprises had been successful to the extent that "labor is no problem" in the Venezuela petroleum industry, according to United States diplomatic sources. In fact, the companies' negotiators and the government were not concerned for the workers, or the surrounding communities in the oilfields, because "there is no cause for complaint" on those issues.[76] The prohibition of carrying out labor strikes in the hydrocarbon industry due to the ongoing world war aided in providing a calmer situation in the petroleum camps during the Medina Angarita years.

American embassy records confirmed that the impetus for industry reforms originated not only due to domestic pressures but also because companies realized how "things were going in Mexico." They began to rectify in Venezuela some of the mistakes "which were too late to rectify" in that other country. This new commitment to the country's needs led firms to inaugurate policies of "industrial and agricultural developments in Venezuela." They also supported "financially and in other ways a great variety of projects extraneous from the oil industry."[77] Beyond this bright spot, the other government grievances remained.

74 Shafiee, *Machineries of Oil*, 123.

75 Sheldon Knowles, "General Report on the Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 10.

76 *Ibid.,* 12.

77 *Ibid.,* 12.



Over the course of the next months, talks proceeded slowly in relation to a draft for a new hydrocarbons law. Company representatives confined their efforts to bargaining about "details which only led to unnecessary discussion about matters which were not important."[78] During the conversations, they also displayed a not very open attitude with the Minister of Development, who represented the government.[79] On August 26, 1942, Medina Angarita summoned the heads of the oil companies to his office. The president expressed displeasure with the negotiations. He told the foreign petroleum executives that the draft they had presented fell "far short of the government's aspirations." He added that since the companies "had spent so much unnecessary time in the preparation of a draft which was obviously unsatisfactory," Medina Angarita would start considering "more direct methods" of action. United States embassy officials considered this impasse a result of a "halting policy on the part of the companies." The situation after the interview with the president was very tense, United States diplomats said, and the "likelihood of an open fight between the oil firms and the government appeared imminent."[80]

The government in Caracas started entertaining the possibility of finding its own unilateral solution to the impasse. United States diplomatic records recognized that the possibility of expropriation as a last recourse constituted the "government's strongest card." Venezuelan negotiators used this potential threat "subtly" during the talks, and as a persuasion method "to force

78 Frank P. Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 3-5.

79 Gustavo Jaén, *Eugenio Mendoza*, 67.

80 Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 3.



companies to give more than they want to."[81] On November 16th, 1942, Medina Angarita reiterated the decision of the government to find a solution with or without foreign capital during a political rally in Maracaibo. The president affirmed that his administration was not "given to precipitate acts." However, he would arrive at a solution, "either by persuasion and cooperation, or by legal means, if unfortunately, the first way does not yield all."[82] The Minister of Development also shared the same resolve.

During a meeting at the Ministry of Development, American and British petroleum representatives showed resistance on the topic of refining substantial quantities of petroleum in Venezuela. The minister indicated that if they kept opposing this part of the deal, Venezuela could follow the path of Mexico.[83] In this context of extreme tensions, The United States and British governments decided to informally enter the negotiations. They advised the local heads of the oil companies about the "desirability of a friendly approach" to the government's demands.[84] By the fall of 1942, the foreign petroleum firms were in the eye of the storm. Serious damage to their investments could result if they did not change course. Luckily for them, the companies reacted positively, with Jersey Standard leading the industry's change of attitude in the subsequent talks with the government.

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81 Sheldon Knowles, "General Report on the Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, 14.

82 Renwick S. McWiece, "Visit of President Medina to the State of Venezuela," November 30, 1942, RG 84. Foreign Service Post. Venezuela US Consulate, Maracaibo Classified General Records, 1927-1955. Box 4. Entry 3335, 3-4.

83 *Eugenio Mendoza*, 68.

84 Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 4-5.



The warnings emanating from Medina Angarita and his cabinet had the intended effect. The foreign oil companies realized that they could negotiate a deal beneficial to themselves or be entirely left out from the process. The ghost of Mexico resonated in the minds of petroleum executives.[85] That expropriation had "a most important bearing upon the situation here." Even though state officials insisted that Mexico's path would never be Venezuela's way, "the companies are very much afraid that the government is working up to expropriation."[86] The August meeting with Medina Angarita "thoroughly frightened" oil firms' representatives. They finally convinced themselves of the necessity to have a "more magnanimous spirit that which they had previously displayed" in the negotiations, according to one American observer.[87]

At the local level, the foreign personnel of these same petroleum firms supported a more open behavior in the talks. For instance, managers in Maracaibo, "all of whom have had experience in Mexico, have been very sympathetic towards the claims of government." They were ready to "cooperate on any reasonable basis" with the Venezuelan negotiators, the United States consul in that city reported. [88] A change of attitude on

85 Jonathan C. Brown, "Empresas y política: ¿cómo y por qué se nacionalizó la industria petrolera?," in *Historia de las grandes empresas en México, 1850-1930*, ed. Carlos Marichal and Mario Cerutti (Ciudad de México: Universidad Autónoma de Nuevo León, 1997), 330. Brown argues that foreign petroleum executives feared the expansion of the oil nationalism from Mexico to Venezuela.

86 Sheldon Knowles, "General Report on the Oil Situation in Venezuela, Aruba, and Curacao," September 11, 1941, RG 84. Foreign Service Post. Box 7 Entry UD 3326, National Archives, 14.

87 Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 5.

88 McWiece, "Visit of President Medina to the State of Venezuela," November 30, 1942, RG 84. Foreign Service Post. Venezuela US Consulate, Maracaibo Classified General Records, 1927-1955. Box 4. Entry 3335, 4.



the side of the companies' representatives appeared imminent. However, one obstacle stood in the way. Henry E. Linam, Jersey Standard's chief negotiator, refused to yield to government demands. His vision of corporate social commitment apparently did not go as far as paying the government in Caracas more money for exploiting its petroleum. Linam's inexperience as a negotiator put him in a precarious position. In order to unblock the conversations, he had to go.

It was in this situation that sweeping changes took place at the executive levels of Jersey Standard and its Venezuelan affiliates. In November 1942, Jersey Standard's president, W.S. Farish died. The board of directors elected Ralph W. Gallagher to take Farish's place. Replacements also took place at the vice presidencies with the elevation of Wallace E. Pratt and Eugene Holman to this rank.[89] In Caracas, Linam "was asked to leave the company" when he refused to go along with the firm's policy of "increasing payments to Venezuelan government over contract arrangements." Government representatives had also protested the "high-handed rule" of the American. In his place, Arthur T. Proudfit ascended to the position of chief negotiator for the foreign oil interests. A Standard Venezuela internal memo described the new representative as a "very public relations minded" person. [90]

The United States embassy in Caracas considered the new men leading the negotiations as possessing "a broader social vision." These replacements had "a very important influence" in the resumption of negotiation talks and produced a "profound change in attitude of the representatives of both sides in the

89 Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 6.

90 "S.O.V. Memo.," n.d., Box J102a, Briscoe Center; Alejandro E Cáceres, *Londres en Caracas y la Haya en Maracaibo,* 75-76.



Venezuelan situation."[91] Pratt travelled to Caracas to join Proudfit in the conversations. The last pockets of resistance within Jersey Standard had been eliminated. A new era of social commitment and direct cooperation with the Venezuelan government had begun in the foreign-owned oil industry.

Just three months after the changes in the companies' negotiating team, President Medina Angarita announced that a new agreement on the Hydrocarbons Law. Passed on March 13th, 1943, the new legislation increased the royalties paid to the government. Additional taxes allowed for a near equal share of oil profits between the companies and the Venezuelan government. Subsequent Democratic Action administrations perfected this formula between 1945 and 1948, arriving at the famous 50/50 profit-sharing agreement that eventually was adopted by the Middle Eastern producers. The newly constituted Creole Petroleum Corporation and Shell also committed themselves to refining more local crude in Venezuela. Together, these two companies honored this part of the deal with the inauguration of the Amuay refinery in 1950, one of the biggest in the world at the time. In exchange, the government renounced any claims against the concessions the foreign oil interests held before the enactment of the new law. Additionally, the petroleum companies got a 40-year extension on all their current concessions. Finally, the foreign oilmen acquired new government concessions to explore for petroleum in 1945.

The negotiations concluded in a very favorable way for the foreign firms. On New Year's Day, Medina Angarita announced to the nation he felt "satisfied with the true spirit of cooperation and understanding demonstrated by company

91 Corrigan, "Outline of Negotiations Between the Oil Companies and the Venezuelan Government," February 25, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326, 6.



representatives."[92] The President showed himself pleased with the final draft negotiated with the firms' agents, indicating that "the government's appreciation would be reflected in its future relation," according to reports from the United States embassy.[93]

During the fateful year of 1942, Jersey Standard also went through its own parallel reinvention in the United States. The parent company finally realized something that its Venezuelans affiliates had been debating amongst themselves: the importance of a good public image and a commitment to solving social problems beyond the company' gates. Anti-trust investigations initiated by the Department of Justice on the relationship between Jersey Standard and the Nazi firm IG Farbenindustrie, damaged the already low reputation the company enjoyed in America. This event "really awakened" the firm to the "necessity of doing something" about public opinion. Top management in Jersey Standard admitted that its pre-war ties to the Nazis resulted in the first surveys and studies Jersey Standard undertook "to find out what the public thought about us."[94]

The success of Jersey Standard and its Venezuelan affiliates in salvaging the negotiations demonstrated two things. First, Standard Venezuela and Lago Petroleum played an important role in changing how they did business in Venezuela. Progressively they adopted a broader social vision of their operations. They saw the welfare of the workers and the country as the keys to establishing an enduring presence in Venezuela. The Venezuelan affiliates had very much in mind what had happened in Mexico during the 1930 nationalization as many of the foreign managers

92 *Ibid.,* 7.

93 Frank P. Corrigan, "Conversation with President Medina," February 23, 1943, RG 84. Foreign Service Post. Box 22 Entry UD 3326.

94 "Public Relations Conference: Standard Oil Company (New Jersey) and Affiliated Companies," November 19, 1945, Box 2207L11a, Briscoe Center, 8-9.



had previously served there before moving on to Venezuela. Therefore, they learnt and adapted. The establishment of a corporate agenda of social responsibility became, in the minds of American managers, the best means to fight the negative effects of Latin American nationalism. Past experiences, and the implementation of reforms at the local level in Venezuela finally eroded resistance at the highest levels of the parent company. At its founding in 1943, the Creole Petroleum Corporation inherited the progressive spirit of its three forerunners.

Of these new policies, the Venezolanization of foreign personnel became one of the salient features of Creole' agenda of social change. Negotiations over the hydrocarbons law revealed one clear thing. The government wanted Venezuelans in positions of responsibility at the management level. Creole not only embraced that policy. The company also took the program to the next level by promoting Venezuelans to the top of the corporate hierarchy. The initiative also applied to Americans. Foreigners had to learn Spanish and integrate with the Venezuelan society if they wanted to work at the Creole Petroleum Corporation.





Nationalizing the Personnel

Venezolanization did not simply mean replacing foreigners with nationals. It demanded from the expatriate a relatively decent command of the Spanish language, as well as exposure to the country's traditions and history. The strategy intended to reduce frictions between locals and expatriates and prevent local resentment towards foreign capital. Allowing these sentiments to go unchecked could inflame nationalist passions and end foreign control of the oil industry in Venezuela. Training of Venezuelans to all positions of the industry became a second component of this policy. Americans played an important role in this plan. They actively became members of the social milieu where they worked and forged closer bonds with the citizens of the host country. Their involvement constituted a first step in the Venezolanization of the foreign personnel.

Standard Venezuela prioritized participation of American managers in social events with Venezuelan employees and their families. An industrial relations review already provided suggestions on how to get involved. Some steps to "present the manager and other foreign employees in a sympathetic light" included their presence in company barbecues and similar events. Organizing "Christmas parties for the children of Venezuelan

workers" became another opportunity for Americans to show "tangible evidence of friendliness and generosity." The company considered these activities important because "we need the cooperation and good will, not only of the Venezuelan people as a whole but of the individual localities in which we do business."[95]

The organization of social activities in the company started improving relations with the local employees. A Lago Petroleum memo indicated that "real progress" had been made during 1937 in "educating our foreign employees and their families in the necessity of more friendly contact with Venezuelans." Participation in social events, alongside contributions to "charitable institutions, athletic funds and relief funds," had done much towards "eradicating from the minds of Venezuelans the idea that we discriminate against them."[96] Increased participation in these kinds of gatherings constituted an important part in the firm's "efforts to foster friendly relations between Venezuelans and foreigners."[97] However, company engagement with the Venezuelan workers was meaningless unless Americans could at least hold a conversation with them in the native tongue. Learning Spanish became imperative.

Foreign personnel at Lago Petroleum manifested a growing "consciousness" that the ability "to carry out a conversation in the local tongue is essential to success in foreign service."[98] For that to happen, the company contracted with the international language school called Berlitz to provide Spanish classes for its

95 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 8-9, 14.

96 "Lago Petroleum Corporation. Annual Report-Part II. Industrial Relations," 1937, Box 2207J105a, Briscoe Center.

97 "Lago Petroleum Corp. Manager's Review. Public Relations," 1938, Box 2207J105a, Briscoe Center, 8-9.

98 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 5.



foreign employees in 1937. The reception among the expatriates was high, with the "addition of a third teacher" to cover additional demand for Spanish courses. The company judged the results being obtained from the Berlitz Spanish classes as "definitely promising."[99]

New qualifications tied to speaking the native tongue emerged for positions at the oilfields. A Standard Venezuela industrial relations document recognized that progress to learn Spanish should be a matter "of voluntary effort rather than compulsion" because "it takes time." The firm supplied Americans with a "Spanish dictionary" and placed "reading material in Spanish in the foreign oil camps." Soon, Standard Venezuela made fluency in Spanish indispensable to hold certain positions. For instance, the corporation demanded "Spanish conversation as prerequisite for promotion from driller to tool pusher." Also, the company started printing all employee notices in "Spanish only." Management devoted a lot of energies to employ "simpatico" foreign drillers to work directly with the Venezuelans. This word in Spanish, simpático, probably referred to foreigners willing to learn and speak the language and with having the right temperament to deal with their Venezuelan subordinates.[100] This selection process would gradually eliminate those Americans "who are unsuited" for the firm's operations in the country.

The Berlitz program was remarkable because it underlined the new priorities of Jersey Standard subsidiaries in Venezuela of integrating the foreigner into the local setting. While United States and British oil companies ignored the local tongue and imposed their language to the nationals in other places of the

99 "Lago Petroleum Corp. Manager's Review. Public Relations," 1938, Box 2207J105a, Briscoe Center, 9.

100 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 3,11.



Global South, in Venezuela the opposite happened. These companies understood that alienating the nationals was not good business. If American petroleum interests wanted to remain in the country for a long period, the best strategy became reducing the cultural gap that separated them from the Venezuelans. Speaking the language and knowing the country's history and traditions constituted the means to attain that goal. The Creole Petroleum Corporation took the indoctrination of foreign personnel in the Spanish language to the next level, with the creation of an Orientation School dedicated only to that purpose in 1946.

During most of World War II, the Creole Petroleum Corporation operated in Venezuela with a "very small and overburdened expatriate staff." Many American managers returned to their country to enlist in the army. The end of the war brought an expansion of operations in Venezuela with a need to "rapidly expand our staff." Venezuelans started assuming more positions of responsibility as a result of Creole's training and scholarship programs. However, not enough trained and qualified locals existed to meet the expanding demand. The firm required new foreign personnel to fill those positions that locals could not hold yet. In this context, managers "gave serious thought as to the best methods of introducing these (foreign) people to the job." Not any foreigner could come to Venezuela.[101]

A company brochure indicated that expatriates had to perform "specialized work for which nationals are unqualified." They also had to train and develop "their subordinate nationals so that eventually all jobs" could be filled by nationals. In sum, Americans joining the company had to be prepared to "develop national employees under" their direction, and "be

101 Odin G. Loren, "Forwarding Brochure of Creole Petroleum Corporation Orientation Course," February 14, 1946, RG 84. Foreign Service Post. Maracaibo, Venezuela. Consulate. General Records, 1936-49. Box 70. Entry 3334.



temperamentally suited for such an assignment."[102] Selecting the right personnel had become a crucial point of importance within the company. Only a decade before, managers complained about how many of the problems with locals had resulted from a poor selection process of expatriates. Discharging the duties satisfactorily in the native tongue was not enough, though. The expatriate had to actively engage with the Venezuelan subordinates.

To be alert of the social and labor changes going on in the country, the expatriate needed to be in constant and close touch "with the feelings of (the) national worker." This requirement implied a good command of the language to "gracefully establish and maintain close and friendly relations with the workers." Creole considered a "personal relationship" with Venezuelan personnel "essential to the promotion of sound industrial relations." Spanish also constituted the vehicle for integration with the locals outside the oil industry. It enabled Americans to "enter into the social life of the community, to become a contributing member thereof", and to build up "a circle of desirable outside contacts." A foreigner unwilling or incapable of mastering the native tongue isolated himself "both from his subordinate workers and the community", preventing the efficient discharge of his job responsibilities. Determining the level of fluency of the potential candidate early on was important to the company to decide whether the employee had the required skills or if he had to be reassigned or returned to "his previous work."[103] A successful immersion in the local language could only take place in the host country.

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102 Loren, "Forwarding Brochure of Creole Petroleum Corporation Orientation Course," February 14, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334, 1.

103 *Ibid.*, 2-4.



Creole managers decided to establish this learning center in Maracaibo, a city close to the oilfields and the company's petroleum rigs on the lake. The possibility of placing the students in a "Spanish atmosphere on a 24 hour per day basis" is the reason why the firm "decided to locate the school in Venezuela rather than in the United States."[104] This social setting allowed students to have their first interactions with company officials and to get familiarized with the new culture and traditions of the new country.

The training program was intense. Over the space of eight weeks foreign employees received two hundred and eight hours of Spanish through lectures with Venezuelan teachers and through organized trips to the company's facilities. Expatriates learnt additional words outside the classroom in the city, the company club, and other social spaces where they resided. Teachers provided students with learning material and oral instructions in Spanish. In that way, they could acquire the language through "thinking in Spanish rather than through a translation process of English words in Spanish."[105]

Speaking the native tongue was not the only subject of learning though. Expatriates spent an additional eighty hours of instruction in "company organization, basic labor policies, economic and political life in Venezuela, and History of Venezuela and the Petroleum Industry." This program constituted a full immersive experience into the language, laws, and customs of Venezuela. At the end of it, United States embassy reports indicated that students graduating from the institution had learned approximately two thousand words, exceeding the original estimates of only thirteen hundred. [106] They

104 *Ibid.,* 4.

105 *Ibid.,* 6.

106 Odin G. Loren, "Orientation School of American Petroleum Company," February 4, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334.



were also able to read the language "with near facility" while writing did not "lag far behind."[107] The outcomes pleased management at Creole.

The corporation considered that the pilot program had delivered "excellent results" and expected to make the school a "regular part of their organization."[108] This initiative had evolved from the first teaching courses the company's predecessors implemented with Berlitz. However, Creole needed a more intense and comprehensive training course for foreigners, leading the corporation to invest in its own language learning program. By 1946, the center had fifty-eight expatriates enrolled. Management believed the success of the plan could be attributed to the fact that "the job depends on it," the course's intensity, and its 24-hour immersive experience in the native tongue. Managers believed that they were approaching a point where "we can refuse to accept or retain anyone on the job who does not have at least this fundamental outline of Spanish." They reasoned that if the company rejected the employment of illiterate Venezuelans, it could hardly justify the presence of "supervisors not literate in the language of the country."[109] Speaking Spanish had become an essential component of Creole's identity in Venezuela. Though the records do not mention the costs for this program, the growing profits from rising production allowed this American firm to easily financed such an intensive and ambitious language and cultural program.

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107 Loren, "Forwarding Brochure of Creole Petroleum Corporation Orientation Course," February 14, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334, 6.

108 Loren, "Orientation School of American Petroleum Company," February 4, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334.

109 Loren, "Forwarding Brochure of Creole Petroleum Corporation Orientation Course," February 14, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334, 4-7.



This exercise in integration was astonishing because it genuinely sought the promotion of locals to higher positions in Venezuela. In places like Mexico, where production had fallen off drastically in the 1920s and rose only marginally in the 1930s, the opposite happened. Racial hierarchies reinforced the social distance that existed between foreign industrial teachers and the Mexican students in terms of different language and culture. These divisions limited the amount of skill transferred to the locals. Training of Mexicans also took place towards the end of the foreign control over the industry, and not at the beginning like in Venezuela. It happened not because the companies wanted to genuinely promote nationals, but because the industry was already in decline, and the oil firms needed replacements for the departing expatriates.[110]

Creole's orientation school sums up very well the company's policy of social commitment to the host country. American employees had a "responsibility" to get along with "nationals, both employees and outsiders." Expatriates also had a duty to promote the "social and economic development of Venezuela," elements which constituted "key factors" in the company's industrial and public relations program.[111] This overall agenda combined elements of public and industrial relations, together with social and economic development projects inside and outside the oil industry for the benefit of the country. These factors constituted the foundation of the firm's corporate social responsibility program.[112] The Creole Petroleum Corporation

110 Brown, *Oil and Revolution in Mexico*, 87, 322.

111 Loren, "Forwarding Brochure of Creole Petroleum Corporation Orientation Course," February 14, 1946, RG 84. Foreign Service Post. Box 70 Entry 3334, 2.

112 The term corporate social responsibility was not broadly used before the late 1950s and 1960s. Until then, United States companies spoke of the social responsibilities of the industry towards the community, or their role as corporate citizens with duties. The first publication to examine in



saw itself as a corporate citizen with responsibilities towards Venezuela and its citizens. At the center of these policies was the expatriate personnel who played a key role in the success of the company. No one incarnated better the spirit of this social agenda than Arthur T. Proudfit, the corporation's president.

This American born in Los Angeles, California, began his career in the international petroleum industry in 1919. His first job was drilling tool dresser, a position dedicated to sharpening the drills of excavating machines, for the Huasteca Petroleum Company in Mexico. Standard Venezuela first employed him in 1927. Nine years later the Angeleno became superintendent of Jersey's Standard affiliate in Argentina. A few years later he returned to the Caribbean country. In 1942, The company promoted Proudfit to general manager, position under which the oilman successfully negotiated the 1943 Hydrocarbons Law with the government in Caracas. Three years later, Proudfit became president of the Creole Petroleum Corporation. His first stint ended in 1954. Then, the American returned one last time to head the firm between 1959 and 1961. Under his leadership, the corporation did "everything it can think and has heard of, short of giving itself away, to justify itself in Venezuela."[113] Initiatives like the orientation school happened under his presidency. Proudfit

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detail the doctrine of corporate social responsibility was Howard Bowen's 1953 *Social Responsibilities of the Businessman*. See Carroll and Goodpaster, *Corporate Responsibility,* 212.

113 Gilbert Burck, "The Foreign Policy of the Jersey Company," *Fortune*, November 1951. Box 2207K96A. Briscoe Center, 83; "Arthur T. Proudfit Is Dead at 81; Retired Member of Exxon Board," *The New York Times*, February 29, 1980, sec. Archives; Fundación Polar, "Proudfit, Arthur T." https://bibliofep.fundacionempresaspolar.org/dhv/entradas/p/proudfit-arthur-t/, accessed on 6 June 2022; "Cambia de Presidente La Creole Petroleum. Renunció Proudfit y Asume Jarvis," *Panorama*, February 1, 1961, sec. P.21, Hemeroteca, Biblioteca Nacional de Venezuela.



spoke the language and developed extensive and close contacts with the locals. His Venezuelan friends regarded him dearly.

One of them was Eugenio Mendoza Goiticoa, one of the leading businessmen of the country. Letters from Mendoza's private archive reveal the close relationship that existed between both men. For the Venezuelan entrepreneur, Proudfit was one of the few Americans who had best "interpreted and understood the character of the Venezuelans." That was the reason why his friends in Caracas "sincerely appreciated" the friendship of the Angeleno.[114] On another occasion, the Venezuelan businessman congratulated Proudfit for his return to the presidency of Creole in 1959. Mendoza considered Jersey Standard's decision on that issue to be "the wise one." According to the letter, Proudfit's designation had been "very well received in the whole country" because its people remembered his "great spirit of collaboration" towards Venezuela. The Caracas businessman added how in 1942 the American had lent him "superb cooperation" when Mendoza acted as Minister of Development during the Hydrocarbon law negotiations.[115] Proudfit also manifested heartfelt sentiments for Venezuela in his replies.

For him, Venezuela always had evoked "pleasant memories." Proudfit had come to "love" that country "almost as much as his own homeland." The Creole executive also valued the "sincere and good friends" he met in Venezuela.[116] His commitment for Venezuela's welfare even reached into Proudfit's own family.

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114 Eugenio Mendoza, "Carta a A.T. Proudfit," November 30, 1954, Carpeta Correspondencia Extranjera. N. 102, Archivo Principal Eugenio Mendoza.

115 Eugenio Mendoza, "Carta a Arthur T. Proudfit," February 12, 1959, Carpeta Archivo General N.1, Archivo Princial Eugenio Mendoza.

116 Arthur T. Proudfit, "Carta a Eugenio Mendoza," December 8, 1954, Carpeta Correspondencia Extranjera. N.102, Archivo Principal Eugenio Mendoza.



His only daughter, Diana, married a Venezuelan entrepreneur, Federico Mayoral, and both made their home in Caracas.[117] The high affection Proudfit professed for the Venezuelans had a direct manifestation in the policy of promoting nationals to higher roles within the company.[118]

Creole's predecessors had laid the foundation that allowed the corporation to promote Venezuelans to the highest echelons of the corporate hierarchy. Back then, managers at Standard Venezuela had recognized that incorporating more locals in positions of responsibility posed a challenge. Skilled engineers, geologists, and similar professions that the industry required, did not abound in Venezuela. However, instead of blaming Venezuelans for their lack of education as foreign petroleum firms did in Iran, company officials provided solutions.

A manager's annual review explained that the scarcity of experienced Venezuelan personnel for the various types of work had "forced us to establish industrial training schools, night schools for training typists, stereographers and operators."[119] The schools provided locals with the most basic knowledge, from teaching illiterates how to write and read, to more specialized courses in accounting and management. From the perspective of an industrial relations officer, "considerable strides" had been made in the "training of the Venezuelan personnel." The firm

117 "Cambia de Presidente La Creole Petroleum. Renunció Proudfit y Asume Jarvis," *Panorama*, February 1, 1961, sec. P.21, Hemeroteca, Biblioteca Nacional de Venezuela.

118 George D. E. Philip, "The Expropriation in Comparative Perspective," in *The Mexican Petroleum Industry in the Twentieth Century*, ed. Jonathan C. Brown and Alan Knight (Austin, Texas: University of Texas Press, 2009), 184. Phillip considers policies like training local managers a component of the corporate good citizen agenda directed at preventing another Mexico in the Latin American oil industry.

119 H.E. Linam, "S.O.V. Manager's Annual Review. 1936," March 1, 1937, Box 2207J105a, Briscoe Center, 5.



committed itself to a "policy of training Venezuelans as far as practicable into jobs now held by foreigners."[120]

Foreign enterprises started financing the education locals needed to rise to higher positions. A review of Standard Venezuela's industrial relations projects indicated at least three company programs for Venezuelans in 1939. One consisted of additional training in the United States for Venezuelans with technical degrees and those requiring "specialized trades training." Others received scholarships to pursue graduate studies in petroleum geology at Venezuelan or American universities. Finally, some Venezuelans spent a few semesters at American academic institutions and "field training with one of our affiliated companies, usually the Carter Oil Company or Humble Oil and Refining," Jersey Standard's main refining and production subsidiaries in the United States.[121]

The trend continued at the start of the next decade. Henry Linam, Standard Venezuela's general manager, reported that the firm had continued "our policy of sending outstanding Venezuelan employees (as well as their sons and daughters) to educational institutions both in Venezuela and in the United States." The main areas of specialization were "medical doctors, engineers, schoolteachers, nurses and specialized tradesmen." No wonder that the first positions Venezuelans took over were the schools and hospitals in the petroleum camps, the engineer departments, and the supervising roles in the oilfields.[122] Natives

120 "Public Relations. S.O.V. Industrial Relations 1936-1937," March 27, 1937, Box 2007J100a, Briscoe Center, 8.

121 Henry Wemson, "S.O.V. Industrial Relations. Employee Relations. Foreman Training. 1939," February 17, 1940, Box J102a, Briscoe Center, 2-3.

122 H.E. Linam, "Lago. Manager's Review. Training," 1940, Box J102a, Briscoe Center, 28.



started replacing foreign foremen, with the company employing local "drillers in practically all drilling wells in 1940."[123]

Standard Venezuela was not alone in this effort to incorporate more locals into the oil industry. Other foreign firms started implementing similar programs. Venezuelans with company scholarships like Roberto Mandini and Nicanor García, joined Gustavo Coronel from Shell to study geology. Bernardo Díaz Lyon from Gulf enrolled in engineering courses abroad. Like them, hundreds of Venezuelans became students in American institutions such as Texas A.M., the University of Texas, Tulsa University, the University of Oklahoma, the University of California at Berkeley and the Massachusetts Institute of Technology.[124] The emphasis of foreign petroleum companies to send locals to graduate school at prestigious United States universities contrasts with the limited possibilities that, for instance, Iranians had at the Anglo-Iranian Oil Company. Historian Shafiee has shown how this firm preferred to minimize the number of Iranians sent to university training in the United Kingdom. Management deliberately sought to block the return of skilled Iranians that could cause troubles among the workers.[125] In Venezuela, the president of the Creole Petroleum Corporation fully backed the "Venezolanization" of the firm.

Arthur T. Proudfit strongly felt that Venezuelans receiving education in the United States would become a "distinct asset to our organization in the future." Nationals were important for the company because they could materially "assist us in our nationalization program particularly in the higher category positions." The American believed that Creole's experience

123 "Creole Petroleum Corporation. Annual Report," 1940, Box J102a, Briscoe Center, 3.

124 Marcus Golding, "Redes Sociales Petróleo. Database." (Not published., n.d.).

125 Shafiee, *Machineries of Oil, 138*.



training Venezuelans for higher positions had been "excellent." Their exposure to United States educational methods and work habits were "quite beneficial in their future assignments in Venezuela."[126] A closer look at the professional trajectory of Venezuelans working for Creole show how high some of them were able to rise.

Men like Guillermo Zuloaga became one of the first non-American chief geologists at Creole. In 1951, he also became the first national to serve at the board of directors of any foreign petroleum company. Carlos Lander Márquez started as a lawyer in the company. However, over the years he rose to the position of head of industrial relations in Caracas, and later, Creole's general manager of that same area. Under his watch the firm signed the first collective contracts with the petroleum unions in 1945-1946. Lander Márquez ascended to the board of directors. This Venezuelan in 1966 also created the Institute of Advanced Studies in Administration, a non-profit Caracas business school, a project supported by the Creole Foundation.[127] Siro Vázquez rose even higher. Hired in 1938, this engineer became the first Latin American to sit on the board of directors of the parent company. Five years later, in 1970, Vázquez became vice president of Jersey Standard's successor, Exxon.

Others began their careers at Creole but followed a different path. Humberto Peñaloza left the firm to become a board member of the first Venezuelan state oil company, the Venezuelan Corporation of Petroleum, founded in 1960. He had a distinguished career as a public servant at the Ministry of Mines and Hydrocarbons and served as the Venezuelan governor before the Organization of Petroleum Exporting Countries (OPEC).

126 Arthur T. Proudfit, "Venezuelan Personnel 1945-1946. Venezuelan Students in the U.S," November 25, 1944, Box J102a, Briscoe Center.

127 Instituto de Estudios Superiores de Administración (IESA).



Peñaloza in 1965 even founded the first private Venezuelan petroleum corporation, the Mito Juan Oil Company.[128]

Similar progressions could be observed at Shell and Gulf. Giacopini Zarraga was Shell's representative at the Chamber of Oil Industries. This group represented the foreign companies at the Federation of Venezuelan Chambers of Commerce, the preeminent organization of local businessmen in the country.[129] He also served on the boards of directors of Shell Venezuela and the Shell Foundation. Others like Luis Alcalá Sucre from Gulf, and Alberto Quirós Corradi from Shell, ascended to the presidencies of the Venezuelan affiliates in 1966 and 1974.[130]

Gustavo Coronel had a very eclectic trajectory. The Venezuelan started working for the Anglo-Dutch company in 1952, after receiving a scholarship. Specializing in engineering and geology, his promotions led him to more managerial positions.[131] In 1965, Coronel formed part of a small cohort of Venezuelans and other foreign employees sent to Indonesia to prevent the Sukarno's regime (1945-1967) from expropriating Shell's assets in the country.[132] The Venezuelan also participated in politics. Coronel founded the Petroleum Orientation Group, a civic organization that had a decisive influence over the public debates about the industry's nationalization in 1974-1975.[133]

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128 Golding, "Redes Sociales Petróleo. Database."

129 Cámara de la Industria del Petróleo. It was part of the Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela.

130 Golding, "Redes Sociales Petróleo. Database."

131 *Ibid*.

132 Gustavo Coronel, *El Petróleo Viene de la Luna: Una Novela del Petróleo Venezolano* (Bogotá: Amado González & Cia., 2010). Despite being a fictional work, the main character of this novel is based on the life of the author. The book retells Coronel's journey in the Venezuelan petroleum industry from a fictional angle.

133 Agrupación de Orientación Petrolera.



After the Caracas government took over the petroleum industry in 1976, he became one of the first board members of the new state-owned oil company, Petróleos de Venezuela.

These trajectories corroborate not only the high positions attained by many Venezuelans under foreign control of the petroleum industry. They also indicate the different responsibilities and activities many nationals embraced after a stint in the foreign-owned companies. Government officials, civic organization leaders, private entrepreneurs and even managers of affiliates on the other side of the world. These names were not just a handful. Numbers also backed their stories.

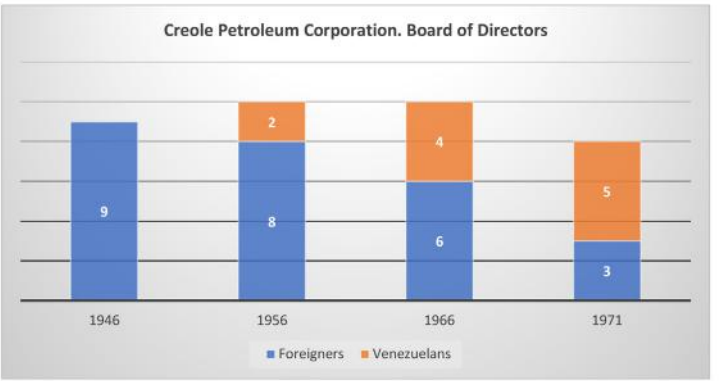


Figure 2: Proportion of Venezuelans vs foreigners at Creole's board of directors. Creole Petroleum Annual Reports. Courtesy of the Benson Latin American Collection.

The composition of Creole's board of directors (see graph above) reflects the gradual change over the decades. When the policy of Venezolanization at the firm started in the 1940s, no Venezuelans were present at the board of directors. However, in subsequent decades, more nationals ascended through the firm's ranks until, by 1971, they outnumbered the Americans. A company memo reported that nearly "ninety-two percent of



the total personnel in 1947" including trained technical staff members, were "Venezuelan nationals."[134] This trend replicated the same proportion industrywide.[135] In 1972, four years before the state took control over the petroleum industry, only four laborers out a one thousand in the oilfields, were foreigners. At the employee level, of 11,699 individuals, only 893 were expatriates.[136] In other words, they represented less than a tenth of the personnel (7,6 percent) at the foreign petroleum companies.

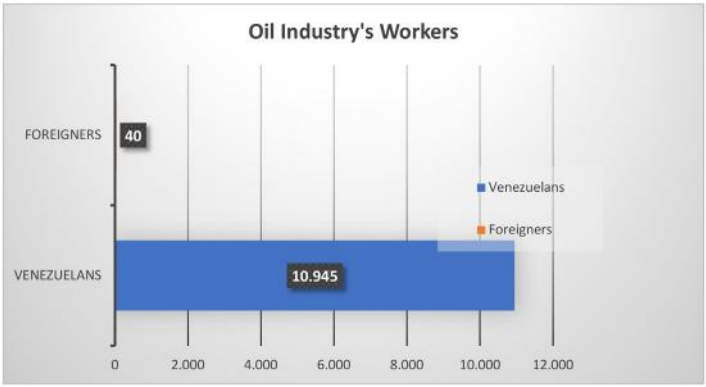


Figure 3: Proportion of foreign workers vs nationals. Laureano Vallenilla. Auge, Declinación y Porvernir (1975).

134 "Descriptive Memo on the Creole Petroleum Corporation," n.d., Box J102a, Briscoe Center, 9.

135 Companies like Royal Dutch Shell experienced a similar shift with more Venezuelans rising to supervisory and executive roles by 1957. See: Alejandro E Cáceres, *Londres en Caracas y la Haya en Maracaibo,* 112.

136 Luis Vallenilla, *Petróleo Venezolano Auge, Declinación y Porvenir*, 436.

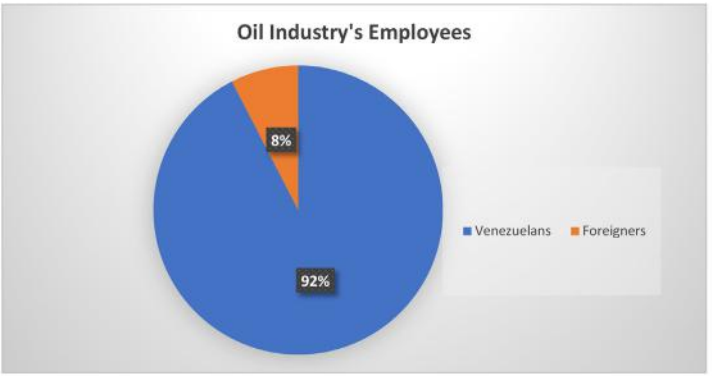


Figure 4: Proportion of foreign employees vs nationals. Laureano Vallenilla. Auge, Declinación y Porvernir (1975).

Rather than blocking them, the foreign petroleum companies in Venezuela offered opportunities for professional growth in the industry. After the 1940s, these corporations never faced serious criticism about discriminating against locals. This point often inflamed nationalist attitudes in other host countries. In Venezuela, the Medina Angarita government early on let the American and British petroleum interests know that this issue could become a problem in the future. Creole, Shell, and the others not only heeded the warning, but fully embraced an agenda of integration of locals at all levels of the corporate hierarchy.

This policy had long-term positive effects for these firms. Venezuelans at these corporations shared the business philosophy and work habits of their employers. These cohorts of nationals served as the best line of defense to rebuff critics that only saw dependency and foreign exploitation in American and British enterprises. Finally, they provided the Creole Petroleum Corporation and its competitors with the best "assets" the companies could ask for in representing the industry and their commitment to Venezuela before the public.





Conclusion

After 1942, the Creole Petroleum Corporation and its parent company, the Standard Oil Company of New Jersey, became devoted advocates of public relations and promoters of corporate social responsibility. Creole considered a socially committed corporation with responsibilities in the host country where the firm operated to be the best strategy to preserve its operations abroad. This policy also served to combat growing nationalism in the Global South. The archive provides plenty of records concerned with this topic. For instance, Jersey Standard and its affiliates hosted many conferences to study Latin American and Middle East nationalism in the 1950s and 1960s.[137] The Creole Petroleum Corporation had a prominent role in many of these events. Its American and Venezuelan executives presented position papers on many different issues, from the company's role in providing community services, to the best ways to deal with nationalist feelings in the country.[138]

137 "Latin American Conference. Panama. October 6 through 9, 1952," October 6, 1952, Box 2207L11c, Briscoe Center.

138 "The Jersey Roundtable. Standard Oil Company (New Jersey) June 18 through 20, 1952," June 18, 1952, Box 2207L11a, Briscoe Center; "Highlights of Discussions at Latin American Public Relations-Management Conference. Caracas. April 29-May 4, 1957," April 29, 1957, Box

These activities closed a cycle of corporate reinvention that had started timidly in the 1930s but consolidated itself in the 1940s. This article explored this process of change. The first section addressed why and how Jersey Standard affiliates modified their business attitude in Venezuela. Internal events like the death of the dictator Juan Vicente Gómez and the 1936 oil strike played important roles. External developments like the 1938 Mexican oil nationalization exerted a very heavy influence in the Venezuelan oil industry. Managers had this experience very much in mind during the Hydrocarbon law negotiations with the government. They gradually convinced themselves that their firms needed not only better relations with the nationals, but also a program of full integration with the locals. If the corporation aspired to stay there for a long time, Creole had to act and show itself as a good corporate citizen working for the prosperity of Venezuela. The late and relatively friendly nationalization of the Venezuelan petroleum industry proves the success of Jersey Standard affiliates in adopting a broad agenda of social responsibility in the country.

The second section of this paper analyzes the widespread policy of Venezolanization at the Creole Petroleum Corporation. This program was one component of the social responsibilities that the firm felt it had towards Venezuela and its citizens. Creole's orientation school showed how Americans needed to speak the language and integrate themselves with their Venezuelan peers if expatriates desired to work at the company. Simultaneously, this firm started investing in scholarships and training programs so that nationals could replace foreigners. Over the next decades, Venezuelans filled most positions at the corporate hierarchy. They even reached the board of directors and the presidencies of the American and British subsidiaries. This reality contrasts with

2207L11c, Briscoe Center; H.W. Haight, "Nationalization and Nationalism," December 30, 1952, Box 2012-2333, Briscoe Center.



the strategies some of these multinationals often employed to block the rise of natives in other places of Latin America and the Middle East. Finally, the policy of Venezolanization had long-term benefits for these enterprises. Venezuelan employees became the best representatives of the foreign petroleum corporations in the country, serving as a shield against nationalist critiques that objected the presence of foreigners in the oil industry.

The adoption of a broad agenda of corporate social responsibility was the reason why American and British petroleum interests remained in Venezuela for so long. This agenda was possible due to the privilege position that petroleum played in global markets throughout the twentieth century. The enormous profitability of this mineral allowed for a generous financing of corporate social policies. The tempered oil nationalism that emerged in the country is not understandable unless the literature acknowledges the importance that the country's welfare played in the business strategies of these firms.





Hydrocarbons Law of 1943

Copyright: foto Aparecida en el diario Esfera en el año 1943.



Arthur T Proudfit

Courtesy of the Benson Latin American Collection.



Nelson Rockefeller

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Wallace E. Pratt

Source: The Lemoore Advance. Sept 30, 1971. Page 1. How One Man Strived to Save Priceless Heritage of Nature.



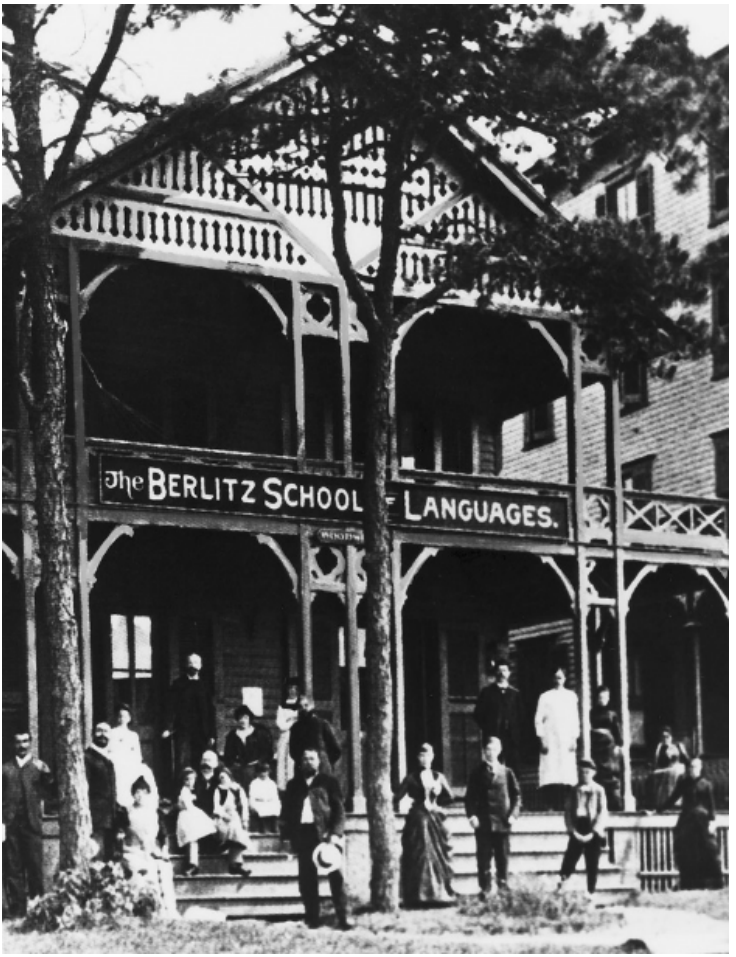
Baseball game

Courtesy of: Creole en accion. Randytrahan.com



Creole's teacher and school

Courtesy of: Creole en accion. Randytrahan.com



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Guillermo Zuloaga

El Farol. Agosto de 1944. Creole Petroleum Corporation. P.6



Siro Vazquez

El Farol. Agosto de 1941. Sociales.



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American and British oil companies emerged as the leading advocates of corporate social responsibility in Venezuela, providing public services, investing in socio-economic projects, and offering professional opportunities for all Venezuelans. However, they did not initially profess this liberal mindset. Instead, foreign corporations such as the Creole Petroleum Corporation transitioned from being unconcerned with local grievances in the 1930s to becoming exemplary models of commitment towards the social problems of the country in the 1940s. This article traces the process of corporate reinvention, analyzing how Creole and its predecessors adopted this business philosophy. Ultimately, this agenda allowed the company to avoid the economic nationalism that had led to the expropriation of foreign capital assets in other parts of the world. The last section explores the scope and reach of Creole's policy of 'Venezolanization,' which aimed to promote local talent at all levels of the oil industry.

