

# The Vestey Cattle Enterprise and the Regime of Juan Vicente Gómez, 1908–1935

DOUG YARRINGTON

*Abstract.* This article seeks to expand our understanding of the dynamics of the Gómez regime and of its treatment of foreign investment by examining its relationship with a large British enterprise engaged in ranching and frozen meat exports. The company and the regime established mutually beneficial relationships during the First World War, but when the tighter market conditions of the post-war period obliged the company to restrict its purchases of cattle from Gómez, he forced the company to end its exports. The regime's treatment of the Vestey enterprise thus offers a vivid contrast to its treatment of foreign oil companies.

Cecil Dormer, the recently arrived British minister in Venezuela, relished the opportunity to spend the better part of a week in early September 1919 as General Juan Vicente Gómez's guest in Maracay, the provincial city in which Gómez had lived since 1911. Dormer returned to Caracas enthused and (he believed) enlightened, for he now had a clearer understanding of Gómez and the other men who led his regime.<sup>1</sup> In particular, Dormer believed that he now comprehended Gómez's attitude toward foreign investment. 'I have all along wondered what was really the attitude of the powers that be here towards foreigners, and I think I now understand it', he reported:

They do not dislike foreigners or foreign concessions in the way that people seem to do in China or in Persia. Here, odd as it may sound, they are intensely patriotic ... They frankly acknowledge that they are powerless at present to develop the country unaided and to that end they welcome foreign assistance and foreign capital. But they long for the day when they can do things themselves. One cannot blame them for this, but it shows how careful we must be not to take up big schemes with our eyes blind-folded ... I will only say now that the big stick will never avail us anything. Tact and friendliness can get us anything but official notes nothing. It is the same thing in the provinces. I met several State Presidents in Maracay (they do not seem to be happy in

Doug Yarrington is Assistant Professor in the History Department at Colorado State University, Fort Collins.

<sup>1</sup> Dormer had no diplomatic experience in Latin America before his appointment to Venezuela. Godfrey Hertslet et al. (eds.), *The Foreign Office and Diplomatic and Consular Year Book for 1919* (London, 1919), pp. 320–1.

their own homes) and no one could be easier to handle if tackled properly. The vast majority of Governors and rulers here look like and are of the type of a blacksmith. They are very simple, terribly hospitable and easy to get on with.<sup>2</sup>

Moreover, Dormer felt his time in Maracay afforded him insights into Gómez's handling of his own business enterprises, which he had expanded into an enormous personal fortune. In Dormer's view, Gómez had embarked on the seemingly endless acquisition of cattle ranches, agricultural estates and other properties not out of greed, but rather out of a desire to advance Venezuela's economic development. 'He has made a lot of money and has enormous property', Dormer allowed, 'but he has shown an example of what can be done, and I feel that his preference for choice lands to cultivate himself may be partly due to the fact that it is better for him to work them than for no one to.'<sup>3</sup> The rustic General, now over sixty years of age, clearly made a favourable impression on the British official. Dormer's only hint of a looming problem in Anglo-Venezuelan relations was his observation that 'the British meat company at Puerto Cabello will one day meet with strong competition', a remark occasioned by Gómez's obvious determination to continue the expansion of his own cattle empire.

Dormer's letter revealed his confidence that, on the basis of a handful of conversations over the span of a few days, he could comprehend the essence of Venezuela's rulers and intuit the methods necessary for Britain to interact advantageously with the Gómez regime. His letter also touched on a number of factors that ultimately shaped relations between the regime and the Venezuelan meat-packing and cattle-raising enterprise owned by William and Edmund Vestey, two of Britain's wealthiest men. The history of the Vestey cattle enterprise and its conflicts with the Gómez regime reveals a great deal not only about an important episode of foreign investment in Latin America, but also about the occasional limitations of foreign power in Venezuela. Above all, it modifies the widespread view of Gómez as either a tool of foreign business interests or a proto-nationalist whose country was still too weak to challenge the dominant powers of international capitalism. In the cattle sector of the economy, the Gómez regime dealt with foreign investment from a position of strength and succeeded in forcing the British to respect Venezuelan interests and sensibilities, especially those of Gómez and his allies.

Historians who have addressed the role of foreign investment in Gómez's Venezuela have focused – quite understandably – on the oil industry; their work provides context for a consideration of Gómez's relationship with foreign cattle interests. Venezuela's post-World War I oil boom brought a massive influx of European and US investment, overshadowed the agrarian

<sup>2</sup> Dormer to Sperling, 9 Sept. 1919, Public Record Office (PRO), Foreign Office (FO) 199/232.

<sup>3</sup> *Ibid.*

economy centred on coffee and cattle, and allowed Gómez to strengthen his already firm hold on political power. Some scholars have argued that the regime became little more than an instrument of foreign oil interests, surrendering control of a valuable, non-renewable resource in return for comparatively small payments from the companies.<sup>4</sup> Other scholars have offered a more subtle assessment of Gómez's relationship with the oil interests by emphasising the structural constraints on any attempt to increase Venezuela's share of petroleum revenues. Thus Brian McBeth and Fernando Coronil – to cite two representative scholars – suggest that any portrayal of Gómez as merely an imperialist lackey is overly simplistic.<sup>5</sup> His regime repeatedly pushed to increase taxes and regulatory control, motivated both by nationalist sentiment and by a desire to maximise the flow of oil-related spoils to Gómez and his cronies. Nevertheless, McBeth and Coronil conclude that the regime's reliance on European and US capital, technology, and political support severely limited the regime's ability to curb the companies' privileges. The regime may not have been a mere instrument of the companies, but clearly the companies exercised the preponderance of bargaining power up to 1935, the year of Gómez's death.

The Vestey's cattle enterprise presents a dramatically different case of Gómez's relationship with foreign capital. The cattle economy offered foreigners fewer structural advantages and less bargaining power than they enjoyed in Venezuela's nascent oil industry. Although the Vestey's initial enterprise – a refrigerated packing plant in the port city of Puerto Cabello – incorporated technology not available in Venezuela and thus paralleled certain foreign advantages in the petroleum sector, Venezuelans had a long familiarity with most aspects of the cattle trade, such as the breeding, herding and butchering of livestock, and the domestic marketing of beef and dairy products.<sup>6</sup> Foreign expertise and technology mattered much less in the cattle trade than in oil, and the Vestey's paid a heavy price for their relative lack of negotiating clout, despite the influence they enjoyed as two of the wealthiest entrepreneurs in Britain.

The structural realities of the cattle business, however, cannot provide a fully adequate context for understanding the relationship between the Vestey's

<sup>4</sup> Examples include L. C. Rodríguez, *Gómez: agricultura, petróleo y dependencia* (Caracas, 1983), pp. 90–100; F. Brito Figueroa, *Historia económica y social de Venezuela*, vol. 2 (Caracas, 1986), pp. 430–5; and Y. Segnini, *La consolidación del régimen de Juan Vicente Gómez* (Caracas, 1982), pp. 109–19.

<sup>5</sup> B. S. McBeth, *Juan Vicente Gómez and the Oil Companies in Venezuela, 1908–1935* (Cambridge, 1983); F. Coronil, *The Magical State: Nature, Money and Modernity in Venezuela* (Chicago, 1997), pp. 78–82.

<sup>6</sup> Useful histories of Venezuelan ranching include G. Carvallo, *El hato venezolano, 1900–1980* (Caracas, 1985), and T. Briceño, *La ganadería en los llanos centro-occidentales venezolanos, 1910–1935* (Caracas, 1985).

and the Gómez regime. Gómez had become Venezuela's most successful cattleman by the time the Vestey family established their enterprise in Venezuela, and many of Gómez's state governors (the 'simple, terribly hospitable' men described by Cecil Dormer) became his partners in an ever-expanding cattle empire. Indeed, the web of business partnerships between Gómez and his political collaborators suggests that Gómez may have viewed political power primarily as a means toward a larger end, the defence and advancement of his cattle business (which, by all accounts, he loved much more than politics).<sup>7</sup> The Vestey family, who were interested primarily in exporting frozen beef, may have calculated that Gómez and his collaborators, who concentrated on monopolising the domestic market for beef and dairy products, would not view the British concern as a direct competitor. But, in the end, Gómez's desire to control Venezuela's cattle business led him to attempt to drive the Vestey family out of the country.

#### *The Frozen Meat Plant at Puerto Cabello*

The Vestey enterprises in Venezuela formed only one part of a multinational business empire. From modest beginnings in Liverpool, William Vestey (1859–1940) and his brother Edmund (1866–1953) succeeded in building the family fortune largely because of their early investments in refrigerated storage. Beginning in 1890, they became pioneers in the marketing of frozen meats and refrigerated eggs in Britain. By the time of the First World War, they acquired a network of production, processing and freezing enterprises in Russia, China, Argentina, Australia, New Zealand and Venezuela, as well as their own fleet of refrigerated ships, the Blue Star Line. This integrated, global empire allowed the Vestey family to become the largest retailers of meat in the world by the mid-1920s, and eventually made them one of the richest families in Britain.<sup>8</sup>

Their Venezuelan operations began with a frozen meat works in the port city of Puerto Cabello, and later expanded to include a number of extensive cattle ranches. Investment in Venezuela must have seemed like a natural evolution within the Vestey family's network. The Venezuelan plains, or *llanos*, may

<sup>7</sup> D. Yarrington, 'Corruption, State Formation, and Popular Response during the Regime of Juan Vicente Gómez, 1908–1935,' paper presented at the Latin American Studies Association conference, Washington, DC, Sept. 2001.

<sup>8</sup> The most comprehensive history of the Vestey family's business is P. Knightley, *The Rise and Fall of the House of Vestey* rev. ed., (London, 1993); see especially pp. 1–46. Knightley, however, omits Venezuela from his discussion of this period and from his list of countries in which the family owned properties in 1919 (*ibid.*, p. 22). Glimpses of the Vestey empire may also be found in J. H. Kelly, *Beef in Northern Australia* (Canberra, 1971); S. G. Hanson, *Argentine Meat and the British Market* (Stanford, 1938); and P. H. Smith, *Politics and Beef in Argentina: Patterns of Conflict and Change* (New York, 1969).

not have been as rich and fertile as the Argentine pampas, which, by the early twentieth century, supplied large quantities of beef to British consumers. Nevertheless, Venezuela's location promised lower transportation costs to Europe and thus seemed advantageous in the increasingly competitive international meat business. The most apparent obstacle to developing Venezuelan beef exports was the poor quality of Venezuelan cattle, but British enterprise could presumably overcome that problem by carefully selecting cattle for slaughter and, over the long term, by introducing better breeding stock.<sup>9</sup>

The Puerto Cabello meat plant originated from a government concession granting a monopoly on frozen meat exports to General Esteban Herrera Sucre in July 1909, less than a year after Gómez seized power. Under the terms of the concession, which ran until 1922, Herrera Sucre agreed to begin the export of frozen meat from Venezuela, and to pay a tax on each head of livestock slaughtered at the meat works. In return, the government would not charge taxes on the importation of materials and equipment needed to build and operate the freezing plant, and it agreed not to establish a similar agreement with any other party for the duration of the contract. Herrera Sucre, however, merely acted as a representative for a group of unnamed British investors who, according to the British legation in Caracas, had pioneered the export of refrigerated meat from Argentina.<sup>10</sup> These British owners soon leased the plant to the Vesteyes, who purchased it outright in 1914 and operated it as the Venezuelan Meat and Products Syndicate (later renamed The Venezuelan Meat Export Company).<sup>11</sup>

The frozen meat plant's relationship to the Gómez regime proved fundamental to the enterprise from the very beginning. The British minister in Caracas reported that the meat company, like all beneficiaries of government concessions, had to pay off Gómez and other government officials. The company, established with an investment of £155,000, 'had to hand over 55,000 [pounds] in ordinary stock' to members of the government,<sup>12</sup> an action which provided the basis for later conflicts between the company and the regime. Moreover, Gómez clearly believed that he would sell the company most of the cattle for slaughter, freezing and export. Already the principal supplier of meat to Venezuela's major cities, the dictator saw the company as

<sup>9</sup> For comments on the poor quality of the environment, soil, and cattle of the *llanos*, see 'Venezuela Annual Report, 1912', PRO, FO 371/1861.

<sup>10</sup> Corbett to Grey, 24 July 1909, PRO, FO 199/224. A printed copy of the contract is enclosed with this dispatch. See also the newspaper articles 'Exportación de carnes congeladas' and 'Empresa de carnes congeladas', in the file 'Meat, Frozen Export', PRO, FO 199/224.

<sup>11</sup> J. A. Brewster, 'The South American Trade,' in Frank Gerrard (ed.), *The Book of the Meat Trade*, vol. 1 (London, 1949), pp. 209–10.

<sup>12</sup> Harford to Grey, 13 Nov. 1911, PRO, FO 371/1277.

a new outlet for livestock from his growing number of ranches. He accelerated his purchases of land near Puerto Cabello to fatten cattle for sale to the company. Indeed, the British minister feared that his countrymen's enterprise 'is likely to resolve itself into a close corporation composed of the president and his satellites'.<sup>13</sup>

Although this fear was never realised, it was not completely misplaced, given Gómez's approach to the cattle business. Raised in a family that owned modest coffee and cattle farms in the western Venezuelan state of Táchira, Gómez gravitated steadily towards the cattle trade. During the presidency of his friend and comrade, Cipriano Castro (1899–1908), Gómez used his position as military commander and vice-president rapidly to expand his cattle business. It must have seemed natural to invest in livestock rather than coffee, even though coffee remained Venezuela's most valuable export until 1925. Whereas the world market determined the profitability of coffee, the domestic market for cattle – and especially the market for beef and dairy products in Venezuela's urban centres – could be controlled through political power. Gómez had become the largest supplier of beef to Caracas by 1903, and his acquisition of land and livestock continued unabated until his death in 1935.<sup>14</sup> He often acquired ranches and cattle through threats and coercion. In the major cattle regions – the *llanos* and the environs of major cities in the central coastal region – it became well known that sizeable lots of livestock or large ranches offered for sale should be offered to Gómez or his representatives before other prospective buyers.<sup>15</sup> Gómez's partners in the cattle business often served as regional military commanders or as state governors (formally known as state presidents). From across the nation, they apprised Gómez of opportunities for new investments, protected his ranches, and supervised the movement and marketing of his cattle.<sup>16</sup> Even before the First World War, the general and his cronies seemed close to monopolising the Venezuelan cattle trade.

<sup>13</sup> 'Venezuela Annual Report, 1909', p. 9, PRO/FO 371/1026.

<sup>14</sup> For Gómez's control of the Caracas market in 1903, see M. Picón-Salas, *Los días de Cipriano Castro* (Caracas, 1953), p. 205. The record of Gómez's known property acquisitions is presented, year by year and state by state, in C. Dupuy, *Propiedades del General Juan Vicente Gómez, 1901–1935* (Caracas, 1983).

<sup>15</sup> Harford to Grey, 12 Feb. 1914, PRO, FO 420/258; 'Venezuela. Annual Report, 1914', in PRO, FO 371/2501; and E. Arévalo Cedeño, *Viva Arévalo Cedeño (el libro de mis luchas)* (Caracas, 1979), pp. 9–11.

<sup>16</sup> Examples in Gómez's correspondence are numerous; representative cases include Gómez to Murillo, 5 Dec. 1908, in *Boletín del Archivo Histórico de Miraflores (BAHM)*, nos. 114–115 (1981–82), p. 9; Jurado to Gómez, 1 April 1914, in *Los Hombres del Benemérito: epistolario inédito*, vol. 2 (Caracas, 1986), pp. 77–8; and Baldó to Gómez, 25 March 1915, in *BAHM*, nos. 61–63 (1969), pp. 72–3. See also P. S. Linder, 'Agriculture and Rural Society in Pre-Petroleum Venezuela: The Sur del Lago Zuliano, 1880–1920', unpubl. PhD diss., University of Texas at Austin, 1992, pp. 230–2.

At first, this posed no great obstacle to the owners of the meat plant in Puerto Cabello. The fastest way to increase the value of Venezuelan cattle and ranches was to develop the export of beef, something that required a knowledge of the preparation and marketing of frozen meat, as well as access to the capital and technology needed for refrigerated storage and shipping. The British owners of the Puerto Cabello plant provided such capital and expertise, and as long as the plant bought cattle from Gómez and his collaborators its prospects must have seemed bright. Venezuela exported over 1.3 million kilograms of frozen meat in 1910, the company's first year of operation, and in 1911 exports of frozen meat rose to slightly over 1.8 million kilograms – all of it originating at the company's plant, the nation's only meat freezing operation (see Table 1).

After two successful years, however, operations came to a sudden halt in April 1912 because the company could not afford to pay the price that Gómez demanded for his cattle. 'No cattle can be bought at a remunerative price', explained the British minister, 'owing to General Gómez forcing all cattle breeders to sell to him only.'<sup>17</sup> Moreover, the company had experienced difficulty selling Venezuelan meat in England due to its poor quality, though it eventually found a market in Italy. Venezuela's frozen meat exports dropped dramatically in 1912 and ceased altogether in 1913. The once profitable venture was now squeezed between a disadvantageous European market and Gómez's demand that the company buy his cattle at the artificially high prices created by his control of the Venezuelan market.

World War I saved the enterprise. Wartime demand for meat pushed prices to the point that both Gómez and the Vesteyes could realise substantial profits. As the Vesteyes became major suppliers of meat to the Allied armies, their global business empire prospered and grew,<sup>18</sup> and their enterprise in Venezuela proved no exception. During the period 1915–1921, Venezuela's frozen meat exports boomed. For years afterward, this period would be remembered as the most prosperous in the history of the Vesteyes' Venezuelan enterprise.<sup>19</sup>

*An integrated enterprise: the Vesteyes acquire Venezuelan ranches*

Even before the outbreak of the war, the Vesteyes had begun to investigate the possibilities of acquiring cattle land in Venezuela. In part they did so because it was their normal method of developing an enterprise; their first investments in various countries began with a freezing and packing plant, and they later acquired the means to produce the livestock that they processed, froze and

<sup>17</sup> 'Venezuela Annual Report, 1913', p. 8, PRO, FO 371/2157.

<sup>18</sup> Knightley, *Rise and Fall*, pp. 21–2.

<sup>19</sup> 'Report on Consular Ports at Maracaibo, Puerto Cabello, and La Guayra', 12 Feb. 1935, PRO, FO 369/2441.

Table 1. *Venezuelan Exports of Frozen Meat, 1910–1936*

Year	Volume (kilograms)	Value ( <i>bolívars</i> )
1910	1,329,656	393,915
1911	1,800,052	540,316
1912	697,120	144,613
1913	0	0
1914	464,000	295,487
1915	3,578,480	1,401,352
1916	2,664,480	1,871,802
1917	5,522,280	2,200,304
1918	5,303,910	2,120,399
1919	6,342,042	3,058,955
1920	5,607,144	2,704,888
1921	2,568,139	2,276,826
1922	1,081,299	702,715
1923	9,650	15,580
1924	1,766,146	852,585
1925	1,616,032	938,430
1926	0	0
1927	0	0
1928	0	0
1929	36,000	36,000
1930	216,662	216,662
1931	24,202	24,202
1932	0	0
1933	0	0
1934	0	0
1935	0	0
1936	0	0

Sources: T. Briceño, *La ganadería en los llanos centro-occidentales venezolanos, 1910–1935* (Caracas, 1985), p. 200; and F. H. Walton, *Estudio sobre la ganadería en Venezuela*, 2nd edition (Caracas, 1952), pp. 109–10.

exported.<sup>20</sup> In Venezuela, Gómez's hold on the cattle market both provided an additional incentive to develop their own source of supply, and created special obstacles as the company sought to acquire its own land and livestock. The Vestey's sent a representative, Evelene Brodstone, to Venezuela, probably in 1910 or 1911, to assess the possibilities of acquiring land in the *llanos*, but the trip proved fruitless.<sup>21</sup> Another Vestey representative – Cecil Elmy, their manager of the Venezuelan Meat and Products Syndicate – travelled through the eastern and central *llanos* in 1913–1914. Gómez blocked his initial attempts to buy ranches, but eventually relented. The ranches purchased by Elmy were registered as properties of a new Vestey company, the Lancashire General

<sup>20</sup> Knightley, *Rise and Fall*, pp. 17, 22.

<sup>21</sup> E. J. Tremain, *Evelene: The Troublesooter Was a Lady* (Lincoln, NE, 1985), pp. 107–8.



Investment Trust. Elmy, one of most effective managers the Vestey's ever had in Venezuela, oversaw the Vestey ranches and freezing plant by 1916.<sup>22</sup>

As the company's ranching operations grew, William Vestey himself came to Venezuela to meet with Gómez. According to the US ambassador in Venezuela, Preston McGoodwin, Vestey's three-and-a-half-month visit in 1917–1918 coincided with frantic efforts to expand the company's lands in the *llanos* and to increase the capacity of the plant in Puerto Cabello from 300 to 1,000 head of livestock per day:

Suddenly, a week before Christmas last year [1917], there arrived in Venezuela Sir William Vestey, the president of the company, and various other officials and directors. No announcement was made of their coming and nothing has been done, by way of entertainment or otherwise, which has resulted in any publicity subsequently. The visitors went immediately into the interior and emerged only a few hours before taking an unscheduled British steamship on March 31 ... They have been literally scouring the llanos country south and southwest of Caracas as far as the Apure and Orinoco rivers, and one group went on down the Orinoco to Ciudad Bolívar and the Great Delta, where their work will require several months more ... Meanwhile, the company is acquiring breeding stock of the best quality and in enormous quantities to stock the numerous ranches just purchased ... The original intention of the company was to acquire grazing land in only three states, adjacent to their plant in Puerto Cabello, but when it was found that General Gómez, who has an absolute monopoly upon the sale of cattle for local consumption in Venezuela, would not interpose serious objection to their acquisition of even remote properties, they extended their scope of activities.<sup>23</sup>

Vestey visited Gómez in Maracay and toured some of the general's nearby ranches. Although no details of the meeting survive, the two men may well have found that they had much in common. They were roughly the same age, they shared a middle-class background, and they had a similar work ethic; above all, they shared a near-obsession with the cattle business.<sup>24</sup> Gómez, who was regarded to be 'obviously ill at ease with foreigners who are not interested in cattle',<sup>25</sup> probably found this meeting more engaging than most of his obligatory discussions with visiting dignitaries. Moreover, each man was profiting from his relationship with the other. Vestey's

<sup>22</sup> Elmy's original name was Cecil Meyerheim. A British subject, he adopted Elmy (his maternal family's name) to replace his Germanic surname during World War I. For his career as a Vestey representative, see F. Calzadilla Valdés, *Por los llanos de Apure* (Caracas, 1948), pp. 246–50; Harford to Grey, 28 April 1915, PRO, FO 371/2502; Briceño, *La ganadería*, pp. 101–3; and Vincencio Pérez Soto to Juan Vicente Gómez, 31 May 1916, *BAHM* no. 61 (1969), pp. 86–7.

<sup>23</sup> McGoodwin to Department of State, 5 April 1918, 831.62221/2, National Archive and Records Administration (NARA), Records of the Department of State Relating to Internal Affairs of Venezuela, 1910–1929, microcopy no. 366.

<sup>24</sup> For Gómez's personality, see T. Polanco Alcántara, *Juan Vicente Gómez, aproximación a una biografía* (Caracas, 1990); for William Vestey, see Knightley, *Rise and Fall*, pp. 5, 12, 17–18.

<sup>25</sup> 'Venezuela. Annual Report, 1920', p. 10, PRO/FO 371/5722.

government-sanctioned monopoly of frozen meat exports from Venezuela contributed to his windfall profits. The wartime market allowed the company to pay inflated prices for Gómez's livestock; the British even purchased substantial numbers of diseased cattle from the general without complaint in order to ensure good relations.<sup>26</sup>

Nevertheless, relations between Gómez and the Vestey enterprise soon deteriorated. During April and May 1918, the general began to restrict the operations of Vestey's meat packing plant in Puerto Cabello and of his ranching company. As noted in McGoodwin's report on Vestey's visit to Venezuela, the British believed they had Gómez's permission to acquire extensive ranches in the *llanos*. But either the British misunderstood or they exceeded the limits of their agreement with the general, for in April Gómez 'became so enraged over this company's recent acquisition of lands and breeding stock that he expropriated "for strategic purposes" 250,000 acres they had just purchased'.<sup>27</sup> The British minister concluded that Gómez wanted the land, located near the mouth of the Orinoco River, to raise cattle for sale (on the hoof) to the island of Trinidad.<sup>28</sup> The diplomatic community in Caracas was also abuzz with rumours that Gómez would attempt to take over the frozen meat plant in Puerto Cabello – still the only one of its kind in the country – when its concession expired in 1922.<sup>29</sup> Having allowed the British to develop the export of frozen beef from Venezuela, Gómez now hoped to add Vestey's properties to his own cattle empire, a goal he would continue to pursue at various times during the remaining years of his life.

#### *Vincencio Pérez Soto and the Vestey ranches*

The Vestey enterprise's relationship with Gómez was obviously crucial in determining the parameters within which the enterprise functioned, but the Vestey's managers had to negotiate relationships with other government officials as well. Most importantly, managers of the ranches owned by the Vestey's Lancashire General Investment Trust had to devote considerable attention to their dealings with the president of Apure, the state in which most of the Lancashire Trust's ranch land was located. General Vincencio Pérez Soto, who served as president of Apure from 1915 to 1921, was one of

<sup>26</sup> McGoodwin reported that Vestey's managers 'have been paying exorbitant prices to General Gómez for animals from his properties, a large portion of which are said by the company's veterinarian to be unfit for use.' McGoodwin to Department of State, 5 April 1918, 831.62221/2, NARA, microcopy no. 366. For additional evidence of Vestey's managers purchasing cattle from Gómez, see Work to Beaumont, 2 July 1919, PRO, FO 199/219.

<sup>27</sup> McGoodwin to Department of State, 30 May 1918, 831.602/19, NARA, microcopy no. 366.

<sup>28</sup> Beaumont to Balfour, 24 April 1918, PRO, FO 371/3433.

<sup>29</sup> McGoodwin to Department of State, 30 May 1918, 831.602/19, NARA, microcopy no. 366.

Gómez's key political collaborators and a frequent business partner of the dictator. He became a significant figure in the affairs of the Lancashire Trust and proved a formidable opponent to the company's managers, demonstrating once again that the Vestey cattle business rarely worked its will with the Venezuelan government.

During its first years of operation, in the mid-to-late 1910s, the Lancashire Trust enjoyed good relations with the government and business leaders of Apure, including Pérez Soto. According to Fernando Calzadilla Valdés, a lawyer and businessman in the state capital, San Fernando, the well-to-do of the region greeted the Lancashire Trust with high expectations. Many hoped that the investment of British capital in the *llanos* would invigorate the region's rather sluggish economy and bring new technology and management practices to the isolated region.<sup>30</sup> The large scale on which the Trust operated fed these hopes. It acquired between 250,000 and one million hectares of ranch land and roughly 130,000 head of cattle, becoming the largest ranching operation in the region.<sup>31</sup> Although some *llaneros* lost their homes and livelihoods because of the Trust's intrusion, Apure's elite paid more attention to the handsome prices paid by the company for land and cattle, which raised the value of ranches throughout the region.<sup>32</sup> Finally, the Trust brought a badly needed infusion of commercial credit to the region, selling supplies on credit and lending money to local entrepreneurs (and, reportedly, to the state government).<sup>33</sup>

During these initial years of the Lancashire Trust's expansion and prosperity, then, the elite of Apure had ample reason to welcome the company, and seemed favourably disposed towards British influence in general. When, in early 1919, the British minister, H. D. Beaumont, visited San Fernando, he was treated to an enthusiastic reception: 'rockets were fired, [and] the town was flagged, Union Jacks and Allied flags being everywhere conspicuous.'<sup>34</sup> Beaumont credited the pro-British sentiment partly to the personal popularity of Cecil Elmy, the Lancashire Trust's manager, and partly to the goodwill of Pérez Soto, who had 'always been a convinced Alliophil [sic] and is perhaps the most active and progressive provincial President in Venezuela'. Beaumont's warm reception in San Fernando was especially noteworthy in the light of British (and US) concerns over Gómez's sympathy for Germany during the recently concluded war.<sup>35</sup>

<sup>30</sup> Calzadilla Valdés, *Por los llanos*, pp. 152–3, 237, 238–40.

<sup>31</sup> *Ibid.*, p. 238; and Briceño, *La ganadería*, pp. 101–2 (including note 46).

<sup>32</sup> Pérez Soto to Gómez, 17 Aug. 1918, in *Los Hombres del Benemérito*, vol. 2, pp. 278–80; and Calzadilla Valdés, *Por los llanos*, pp. 152–3, 248.

<sup>33</sup> Dormer to 'My Dear Department', 11 March 1920, PRO, FO 199/206. The Lancashire Trust also did a considerable business in *garza* (heron, or egret) plumes.

<sup>34</sup> Beaumont to Curzon, 24 Feb. 1919, PRO, FO 371/4254.

<sup>35</sup> For British concerns, see Harford to Grey, 6 May 1915, PRO, FO 371/2502; and Beaumont to Balfour, 2 March 1918, PRO, FO 371/3433. See also M. Caballero, *Gómez, el tirano liberal*

The cordial relationship Beaumont observed between Pérez Soto and the Trust depended largely on the tact and sensitivity of Elmy. Although Elmy and Pérez Soto disagreed vigorously over issues such as state taxes on the cattle trade, they maintained an agreeable relationship.<sup>36</sup> During Elmy's administration of the Trust, it bought substantial numbers of cattle from Pérez Soto, who had become an important rancher in the state.<sup>37</sup> Just as the managers of the meat plant at Puerto Cabello found it expedient to buy cattle from Gómez, so too Elmy concluded that it was necessary to include the state president among his clients. Pérez Soto reciprocated by complimenting Elmy's 'culture and gentlemanliness'.<sup>38</sup>

Later in 1919, however, F. Morris Elliott replaced Elmy as the Trust's manager and relations with the state government rapidly deteriorated. Unlike Elmy, Elliott never succeeded in adapting to Venezuela's political culture or business practices. His correspondence with the British legation in Caracas suggests that during his two years as manager of the Trust (1919–1921), Elliott fought a losing battle to maintain his rigid notions of 'proper' conduct in an alien environment. Elliott's inflexible attitude, in combination with Pérez Soto's desire to continue his own profitable relationship with the Trust, ensured conflict between the company and the state government.

Elliott was appalled to learn of some of Elmy's practices. He found that since 1917 the Vestey enterprises had paid Pérez Soto over 300,000 *bolívars* for cattle, and that the prices paid to the state president were 'rather higher than we paid to other sellers'.<sup>39</sup> Elliott also believed that Pérez Soto had sought further advantage by pressuring local ranchers to sell to him, rather than to the company, so that he could sell additional cattle to the British at the inflated prices Elmy granted him. Seeking to defend the reputation of his company, Elliott established a new policy of paying the same prices for cattle regardless of the seller, a policy that Venezuelans – accustomed to the privileged position of cattlemen such as Pérez Soto and Gómez – must have regarded as bizarre.

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(Caracas, 1993), pp. 164–9; J. Ewell, *Venezuela and the United States* (Athens, Georgia, 1996), pp. 119–20.

<sup>36</sup> Pérez Soto to Gómez, 31 May 1916, *BAHM*, nos. 61–63, (1969), pp. 86–7.

<sup>37</sup> Unsigned document headed 'Private and Confidential', enclosed with unsigned letter dated 25 Nov. 1919, addressed to British minister, Caracas, PRO, FO 199/219. From the context of the file, it is clear that Morris Elliott wrote this document, which is discussed in greater detail below.

<sup>38</sup> Pérez Soto to Gómez, 13 Dec. 1919, *BAHM*, no. 75 (1973), pp. 314–15.

<sup>39</sup> [Elliott], 'Private and Confidential', enclosed with unsigned letter dated 25 Nov. 1919, addressed to British Minister, Caracas, PRO/FO 199/219. The remainder of this paragraph, as well as the next, draws on this document. During this period the value of the bolívar fluctuated between 24 and 26.4 to the British pound. M. Izard, *Serie estadísticas para la historia de Venezuela* (Mérida, 1970), p. 216.

Pérez Soto then demanded that the Trust purchase two of his properties, a ranch and a smaller pastureland (properties which Elmy had declined to buy at Pérez Soto's asking price), and indicated that the company's relationship with the state government depended on successful completion of the sale. When Elliott refused, Pérez Soto composed a telegram for him to sign recommending to the Trust's directors in England that they purchase the properties. Elliott reported that shortly after he refused to sign the telegram, 'I was anonymously warned "not to sit near my window".' Even with his safety threatened, Elliott refused to yield. 'I am convinced', he informed the British minister in Caracas, 'that the General [i.e., Pérez Soto] will require preferential treatment in the matter of prices for his cattle, in addition to the sale of his land, and frankly, I would rather resign than be party to such transactions.'<sup>40</sup>

Pérez Soto retaliated by sending a letter to most of the large ranchers in Apure urging them to end their commercial dealings with the Trust, and especially to refrain from selling land to the company.<sup>41</sup> Ironically, given his own attempt to sell land to the British, Pérez Soto warned that the company was monopolising cattle lands in the state and that ranchers had a patriotic duty to keep the industry in Venezuelan hands.<sup>42</sup> He further warned that the company could soon exert a monopoly on regional commerce. Of course, Pérez Soto wrote the circular not for patriotic motives, but to increase his bargaining power with the company. If ranchers refrained from doing business with the company, they would be more likely to sell to Pérez Soto – or to Gómez – who would then be the company's only source of new land or livestock. Still Elliott refused to yield, and at the end of 1919 Pérez Soto informed Gómez that he had completely broken off relations with the company. He blamed the impasse on Elliott's 'absolutist' nature, his inflexibility, and the manifest disdain with which the Englishman treated Venezuelans.<sup>43</sup> He informed Gómez that the nature of the enterprise had changed completely since the days of the flexible and considerate Elmy.

Elliott, meanwhile, had asked the British legation to intervene with the government in Caracas on behalf of the Trust. In mid-December 1919 more than seven months after his initial confrontation with Pérez Soto, Elliott maintained that the president of Apure was still angry 'because I will not buy his land or, in short, rob my company'.<sup>44</sup> He further informed the legation

<sup>40</sup> *Ibid.*

<sup>41</sup> According to Elliott, Pérez Soto circulated the letter immediately after he refused to sign the telegram recommending the purchase of the president's properties. [Elliott], 'Private and Confidential', enclosed with unsigned letter dated 25 Nov. 1919, addressed to British Minister, Caracas, PRO/FO 199/219.

<sup>42</sup> Pérez Soto to 'Muy señor mío y amigo', 3 May 1919, in *BAHM*, no. 75 (1973), pp. 312–3.

<sup>43</sup> Pérez Soto to Gómez, 13 Dec. 1919, *BAHM*, no. 75 (1973), pp. 314–5.

<sup>44</sup> Elliott to Dormer, 18 Dec. 1919, PRO, FO 199, 219.

that if the Trust did not ‘obtain fair play’ from the state government, its entire operation would be ‘a wash out’. But no sooner had the British minister spoken to the Venezuelan foreign minister on the company’s behalf – fruitlessly, as it turned out – than a new issue emerged to cloud company-state relations.

Elliott had searched for a way to move the Trust’s cattle inexpensively across the Apure River on their way north to the slaughterhouse and freezing plant at Puerto Cabello, and in doing so ran afoul of Pérez Soto’s (and Gómez’s) business interests yet again. In 1916, Pérez Soto had invited Gómez to join him, Colonel Luis Felipe Torres, and Francisco Barbarito (a prominent Apure rancher) in establishing a business to ferry passengers, cargo, and cattle across the Apure River in modern barges and motorised boats.<sup>45</sup> The Trust used the service, but Elliott became sufficiently dissatisfied that he petitioned the government to allow his company to establish its own facilities for taking cattle across the river. Pérez Soto reacted angrily to this attempt to circumvent the business in which he and Gómez held a financial stake, and denounced ‘the hostile pretensions of the English against our enterprise.’<sup>46</sup>

Elliott blasted Pérez Soto for the negative reply to his petition. ‘I am of the opinion’, he complained to the British minister, ‘that the object of the refusal is to prevent my company from carrying out its work in the best manner. Recent experience leads me to believe that I must expect to be treated in a similar manner so long as General Pérez Soto persists in his policy.’<sup>47</sup> Elliott’s complaints to the British legation had little effect other than to provoke an enquiry from Gómez to Pérez Soto regarding the status of relations between the Trust and the government of Apure. Pérez Soto answered with a formulaic assurance that the Trust ‘enjoyed all the guarantees and prerogatives that our laws and the good judgement of our present government accord to the factors of capital and work’.<sup>48</sup> Once again, the Vestey enterprise had collided with the business interests of Gómez and his allies, and once again the regime stood firm.

The final dispute to arise between the company and Pérez Soto – and the one that finally drove Elliott from the state – involved the government’s response to raids by anti-Gómez rebels crossing into Apure from Colombia in 1920–21. The Trust endured the same fate that Venezuelan landowners had always suffered during periodic revolts, as government troops drafted ranch hands into the army and commandeered horses and cattle, while rebels

<sup>45</sup> Pérez Soto to Gómez, 3 April 1916, in *Los Hombres del Benemérito*, vol. 2, pp. 276–8.

<sup>46</sup> Pérez Soto to Gómez, 13 Dec. 1919, *BAHM*, no. 75 (1973), pp. 314–15.

<sup>47</sup> Elliott to British Minister (Caracas), 18 Dec. 1919, PRO, FO 199/219. See also CFD [Dormer] to ‘My Dear Minister’ [Venezuelan Minister of Foreign Affairs], 26 Nov. 1919, PRO, FO 199/219.

<sup>48</sup> Pérez Soto to Gómez, 4 Feb. 1920, *BAHM*, no. 75 (1973), pp. 315–16.

raided estates for livestock, cash and valuables.<sup>49</sup> The threat of violence, however, bothered Elliott less than the government officers' profiteering and their apparent desire not to end the lucrative campaign too quickly. In December 1920, Elliott became exasperated and protested once again to the British legation:

So far as I can learn, the actual number of bandits [i.e., rebels] seen on this side of the [Colombian] frontier was not more 40. The disturbance and movement of troops, etc. was part of a pretty despicable game, the details of which are not, I think, known at headquarters. Comandeering [sic] of horses & cattle has been carried out on a large scale. Rich and poor alike have had to deliver cows, bulls, etc., and I know that no receipts were given. All this stuff was not for the troops, but a very large part, at least, has been sold. Up to now they have about 36 horses of ours – in spite of the fact that I received verbal assurances that we should be left alone.<sup>50</sup>

Addressing the issue with Pérez Soto, Elliott became abrasive and adversarial:

I wrote to the [state] President yesterday ... he sent a verbal reply to the effect that he would send an express messenger with orders that our horses should be returned to us & that we should receive every assistance in our work. I thanked him & informed him with the most profound respect, that verbal messages are rather unsatisfactory as I cannot file them, & I asked for his reply, in writing, together with a copy of his order to the officials concerned, in order that I might be in a position to prosecute in the case of further trouble. I await his next move.<sup>51</sup>

Cecil Dormer, the British minister in Caracas, noted on Elliott's letter: 'Elliott is not very tactful. He seems unnecessarily aggressive. I have told him to proceed in a friendly way.'

As the months of civil unrest dragged into 1921, and as the Trust unsuccessfully sought compensation for its lost livestock,<sup>52</sup> the stress proved too much for Elliott. What broke him, in the end, was not Pérez Soto, his old nemesis, who was transferred to the presidency of Bolívar state in early 1921, but rather the political environment of the *llanos*. The government's petty graft and its apparently wilful inability to impose order gnawed at Elliott. His ingrained, uncompromising sense of propriety never allowed him the possibility of adapting to the time and place in which he found himself. By April he had temporarily left Apure, 'on medical advice ... in order to rest'.<sup>53</sup> He fretted about his inability to extend further credit to the Trust clients who had suffered losses: 'It is highly probable that certain men of local

<sup>49</sup> Elliott to Dormer, 12 Nov. 1920, PRO, FO 199/219; see also Elliott to Señor Presidente Constitucional del Estado, 29 Dec. 1920, PRO, FO 199/219.

<sup>50</sup> Elliott to Dormer, 30 Dec. 1920, PRO, FO 199/219.

<sup>51</sup> *Ibid.*

<sup>52</sup> Document headed 'Verbal Note' to Itriago Chacín, 11 Jan. 1922, PRO, FO 199/219. The Trust's losses were estimated at 100,000 bolívars, or 5,000 pounds sterling. See also 'Venezuela Annual Report, 1921', p. 13, PRO, FO 371/7325.

<sup>53</sup> Elliott to British Minister, 14 April 1921, PRO, FO 199/219. The next two quotations also come from this letter.

importance will be unable to comply with their obligations to my company and it will be my disagreeable duty to insist upon compliance, failing which they must go out of business.' He expected 'to become the most unpopular man in the State' following his order to reduce the salaries of the Trust's employees by 20 per cent. Upon his return to Apure, he found the situation had deteriorated. The rebel forces had grown, his health continued to worsen – 'for some time', he wrote in late May, 'I have been far from well'<sup>54</sup> – and his letters to the legation became increasingly frantic:

I do not think I am unduly pessimistic but I am certain that, either these periodical disturbances must cease or this is no place for British capital ... In case of serious trouble, I do not know exactly how far our neutrality will help us but I shall use it for all it is worth. I have given instructions that stores must be laid in and that the flag must be flown if, as is anticipated, the war reaches here. Naturally, we are not in a position to resist attempts at robbery etc., but I shall become eloquent in regard to excesses committed against British subjects.<sup>55</sup>

Elliott faded from the scene during the second half of 1921, still resenting the army's failure to control occasional outbreaks of violence.<sup>56</sup> His combination of outrage, tactlessness and impotence obviously did not serve the company well; his story highlights the importance of local management in the fate of Vestey's enterprise in Venezuela. It seems quite possible that the Trust's directors in England learned from Elliott's shortcomings, for they later selected J. A. Eaton Kent, a man very different from Elliott, to manage their ranches in Apure. But before considering Kent's career, we must examine the decisive confrontation between the Gómez regime and the Vestey enterprise.

### *The 1923 Contract and the demise of the Puerto Cabello meat plant*

The early 1920s were a crucial and turbulent period for the Vestey's multinational meat business. The bonanza triggered by the war came to an end, meat prices in Britain tumbled sharply after 1920, and the meat industry entered a period of especially fierce international competition.<sup>57</sup> Moreover, the Vestey's confronted a changed political environment as nationalist ferment in several host countries sought to limit the economic spoils of foreign

<sup>54</sup> Elliott to Beaumont, 25 May 1921, PRO, FO 199/238.

<sup>55</sup> *Ibid.* Much of the government correspondence regarding the 1921 uprising in Apure has been collected, with an introductory essay, in 'La campaña de Apure (1921),' *BAHM*, nos. 130–2 (1989–1990), pp. 163–208.

<sup>56</sup> Elliott to Beaumont, 15 July 1921, PRO, FO 199/238. Elliott wrote the letter near Valencia, apparently having returned there for additional rest.

<sup>57</sup> Brewster, 'The South American Trade', p. 210; Hanson, *Argentine Meat*, pp. 210–41; and Smith, *Politics and Beef*, pp. 82–136. A telling, though imprecise, measure of the British market is the price series for 'meat and fish' which shows a decline of almost 40 per cent between 1920 and 1924; see B. R. Mitchell, *British Historical Statistics* (Cambridge, 1988), p. 729.



enterprises. By the mid-1920s, the Vestey, the world's largest retailers of meat, had felt the sting of nationalism in China, Russia and Argentina.<sup>58</sup>

Within this volatile international climate, the Vestey's Venezuelan enterprise faced an uncertain future. The original government concession for the frozen meat plant at Puerto Cabello was to expire in 1922. The plant could continue to operate without a new government contract, but it would lose the guarantee of tax-free imports, and it would run the risk of concessions being granted to any rival investors who might wish to establish a competing plant. Within the increasingly tight international market, the managers of the meat plant and the Trust ranches scrambled for every possible advantage. Expenses that had remained manageable during the boom years – such as taxes and the artificially high prices paid to Gómez for his (occasionally diseased) cattle – now threatened to bankrupt the Venezuelan operation.

While the Vestey managers watched their room for manoeuvre shrink, Gómez's flexibility in negotiating with the Vestey enterprise expanded. Politically, he found himself stronger than ever. He had weathered post-war calls for a democratic opening, and was confident enough to reoccupy the presidency in 1922 following an eight-year hiatus in which he ruled through a figurehead. The national army was clearly capable of subduing any internal threat, and the United States – the only foreign power which might oust Gómez – accepted his regime as the guarantor of 'order' in Venezuela.<sup>59</sup> The early 1920s also witnessed the emergence of oil as a major industry in Venezuela. Massive foreign investment in oil assured that the attitude of foreign governments towards Gómez would be shaped, for the foreseeable future, by his handling of the petroleum sector; his treatment of British cattle interests would not determine the fate of his regime. Moreover, oil brought a rapid expansion of Gómez's personal fortune, increasing his financial flexibility in the management of his cattle empire, and allowing him to set government policies relevant to the cattle business independently of their short-term effect on the profitability of his own ranches.<sup>60</sup> In sum, Gómez could afford to make some concessions to the Vestey when he found it expedient to do so, but he could also exert pressure on the enterprise without much concern for the economic or diplomatic consequences.

In their first attempt to confront the obstacles of this new environment, the Vestey's managers achieved a moderate success on the issue of taxes. They succeeded because of their willingness to work in alliance with Venezuelan

<sup>58</sup> Knightley, *Rise and Fall*, pp. 68, 71.

<sup>59</sup> Ewell, *Venezuela and the United States*, pp. 116–43. For a treatment of the army, see A. Ziemis, *El gomecismo y la formación del ejército nacional* (Caracas, 1979), pp. 141–91.

<sup>60</sup> Polanco Alcantara estimates that Gómez's personal fortune grew most rapidly during the period 1923–1929, that is, between the advent of large-scale oil production and the beginning of the Depression. Polanco Alcantara, *Juan Vicente Gómez*, pp. 458–9.

businessmen. Government levies on the cattle industry had long been a sensitive issue because they provided one of the foundations of the quasi-monopoly on the cattle trade enjoyed by Gómez and his cronies. Taxes on the commercial slaughter of cattle and on livestock moving across state borders constituted a tangible burden for ranchers, but officials did not collect any taxes on cattle coming from Gómez's ranches, adding to his advantage over other cattle raisers.<sup>61</sup> In the early 1920s, as the Venezuelan cattle industry experienced the onset of a deep depression, ranching interests called on the government to address their plight by curbing taxes.<sup>62</sup> An alliance of Caracas merchants and bankers, Venezuelan ranchers, and the Vestey managers lobbied the government to end the state transit taxes. Some even suggested the possibility of allowing all ranchers to sell their cattle to the Caracas slaughterhouse on an equal basis, an innovation which would dismantle one of the most lucrative monopolies enjoyed by Gómez and his partners. The Vestey managers, who had to suspend operations at the Puerto Cabello plant for much of 1922 and 1923, eagerly joined the campaign to free the cattle trade.<sup>63</sup>

In response to these entreaties, Gómez made a series of highly publicised efforts to reduce levies on the industry. Upon taking office as president in 1922, he issued a circular to the state presidents in the *llanos* requesting that they end the transit tax. Some taxes were lowered or eliminated, the price of meat in Caracas dropped by as much as 50 per cent, and the British legation speculated that Gómez might actually end his control of cattle and beef markets.<sup>64</sup> But the states and municipalities kept some taxes in place, so that a year later Gómez sent another public request to the state presidents to remove the remaining levies on cattle. Some observers speculated that, despite the public posturing, Gómez did not want to dismantle his monopoly completely and had secretly instructed the state presidents to retain some taxes.<sup>65</sup> It is also possible that some state presidents in the impoverished *llanos* resisted the idea of abandoning one of their few sources of public revenue. Whatever the reason, a number of taxes on the cattle trade remained in place, albeit at reduced levels, for the remainder of the Gómez regime.<sup>66</sup>

<sup>61</sup> Beaumont to Curzon, 26 May 1923, PRO, FO 371/8530; Pérez Soto to Gómez, 26 June 1915, in *Los Hombres del Benemérito*, vol. 2, p. 276.

<sup>62</sup> 'Venezuela Annual Report, 1922', pp. 7–8, PRO, FO 371/8530.

<sup>63</sup> Galavís to Gómez, 13 June 1922, *BAHM*, no. 60 (1969), pp. 203–4; R. S. Beak to Minister of Development (Fomento), 20 July 1922, *BAHM* no. 60 (1969), pp. 205–8; and the copies of correspondence enclosed with a card from Beak to Beaumont, 27 Feb. 1923, PRO, FO 199/219, especially the copy of Beak to Lecuna, 26 Feb. 1923.

<sup>64</sup> Beaumont to Balfour, 13 July 1922, PRO, FO 199/188.

<sup>65</sup> Beaumont to Curzon, 26 May 1923, PRO, FO 199/188.

<sup>66</sup> 'Memorandum on the present Conditions, Economic and Commercial, in Venezuela', enclosed in Keeling to Simon, 2 March 1934, PRO, FO 371/17618.

On the heels of this partial victory, the Vestey managers achieved what appeared to be a more substantial advance in their efforts to keep their enterprise competitive on the world market. Since at least July 1922 Reginald S. Beak, who managed both the meat plant and the Trust ranches for the Vestey family, had engaged the government in negotiations regarding a new contract for the meat plant. Beak emphasised the contribution that the meat plant had made to the Venezuelan economy in recent years, buying over 140,000 head of livestock, employing some 400 Venezuelan workers, and paying more than half a million bolívares in taxes.<sup>67</sup> But the company, he claimed, had lost money on recent shipments and needed a reduction in taxes to remain profitable. Beak's negotiations bore fruit when, in July 1923, the Ministry of Development signed a new fifteen-year contract with the Venezuelan Meat Export Company, Limited, of Puerto Cabello, the Vestey company that owned the frozen meat plant.<sup>68</sup> The new contract exempted the company from customs duties on all imported materials for the plant, and from the municipal tax on the slaughter of cattle. With the new contract in hand, the plant soon stepped up operations; frozen meat exports in 1924 and 1925 represented an increase over the two previous years, though they did not reach the levels of the halcyon years of the war and its immediate aftermath. The revival of the plant, however, proved temporary.

In 1925, two years after the signing of the new contract, a dispute over its implementation arose which would eventually lead to the ruin of the meat plant and sink the Vestey family's hopes for their Venezuelan enterprise. Clause five of the agreement called for the government to appoint an inspector to see that the cattle slaughtered at the plant were in good health and – in what Beak must have seen as a harmless formality when he signed the contract – to ensure that the cattle were properly fattened. In early 1925 the inspector began to systematically prohibit the slaughter of numerous cattle on the grounds that they had not been adequately fattened. The British managers, incredulous, outraged and convinced that the fattening of the cattle should concern only the company, searched for a response.<sup>69</sup>

<sup>67</sup> Beak to Minister of Development (Fomento), 20 July 1922, *BAHM*, no. 60 (1969), pp. 205–8. Beak had a long career with the Vestey family, extending into the Perón era in Argentina, where, according to Knightley, he 'maintained a British Empire mentality.' Knightley, *Rise and Fall*, p. 107.

<sup>68</sup> The contract was printed in Venezuela's *Gaceta Oficial*, 26 July 1923, and commented on (earlier) by the American ambassador. Cook to Department of State, 6 July 1923, 831.00/1191, NARA, microcopy 366. The contract is also reproduced in Venezuela, Ministerio de Fomento, *Memoria del Ministerio de Fomento presentada al Congreso de los Estados Unidos de Venezuela en 1924* (Caracas, 1924), Dirección de Tierras Baldías, Industrias y Comercio, pp. 55–7.

<sup>69</sup> The first mention of the issue can be found in, Eaton Kent, 'Memorandum', 12 March 1925, PRO, FO 199/219.

The fattening of cattle became an issue because of the logistics of the cattle enterprise, and because of Gómez's personal financial interests. Cattle taken from the Trust ranches in the *llanos* to Puerto Cabello for slaughter inevitably arrived thin and worn out from their journey. It took an average of 30 days to drive cattle 320 kilometres from San Fernando north to Maracay, the city positioned at the natural entry from the *llanos* to the central coastal zone and, not coincidentally, the place Gómez chose as his residence and the centre of his cattle empire.<sup>70</sup> After a period of resting and pasturing in Maracay, the cattle would travel another 100 kilometres (in a more temperate climate) to Puerto Cabello, where they would usually be pastured again before slaughter. Regardless of the fatness of the cattle when they left the Lancashire ranches, they required considerable pasturing between Maracay and Puerto Cabello. The Vestey managers did not purchase extensive pastureland in this region and thus found themselves obliged to rent it as needed.<sup>71</sup> Gómez himself owned much of the pastureland between Maracay and Puerto Cabello, and the British rented some of it to fatten their herds, paying Gómez rates which they considered exorbitant and which precluded additional grazing before slaughter.<sup>72</sup> It seems quite likely, then, that Gómez insisted on extensive fattening of the cattle to force the British to rent his pasturelands at rates that he, as the largest landowner in the region, controlled. In the flurry of correspondence regarding enforcement of the contract, it became clear that the decision to insist on 'proper' fattening of the cattle came from Gómez himself.<sup>73</sup>

Additional factors may have contributed to Gómez's decision to use the issue of fattening to disrupt the Vestey enterprise. Sir William Vestey – who always took a greater interest in the Venezuelan enterprise than did his brother, Edmund – believed that Gómez and his allies used the fattening clause to blackmail him into buying shares that they held in the Puerto Cabello meat plant (presumably the same shares that the original owners of the plant gave to unnamed government officials when the plant was constructed, as discussed above).<sup>74</sup> Gómez may also have acted out of a sense of betrayal. He had personally aided the company by reducing cattle taxes and by granting a new

<sup>70</sup> Beaumont to Curzon, 24 Feb. 1919, PRO/FO 371/4254.

<sup>71</sup> This was noted by Fernando Calzadilla Valdés, who considered it one of the chief reasons for the failure of the enterprise. *Por los llanos*, pp. 249, 264.

<sup>72</sup> For the rental rates and evidence that the British rented pastureland from Gómez, see H. Worth, 'Memorandum referente la cláusula no. 5 del contrato de la Venezuelan Meat Export Company Ltd con el Gobierno Nacional', 23 April 1925, PRO, FO 199/219.

<sup>73</sup> Itriago Chacín to Hobson, 20 July 1925, PRO, FO 199/219.

<sup>74</sup> Fountain to Undersecretary of State, FO, 9 June 1925, PRO, FO 199/219. Some years earlier, the issue of shares held in the meat plant arose in correspondence between Gómez and his allies. García to Gómez, 30 Sept. 1919, in *Los Hombres del Benemérito*, vol. 1, p. 384; and García to Gómez, 5 May 1920, *BAHM*, nos. 114–115 (1981–82), pp. 119–20.

contract with substantial concessions to the British. He probably expected that once the plant operated at full capacity again in 1923–24, the British would reciprocate by purchasing his cattle, at his asking price, as they had in the past. But the British did not buy cattle from Gómez in the numbers he hoped. As Sir William stated in a letter to Gómez asking for a relaxation of the fattening requirement, the Puerto Cabello plant could afford to take cattle only from Trust ranches. Low meat prices in Europe since the early 1920s, Vestey explained to Gómez, made it impossible for the plant ‘to pay the prices which were ruling in Venezuela for cattle and for the same reason, with two or three exceptional cases, we have only been able to kill the animals coming from our own estancias.’<sup>75</sup> While Vestey insisted that the economic realities of the international beef market made it impossible for him to buy the general’s cattle, Gómez perceived a personal affront in the Englishman’s refusal to allow him and his cronies to share in the benefits of a business his regime had facilitated.

Faced with the ruin of their Venezuelan enterprise, the Vesteyes and their managers used all the means at their disposal to persuade Gómez to relax enforcement of the fattening requirement. The Vestey managers took their problem to the British legation, and the British minister raised the issue with members of the Venezuelan cabinet.<sup>76</sup> Sir William – who had been made a baronet in 1913 and received a peerage in 1922<sup>77</sup> – requested that the Board of Trade assist with his problems at the Puerto Cabello plant.<sup>78</sup> But the British government was restrained in its efforts on behalf of Lord Vestey. The Board of Trade apparently did nothing more than ensure that the British legation raised the issue with the relevant Venezuelan authorities; the legation, having done so, soon declared that diplomatic options had been exhausted.<sup>79</sup> Two factors seem to have restrained any inclination to further action by the government. The first was the feeling among Britain’s diplomatic personnel in Caracas that ‘the best efforts of His Majesty’s Legation should be reserved for occasions where it is complained that a contract has been violated rather than for cases like this where the Government is accused of too strict a compliance with an agreement so recently concluded, with, presumably, open eyes by the aggrieved concern’.<sup>80</sup> In short, the Vesteyes had no legal grounds for complaint. Also, government displeasure over the Vesteyes’ apparent efforts to minimise their tax assessments during the war, as well as concern that some of their business dealings may have come close to violating wartime trade

<sup>75</sup> Vestey to Gómez, 24 March 1925, PRO, FO 199/219.

<sup>76</sup> Alamo to Venezuelan Meat Export Company, 22 May 1925, PRO, FO 199/219; and Itriago Chacín to Hobson, 20 July 1925, PRO, FO 199/219.

<sup>77</sup> Knightley, *Rise and Fall*, pp. 21, 45–6.

<sup>78</sup> Fountain to Undersecretary of State, FO, 9 June 1925, PRO, FO 199/219.

<sup>79</sup> Seeds to Chamberlain, 8 Aug. 1925, PRO, FO 199/219.

<sup>80</sup> *Ibid.*

regulations, could have curbed enthusiasm for doing more to help the family in Venezuela.<sup>81</sup>

Unable to force a change in policy through political pressure, the Vestey's and their managers in Venezuela continued to argue that a strict enforcement of the fattening requirement was foolhardy. Although their frozen beef had always been relatively lean, it had found a market in parts of Europe, such as Italy, that preferred lean meat. Such exports could hardly harm the reputation of Venezuelan meat in world markets – in fact, Argentina often exported meat as lean as that which Vestey shipped from Puerto Cabello.<sup>82</sup> The government inspector in the Puerto Cabello plant, therefore, should concern himself only with the health of the cattle intended for slaughter. The Vestey managers also presented arguments clearly intended to remind Gómez of his own interest in the continued operation of the plant. The demand created by the meat plant had raised the value of land and cattle throughout Venezuela. The Trust ranches had imported pedigree bulls to improve their herds and had shared the offspring of these bulls with other ranchers (Gómez among them, it was implied).<sup>83</sup> After the inspector rejected a quarter of the cattle that the company had purchased from a Venezuelan rancher, the Vestey managers threatened to insert an escape clause into contracts for future purchases, which would allow the company to return to the seller any livestock deemed unfit by the inspector.<sup>84</sup> The arguments proved fruitless. The inspector continued to insist on well-fattened cattle, and by 1926 the plant had suspended operations.<sup>85</sup>

With the plant closed, Gómez initiated negotiations to purchase the Vestey's entire Venezuelan enterprise – the meat plant and the Trust ranches. One can only imagine Lord Vestey's perception of Gómez's proposal; it probably seemed that the general hoped to use the fattening clause to force the Englishman to cut his losses and sell at a bargain price. The scenario bore a clear resemblance to the tactics Gómez used in acquiring properties from recalcitrant Venezuelan landowners.<sup>86</sup> Refusing to bend, Vestey insisted on a price of one million pounds sterling, which Gómez (predictably) found unacceptable. The negotiations ended.<sup>87</sup>

<sup>81</sup> Knightley, *Rise and Fall*, pp. 24–38; see also 'Minutes', in the file 'Facilities for Lord Vestey during his visit to Jamaica and the mainland of America', PRO, FO 370/246.

<sup>82</sup> Eaton Kent, 'Memorandum', 12 March 1925, PRO, FO 199/219; and Vestey to Gómez, 24 March 1925, PRO, FO 199/219.

<sup>83</sup> H. Worth, 'Memorandum referente la cláusula no. 5 del contrato de la Venezuelan Meat Export Company, Ltd. con el Gobierno Nacional', 23 April 1925, PRO, FO 199/219.

<sup>84</sup> H. Worth, 'Memorandum referente la cláusula no. 5 del contrato de la Venezuelan Meat Export Company, con el Gobierno Nacional', 16 May 1925, PRO, FO 199/219.

<sup>85</sup> 'Venezuela, Annual Report, 1926', p. 6, PRO, FO 371/12063.

<sup>86</sup> McGoodwin to Department of State, 8 Oct. 1917, 831.00/807; and Brett to Department of State, 23 Sept. 1915, 831.00/753, NARA, microcopy no. 366.

<sup>87</sup> 'Venezuela, Annual Report, 1926', p. 6, PRO, FO 371/12063.

For the remainder of the Gómez regime, the meat plant at Puerto Cabello either was closed or operated at greatly reduced levels. It occasionally produced small quantities of frozen meat for export, and sold some beef in the provincial cities of Venezuela. With the meat plant barely operating, the Trust ranches began to drive thousands of their cattle to the Colombian border for sale. This strategy of supplying various markets, rather than concentrating on export production, allowed the Vestey's operation to remain afloat, but the enterprise could hardly prosper. As of 1926, the first year in which enforcement of the fattening requirement shut down export operations, the British legation could report that 'there is no loss on working expenses' at the meat plant.<sup>88</sup> But by 1935 the financial situation of the plant had deteriorated further. Vestey's accountant at the plant, who also served as Britain's vice-consul in Puerto Cabello, issued a succinct summary of the Vestey enterprise in Venezuela during the Gómez years:

This company did a great business during the War in the rearing, killing, freezing and exporting of beef, but since then, through enforcement of more rigid adherence to the terms of their agreement with the Venezuelan Government, have abandoned the freezing and export of beef and sell for Venezuelan consumption only and are running at a loss.<sup>89</sup>

Having once dreamed of a cattle business capable of supplementing their exports from Argentina, the Vestey's found themselves thwarted by Gómez's insistence on strict adherence to the fattening provision of the 1923 contract.<sup>90</sup>

And yet, the company's losses during the last years of the Gómez regime cannot be blamed exclusively on government action, or even on the Depression. The Vestey enterprise suffered internal corrosion as well. The most notable example – the case of J. A. Eaton Kent, manager of the Trust ranches – came during the years of hardship and decline in the late 1920s, and contributed to the Vestey's financial losses.

Like F. Morris Elliott, Kent stands as an example of how the Vestey's selection of managers dramatically affected the fate of their enterprise, though Kent's shortcomings were virtually the opposites of those that plagued Elliott.

<sup>88</sup> Hobson to Chamberlain, 28 Sept. 1926, PRO, FO 199/269. See also, 'Venezuela, Annual Report, 1926', p. 6, PRO, FO 371/12063.

<sup>89</sup> 'Report on Consular Ports at Maracaibo, Puerto Cabello, and La Guayra', 12 Feb. 1935, p. 9, PRO, FO 369/2441.

<sup>90</sup> Briceño, in her comments on the Vestey enterprise in Venezuela, wrongly concludes that following the 1923 contract and the tax reductions of the early 1920s, 'official policy became ever more accommodating' towards the company. Briceño, *La ganadería*, p. 202. She attributes the decline of the meat plant to a shift in world markets in favor of chilled rather than frozen beef (pp. 202–3). But her own statistics, as well as those presented by Peter Smith, demonstrate that while such a shift did occur, there remained a substantial European market for lower grade, frozen meat of the type produced by the Vestey's in Venezuela. See Smith, *Politics and Beef*, pp. 83–4.

As if to compensate for Elliott's ineffective and overly sensitive personality, the Vestey's chose Kent – an energetic, confident man who consistently impressed those around him – to manage their ranching operations in the early or mid-1920s. Despite the frictions between the firm and the government during these years, Kent developed such a positive relationship with local officials that the federal government, acting on the recommendation of the state president, conferred on Kent a prestigious decoration, the Order of the Liberator with the rank of Comendador.<sup>91</sup> Aside from being very highly regarded by the residents of San Fernando, Kent enjoyed sufficient respect at the British legation to become vice-consul in the city. Then, in late 1929, Mr H. Worth, the Vestey's representative in Puerto Cabello (and also a vice-consul), found something suspicious in the financial accounts of ranches managed by Kent. An investigation by Reginald Beak (a long-time and trusted Vestey employee) revealed that Kent had methodically defrauded the Vestey's of approximately £20,000 over several years. Meanwhile, Kent had fled. Despite an extensive effort by British diplomatic personnel (who quickly stripped him of his consular status), he managed to escape Venezuela and seems never to have been apprehended.<sup>92</sup>

Kent's embezzlement adds to our understanding of the financial difficulties plaguing the Vestey's enterprise during these years. Of equal importance, the way in which other Vestey managers and British officials explained Kent's conduct offers insight into how they came to terms with the failure of the Vestey enterprise, and highlights the insular nature of the community of Vestey employees within Venezuela. Throughout the files generated by Kent's malfeasance, the British repeatedly associated Kent with Venezuelan society and its alleged corruption, rhetorically casting him out of the British community. Their reports and testimony implied that Kent may have stolen with the knowledge and cooperation of Venezuelan officials, who perhaps shared in the fruits of his graft. An initial report from the British Chargé d'Affaires, based on information from Beak and Worth, stated that 'persons of importance in San Fernando are implicated with him [Kent]', a statement for which no proof was ever offered.<sup>93</sup> The state president's recommendation of Kent for the celebrated decoration, and the local adoration it won for Kent, were recalled. '[I]t seems', continued the chargé, 'that during his [Kent's] tenure of office he has succeeded in establishing for himself such an ascendancy in the minds of the authorities at San Fernando that he is regarded locally with a respect which borders upon awe, and his decoration in July 1928 by the

<sup>91</sup> See documents collected in the file, 'Decorations for British Subjects', PRO, FO 199/265, especially Itriago Chacín to O'Reilly, 7 Jan. 1929.

<sup>92</sup> Kent's story is in the files 'San Fernando de Apure', PRO, FO 199/276; and 'Defalcations of Vice-Consul Kent, San Fernando de Apure', PRO, FO 369/2179.

<sup>93</sup> Beard to Henderson, 27 Dec. 1929, in file 'San Fernando de Apure', PRO, FO 199/276.



Venezuelan Government has still further enhanced his prestige.' Finally, constantly lurking in the background of the reports, was the question of whether Kent could have escaped British justice unaided by Venezuelan authorities.

Harold Petts, who worked closely with Kent and provided Beak with extensive testimony once Kent's corruption was uncovered, repeatedly implied that the fugitive was more closely linked to the Venezuelans of San Fernando than to his fellow Englishmen. He accused only Venezuelans and Italian immigrants as Kent's accomplices or confidants. 'I would mention that the office assistant, Juan Ortiz, Luis Emilio Aguilera, and I may say without hesitation all the ranch managers with the exception of Ramón Mayol, Manager of El Milagro, were in his [Kent's] full confidence; the same remarks apply to many of the clients, particularly Carlos Rodríguez, Salerno H[er]ma[n]nos, Foata H[er]ma[n]nos and the Castro H[er]ma[n]nos.'<sup>94</sup> Petts also accused Antonio Esté and Felix Fernández, two ranch managers, and Juan Ortiz, the office assistant, of cooperating with Kent in the destruction of incriminating papers when they first suspected that an investigation was imminent. And, despite Pett's position as the Trust's accountant and cashier, he observed that Kent had given Luis Emilio Aguilera freer access to the company's accounts and monies, and had confided in Aguilera regarding arrangements with managers of individual ranches, which apparently provided the source of most of the embezzled funds.

Petts, Beak and others who reported on the Kent affair worked within a shared set of ethnocentric assumptions (with which Elliott would have agreed), according to which 'true' Englishmen were honest and trustworthy, while Venezuelans were cast as unprincipled and often corrupt. Perhaps this trope of Venezuelan corruption was one way they explained to themselves the hardships – or, more bluntly, the virtual collapse – of the business they represented. If not for the venal interests of Gómez and his allies, the fate of the Vestey enterprise might have been far different, reasoned the British. How, then, could they understand the corrupt behaviour of one of their own? Rather than allow Kent to undermine their understanding of themselves and their surroundings, the British presented Kent as having abandoned British society to be absorbed into Venezuela: he confided in Venezuelans, trusted Venezuelans, was decorated and respected by Venezuelans, was (perhaps) aided in his escape by Venezuelans, and (perhaps) shared his ill-gotten fortune with Venezuelans. Within this rhetorical universe, Kent's links to British society were nonexistent. Beak, Petts and Worth reaffirmed the morality of their own community by ostracising Kent and, through him, the Venezuelan people, whose supposed corruption provided an unspoken assumption binding the

<sup>94</sup> Petts to Beak, 28 Dec. 1929, PRO, FO 199/276.

English to one another, allowing them some solace – and an explanation – amidst their crumbling enterprise.<sup>95</sup>

### *Conclusion*

Writing in 1919 Cecil Dormer had warned that the British should ‘not ... take up big schemes with our eyes blindfolded’. Dormer felt that the Gómez regime’s tolerance of foreign investment was conditional and, perhaps, temporary. His cautionary advice proved close to the mark in the case of the Vestey’s Venezuelan enterprise. Even before the Vestey’s made their first investments in Venezuela, Gómez’s determination to dominate the Venezuelan cattle business had become apparent. Investments in the Puerto Cabello meat plant and the Lancashire General Investment Trust ranches may have appeared secure because they expanded the market for Gómez’s cattle without threatening his control of the domestic beef market. Eventually, however, market conditions made it impossible for the Vestey’s to accommodate the Gómez clique. Once the cattle boom triggered by World War I came to an end, the British could no longer buy Gómez’s cattle at the prices or in the quantities he desired, nor could they pay his price for the rental of pastureland to fatten their herds. These disagreements, together with the Vestey’s refusal to purchase shares of stock in the meat plant from members of the regime, formed a prelude to Gómez’s decision to enforce the fattening clause in the 1923 contract and thus bring the enterprise to its knees.

The clash of material interests, however, cannot provide an entirely satisfying explanation of the Vestey’s failure. Gómez, for example, probably damaged his own financial interests by forcing the closure of the meat plant and undermining the market for Venezuelan cattle. Ultimately, the conflicts between the regime and the company reflected the two sides’ divergent conceptions of the ethical imperatives that ought to govern relations between the regime and foreign capital. For Gómez (and Pérez Soto), business relationships were first and foremost expressions of personal loyalty, rather than interactions dictated by market calculations. Gómez viewed Venezuela – and especially its cattle industry – as his personal fiefdom, a view which came increasingly close to reality as he acquired an ever larger share of the national territory and its livestock. In his view, therefore, the granting of permission to invest in Venezuelan cattle constituted an exceptional act of generosity and friendship. Gómez’s outrage at the Trust’s purchases of ‘excessive’ amounts

<sup>95</sup> My interpretation of the British response to Kent’s corruption draws on the work of scholars who have pondered the ways in which representatives of colonial powers struggle to maintain their identities in alien environments. See especially, Inga Clendinnen, ‘Disciplining the Indians: Franciscan Ideology and Missionary Violence in Sixteenth-Century Yucatan,’ *Past and Present* no. 94 (1982), pp. 27–48.

of land, coming on the heels of an apparently successful meeting with William Vestey in 1917, was merely the first in a series of confrontations shaped by Gómez's and Vestey's differing assumptions about the rules that ought to govern British investment in Venezuela's cattle industry. A similar clash of perspectives led to the ongoing disputes between Pérez Soto, who had grown accustomed to doing business with the British on his own lucrative terms, and Morris Elliott, who saw such arrangements as corrupt and demanded to end them. Finally, when the end of the boom dictated that the British could no longer pay above-market prices for Gómez's cattle and pastures, the general experienced the changed attitude of the British as a personal affront. His method of retaliation may have hurt his finances, but it saved his honour.

In his own way, though, Gómez adapted to the business ethos of global capitalism more successfully than the British adapted to the personalistic ethos of Venezuela. Confronted with the demands of the general and his allies, the British were often reduced to making futile complaints against Venezuelan 'corruption', as when Lord Vestey insisted that the regime was blackmailing him, or when Elliott launched his tirades against officials in Apure. They had so convinced themselves that Venezuelan corruption accounted for their misfortunes that, when confronted with Kent's embezzlement, the British could only explain his fraud by linking him to Venezuelan society. Gómez, by contrast, demonstrated a keen ability to meet his adversaries on their own ground and defeat them there. Despite British claims of official venality, Gómez ultimately outmanoeuvred the Vestey's not through coercion or underhanded dealings, but through a hallowed practice of North Atlantic capitalism – insistence on strict compliance with a contract. As the British legation observed, this left the company without legitimate grounds for complaint. Truly, the Venezuelan general had outfoxed the British lord.