

The main objective of this Master thesis is to test the claim that economic dependence on oil exports impedes enduring democratic stability in the case of Venezuela in the period between 1970-2010. This assumption is based on a broad resource curse theory, which addresses negative economic, political and social consequences of precious resource export dependency. The hypothesis is that exogenous variables may intensify these malign consequences. In this study I will analyse the role(s) performed by multinational oil corporations (MICs) in Venezuelan petroleum industry, the impact of the nationalization of the oil sector and the impact of foundation of the national oil corporation PDVSA, which became responsible for the subsequent development of oil extraction.

I assume that the nationalization led to profound restructuring of institutional and power relations, which in turn had a negative impact on the economic prosperity and stability of the democratic regime in a long-term perspective. Soon after its creation the national oil corporation became an independent actor with enough power to promote its own economic and political interests and therefore it polarized the already divided society. Historical development within Venezuelan oil industry will be analysed by the path dependency method. In addition, I will test three effects that hinder democracy designed by Ross on the basis of his quantitative research of resource curse theory. Venezuela was chosen purposefully owing to its geographical location outside of the Middle East and to its democratic experience. These facts make it different from the majority of countries suffering from the resource curse, hence Venezuela is a difficult and challenging case.