

Abstract

The main objective of this Master thesis was to test the claim that economic dependence on oil exports impedes enduring democratic stability in the case of Venezuela in the period of 1970-2010. This assumption was based on a broad resource curse theory which addresses negative economic, political and social consequences of precious resource export dependency. The hypothesis was that exogenous variables could intensify these malign consequences.

In this study we focused on the role(s) performed by multinational oil corporations (MICs) in Venezuelan petroleum industry, on the impact of the nationalization of the oil sector and on the impact of the foundation of a state-owned corporation PDVSA, which became responsible for subsequent development of oil extraction.

First, I proved that the nationalization led to profound restructuring of institutional and power relations that had negative impact on economic prosperity and stability of the democratic regime in a long-term perspective. Soon after its establishment the national oil corporation became an independent actor able to follow its own agenda and to promote its own economic and political interests and therefore polarized the already divided society.

Second, I documented empirical evidence that corroborated most of the previous theoretical assumptions. As a causal mechanism I discovered the following variables: exceedingly powerful political parties, which dominated both political and social spheres in Venezuela, malign unification of political and economic elite, misleading governmental policies, low motivation for needed economic reform and last but not least broad networks of clientelism and corruption.

Third, all of the above mentioned factors were exacerbated by the nationalization of the oil industry.

Last, I hope that this research on Venezuela which focused on historical and structural implications of oil-led development will offer an alternative explanation of the establishment, consolidation and future prospects of the current regime symbolized by its charismatic and truly controversial leader Hugo Chávez.