

# Informality and Patronalism in Venezuela

*A Conceptual Framework for Understanding the Role of Informality and Patronalism in  
Regime Paradigms*

**(A theoretical sketch and background material for the Political  
Capitalisms project)**

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## Abstract

This study explores the evolution of patronalism as a structural and cultural pattern shaping Venezuelan political and social development. By tracing the oscillation between institutional and informal modes of power, it reveals how clientelist and rent-based dependencies have persisted beneath shifting ideological and regime paradigms. The analysis connects economic cycles, state formation, and societal transformation to demonstrate how informality functions not as an exception, but as a constitutive logic of governance. Drawing on comparative insights, the work positions Venezuelan history as a paradigmatic case of patronal continuity under changing political forms. It offers a theoretical sketch and a conceptual framework for understanding the role of informality in regime dynamics across time.

## Position within the Political Capitalisms Project

This volume forms part of the **Political Capitalisms Project**, a comparative research program designed to examine the structural logic of informality and patronalism across world regions. The project applies the conceptual framework developed in *The Anatomy of Post-Communist Regimes – A Conceptual Framework* (Magyar & Madlovics, 2020) to empirical contexts far beyond its original post-communist focus, testing whether the framework's categorical architecture can serve as a **general analytical language** for understanding political orders shaped by informal power.

Parallel studies are currently being developed on **Sub-Saharan Africa, the Middle East, and East and Southeast Asia**, employing both diachronic (historical) and synchronic (cross-regional) analyses. The overarching aim is **not to produce detailed national monographs or micro-level empirical investigations**, but to construct and validate **structural models** capable of capturing how formal institutions and informal patronal networks interact across different civilizational settings. Each regional volume therefore functions as an **application module** within a unified theoretical architecture.

The present study should thus be read as a **theoretical stress test** rather than a national history. Its primary objective is to explore whether the conceptual vocabulary of the Anatomy's framework—categories such as *patronal autocracy*, *relational economy*, *adopted political family*, or *discretionary governance*—retains explanatory force when applied to a Latin American case marked by distinctive historical trajectories: Spanish colonial legacies, rentier-state dependence, populist legitimation, and resource-based clientelism.

## Relationship to Existing Latin American Scholarship

Latin American scholarship has long generated original approaches to the analysis of informality and state formation—from **rentier-state theory** (Mahdavy 1970; Karl 1997) and **dependent development** (Cardoso & Faletto 1979) to **delegative democracy** (O'Donnell 1994). The aim of this study is **not to replace these traditions** but to embed them within a broader comparative structure that integrates the Latin American, post-communist, and other regional experiences into a coherent typology of political capitalism.

This work therefore stands in dialogue with—rather than opposition to—established Venezuelan historiography. Where Fernando Coronil (1997) analyzed the "magical state" as a cultural-symbolic formation, this study formalizes the *structural mechanisms* through which state magic operates. Where Javier Corrales and Michael Penfold (2011) documented Chávez's institutional capture, this study situates that capture within a **century-long oscillation** between patronal intensification and rollback. Where Terry Lynn Karl (1997) theorized the "paradox of plenty," this study extends the analysis to show how oil rents interact with **informal power structures** across multiple regime types.

The contribution lies not in discovering **new empirical facts** about Venezuela—the country's historiography is rich and sophisticated—but in providing a **new analytical grammar** that makes Venezuelan patterns comparable to post-communist, Middle Eastern, and African cases within a unified typology. This comparative integration is the project's distinctive ambition.

## Methodological Constraints and Trade-offs

This approach entails deliberate trade-offs. The study prioritizes **structural patterns over micro-level texture**, **long-term dynamics over event-driven narrative**, and **typological precision over empirical comprehensiveness**. It does not engage in original archival research, ethnographic fieldwork, or quantitative modeling—tasks better suited to specialized monographs. Instead, it synthesizes existing scholarship through the categorical lens of the Anatomy's framework, asking whether that lens **reveals connections previously obscured** by disciplinary or regional silos.

Readers seeking detailed accounts of specific Venezuelan episodes, actors, or institutions will find richer resources elsewhere. This work's value lies in its **synoptic ambition**: by re-narrating Venezuela's 125-year trajectory through the categories of patronal capitalism, it aims to demonstrate that diverse regimes—whether in Eastern Europe, the Middle East, or Latin America—can be understood within the same analytical field without erasing their historical particularities.

## The Ultimate Test: Universality Without Reductionism

In this sense, *Patronalism in Venezuelan History* operates as both **illustration and experiment**: by re-describing Venezuela's political evolution through the categories of the Anatomy's framework, it seeks

to demonstrate that patronal dynamics exhibit **cross-regional regularities** even as local histories shape their specific expressions. The ultimate test of the framework lies in its **universality**: its ability to render intelligible the logic of informal domination across the multiple worlds of contemporary political capitalism, from Orbán's Hungary to Maduro's Venezuela, from Putin's Russia to patronal networks in the Middle East and Africa.

If successful, this study will have contributed not a definitive history of Venezuela, but a **portable analytical vocabulary** that enables scholars to recognize patronal patterns wherever they emerge—and to compare them systematically across civilizations, epochs, and political traditions.

### **Note About the Use of AI**

In pursuing this objective, I have extensively utilized artificial intelligence as a collaborative tool in synthesizing and analyzing available information. In practice, this meant an iterative, prompt-based workflow in which AI assisted in organizing historical materials, identifying structural patterns, drafting analytical sections, and—where precise quantitative data were secondary to structural analysis—providing contextual illustrations of relative magnitudes. My fundamental aim was not to produce an extensive positivist national history, but rather to test the applicability of the "Anatomy" framework's conceptual and categorical vocabulary through engagement with accessible historical and empirical materials. This methodological choice reflects the conviction that theoretical frameworks achieve validation not just through comprehensiveness of description, but through their capacity to illuminate structural patterns and causal mechanisms across diverse empirical contexts.

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# Introduction: Analyzing Venezuelan Populism Through The Patronal Paradigm

This study examines the rise, consolidation, and transformation of Venezuelan populism under Hugo Chavez and Nicolas Maduro through an analytical lens that differs fundamentally from mainstream comparative political science. Rather than treating Venezuela as a case of democratic breakdown, institutional decay, or authoritarian regression—the typical framings within democratization studies—we analyze it as the emergence and evolution of a patronal autocracy, a regime type characterized by the systematic intertwining of political power and economic accumulation, the subordination of formal institutions to informal networks, and the centrality of patron-client relationships in organizing social order.

This approach is grounded in the analytical framework developed in *The Anatomy of Post-Communist Regimes*, which it aims to extend globally. While originally formulated to understand post-communist transformations, the framework's conceptual apparatus—the emphasis on informal patronal networks, and the integration of legitimation theory—proves equally illuminating when applied beyond its original regional context. Throughout this analysis, we employ the specific terminology and categorical distinctions systematically developed in *The Anatomy of Post-Communist Regimes*, whose core definitions are available [here](#). Terms such as *patronal network*, *adopted political family*, *discretionary governance*, *relational economy* etc., and the regime typology distinguishing *liberal democracy*, *patronal democracy*, *patronal autocracy* carry precise technical meanings within this framework, and we use them consistently in analyzing Venezuela's transformation. Venezuela provides a compelling test case: a Latin American democracy that, over two decades, transformed into what we characterize as a hegemonic authoritarianism operating through mafia capitalism, yet whose trajectory exhibits striking structural parallels with patronal systems in other parts of the world. The analytical leverage gained by applying this conceptual toolkit to Venezuelan history demonstrates the framework's utility for understanding patronal regime dynamics regardless of geographic or historical context.

## The Insufficiency of Conventional Frameworks

Mainstream political science has produced a rich literature on Venezuelan politics, particularly focused on the Chavez and Maduro periods. Scholars have analyzed democratic erosion (Corrales and Penfold, Levitsky and Loxton), competitive authoritarianism (Corrales, Levitsky and Loxton), electoral authoritarianism (Schedler), and institutional degradation (Brewer-Carias). These studies provide valuable empirical documentation and insights into specific mechanisms of regime consolidation and control.

This literature, while empirically rigorous and theoretically sophisticated, has predominantly employed a different analytical lens—one focused on institutional design, electoral competition, and the gap between formal democratic procedures and their implementation. Our framework complements this approach by centering informal patronal structures as primary rather than secondary explanatory variables. Where mainstream analyses ask 'how did democratic institutions erode?', the patronal paradigm asks 'how did informal networks subordinate formal institutions?' This shift in analytical focus—from institutions to networks, from formal to informal—generates different insights about the same empirical phenomena. This framework generates analyses framed around what Venezuela lacks—rule of law, horizontal accountability, electoral integrity, press freedom—rather than what it is as a functioning political order.

This deficit-based approach encounters several analytical difficulties when confronting the Venezuelan case:

- First, temporal explanation: If Venezuela's transformation represents democratic breakdown, when precisely did democracy exist? The Punto Fijo era (1958-1998) exhibited many characteristics that the patronal framework would identify as competitive oligarchy or patronal democracy—clientelistic parties,

extensive state patronage, oil rent distribution through political networks—rather than liberal democracy in the institutional sense. The Chavez phenomenon thus appears less as democratic erosion than as a reconfiguration of preexisting patronal structures under new conditions.

- Second, resilience paradox: Mainstream frameworks struggle to explain regime durability despite catastrophic economic collapse. If legitimacy derives from democratic procedures and economic performance—the two pillars of modernization theory—how has the Maduro regime survived GDP contraction exceeding 75 percent, hyperinflation surpassing one million percent annually, and the emigration of six million citizens? Deficit-based analysis can document failures but cannot adequately explain persistence.
- Third, comparative limitation: By treating Venezuela as a unique case of Latin American populism or as an instance of competitive authoritarianism, conventional approaches miss structural commonalities with other patronal systems. The parallels between Venezuela under Maduro and Russia under Putin, between Chavez's Bolivarian Missions and Orbán's “work-based society”, between PDVSA's transformation and the role of Gazprom in Russia—these patterns remain invisible when analysis focuses on regional particularities or regime subtypes rather than underlying structural logic.
- Fourth, institutional formalism: Conventional analysis privileges formal institutions—constitutions, electoral systems, judicial independence, legislative oversight—as both analytical objects and causal mechanisms. Yet in patronal systems, formal institutions frequently serve as facades or instruments for informal power structures. Constitutional reforms, electoral rules, and legal frameworks matter, but primarily as tools for consolidating patronal networks rather than as autonomous constraints on behavior. An analysis focused on institutional design misses the relational infrastructure beneath.

These analytical traditions have generated immense insights into Venezuela's political trajectory. The patronal framework builds on this foundation while asking a different set of questions—questions centered on the interaction between formal institutions and informal power networks. Our contribution lies not in correcting previous analyses but in extending them through a lens that integrates post-communist, Latin American, and other regional experiences into a unified comparative typology.

## **The Patronal Alternative: From Normative Evaluation to Structural Analysis**

The analytical framework we employ offers a different starting point. Rather than measuring Venezuela against an idealized liberal-democratic benchmark, we seek to understand it as a coherent political order operating according to its own internal logic. This shift—from normative evaluation to structural analysis—generates different questions and reveals different patterns.

The framework rests on several foundational premises:

**Ontological rather than normative analysis:** Political systems are examined not in terms of their approximation to liberal democracy but according to the type of social order they constitute—how power is organized, legitimacy generated, and loyalty secured. Patronal autocracy is not a 'failed democracy' but a distinctive regime type with its own equilibrium conditions and reproduction mechanisms.

**Two-dimensional regime classification:** The framework replaces the unidimensional democracy-dictatorship spectrum with a two-dimensional matrix. The vertical axis captures regime openness (liberal democracy, electoral democracy, competitive authoritarianism, hegemonic authoritarianism, closed authoritarianism), while the horizontal axis captures the degree of fusion between political and economic spheres (liberal capitalism, crony capitalism, oligarchic capitalism, patronal capitalism, mafia capitalism). This generates the Unified Theory Matrix (UTM)—a 5×5 typology of 25 possible regime-economy configurations, combining the mainstream typology of

hybrid regimes (vertical axis) and the typology of political capitalism based on the Anatomy (horizontal axis). Venezuela's trajectory can thus be mapped not as linear decline but as movement through different cells of this matrix.

Primacy of informal over formal institutions: In patronal systems, the real locus of power lies not in constitutions or laws but in informal networks of patron-client relationships. The chief patron (Chavez, then Maduro) sits atop a pyramid of subordinate patrons who control client networks. Formal institutions—presidency, legislature, judiciary, electoral system—exist and matter, but primarily as instruments or facades for patronal power. Understanding the system requires analyzing the relational infrastructure beneath institutional surfaces.

Integration of political and economic analysis: Mainstream political science maintains strict disciplinary boundaries between political institutions and economic structures. The patronal framework treats this separation as artificial. Political power and economic accumulation are inextricably intertwined in patronal systems—the chief patron's dual motivation is simultaneously to concentrate political power and to accumulate personal and clan wealth. The economic system (e.g. patronal capitalism, mafia capitalism) is not context for political analysis but an integral component of regime structure.

Legitimation as constitutive variable: Building on Weber, the framework treats legitimation not as subjective perception but as structural principle. Different patronal systems rest on different legitimation bases—traditional (dynastic), charismatic-theocratic (religious), legal-rational (constitutional-procedural), or substantive-rational (performance-based nationalism). Legitimation patterns shape how patronal systems operate and evolve.

**Legal-rational legitimacy versus substantive-rational legitimacy**

	<b>Legal-rational legitimacy (democracy)</b>	<b>Substantive-rational legitimacy (authoritarianism)</b>
<b>Carrier of legitimacy</b>	<b>impersonal institutions (manifested in formal rules)</b>	<b>personal actors (manifested in an informal organization)</b>
<b>Status of ruling elite</b>	<b>subordinated to law</b>	<b>served by law</b>
<b>Resultant process</b>	<b>deliberative: interest reconciliation of multiple actors (taking various interests into account)</b>	<b>declarative: interest enforcement of a single actor (suppressing other interests)</b>

Source: Magyar-Madlovics, *The Anatomy of Post-Communist Regimes* (CEU Press, 2020).

Diachronic and synchronic comparison: The framework enables both historical (diachronic) analysis of single countries across time and comparative (synchronic) analysis of multiple countries at the same moment. Venezuela can be examined across 125 years (1900-2025) to reveal long-term structural oscillations, and compared synchronically with Russia, Hungary, Turkey, or Middle Eastern autocracies to identify common patronal dynamics despite cultural and historical differences.

These premises generate a different analytical approach. Rather than documenting institutional decay, we trace the construction of patronal networks. Rather than measuring democratic deficits, we analyze mechanisms of loyalty production and resource distribution. Rather than lamenting the absence of rule of law, we examine how informal rules structure behavior and expectations. The goal is understanding rather than evaluation—to grasp the system's own logic rather than its distance from an external ideal.

### **Methodological Approach: Structured Models versus Descriptive Positivism**

Beyond its conceptual innovations, the patronal framework also differs methodologically from much mainstream political science. Contemporary comparative politics has produced rich insights through two complementary analytical styles: large-N quantitative studies testing hypotheses across many cases, and small-N qualitative studies providing thick description of particular trajectories. This study employs a third approach—what might be called structural-analytical or configurational analysis—which uses systematic typologies and matrices to reveal patterns invisible to purely statistical or narrative methods.

However, we would suggest that a third methodological tradition—what might be called structural-analytical or configurational analysis—offers distinctive advantages for understanding complex political systems. This approach, drawing on Weber's ideal-typical method and comparative historical sociology, employs systematic typologies, matrices, and structured categorizations to reveal patterns invisible to either statistical analysis or narrative description.

The current study exemplify this methodology. Rather than presenting linear narratives of Venezuelan history or testing statistical hypotheses about patronalism's causes, we construct analytical architectures—tables, matrices, timelines, dimensional schemas—that enable readers to grasp institutional configurations at a glance. The Unified Theory Matrix (UTM) itself is such an architecture: a conceptual map of possible regime-economy combinations that simultaneously classifies empirical cases and reveals structural relationships between different system types.

This methodological choice reflects an epistemological conviction: complex institutional configurations, involving multiple interacting dimensions (legitimation, elite structure, economic organization, formal institutions, informal networks), are often better represented through structured categorization than through linear exposition. A well-designed table or matrix can convey relationships that would require pages of prose to articulate, and can make patterns visible that sequential narrative obscures.

	<b>Multiparty elections</b>	<b>Opposition can win</b>	<b>Free and fair elections</b>	<b>Strong constitutional limits</b>
<b>Liberal democracy</b>	+	+	+	+

<b>Electoral democracy</b>	+	+	+	-
<b>Competitive authoritarianism</b>	+	+	-	-
<b>Hegemonic authoritarianism</b>	+	-	-	-
<b>Closed authoritarianism</b>	-	-	-	-

-	-	-	-	<b>Liberal capitalism</b>
-	-	-	+	<b>Crony capitalism</b>
-	-	+	+	<b>Oligarchic capitalism</b>
-	+	+	+	<b>Patronal capitalism</b>
+	+	+	+	<b>Mafia capitalism</b>
<b>Centralized corrupt networks</b>	<b>Political dominance</b>	<b>Unequal relations</b>	<b>Informal relations</b>	

Consider, for example, how we might analyze Venezuela's evolution from 1900 to 2025. A conventional historical narrative would trace events chronologically: Gomez's dictatorship, the post-1935 liberalization, the Punto Fijo pact, oil boom and crisis, Chavez's rise, and Maduro's consolidation. This narrative style has value but tends to emphasize contingency and particularity over structural continuity and comparative positioning.

<b>Hybrid Regimes: Elections and Formal Institutions</b>	<b>Political Capitalisms: Nature of the Political and Economic Spheres' Collusion</b>				
	<b>Liberal Capitalism</b>	<b>Crony Capitalism</b>	<b>Oligarchic Capitalism</b>	<b>Patronal Capitalism</b>	<b>Mafia Capitalism</b>
<b>Liberal Democracy</b>					

<b>Electoral Democracy</b>		<b>1936-1948 (Reformist Civil Govts)</b> <b>1958-1973 (Punto Fijo)</b>		<b>1973-1998 (Oil Boom Patronal State)</b>	
<b>Competitive Authoritarianism</b>					
<b>Hegemonic Authoritarianism</b>			<b>1900-1935 (Gomez)</b> <b>1948-1958 (Jimenez)</b>	<b>1999-2013 (Chavez Era)</b> <b>2013-2016 (Maduro transition)</b>	<b>2016-2025 (Maduro Era)</b>
<b>Closed Authoritarianism</b>					

The patronal framework instead presents Venezuela's trajectory through the UTM temporal layer—a single table that simultaneously locates each historical period within the two-dimensional regime-economy space and enables immediate comparison with other countries' trajectories. This presentation style is not merely rhetorical but analytical: it embodies the framework's core insight that regime types are configurations of intersecting dimensions rather than points on linear scales.

The UTM synthesizes two analytical dimensions. The vertical axis employs what has become mainstream political science's most influential regime classification—the spectrum from liberal democracy through electoral and competitive authoritarianism to closed authoritarianism. The horizontal axis reflects our framework for understanding economic structures: the degree of collusion between political and economic spheres, ranging from liberal capitalism through patronal systems to mafia capitalism. By placing these axes in relation to one another, the UTM creates a theoretical space permitting dynamic, multidimensional regime analysis. This framework allows us to track simultaneous movement along both dimensions—observing how regimes evolve not just politically or economically, but through complex interactions between these spheres. It is called a "unified" theory matrix because it integrates formal political structures and the different forms of the colluding structures of the political and economic spheres of social actions into a single analytical field.

### **Venezuela in the Unified Theory Matrix (1900-2025)**

This table accomplishes several analytical tasks simultaneously. It classifies each Venezuelan regime according to both hybrid regime and political capitalism typologies.. It reveals structural continuity: Venezuela has oscillated between different forms of non-liberal political order for over a century, never consolidating liberal democracy. It enables comparative positioning: readers can immediately see that Venezuela's current configuration (hegemonic authoritarianism × mafia capitalism) resembles contemporary Russia or certain periods of post-Soviet Central Asian states more than it resembles other Latin American countries. And it generates hypotheses: the table suggests that transitions between cells follow particular logics—for instance, the shift from patronal capitalism to mafia capitalism under Maduro corresponds to economic collapse and intensified repression, a pattern observable in other cases.

This methodological approach—what we might call configurational structuralism—differs from both quantitative hypothesis-testing and qualitative thick description. It is closer to Weber's comparative-historical method, seeking to identify patterns through systematic categorization and comparative juxtaposition. The goal is neither to establish statistical regularities nor to provide exhaustive historical narrative, but to construct analytical models that reveal underlying structures and enable rigorous comparison.

### **The Informal Dimension: Beyond Institutional Facades**

A central innovation of the patronal framework is its systematic integration of informal institutions and practices into political analysis. Mainstream political science has long recognized the importance of informal rules, norms, and networks, and a substantial literature on informal institutions has developed over the past two decades (Hale, Levitsky, Ledeneva, O'Donnell). However, this literature typically treats informal institutions as complements, substitutes, competitors, or accommodations to formal institutions—the formal remains the analytical baseline.

The patronal framework reverses this hierarchy. In patronal autocracies and patronal democracies, informal networks of patron-client relationships constitute the primary structure of power, while formal institutions serve instrumental or decorative functions. The constitution may specify separation of powers, but the real distribution of authority follows patronal pyramids. Elections may occur regularly, but their function is less to aggregate preferences than to demonstrate the chief patron's control and distribute rewards to loyal clients. Courts may formally exercise judicial review, but judges understand their positions depend on political loyalty rather than legal reasoning.

This inversion has profound analytical implications. It means that understanding Venezuelan politics requires mapping the structure of patronal networks—who controls what client pyramids, how resources flow through these networks, how loyalty is enforced and rewarded—rather than simply cataloging constitutional provisions or measuring electoral irregularities. The real decision-making processes occur in informal consultations between the chief patron and subordinate patrons, not in cabinet meetings or legislative debates. The real mechanisms of social control operate through conditional access to state resources (food boxes, public employment, import licenses) rather than through police powers alone.

The patronal framework provides conceptual tools for this analysis. The distinction between single-pyramid and multi-pyramid elite structures captures whether one chief patron dominates (Venezuela under Chavez and Maduro) or multiple patronal networks compete (Venezuela during Punto Fijo, or contemporary Argentina). The concept of the adopted political family describes how patronal elites construct fictive kinship relationships that transcend biological ties—Chavez's Bolivarian family, Maduro's inner circle centered on Cilia Flores and military intelligence. The typology of subordinate patron-client relationships differentiates between autonomous clients (who can switch patrons) and dependent clients (who cannot survive without their patron's protection).

These concepts allow analysis of dynamics invisible to institutional approaches. Why did the Venezuelan military remain loyal to Maduro despite economic catastrophe? Because senior officers are not merely state employees but subordinate patrons controlling lucrative economic territories (gold mining, oil smuggling, food distribution), making their survival contingent on regime survival. Why did the Guaido interim presidency fail despite international recognition? Because it controlled no patronal networks and therefore could neither reward supporters nor punish defectors. Why did millions of Venezuelans emigrate rather than rebel? Because exit, not voice, became the rational strategy when the regime monopolized all patronal resources necessary for survival.

Integrating the informal dimension thus does not mean adding informal factors to institutional analysis. It means recognizing that in patronal systems, the informal is the fundamental structure and the formal is derivative. This represents what we might call an ontological shift—a change in what we consider the primary reality of politics.

## Structure of the Study

This study applies the patronal paradigm to analyze Venezuelan political development across nine analytical blocs:

**1. The Gómez Dictatorship (1900-1935):** We trace the origins of Venezuela's modern state under Juan Vicente Gómez, examining how his 27-year hegemonic autocracy centralized power, created the rentier state foundation through oil revenues, and eliminated regional caudillo autonomy while maintaining oligarchic capitalism.

**2. The Rollback of Patronalism and Modernization Era (1936-1948):** This chapter analyzes the dual mechanisms that temporarily rolled back patronal structures: Gómez's death enabled political decentralization, while rapid economic modernization through oil expansion, urbanization, and the collapse of traditional rural communities created new social forces resistant to personalistic control. We examine how López Contreras and Medina Angarita presided over a transition from hegemonic autocracy toward electoral democracy, and how crony capitalism emerged as a corruption pattern distinct from patronalism.

**3. The Pérez Jiménez Dictatorship (1948-1958):** We analyze the decade of military dictatorship under Marcos Pérez Jiménez, examining how the regime combined modernization ambitions with repressive hegemonic authoritarianism. This period demonstrates how oil boom revenues enabled both infrastructural transformation and authoritarian consolidation, while simultaneously creating the conditions—through failed succession planning and military factionalism—for the regime's eventual collapse and the elite pact that followed.

**4. The Punto Fijo Settlement and Competitive Oligarchy (1958-1973):** This chapter examines Venezuela's celebrated democratic transition, revealing how the Punto Fijo pact created electoral democracy and crony capitalism—a multi-pyramid elite cartel that maintained formal democratic procedures while controlling power through clientelistic parties, extensive state patronage, and oil rent distribution. We analyze how AD and COPEI constructed parallel patronage networks that penetrated labor unions, peasant federations, and professional associations, creating stable but anti-liberal democratic institutions.

**5. The Great Venezuelan Unraveling (1973-1998):** We trace the long decline of the Punto Fijo system from oil nationalization through economic collapse, examining how the sudden wealth of the 1970s oil boom metastasized the system's patronal tendencies, followed by debt crisis, structural adjustment failures, and the 1989 Caracazo uprising. This period reveals how the exhaustion of oil rents destabilized oligarchic capitalism, delegitimized traditional parties, and created the political vacuum that Chavez would fill with a new form of patronal capitalism.

**6. Venezuelan Populism under Chávez (1999-2013):** We analyze the construction of Venezuela's hegemonic patronal autocracy, examining how Chávez used oil rents, constitutional reform, and personal charisma to build a single-pyramid patronal system.

**7. Venezuelan Populism under Maduro (2013-2025):** This chapter documents the transformation from patronal capitalism to mafia capitalism, analyzing how economic collapse and international sanctions drove the regime toward predatory extraction and criminalized governance.

**8. Endgame Scenarios:** We examine five possible trajectories for Venezuela's future—perpetual stagnation, elite fracture, external intervention, popular uprising, or state fragmentation—assessing the likelihood and implications of each.

**9. Epilogue – Long-Term Patronal Oscillation (1900–2025):** The final chapter presents a longitudinal analysis of how social, economic, and state structures shaped Venezuela's patronal susceptibility across 125 years, revealing that Chávez–Maduro represents the culmination rather than aberration of long-term patterns.

## **Conclusion: Toward a Better Understanding of Political Order**

This study represents more than an application of post-communist concepts to Latin America. It embodies a claim about the universal applicability of the patronal paradigm. The framework developed to understand Hungary, Russia, and Kazakhstan etc. proves equally illuminating when analyzing Venezuela, and would presumably travel well to other contexts—Middle Eastern monarchies, African patronal states, Southeast Asian authoritarian regimes.

This universality does not reflect crude generalization that ignores context. Rather, it stems from the framework's focus on fundamental dimensions of political order that appear across diverse cultural and historical settings: How is power organized—through impersonal institutions or personal relationships? What legitimates authority—tradition, charisma, legal procedure, or performance? How do political and economic spheres interact—autonomously or in fusion? These questions apply everywhere, even though answers vary.

The patronal paradigm thus offers what mainstream political science has long sought but rarely achieved: a genuinely universal analytical framework that escapes Eurocentric bias without lapsing into cultural relativism. Western liberal democracy appears not as the model but as one possible configuration within a broader typological space. This enables true comparative analysis—comparing Venezuela, Russia, and Saudi Arabia not as more or less democratic, but as different solutions to the universal problem of organizing political order.

We offer this study in a spirit of intellectual dialogue. Our critique of mainstream frameworks is intended respectfully, acknowledging the enormous contributions of democratization studies while suggesting conceptual limitations. Our goal is not to replace existing approaches but to complement them—to show that integrating informal institutions, patronal networks, and legitimation patterns generates insights unavailable to purely institutional analysis. Whether this framework proves useful for understanding other cases, and whether it requires modification or refinement in light of Venezuelan evidence, are questions we invite readers to explore.

What we can demonstrate is that Venezuela's transformation from electoral democracy to mafia capitalism—a trajectory puzzling to conventional frameworks—becomes comprehensible when analyzed through the patronal lens. The rise of Chavez, the persistence of Maduro, the failure of opposition, the mass emigration, the criminalization of the state—all these phenomena follow logically once we understand the underlying patronal structures and their evolution under changing economic and political conditions. This is the test of any analytical framework: not whether it matches our normative preferences, but whether it reveals patterns previously hidden and makes puzzling phenomena intelligible.

In this sense, the patronal paradigm represents not merely a theoretical innovation but a practical tool for understanding the political world in which we live—a world where formal democracy and informal patronage increasingly coexist, where institutions often mask rather than constrain power, and where understanding political reality requires looking beneath constitutional surfaces to grasp the relational infrastructure of domination. Venezuela's tragedy provides painful empirical evidence for these theoretical claims, demonstrating both the power and the necessity of the patronal analytical framework.

# Venezuela 1900–1935: The Gómez Dictatorship

## Hegemonic Authoritarianism × Oligarchic Capitalism

### Part 1. Colonial Legacy and Constitutional Structure

#### 1.1 The Colonial Structure of Patronal Rule

Venezuela's structural trajectory under Juan Vicente Gómez cannot be understood without grasping the fundamental imprint left by Spanish colonialism. The colonial system bequeathed to the independent republic a deeply unequal social order characterized by vast land concentration, personalized rule, and the absence of bureaucratic differentiation. Unlike the silver-rich viceroyalties of Mexico and Peru, colonial Venezuela was a peripheral plantation economy based on cacao and coffee production, worked by enslaved Africans after the indigenous population was decimated by disease and exploitation.

At the apex of colonial society stood the *mantuanos* (also known as *grandes cacao*s)—a tiny white creole elite descended from Spanish nobles' younger sons who had created fortunes rivaling those of Potosí's silver barons through the chocolate trade with Europe in the 17th and 18th centuries. This oligarchy was concentrated in the central valleys around Caracas, the Lake Valencia basin, and the Tuy River valleys. The *mantuanos* jealously guarded their privileges through endogamous marriage practices designed to prevent property dispersion, creating what was effectively a hereditary plantation aristocracy.

The Spanish Crown attempted to extract rents from this elite through the Royal Guipuzcoan Company of Caracas (1728-1784), which held a monopoly over Venezuelan trade. This mercantilist device generated deep resentment among the creole oligarchy and fostered endemic smuggling networks with Dutch, English, and French traders. The resulting tension between metropolitan extraction and local elite autonomy became a structural template that would persist through independence and into the republican era.

#### 1.2 Caudillo Republicanism (1830-1900)

After Gran Colombia's dissolution in 1830, Venezuela formally became an independent republic, but institutional weakness and regional fragmentation prevented the consolidation of a modern state. The 1830 Constitution enacted by the Conservative oligarchy reflected their social philosophy: centralist state structure, property qualifications for voting, guarantees for freedom of commerce, continuation of slavery, and state supremacy over church and military. Yet beneath this liberal-constitutional façade persisted the colonial logic of personalized authority.

The post-independence decades were dominated by *caudillos*—regional warlords who combined military power, land ownership, and personal clientelist networks. José Antonio Páez, hero of independence and three-time president (1830-1835, 1839-1843, 1861-1863), set the template: semi-literate *llanero* military leader who represented landed aristocratic interests while claiming to speak for the rural masses. The *caudillo* system represented a proto-patronal state where personal loyalty substituted for impersonal legality, and local strongmen mediated access to land, protection, and resources.

The economy remained agricultural and export-oriented, dependent on coffee and cacao sales to Europe. Land tenure was extremely concentrated: a small number of large haciendas dominated, worked by debt peons, former slaves (after abolition in 1854), and marginalized mestizo peasants. There was no clear separation between private property rights and public authority—governors, landlords, and military commanders were functionally identical.

The Federal War (1859-1863), a brutal civil conflict between federalists and centralists that killed an estimated 100,000-150,000 people, further entrenched the logic that power flowed from armed force and personal networks rather than constitutional procedures.

By 1900, Venezuela remained one of Latin America's poorest and most unstable countries, wracked by recurring civil wars, with weak fiscal capacity, no professional civil service, and an economy vulnerable to commodity price fluctuations. The transition from fragmented caudillo rule to centralized autocracy under Cipriano Castro (1899-1908) and then Gómez represented not democratization but the concentration of patronal power.

## **Part 2. The Gómez Regime: Consolidation of Oligarchic Capitalism (1900-1935)**

### **2.1 Seizure of Power and Constitutional Façade**

Juan Vicente Gómez (1857-1935) came to power through a coup d'état on December 19, 1908, while his former patron Cipriano Castro was in Europe for medical treatment. Gómez was a barely literate cattle rancher and butcher from the Andean state of Táchira, of near-full indigenous descent, who had joined Castro's military expedition in 1899. Despite his humble origins, Gómez proved a shrewd military organizer and ruthless consolidator of power. He earned the loyalty of the Venezuelan military through his personal bravery in suppressing revolts against Castro, and gained allies among civilian elites who saw him as an efficient, if brutal, guarantor of order.

Gómez ruled either as president or through puppet figures until his death in 1935—a 27-year hegemonic authoritarianism that systematically dismantled republican institutions while maintaining a constitutional façade. He employed short-term puppet presidents like Victorino Márquez Bustillos (1914-1922) and Juan Bautista Pérez (1929-1931) while ruling indirectly through constitutional amendments that concentrated power in his hands. Initially presenting his regime as transitioning toward democracy, Gómez abandoned this pretense after fabricating claims of a foreign invasion led by Castro in 1913-1914 and launching a systematic crackdown on political opponents.

The regime's repressive apparatus was medieval in its brutality. Political prisoners were shackled in grillos (leg irons) that left many permanently disabled; others were hanged by meat hooks through their throats or testicles. An estimated 20,000 people fled into exile from Táchira alone. The 1928 student revolt in Caracas—which briefly seized the presidential palace—was ruthlessly suppressed, producing the "Generation of 1928" that would later lead Venezuela's democratic transition. Torture, forced disappearances, and extrajudicial killings became routine instruments of governance, anticipating some features of 20th-century totalitarian regimes.

### **2.2 Elite Structure: From Regional Caudillos to Centralized Oligarchy**

Gómez fundamentally transformed Venezuela's elite structure by eliminating regional caudillo autonomy and creating a centralized patronal network. His primary achievement was breaking the pattern of recurring civil wars by subordinating regional military leaders to a unified national command. By 1922, he had constructed a national administration stronger and more unified than anything that had existed in Venezuela since the colonial period.

The ruling elite under Gómez consisted of four interconnected groups:

- The Andean Military Clique: Gómez brought with him from Táchira a network of trusted officers and administrators who monopolized key positions in the armed forces and state bureaucracy. The military was professionalized through the founding of the Military Academy in 1910, which trained a new

generation of officers with closer ties to Caracas elites than the older caudillo-style commanders. Officers received higher salaries than their civilian counterparts, ensuring loyalty to the regime.

- **The Gómez Family Network:** Gómez, his relatives, and close personal associates acquired vast landholdings and commercial monopolies. By his death, Gómez was reputed to be South America's wealthiest man, with an estimated fortune of \$200 million (over \$3.6 billion in contemporary terms). His family controlled key economic sectors through direct ownership and privileged access to state resources. Venezuela functioned as his personal domain.
- **The Traditional Landed Oligarchy:** The pre-existing coffee and cacao hacienda owners maintained their economic base but lost political autonomy. They became incorporated into Gómez's network through accommodation and co-optation. While their property rights were generally respected, they could no longer challenge central authority or maintain private armies.
- **Oil Concessionaires:** After oil was discovered near Lake Maracaibo in 1914, a new category of elite emerged: intermediaries who obtained concessions from Gómez's government and sold them to foreign companies for enormous profits. Gómez's close associates and well-connected civilians built fortunes by acting as middlemen in the oil concession system, transferring exploitation rights to foreign corporations while retaining substantial fees. This layer included both Gómez's relatives and civilian elites who had cultivated personal relationships with the dictator.

This structure represents oligarchic capitalism rather than full patronal capitalism because the elite, while dependent on political favor for concessions and protection, retained autonomous economic bases. The coffee and cacao oligarchy owned productive land and could generate revenue independent of direct state transfers. The oil concessionaires acted as intermediaries but did not manage production themselves—that was left to foreign companies. The oligarchy was not organized in a single pyramid of personal loyalty to Gómez, but rather in a multi-layered structure where various elite fractions maintained distinct economic foundations while accepting the dictatorship's political hegemony.

## **Part 3. Revenue Sources and Economic Dependence**

### **3.1 Pre-Oil Economy: Coffee, Cacao, and Land Rents**

Before 1914, Venezuela's economy remained predominantly agricultural and export-oriented. The primary revenue sources for the elite were:

**Coffee Production:** By 1900, coffee had surpassed cacao as Venezuela's principal export, accounting for approximately 60-70% of export earnings. Coffee cultivation spread from the Andean states (Táchira, Mérida, Trujillo) to the central valleys. Large haciendas dominated production, employing debt peons and sharecroppers under conditions of semi-serfdom.

**Cacao Plantations:** Concentrated in the coastal valleys (Aragua, Carabobo, Miranda), cacao production remained significant. The traditional mantuano families derived much of their wealth from these estates, worked by descendants of enslaved Africans. While cacao's relative importance declined after 1900, it still represented 20-30% of export value.

**Cattle Ranching:** In the llanos (plains regions), extensive cattle operations provided hides, beef, and tallow for domestic and export markets. Gómez himself came from this background and maintained large cattle estates.

Land Concentration: Venezuela exhibited extreme land inequality, with a Gini coefficient estimated above 0.85. A tiny elite owned vast latifundia while the majority of rural Venezuelans were landless or held precarious tenure as sharecroppers, tenants, or squatters.

At the same time, the traditional oligarchy's wealth was not directly dependent on state transfers. Land ownership provided an autonomous economic base—coffee and cacao could be sold on international markets without state mediation, and hacienda owners could extract rents from agricultural labor regardless of political regime. This is the defining characteristic of oligarchic rather than patronal capitalism: economic elites are integrated with political power but retain productive assets that generate income independently of political loyalty.

### **3.2 The Oil Transformation: Rentier State Formation (1914-1935)**

The discovery of oil in 1914 fundamentally altered Venezuela's political economy, inaugurating the rentier state logic that would define all subsequent regimes. The first significant well, Zumaque-I (Mene Grande), was completed in 1914 by Caribbean Petroleum Company. The 1922 blowout of Barroso No. 2 in Cabimas captured global attention, and by 1928 Venezuela had become the world's leading oil exporter and second-largest producer after the United States.

Oil revenues transformed the state's fiscal foundation. Unlike taxation, which requires negotiation with society, oil rents flow directly to the executive, bypassing social accountability mechanisms. This created unprecedented state autonomy: Gómez used oil income to pay off Venezuela's entire foreign debt, build roads and infrastructure, modernize the military, and enrich his personal network—all without requiring elite or popular consent through representative institutions.

The oil concession system worked as follows:

- Gómez personally negotiated terms with foreign companies, primarily Royal Dutch Shell, Standard Oil (New Jersey), Gulf Oil, and British interests.
- Most concessions were initially granted to Gómez's family members, friends, and political allies, who then sold exploitation rights to foreign companies for enormous sums. For example, Rafael Max Valladares received concessions which he contracted to General Asphalt Company, which later sold a 51% stake to Royal Dutch Shell for \$1 million.
- The 1909 and 1918 Mining Laws, and especially the 1922 Petroleum Law, gave foreign companies highly favorable terms: low taxes and royalty payments, slow exploitation rates, no restrictions on land holdings, automatic exemption from customs duties on equipment, and protection from arbitrary cancellation. The 1922 law was particularly generous after U.S. State Department pressure led Gómez to remove restrictive measures from the 1920 petroleum code.
- By 1935, oil income had completely displaced coffee and cacao as the primary source of state revenue and foreign exchange. Oil revenues financed 95% of foreign exchange by the regime's end.

This structure is oligarchic rather than directly patronal because the concessionaires and foreign companies maintained operational autonomy. The oligarchy obtained rents through property rights (concessions) rather than through personal service or vassalage to Gómez. Foreign companies, while needing political favor to operate, were not Venezuelan political actors and could not be said to be personally dependent on Gómez in the patronal sense.

### **3.3 Degree of Elite Dependence on the State**

A critical question for regime typology: To what extent could the oligarchy's income be confiscated or blocked by political authority?

Traditional oligarchy (coffee/cacao): Low to moderate dependence. While Gómez could impose taxes, restrict exports, or confiscate specific properties, the productive base of agriculture remained in private hands. A coffee hacienda produced crops regardless of political regime. The oligarchy's revenues depended more on international commodity prices than on state favor.

Oil concessionaires: High dependence. Concession rights were political grants that could theoretically be revoked, though Gómez generally respected property once granted. The intermediary position of concessionaires made them more vulnerable than traditional landowners. However, once concessions were sold to foreign companies, the regime could not easily expropriate international capital without risking foreign intervention—as the 1902-1903 naval blockade by Britain, Germany, and Italy had demonstrated.

Gómez's inner circle: Highest dependence. Those whose wealth derived directly from proximity to the dictator—government contractors, monopoly license holders, military commanders receiving land grants—were entirely dependent on continued political favor. This inner circle exhibited patronal characteristics.

The overall elite structure thus represented a hybrid: traditional oligarchy with autonomous economic bases, emerging oil-rentier oligarchy dependent on concessions, and a patronal inner circle personally loyal to Gómez. The regime's classification as oligarchic capitalism (rather than patronal) reflects the continued importance of autonomous property and the intermediary nature of elite-state relations.

## **Part 4. Patronal Relations and Dependency Structures**

### **4.1 Vertical Dependency: State-Elite Relations**

The Gómez dictatorship established oligarchic rather than fully patronal relations between state and elite, but with significant patronal elements in specific sectors:

Military: Clear patronal structure. Officers owed their positions, salaries (higher than civilian equivalents), and career advancement to personal loyalty to Gómez. The military was deliberately kept apolitical—no officer could mobilize it for personal political projects. Gómez personally rotated regional commands to prevent autonomous power bases from forming. This represents the classic patron-client relationship: vertical chains of command with strong unconditionality and inequality in power.

Landed Oligarchy: Primarily oligarchic. Traditional hacienda owners maintained private property and generational wealth transfer. They did not serve Gómez in the manner of vassals, nor could he arbitrarily dispossess them without legal pretext. However, they understood that political opposition could bring repression, and many cultivated good relations with the regime to secure favorable treatment in disputes. Their connection to Gómez was more about accommodation than vassalage.

Concessionaires: Mixed. Those who obtained concessions acted as rentiers—their income derived from property rights (the concession) rather than service. However, obtaining concessions required personal favor or connections,

introducing a discretionary, personalized element. Once a concession was sold to a foreign company, the intermediary's role ended, and ongoing income did not require continued loyalty.

Foreign Oil Companies: Not patronal. Foreign firms negotiated commercial contracts, not personal dependency relationships. While they benefited from Gómez's stable autocracy and favorable legal terms, they were not subordinated as vassals. Their relationship was transactional and contractual, characteristic of oligarchic capitalism. They engaged in cooperation rather than collusion—formal and legal connections between economic and political actors.

#### **4.2 Horizontal Coordination: Elite Interaction**

The oligarchy under Gómez was not organized as a single pyramid (characteristic of patronal autocracy) but as multiple semi-autonomous fractions with distinct economic bases:

- Andean military officers
- Traditional coffee/cacao landowners in central valleys
- Cattle ranchers in the llanos
- Coastal merchant bourgeoisie
- Oil concession intermediaries
- Foreign corporate interests

These groups did not compete for a chief patron's favor in a unified hierarchy. Rather, they occupied distinct niches in the economic structure. Political coordination occurred through state-mediated arbitration by Gómez, who maintained balance among elite fractions while preventing any single group from becoming powerful enough to challenge his personal authority.

This represents oligarchic coordination: multiple elite fractions accepting autocratic rule in exchange for protection of core economic interests and access to state resources, without subordination in a personalized dependency network. In other words, this is a multi-pyramid system rather than the single-pyramid system characteristic of patronal autocracy.

#### **4.3 Property Rights and Dispossession Risk**

A defining feature distinguishing oligarchic from patronal capitalism is security of property for elites:

Under Gómez, traditional property rights were generally secure for those who accepted political subordination. Coffee and cacao haciendas passed through inheritance; land titles were respected; commercial contracts were enforceable in courts (for non-political matters). Gómez monopolized land and concessions for himself, his family, and his friends, but he did not systematically expropriate the existing oligarchy.

This contrasts with full patronal or mafia capitalism, where property rights are contingent on continued political loyalty, and elites can be dispossessed at the chief patron's discretion. The Gómez oligarchy could be repressed for political opposition—tortured, imprisoned, exiled, even killed—but their economic base typically remained intact if family members submitted.

However, the oil sector introduced greater vulnerability: concessions were political grants, and the 1918 Mining Law gave the state power to cancel titles under certain conditions. But Gómez's regime generally respected

concessions once granted, as revocation would have deterred future foreign investment and undermined the state's fiscal base. De jure and de facto property rights largely coincided under Gómez, unlike in patronal autocracy where they diverge systematically.

#### **4.4 Popular Dependency: Clientelism and Social Control**

Below the elite level, Gómez maintained control through traditional caudillo clientelism combined with modern state repression:

**Campesinos:** Rural masses remained in semi-feudal dependency on hacienda owners, with limited direct connection to the central state. Gómez enjoyed popularity among some peasants who attributed supernatural powers to him and saw him as a guarantor of order after decades of civil war. This charisma was personal, not institutional, what is - according to our definition - substantive-rational authority rather than legal-rational authority.

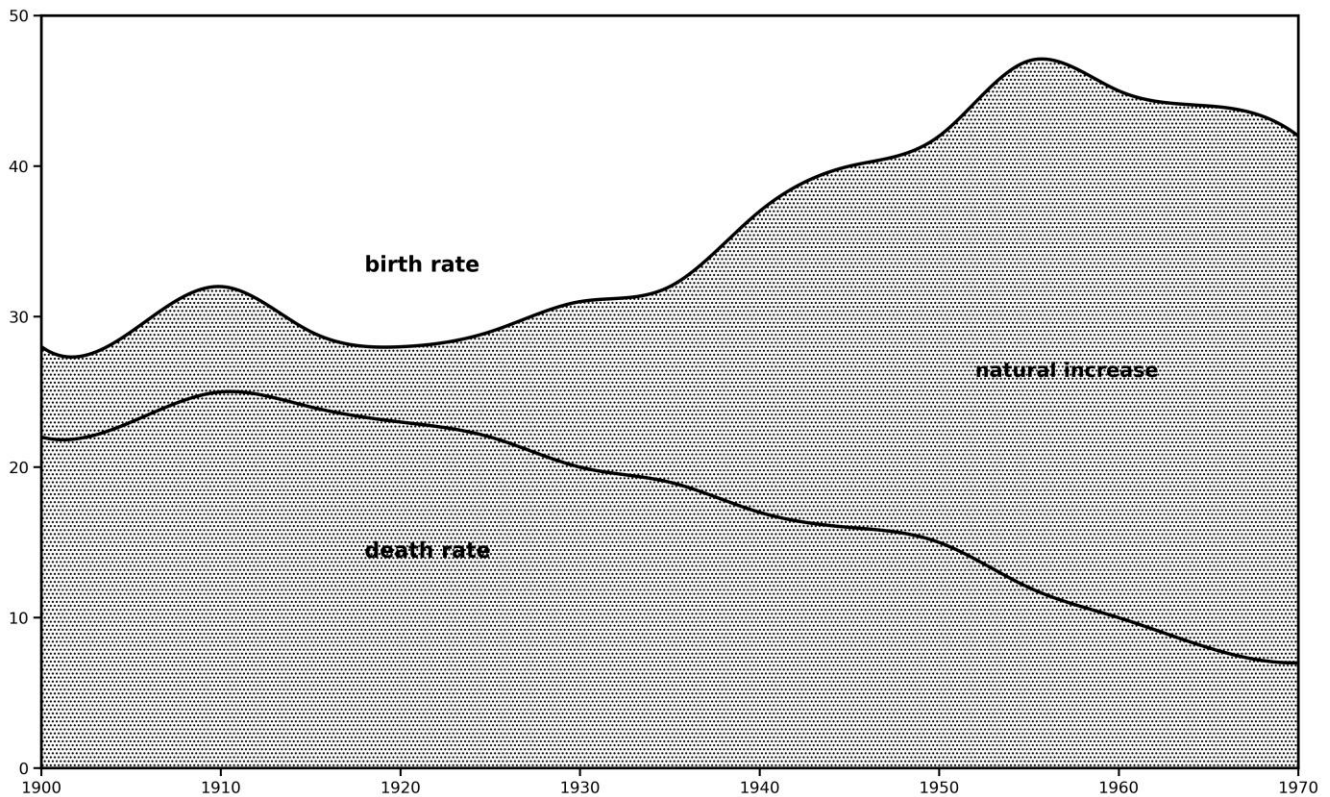
**Urban Workers:** As oil industry employment grew (though still modest before 1935), a small wage-earning working class emerged. These workers were relatively well-paid by Venezuelan standards but lacked organizational autonomy—unions were prohibited, and labor activism met with violent repression. They can be considered “servants”: living under a state that formally granted rights but prevented their exercise.

**Middle Class:** Government employment expanded with oil revenues, creating a small bureaucratic middle class dependent on state salaries. This group had no political voice but enjoyed material improvements through public sector jobs. They functioned as patronal servants rather than civil servants—appointed on political rather than professional criteria.

The absence of mass mobilization is characteristic of hegemonic authoritarianism: the regime did not require popular participation or legitimation through elections, referendums, or public demonstrations. Control was achieved through coercion, strategic co-optation of elite interests, and the atomization of potential opposition. This represents a subjugated civil society rather than free or non-existent civil society.

## **Part 5. Demographic Transformation and Social Structure**

### **5.1 Population Growth and Rural-Urban Shift Show Image**



(Source: N. Sánchez-Albornoz: *The Population of Latin America*; 1974. Berkeley: 189.)

Source: N. Sánchez-Albornoz: *The Population of Latin America*; 1974. Berkeley: 189.

The demographic data shows the beginning of Venezuela's demographic transition in the mid-1930s, with profound implications for the country's social and political structure:

Birth rates increased dramatically from approximately 30-32 per thousand in 1900-1920 to 40-46 per thousand by the 1940s-1950s (post-Gómez). This surge represented improved public health conditions—malaria control, basic sanitation in urban areas, reduced infant mortality—financed by oil revenues. The upward trajectory beginning in the early 1930s marks the onset of one of Latin America's most dramatic demographic explosions.

Death rates declined gradually from approximately 22-25 per thousand in the 1900s to 16-18 per thousand by 1935, continuing downward to 10-12 per thousand by the 1960s. The introduction of modern medicine, particularly in oil-producing regions where foreign companies built hospitals and clinics, reduced mortality from infectious diseases. Public health infrastructure financed by oil rents—potable water systems, sewage treatment, vaccination campaigns—contributed to this mortality decline.

Natural increase (the shaded area between birth and death rates) began accelerating in the 1930s, setting the stage for the population explosion of the 1940s-1970s. Venezuela's population, which stood at approximately 2.4 million in 1900 and 3 million in 1926, would reach 5 million by 1950 and 10 million by 1970. This demographic shift would fundamentally destabilize Venezuela's traditional rural social structure and create the mass urban constituencies that would demand inclusion in the political system.

## 5.2. Venezuela's Demographic Explosion: A Dual-Driven Phenomenon

Venezuela's demographic explosion represents one of Latin America's most dramatic examples of population growth driven not merely by declining mortality—the standard narrative in most demographic transition literature—but simultaneously by a sharp *increase* in birth rates. This dual mechanism distinguishes Venezuela's experience and demands careful analysis of its social origins.

While the mortality decline followed the familiar pattern of public health improvements (malaria control, sanitation, vaccination campaigns financed by oil revenues), the simultaneous surge in birth rates from 30-32 per thousand to 40-46 per thousand between the 1920s and 1950s reflects a profound crisis in traditional security structures. The timing is revealing: birth rates begin their steep ascent precisely as Gómez's modernization project—road construction, administrative penetration, market integration, labor mobility—destabilizes the traditional rural social order.

This increase in fertility was not a "natural" response to improved living conditions but rather a defensive adaptation to the erosion of traditional security mechanisms. Two overlapping systems had previously provided old-age security for rural Venezuelans:

Village communal networks in peasant and indigenous communities, where reciprocal labor exchange (*convite*, *cayapa*), common lands, and extended kinship ties provided support for the elderly and disabled. These systems depended on stable, rooted populations with dense social ties maintained across generations.

Hacienda patronage systems, where the *patrón's* paternalistic obligations—however exploitative—included providing for aged workers unable to labor, maintaining them in housing, extending credit during crises, and absorbing family members into the estate's economic orbit. The hacienda as "total institution" functioned as a social insurance system, however minimal and asymmetric.

Gómez's modernization project systematically undermined both mechanisms. Road construction and labor mobility for oil infrastructure projects pulled young men away from villages, fragmenting communal networks. The commercialization of agriculture and integration into national markets transformed haciendas from paternalistic institutions into profit-maximizing enterprises, weakening patronage obligations. Workers became more mobile, more commodified, less embedded in stable reciprocal relationships.

As these traditional "life insurance" systems eroded, having multiple adult working children became essential for old-age survival. In the absence of state pensions, social security, or functioning community insurance, children represented the only reliable security mechanism. The rationality was stark: with no guaranteed support in old age and no institutional alternatives emerging to replace dissolving traditional structures, maximizing the number of surviving adult children became a survival imperative. Each additional child increased the probability that at least some would survive to working age and be able to support aging parents.

This explains the paradox visible in the demographic data: birth rates *increase* precisely during the period when traditional rural society is disintegrating—not despite modernization, but *because* of the specific form modernization took in Venezuela. The oil economy created labor demand and infrastructure that dissolved traditional security systems faster than modern alternatives (social security, pensions, welfare state institutions) could develop. The demographic explosion was thus a rational response to institutional vacuum—a desperate adaptation to the collapse of customary safety nets in a society where the state had yet to provide modern alternatives.

This pattern would have profound political consequences. The massive cohorts born in the 1940s-1950s would reach adulthood in the 1960s-1970s as urbanized, partially educated masses disconnected from traditional rural patronage but not yet integrated into modern social insurance systems—a combustible demographic available for populist mobilization and radical politics.

### **5.3 Traditional Rural Communities and Oligarchic Dominance**

Until the 1930s, Venezuela remained an overwhelmingly rural society. The 1926 census recorded approximately 3 million inhabitants, with over 70% living in rural areas. The dominant social form was the hacienda system:

Large estates controlled vast territories worked by resident laborers (peones) living in conditions of debt peonage or sharecropping. The hacienda was a total institution providing not just employment but housing, credit (at usurious rates), and social control. Workers were tied to estates through debt that passed across generations—a form of semi-serfdom that continued colonial patterns of labor extraction.

Racial stratification reflected colonial inheritance: white creole owners (mantuanos), mestizo/mulatto tenant farmers and artisans, indigenous communities pushed to marginal lands, and Afro-Venezuelan laborers on coastal plantations. Social mobility was minimal; identity was ascriptive. The castas system of colonial racial classification had created rigid hierarchies based on color, origin, and legitimacy.

Communal structures in indigenous areas and remote peasant communities maintained some autonomy based on subsistence agriculture and local governance. However, Gómez's road-building program and state penetration into remote regions increasingly subordinated these communities to national markets and administrative control.

The oligarchy in this period were indeed large white-creole landowners (though Gómez himself was exceptional as a near-full-blooded indigenous caudillo who transcended racial barriers through military prowess). The traditional elite maintained distinct European-style cultural practices, endogamous marriage patterns, and exclusive access to education (concentrated in Caracas's Central University). They saw themselves as the rightful rulers of Venezuela, though they accepted Gómez's autocracy as a guarantor of order against popular unrest.

### **5.4 Seeds of Future Transformation**

Two developments under Gómez would fundamentally transform this structure in subsequent decades:

**Infrastructure:** Gómez's road-building program (including the famous Trans-Andean Highway) broke down regional isolation. The expansion of transportation infrastructure enabled unprecedented movement of people and goods across Venezuela's diverse geographic regions, fostering increased interaction between previously isolated communities. This physical integration of the national territory contributed to the gradual formation of a more unified Venezuelan national identity, replacing the fragmented regional loyalties of the caudillo era. These roads would later facilitate the massive rural-urban migration of the 1940s-1970s.

**Oil Enclaves:** Foreign oil companies created modern, relatively well-paid employment in Zulia, Falcón, and Anzoátegui. They built company towns with American-style housing, schools, and hospitals for workers, creating demonstration effects and raising expectations. These enclaves introduced wage labor and modern industrial discipline, disrupting traditional patron-client relations. By 1935, oil workers numbered only about 20,000—a tiny fraction of the workforce—but they would become the nucleus of future labor organization. The oil camps represented islands of modernity in a predominantly rural, agricultural society.

The population explosion beginning in the mid-1930s, combined with agricultural stagnation (as resources shifted to oil), would drive massive urbanization. Between 1940 and 1980, Venezuela would transition from 70% rural to 80% urban—one of Latin America's most rapid urbanization processes. This demographic transformation would render the traditional hacienda-based oligarchic order obsolete, creating the conditions for the “modernized” version of patronal regimes of the Punto Fijo era.

## **Part 6. Regime Typology: Hegemonic Authoritarianism × Oligarchic Capitalism**

### **6.1 Hybrid Regime Type: Hegemonic Authoritarianism**

The Gómez regime conforms clearly to hegemonic authoritarianism in the UTM framework:

**No electoral competition:** While maintaining constitutional forms and periodic elections, these were entirely non-competitive. Opposition parties were prohibited, dissidents were imprisoned or exiled, and outcomes were predetermined. The regime made no pretense of electoral legitimacy after 1913. Elections were uncontested elections rather than fair or even manipulated elections.

**Dominated sphere of communication:** Press censorship was absolute; universities were closed (1912-1922) or tightly controlled; international information was restricted. The regime employed information censorship policies even during the 1918 influenza pandemic, hiding the true mortality toll. This represents a dominated sphere of communication: free speech existed in theory but had limited reach, state media was biased, and private media was crowded out or suppressed.

**Subjugated civil society:** No autonomous organizations existed. The church was subordinated to the state; professional associations required government approval; unions were prohibited; student groups were suppressed after the 1928 revolt. In Anatomy definitions terms, the four autonomies (media, entrepreneurs, NGOs, citizens) were all broken—media controlled, entrepreneurs pressured to conform, civic organizations either co-opted or banned, and citizens reduced to servants without meaningful political voice.

**Law of rule rather than rule of law:** While laws existed and courts functioned, enforcement was politically selective. Gómez and his circle operated above the law, while opponents faced arbitrary punishment. This represents the Anatomy definitions' law of rule: equality before the law (*de jure*, everyone subject to same laws) but inequality after the law (*de facto*, selective enforcement based on political status).

**Long-term entrenchment:** 27 years of continuous rule with no realistic prospect of alternation through constitutional means. Regime change could occur only through Gómez's death (which in fact happened) or external invasion (which he successfully prevented).

### **6.2 Political Capitalism Type: Oligarchic Capitalism**

The economic structure represents oligarchic capitalism rather than full patronal capitalism for several reasons:

- **Autonomous Property Base:** The traditional coffee/cacao oligarchy maintained productive assets generating income independent of state transfers. Property rights were generally secure for the politically compliant. This represents private property in the traditional sense, not the power&ownership (in Russian: *vlast&sobstvennost*) characteristic of patronal capitalism where political power and ownership are inseparable.

- **Multiple Elite Fractions:** No single pyramid of personal dependency existed. Military officers, landowners, concessionaires, and foreign companies occupied distinct economic positions. This multi-pyramid structure contrasts with the single-pyramid patronal network of patronal autocracy.
- **Intermediary Concession System:** Oil concessionaires acted as rentiers holding property rights (concessions), not as vassals performing services. Once concessions were sold to foreign companies, ongoing income did not require continued political loyalty. The concession was a form of property, not a service relationship.
- **Foreign Corporate Autonomy:** Royal Dutch Shell, Standard Oil, and other foreign companies operated under contractual terms, not personal subordination. They negotiated commercial agreements with a sovereign state, not feudal obligations to a patron. This represents cooperation (legal connection) rather than collusion (illegal connection).
- **Limited Redistribution:** The regime did not engage in populist redistribution or mass clientelism. Oil revenues financed infrastructure, military modernization, and elite enrichment, but not systematic patronage networks linking the state to popular masses. This represents rent-seeking state practices rather than the full criminal state pattern of patronal autocracy.

However, patronal elements existed:

- Gómez's inner circle (family, close associates) exhibited clear vassalage—their wealth depended entirely on proximity to the dictator
- Military officers were personally dependent on the dictator in classic patron-client fashion
- Access to concessions required political favor, introducing discretionary elements
- The regime practiced selective property accumulation by the ruling clique

The classification as oligarchic capitalism reflects the dominant pattern: an elite with autonomous economic bases accepting autocratic rule in exchange for protection of core interests, rather than a fully integrated patronal network where all elite income flows through personal loyalty to a chief patron.

### **6.3 The Rentier Logic of Autocracy**

The Gómez regime inaugurated the rentier state logic that would define all subsequent Venezuelan regimes:

- **Fiscal autonomy from society:** Oil revenues made taxation of elites or masses unnecessary, severing the accountability link between revenue extraction and political representation. The state could function without the consent of the governed because it did not depend on their taxes.
- **Executive discretion:** The president/dictator controlled resource allocation without checks from parliament, judiciary, or civil society. Oil wealth concentrated power in executive hands, enabling discretionary intervention rather than normative intervention.
- **Substitution of productivity by position:** Access to oil rents became more lucrative than productive economic activity, incentivizing rent-seeking over entrepreneurship. Economic success depended increasingly on political connections rather than market performance.
- **Vulnerability to commodity prices:** State capacity and elite income became dependent on international oil prices, creating boom-bust cycles. The state's fiscal health was determined externally by global oil markets rather than internally by economic productivity.

This rentier logic is compatible with either oligarchic or patronal capitalism—the key distinction lies in how rents are distributed and whether elites maintain autonomous economic bases. Under Gómez, the system remained oligarchic because traditional property rights were preserved and rents flowed through intermediate mechanisms (concessions, contracts, salaries) rather than direct, discretionary personal transfers characteristic of patronal redistribution.

## **Part 7. Conclusion: The Foundations of Venezuela's Patronal Trajectory**

The Gómez dictatorship (1900-1935) consolidated the structural foundations that would shape Venezuela's political economy through the 21st century:

- **Centralized Autocracy:** Gómez eliminated regional caudillo autonomy and created a unified national state, but he did so through personal authority rather than institutional development. This established the template of executive dominance unchecked by horizontal accountability—what would later enable both the Punto Fijo elite cartel and the Chavista concentration of power.
- **Rentier State Formation:** The transition from agricultural export economy to oil-based rentier state fundamentally altered political dynamics. The state's fiscal autonomy from society removed the primary mechanism for democratic accountability and created powerful incentives for capturing political power to control resource flows. This rentier logic would persist through all subsequent regime types.
- **Elite Integration with Foreign Capital:** The oligarchy's integration with foreign oil companies created structural dependencies that would persist through nationalization in the 1970s. Venezuelan elites became intermediaries and beneficiaries of resource extraction rather than producers of tradable goods. This pattern of rent-seeking rather than productive entrepreneurship became embedded in elite behavior.
- **Blocked Social Modernization:** While oil revenues financed infrastructure and military modernization, the regime prevented political modernization—no party system developed, no civil society emerged, no labor movement organized. This left Venezuela institutionally underdeveloped relative to its economic resources. When democratization came after 1958, it would occur without the civil society foundations that stabilize liberal democracy.
- **Demographic Time Bomb:** The incipient population explosion and rural-urban migration beginning in the 1930s would fundamentally destabilize the traditional oligarchic order, creating mass constituencies that could no longer be controlled through hacienda paternalism or pure repression. The transformation from a rural society of 3 million to an urban society of 10+ million would require new forms of political incorporation—ultimately, patronal populism.
- **Institutionalization of Informality:** While maintaining constitutional forms, Gómez ruled through informal networks and personal authority. This established a pattern where formal institutions existed but informal power structures determined outcomes. Informal institutions became embedded, creating path dependency toward patronal rather than liberal-democratic development.

When Gómez died in 1935, Venezuelans celebrated in the streets. But his regime's structural legacy endured. The brief reformist interlude (1936-1948) and the Punto Fijo democracy (1958-1998) represented attempts to build democratic institutions atop this rentier-oligarchic foundation. However, the temptation to use oil revenues for patronalism—distributing rents through clientelist networks rather than building productive capacity—repeatedly undermined institutionalization.

# Venezuela 1935–1948: The Rollback of Patronalism and the Modernization Era

## Electoral Democracy × Crony Capitalism

### Introduction: The Two Mechanisms of Patronal Rollback

The death of Juan Vicente Gómez on December 17, 1935, marked not merely a change of personnel but a fundamental transformation in Venezuela's political-economic structure. For the first time since the caudillo wars of the nineteenth century, the country experienced a sustained period in which political and economic spheres of social actions separated to some extent, patronal relationships receded, and modern institutional forms emerged. This chapter analyzes how Venezuela transitioned from hegemonic authoritarianism with oligarchic capitalism (1908-1935) to electoral democracy with crony capitalism (1935-1948), and why this de-patronalization proved temporary.

### Part 1. Two mechanisms drove the rollback of patronalism during this period:

#### 1.1. The Death of Gómez: Political Decentralization

Gómez's death dissolved the centralized autocratic control that had subjugated all political actors for twenty-seven years. Without a single dominant patron, political space opened for pluralism. The hegemonic authoritarianism—where one man monopolized political power—gave way to competitive politics. Multiple actors vied for influence: reformist military officers, emerging urban professionals, exiled intellectuals returning home, and nascent political parties.

The transition from Gómez to Eleazar López Contreras (his Minister of War and Marine) was constitutionally orderly but politically transformative. López Contreras faced immediate pressure to liberalize. On December 20, 1935, just three days after Gómez's death, he ordered the release of all political prisoners and authorized the return of exiles. Venezuelans celebrated in the streets; the era of grillos (leg irons) and systematic torture appeared to be over.

Yet this liberalization was controlled and hesitant. López Contreras was himself a product of the Gomecista military machine—he had risen through the ranks by suppressing opposition and enforcing the dictator's will. His instinct was toward gradualism, not revolution. The 1936 Constitution reduced the presidential term from seven to five years but maintained indirect elections (Congress chose the president). Political freedoms expanded, but restrictions remained: communist and anarchist activities were prohibited, and when popular mobilization threatened stability in early 1936, López Contreras suspended constitutional guarantees.

The key structural change was the absence of a single autocratic patron. Under Gómez, all political actors had been subordinated to one man's will. After 1935, Venezuela had competing military factions, rival political movements, and economic elites with divergent interests. This pluralism, however constrained, fundamentally altered the political-economic relationship. Businessmen no longer faced a single autocratic authority who could arbitrarily confiscate their property; they now operated in a fluid environment where multiple power centers competed for influence and resources.

## **1.2. Economic-Social Modernization: "Outrunning" Patronalism**

The second, more profound mechanism of de-patronalization was socioeconomic transformation. The economy and population "outran" the traditional patronal structures that had characterized rural Venezuela for centuries.

### **1.2.1. The Oil Economy: Modern Labor Relations**

By the 1930s, Venezuela's economic center of gravity had shifted from coffee and cacao haciendas to oil fields. Oil production, which had begun modestly in the 1910s, accelerated dramatically during the 1920s and 1930s. By 1935, oil accounted for over 60% of government revenue and had surpassed coffee as the primary export.

The oil sector operated on fundamentally different principles than traditional agriculture. Oil companies (Royal Dutch Shell, Standard Oil, Gulf) employed wage labor, not peons bound by debt. Workers in the oil campos were mobile, anonymous, and integrated into global commodity markets. They received cash salaries, not advances against future harvests. They lived in company towns with modern infrastructure—electricity, running water, medical clinics—rather than isolated haciendas where the hacendado's word was law.

This modern employment structure was incompatible with traditional patronal relationships. An oil worker in Maracaibo did not depend on a personal relationship with a local patron for survival. He depended on a labor contract with a transnational corporation and, increasingly, on collective bargaining through nascent trade unions. The hierarchical, personalized dependencies of the hacienda system simply did not function in this industrial setting.

### **1.2.2. Urbanization: The Collapse of Rural Communities**

Venezuela's demographic transformation, which began accelerating in the mid-1930s, fundamentally disrupted traditional social structures. The country experienced massive rural-to-urban migration as peasants abandoned stagnant agricultural zones for opportunities in oil regions, Caracas, Maracaibo, and other cities.

The demographic data reveals the onset of Venezuela's population explosion. Birth rates, which had hovered around 30-32 per thousand in the early twentieth century, began rising sharply by the 1930s, eventually reaching 40-46 per thousand by the 1940s-1950s. Death rates declined from approximately 22-25 per thousand in the Gómez era to 16-18 per thousand by 1935, continuing their descent thereafter. This widening gap between births and deaths represented natural increase—Venezuela's population, which stood at roughly 2.4 million in 1900 and 3 million in 1926, would reach 5 million by 1950 and 10 million by 1970.

This demographic explosion – as we explained earlier - had profound implications for patronalism. Traditional rural patronal relationships depended on stable, isolated communities where the local hacendado controlled access to land, credit, and physical security. Peasants were bound by debt, limited mobility, and lack of alternatives. But as hundreds of thousands migrated to cities, these bonds dissolved. Urban life offered anonymity, wage labor, and escape from personalized dependency.

The city was not merely a different physical space; it represented a different social logic. In Caracas or Maracaibo, survival depended on market wages, not personal loyalty to a patron. Social ties were more fluid, transactional, and impersonal. The dense web of reciprocal obligations that characterized rural patronal networks could not easily replicate in urban settings where people interacted with strangers in markets, workplaces, and streets.

### **1.2.3. The Erosion of the Hacienda System**

Traditional patronalism in Venezuela had been geographically concentrated in the agricultural regions—the coffee zones of the Andes, the cacao valleys near the coast, and the cattle llanos. These were systems where a landlord (hacendado) controlled vast estates worked by peons who were nominally free but effectively bound by perpetual indebtedness.

By the 1930s-1940s, this system was collapsing. Oil revenues allowed the state to invest in roads, schools, and public health infrastructure, reducing the hacienda's monopoly over services. Young men could leave for wage work in cities or oil camps, breaking the cycle of inherited debt. Land values in agricultural zones stagnated or declined as the economy's center shifted to petroleum. The old coffee and cacao oligarchy, which had dominated Venezuelan society since colonial times, found its economic base eroding and its social authority challenged by new urban elites—lawyers, journalists, engineers, military officers—whose power derived from education and modern institutional roles rather than inherited land.

This transformation was not universal—pockets of traditional patronalism persisted in remote rural areas. But the dominant trend was unmistakable: Venezuela was becoming a more modern, urban, industrial society in which old patronal structures were increasingly anachronistic.

The combination of these two mechanisms—political decentralization after Gómez and socioeconomic modernization through oil and urbanization—created the conditions for electoral democracy with crony capitalism. Political power was no longer monopolized by a single autocrat, and economic elites were no longer structurally subordinated to political authority. Instead, politicians and businessmen engaged in transactional relationships: episodic exchanges of favors, bribes, and influence without establishing permanent hierarchical dependencies.

This was crony capitalism: corruption without patronalism. A businessman might bribe a minister to secure a contract or favorable regulation, but this did not create an enduring patron-client relationship. The businessman was not structurally dependent on that specific minister; if the minister lost power, the businessman could cultivate relationships with others. Similarly, politicians needed business support for campaigns and personal enrichment, but they did not "own" businessmen as clients in the patronal sense.

## **Part 2. 1935-1941 – López Contreras and Controlled Liberalization**

### **2.1. Political System: From Hegemonic authoritarianism to Electoral Democracy**

Eleazar López Contreras (1883-1973) assumed the presidency on December 19, 1935, as constitutional successor to Gómez. His background epitomized continuity with the past: born in the Andean state of Táchira (like Gómez), he had joined Cipriano Castro's army in 1899 and risen through military ranks by loyalty and efficiency. By 1919, he was Minister of War and Marine, a position he held until Gómez's death. López was the regime insider par excellence.

Yet the political context had changed. Gómez's death unleashed popular euphoria and demands for democratization. Students, workers, and middle-class professionals who had been silenced for decades suddenly found voice. Exiles returned from Colombia, Mexico, and the United States, bringing ideas about democracy, social reform, and anti-imperialism. The Generation of 1928—young intellectuals who had dared to challenge Gómez in student protests—emerged as moral leaders of opposition movements.

López Contreras navigated this pressure with a strategy of gradual, controlled liberalization. On one hand, he signaled break with Gomecismo: releasing political prisoners, permitting the return of exiles, and introducing a reform program in February 1936 that promised modernization in education, public health, and infrastructure. On the other hand, he maintained authoritarian controls: suspending constitutional guarantees when protests threatened order, prohibiting communist and anarchist parties, and ensuring that the military remained loyal to him personally.

The 1936 Constitution embodied this hybrid character. It reduced the presidential term (a symbolic break with Gómez's indefinite rule) and expanded some civil liberties. But it maintained indirect elections—Congress, not the people, chose the president. Suffrage was restricted to literate males over twenty-one, excluding the vast majority of Venezuela's still-largely rural population. Freedom of association was permitted but subject to restrictions; political parties could organize, but those deemed "extremist" faced prohibition.

This produced an electoral democracy of limited scope: genuine political competition existed, but within narrow boundaries. The regime was no longer hegemonic authoritarianism (one dominant actor monopolizing power) but not yet full liberal democracy (universal suffrage, robust civil liberties, competitive elections). It occupied an intermediate position.

### **Key Political Developments Under López Contreras:**

**Popular Mobilization and Repression (1936):** Within weeks of Gómez's death, Venezuela experienced unprecedented mass demonstrations. On February 14, 1936, a massive rally in Caracas demanded democratic reforms. When protests turned violent, with mobs attacking the homes of Gomecista officials and looting property, López Contreras responded by suspending constitutional guarantees, imposing martial law, and exiling opposition leaders. This demonstrated the limits of liberalization: the regime would tolerate dissent up to a point, but not mass mobilization that threatened order.

**The Emergence of Political Parties (1936-1941):** Despite restrictions, nascent political organizations formed. The most important was the Partido Democrático Nacional (PDN), founded in 1936 by members of the Generation of 1928, including Rómulo Betancourt, who would dominate Venezuelan politics for decades. The PDN operated in a legal gray zone—officially prohibited as too radical, but tolerated as long as it avoided direct confrontation. This party would later transform into Acción Democrática (AD), Venezuela's most influential political force.

Other groups emerged as well: labor unions, student federations, intellectual circles. These were not yet mass organizations—Venezuela's illiterate, rural majority remained politically marginalized—but they represented a new urban middle class and working class that had not existed under Gómez.

**Congressional Politics:** While Congress remained dominated by loyalists (many inherited from the Gómez era), it functioned as a genuine deliberative body for the first time in decades. Debates occurred, proposals were contested, and opposition voices—though minority—could be heard. This was a stark contrast to the rubber-stamp Congress under Gómez.

**The Question of Succession (1940-1941):** As López Contreras's term neared its end, the question of succession became critical. López initially considered allowing a civilian to succeed him—a radical break that would have signaled definitive civilianization. However, military colleagues insisted on continuity, and López ultimately designated General Isaiás Medina Angarita, his Minister of War, as the official candidate.

This decision was controversial. Opposition groups, particularly the PDN, mobilized for their own candidate, the novelist Rómulo Gallegos. The 1941 "election" was conducted by Congress (still indirect suffrage), which predictably chose Medina. But the campaign itself was significant: rallies, manifestos, public debates. Even within the constraints of indirect elections, genuine political contestation occurred.

## **2.2. Economic System: Crony Capitalism Emerges**

The death of Gómez fundamentally altered the relationship between political power and economic elites. Under Gómez, oligarchs (both domestic and foreign) had been politically subordinated despite maintaining property rights. They accepted autocratic rule in exchange for protection and contracts. After 1935, this subordination diminished.

### **The Traditional Oligarchy's Adaptation**

The old coffee and cacao elite, which had coexisted uneasily with Gómez, found new freedom after 1935. No longer did they need to cultivate personal loyalty to a single autocrat. Instead, they navigated a more fluid political landscape, cultivating relationships with multiple power centers—López Contreras, rival military factions, emerging political parties.

This elite's economic base was weakening (coffee and cacao faced declining world prices and stagnant domestic productivity), but their social prestige and networks remained valuable. Many transitioned from agriculture to urban commerce, finance, and real estate, leveraging their capital and connections in the expanding urban economy.

### **Foreign Oil Companies and Transactional Relations**

The relationship between the Venezuelan state and foreign oil companies exemplified crony capitalism. Companies like Shell and Standard Oil needed government concessions, favorable tax treatment, and labor peace. Politicians and military officers wanted bribes, campaign contributions, and personal commissions.

Under Gómez, this relationship had been oligarchic: companies negotiated with a single autocrat who could unilaterally alter terms. After 1935, companies dealt with a more complex state apparatus—multiple ministries, Congressional committees, rival political factions. This required a broader network of payoffs and influence, but it also meant no single political figure could arbitrarily cancel contracts or expropriate assets.

The 1938 oil negotiations illustrated this dynamic. López Contreras renegotiated petroleum terms, demanding higher royalties and taxes reflecting growing nationalist sentiment. Oil companies resisted but ultimately compromised. The negotiations involved not just government and companies but also Congressional scrutiny, press campaigns, and public opinion—a far cry from Gómez's closed-door deals.

Critically, these transactions were episodic and transactional, not structural and hierarchical. A company might pay a minister for a favorable ruling, but this did not create permanent dependency. The minister could not "command" the company as a patron commands a client. The relationship remained fundamentally commercial, albeit corrupt.

### **Domestic Business and State Contracts**

Venezuelan businessmen engaged in similar crony relationships. Construction contracts for roads and public buildings, import licenses, preferential credit from state banks—all involved informal payments and connections. But these were deals between roughly equal parties, not patron-client subordination.

A Venezuelan importer who bribed a customs official was conducting a transaction, not entering a hierarchical relationship. If the official lost his position, the importer would simply cultivate a relationship with the replacement. This flexibility distinguished crony capitalism from patronal capitalism, where clients depend structurally on specific patrons and cannot easily switch allegiances.

### **2.3 Social Transformations: Seeds of Future Patronalism**

While political and economic structures de-patronalized during this period, underlying social transformations were creating conditions that would later enable patronalism's return in urban-industrial form.

#### **The Marginal Urban Population**

As hundreds of thousands migrated from countryside to cities, Venezuela's urban landscape transformed. Caracas's population grew from roughly 200,000 in 1936 to over 350,000 by 1941. Maracaibo and other cities experienced similar growth. These new urban residents settled in barrios (informal settlements) on hillsides and urban peripheries.

These barrios existed in a precarious state. Migrants survived through informal employment, family networks, and mutual aid. They lacked access to formal housing, reliable employment, public services, or political representation. This precarious existence made them potentially available for clientelist mobilization by any political force that could provide material security.

In the 1935-1948 period, this potential remained largely unrealized. López Contreras and Medina did not systematically mobilize these populations as clients. But the social substrate was forming for the mass clientelism that would characterize later regimes.

#### **The Oil Workers' Movement**

Oil workers organized Venezuela's first modern trade unions in the 1930s. These unions operated on principles of collective bargaining and horizontal solidarity, not patronal subordination. Strikes occurred, workers demanded better wages and conditions, and companies sometimes conceded.

This workers' movement represented genuine autonomous organization—the opposite of patronalism. But it also provided organizational templates and mobilizational techniques that could later be adapted for patronal purposes. The experience of hierarchical organization, disciplined action, and material distribution through organizational structures would prove adaptable to clientelist networks.

#### **Education and Literacy**

López Contreras invested in education, expanding primary schools and founding new institutions (including the Pedagogical Institute in 1936). Rising literacy rates created a more politically engaged population capable of reading newspapers, attending rallies, and participating in political life.

This was essential for democracy but also created a population more easily mobilized by political entrepreneurs. An educated but economically insecure population—which increasingly characterized urban Venezuela—could be mobilized either for democratic participation or for clientelist dependency, depending on the political strategies employed.

## **Part 3. 1941-1948 – Medina Angarita and Democratic Deepening**

### **3.1. The Medina Presidency (1941-1945): Reformism and Liberalization**

Isaías Medina Angarita (1897-1953) assumed the presidency in 1941, having been elected by Congress as López Contreras's designated successor. Like López, Medina was an Andean military officer who had risen under Gómez. But Medina proved far more committed to democratization than his predecessor.

Contemporary opponents accused Medina of fascist sympathies, citing his military background and organizational emphasis. These accusations were unfounded. Medina's actual governance demonstrated consistent commitment to liberal principles: freedom of expression, political pluralism, and rule of law.

#### **Political Liberalization**

Legalization of Political Parties: Medina quickly surpassed López Contreras in permitting political organization. In September 1941, just months after taking office, he legalized Acción Democrática (AD), the successor to the banned PDN. AD held its founding convention in Caracas's New Circus, with thousands attending. Rómulo Gallegos served as president, with Rómulo Betancourt as secretary-general.

Other parties followed. Acción Nacional (later COPEI) organized in 1942, representing Christian Democratic principles. Unión Popular brought together various leftist groups. Most significantly, in October 1945, Medina eliminated Article 32, paragraph 6 of the Constitution, which had prohibited communist activity, allowing the Partido Comunista de Venezuela (PCV) to operate legally.

This represented extraordinary political tolerance for Latin America in the 1940s. Most countries were governed by military dictatorships or restricted democracies. Medina's Venezuela stood out as unusually liberal.

Freedom of Press and Expression: Medina's administration imposed no newspaper closures and imprisoned no journalists. Opposition parties published their own periodicals, criticized the government vigorously, and organized public rallies without hindrance. Medina could truthfully claim, in his annual messages to Congress, that Venezuela had "no exiles, no political prisoners, no dissolved parties, no closed newspapers."

Electoral Reforms: The 1945 constitutional reform introduced significant democratization: direct election of Congressional deputies (though the president was still chosen by Congress), women's suffrage in municipal elections, and expanded civil liberties. These reforms fell short of AD's demands for universal, direct presidential elections, but they represented substantial progress.

#### **Economic Policy: "Sowing the Petroleum"**

Medina's economic strategy centered on using oil revenues to diversify the economy and build modern infrastructure—a policy termed "sembrar el petróleo" (sowing the petroleum) by intellectual Arturo Uslar Pietri.

The 1943 Petroleum Law: Medina's signature economic achievement was renegotiating terms with foreign oil companies. The 1943 Petroleum Law increased royalties and taxes significantly, giving Venezuela a larger share of oil profits. Critically, the law also strengthened the state's regulatory capacity and required that oil be refined in Venezuela, creating downstream employment.

This law was controversial internationally. The U.S. State Department and oil companies resisted, arguing it violated existing contracts. But Medina stood firm, and wartime conditions (the U.S. needed Venezuelan oil for World War II) gave Venezuela leverage.

Income Tax (1943): For the first time, Venezuela imposed a general income tax. This was revolutionary in a country where the state had always relied on customs duties and oil royalties. The income tax was progressive, targeting the wealthy, and aimed to reduce inequality and fund social programs.

Agricultural Reform: Medina promoted agricultural development through credit programs, technical assistance, and land distribution. The 1945 Agrarian Reform Law, while modest, acknowledged rural poverty and attempted to address it through state intervention.

Social Security (1940): The Obligatory Social Security Law created Venezuela's first comprehensive welfare system, including health care, pensions, and unemployment insurance. Implementation was gradual and incomplete, but the principle was established.

### **Medina's Balancing Act**

Medina attempted to occupy a centrist position, satisfying demands for reform while avoiding revolutionary rupture. He legalized parties to his left (AD, PCV) and right (Acción Nacional), allowing pluralism. He negotiated with labor unions, permitting strikes and collective bargaining. He cultivated relationships with the U.S. (declaring war on the Axis in 1945) while asserting Venezuela's interests in oil negotiations.

This strategy aimed at gradual democratization: expanding political freedoms incrementally, building modern institutions, and creating conditions for eventual full democracy without provoking military backlash or social chaos.

### **3.2. The October 1945 Coup: Democracy Interrupted**

On October 18, 1945, a military-civilian conspiracy led by junior army officers and Acción Democrática overthrew President Medina. The coup leaders—including Major Marcos Pérez Jiménez (later dictator) and Rómulo Betancourt (later democratic president)—styled themselves revolutionaries bringing true democracy.

#### **The Pretexts**

AD justified the coup by claiming Medina's regime was insufficiently democratic. The main grievances:

- Indirect Presidential Elections: Medina had not conceded universal, direct presidential elections. The 1945 reforms expanded suffrage but maintained Congressional selection of the president.

- Succession Crisis: Medina's designated successor, Diógenes Escalante (the ambassador to the U.S.), fell ill in mid-1945. Medina then unilaterally designated Ángel Biaggini, his agriculture minister, without consulting opposition parties.
- Impatience: AD leaders believed gradual reform was too slow. They wanted immediate full democracy and feared that if they did not act, reactionary forces might reverse liberalization.

These justifications were questionable. Medina's regime was the most democratic Venezuela had ever experienced. The coup was motivated less by principle than by political calculation: AD leaders believed they could win elections under universal suffrage and wanted power immediately.

### **The Coup's Execution**

The conspiracy united young military officers (frustrated by slow promotion and seeking political influence) with AD's political apparatus. When Medina discovered the plot and arrested Pérez Jiménez, the conspirators acted immediately, seizing military installations in Caracas. Medina, seeking to avoid bloodshed, surrendered and went into exile.

### **3.3. The Trienio Adecó (1945-1948): Electoral Democracy at Its Peak**

The three years following the 1945 coup—known as the Trienio Adecó—represented both the culmination and the failure of Venezuela's first democratic transition.

#### **Democratic Achievements**

The provisional junta delivered on its promise of elections. In October 1946, Venezuela held elections for a Constituent Assembly under universal suffrage (including women and illiterates). AD won decisively, capturing 78.4% of the vote. The December 1947 presidential election was won by novelist Rómulo Gallegos (AD) with 74.3%.

These were Venezuela's first genuinely democratic elections. The Constituent Assembly drafted a new constitution (1947) establishing comprehensive democratic rights, separation of powers, and checks on executive authority.

#### **The AD government implemented far-reaching reforms:**

- Educational Expansion: Massive investment in schools and literacy campaigns. Primary enrollment nearly doubled.
- Labor Rights: Legal recognition of unions, collective bargaining, and worker protections.
- Agricultural Reform: Modest land redistribution and rural development programs.
- Oil Policy Continuity: Maintained Medina's 1943 petroleum law.

#### **The Seeds of Failure**

Despite these achievements, the Trienio generated intense opposition:

**The Military:** Many officers resented civilian rule and AD's partisan politicization of promotions.

Traditional Elites: Coffee planters, old oligarchic families, and conservative Catholics viewed AD as dangerously radical.

The Catholic Church: AD's secular education policies and advocacy for civil marriage alienated the Church.

Opposition Parties: Even democratic parties like COPEI resented AD's overwhelming dominance.

Most critically, AD overreached. Having won decisive electoral victories, party leaders believed they had a mandate for radical transformation. But they lacked the institutional capacity or social consensus for such rapid change. Their partisan management of state institutions and aggressive rhetoric alienated potential allies.

### **3.4. The November 1948 Coup: Return to Military Rule**

On November 24, 1948, the military—led by the same officers who had supported the 1945 coup—overthrew President Rómulo Gallegos. A military junta, soon dominated by Lieutenant Colonel Marcos Pérez Jiménez, took power.

The coup revealed the shallowness of Venezuela's democratic transition. Despite thirteen years of liberalization (1935-1948), democratic institutions remained fragile. The military had never fully accepted civilian supremacy. Economic elites had never genuinely committed to democratic redistribution. And political parties prioritized power over principles when tested.

## **Part 4. Conclusion: Why De-Patronalization Was Temporary**

The period 1935-1948 represents a unique interlude in Venezuelan history. For thirteen years, the country experienced genuine separation of political and economic spheres, competitive politics, and a rollback of traditional patronal relationships. This chapter concludes by analyzing why this de-patronalization proved temporary.

### **Structural Incompleteness**

The transition from oligarchic capitalism (under Gómez) to crony capitalism (1935-1948) was never complete. Key structural features favored eventual re-patronalization:

Oil Rentierism: Venezuela's dependence on oil rents created a state with enormous fiscal resources and limited accountability. The state controlled the primary source of wealth, while private sector productivity stagnated. This meant politicians could potentially distribute rents as patronage, and economic actors had incentives to seek state favors rather than compete in markets.

Under López Contreras and Medina, this potentiality remained latent because oil revenues were relatively modest and political pluralism created constraints. But the structural preconditions for patronalism—a rent-rich state and a dependent private sector—were already present.

Weak Institutionalization: Despite constitutional reforms and institutional expansion, Venezuela's state capacity remained weak. Courts were not independent, bureaucracies were not professionalized, and rule of law was inconsistent. This meant formal institutions could not effectively constrain informal patronal practices when they later re-emerged.

Elite Fragmentation Without Democratic Consolidation: The fragmentation of elites after Gómez created pluralism but not stable democratic institutions. Multiple factions competed for power, but none accepted definitive rules for that competition. This created instability—frequent coups, constitutional rewrites, oscillation between liberalization and repression—that prevented democratic consolidation.

The Social Base for Future Re-Paternalization: While traditional rural paternalism declined, new social conditions emerged that would later enable urban-industrial paternalism:

The Marginal Urban Population: Hundreds of thousands of rural migrants settled in urban barrios, living in precarious conditions with limited access to formal employment, housing, or services. This population was potentially available for clientelist mobilization by any political force that could provide material security.

In the 1930s-1940s, this potential remained largely unrealized. But the social substrate was forming for the mass clientelism that would characterize later regimes.

The Expectation of State Provision: As the state expanded its role in health, education, and social welfare (under Medina especially), citizens increasingly expected the state to provide for their material needs. This created a foundation for paternalism: if survival depended on state provision, those who controlled the state became potential patrons.

### **3.6. A Preview: The Return of Paternalism in Modern Form**

The paternal relationships that had characterized rural hacienda Venezuela did not simply disappear—they were temporarily suppressed by modernization but would later re-emerge in transformed, urban-industrial form. The massive urbanization of 1935-1948, the expansion of state capacity, and the concentration of wealth in oil rents created new opportunities for paternal control, even as they destroyed old forms.

However, the structure of these reconstituted paternal relationships differed fundamentally from their rural predecessors. Traditional hacienda patronage operated through *legally codified* or *quasi-legal* personal bonds that formally defined the relationship between patrón and dependent. Workers were legally resident on the estate, bound by debt contracts enforceable through the legal system (however biased), tied to specific land parcels through sharecropping agreements, or incorporated into the hacienda through godparenthood (*compadrazgo*) relationships that carried recognized social and customary legal obligations. The patrón's authority derived not merely from economic power but from a web of formal statuses, legal instruments, and socially recognized roles embedded in the rural social structure. These relationships were *juridically defined*—the worker's dependence had legal form, and the patrón's obligations (however minimal and asymmetric) were anchored in customary law and social expectation.

The new urban paternalism that would emerge in the oil-era state operated through fundamentally different mechanisms. Freed from legal status bonds, disconnected from land tenure, and unmoored from traditional kinship and community obligations, the modern patron-client relationship became purely *instrumental and contingent*. The patron (whether political boss, union leader, bureaucrat, or businessman) dispensed resources—jobs, housing, licenses, contracts, welfare benefits—not through legally defined obligations but through discretionary control over access to state resources and urban opportunities. The client's dependence derived not from legal bondage but from lack of alternative access to goods, services, and economic opportunities that could only be secured through personal connections to resource-controllers.

This transformation from *status-based* to *purely transactional* patronage had profound implications. Traditional patronal obligations, however exploitative, carried some element of permanence and reciprocity—the patrón could not simply abandon aged workers without violating social norms and customary expectations. Modern urban patronage, by contrast, was ephemeral and revocable—the relationship lasted only as long as the patron controlled resources and the client remained useful. Without legal or customary anchors, these relationships became nakedly instrumental, sustained only by immediate material exchange rather than embedded social obligation.

This shift would prove politically consequential. While traditional rural patronage had stabilized hierarchical order through recognized (if unjust) social roles, modern urban patronalism would generate chronic instability, as clients constantly sought new patrons, patrons competed for followers, and the entire system depended on continuous access to oil rents to finance the material exchanges that held it together. The patronalism that would characterize democratic Venezuela after 1958 was thus not a simple continuation of hacienda traditions but a fundamentally modern phenomenon—legally unbound, socially unembedded, and entirely dependent on control over state resource flows.

The critical insight is that modernization does not automatically eliminate patronalism. The traditional rural form became obsolete as the economy industrialized and the population urbanized. But patronalism proved adaptable. Later regimes—particularly during the Punto Fijo democracy and dramatically under Chávez—would build new patronal networks based not on land and debt but on state rent distribution, social programs, and urban political machines.

The memory of 1935-1948 remains important: it demonstrates that Venezuela could function without or with significantly minor degree of patronalism, that citizens could organize autonomously, and that political and economic spheres could separate. These achievements, though temporary, showed that alternative paths were possible. The structural conditions favoring patronalism—oil rentierism, weak institutions, elite fragmentation—eventually reasserted themselves, but this was not inevitable. Understanding why de-patronalization failed helps illuminate how it might succeed in the future.

## **Venezuela 1948–1958: From Military Junta to Personalist Dictatorship Under Oligarchic Capitalism**

### **Two Phases of Autocratic Rule:**

**Closed Authoritarianism, as a Military Junta (1948-1952) and Hegemonic Authoritarianism  
(1952-1958)**

### **Introduction: Two Distinct Forms of Military-Oligarchic Rule**

The November 1948 military coup that overthrew President Rómulo Gallegos ended Venezuela's first democratic experiment and inaugurated a decade of autocratic rule. But this decade comprised two structurally distinct regimes that must be analytically separated despite their continuity in personnel and economic structure.

This chapter analyzes the 1948-1958 period as consisting of two regime types operating under a consistent economic structure of oligarchic capitalism:

**Phase I (1948-1952): Triumvirate Military Junta – Closed Authoritarianism**

- Power shared among three military officers in collective leadership
- ALL political parties banned without exception
- NO parliament, NO constitution in force, NO elections of any kind
- Complete political closure: no institutional space for opposition

**Phase II (1952-1958): Pérez Jiménez Autocracy – Hegemonic Authoritarianism**

- Power monopolized by single leader (Marcos Pérez Jiménez)
- SOME political parties tolerated (though controlled)
- Parliament exists (as rubber-stamp institution)
- Constitution adopted (1953) formalizing unlimited executive power
- Elections held (1952, fraudulent) maintaining democratic façade
- Selective political opening: façade of pluralism masking complete executive dominance

The distinction between closed authoritarianism and hegemonic authoritarianism is fundamental: closed authoritarianism eliminates all institutional space for political competition; hegemonic authoritarianism maintains institutional forms (elections, parliament, multiple parties) but empties them of competitive content.

Throughout both phases, the economic structure remained oligarchic capitalism: traditional economic elites (oil companies, import merchants, industrialists) retained control of productive assets and commercial networks, but their political influence was eliminated. They could not challenge military authority without risking economic ruin, but within the constraints of political subordination, they maintained operational autonomy and reasonably secure property rights.

This chapter focuses exclusively on the 1948-1958 period, analyzing how autocratic rule evolved from complete closure to hegemonic dominance, and why both forms ultimately proved unsustainable.

**Part 1. 1948-1952 – Triumvirate Military Junta and Closed Authoritarianism**

**1.1. The Logic of Military Intervention**

The November 1948 coup represented the Venezuelan military's institutional reassertion against perceived civilian encroachment. The armed forces had never fully accepted the principle of civilian supremacy established during the Trienio Adecó (1945-1948). When Acción Democrática (AD)—the social democratic party that dominated the Trienio—attempted to politicize military promotions, reduce defense budgets, and strengthen civilian control mechanisms, the officer corps perceived an existential threat to institutional autonomy and professional prerogatives.

The immediate triggers were tactical: AD's promotion policies favored politically reliable officers over professional merit; budget cuts threatened institutional resources; and the government's mobilization of peasant leagues and urban workers suggested a potential civilian militia that could counterbalance military power. But the deeper cause was structural: a professional military institution could not accept permanent subordination to civilian political parties without ceasing to be the dominant institution in society.

The coup itself was bloodless. On November 24, 1948, military units surrounded the presidential palace. President Gallegos, recognizing that resistance would provoke violence without changing the outcome, surrendered and went into exile. A three-officer junta assumed power:

- Lieutenant Colonel Carlos Delgado Chalbaud (junta president): Professional officer with international military education, representing the technically competent, modernizing wing of the armed forces. He envisioned limited military rule followed by controlled transition to civilian government.
- Lieutenant Colonel Marcos Pérez Jiménez (defense and internal security): Ruthless officer committed to indefinite military rule. He controlled the repressive apparatus and represented the faction determined to permanently exclude popular parties from power.
- Lieutenant Colonel Luis Felipe Llovera Páez: Less ideologically defined, aligned with Pérez Jiménez by convenience rather than conviction.

This collective arrangement masked fundamental tensions. Delgado Chalbaud and Pérez Jiménez represented incompatible visions: limited military guardianship versus permanent autocracy. The resolution of this tension would transform regime type from closed authoritarianism (collective junta) to hegemonic authoritarianism (personalist rule).

## **1.2 Closed Authoritarianism: The Complete Elimination of Political Space**

The junta's first actions established closed authoritarianism—a regime type characterized by total elimination of institutional space for political competition:

Political Sphere - Total Closure:

- All political parties banned without exception: Acción Democrática, COPEI (Christian Democrats), Communist Party, Unión Republicana Democrática—every organized political formation prohibited
- National Congress dissolved completely: No legislative body of any kind; all law-making power concentrated in junta
- 1947 Constitution suspended: No constitutional framework constraining executive authority
- NO elections at any level: No municipal, state, or national elections; all public officials appointed by military authority
- Labor unions dissolved or militarized: Federación de Trabajadores de Venezuela dismantled; remaining unions placed under direct military control
- Peasant organizations destroyed: Federación Campesina (peasant federation) completely eliminated
- Universities militarized: Military commissioners installed; student organizations banned; faculty purged
- Complete press censorship: Opposition newspapers closed; remaining press subjected to pre-publication censorship
- No institutional opposition permitted: No legal organization could criticize or challenge military authority

This represents the defining characteristic of closed authoritarianism: not merely that opposition is repressed (all autocracies do this), but that no institutional space exists for opposition to organize, express itself, or compete for power. There are no elections, no parliament, no tolerated parties, no protected sphere of civil society.

Coercive Apparatus - Seguridad Nacional: The Seguridad Nacional (SN) secret police became the regime's primary instrument of control. The SN operated with complete impunity, employing:

- Extensive surveillance networks in workplaces, neighborhoods, universities
- Arbitrary detention without warrants or formal charges
- Interrogation through torture (beatings, electric shocks, psychological torment)
- Remote detention facilities (La Guaira prison, Guasina island) with brutal conditions
- Assassination of exiled opposition leaders abroad

The SN's purpose was not merely repression but atomization: destroying all possibilities for collective organization by making any political association extremely dangerous. Citizens understood that even private conversations could be reported, creating pervasive fear that enforced comprehensive self-censorship.

### **1.3 Economic Structure: Oligarchic Capitalism Under Military Authority**

Despite total political closure, the junta maintained and reinforced oligarchic capitalism—an economic system where traditional elites retained economic control but were politically subordinated to military authority.

Foreign Oil Companies: Shell, Exxon (Standard Oil), Gulf, and other international petroleum corporations retained operational control of Venezuela's oil industry. The regime offered generous contractual terms in exchange for revenue payments and political quiescence:

Companies received:

- Favorable tax treatment and concessionary terms
- Freedom from labor union pressure (unions suppressed)
- Guaranteed access to export infrastructure
- Protection from expropriation

In return, companies provided:

- Substantial royalty and tax revenues to the state
- Technical expertise and infrastructure investment
- International legitimacy and diplomatic support
- Informal support for regime stability

This was an asymmetric but mutually beneficial relationship: oil companies accepted political subordination (could not challenge regime authority) in exchange for economic freedom (controlled production, pricing, export decisions within contractual parameters).

Domestic Business Elites: Venezuelan commercial and industrial elites—import merchants, industrialists, construction firms, financiers—accepted political exclusion in exchange for economic opportunities. The regime's

infrastructure program generated immense profit opportunities for private contractors and suppliers. Access required: political loyalty or at minimum neutrality, informal payments (commissions, bribes) to officials and connections to military-bureaucratic networks. Critically, the regime respected property rights for politically compliant actors. Businessmen who avoided opposition politics could expect secure property ownership, predictable regulatory environment, freedom to hire, fire, set prices and access to import licenses and government contracts.

The regime confiscated assets of exiled opposition leaders (particularly AD politicians), but this was political punishment, not arbitrary economic predation. Loyal elites could reasonably expect property security—a crucial distinction from systems where property rights are contingent on continuous patron favor.

**Agrarian Oligarchy:** The Trienio's agrarian reform was halted and partially reversed. Large landowners (latifundistas) retained control of rural properties. Peasant land claims were rejected; peasant organizations dismantled. Rural Venezuela returned to patron-client systems where landowners controlled local populations through economic dependence.

#### **1.4 Why Oligarchic Capitalism, Not Mafia Capitalism under an Autocratic Rule**

This economic structure constitutes oligarchic capitalism as distinct from both liberal capitalism, crony capitalism, and mafia capitalism:

Oligarchic capitalism features:

**Vertical hierarchy:** Political authority dominates economic elites, who are structurally subordinated. Political leaders occupy the commanding heights of the system, making fundamental decisions about economic policy, resource allocation, and regulatory frameworks while economic elites operate within constraints established by political authority. Business leaders cannot challenge political decisions without risking their economic positions, creating a clear hierarchical relationship where political power subordinates economic power.

**Economic elite subordination:** Business cannot challenge political power without risking economic destruction. Business leaders who openly oppose political authorities face regulatory harassment, tax audits, contract cancellations, and other forms of economic retaliation that can destroy their enterprises. This structural vulnerability forces business elites to maintain at least outward political loyalty and prevents formation of independent business coalitions that could challenge regime policies.

**But retained economic autonomy:** Within political subordination constraints, elites control their assets, make operational decisions. Despite political subordination, business owners retain day-to-day control over their companies' operations, make decisions about production, employment, and investment within their enterprises, and keep profits from their businesses. Political authorities set the rules and boundaries but do not directly manage private companies, leaving operational autonomy to owners who comply with political constraints.

**Secure property rights (conditionally):** Politically compliant actors enjoy reasonably secure property ownership. Business owners who maintain political loyalty and pay required bribes can operate without fear of arbitrary expropriation, building long-term business value and making multi-year investments. Property security depends on political compliance rather than being unconditional, but this conditional security still allows for genuine business planning and accumulation for loyalists.

No ownership of assets by political leaders: Politicians extract rents through corruption but do not acquire ownership stakes in private companies. Political leaders profit from their positions through bribes, kickbacks, and corrupt commissions on government contracts rather than by acquiring equity ownership in private businesses. This maintains a separation between political authority and economic ownership: politicians extract rents from economic activity but business owners retain full ownership of their enterprises and assets.

This differs from mafia capitalism, where:

Political leaders use frontmen to acquire ownership stakes in companies: they employ prestanombres (frontmen) or shell companies to acquire actual equity positions in private businesses, converting political power into direct economic ownership and legal claims on company profits. This ownership acquisition transforms the relationship from rent extraction (politicians taking bribes) to ownership control (politicians becoming business partners or hidden owners), fundamentally changing the structure of political-economic relations.

Arbitrary disposal of client assets by taking over profitable businesses: political leaders can expropriate successful businesses through forced sales at below-market prices, fabricated legal violations, or outright seizure, making business success itself dangerous as profitability attracts predatory attention. This arbitrary expropriation power creates fundamental insecurity even for politically loyal business owners, as no amount of compliance can guarantee protection if political leaders decide they want a particular asset.

Political leaders become wealthiest individuals through control of client assets: through ownership stakes acquired via frontmen and systematic asset seizures, political leaders accumulate vast personal wealth that often makes them the richest individuals in the country, far exceeding the wealth of nominally independent business owners. This wealth accumulation differs fundamentally from corruption-based enrichment, as it stems from actual ownership and control of productive assets rather than from rent extraction through bribes.

Property rights fundamentally insecure even for loyalists: even business owners demonstrating complete political loyalty face property insecurity, as political leaders' ability to arbitrarily seize assets means that loyalty provides no genuine protection against expropriation. This fundamental insecurity prevents long-term business planning, discourages productive investment, and reduces business owners to temporary custodians of assets that political leaders can claim at will.

The Venezuelan junta extracted rents through feedback mechanisms (commissions, bribes, kickbacks) rather than ownership/control of economic assets. Military officers enriched themselves through corruption but did not become owners of oil companies, import firms, or industrial enterprises. Traditional economic elites retained their economic resources while losing political influence.

### **1.5 The Assassination of Delgado Chalbaud and Power Concentration**

On November 13, 1950, Lieutenant Colonel Delgado Chalbaud was kidnapped from his morning commute and murdered. The kidnappers—led by Rafael Simón Urbina, a former Gómez-era police chief with criminal connections—were quickly captured. Urbina was killed in custody before providing testimony about who ordered the operation. The assassination was never conclusively solved, but circumstantial evidence strongly implicated Pérez Jiménez's faction. Delgado Chalbaud was the only junta member with sufficient institutional prestige and personal popularity to constrain Pérez Jiménez. His elimination removed the last obstacle to power concentration.

The junta appointed civilian figurehead Germán Suárez Flamerich as provisional president (1950-1952), maintaining the appearance of collective rule. But real authority gravitated to Pérez Jiménez, who controlled the

military and secret police apparatus. This transition period (1950-1952) marked the movement from collective junta toward personalist rule, preparing the shift from closed authoritarianism to hegemonic authoritarianism.

### **1.6 The 1952 Election: Transition to Hegemonic authoritarianism**

In November 1952, the regime held elections—the first since 1947. This decision marked a fundamental regime transformation: from closed authoritarianism (no elections, no parties) to hegemonic authoritarianism (controlled elections, tolerated opposition).

Why hold elections? The regime faced: international isolation (democratic governments distancing themselves), domestic pressure from business elites wanting political normalization, need for legitimacy as oil revenues enabled ambitious development programs and U.S. Cold War preference for formally democratic allies.

The regime allowed Unión Republicana Democrática (URD)—a moderate opposition party—to compete. AD and the Communist Party remained banned, but URD's participation created appearance of political pluralism. Election Day and Fraud: URD campaigned actively, and early vote counts showed URD winning decisively in Caracas and other urban centers. As URD's lead became undeniable, the junta halted vote counting, citing "technical irregularities." After several days of silence, the regime announced fraudulent "final" results showing the pro-regime Frente Electoral Independiente victorious. The junta dissolved itself and proclaimed Pérez Jiménez provisional president. A hand-picked Constitutional Assembly formally elected him president in April 1953.

This fraudulent election marked the transition from closed authoritarianism to hegemonic authoritarianism:

- Before (1948-1952): No elections, no parties, no parliament = closed authoritarianism
- After (1952-1958): Fraudulent elections, tolerated opposition parties, rubber-stamp parliament = hegemonic authoritarianism

The regime abandoned total political closure while maintaining complete political control through manipulated institutions.

## **Part 2. 1952-1958 – Hegemonic authoritarianism Under Personalist Rule**

### **2.1 Institutional Structure: The Façade of Constitutional Government**

The April 1953 Constitution formalized Venezuela's transformation into hegemonic authoritarianism—a regime type that maintains democratic institutions while emptying them of competitive content.

Hegemonic authoritarianism Characteristics:

Elections are held but manipulated:

- In the 1952 election, Venezuelans actually went to vote, ballot boxes were set up, and the electoral procedure was formally conducted. The decisive difference, however, was that when the results were shaping up in favor of the opposition winning, the military junta simply stopped the vote counting and announced its own results. This precedent defined the electoral practice for the following years: the ceremony of voting took place, but the outcome was predetermined.
- Opposition parties and candidates could formally run in elections, campaign (though within limited parameters), and appear on the ballot. This distinguished hegemonic authoritarianism from completely

closed dictatorship, where opposition participation was not allowed at all. However, the electoral process was manipulated - through vote-counting fraud, falsification of results, intimidation of opposition voters - such that opposition victory was structurally impossible, regardless of how many votes they actually received.

- Electoral fraud was not an occasional or episodic phenomenon – but systemic one - used only when necessary. Instead, built-in manipulation mechanisms operated at every level of the electoral process - from polling station committees to central result announcements. Military government appointees ran the voting, vote-counting committee members were selected from regime-loyal personnel, and result aggregation was completely opaque, making it simple for authorities to modify the final outcome.
- The real purpose of elections was not for the people to decide who would govern the country - this question had already been decided by the military leadership in advance. Instead, elections served a legitimation function: they created the appearance that the people supported the regime and that Venezuela was a country with constitutional government. It was important for the international community to demonstrate that this was not a crude military dictatorship but rather an "imperfect democracy" where elections were held, and electoral results confirmed the government's legitimacy.

Multiple parties exist but are subordinated:

- The Unión Republicana Democrática (URD) was permitted to continue operating after the 1952 elections, while Acción Democrática (AD) and the Communist Party remained banned. This selective tolerance served the purpose of having a "permitted opposition" that could participate in elections and thereby legitimize the electoral process. However, URD leaders were aware that their operations could be banned at any time if they became too active or gained too much popularity, which constrained their activities.
- The URD and other tolerated opposition groups received no access to state radio or television, which at that time was virtually the only mass communication medium. They could organize events only in limited numbers and often had to request police permits, which were rarely granted. Opposition leaders were continuously harassed: secret police monitored them, sometimes placed them in preventive detention under "threats to public order," or harassed their family members to intimidate them.
- The opposition's presence did not represent a genuine alternative for voters but rather was a carefully controlled facade. It was important for the regime that there be opposition - otherwise there could be no elections - but they also ensured that this opposition posed no real threat to power. Opposition party operations were designed to be sufficient for the regime to appear "pluralist" but not strong enough to seriously challenge military leadership rule.
- Formally, a multi-party system existed: there were officially registered parties that could submit their lists to the electoral commission and appear on ballots. But this pluralism was only nominal, not effective in the sense that genuine competition would develop among different parties or that voter choice would actually influence political outcomes. Pluralism was symbolic - it created the illusion that there was choice, but in reality the monopoly of power remained unchanged.

Parliament exists but is powerless:

- The 1953 Constitutional Assembly was convened with the ostensible purpose of drafting a new constitution for Venezuela, as if this were part of a democratic process. In reality, however, Assembly members discussed a pre-decided text prepared by the military junta, in which unlimited extension of presidential power was the main goal. Subsequent legislative bodies - whether called National Assembly

or Congress - were similarly "rubber-stamp institutions": they automatically approved bills submitted by the president without conducting substantive debate or proposing amendments.

- Legislature members possessed no real authority to submit their own bills or initiate legislative direction different from government proposals. In theory, parliamentary initiative could have existed, but in practice all significant bills came from the presidential office, and legislators' role was merely to approve them. If someone nevertheless tried to come forward with an independent proposal, it simply would not be placed on the agenda or would be immediately voted down - the majority of legislature members consisted of regime-loyal personnel.
- Parliament exercised no oversight function over presidential power. There existed no parliamentary investigation committee that could question the president or ministers about their decisions, no interpellation could be submitted, and there was no possibility for parliamentary criticism of government policy. The president possessed practically unlimited power, and the legislature did not serve the "checks and balances" function that is one of the fundamental characteristics of democratic systems.
- The legislature's real function was not to set limits on presidential power or to operate as an independent legislative body. Instead, parliament's role was to formally legitimize the president's decisions by adopting them as "law." This was particularly important internationally: when foreign governments or investors asked whether a given measure had legal basis, Venezuelan authorities could refer to parliamentary approval - lending constitutional legitimacy to decisions that were actually made solely by the president.

Constitution grants unlimited executive power:

The 1953 constitution contains a key clause stating that the president is authorized "to take all measures deemed necessary to protect national security, peace, and order." This formulation allowed extremely broad interpretation: essentially any action could be justified by "national security." If the president decided that arresting an opposition politician, closing a newspaper, or any other restriction was necessary, it was sufficient to invoke this constitutional provision, and thereby the measure formally became "constitutional."

The above clause actually provided unlimited discretionary authority to the president, but did so in constitutional form. This was not a matter of the president openly violating the constitution - quite the contrary, the constitution itself granted him this unlimited power. This is an important distinction between crude dictatorship and hegemonic authoritarianism: while crude dictatorship simply ignores laws, hegemonic authoritarianism creates laws that legalize dictatorial practice.

Since the constitution itself granted the president this unlimited authority, no institution existed that could prevent execution of presidential decisions. Courts could not declare a presidential measure unconstitutional - since the constitution explicitly authorized the president for such measures. Parliament could not vote against it - since the president did not require parliamentary approval on such "security" matters. And military leadership was under the president's personal command anyway.

The constitution formally preserved separation of powers: there existed legislature, executive power, and judiciary, and these constituted separate institutions. But in practice this separation was hollow: the legislature could not pass laws against the president's will, courts could not rule against the president's decisions, and all significant power was concentrated in the president's hands. This is a typical example of how hegemonic authoritarianism operates: it maintains democratic forms but empties them of content.

Single dominant leader monopolizes authority:

junta Although Pérez Jiménez's career started as part of a military junta in 1948, following the 1952 elections he clearly consolidated personal power. He did not rule as a member of a military collective where decisions are made jointly - instead he himself became the ultimate decision-maker on all essential matters. Other military leaders continued to hold important positions, but they understood that their careers and influence depended on Pérez Jiménez's goodwill.

Whether concerning military appointments, large-scale infrastructure projects, economic policy decisions, or arrests of opposition figures - every significant decision required Pérez Jiménez's personal approval. Ministers possessed no autonomy in their own areas, even if they formally headed very powerful ministries. Before a minister implemented any major decision, they had to discuss it with Pérez Jiménez and obtain the president's approval.

The military hierarchy - of which Pérez Jiménez himself was part as a general - was completely under his personal command. He appointed major military commanders, and these commanders owed personal loyalty to him, not to the institution. Leaders of state bureaucracy - ministries, state enterprises, regional governments - all received their positions through personal connection to the president. Secret police and security services reported directly to him, bypassing formal institutional channels.

In other autocratic regimes, rival power centers often exist - for example, different military factions, regional strongmen, or economic oligarchs who possess partial autonomy. In Pérez Jiménez's system, however, no such rival center existed: all power was concentrated at his person. If someone gained too much influence - for example, a military commander who became popular among his troops, or a minister who gathered too many supporters - Pérez Jiménez quickly removed or transferred them to prevent formation of an alternative power center.

Hegemonic versus Closed Authoritarianism: the critical distinction is institutional form.

Closed Authoritarianism (1948-1952): No elections, no parliament, no legal parties = complete closure. The period between 1948 and 1952 in Venezuela was a classic example of closed authoritarianism. During this period, no elections were held at all - there was no need even for the appearance that the people participated in political decisions. Parliament was dissolved, and governance occurred through decrees issued by the military junta. All political parties were illegal, and anyone engaging in political activity faced prison or exile - complete political closure characterized the country.

Hegemonic authoritarianism (1952-1958): Elections (fraudulent), parliament (powerless), multiple parties (controlled) = institutional façade, the form changed, although the content - autocratic rule - remained essentially unchanged. During this period elections were held, but their results were manipulated; parliament existed, but it was completely powerless; and multiple parties could operate, but only regime-loyal or at least harmless parties. This created an institutional facade that gave the appearance of constitutional government, while the country continued to be run in an autocratic manner.

Both are autocracies—opposition cannot win power through institutional means. But hegemonic authoritarianism maintains democratic forms, which serve:

- International legitimacy: after World War II, the international environment became increasingly intolerant of open military dictatorships, particularly in Latin America, where the United States was gradually moving toward supporting "democratic values." A system that held elections - even if manipulated -, that had parliament - even if powerless -, and where parties formally operated, could much more easily present itself as an "imperfect democracy" than a country where these did not exist at all. This brought significant

advantages: it was easier to obtain international credits, maintain diplomatic relations, and avoid external intervention or sanctions.

- Domestic legitimation: even if most people were aware that election results were predetermined, the ritual of electoral participation itself served psychological and political functions. The fact that people could go vote, participate in the process, and new leaders received "elected" status lent a kind of legitimacy to the regime. After elections, authorities could refer to "the people having spoken" and the government possessing a "democratic mandate" - even though everyone knew this was not the case, the fact of participation nevertheless created certain social acceptance.
- Elite satisfaction: the Venezuelan business elite - particularly foreign oil companies, but also domestic entrepreneurs - preferred the appearance of dealing with constitutional government rather than crude military dictatorship. Business contracts, property rights protection, investment guarantees all function better in an environment where there exists a formal legal framework and institutions that - at least in principle - protect these rights. Hegemonic authoritarianism provided this formal framework: courts operated that enforced contracts; a legal system existed that regulated economic transactions; and business actors did not feel they were completely at the mercy of an arbitrary military leadership.
- Elite renewal without prestige loss: allows the regime to organize moderated competition *within* its own cadre pool, creating a face-saving mechanism for elite circulation. Loyalists who "lose" elections or pre-candidacy competition can be retired without the stigma of purge—they were "defeated by voters," not dismissed by the patron. This legitimates the removal of aging or underperforming cadres while enabling the testing and promotion of younger members loyalists of the regime. The electoral process thus solves succession and renovation problems that plague dictatorships lacking competitive institutions, providing a sorting mechanism for internal elite management without threatening the patron's authority.
- Information gathering: even if election results were manipulated, the electoral process provided valuable information to the regime about where opposition support was located, which regions or social groups potentially resisted the regime, and how successful opposition parties were at mobilization. The regime could use this information to target opposition strongholds - for example, by providing more police presence in regions where opposition was stronger, or by offering economic benefits to areas where support was weaker, thereby trying to win over local populations.

## 2.2 Personalist Rule Through Military-Bureaucratic Institutions

Pérez Jiménez ruled as personalist autocrat, but through formal institutional hierarchies rather than informal patronage networks:

**Military Chain of Command:** Pérez Jiménez held rank of general and defense minister. Military authority flowed through formal hierarchy: generals commanded divisions, colonels commanded regiments, captains commanded companies. Power was institutionalized, not purely personal.

**Ministerial Bureaucracy:** Government operated through ministries (Interior, Finance, Public Works, etc.) staffed by civilian bureaucrats and military officers. Policy implementation followed formal procedures.

**Seguridad Nacional (Secret Police):** The SN continued operating as primary repressive instrument, maintaining extensive surveillance, detention, and torture apparatus. But SN was organizationally formal—a state institution with command structure, not personal enforcers.

This institutional structure distinguished the regime from pure personalist dictatorships or later mafia states. While Pérez Jiménez personally monopolized authority, power flowed through formal organizations following bureaucratic procedures.

### **2.3 The Nature of Corruption: Feedback-Type, Not Ownership-Type**

Pérez Jiménez and his associates were corrupt, but the corruption's structure is critical for regime classification. The regime extracted rents through feedback mechanisms rather than ownership/control of economic assets:

**Public Works Contracts:** the regime's massive infrastructure program created enormous opportunities for rent extraction. Construction companies bidding for government contracts understood that winning required:

**Inflating bid prices to include unofficial "commissions":** construction companies submitted bids that were systematically inflated above actual project costs, with the difference serving as "commission" payments to regime officials who facilitated contract awards. These commissions typically ranged from 10% to 20% of the total contract value, representing a substantial but predictable cost of doing business with the government. The system was widely understood: contractors built these costs into their financial planning, knowing that contracts without such payments would not be awarded regardless of technical merit or competitive pricing.

**Routing payments through specified networks of intermediaries -** often lawyers, consultants, or business associates of regime officials - who served as conduits for corrupt payments. Companies had to route their commission payments through these designated intermediaries rather than paying officials directly. This system provided plausible deniability for regime officials (payments appeared as legitimate consulting fees) while ensuring that funds reached intended recipients, and the intermediaries themselves typically retained a percentage as their fee for facilitating these transactions.

**Companies provided kickbacks from profits -** beyond the initial commission - built into contract prices. These post-completion payments served to maintain good relations with regime officials for future contract opportunities. The kickback structure created ongoing relationships between contractors and officials rather than one-time transactions, incentivizing contractors to complete projects efficiently (since higher profits meant larger absolute kickback amounts even at the same percentage rate) while ensuring officials benefited from successful project execution.

But the contracts were fulfilled, infrastructure was built and the entrepreneurs could retain the ownership of their firms and equipment. The regime extracted rents from economic activity but did not control the economic assets themselves.

**Import Licenses:** Venezuela's economy depended on imports (consumer goods, capital equipment, industrial inputs). Access to import licenses required:

**Payment of "administrative fees" to officials for import licenses** were ostensibly granted based on technical criteria and economic need, but in practice obtaining them required payment of unofficial "administrative fees" to bureaucrats controlling the licensing process. These fees were not officially recorded and varied depending on the value and type of goods to be imported. Businesses seeking to import consumer goods, industrial equipment, or raw materials understood that the formal application process was merely the first step; the actual approval depended on these informal payments to officials at various levels of the import licensing bureaucracy.

Beyond direct payments, successful navigation of the import licensing system required cultivating relationships with key bureaucrats and their networks. Importers needed to know which officials made final decisions, which

intermediaries could facilitate access to decision-makers, and which political patrons could intervene on their behalf when applications stalled. These connections were built through repeated interactions, social relationships, and demonstrations of reliability in honoring informal payment obligations, creating patron-client networks that structured access to import opportunities.

The system of corruption extended beyond monetary payments to include gifts, favors, and personal services to officials controlling import licenses. These could include luxury goods, vacation trips, employment for officials' relatives, or assistance with personal business matters. Such favors served multiple purposes: they personalized the relationship between importer and official, created ongoing obligations and reciprocity, and provided benefits that were harder to trace than direct monetary payments, reducing risk of exposure for both parties.

Although the regime extracted rents from economic activity, their political actors did not own or control import companies.

Real Estate Development: Caracas experienced explosive urban growth. Real estate developers required:

Real estate developers could not begin construction projects without obtaining multiple permits from municipal authorities - building permits, occupancy certificates, environmental approvals, and various other authorizations. The formal permit process was deliberately cumbersome and slow, creating opportunities for officials to demand informal payments to accelerate approvals. Developers understood that obtaining permits within a reasonable timeframe required making payments to officials at different levels of municipal bureaucracy, with the amounts varying based on project size and location, and these costs were built into development budgets as routine business expenses.

Real estate projects required connections to public infrastructure - water, electricity, sewage, and roads - which were controlled by public works departments. Officials in these departments possessed significant discretion over the timing and terms of infrastructure connections. Developers paid informal fees to ensure that their projects received priority for infrastructure connections, that connection terms were favorable, and that any technical issues were resolved quickly rather than creating costly delays in project completion and occupancy.

Zoning regulations determined what types of buildings could be constructed in different areas, building height limits, density restrictions, and land use designations - all of which fundamentally affected project profitability. Obtaining favorable zoning decisions or variances from existing restrictions required political connections to municipal officials and sometimes national-level political figures who could influence local decisions. Developers cultivated these relationships through political contributions, support for officials' political activities, and hiring officials' associates as consultants, creating networks of mutual benefit that shaped urban development patterns in Caracas.

Although developers paid rents to regime officials, they could retain ownership of properties and development companies.

Why This Is Not Mafia-Type Corruption:

Mafia-type corruption (ownership corruption) involves:

- In mafia-type systems, political leaders use frontmen or shell companies to acquire actual ownership stakes in private businesses, converting political power into direct economic ownership. These arrangements give political leaders legal claims to company profits, voting rights in company decisions, and long-term equity appreciation. This was not the pattern under Pérez Jiménez: while regime officials extracted rents from

business activities through corruption, they did not systematically acquire ownership positions in the companies paying these rents, and businesses retained full ownership of their assets and operations.

- Mafia-type corruption involves coerced equity transfers, where businesses are forced to sell ownership stakes to regime-connected individuals as a condition for operating or receiving government contracts. These forced partnerships give political leaders ongoing control over business operations and profits. Under Pérez Jiménez, while businesses paid bribes and commissions to obtain contracts and licenses, they were not forced to surrender equity or accept regime officials as business partners, maintaining their independence as privately-owned enterprises even while engaging in corrupt transactions.
- In mafia capitalism, political leaders can arbitrarily expropriate successful businesses that have become profitable, either through forced sales at below-market prices, fabricated legal violations, or outright seizure. This creates extreme insecurity for business owners, who know that success itself makes them targets for expropriation. The Pérez Jiménez regime did not engage in such arbitrary asset seizure: companies that paid their required bribes and maintained good relations with officials could operate securely, retain their profits, and build long-term business value without fear that success would trigger expropriation.
- Mafia-type systems are characterized by political leaders accumulating vast personal wealth through ownership and control of business assets, often becoming among the richest individuals in the country through their political positions. While Pérez Jiménez and his associates certainly enriched themselves through corruption and accumulated significant wealth, this enrichment came through rent extraction (bribes, commissions, kickbacks) rather than through acquiring ownership of major business enterprises. The distinction is crucial: rent extraction allows political leaders to profit from economic activity while leaving economic actors in operational control; ownership corruption subordinates economic actors to political leaders who become both political authorities and major economic owners.

None of these characterized Pérez Jiménez's regime:

- Pérez Jiménez did not acquire ownership stakes in private companies. He extracted commissions and bribes, but did not become shareholder or board member. His wealth derived from political position, not business ownership.
- Pérez Jiménez was not a poligarch (political-economic oligarch). He did not combine formal political position with informal economic empire. He remained military officer and president who enriched himself through corruption, not businessman who used political power to dominate markets.
- Pérez Jiménez was not Venezuela's wealthiest individual. While he accumulated significant personal wealth (estimated tens of millions of dollars by 1958 exile), he was not Venezuela's richest person. Foreign oil company executives, major import merchants (Boulton family), industrialists, and traditional landed oligarchs retained greater economic resources. The regime extracted rents from the wealthy but did not dispossess or economically dominate them.
- No systematic arbitrary property seizure of loyalists. Businessmen who cooperated with regime enjoyed reasonably secure property rights. The regime confiscated assets of opposition leaders (particularly exiled AD politicians), but this was political punishment, not arbitrary predation. Loyal businessmen could reasonably expect property to be respected.

This structure—political subordination + economic autonomy + secure property rights for compliant actors + feedback-type corruption—defines oligarchic capitalism, distinguishing it from mafia capitalism (ownership and arbitrary disposal of client assets).

## **2.4 Economic Development: Oil Rents and Infrastructure-Driven Modernization**

The regime's legitimation strategy centered on visible material progress funded by oil revenues. World oil demand surged in the early 1950s, driven by post-World War II reconstruction and economic expansion. Venezuela's exports and state revenues increased dramatically, providing unprecedented resources.

### Infrastructure Investment

#### Transportation Networks:

The Pérez Jiménez regime constructed thousands of kilometers of modern highways that linked regions which had previously been accessible only by unpaved roads or remained effectively isolated during rainy seasons. These highway networks fundamentally transformed Venezuela's economic geography by enabling year-round commercial transportation, reducing travel times between major cities from days to hours, and integrating peripheral regions into national markets.

The engineering marvel of the Caracas-La Guaira highway connected the capital with its Caribbean port through a series of tunnels carved through the coastal mountain range and spectacular viaducts spanning deep valleys, dramatically reducing travel time between city and port. The highway became the regime's signature infrastructure achievement and a powerful symbol of Venezuela's modernization, frequently featured in government propaganda as evidence of the country's transformation from backward to modern nation.

Major river systems that had historically divided Venezuelan regions were spanned by modern bridges, eliminating the need for time-consuming ferry crossings and enabling continuous road connections across the country's geography. These bridges not only facilitated commerce and passenger travel but also served military-strategic purposes by ensuring the regime could rapidly move troops and equipment to any region without depending on ferry schedules or being vulnerable to transportation bottlenecks.

#### Urban Development:

Caracas was transformed into modern capital. The regime constructed imposing government ministry buildings throughout Caracas using modernist architectural styles featuring clean lines, geometric forms, and extensive use of concrete and glass, deliberately contrasting with colonial-era architecture. These buildings served dual purposes: providing functional administrative space for expanding government bureaucracy while projecting an image of Venezuela as a modern, progressive nation comparable to developed countries.

The regime constructed massive public housing complexes consisting of modernist superblock towers that relocated thousands of families from hillside slums (ranchos) into apartments with running water, electricity, and modern sanitation. These projects, named after dates significant to the regime (January 23, December 2), served both practical purposes of addressing housing shortages and political purposes of demonstrating the regime's commitment to popular welfare while creating spatially concentrated populations easier to monitor and control. The basic urban infrastructure underwent massive expansion with construction of water treatment facilities, sewage systems, and electrical grid extensions as well that brought modern services to neighborhoods previously lacking them.

#### Energy and Industry:

The regime initiated the Guri Dam project on the Caroní River, which would eventually become one of the world's largest hydroelectric facilities and provide most of Venezuela's electricity generation capacity. The foundations for heavy industry in the Orinoco region were established, building steel mills and related facilities that would

utilize Venezuela's vast iron ore deposits to create a domestic steel industry. This industrial development aimed to reduce Venezuela's dependence on imported manufactured goods and diversify the economy beyond petroleum, creating an industrial base that could support manufacturing and construction sectors. Following import substitution industrialization policies common in Latin America during this period, the regime promoted establishment of manufacturing facilities producing consumer goods and intermediate products previously imported from abroad. These factories, often established by foreign companies attracted by protective tariffs and domestic market access, created industrial employment.

#### Social Infrastructure:

The regime undertook extensive school construction in both urban and rural areas, significantly expanding access to primary education for children who had previously lacked nearby educational facilities. This expansion addressed both the practical need to educate a growing population and the regime's legitimization strategy of demonstrating commitment to social development, though educational quality and teacher training often lagged behind the pace of physical infrastructure construction.

Construction of hospitals in major cities and health clinics in smaller towns and rural areas expanded access to modern medical care for populations that had previously relied on traditional healers or traveled long distances to receive treatment. The regime implemented systematic vaccination campaigns targeting major infectious diseases such as smallpox, yellow fever, and malaria, significantly reducing disease mortality and morbidity rates across Venezuela.

These developments were materially real—Venezuela's infrastructure was genuinely modernized. GDP growth averaged 8-10% annually in early 1950s. Urban living standards rose significantly. Middle-class expansion accelerated. International observers characterized Venezuela as Latin America's development success. But development served autocratic purposes: material progress substituted for political participation. Citizens were expected to accept political exclusion as price of rising living standards. The regime's implicit social contract: "We provide prosperity; you accept our monopoly on power."

### **2.5 International Relations: Cold War Alignment and U.S. Support**

The regime maintained close relations with the United States and foreign oil companies. In Cold War context (post-1947), the Eisenhower administration valued Pérez Jiménez as reliably anti-communist regime, which systematically repressed Venezuela's Communist Party, arresting its leaders, banning its publications, and preventing its organizing activities, making Pérez Jiménez a dependable Cold War ally in preventing communist influence in a strategically important oil-producing nation. At the same time the regime guaranteed security and favorable operating conditions for American oil companies controlling most Venezuelan petroleum production, ensuring stable access to oil resources critical for U.S. economic and military interests.

Pérez Jiménez's authoritarian control prevented the political instability and social upheaval that U.S. policymakers feared could create opportunities for communist movements in Latin America. Venezuela consistently voted with the United States in Organization of American States meetings and other regional forums, providing diplomatic support for U.S. Cold War policies throughout Latin America. In 1954, the U.S. government awarded Pérez Jiménez the Legion of Merit—Washington's explicit endorsement. U.S. military assistance programs trained Venezuelan officers and supplied equipment. American corporations invested in Venezuelan infrastructure and industry.

At the same time US support provided recognition and lent international legitimacy to the regime, allowing Pérez Jiménez to present himself as a legitimate head of state rather than a mere military dictator, which facilitated diplomatic relations with other Western nations. As a result American technical expertise and investment capital flowed into Venezuela for infrastructure and industrial projects, accelerating the regime's modernization programs and demonstrating tangible benefits from U.S. alignment. U.S. military assistance programs provided training for Venezuelan officers at American military schools and supplied modern weapons and equipment, strengthening the regime's coercive capacity and tying Venezuelan military leadership to American military institutions. And the Cold War framework allowed the regime to justify authoritarian practices as necessary measures against communist subversion, framing repression as patriotic defense rather than political oppression.

## **2.6 Social Transformation: Modernization Creates Contradictions**

The regime's modernization efforts accelerated Venezuela's urbanization and social transformation—changes that would ultimately undermine autocratic rule:

**Demographic Revolution:** By 1958, Venezuela was predominantly urban (approximately 60% urban population, up from 40% in 1948). Caracas's population exceeded one million; Maracaibo, Valencia, Barquisimeto experienced similar explosive growth. Rural-to-urban migration continued unabated.

**Educational Expansion:** Despite political repression of universities, the regime expanded primary and secondary education. Literacy rates rose from approximately 50% (1948) to 65% (1958). A new generation of urban, educated Venezuelans came of age—citizens expecting not only material prosperity but also political participation and civil liberties.

**Middle-Class Growth:** Oil-funded development produced substantial middle class—teachers, government employees, professionals, small business owners, skilled workers. This class had economic security but no political voice, creating latent dissatisfaction.

**The Barrios:** Hundreds of thousands of urban migrants settled in informal settlements (barrios) on hillsides surrounding Caracas and other cities. These communities lacked infrastructure (water, sewage, electricity, paved streets) and were neither incorporated into regime patronage networks nor systematically repressed. They existed as latent force—potential recruits for any political movement offering material security and social recognition.

**University Students:** Despite military supervision, universities remained relatively autonomous spaces. Student organizations operated semi-clandestinely. Students from middle-class and working-class families viewed education as path to social mobility but faced political system offering no participation. University students became regime's most consistent critics and protest organizers.

## **2.7 Economic Stagnation and Legitimacy Crisis**

By mid-1950s, the regime's legitimization formula encountered structural limits:

**Oil Price Plateau:** International oil prices stabilized around 1955-56 after post-war boom. Venezuelan export revenues stagnated. State income growth slowed dramatically. GDP growth slowed from 8-10% (early 1950s) to 4-5% (mid-1950s). While still positive, the rate of improvement declined.

Rising Unemployment: Construction boom employment declined as major projects ended. Industrial employment growth could not absorb urban migrants.

Inflation: Oil rent distribution produced inflation without commensurate productivity increases, eroding real wages for urban workers and salaried middle class.

The regime's social contract—accept autocracy in exchange for prosperity—broke down when prosperity stagnated. Without continuous material progress, political exclusion became intolerable rather than acceptable.

## **2.8 Elite Defection: The Fracturing of Regime Support**

By 1957-1958, the regime faced accumulating defections from previously supportive sectors.

### **Military Factionalism:**

Younger officers frustrated by slow promotion. Pérez Jiménez maintained a small circle of trusted generals in top military positions regardless of merit, creating a promotion bottleneck that left talented younger officers stuck in mid-level ranks with dim prospects for advancement. This generational blockage bred resentment among ambitious officers who saw their careers stalled by a gerontocratic leadership clique.

Military officers observed power concentration in presidency, resulting that all significant decisions flowed through the president's office rather than through proper military command channels, reducing professional military leadership to mere executors of presidential directives and undermining institutional military autonomy.

The military's role had devolved from defending national sovereignty and maintaining professional military standards to serving as the regime's personal protection force and instrument of domestic repression. Officers with professional military training found this transformation demeaning and contrary to their institutional identity. Professional military reduced to regime praetorian guard.

The officer corps became increasingly divided between those who profited from corruption through connections to regime officials and those who maintained professional military ethics, creating internal tensions and eroding institutional cohesion. Political loyalty to Pérez Jiménez rather than professional competence became the criterion for advancement, demoralizing officers who valued meritocratic military traditions.

Military conspiracies proliferated, though SN surveillance suppressed most. Critical shift: not mass military opposition but erosion of unconditional loyalty.

### **Business Elite Withdrawal:**

Venezuelan businessmen who tolerated autocracy during boom grew restive during stagnation faced reduced government contracts, declining revenues and excess capacity, reducing their economic incentive to support the regime as infrastructure spending declined. As government budgets tightened, regime officials compensated for reduced legal income by demanding higher bribes and kickbacks from businesses seeking contracts or regulatory approvals. This increased the cost of corruption for businesses while reducing the benefits they received, making the regime's rent-extraction system less tolerable when economic conditions deteriorated.

Worker protests and strikes, initially directed against the regime's labor repression, increasingly targeted private employers as well, threatening business operations and profitability. Business elites began to question whether the regime's authoritarian control was effectively maintaining the social order that had originally justified their support for autocracy.

International isolation as democratic governments distanced themselves:

As Latin American countries transitioned toward democracy and U.S. policy shifted toward promoting democratic governance, Venezuela's dictatorship became diplomatically isolated, creating concerns among business elites about future trade relations and international investment. The reputational costs of association with an increasingly pariah regime began to outweigh the benefits of domestic political stability.

## **2.9 Regime Collapse: January 1958**

By late 1957, the regime faced multiple simultaneous crises but still controlled military and secret police. Decisive shift came January 1958. On January 1<sup>st</sup> Air Force fighter units at Maracay base revolted, bombing presidential palace and government buildings. Loyalist ground forces suppressed rebellion within hours, executing or imprisoning rebel officers. But uprising shattered illusions of regime stability and military unity. On January 21<sup>st</sup>-22<sup>nd</sup> opposition forces (clandestine party networks, business associations, professional organizations, Church groups) called general strike. Major urban centers—Caracas, Maracaibo, Valencia—were shut down. Mass demonstrations filled streets despite SN threats. On January 23<sup>rd</sup> senior military commanders—generals who loyally served Pérez Jiménez—informed president they could no longer guarantee order. Army units would not fire on massive crowds; Air Force units might defect; continuation would mean civil war. Military's institutional interest lay in negotiated transition, not fighting to preserve Pérez Jiménez personally. And at night of January 23<sup>rd</sup> Pérez Jiménez fled to Dominican Republic (then ruled by dictator Trujillo, who granted asylum). A military-civilian junta assumed power, promising democratic elections.

This was regime overthrow, not transformation. Unlike later Venezuelan transitions (1998-present), this was regime replacement. The regime collapsed when:

- Economic stagnation eliminated compensatory legitimacy
- Elite defection removed support base
- Mass mobilization demonstrated popular opposition
- Military calculated preserving institutional interests required abandoning Pérez Jiménez

## **Part 3. Conclusion: The Evolution and Limits of Autocratic Rule**

The 1948-1958 decade demonstrated that autocratic rule could take multiple forms in modern, urban, oil-rich Venezuela—but all ultimately proved unsustainable. This was two regime types, but one economic structure.

Phase I (1948-1952): Triumvirate Military Junta - Closed Authoritarianism - Oligarchic Capitalism

- Complete political closure: no elections, no parties, no parliament
- Collective military leadership (three-officer junta)
- Traditional economic elites subordinated but economically autonomous

Phase II (1952-1958): Pérez Jiménez Autocracy - Hegemonic authoritarianism - Oligarchic Capitalism

- Façade of democratic institutions: fraudulent elections, powerless parliament, tolerated opposition
- Personalist rule (single autocrat monopolizing authority)
- Same economic structure: oligarchic capitalism with secure property rights for compliant actors

Why Oligarchic Capitalism, Not Mafia Capitalism

Throughout both phases, Venezuela remained oligarchic capitalism:

Defining characteristics:

- Military-political authority monopolized coercive power and public decision-making
- Economic elites politically subordinated but economically autonomous
- Property rights reasonably secure for politically compliant actors
- Corruption was feedback-type (commissions, bribes), not ownership-type (control of assets)
- Political leaders enriched through power, not business ownership
- Traditional economic elites (oil companies, merchants, landowners) retained greater wealth than political leaders

This differs fundamentally from mafia capitalism:

- No political leader ownership of business assets
- No arbitrary disposal of loyalist assets
- No political leaders becoming wealthiest individuals through control of client property
- Property rights conditionally secure, not fundamentally arbitrary

From Closed to Hegemonic Authoritarianism: Why the Transition?

The shift from closed (1948-1952) to hegemonic authoritarianism (1952-1958) reflected:

- International pressure: Democratic governments preferred formally democratic allies, even with fraudulent elections, over openly dictatorial regimes.
- Domestic elite preferences: Business elites wanted constitutional normalization and institutional predictability, even if institutions were powerless.
- Legitimation needs: As oil revenues enabled ambitious development programs, regime needed broader legitimacy than pure repression could provide.
- Information gathering: Elections (even fraudulent) revealed opposition strength and geographic distribution, helping regime target repression.

But hegemonic authoritarianism proved no more sustainable than closed authoritarianism. Both failed when economic stagnation removed compensatory legitimacy and elite support evaporated.

### **2.11. The Transition of January 1958**

The regime's collapse created conditions for Venezuela's Pact of Punto Fijo—an agreement among main political parties (Acción Democrática, COPEI, Unión Republicana Democrática) to:

Share power regardless of electoral outcomes: The pact ensured that even parties losing elections would receive cabinet positions, legislative committee chairs, and access to state resources, preventing winner-take-all dynamics that had historically led to political exclusion and regime instability.

Respect election results and democratic procedures: All signatory parties committed to accepting electoral defeats peacefully and recognizing legitimately elected governments, breaking with Venezuela's tradition of contesting unfavorable results through coups or insurrections.

Maintain common front against military intervention: The parties agreed never to appeal to military forces to resolve political disputes or overthrow elected governments, effectively removing the military option from political competition that had destroyed previous democratic experiments.

Moderate policy disputes to preserve democratic stability: Parties committed to restraining ideological polarization and avoiding extremist policies that could provoke military intervention or social conflict, prioritizing regime survival over programmatic purity.

This pact inaugurated Venezuela's longest period of democratic rule (1958-1998).

## **Venezuela 1958–1973: The Punto Fijo System: Competitive Politics and Non-Systemic Corruption**

### **Liberal Democracy × Crony Capitalism**

#### **Introduction: Structural Foundations of Democratic Stability**

The overthrow of Pérez Jiménez in January 1958 created conditions for Venezuela's longest period of uninterrupted democratic rule. The Pact of Punto Fijo—signed October 31, 1958, by representatives of Acción Democrática (AD), COPEI (Social Christian Party), and Unión Republicana Democrática (URD)—established a power-sharing arrangement among Venezuela's main political parties.

This represents a genuine regime change—a qualitative transformation of political structure, not merely liberalization or reform within an existing system. The transition from military dictatorship (closed/hegemonic authoritarianism) to competitive civilian democracy (liberal democracy) marked a fundamental discontinuity in Venezuelan political history. For forty years (1958-1998), Venezuela maintained democratic governance, making this one of Latin America's most successful democratic transitions of the 20th century.

This chapter analyzes the 1958-1973 period as liberal democracy combined with crony capitalism: genuinely competitive elections with uncertain outcomes, peaceful alternation of power between parties, functioning (though imperfect) institutional checks, and transactional corruption characterized by episodic exchanges between political and economic elites rather than systematic patronage networks.

The regime type classification is liberal democracy: competitive elections with no systematic incumbent advantages, regular turnover of power (demonstrated by the 1968 AD-to-COPEI transition), civil liberties protected, free media, and institutional separation of powers. The nature of the political and economic spheres' collusion is crony capitalism: politicians and businessmen engage in horizontal transactions (bribes for contracts, favors for campaign contributions), but neither systematically dominates the other. Economic elites retain operational autonomy; political elites do not become owners of business enterprises; and corruption remains transactional rather than structural.

This period represents a genuine departure from both the oligarchic authoritarianism that preceded it (1948-1958) and the patronal capitalism that would follow after 1973. Understanding its structural characteristics clarifies why Venezuela achieved democratic stability during this period and why that stability eventually eroded.

# **Part 1. Institutional Structure of Liberal Democracy**

## **1.1 The Pact of Punto Fijo: Power-Sharing Mechanisms**

The Punto Fijo agreement established formal and informal rules governing political competition:

Formal commitments:

All signatory parties committed to accepting electoral defeats and respecting the legitimacy of winning parties. This prevented the common Latin American pattern of electoral losers rejecting results through military coups or revolutionary action.

Even parties winning electoral majorities agreed to include opposition parties in governing coalitions. This ensured that no single party could monopolize state power or exclude rivals from access to government resources.

All parties agreed to present unified civilian front against potential military coups. This mutual commitment made military intervention less attractive by ensuring officers would face united political opposition rather than exploiting inter-party conflicts.

Signatory parties agreed on core policy agenda including land redistribution, educational investment, and industrial development. This policy consensus reduced ideological conflict and created common ground for coalition governance.

Informal understandings:

Ministerial appointments reflected each party's electoral strength rather than winner-take-all distribution. Losing parties received cabinet positions proportional to their vote share, ensuring participation in executive decision-making.

Public sector jobs were distributed among parties according to their electoral results. This created patronage system where even losing parties could reward supporters with government employment.

Petroleum income was channeled through budgetary processes allowing all coalition parties access to state resources. This prevented winner from monopolizing oil wealth and ensured losing parties maintained capacity to finance their organizations.

Armed forces retained control over internal promotions, equipment procurement, and operational decisions without political interference. In exchange, military leadership accepted constitutional subordination to elected civilian presidents.

Critical exclusions:

The pact explicitly barred Communist Party from power-sharing arrangements despite its electoral presence. This reflected Cold War context and elite consensus that Marxist parties threatened democratic stability.

Armed insurgent groups received no inclusion in political negotiations and faced systematic military repression. Democratic opening applied only to parties accepting constitutional competition, not revolutionary alternatives.

Officers corps maintained autonomy over military career advancement and weapons acquisition decisions. Civilian presidents commanded military operations but could not intervene in institutional governance of armed forces.

The pact's significance lies in creating predictability for political actors. Parties that lost elections knew they would still participate in government; business elites knew policy would remain moderate regardless of which party governed; military officers knew their institutional interests would be respected. This predictability reduced incentives for anti-system behavior.

## **1.2 Electoral System: Proportional Representation**

The 1961 Constitution established proportional representation using the d'Hondt method for allocating legislative seats. This system had critical structural consequences:

Chamber of Deputies and Senate:

Legislative seats were allocated based on state-level electoral districts corresponding to Venezuela's federal structure. Each state functioned as multi-member constituency returning multiple deputies and senators. Voters selected complete party lists rather than individual candidates. This closed-list system gave party leadership control over candidate ordering and prevented voters from splitting tickets across parties. The d'Hondt divisor method allocated seats proportionally to party vote shares with slight advantage to larger parties. This mathematical formula converted votes into legislative seats while maintaining overall proportionality. Extra seats were added to correct disproportionalities created by state-level constituency boundaries. These compensatory seats ensured national vote percentages matched legislative seat percentages more closely.

Presidential elections:

Presidents won by receiving more votes than any competitor, without requiring absolute majority. Presidential elections occurred in one round without runoff mechanisms. First-round plurality winner immediately became president regardless of margin of victory. This created incentive for party consolidation and discouraged numerous small-party presidential candidates.

Structural effects of proportional representation:

Prevention of single-party dominance: Proportional systems make it mathematically difficult for any party to win absolute majorities unless it commands overwhelming popular support. In Venezuela's case Acción Democrática consistently gained more votes than any single competitor but never captured majority of electorate. This necessitated coalition governance even when AD won presidency. Christian Democratic party steadily increased electoral support over three election cycles culminating in Rafael Caldera's presidential victory. This demonstrated genuine electoral competition with rising opposition party. URD, FND, MEP, and other minor parties maintained congressional seats despite two-party presidential dominance. Proportional representation protected smaller parties from complete electoral elimination.

Incentives for coalition governments: No party could govern alone without negotiating with other parties. This forced coalition governments distributing ministerial positions among multiple parties. This institutionalized multiparty governance even when single party won presidency. No party held absolute congressional majority forcing negotiation on significant legislation. Bills required cross-party support creating incentives for policy moderation. Parties softened ideological stances to preserve governing alliances. Radical proposals were abandoned to maintain coalition cohesion and prevent partner defection.

Party accountability to leadership rather than voters: Because seats were allocated through closed party lists (not individual candidates), legislators answered to party leadership controlling list placement, not directly to constituents. This resulted, that members of Congress voted according to party leadership directives rather than

individual judgment. This centralized control in party hierarchies and reduced legislative independence. National party leadership controlled candidate selection, resource allocation, and policy positions. Local party branches operated under central direction with limited autonomy. Party chiefs determined which members received government positions, contracts, and benefits. This concentrated power in leadership and created internal party hierarchies.

Proportional representation combined with Punto Fijo power-sharing produced remarkable party system stability. The same parties (AD, COPEI, and diminishing URD) dominated throughout 1958-1973, with electoral volatility remaining low.

### **1.3 Liberal Democracy Characteristics: Why Not Merely Electoral Democracy**

Venezuela in 1958-1973 qualifies as liberal democracy rather than merely electoral democracy based on several critical institutional features:

Genuine electoral competition with no systematic incumbent advantage: Rafael Caldera's electoral victory over AD candidate Gonzalo Barrios led to first peaceful transfer from governing to opposition party. Outgoing Leoni administration respected results and facilitated transition. Ruling party lost despite controlling state apparatus, showing elections were genuinely competitive. Incumbent advantages existed but were not sufficient to guarantee victory. COPEI won through routine campaigning and coalition-building rather than mass protests or international pressure. Democratic institutions functioned normally to produce alternation. All political actors accepted electoral outcomes as valid regardless of who won. This acceptance distinguished Venezuelan democracy from systems where losing parties routinely claimed fraud. Unlike hegemonic autocracies with façade elections, Venezuelan opposition competed on relatively level playing field. Structural fairness rather than overwhelming advantages determined outcomes.

Free and independent media: Press operated without prepublication review or systematic punishment for criticism. Government tolerated opposition newspapers and critical broadcast media. AD-aligned media during COPEI government and COPEI-aligned media during AD governments freely published attacks on ruling party. Media pluralism reflected genuine political competition. Absence of censorship mechanism distinguished democratic from autocratic media environment. Previous regime had closed opposition newspapers and jailed critical journalists. Democratic transition ended these practices and established press freedom.

Functioning separation of powers: New constitutional framework created formal separation of powers and federal structure. Federal structure preserved state governments with independent budgets and administrative authority. This decentralization limited central government's territorial control. Checks and balances constrained executive power even if imperfectly. Congress possessed constitutional authority to reject presidential proposals. This veto power forced executives to negotiate rather than impose policies. Executives respected constitutional limits and did not try to eliminate legislative or judicial constraints.

Civil liberties protected: Citizens organized public demonstrations, formed associations, and criticized government without systematic repression. Civil liberties were exercised routinely not exceptionally. Most Venezuelans participated in democratic politics without restrictions. Exclusion of radical left was significant but limited exception to general pattern of freedom. Workers organized unions, conducted strikes, and bargained collectively without prohibition. This contrasted sharply with previous regime's labor suppression. Constitutional guarantee of university self-governance was generally honored. Campuses served as spaces for opposition organizing with limited police intervention. But radical left faced systematic exclusion and violent repression during counterinsurgency. Democratic protections did not extend to revolutionary opposition.

Rule of law (imperfect but present): Business assets and personal property were protected from arbitrary seizure. Legal framework provided predictable property protections. Judicial system provided mechanisms for contract dispute resolution. Parties could rely on courts to enforce commercial agreements. Government did not seize property of opposition politicians or their supporters. While officials extracted bribes and favors, basic legal framework remained functional. Corruption operated within rather than replacing legal system.

Peaceful alternation of power: from Betancourt to Leoni within AD and from Leoni to Caldera between parties. Each transition was peaceful and constitutional. Caldera's inauguration marked unprecedented democratic achievement of power alternation. Previous Venezuelan history lacked peaceful inter-party transitions. Leoni administration facilitated transition to Caldera despite electoral defeat. Losing party accepted results without attempting to retain power extra-constitutionally. Armed forces accepted electoral outcome and civilian control despite opportunity for intervention. Military subordination to democratic results was crucial for consolidation.

Electoral Democracy vs. Liberal Democracy - The Critical Distinction:

Electoral democracy implies: Opposition can win but faces systematic disadvantages from state resource control and media bias. Competition is real but unbalanced favoring ruling party. Incumbent parties leverage government control to advantage their campaigns through preferential media coverage, budgetary resources, and friendly courts. These create structural inequality in electoral competition. Constitutional separation of powers and oversight mechanisms are compromised by political pressure and corruption. Checks operate but with reduced effectiveness. Rights protections apply unevenly depending on political orientation and social position. Government tolerates some dissent while repressing other forms.

Liberal democracy implies (Venezuela 1958-1973): Competition occurs on relatively level playing field without structural incumbent advantages. Electoral outcomes reflect voter preferences rather than manipulation. COPEI victory demonstrated that ruling party could actually lose power through free and fair elections. The 1968 peaceful transfer from AD to COPEI is the decisive evidence: if incumbency provided systematic advantages, AD would not have lost. The fact that AD accepted defeat and transferred power demonstrates liberal democratic norms were institutionalized. This distinguished liberal from merely electoral democracy. Constitutional constraints on executive power operate with real effects despite weaknesses. Checks and balances limit presidential authority. Most citizens enjoy freedom of expression, association, and assembly. Exception for radical left is significant but limited. But Caldera (COPEI, 1969-1974) offered forgiveness to insurgents who disarmed and returned to legal politics. Amnesty policy succeeded in ending most armed opposition.

#### **1.4 Structural Patterns of Government Formation and Coalition Dynamics**

Coalition necessity: No president governed with single-party majority. All required either formal coalitions or legislative compromises with opposition parties characterized by AD-COPEI duopoly. But later URD's departure (1962) left AD and COPEI as dominant parties. As a result, voter participation declined from previous election to barely half of eligible electorate. Lower turnout reflected disillusionment during guerrilla insurgency period. Turnout fell further to less than half of registered voters. Participation surged dramatically as guerrilla conflict ended and democracy consolidated. High turnout indicated renewed faith in electoral process. By 1973, Venezuela had consolidated into a two-party dominant system, but one where neither party could govern unilaterally.

## **Part 2. Nature of Political and Economic Spheres' Collusion – Crony Capitalism**

### **2.1 State-Economy Relations: Regulated but Not Controlled**

The economic structure of 1958-1973 Venezuela represents crony capitalism: transactional relationships between political and economic elites characterized by episodic corruption rather than systematic patronage.

Foreign oil sector: Petroleum production continued under private foreign company control from previous era. Democratic government maintained concession system rather than immediate nationalization. Legal framework from earlier period continued regulating petroleum sector. Existing law provided structure for government revenue collection without ownership change. Government captured majority of petroleum earnings through taxation without operating production. This high rate provided substantial state income while companies retained operational control. Private companies kept portion of revenues after paying taxes and royalties.

Import substitution industrialization (ISI): Government imposed high taxes on foreign products to make domestic production competitive. Tariffs protected Venezuelan manufacturers from international competition. State limited quantity of foreign goods entering country through permit system. Licensing created opportunities for political favoritism in allocation. Government provided below-market loans to Venezuelan industrial firms. Cheap credit compensated for efficiency disadvantages relative to imports. Public financial institution channeled development loans to priority industries. The Venezuelan Development Corporation (Corporación Venezolana de Fomento, CVF), the state's development bank served as mechanism for directed industrial credit. Protection and subsidies enabled Venezuelan capitalist class to develop manufacturing enterprises. This created new economic elite dependent on state support. Entrepreneurs needed government permission and resources for industrial operations. This made business success dependent on political relationships.

Agrarian reform: Legislation authorized expropriation of underutilized estates for distribution to landless families. Reform aimed to create smallholder class and reduce rural inequality. Law required government payment to previous owners rather than confiscation. Compensation limited reform's redistributive impact but reduced elite resistance. Reform targeted government property and inefficiently farmed latifundia. Productive commercial agriculture faced less expropriation pressure. Land recipients required government support for farming operations. This created a kind of patron-client relationship between authorities and peasant beneficiaries.

State economic planning: A new agency was established to coordinate development policy across government. CORDIPLAN produced national development plans and investment priorities. Government created medium-term economic blueprints identifying investment priorities. Planning provided systematic framework for industrial policy. State intervention guided but did not replace market mechanisms. Businesses made production, employment, and pricing decisions independently. Government influenced but did not control private enterprise operations.

Political and business elites remained distinct groups rather than merging. This separation characterized crony capitalism's structure. Unlike oligarchic capitalism (where political authority dominates economy) or patronal capitalism (where political and economic elites partly merge), crony capitalism maintains separation. Political and economic elites maintained separate identities while cooperating for mutual advantage. Neither group dominated the other completely. In crony capitalism government officials did not typically possess significant business assets. Political careers and business ownership remained separate pursuits. Economic elites generally did not serve as elected officials or ministers. Business leaders influenced policy through lobbying rather than direct officeholding. Property rights protected business assets from political seizure. This security distinguished system from autocratic expropriation patterns.

## **2.2 Business-Politics Nexus: FEDECAMARAS and Party Financing**

FEDECAMARAS (Venezuelan Federation of Chambers of Commerce) served as unified voice for private sector in policy negotiations. Business organization endorsed democratic transition without being official pact party. This indicated private sector acceptance of democratic rules.

Business accepted: government intervention in markets including price controls, licensing and legal constraints on labor relations, wage floors and collective bargaining. These concessions bought social peace and prevented radicalization, and were considered as the cost of political stability. Manufacturers benefited from protection though it raised costs for consumers and other sectors. Tariffs and quotas favored industrial capital.

In exchange for these constraints: private sector obtained guarantee against revolutionary expropriation. Moderate agrarian reform preserved capitalist property relations. Businesses gained access to scarce foreign exchange and government procurement. Political connections determined allocation of these valuable resources. Democratic competition created stable expectations for business planning. Alternation between AD and COPEI maintained overall policy continuity. Business benefited from systematic marginalization of anti-capitalist left. Punto Fijo framework prevented socialist parties from governing.

Party financing mechanisms:

Sources of party revenue: Firms gave campaign money to multiple parties as insurance against electoral uncertainty. Diversified contributions maintained good relations regardless of election outcome. Ruling parties diverted public money to finance political operations. Government budgets provided resources for campaign and organizational expenses. Electoral authority also provided modest public funds for campaign activities. Individual party member payments contributed little to party budgets. Parties relied primarily on business donations and state resources rather than membership.

Pattern of business support: Firms avoided exclusive relationships with single party. This flexibility allowed maintaining connections regardless of electoral outcomes. Business strategy emphasized hedging bets across likely victors. Companies cultivated relationships with both major parties. Donations to AD and COPEI ensured access to government regardless of election results. Insurance model characterized business political spending. Business-party relationships consisted of discrete exchanges rather than permanent bonds. Each transaction was separate negotiation. As companies maintained relationships with multiple parties simultaneously, Venezuelan model avoided fusion of business and party organizations.

Corruption characteristics:

Transactional (crony) corruption: Officials extracted illegal payments in exchange for government procurement awards and regulatory approvals. These direct transactions constituted core corruption mechanism. Contractors paid percentages of contract values to officials who awarded projects. Kickbacks were standard practice in construction and infrastructure sectors. Obtaining foreign exchange permits often required bribing officials controlling allocation. License scarcity created valuable corruption opportunities.

What this is not: Officials extracted payments rather than equity stakes. Corruption involved cash transfers not corporate ownership. Relationships were transactional and temporary rather than binding long-term dependencies. This distinguished crony capitalism from patronage systems. Companies could decline corrupt transactions without catastrophic consequences. Participation was calculated choice rather than coerced necessity. Firms decided whether to pay bribes based on cost-benefit analysis. Absence of systematic coercion distinguished from predatory corruption.

Horizontal, not vertical relationships: Neither party to corrupt transactions held overwhelming power over the other. Relationships involved negotiation between peers rather than domination. Companies possessed leverage in interactions with officials. Business options limited officials' ability to extract excessive payments. Officials required campaign contributions and business cooperation but lacked power to compel support. This mutual need created horizontal relationship. Balance of power characterized political-business interactions. Neither sphere controlled the other completely.

### **2.3 Middle Class, Labor, and Oil Rent Distribution**

Economic growth and living standards: Economic expansion occurred steadily throughout period creating material foundation for middle class growth. Oil revenues financed development without severe recessions. Petroleum income funded government programs without requiring high taxes on citizens or businesses. Rent distribution capacity created middle class beneficiaries. Public sector jobs, professional occupations, and entrepreneurship grew substantially. Economic development created upward mobility opportunities. Working class purchasing power increased modestly but consistently. Economic growth translated into material improvements for organized labor. Educational expansion produced massive reading ability gains. Literacy growth reflected investment in human capital and social mobility. Higher education institutions multiplied and existing universities grew. Expanded access created pathways to professional middle class status.

Labor relations: Democratic government recognized unions and protected organizing rights. This contrasted with previous dictatorship's labor repression. Legal framework authorized unions to negotiate contracts with employers. Recognition provided institutional basis for organized labor power. Government established and implemented wage floors across sectors. Enforcement provided concrete material benefits to working class. Labor organizations maintained organic connections to parties particularly Acción Democrática. Union independence was limited by partisan affiliation. Union officials typically held party membership and participated in party decision-making. This created overlap between labor and party hierarchies. Labor organizations served to mobilize workers for party electoral campaigns. Unions operated as party auxiliary organizations rather than autonomous movements.

Distribution mechanisms: Public sector hiring grew dramatically creating middle class jobs. Government employment became major avenue for upward mobility. State invested petroleum revenues in public services benefiting broad population. Social spending created middle class living standards. Government kept basic goods prices artificially low through direct support. Subsidies raised living standards without requiring wage increases. Public lending institutions provided below-market loans for business and agriculture. Cheap credit expanded economic opportunities for non-elite Venezuelans.

Oil rent as lubricant: Petroleum income provided government resources adequate for multiple constituencies. Revenue sufficiency allowed simultaneous satisfaction of diverse demands. Oil wealth permitted distributing benefits to business, workers, peasants, and middle class without forcing zero-sum choices. Multi-class distribution maintained political stability. Private sector benefited from government procurement and protective policies. Capitalists obtained material advantages from democratic system. Public sector jobs provided secure income and social status. Bureaucracy growth satisfied middle class aspirations. Organized labor gained material improvements through collective bargaining and state services. Working class benefited economically from democracy. Rural families obtained property titles and financing for agricultural operations. Land reform created smallholder base with stake in system. This distribution pattern created diffuse beneficiaries rather than concentrated patron-client networks. Many citizens benefited from state spending, but few were wholly dependent on particularistic relationships with specific political patrons.

## **Part 3. Why Crony Capitalism, Not Patronal Capitalism?**

### **3.1 Structural Distinctions**

Crony capitalism (1958-1973):

- Business-politics interactions consisted of discrete deals rather than ongoing relationships. Each transaction was separate negotiation.
- Connections between officials and businesses lasted for particular deals then dissolved. Relationships were instrumental rather than permanent.
- Firms decided voluntarily whether to engage in bribery. Companies could operate without participating though at competitive disadvantage.
- Neither politicians nor businessmen systematically dominated the other. Interactions involved negotiation between peers.
- Companies maintained independence in production decisions and faced no expropriation threats. Economic sphere preserved autonomy despite political connections.
- Electoral competition remained unpredictable with real possibility of incumbent defeat. Alternation demonstrated authentic democracy.

Oil revenues were distributed across society through universal programs. Spending was broad-based rather than narrowly clientelistic.

Patronal capitalism (which emerges after 1973):

- Political-economic connections consist of permanent hierarchical bonds. Relationships are durable and reciprocal.
- Patrons and clients maintain long-term mutual dependencies. Relationships persist across time rather than dissolving after transactions.
- Dependent clients cannot withdraw from relationships without material hardship. Subordination makes exit costly.
- Relationships are unequal with patrons dominating subordinate clients. Power asymmetry defines interactions.
- Subordinate parties rely on patrons for economic survival. Dependence eliminates autonomous decision-making.
- Electoral outcomes become more predictable as patron-client networks deliver votes. Competition decreases as clientelism grows.
- Resources flow through hierarchical client chains rather than broad programs. Distribution is targeted and politically conditional.

### **3.2 Why Did Crony Capitalism Prevail 1958-1973?**

Foreign ownership of oil: The most important factor. Because oil remained under foreign company control until 1976, the Venezuelan state collected revenues but did not directly control production. This created partial separation between state and economy. Political control of the state did not automatically mean control of the primary source of national wealth.

Proportional representation: The electoral system prevented any party from achieving hegemonic dominance. Parties had to negotiate, compromise, and share power. This reduced the value of controlling the state, since even winning elections did not grant monopolistic control.

Coalition government necessity: No party could govern alone. Cabinet positions, bureaucratic appointments, and state resources had to be shared among coalition partners. This fragmented patronage opportunities—no single party could build a comprehensive clientelist network.

Competitive party system: AD and COPEI genuinely competed. Electoral outcomes were uncertain. Business hedged by supporting multiple parties, preventing formation of permanent business-party alliances. Politicians could not promise permanent protection to business clients because they might lose next election.

Moderate oil revenues: While substantial, oil revenues during 1958-1973 were not yet at the extraordinary levels reached after 1973 oil price shocks. The state had resources for social spending but not unlimited resources for comprehensive patronage networks.

Private sector autonomy: Import-substitution industrialization created a domestic industrial bourgeoisie with independent economic base. These businessmen were not purely rent-seekers dependent on state contracts; they operated productive enterprises. Economic autonomy limited political subordination.

Middle-class independence: Expanding middle class (professionals, small business, technical workers) was not wholly dependent on state employment or particularistic patronage. Market employment and entrepreneurship provided alternative income sources.

Institutional constraints: The 1961 Constitution established separation of powers, independent judiciary (though weak), and federalism (state/municipal governments). While these institutions were imperfect, they created friction against total concentration of power.

### **3.3 Limitations and Fragilities**

Despite its relative success in maintaining democratic stability and economic growth, the 1958-1973 system contained structural vulnerabilities:

Limited representation: Democratic pact systematically barred revolutionary parties from power-sharing. Marxist left faced legal restrictions and political isolation. Armed insurgency emerged from groups denied participation in democratic competition. Violence expressed frustration with political closure. Armed forces maintained institutional autonomy over internal affairs. Civilian authority was incomplete despite formal subordination. Closed lists gave party elites control over congressional careers. Representatives answered to leadership not constituents.

Corruption normalization: Public awareness of bribery and favoritism undermined faith in democratic institutions. Corruption damaged system credibility despite economic benefits. Widespread belief in official dishonesty reduced respect for democratic processes. Cynicism about corruption weakened regime legitimacy. Lack of transparency about political money fed public distrust. Hidden business contributions suggested elite capture of

democracy. Legal mechanisms to punish corruption were weak or absent. Impunity allowed corrupt practices to persist and expand.

Oil dependency: Import substitution failed to diversify economy away from petroleum reliance. Manufacturing remained dependent on oil revenues for subsidies. Government budgets and development plans depended on unpredictable petroleum markets. Price fluctuations threatened fiscal stability. Continued oil dependence left Venezuela exposed to external price shocks. Diversification failure created systematic risk.

Centralized party organizations: Individual politicians' advancement depended on leadership favor. This concentrated power in party hierarchies. Rank-and-file members had minimal influence over party direction or candidate selection. Leadership controlled organizations autocratically. Internal party relationships involved patronage distribution to members. Leaders maintained loyalty through selective benefits. Individual leaders dominated parties beyond institutional roles. Personal authority superseded organizational structures.

Regional and class inequalities: Petroleum wealth distributed unevenly favoring urban areas. Rural regions received fewer benefits from oil boom. Despite economic growth, income and asset inequality persisted at high levels. Growth did not fundamentally alter stratification. Shantytown residents lacked full access to services and economic opportunities. Urban poor remained marginally incorporated. Oil revenues advantages concentrated among middle class and organized workers. Poorest Venezuelans gained less from petroleum wealth. These limitations did not immediately destabilize the system, but they created conditions for eventual transformation toward patronal capitalism after 1973.

### **3.4. Conclusion: The Structural Logic of Crony Capitalism in Liberal Democracy**

The 1958-1973 period demonstrates that crony capitalism and liberal democracy can coexist in a relatively stable configuration, at least temporarily. The key structural features enabling this stability were:

Political pluralism with genuine competition: Proportional representation, coalition governments, and fair electoral rules created genuine uncertainty about outcomes. The 1968 peaceful transfer from AD to COPEI proved that incumbency provided no insurmountable advantage—opposition could win through normal democratic competition.

Free media and civil liberties: Unlike authoritarian regimes or even electoral democracies with systematic incumbent advantages, Venezuela 1958-1973 maintained free media and broadly protected civil liberties. Political competition occurred on a relatively level playing field.

Functioning institutional checks: Separation of powers, independent judiciary (though imperfect), and federalism provided meaningful constraints on executive authority. While corruption existed, it operated within institutional frameworks that maintained rule of law.

Economic separation: Foreign ownership of oil maintained partial autonomy of economy from state. Private sector retained operational independence even while engaging in transactional corruption with politicians.

Horizontal elite relations: Politicians and businessmen interacted as relative equals engaged in mutually beneficial exchanges, not as patrons and subordinated clients.

Diffuse rent distribution: Oil revenues funded broad social programs benefiting many constituencies, not targeted patronage networks binding specific clients to specific patrons.

Voluntary corruption: Participation in corrupt transactions was calculated choice, not coerced dependency. Businesses could opt out without economic destruction.

This configuration was not liberal democracy plus liberal capitalism. Corruption was endemic; institutional checks, while functional, were imperfect; party-list electoral systems reduced direct voter accountability; and communist exclusion limited political pluralism. But it was liberal democracy plus crony capitalism—a combination of genuinely competitive politics (proven by peaceful alternation of power), functioning institutional checks, and episodic transactional corruption that did not create systematic patronage structures.

At the same time, it was not electoral democracy (which implies systematic incumbent advantages) because the 1968 transition proved opposition could win fairly. It was equally not patronal capitalism because the economy retained operational autonomy, political competition remained genuine, and clientelist networks, while present, did not systematically structure society.

The 1958 regime change—from autocracy to liberal democracy—proved durable for forty years. Venezuela maintained this democratic structure through 1998, despite economic crises and social tensions. However, just as 1958 represented a genuine regime transformation, so too would subsequent transitions transform Venezuela's political structure.

The critical question for the next period (1973-1998) is: What transformed this system? The answer lies primarily in the 1973-1974 oil price explosion and the 1976 oil nationalization. When the state became direct owner-operator of the petroleum industry, controlling unprecedented financial resources, the structural foundations for patronal capitalism emerged. Foreign ownership had created separation between state and economy; nationalization eliminated that separation. Moderate oil revenues had limited patronage opportunities; massive oil revenues after 1973 enabled comprehensive clientelist networks.

The transformation from crony to patronal capitalism was not instant or mechanical. It occurred gradually over 1973-1998, as parties used oil wealth to build systematic patronage networks, as economic elites became structurally dependent on state contracts and subsidies, and as electoral competition became less about policy alternatives and more about access to state-controlled rents. But the seeds of that transformation were sown in the very success of the 1958-1973 model: oil-funded social peace, party dominance of political space, and normalization of state intervention in economy.

Understanding the 1958-1973 period as crony capitalism (not yet patronal capitalism) clarifies why it functioned relatively well and why it eventually transformed. It was not a static equilibrium but a transitional configuration—stable enough to last fifteen years (and the broader liberal democratic structure lasting forty years, 1958-1998), but containing structural dynamics that would eventually produce qualitative changes in the economic sphere (the shift to patronal capitalism after 1973) and, much later, in the political sphere (the democratic erosion beginning in 1998).

The 1958 regime change—from autocracy to liberal democracy—represented a genuine qualitative transformation, not gradual evolution. It established a fundamentally different political structure that would endure for four decades, making it one of Latin America's most successful democratic transitions in the 20th century.

# **Venezuela 1958–1973: State Economy Expansion and the Erosion of Liberal Democracy**

## **Electoral Democracy × Patronal Capitalism**

### **Introduction**

In the early 1970s, Venezuela appeared to possess a stable democracy. The Punto Fijo Pact (1958) ensured power-sharing between Acción Democrática (AD) and the Comité de Organización Política Electoral Independiente (COPEI), while the country's economy experienced robust growth driven by oil exports. Elections were regular and relatively free, peaceful transfers of power functioned, and the press enjoyed significant freedom. From an international perspective, Venezuela seemed to be one of Latin America's most promising democracies—especially compared to neighbors like Chile or Brazil, which were under military dictatorships.

Yet it was precisely this period that laid the foundation for a political-economic system that would gradually undermine both market efficiency and democratic functioning. The 1973 oil crisis multiplied state revenues many times over, and the subsequent wave of nationalizations created an opportunity for the political elite to consolidate power and pursue personal enrichment. The state did not simply enter the economy as owner and regulator; rather, it gradually built monopolies in key sectors while forcing the private sector into supplier dependency.

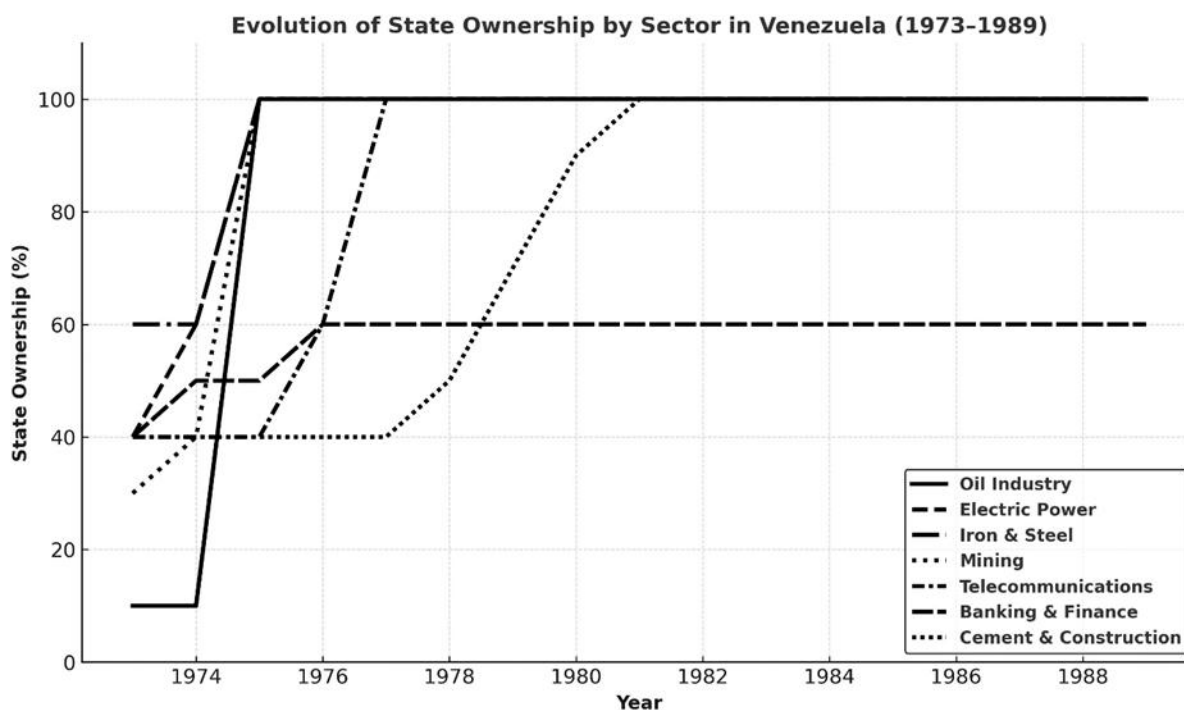
This chapter examines how Venezuela's economy and political system transformed between 1973 and 1998 into a patronage state that eroded the system's functioning across three dimensions. Economically, it replaced market competition with politically connected distribution. Politically, it transformed parties from program-creating communities into patronage machines. Socially, it normalized corruption and undermined social trust.

### **Part 1. The magnitude and timing of the nationalization wave (1973-1989)**

#### **1.1. Three Waves of Nationalization**

The extent and speed of nationalizations are illustrated in the following figure, which shows three distinct waves:

#### **Evolution of State Ownership by Sector in Venezuela (1973-1989)**



Source: elaboration based on World Bank, PDVSA, CVG Venezuela Report, and History of Venezuelan Oil Industry data

The first and most dramatic wave occurred between 1974 and 1976. During this period, the oil industry jumped from approximately ten percent state ownership to one hundred percent in the space of a single year, when *Petróleos de Venezuela S.A. (PDVSA)* was founded in 1976. This was followed by a similar magnitude of nationalization in the iron and steel industry in 1975, when *SIDOR (Siderúrgica del Orinoco)* came under complete state ownership. State participation in the telecommunications sector also increased significantly, rising from forty percent to over fifty percent.

The second wave occurred between 1976 and 1982, when mining, electric power generation, and parts of the financial sector came under state control. Under the *Corporación Venezolana de Guayana (CVG)*, bauxite mining and iron ore mining became fully state-owned. In electric power generation, state participation grew from forty to sixty percent through the consolidation of *CADAFE* and *EDELCA*. In the banking system, several institutions came under state control, ostensibly for crisis management.

The third wave began in the mid-1980s and brought the nationalization of the cement and construction industries, as well as additional banks. This wave was particularly noteworthy because it often occurred under the guise of crisis management, while actually serving to further extend the party-political patronage network.

What is particularly important in this process is not merely the scale of nationalizations, but that these were not random or isolated decisions. They were part of a deliberate strategy aimed at extending state economic dominance, which would later become the foundation of the patronage system.

### **Major Nationalizations in Venezuela after 1973**

Summary of major Venezuelan nationalizations after the 1973 oil boom, including foreign ownership shares, estimated sectoral GDP weight, and qualitative assessments of compensation and management transformation.

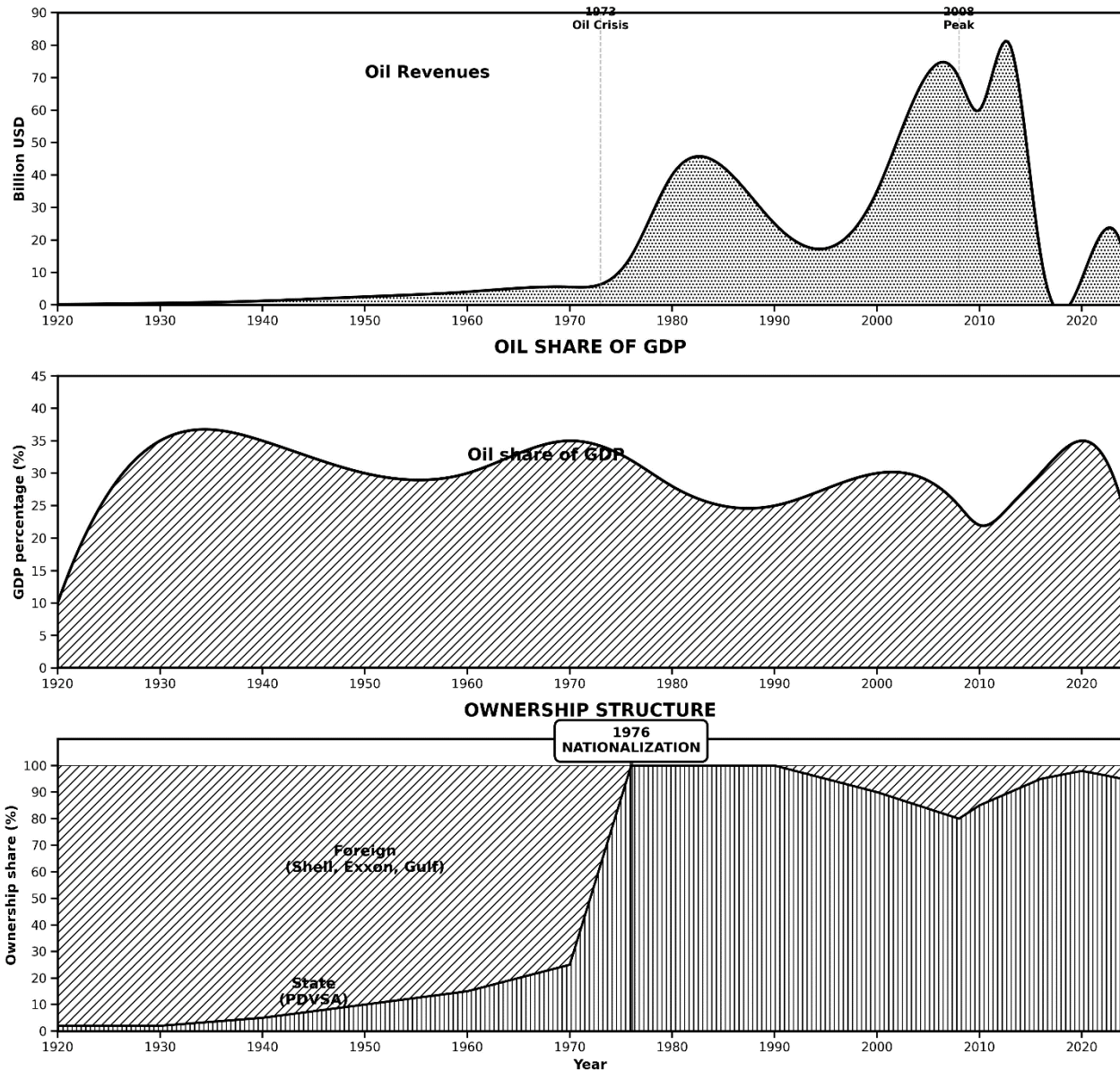
Year	Sector	Type / Objective of Nationalization	State Ownership	Estimated Share of GDP	Foreign Ownership Before Nationalization	Notes / Value
1974–1976	Electric Power	Integration of private and regional electricity companies under CADAPE	100%	~2–3%	~40% (U.S., European firms)	Full consolidation of national grid under state control
1975	Iron & Steel Industry	Nationalization of SIDOR (Siderúrgica del Orinoco)	100%	~3%	~60% (U.S., Japanese capital)	Strategic industrial capacity; export-oriented
1975–1976	Mining (iron ore, bauxite)	Creation of CVG-owned state mining enterprises (Ferrominera, Bauxilum)	100%	~2%	~70% (foreign mining consortia)	Resource sovereignty and ISI policy
1976	Oil Industry	Formation of PDVSA; nationalization of foreign oil operators	100%	~25–30%	~90–95% (Exxon, Shell, Gulf, etc.)	Main source of foreign exchange revenues
1976	Banking & Finance	Partial acquisition of foreign-owned banks and stricter regulation	30–40%	~10%	~50% (U.S., Canadian, European banks)	Enhanced national financial autonomy
1978–1979	Telecommunications	Nationalization of CANTV	100%	~2%	~60% (U.S. ITT subsidiary)	Became national monopoly under state control
1980–1983	Sugar & Food Industry	State takeover of major refineries and food processors	60–100%	~3%	~30–40% (foreign and domestic private owners)	Food security and price control objectives
1983–1984	Transport / Shipping	Nationalization of shipping and ferry operators	100%	<1%	~50% (foreign-held logistics companies)	Strategic but economically minor

<b>1986– 1989</b>	Cement & Construction	State acquisition or majority control (e.g., Venezolana de Cementos)	51–100%	~2%	~70% (Lafarge, Holderbank, etc.)	Support for domestic construction and employment
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The table clearly shows that there were close logical connections among the nationalizations. The 1975 iron and steel nationalization, for example, directly prepared the ground for the 1976 oil industry nationalization. If the state was capable of operating complex heavy industry, then the political legitimacy existed for the biggest and most important step: taking over the oil industry.

A similar pattern can be observed in the second wave. The nationalization of mining and electric power generation were not separate decisions but parts of an integrated economic policy vision. The CVG development plan assumed that bauxite mining, aluminum production, and energy generation would all be in state hands, thus ensuring so-called "vertical integration" and "comprehensive planning." In practice, this meant that the government had complete control over a key industrial cluster that was critical not only economically but politically.

### VENEZUELA OIL REVENUES (1920-2024)



(Sources: World Bank, PDVSA, CFR Venezuela Report, History of Venezuelan Oil Industry)

Source: World Bank, PDVSA, CFR Venezuela Report, History of Venezuelan Oil Industry

The bottom panel of the figure shows that following the 1976 nationalization, state ownership immediately became one hundred percent, and this situation remained essentially unchanged. In the mid-1990s, there was an attempt to partially reopen the sector to foreign investors through the so-called "apertura petrolera" policy, but this only meant operating contracts; ownership remained with the state.

The middle panel, however, shows an even more interesting and paradoxical picture. Oil's share of GDP did not decline after nationalization, despite official rhetoric constantly speaking of economic "diversification" and reducing dependence on oil. On the contrary, oil's share stabilized at twenty-five to thirty-five percent, and in certain periods—especially during high oil prices—it even increased. This means that Venezuela's economy did not diversify but became even more concentrated in the oil sector, while the ownership structure became entirely

state-controlled. The state thus did not become a dominant player among sectors but became virtually a monopolist in the economy's most important industry.

The top panel shows the evolution of oil revenues. After the 1973 oil crisis, dramatic growth occurred, multiplying the resources available to the state. This created the economic foundation for the nationalization wave and the patronage system that would later be built. What is particularly important to understand, however, is that these revenues did not primarily come from more efficient production or technological development, but from international oil price changes. Venezuela thus built itself on an extremely volatile revenue source largely independent of its own economic policy, which later—especially during oil price collapses—represented a critical vulnerability.

It is worth noting that PDVSA initially maintained relatively professional operations. A significant portion of the managers and engineers trained by the former Shell Venezuela, Exxon, and other foreign companies remained in position, and promotions occurred on meritocratic grounds. From the mid-1980s onward, however, this gradually changed as party-political appointments became increasingly common, and political loyalty rather than professional competence became the most important criterion.

## **Part 2. Economic mechanism: The State as Monopsonist**

### **2.1. Theoretical Framework: Monopsony and Political Conditionality**

When the state not only owns certain companies but becomes the sole or dominant buyer in key sectors, the market mechanism fundamentally reorders itself. This situation can be described by the classical economics concept of monopsony—when a single buyer faces multiple sellers. Like monopoly, monopsony has market-distorting effects, but while monopoly represents a problem on the seller side, monopsony occurs on the buyer side.

In the Venezuelan case, however, the situation was more complex. The state not only appeared as a single buyer but also imposed political conditions on transactions. This meant three critical elements. First, private companies became structurally dependent on state orders, since alternative markets barely existed or did not exist at all. For example, in the construction industry, state infrastructure projects accounted for more than eighty percent of orders, so companies had no choice but to work for state enterprises. Second, the state could dictate prices and payment terms, often less favorable than market norms. While payment deadlines in the private sector typically ranged from thirty to sixty days, state enterprises set ninety to one hundred eighty-day payment deadlines, often even fulfilling these late. Third, while tender processes were formally open, they informally required political connections for successful bidding. It was not enough to submit the best offer from a technical or financial standpoint—one needed a "recommendation" linked to either the AD or COPEI parties.

This system fundamentally changed entrepreneurial behavior. While in a normal market environment companies compete based on efficiency, innovation, and quality, in this system political networking became the most important competitive advantage. Those who did not have appropriate party-political recommendations or were unwilling to pay informal "intermediary fees" were essentially excluded from the most lucrative businesses, regardless of how efficient or innovative they were.

### **2.2. Monopsony in Practice: PDVSA's Supplier Circle**

After PDVSA's founding, the situation of Venezuelan oil industry suppliers changed dramatically. Previously, when foreign oil companies operated in the country, they had global supplier networks, and Venezuelan companies represented only a small portion of suppliers. After nationalization, however, PDVSA became the sole significant buyer in the country for oil industry services and equipment.

Drilling rig manufacturers, pipeline suppliers, maintenance service providers—all found themselves facing a single buyer. The possibility of export theoretically existed, but in practice was extremely limited. Other Latin American countries' oil industries were either significantly smaller—as in Colombia or Ecuador—or also operated in closed systems, as in Mexico. And export overseas involved logistical and marketing costs that were unaffordable for most medium-sized enterprises.

Tender processes were formally transparent. PDVSA announced tenders, specified technical requirements, and on paper competitively selected applicants. In reality, however, an informal "prescreening" occurred based on whether the bidder had appropriate party-political recommendation. This did not necessarily mean explicit corruption—though that also occurred—but rather the operation of a "trust network." Companies linked to AD or COPEI party circles were considered "reliable," while businesses without connections were "risky." For decision-makers, this was rational: political connection guaranteed that in case of problems there would be someone to shift responsibility to, or that the company would be "flexible" regarding payment terms or other issues.

The result was that not necessarily the cheapest or highest quality offer won, but the most politically embedded one. A concrete example: in the mid-1980s, a Venezuelan drilling rig maintenance company that had previously worked for Shell and had excellent references was excluded from a major contract because it was unwilling to pay an "advisory fee" to an AD-connected intermediary. The contract ultimately went to a less experienced but politically connected company—at a higher price.

### **2.3. CVG Construction Projects and the Cuota System**

The Corporación Venezolana de Guayana was the state holding responsible for developing the Guayana region, under which fell the iron and steel industry, mining, aluminum production, and electric power generation. CVG implemented massive infrastructure projects: ports, railways, power plants, and housing developments were built in the region. These projects collectively represented billions of dollars in value and were vital for the construction industry.

CVG's tender system was nominally open and transparent. Tender announcements were public, technical requirements clear. Yet everyone in the construction industry knew that contracts were distributed according to party-political cuota. If an AD government was in power, AD-connected companies received approximately sixty percent of contracts, while COPEI-connected companies received forty percent. Under a COPEI government, the system operated in reverse. This did not mean that every company was formally a member of a party, or that parties maintained registries of "their" businesses. Rather, it was about informal networks. A construction entrepreneur often had personal connections with a local or regional leader of one party, perhaps through family, school, or business relationships. This connection meant not only access to information—early notice of tenders, "advice" on submitting bids—but also a kind of guarantee: if the company encountered problems during the project, the political patron could help resolve the situation.

In exchange, companies paid "voluntary" party donations and provided informal commissions. These amounts did not necessarily appear in the books but often manifested as fictitious invoices or overpricing. A typical mechanism was for a company to win a project at twenty to thirty percent above the estimated market price. Part of the difference covered the services of an "intermediary" who actually performed no substantive work but whose political connections "facilitated" winning the contract. This intermediary was often a politician himself or a close relative of a politician. The result was that in the field of state construction projects costs were regularly even twenty to forty percent higher than market prices. This, of course, was paid by the state—ultimately by taxpayers. Besides efficiency decline, quality was also often poor, since companies knew their contracts were maintained not by professional performance but by political connections.

## **2.4. CANTV and International Suppliers**

The CANTV case differs somewhat from the previous ones, since this company was not one hundred percent state-owned throughout the entire period studied, although state participation gradually increased. Nevertheless, CANTV's operations perfectly illustrate the mechanism of monopsony and political conditionality. Telecommunications infrastructure procurement—telephone exchanges, cables, switching equipment—came from international suppliers like Siemens, Ericsson, or Alcatel. However, these companies needed local partners for Venezuelan market entry, due to both legal requirements and practical reasons. The selection of local partners did not occur based on technical or financial criteria but on political connections.

A typical case: when CANTV planned a major telecommunications investment in the late 1980s, several international suppliers bid. The winning consortium included a Venezuelan company that essentially only provided "connections"—it had little production or technical capacity of its own. This company's owner was a relative of a former COPEI minister. The "intermediary fee" this company received was approximately fifteen percent of the total contract value, without producing any actual added value. This mechanism not only made investments more expensive but also distorted technological decisions. In some cases, not the best technical solution was chosen but the one to which the appropriate politically connected local partner belonged.

## **2.5. The Disappearance of Market Selection and Its Consequences**

These mechanisms collectively led to the cessation of market selection, which under normal circumstances rewards efficient, innovative companies and excludes weak ones. In Venezuelan supplier markets, it was not companies with better products or services that survived, but those with better political connections.

This had three harmful consequences. First, innovation stopped. Why should a business invest in research and development or training if winning contracts does not depend on this but on political connections? A much more rational strategy was to invest in informal networks: party donations, hiring "advisors," giving jobs to politicians' family members. Second, brain drain began. Talented engineers and managers saw that their professional knowledge had no market value in the domestic environment. Those who could went abroad, typically to the United States, Mexico, or Colombia, where expertise still mattered. A significant portion of Venezuela's best engineers eventually ended up abroad, which in the long term further weakened the country's human capital. Third, corruption became normalized. When a system structurally depends on business success being determined by political connections, and every transaction contains informal fees, corruption becomes natural for the entire society. The phrases "así es el sistema" ("that's how the system works") and "todos roban" ("everyone steals") became part of everyday speech. This was not simple skepticism but a deeper moral resignation that later undermined at the social level the trust without which neither democracy nor market economy can function healthily.

# **Part 3. Political mechanism 1. Inter-Party Patronage Distribution**

## **3.1. The Operating Logic of the Punto Fijo System**

The original purpose of the 1958 Punto Fijo Pact was nobler than what it later became. The three signatory parties—AD, COPEI, and URD (Unión Republicana Democrática, which later withdrew)—drew the lesson from previous decades that zero-sum political competition leads to civil war and military dictatorship. The pact therefore promised that regardless of electoral results, the main parties would cooperate, not question each other's legitimacy, and ensure peaceful transfer of power.

This indeed worked during the 1960s. Venezuela became a stable democracy and avoided the political crises that afflicted other Latin American countries. The pact, however, also contained an implicit element that later became centrally important: the distribution of state positions among the parties. Initially, this began as a rational compromise, ensuring that the party currently in opposition also participated in governmental responsibility and resources, so it would not feel compelled to overthrow the system. From the 1970s onward, however, as the state's economic role dramatically grew through nationalizations, this mechanism increasingly meant the partitioning of the state among the parties. Leadership positions in state enterprises, their boards of directors, supplier contracts—all became subjects of political distribution. What had begun as a pragmatic compromise gradually became the central operating principle of the political system.

### **3.2. The Exponential Growth of Patronage Stakes**

Before the nationalizations, in the late 1960s, Venezuela's state sector was relatively limited. Approximately ten to fifteen larger state enterprises existed, which together represented a few hundred leadership positions. These were subjects of political appointment, but due to the dominance of the private economy, for the parties this was not the main resource—that was much more the parliamentary positions, governorships, and ministries.

The 1976 founding of PDVSA and further nationalizations, however, radically changed this situation. By 1989, Venezuela had approximately forty larger state enterprises and numerous subsidiaries. This meant thousands of leadership positions filled on the basis of political appointment. State enterprises thus functioned not only as economic actors but also as political trophies distributed among the parties.

Take as an example the PDVSA complex. At its 1976 founding, a holding (PDVSA) was created, three main operating subsidiaries (Lagoven, Maraven, Corpoven), and numerous smaller subsidiaries including refineries, marketing companies, and international offices. At just the top leadership level—boards of directors, CEOs, heads of major divisions—approximately sixty to eighty positions fell under political appointment. If we add middle management positions—department heads, regional directors, procurement managers—we are already talking about hundreds just within the PDVSA complex. And this was repeated in every nationalized sector. SIDOR and related companies represented another twenty to thirty top positions. CVG subsidiaries had approximately forty to fifty key positions. CANTV had approximately fifteen to twenty top executives. CADAPE and EDELCA together had thirty to forty positions. In the banking system, where several banks came under state control, another fifty to sixty executives became subjects of political appointment.

By conservative estimate, by 1989 three hundred to four hundred key positions were direct subjects of party-political appointment. And if we include middle-level managers, procurement and contracting positions, this number grew to several thousand. To this were added supplier contracts, which were also distributed on a party-political basis, and these affected the livelihoods of another several hundred or even several thousand entrepreneurs. The patronage system thus expanded exponentially from the 1970s. What had previously been limited control over a few hundred positions became by the late 1980s a system pervading the entire economy, directly affecting the livelihoods of tens of thousands of people.

### **3.3. Details of the Informal Cuota System**

This massive pool of positions was distributed among the parties not according to written rules but informal agreements. These rules were not written down in any document, and no one publicly referred to them, but everyone knew they existed and exactly how they worked.

PDVSA's board of directors consisted of seven members. If an AD president was in power, the board composition was typically four AD nominees and three COPEI nominees. If a COPEI president came to power, the situation

reversed. The CEO was appointed by the president, typically from his own party, but the operating vice president or other executive position often meant a person linked to the other party. This was a kind of "safety valve" that guaranteed no single party could completely monopolize the company. At PDVSA's subsidiaries—Lagoven, Maraven, Corpoven—similar logic prevailed, though somewhat less formalized. Presidents were appointed by "consensus," which in practice meant that the two parties' leaders discussed and agreed beforehand. Typically one subsidiary received an AD president, another a COPEI president, and the third someone linked to one of the parties but presented as a "technocrat." This balancing extended not only to boards of directors but also to the leadership of strategic divisions.

CVG, CANTV, CADAFE, and other state enterprises followed a similar pattern. No central regulation or explicit protocol existed, but party leaders knew that maintaining "balance" was critical to system stability. If one party felt it was receiving disproportionately few positions, it would exert informal pressure—not publicly, but behind the scenes, in party leadership meetings or through phone calls.

This quota system was particularly observable after elections. When a new president came to power, automatic "reorganization" followed in state enterprise leadership. Board members resigned or were removed, new people entered. This did not necessarily mean complete leadership change—especially in technocratic positions, people were often kept for continuity—but key positions always transferred. This continuous rotation, however, was harmful to company operations. Institutional memory was lost, strategic projects were interrupted or restarted, and leaders did not think long-term, knowing that five years later, after the next elections, they would probably no longer be in position. Short-term thinking dominated: quick results had to be demonstrated that would ensure political visibility, even if this was harmful to the company in the long term.

### **3.4. Sacrificing Efficiency for Political Balance**

The logic of the quota system was entirely different from that of a normal company. In a normal company, the goal is profitability, strengthening market position, increasing competitiveness. Therefore, executive appointments are made based on professional competence, management experience, and industry knowledge. In Venezuelan state enterprises, however, the goal was not primarily economic performance but maintaining political balance. This meant that when appointing a board member or executive, the primary consideration was not how competent they were, but which party they belonged to and how they fit into the overall political balance.

The consequences of this were serious. PDVSA's board often included people who had no oil industry experience whatsoever. A former AD senator whose political career had been successful but who had never worked in the energy sector. A COPEI party leader who had practiced as a lawyer but had no idea about oil industry technical issues. A governor's close advisor who had an economics degree but did not know the specifics of oil extraction. These people were not necessarily incompetent—many were intelligent and educated—but they were not specialists in what they were supposed to be doing. The result was that strategic decisions were often made not based on technical or business rationality but on political considerations. In an investment decision, the question was not whether it would pay off, but what political visibility it would generate. In a procurement decision, the criterion was not which technology was most appropriate, but which supplier was linked to which party.

The SIDOR case is also illustrative. In the late 1980s, the company's president was a COPEI-connected politician who had previously worked as education minister. His steel industry experience was zero. The company struggled with serious technical problems—obsolete technology, efficiency deficiencies—but the president's main priority was not solving these but building a new, spectacular steel plant that could become a symbol of the government's "modernization" campaign. The new plant was eventually completed, but more expensively and later than planned, and the old plant's problems remained unsolved.

Overall, state enterprises did not function as economic units but as political tools. The goal was not profit or efficiency but ensuring political system stability and maintaining balance between parties. This proved successful in the short term—the system remained stable until the late 1980s—but meanwhile it gradually undermined the economic foundations on which it was built.

## **Part 4. Political mechanism 2.: Intra-Party Struggle - The Rise of the "Strong Man"**

### **4.1. The Critical Question: Who Decides Within the Party?**

The inter-party quota system only half answers the question. We know how many positions go to AD and how many to COPEI. But who decides within the party which specific individuals get these positions? This question is at least as important as the distribution between parties itself, and the answer shows how party democracy eroded from within. According to formal structure, both parties had democratic decision-making. In AD's case, the Comité Ejecutivo Nacional (CEN)—a body of approximately twenty to thirty members—was responsible for major strategic decisions, including approval of nominations and appointments. A similar structure existed in COPEI. These bodies theoretically represented a broader party base and decided through democratic voting.

In practice, however, this structure was largely fiction. Real decisions were made in a much narrower circle, informally. The party leader—whether Carlos Andrés Pérez, Jaime Lusinchi, or Rafael Caldera—plus a narrow inner circle called "cogollos" (literally "buds" or "shoots," figuratively the power core) of three to five people decided appointments in advance. The CEN or similar bodies only ratified these decisions afterward, ritually. This centralization was a natural consequence of patronage distribution becoming the parties' primary function. When such existential stakes are in appointments—since thousands of livelihoods depend on them—real debate or uncertainty cannot be allowed in decision-making. The party leader must decide quickly and efficiently, and ensure that his decision is not questioned. This gradually empties democratic structures, which remain only for formal legitimation but are not real decision-making forums.

### **4.2. The Existential Stakes: Why Fight So Hard for Positions?**

To understand the intensity of intra-party struggle, we must understand what was at stake. A leadership position in a state enterprise for Venezuela was not simply a well-paying job. It was an existential opportunity that could determine a family's socio-economic status for generations.

The material dimension alone was impressive. A PDVSA board member in the 1980s earned approximately one hundred fifty thousand to two hundred thousand dollars annually. This amount was several times the average Venezuelan annual income, which hovered around three to five thousand dollars. But this was only the official salary. The position came with additional benefits: company car, often housing or housing allowance, international travel, training, plane tickets—which together added thirty to fifty percent more to the salary. But the truly significant income did not come through official channels. Suppliers who wanted to win contracts paid "advisory fees" to those who could "help" with the tender process. These fees did not appear on official invoices but were paid out through fictitious companies or offshore accounts. For a PDVSA board member or executive, this could mean an additional fifty thousand to one hundred thousand dollars annual "income"—completely tax-free.

Beyond this, the position offered networking opportunities. Connections with international oil companies, bank CEOs, foreign investors—these could later, when the executive left the state sector, result in extremely lucrative consulting contracts or private sector positions. There are numerous examples of former PDVSA or CVG executives later receiving highly paid positions at foreign companies or founding their own consulting firms offering precisely the services they had previously been involved with. The social dimension is also not negligible.

State enterprise leaders became part of Venezuela's upper class. They had access to elite social circles, exclusive clubs, best schools for their children. And this status was inherited—children grew into similar networks, had access to similar career paths. Finally, and perhaps most importantly, the position meant security. Venezuela was a politically and economically volatile environment. Those who had appropriate political connections and state positions were protected even during crises. If economic difficulty appeared, state leaders did not lose their jobs. If political storm raged, people embedded in networks survived.

Together this meant that a state position was not just a job but access to an entire lifestyle. This is why people fought so hard. And this is why party membership became not ideological commitment but existential strategy. "If the party wins, I win too"—this was the logic. "I get position, income, security, status for myself and my family."

### **4.3. The Cogollos and Factional Struggle**

In this environment, within the parties not ideological but patronage-based factions formed. Within AD, for example, in the 1970s-1980s several well-defined groups existed. One was built around Carlos Andrés Pérez, who represented a modernizing, nationalist position and had closer ties to oil industry interests. Jaime Lusinchi led another faction, which used more populist rhetoric and had stronger union connections. The "old guard"—those who had been active since the party's founding in the 1940s-1950s—formed a third group, with ideologically harder leftist positions.

These factions, however, did not primarily debate political programs but fought for control of positions. Every faction leader—often called caudillo or patron—built his own network. Network members showed loyalty to the faction leader and in exchange received protection, career opportunities, possibly positions. Party congresses and CEN meetings were the arenas of this struggle. But public debates rarely reflected the real stakes. Formally they talked about programs, values, strategies, but in the background continuous bargaining and exchanges occurred: "If you support my person for this position, I'll support yours for that one." "If you give me the PDVSA board seat, I'll give you the CVG vice presidency position."

A concrete example: in the mid-1980s, when a new PDVSA CEO needed to be appointed, Carlos Andrés Pérez's faction wanted one of their close associates to get the position. Jaime Lusinchi's faction opposed this, arguing that Pérez already controlled too many positions and now it was their turn for the CEO seat. Debates dragged on for months, not because of policy differences but because both sides feared that yielding would weaken their position within the party. Eventually a compromise was reached: the CEO would be "neutral"—but actually closer to Pérez—in exchange for one of the subsidiary presidencies going to Lusinchi's person. COPEI showed a similar dynamic. Rafael Caldera and Luis Herrera Campíns's factions had continuous tension, which was also paired with a generational dimension—the "old" COPEI versus the "young" COPEI. These internal struggles often preoccupied party leaders more than actual governmental work or policy debates.

### **4.4. The Hollowing Out of Collegial Decision-Making**

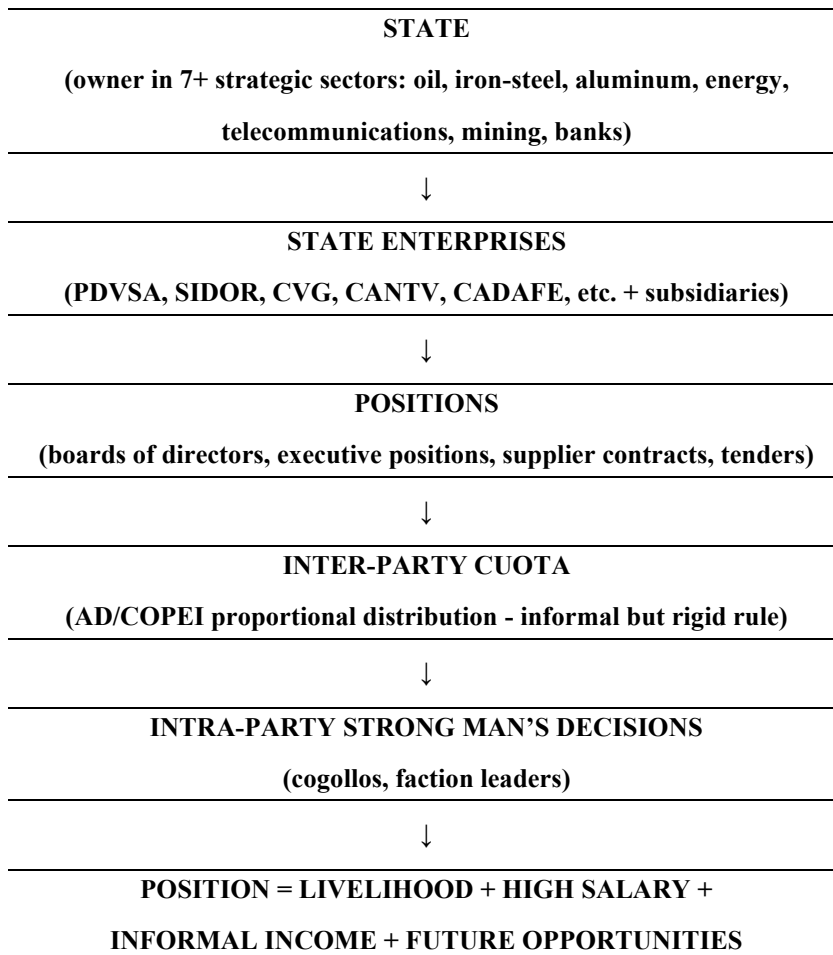
All this led to the parties' democratic structures gradually becoming ritualized. Party congresses, which were theoretically held annually, became formal performances. Decisions were made in advance in narrow circles—at cogollos meetings, often in informal settings, restaurant or private conversations. The congress only approved them, performatively. The "debates" also became part of theater. Everyone knew what the outcome would be, but to maintain the illusion of formal democracy, debates had to be organized, speeches had to be heard, votes had to be taken. Voting typically occurred by show of hands, openly—which itself inhibited dissent, since no one wanted to oppose the cogollos, knowing that meant exclusion from position distribution.

Those who nonetheless proved "problematic"—meaning those who initiated real debate, made alternative proposals, or publicly criticized the faction leader—were gradually marginalized. Not necessarily by expulsion from the party, but by not receiving positions, not entering decision-making circles, and gradually becoming peripheral. For others this was a clear message: loyalty, not thinking, matters. The result was that the parties' internal life was hollowed out. What had previously been real political communities—people who shared common ideology, common values—gradually became patronage networks, where membership meant not commitment but existential expectation. "When will I get a position? When will I gain access to resources? How can I secure my family's future?"—these became the central questions, not the political program or the country's future.

## **Part 5. System summary: Consolidation of the "Patronage State" (1976-1998)**

### **5.1. Structural Logic**

Between 1976 and 1998, Venezuela's political-economic system consolidated as a patronage state. This was not simply "corrupt"—though it was that too—but rather a structurally embedded mechanism with its own internal logic and coherence. The system's functioning can be described as follows:



This was a rational—though socially harmful—equilibrium. For each actor, it was the best strategy from their own position. For party leaders, patronage ensured internal loyalty and party cohesion. For party members, party membership meant existential insurance. For suppliers, political connections were the only way to survive. For the state, the inter-party quota maintained political stability. But this stability was false, because in the long term it

undermined the system's foundations. Economic efficiency declined, social trust eroded, corruption normalized. The system worked in the short term but carried within it the seeds of its own destruction.

## **5.2. Results in Three Dimensions**

### **5.2.1. Economic dimension: In the short term, the system appeared to work. State enterprises produced, exported, employed. But looking more closely, serious problems emerged.**

The disappearance of market competition meant that businesses did not compete for efficiency but for political connections. In the long term, this created an innovation disadvantage. While in other countries—such as Brazil or Mexico—a dynamic interaction developed between state and private sector that generated innovation, in Venezuela the private sector was either forced to wait or went abroad.

Efficiency decline in state enterprises became increasingly evident. PDVSA oil production in the 1980s stagnated, while other oil-producing countries—Saudi Arabia, Mexico, Norway—significantly increased their production through technological development. The production cost per barrel of oil in Venezuela remained higher than its competitors'. SIDOR's iron and steel production also fell behind efficiency benchmarks. The cause was not technological—Venezuela had access to the latest technologies—but organizational and managerial: political appointments and short-term thinking did not favor long-term investments and process improvements.

The normalization of corruption was perhaps the most serious economic consequence. When corruption is not the exception but the rule, the entire economy's functioning becomes distorted. Transaction costs increase because every business requires informal fees. Trust declines because no one can be sure contracts will be honored. Capital flows out because investors do not feel their money is secure in an environment where political connections are more important than contracts.

Finally, brain drain caused long-term damage. In the 1970s, Venezuela had one of the best-trained workforces in Latin America—because of the oil boom, many young people studied abroad and brought modern knowledge back upon return. But from the 1980s onward, more and more stayed abroad or emigrated, seeing that expertise did not matter at home. Today there is a significant Venezuelan diaspora in the United States, Canada, Europe, and other Latin American countries, largely consisting of talented professionals—engineers, doctors, economists—who did not want to or could not fit into the Venezuelan patronage system.

### **5.2.2. Political dimension: The transformation of parties into patronage machines perhaps represented the deepest change.**

AD and COPEI originally began as ideological communities—AD represented social democratic values, COPEI represented Christian democratic values. From the 1970s, however, these ideological labels gradually emptied out. The difference between parties could no longer be grasped in programs or values, but only in who controlled which positions. This meant the hollowing out of political competition. During elections, programs were formally presented and promises made, but voters increasingly saw that these did not matter. Whichever party came to power, the same thing happened: redistribution of positions, reorganization of the patronage network. Voter turnout by the late 1980s showed a declining trend—not dramatically, but noticeably—signaling that people were beginning to feel their vote did not matter.

The erosion of intra-party democracy undermined internal control mechanisms. When real debate can no longer occur within a party, when dissident voices are silenced, the party loses its self-correcting capacity. It cannot adapt to changing circumstances, cannot learn from mistakes, because recognizing and discussing mistakes is taboo.

The formalization of parliamentarism meant that the legislature was less and less the arena of real political debates. Important decisions—especially those related to state enterprise strategy, major investments, or economic policy—were not made in parliament but in narrow circles: the president, a few ministers, party leaders, and state enterprise executives. Parliament only ratified afterward or conducted symbolic debates. This reduced the transparency and accountability of public policy decisions.

### **5.2.3. Social dimension: The social consequences perhaps acted most deeply and latently, but in the long term proved most destructive.**

State positions as the main path of social mobility meant that society's best and most ambitious young people were not attracted to entrepreneurship or innovation but to state careers. A talented university student did not ask "what business should I start" or "what technology should I develop," but "which party should I join" and "how do I build connections." This mentality had a generational effect. Those young people who joined AD or COPEI in the 1970s were by the 1990s middle-aged people in influential positions, who passed this logic to the next generation. Party membership thus became hereditary—not because of ideology, but because it was the rational strategy for social advancement.

The moral relativization of corruption was perhaps the most destructive social impact. When it becomes obvious to an entire society that success does not depend on talent but on connections and willingness to "play the game," deep cynicism develops. The phrases "así es el sistema" ("that's how the system works") and "todos roban" ("everyone steals") became part of everyday speech. This was not simple skepticism but a deeper moral resignation that later undermined at the social level the trust without which neither democracy nor market economy can function healthily. This cynicism evaporated social trust—the trust without which neither democracy nor market economy can function healthily. If people do not trust courts because they know they are politicized. If they do not trust contracts because they know political connection is more important. If they do not trust media because they know parties influence them. Then society atomizes, and everyone only trusts their own narrow circle—family, close friends.

This social condition prepared the ground for the radical anti-system populism that would later arrive. Hugo Chávez's 1998 victory was not a random event but an expression of frustration and cynicism built over decades. People did not vote for Chávez because they agreed with all his proposals, but because they felt the existing system could no longer be improved—it had to be torn down and rebuilt anew.

## **Part 6. Transition: Toward the System's Self-Destructive Dynamic**

### **6.1. 1986: Oil Price Collapse - The System's First Serious Test**

Until the mid-1980s, the patronage system appeared stable. High oil prices—which after the 1979-1980 second oil crisis stabilized around forty dollars per barrel—provided sufficient revenue to make the system sustainable. Everyone could be "fed": the political elite got their commissions, party members got their positions, suppliers got their contracts, and there was still left over for social programs. In 1986, however, a dramatic change occurred. The oil price plummeted from forty dollars per barrel to approximately ten dollars in just a few months. This

represented an unprecedented shock for Venezuela, which derived nearly thirty-five percent of its GDP from oil. State revenues suddenly fell to a third, and the government faced a severe budget crisis.

From the patronage system's perspective, this was catastrophic. Suddenly there were not enough positions, contracts, or resources for everyone. Those who had previously taken their share for granted now came away empty-handed. Within the parties, factional struggle became more desperate—it was no longer about who gets more, but who stays standing and who is completely excluded. This situation highlighted the system's fundamental vulnerability. The patronage state is only stable when there is something to distribute. When resources dry up, the system's internal tensions become open conflicts.

## **6.2. The Loss of AD/COPEI Legitimacy**

The oil price collapse brought not only an economic but also a political crisis. The parties, which for decades had legitimized themselves by "bringing prosperity" and "distributing the oil pie," suddenly could not keep their promises. Living standards began to decline, inflation rose (by the late 1980s to twenty to thirty percent), and the first shortages of certain products appeared.

Corruption, which had previously been treated as a "bearable evil," now became visible and unacceptable. When the economy was growing, people were willing to overlook the political elite "stealing"—since they too got a share of the growing pie. But when the economy stagnated and living standards declined, the same corruption provoked outrage. The opposition, which had been marginalized for long decades—partly by the Punto Fijo pact, which essentially ensured the AD and COPEI duopoly—now gained space. Intellectuals, leftist groups, independent figures increasingly openly criticized the "partidocracia" (partyarchy, party), in which the two major parties monopolized the political space.

## **6.3. 1989: Caracazo (The Caracas uprising) - The System's Brutal Face**

The system's ultimate legitimation crisis came in 1989. Carlos Andrés Pérez, who had already been president once during 1974-1979 during the oil boom, was again elected in 1989. People expected him to bring prosperity again, as he had done before. Instead, Pérez announced a dramatic economic policy turn. Under an agreement with the IMF, Venezuela introduced neoliberal economic reforms: foreign exchange market liberalization, price liberalization, reduction of state spending. The most immediate impact was a gasoline price increase—a particularly symbolic step in an oil-producing country. Gasoline prices in Venezuela had until then been almost free, a source of national pride ("the people's treasure").

On February 27, 1989, mass riots began in Caracas and other major cities. Residents of poor barrios poured into the streets, looting began, police proved helpless. The government was ultimately forced to call in the military. Official figures state approximately three hundred people died, but independent estimates put this number close to one thousand. The Caracazo—as this series of events is called—was a turning point in several respects. First, it became obvious that the Punto Fijo system had lost popularity. Second, the military intervention showed that the "democratic" system was capable of brutal violence against its own citizens. Third, and perhaps most importantly, a new actor appeared in Venezuelan politics: the military.

## **6.4. 1992: Chávez's Coup Attempt - A Challenge from Outside**

Three years after Caracazo, on February 4, 1992, a coup attempt occurred led by a young military officer, Hugo Chávez, against Carlos Andrés Pérez's government. The coup was militarily unsuccessful—Chávez and his associates were quickly captured—but politically it was of decisive significance.

Chávez did not come from within the system. Not AD, not COPEI, not a parliamentary politician, not part of the patronage network. He attacked the system from outside—a young, charismatic soldier who legitimized himself by not being part of the "corrupt oligarchy." After the coup's failure, his phrase spoken on television—"por ahora" (for now)—was a clear message: This is not over, I will return.

Chávez went to prison but became a hero in the eyes of broad social strata. The residents of poor barrios, who had become disillusioned with the AD/COPEI system, saw hope in Chávez. Part of the intelligentsia—especially leftist circles who had been marginalized for decades—also began gravitating toward Chávez, seeing in him the possibility of overthrowing the system.

### **6.5. 1998: Chávez's Election - The Collapse of the Patronage System**

During the 1990s, Venezuelan politics became increasingly unstable. Corruption charges were brought against Pérez and he was removed (1993). Rafael Caldera, who had previously been president twice as a COPEI candidate, now ran as an independent candidate and won (1994-1999), but even he could not stabilize the situation. In 1998, Chávez, who had meanwhile been released from prison, ran as a presidential candidate. His campaign messages were simple and effective: Against the "corrupt oligarchy" (AD/COPEI). For "people's power", "Bolivarian revolution", new constitution and so "Refounding the Republic". The AD and COPEI candidates collapsed. The party system that had been stable for decades suddenly fell to pieces. Chávez won with fifty-six percent—a sweeping majority.

This was not simply an election but the entire system's legitimation crisis. The Punto Fijo pact, which had ensured stability for forty years, collapsed. The parties, which had dominated politics for generations, were marginalized. The patronage state, which had been gradually built from the 1970s, did not reform itself but sank into even deeper crisis.

### **6.6. What Chávez Inherited and What He Brought**

In 1999, Chávez inherited a system in ruins. The economy stagnated, inflation was high, corruption was everywhere present. But what was even more important: society was deeply divided and cynical, having lost faith in democratic institutions. Chávez's campaign promise was to "eliminate corruption," "return power to the people," "eliminate the partyarchy." But what he actually brought was not the elimination of the patronage system but its centralization. Positions were no longer distributed among parties in a cuota system but concentrated in one person's hands. There were not fewer nationalizations but more. There was not less corruption but more—but now not distributed among parties but in the hands of a narrow group, the "Bolivarian" elite.

The next chapter will examine in detail how Chávez transformed the patronage system into an autocratic system, and how this ultimately led to Venezuela's complete economic and political collapse.

# Venezuela 1998-2013: The Chávez Era And The Populist Challenge To Liberal Democracy

## Hegemonic Authoritarianism × Patronal Capitalism

### Part 1. Historical overview and periodization (1998-2013)

Hugo Chávez Frías's presidency marked a fundamental transformation in Venezuelan politics, representing what he himself termed a "Bolivarian Revolution." His tenure from 1999 to his death in 2013 can be understood as a sustained challenge to the liberal-rational legitimacy that had characterized Venezuelan democracy since 1958. This section provides a chronological overview of the Chávez era, divided into three distinct phases that reflect the evolution of his populist project.

#### 1.1. Early Consolidation Period (1998-2004): From Electoral Victory to Institutional Transformation

Hugo Chávez's rise to power was rooted in the deep crisis of the Punto Fijo system described in the previous chapter. The 1998 presidential election represented a watershed moment: Chávez, running on a platform promising to "refund" the republic and combat the "corrupt oligarchy," won with 56.2% of the vote, the largest electoral margin since 1958. His coalition, the "Patriotic Pole" (Polo Patriótico), brought together diverse groups united primarily by their rejection of the traditional party system dominated by AD and COPEI.

The early Chávez presidency focused on constitutional transformation as the vehicle for political change. Upon taking office in February 1999, Chávez immediately called for a Constituent Assembly, which was approved by referendum in April 1999 with 87.8% support. The resulting 1999 Constitution fundamentally restructured Venezuelan political institutions: it extended presidential terms from five to six years with the possibility of immediate reelection, created a new "Moral Power" branch (incorporating the ombudsman, prosecutor general, and comptroller), and renamed the country the "Bolivarian Republic of Venezuela." Significantly, the new constitution also eliminated the Senate, creating a unicameral National Assembly, and expanded presidential powers over military appointments and economic policy.

This constitutional restructuring was accompanied by what Chávez termed the "Bolivarian process" - a series of social programs targeting Venezuela's poor majority, funded increasingly by rising oil revenues. Programs like Plan Bolívar 2000, which deployed the military for infrastructure projects and social services, established the pattern of direct state-citizen relations that would characterize chavismo, bypassing traditional intermediary institutions like political parties, labor unions, and local governments.

However, this early consolidation period was marked by significant resistance and conflict. The traditional economic elite, led by the business federation FEDECÁMARAS, and the established media outlets, particularly the private television channels, mounted increasingly vocal opposition. The crisis escalated dramatically with the April 2002 coup attempt, which briefly removed Chávez from power for 47 hours before massive popular mobilization and military loyalists restored him. This was followed immediately by a devastating oil industry strike (December 2002-February 2003) organized by opposition groups and the state oil company PDVSA's management, which temporarily collapsed oil production and cost the economy an estimated \$10-15 billion.

These confrontations proved definitive in several respects. First, they solidified Chávez's narrative of besieged populism - the "people" defending their revolution against both internal oligarchs and external imperial forces (particularly after revelations of U.S. government knowledge of the coup attempt). Second, the failed coup and oil strike allowed Chávez to purge PDVSA of opposition elements, dismissing approximately 18,000 workers and

managers and bringing the state oil company firmly under executive control. Third, the opposition's extra-constitutional tactics undermined their legitimacy and divided their ranks. The period concluded with Chávez's survival of a recall referendum in August 2004, where he won 59% support, demonstrating that despite economic chaos and political polarization, he retained majority backing.

## **1.2. The Oil Boom and "Socialism of the 21st Century" (2004-2009): Radicalization and Regional Projection**

The second phase of Chávez's tenure coincided with an extraordinary surge in global oil prices, from approximately \$30 per barrel in 2004 to over \$140 in 2008. This windfall transformed Venezuela's fiscal situation and enabled an ambitious expansion of both domestic social programs and international activism. Oil revenues as a percentage of government income rose from roughly 50% to over 90%, giving Chávez unprecedented resources to deploy according to his political vision.

Domestically, this period saw the launch and expansion of the "Misiones" - parallel social service delivery systems operating outside traditional ministerial structures. These included Misión Robinson (literacy), Misión Barrio Adentro (primary healthcare with Cuban doctors), Misión Mercal (subsidized food distribution), and numerous others covering housing, land reform, education, and employment. By 2006, over 60% of Venezuelan households were reportedly receiving benefits from at least one Mission program. These initiatives served multiple functions: they provided tangible benefits to poor and working-class Venezuelans, created direct linkages between the executive and citizens that bypassed existing institutional frameworks, and established patronage networks that reinforced political loyalty.

Ideologically, Chávez became increasingly explicit about his goals, formally adopting the rhetoric of "Socialism of the 21st Century" in 2005. This ill-defined concept combined references to Christian socialism, indigenous communalism, Marxist anti-capitalism, and nationalist anti-imperialism. In practice, it manifested through several policy initiatives: expanded nationalizations (telecommunications, electricity, cement, steel, and some financial institutions), the creation of communal councils intended to embody "participatory democracy," and rhetoric emphasizing collective ownership and egalitarian redistribution.

The 2006 presidential election, which Chávez won with 62.8% against unified opposition candidate Manuel Rosales, seemed to confirm his political dominance. He interpreted this victory as a mandate for deeper transformation, announcing plans for constitutional reforms that would have eliminated term limits, restructured territorial administration, expanded presidential powers over the Central Bank and armed forces, and formally enshrined socialist economics. However, these reforms were narrowly defeated in a December 2007 referendum (50.7% to 49.3%), marking the first electoral setback for chavismo and revealing limits to Chávez's political capital even at the height of the oil boom.

Nevertheless, Chávez's political machine adapted. After creating the United Socialist Party of Venezuela (PSUV) in 2007 as an attempt to consolidate the various groups supporting his government into a single party structure, he successfully revised and resubmitted the term limits reform, which passed in a 2009 referendum. This effectively removed constitutional constraints on his continued rule.

Internationally, Chávez used oil wealth to position Venezuela as a leader of a "Pink Tide" of leftist governments across Latin America and as a counterweight to U.S. influence. He provided subsidized oil to Caribbean and Central American nations through Petrocaribe, offered development loans to Argentina and other allies, supported Cuba with approximately \$5-8 billion annually, and promoted regional integration schemes like ALBA (Bolivarian Alliance for the Americas) and UNASUR that excluded the United States. His vocal criticism of "North American

imperialism" and cultivation of relationships with governments antagonistic to the U.S. (Iran, Syria, Belarus) made him a prominent, if polarizing, figure on the world stage.

### **1.3. Economic Decline and Intensified Authoritarianism (2009-2013): Crisis Management and Succession**

The final phase of Chávez's presidency was characterized by mounting economic problems, increased authoritarian measures, and ultimately, the leader's illness and death. The 2008-2009 global financial crisis caused oil prices to plummet, exposing the Venezuelan economy's underlying vulnerabilities. GDP contracted by 3.2% in 2009 and 1.5% in 2010, inflation remained stubbornly above 20% annually, and shortages of basic goods became increasingly common despite (or because of) pervasive price controls.

The government's response to economic difficulties accelerated authoritarian trends. Media outlets critical of the government faced intensified pressure: Radio Caracas Televisión (RCTV), the largest private broadcaster, was not granted license renewal in 2007; Globovisión faced harassment and was eventually sold to government-friendly owners; and dozens of smaller radio stations lost their licenses. The 2009 passage of media content laws further restricted critical coverage. Opposition politicians faced increasingly harsh treatment: María Corina Machado and other legislators were stripped of their seats, judges were replaced with chavista loyalists, and the independence of electoral authorities was eroded.

The 2010 National Assembly elections demonstrated both the resilience of opposition support and Chávez's willingness to work around democratic constraints. Although the PSUV and its allies won 98 of 165 seats, the opposition coalition (Democratic Unity Roundtable, MUD) captured 65 seats with 52% of the popular vote - the electoral system's significant malapportionment favoring chavista rural strongholds prevented this from translating into an assembly majority. In the lame-duck session before the new assembly was seated, the outgoing chavista supermajority passed an "enabling law" granting Chávez decree powers and restructured key institutions to insulate them from potential opposition influence.

Chávez's 2012 reelection campaign, against opposition candidate Henrique Capriles, occurred as his health was failing - though this was not publicly acknowledged until after the October election, which Chávez won 55.1% to 44.3%. He had been diagnosed with cancer in 2011 (the specific type was never officially disclosed) and underwent multiple surgeries and treatment in Cuba. His increasingly long absences from public view, combined with the government's opacity about his condition, created a surreal political atmosphere where constitutional provisions for succession (requiring new elections if the president could not take office) appeared to be ignored in favor of a managed transition.

When Chávez died on March 5, 2013, power transferred to his designated successor, Nicolás Maduro, who won a special election the following month by a razor-thin margin (50.6% to 49.1%) against Capriles. This narrow victory, in contrast to Chávez's consistent electoral dominance, suggested that the personalistic appeal of chavismo was not easily transferable - foreshadowing the deeper political crisis that would engulf Venezuela after 2013.

### **1.4. Synthesis: Periodization and Analytical Framework**

This chronological overview reveals several patterns crucial for understanding the Chávez era through the lens of populist theory. First, the trajectory from democratic consolidation through constitutional transformation to increasingly authoritarian governance illustrates how populist challenges to liberal-rational legitimation evolve over time. Second, the close relationship between resource availability (oil revenues) and regime behavior suggests that material conditions shape but do not determine populist strategies. Third, the persistent polarization between chavismo and opposition forces demonstrates how populist politics creates self-reinforcing divisions that erode the possibility of deliberative democratic processes.

## **Part 2. Constitutional and Legislative Pathways of Autocratization under Chávez (1999–2013)**

Hugo Chávez's rise to power in 1999 inaugurated a process of autocratization that advanced primarily through legal and constitutional mechanisms. While the new Bolivarian Constitution initially appeared to deepen democratic participation, its institutional design and subsequent manipulation enabled the gradual concentration of power in the executive. The transformation of Venezuela's political system unfolded not through open coups but via the systematic neutralization of formal checks and balances.

### **2.1. Constitutional Foundations**

The 1999 Constitution, approved by referendum, introduced a highly centralized presidential system. It allowed constitutional amendments or reforms only through popular referendums, preserving a veneer of democratic legitimacy. However, the structure it created granted the president extensive control over the initiation and ratification of reforms, effectively enabling executive dominance.

Under Articles 341–346, any amendment or reform had to be ratified by referendum, but the National Assembly possessed the power to initiate such changes with a two-thirds majority. The constitution made no provision for a minimum turnout requirement of the referendum—a simple majority of valid votes sufficed. This legal framework institutionalized popular consultation as a formal requirement while ensuring that the executive could mobilize plebiscitary support to override institutional constraints.

### **2.2. Electoral and Federal Context**

Chávez's autocratic consolidation was facilitated by the structure of Venezuela's post-1999 electoral system and the weakening of federal institutions. The 1999 Constitution replaced the bicameral Congress with a unicameral National Assembly, thereby abolishing the Senate that had represented regional and federal interests. This eliminated a crucial institutional veto point within the legislative process, concentrating lawmaking power in a single chamber dominated by national-level majorities.

Although Venezuela formally retained its federal character, the abolition of the Senate and the growing fiscal and administrative dependency of state governors and local authorities on central government funding severely undermined regional autonomy. The centralization of political authority undercut the traditional balance between national and subnational institutions, enabling the presidency to bypass the federative counterweights that had previously moderated executive dominance.

Electoral rules also reinforced this process. Venezuela used a mixed electoral system under Chávez, combining single-member districts with proportional representation on party lists. Roughly three-fifths of deputies were elected in single-member constituencies and two-fifths through proportional party lists, a balance that increasingly favored the largest party—the president's coalition. This design magnified the seat share of Chávez's coalition well beyond its vote share, especially after the 2005 opposition boycott, making it easier to achieve qualified majorities required for constitutional and organic laws. In effect, the hybrid electoral system became a mechanism for manufacturing legislative supermajorities, accelerating the legal path toward hegemonic rule.

### **2.3. Qualified Majorities and Executive Empowerment**

Beyond constitutional reform, the new legal order introduced categories of legislation requiring qualified parliamentary majorities, ostensibly to preserve institutional balance but ultimately facilitating executive control once these thresholds were surpassed.

<b>Type of Law or Decision</b>	<b>Majority Required in the National Assembly</b>	<b>Constitutional Reference</b>	<b>Political Effect</b>
<b>Constitutional Reform</b>	Two-thirds (2/3)	Arts. 342–346	Allowed fundamental restructuring of the political system, subject to referendum
<b>Constitutional Amendment</b>	Two-thirds (2/3)	Art. 341	Required referendum but could be initiated by president or one-third of deputies
<b>Organic Laws (Leyes Orgánicas)</b>	Two-thirds (2/3)	Art. 203	Regulated key institutions such as elections, courts, and administration
<b>Enabling Laws (Leyes Habilitantes)</b>	Three-fifths (3/5)	Art. 203 §2	Temporarily transferred legislative power to the president
<b>Appointment of Supreme Court or Electoral Council</b>	Two-thirds (2/3)	Arts. 264, 296	Ensured judicial and electoral capture once majority was secured

#### **2.4. The Erosion of Legislative Constraints**

In the 2000 elections, Chávez's Fifth Republic Movement (MVR) and its allies obtained roughly 60% of the vote, achieving an absolute but not yet qualified majority in the newly created National Assembly. This limited his capacity for unilateral constitutional change but allowed control over ordinary lawmaking and appointments.

The turning point came with the 2005 parliamentary elections, which the opposition parties boycotted in protest against perceived electoral bias. The boycott proved a catastrophic strategic error: Chávez's coalition won almost all 167 seats, granting it a de facto two-thirds (and in practice near-total) majority. From that point, the executive gained full constitutional capacity to amend organic and enabling laws, restructure the judiciary, and legislate by decree. Using this supermajority, Chávez secured successive Enabling Laws (2000, 2007, 2010, 2012) that allowed him to govern by decree across wide policy areas—from the economy and nationalizations to media and defense. The legislature, nominally sovereign, was transformed into an instrument for ratifying executive will.

#### **2.5. Constitutional Plebiscitarianism**

While referendums remained mandatory for constitutional change, they became tools of executive legitimation rather than popular oversight. In 2007, a comprehensive reform proposal—expanding presidential powers and deepening state control—was narrowly defeated at the polls. Chávez responded by resubmitting its core elements as discrete amendments in 2009, when the electorate approved the removal of presidential term limits. This success consolidated indefinite reelection as a permanent feature of the system. The absence of turnout requirements, combined with Chávez's dominance over state media and electoral institutions, made referendums highly

controllable instruments. They served as legitimizing rituals that embedded autocratic changes within the constitutional order.

## 2.6. The Constitutional Coup Mechanism

The gradual dismantling of institutional checks through formally legal means represents what comparative politics has come to describe as a constitutional coup (autogolpe constitucional). Unlike military takeovers, such processes do not suspend or abolish the constitution but instead reinterpret and manipulate it to entrench executive dominance. In Venezuela, the cumulative use of qualified majorities, enabling laws, referendums, and electoral engineering allowed Chávez to establish a legalistic form of autocracy while preserving democratic appearances. The opposition’s 2005 boycott removed the last institutional brake, transforming the constitutional order into a tool of executive consolidation.

**Phases of Legal and Institutional Transformation under Chávez**

<b>Phase</b>	<b>Period</b>	<b>Institutional Mechanism</b>	<b>Outcome</b>
<b>Constituent and Foundational</b>	1999–2000	New Constitution + First Enabling Law	Creation of hyper-presidential system
<b>Consolidation</b>	2000–2005	Legislative dominance but limited majority	Formal pluralism maintained
<b>Institutional Capture</b>	2005–2009	Boycott + Supermajority + Decree powers	Neutralization of opposition and judiciary
<b>Plebiscitarian Autocracy</b>	2009–2013	Constitutional amendments + indefinite reelection	Full consolidation of hegemonic authoritarianism

## Part 3. Populism as a challenge of legal-rational legitimacy

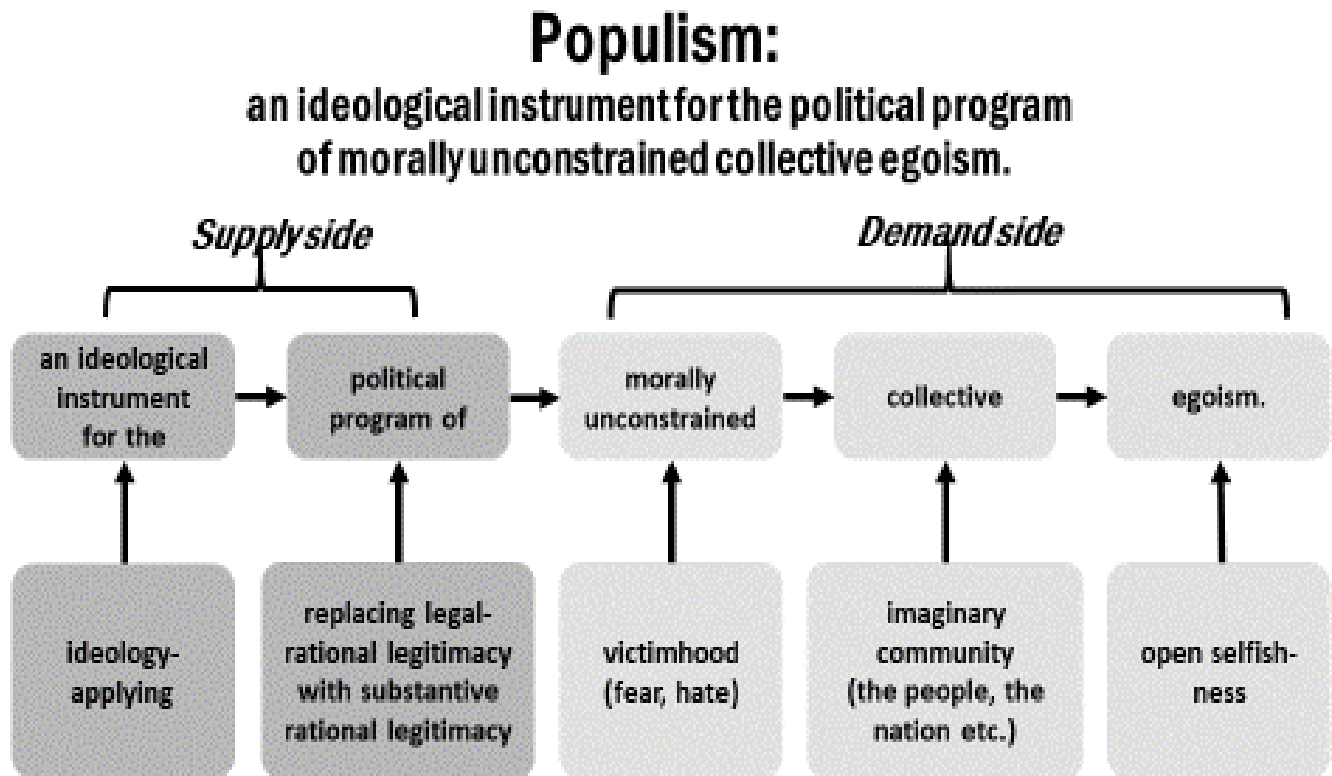
The Chávez era represents the first period in Venezuelan history where the concept of populism, properly understood, becomes analytically applicable. While previous chapters examined demagogic politics, clientelism, and patronage systems under Punto Fijo democracy, these phenomena differ fundamentally from populism as a challenge to the liberal-rational legitimation that undergirds constitutional democracy. This section introduces the Anatomy’s theoretical framework, demonstrates its analytical advantages compared with mainstream approaches, and applies it to understand what made possible for Chávez to systematically dismantle not only Venezuela's formal democratic institutions, but extremely polarizing its political life.

The following sections will analyze the dynamics how Chávez systematically replaced liberal-rational legitimation with substantive-rational legitimation, how he cultivated collective egoism through victim consciousness, and how the targets of stigmatization shifted according to political needs. This theoretical analysis will demonstrate that

Venezuelan chavismo represents a particularly clear case of populism, distinct from both traditional left-wing ideology and conventional demagogic politics.

### 3.1. Populism as Ideological Instrument: Core Definition

The Anatomy's framework defines populism as "the ideological instrument of the political program of morally unconstrained collective egoism." This definition integrates both supply-side (elite strategy) and demand-side (mass psychology) elements into a coherent analytical structure. Populism is not merely a rhetorical style, a thin ideology, or a political strategy, but rather a comprehensive legitimation challenge that seeks to replace liberal-rational legitimation with substantive-rational legitimation.



Source: Magyar-Madlovics, *The Anatomy of Post-Communist Regimes*.

The framework identifies several key components:

**Supply Side - Political Program:** Populist leaders pursue the replacement of legal-rational legitimation (where institutions and procedures are primary) with substantive-rational legitimation (where the populist leader's declared intentions are primary). This involves systematically dismantling checks and balances, concentrating power, and redefining the "common good" as whatever the populist leader declares it to be.

**Supply Side - Ideological Tool:** Populism functions as an ideology-applying rather than ideology-driven system. Unlike extremist movements (fascism, communism) that are value-coherent, populism is functionality-coherent - it adapts ideological elements pragmatically to serve power consolidation and patronage distribution. The

protected group ("us") remains stable while the stigmatized group ("them") shifts according to political expediency.

**Demand Side - Collective Egoism:** Populism mobilizes support by cultivating a sense of victim consciousness that exempts the populist constituency from moral obligations toward others. This generates what the framework terms "morally unconstrained collective egoism" - the "people" feel entitled to pursue their interests without solidarity toward out-groups.

**Demand Side - Moral Constraints Removal:** Through systematic fear and hatred campaigns, populism breaks down the moral inhibitions that might constrain selfish behavior. The framework identifies a psychological sequence: victim consciousness → moral exemption → moral nihilism → rejection of solidarity → open selfishness → collective egoism.

### **3.2. Analytical Differences between the Legitimacy Challenge and the Mainstream Approaches**

The Anatomy's framework differs from dominant approaches in populism studies in three key respects. Where ideology-centered approaches (Mudde) focus on populism's thin-ideological content, and strategy-centered approaches (Weyland) emphasize elite mobilization tactics, the patronal paradigm integrates both supply-side and demand-side dynamics within a legitimation framework. This integration addresses three analytical challenges that single-dimension approaches face when applied to cases like Venezuela:

**Descriptive Lists Rather Than Causal Mechanisms:** Mainstream definitions compile characteristics of populist movements (anti-elitism, people-centrism, anti-pluralism) without explaining why these features cluster together or how they relate to regime transformation. The Anatomy's framework, by contrast, identifies populism as a legitimation challenge, thereby explaining both the logic linking its various components and its relationship to democratic erosion.

**Inability to Distinguish Populism from Extremism:** Existing frameworks struggle to differentiate populism from ideologically driven extremist movements. The Anatomy's distinction between ideology-driven (value-coherent) and ideology-applying (functionality-coherent) systems provides clear analytic differentiation: fascists and communists pursue consistent ideological goals even at political cost, while populists instrumentally deploy ideological rhetoric to serve power consolidation.

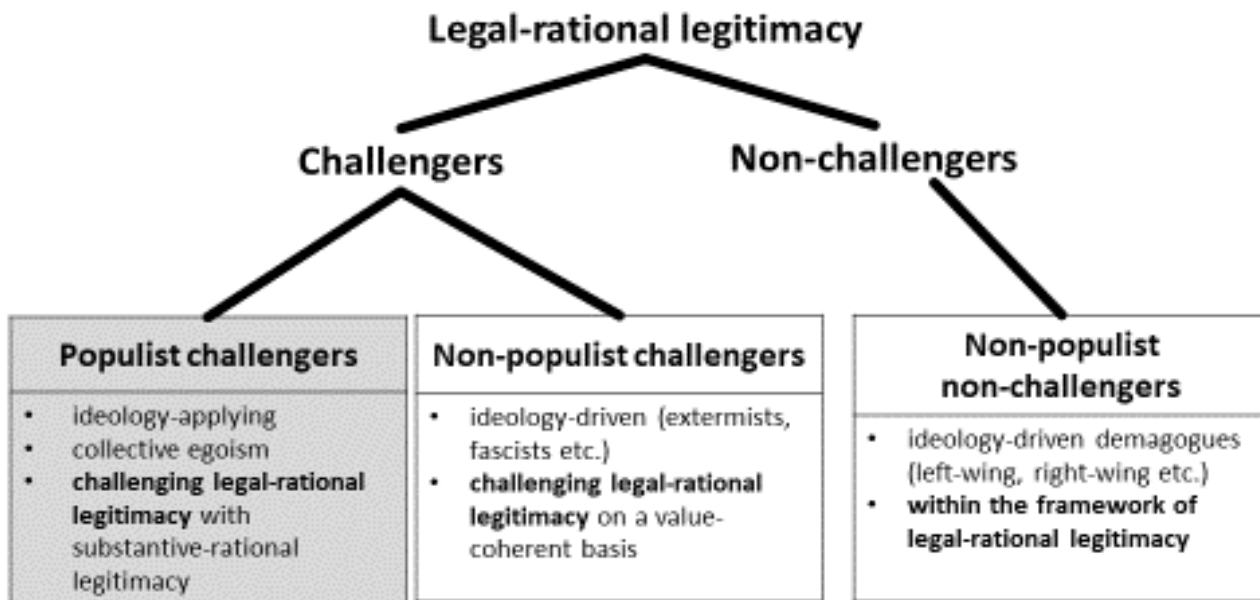
**Neglect of Institutional Transformation:** Most populism scholarship focuses on rhetoric and mobilization strategies while treating institutional change as a secondary consequence. The Anatomy's framework centers the systematic replacement of liberal-rational with substantive-rational legitimation, making institutional dismantling the core of populist projects rather than an epiphenomenon.

Applied to Venezuela, this framework illuminates why Chávez could simultaneously invoke socialist ideology, Christian symbolism, indigenous identity, nationalist anti-imperialism, and liberal democracy - not as contradictory positions, but as tools adapted to different political moments. His consistency lay not in ideological commitment but in the relentless pursuit of institutional control and the cultivation of collective egoism among his constituency.

### **3.3. The Narrowing of Populism: From Conceptual Stretching to Analytical Precision**

The conceptual architecture presented in following figure demonstrates how the Anatomy's framework addresses the problem of conceptual stretching that has rendered populism analytically imprecise in much of the literature. Mainstream approaches have expanded the category to encompass virtually any anti-establishment rhetoric or us-

versus-them framing under a single label of populism. This conceptual inflation obscures rather than clarifies. The Anatomy’s framework restricts populism to a specific quadrant: **ideology-applying morally unconstrained collective egoism that challenges legal-rational legitimacy**. This precision has two critical implications. First, it excludes ideology-driven legitimacy challengers—Nazism, Communism, and theocratic dictatorships—whose commitment to substantive ideological coherence distinguishes them fundamentally from populists' instrumental deployment of ideological language. Hitler's racial ideology and Khomeini's Islamist theology were ends in themselves; Chávez's Bolivarian socialism was a means to power consolidation. Second, it excludes non-populist challengers who employ anti-elite rhetoric but operate within legal-rational institutional frameworks. Parties like Syriza or Vox may use populist language and mobilize collective grievances, but they accept constitutional constraints, electoral defeat, and judicial review—precisely what populists systematically dismantle. Venezuela under Chávez and Maduro exemplifies authentic populism: ideology-applying (instrumental use of socialism, Christianity, indigenism), collective-egoistic (Chavista patronage networks), and systematically dismantling legal-rational institutions. This analytical precision transforms populism from an overstretched catchall into a specific diagnostic category for regimes pursuing patronal autocracy through legitimization challenges.



Source: based on Magyar-Madlovics, “Populism as a Challenge to Legal-Rational Legitimacy.”

### 3.4. The Dismantling of Deliberative Democracy: Institutional Transformation

The core of Chávez's populist project was the systematic replacement of liberal-rational legitimation with substantive-rational legitimation. In liberal democracies, legitimacy derives from impersonal institutions and procedural correctness - the "rule of law" where even leaders are subordinate to legal constraints. In populist regimes, legitimacy derives from the leader's substantive intentions - the "law of rule" where institutions serve the leader's declared goals instead of being the set of institutions defining “common good” via the process of public deliberation. This transformation occurred across multiple dimensions:

#### 3.4.1. Constitutional Restructuring and Executive Aggrandizement

The 1999 Constitution, while formally democratic, fundamentally altered the balance of power. Extended presidential terms (from 5 to 6 years), immediate reelection possibilities, elimination of the Senate, and expanded decree powers concentrated authority in the executive. The creation of a "Moral Power" branch nominally established additional oversight, but appointment mechanisms ensured chavista control.

The 2007 and 2009 constitutional reform attempts (the first narrowly defeated, the second successful) –as already mentioned previously - sought to formalize indefinite reelection and expand presidential control over the Central Bank, territorial organization, and economic policy. These reforms crystallized the tension between legal-rational and substantive-rational legitimation: Chávez argued that the "will of the people" superseded constitutional constraints, explicitly rejecting the liberal principle that even popular majorities must respect institutional limits.

"Enabling laws" granted Chávez legislative powers without National Assembly deliberation. Between 1999 and 2013, he ruled by decree for approximately half his tenure. This bypassing of deliberative institutions exemplifies the replacement of procedural legitimacy with declarative legitimacy - laws derived their validity not from proper legislative process but from Chávez's assertion that they served the "people's" interests.

#### **3.4.2. Judicial Subordination and the Erosion of Checks**

The 2004 Supreme Court packing, which expanded membership from 20 to 32 justices and lowered the National Assembly vote threshold for appointments, placed the judiciary firmly under executive control. Subsequent rulings consistently favored government positions, including validating decree laws, overturning National Assembly legislation when the opposition gained seats, and refusing to enforce rights protections against government abuse.

The subordination extended beyond the Supreme Court to the entire judicial system through the 2003 Organic Law of the Supreme Tribunal, which made provisional appointments (controlled by the executive) the norm. By 2010, approximately 80% of Venezuelan judges served in provisional status, subject to arbitrary removal. This destroyed judicial independence as a check on executive power.

The Comptroller General and Attorney General, nominally independent watchdogs, became instruments of political persecution. Corruption investigations targeted opposition figures while ignoring chavista enrichment. The "judicial" system thus functioned not as a neutral arbiter but as an extension of executive will - the quintessence of substantive-rational rather than legal-rational authority.

#### **3.4.3. Electoral System Manipulation and Pseudo-Democracy**

While Chávez maintained elections throughout his rule - a key distinction from outright dictatorship - the electoral playing field became progressively tilted. The National Electoral Council (CNE), packed with chavista loyalists after 2003, controlled voter registry, ballot access, campaign rules, and vote counting. Systematic advantages included massively disproportionate government media access, use of state resources for campaigning, and strategic deployment of social program benefits.

The 2004 recall referendum established the pattern: Chávez treated it not as a procedural requirement but as an existential battle for the "revolution" against the "oligarchy." His survival with 59% support demonstrated that elections could produce legitimate results - but the process was fundamentally distorted by resource asymmetries and intimidation. Subsequent elections followed this model: formally competitive, substantively rigged.

The 2010 National Assembly elections exemplified this manipulation. Despite winning 52% of votes, the opposition captured only 40% of seats due to gerrymandering. The outgoing chavista supermajority then passed laws stripping the Assembly of power and placing key functions under executive-controlled "autonomous"

institutions. Elections thus became theatrical performances of popular sovereignty rather than meaningful mechanisms for accountability - the legitimation came from Chávez's claim to represent the "sovereign people," not from fair procedural guarantees.

#### **3.4.4. Media Control and the Silencing of Opposition Voices**

Chávez's treatment of media illustrates the populist logic perfectly: outlets were classified not by journalistic standards but by political loyalty. Pro-government media received subsidies, access, and protection; opposition media faced harassment, license denials, and ultimately closure or forced sale. RCTV's non-renewal in 2007, Globovisión's sale to government-friendly owners, and the closure of dozens of radio stations systematically narrowed the space for critical coverage.

The 2004 Law on Social Responsibility in Radio and Television and subsequent 2010 amendments empowered the government to sanction media for "inciting hatred," "disrespecting authorities," or broadcasting content that "undermined the public order" - subjective criteria applied selectively against critics. Journalists faced criminal prosecution for their work, creating a chilling effect.

Simultaneously, Chávez leveraged state media and his own media presence (weekly multi-hour *Aló Presidente* broadcasts, mandatory cadenas interrupting all channels) to dominate public discourse. This asymmetry meant that deliberative exchange - the prerequisite for liberal-rational legitimation - became structurally impossible. Political "debate" was replaced by the leader's monologue punctuated by defensive responses from a besieged opposition.

#### **3.5. Building Substantive-Rational Legitimation: Direct Linkages and Populist Mobilization**

The dismantling of liberal-rational institutions was coupled with the construction of alternative legitimation structures. Chávez did not merely destroy checks and balances; he created new forms of direct state-citizen linkage that bypassed intermediate institutions and made benefits dependent on political loyalty. The Missions (*Misiones*) exemplified this strategy.

**Parallel Social Service Delivery:** Rather than strengthening existing ministries, the Missions operated outside formal state structures, funded directly from oil revenues channeled through PDVSA and other extra-budgetary mechanisms. This meant that social spending was discretionary, opaque, and insulated from legislative oversight - the antithesis of institutionalized, rule-bound provision.

**Clientelistic Distribution:** While the Missions nominally targeted poor communities regardless of political affiliation, their actual distribution patterns and sustainability were politically contingent. Opposition-controlled areas received fewer benefits; program intensity surged before elections; beneficiaries faced subtle and sometimes overt pressure to demonstrate loyalty. The Venezuelan poor thus learned that their access to healthcare, food, housing, and education depended not on citizenship rights but on the president's favor.

**Performative Sovereignty:** Chávez presented Mission benefits not as entitlements administered by impersonal institutions but as gifts from the revolutionary leader to the sovereign people. His regular announcements of new programs, often improvised during broadcasts, reinforced the message that he - not institutions or procedures - determined the distribution of resources. This personalization of power is the essence of substantive-rational legitimation.

**Communal Councils and Participatory Democracy:** Chávez promoted "participatory democracy" through communal councils (*consejos comunales*) that could receive funding directly from the executive to implement local projects. While rhetoric framed this as empowering grassroots organizing, it actually bypassed municipal

governments and created direct patron-client links between the presidency and local communities. "Participation" meant endorsing executive priorities, not deliberating about alternatives.

Through these mechanisms, Chávez succeeded in creating a system where legitimacy flowed not from constitutional procedures and institutional checks but from his direct relationship with "the people." The National Assembly, judiciary, electoral authorities, media, and civil society - all the mediating institutions of liberal democracy - were either captured, bypassed, or delegitimized. In their place stood a populist leader who claimed to embody popular sovereignty and whose declared intentions superseded legal and constitutional constraints. This is the core transformation from liberal-rational to substantive-rational legitimation that defines populism in the Anatomy's framework.

The following sections examine the demand-side mechanisms that sustained this transformation: how Chávez cultivated collective egoism through victim consciousness, and how he strategically shifted the targets of stigmatization to maintain mobilization and justify the concentration of power.

## **Part 4. Cultivating collective egoism: The demand-side mechanism of Chavista populism**

While the previous section examined how Chávez dismantled liberal-rational legitimation structures (the supply-side of populism), this section analyzes how he cultivated mass support through the systematic generation of victim consciousness and the removal of moral constraints on collective selfishness (the demand-side). The Anatomy's framework identifies populism's psychological mechanism as the transformation of citizens into a morally unconstrained collective pursuing its interests without solidarity toward stigmatized out-groups. In Venezuela, this process unfolded through Chávez's strategic manipulation of ideological symbols and his cultivation of a siege mentality among his base.

### **4.1. Ideology-Driven vs. Ideology-Appling: The Functional Flexibility of Chavismo**

A crucial distinction in the Anatomy's framework separates populists from extremists. Extremist movements (fascism, communism, religious fundamentalism) are ideology-driven: they pursue value-coherent programs even at significant political cost, maintain stable definitions of both protected and stigmatized groups, and engage in hate crimes reflecting genuine ideological commitment. Populist movements, by contrast, are ideology-applyng: they deploy ideological rhetoric functionality-coherently to serve power consolidation, shift their stigmatized targets according to political expediency while keeping the protected group stable, and conduct fear and hatred campaigns rather than spontaneous hate crimes. The following table reconstructs this critical distinction:

	<b>Ideology-Driven (Extremists: Fascists, Communists)</b>	<b>Ideology-Appling (Populists: Patronal Actors)</b>
<b>Coherence Type</b>	Value coherence → ideologically consistent	Functionality coherence → ideologically inconsistent
<b>Primary Determination</b>	Ideological determination	Utilitarian/instrumental determination
<b>Protected vs. Stigmatized Groups</b>	Both "us" and "them" are stable	Protected group ("us") stable, stigmatized group ("them") variable

<b>Form of Mobilization</b>	Hate crimes (genuine ideological violence)	Fear and hatred campaigns (instrumental scapegoating)
<b>Historical Examples</b>	Nazi Germany, Soviet Union, Khmer Rouge, Kim Jong Un's North-Korea, Khomeini's Iran, Taliban's Afghanistan	Perón's Argentina, Chávez's Venezuela, Putin's Russia, Orbán's Hungary

Source: based on Magyar-Madlovics, *The Anatomy of Post-Communist Regimes*.

#### 4.1.1. Application to Chavismo: Ideological Inconsistency and Strategic Consistency

Chávez's ideological profile exemplifies the ideology-applying pattern. Throughout his presidency, he invoked contradictory ideological frameworks without apparent concern for ideological consistency:

- **Bolivarian Nationalism:** Chávez constantly referenced Simón Bolívar, constructing a narrative of completing the independence struggle against imperial domination. Yet his alliances included Cuba (hardly a model of Bolivarian democracy), Iran, Belarus, and Syria - partnerships justified by shared anti-American sentiment rather than ideological affinity. The 'Bolivarian Revolution' was whatever Chávez declared it to be.
- **Socialism of the 21st Century:** From 2005 onward, Chávez formally embraced socialism, nationalizing industries and promoting communal ownership. However, his 'socialism' coexisted with: maintaining private enterprise in most sectors (except those offering political or rent-seeking opportunities); creating a new class of regime-connected oligarchs (the 'boliburgueses'); and preserving a consumer-oriented, oil-dependent rentier economy. The socialist rhetoric served to justify expropriations and resource redistribution to loyalists, not to build a coherent alternative economic system.
- **Christian Symbolism:** Chávez frequently invoked Jesus Christ as a proto-socialist revolutionary and presented his project in religious terms ('the Kingdom of Heaven is here on Earth'). Yet his government's policies on abortion, LGBTQ rights, and church autonomy followed political calculations rather than Catholic doctrine. Christianity was a cultural resource to be exploited, not a value system to be followed.
- **Democracy:** Paradoxically, even while dismantling democratic institutions, Chávez continuously claimed to be deepening democracy through 'participatory' and 'protagonistic' mechanisms. He simultaneously attacked liberal democracy as a bourgeois farce and insisted that his electoral victories proved his democratic legitimacy. This rhetorical flexibility allowed him to invoke democratic principles when convenient while violating them in practice.
- **Indigenous Identity:** Chávez incorporated indigenous symbolism (renaming Venezuela the 'Bolivarian Republic,' referencing pre-Columbian civilizations, expanding indigenous rights constitutionally). However, actual policy toward indigenous communities often prioritized extractive development over territorial rights. Indigenous identity served nationalist and anti-colonial rhetoric but did not constrain economic decisions.

This ideological promiscuity was not hypocrisy or confusion but strategic instrumentalism. Chávez's consistency lay not in adhering to any particular ideology but in using whatever ideological language advanced his immediate political goals: concentrating power, distributing patronage, mobilizing supporters, and stigmatizing opponents. The protected group - 'el pueblo,' the Venezuelan poor, the revolutionary faithful - remained stable. But the stigmatized 'other' shifted constantly: sometimes the 'oligarchy,' sometimes 'escuálidos' (squalid ones, his term for opposition), sometimes 'empire' (the United States), sometimes 'fascists,' sometimes corrupt judges or journalists

or businesspeople. Each enemy was defined not by stable ideological criteria but by whether they threatened his power at a given moment.

## **4.2. The Psychology of Collective Egoism: From Victim Consciousness to Moral Nihilism**

The Anatomy's framework identifies a specific psychological sequence through which populism transforms citizens' moral orientation. This is not mere scapegoating or demagoguery but a systematic process that removes the moral inhibitions constraining selfish behavior. The framework posits seven steps from victim consciousness to collective egoism, each psychologically reinforcing the next. The following reconstructs this sequence:

### **4.2.1. The Seven-Step Psychological Process:**

Step 1. Generate Victim Consciousness: Populists cultivate a narrative that 'we' are under attack by malevolent forces. This victim status is portrayed as the result of 'their' deliberate exploitation and persecution. The populist leader positions 'the people' as suffering innocents besieged by enemies who seek their destruction.

Step 2. Establish Moral Exemption: Victim consciousness exempts the populist constituency from moral obligations toward others. If 'we' are victims of 'their' aggression, then 'we' are not obligated to consider 'their' interests or wellbeing. The framework of mutual moral obligation - the foundation of liberal solidarity - is dissolved. 'Caring about others' becomes a sucker's game when 'others' are actively harming us.

Step 3. Descent into Moral Nihilism: The exemption from caring about stigmatized out-groups metastasizes into a broader moral nihilism regarding anyone outside 'our' group. The populist constituency becomes completely indifferent to suffering, injustice, or harm inflicted on 'them.' This is not active cruelty but moral disengagement - what happens to 'them' simply doesn't register as morally relevant.

Step 4. Rejection of Solidarity: With moral obligations dissolved, solidarity becomes incomprehensible. The populist constituency no longer needs to consider other people's interests in political decisions. The very concept of a 'common good' that includes non-members evaporates. Politics becomes a zero-sum struggle where 'our' gain is the only consideration.

Step 5. Liberation into Open Selfishness: Once solidarity is rejected, the populist voter is 'free' to concentrate exclusively on personal and group interests without moral constraint. This is experienced as liberation - finally, someone (the populist leader) permits 'us' to pursue 'our' interests without the burden of universal moral considerations. The populist voter can now openly demand: 'what's in it for me?'

Step 6. Crystallization of Collective Egoism: Individual selfishness becomes legitimated as collective egoism through the imagined community of 'the people.' But this "community" is not an institutionalized or structured one; rather, it is a formless, emotional bond of belonging and connection to the leader. The populist constituency doesn't pursue atomized individual interests but rather transform them into the quasi collective interests of 'us' against 'them.' This collective framing provides moral cover - it's not selfishness, it's defending 'our people.'

Step 7. Delegitimation of Community Interest-Aggregation: The culmination is the complete rejection of deliberative democratic processes that aggregate diverse interests. Since only 'our' interests matter, institutions that give voice to 'them' (opposition parties, independent courts, free media, civil society) are illegitimate obstacles. The populist leader's direct interpretation of 'the people's will' supersedes procedural

mechanisms. This completes the legitimation challenge: legal-rational legitimation is replaced by substantive-rational legitimation.

#### **4.2.2. Application to Chavismo: The Construction of Besieged Populism**

Chávez's political discourse systematically moved his constituency through this psychological sequence. The narrative of victimhood was not merely rhetorical flourish but the foundation of his political project:

Step 1. Generating Victim Consciousness - The Siege Narrative: From his first campaign through his death, Chávez portrayed Venezuela's poor majority as victims of a multi-century exploitation. The Fourth Republic (1958-1998) was depicted as a period when 'oligarchs' looted oil wealth while the people starved. But victimhood was not merely historical - it was ongoing and existential. The 2002 coup attempt became the foundational trauma, 'proof' that internal elites and external imperialists would literally kill to stop the revolution. Every subsequent political conflict was framed through this lens: 'they' want to destroy 'us,' to restore their dominance, to steal Venezuela's wealth and sovereignty. Elections were not routine political events but battles for survival. Media criticism wasn't journalism but 'media war.' Business opposition wasn't economic advocacy but 'economic war.' The language of war was constant - revolution vs. counter-revolution, patriots vs. traitors, pueblo vs. oligarchy.

Step 2. Establishing Moral Exemption - 'They Started It': The siege narrative established that chavistas were not aggressors but defenders. When government policies harmed opposition businesses, media, or political figures, this was framed as legitimate self-defense. After all, 'they' attempted a coup. 'They' sabotaged oil production. 'They' wage economic warfare. Therefore, 'we' owe 'them' nothing - not fairness, not due process, not consideration of their interests. The government's constitutional violations, expropriations without fair compensation, harassment of critics, and manipulation of institutions were justified as necessary measures against an enemy that had already shown its willingness to use violence. Moral reciprocity - treating 'them' as 'we' would want to be treated - became politically incomprehensible when 'they' were existential threats.

Step 3. Descent into Moral Nihilism - Indifference to Opposition Suffering: Over time, the chavista base became not merely hostile to but completely indifferent toward harms inflicted on the opposition. When businesses were expropriated and jobs lost, when media outlets closed and journalists fled, when opposition politicians were imprisoned or disqualified - these didn't register as injustices requiring examination. They were just tactical moves in a struggle. The distinction between legitimate political opposition and enemies of the people collapsed entirely. Chavistas didn't need to actively hate the opposition; they simply didn't care what happened to them. This indifference was morally liberating - it removed the cognitive burden of moral consideration.

Step 4. Rejecting Solidarity - Zero-Sum Politics: The concept of a shared Venezuelan national interest transcending political division became unintelligible. From the chavista perspective, 'they' (opposition) wanted the revolution to fail, the economy to crash, and Chávez to die - why would 'we' compromise with such people? Political negotiation and institutional power-sharing presuppose baseline solidarity; chavismo rejected this premise. The National Assembly became meaningful only when chavistas controlled it; when they didn't, its powers were stripped away. Independent institutions (courts, electoral council, comptroller) were legitimate only when serving revolutionary goals. The idea that institutions should protect everyone's rights impartially was rejected as naive liberalism.

Step 5. Embracing Open Selfishness - The Missions as Entitlement: Chávez explicitly legitimated self-interest divorced from broader social considerations. His message to supporters was: 'You deserve benefits because you are the people, the revolution exists for you, and I will deliver for you.' The Missions' benefits were not framed as social rights or development investments but as rewards for loyalty and compensation for historical victimhood. Chavistas could openly demand continued benefits without concern for fiscal sustainability, economic efficiency, or impact on non-beneficiaries. The question 'can the country afford this?' was replaced by 'do we deserve this?' And the answer was always yes.

Step 6. Crystallizing Collective Egoism - Bolivarian Identity: Individual selfishness was sublimated into collective egoism through identification with the revolutionary 'pueblo.' Chavistas didn't see themselves as individually selfish but as collectively defending their rightful share against those who would steal it. The 'Bolivarian' identity provided the collective container: 'we' are not greedy individuals but a people reclaiming our dignity and sovereignty. This collective framing was crucial - it allowed moral self-regard while pursuing naked group interest. The fact that 'our' gains came at others' expense wasn't exploitation but historical justice.

Step 7. Delegitimizing Deliberation - The Leader Knows Best: The logical endpoint was the conviction that Chávez directly represented the people's will and that institutional constraints were illegitimate obstacles. Why should the Supreme Court block revolutionary laws? Why should the opposition National Assembly have power? Why should media air criticism? These institutions and actors served the 'oligarchy,' not the people. The only legitimate political process was Chávez's direct communication with his pueblo through elections, referenda, Aló Presidente broadcasts, and mass rallies. Liberal democracy's deliberative procedures - debate, negotiation, compromise, institutional checks - were revealed as mechanisms of elite domination. True democracy was the direct voice of the people through their leader, unmediated by 'corrupt' institutions.

Through this psychological sequence, Chávez succeeded in cultivating what the Anatomy's framework terms 'morally unconstrained collective egoism.' His supporters were liberated from the burden of considering opposition interests, questioning institutional violations, or worrying about long-term sustainability. They could pursue group benefits with moral self-righteousness, secure in the knowledge that 'we' were victims defending ourselves against 'them.' This psychological transformation was the demand-side complement to the supply-side institutional dismantling: together, they constituted the populist challenge to liberal democracy.

### **4.3. The Political Economy of Stigmatization: Shifting Enemies in Chavista Venezuela**

A defining feature of ideology-applying populism is the variable stigmatized group while the protected group remains stable. Chávez's 'pueblo' - the poor majority, the revolutionary faithful, the Bolivarian patriots - constituted a consistent collective identity throughout his rule. But the primary enemy shifted strategically according to political circumstances. The Anatomy's framework identifies key variables determining stigmatization effectiveness: (1) the number of cleavage dimensions separating 'them' from 'us,' (2) fear-generating potential, (3) capacity for resistance or retaliation, and (4) available ideological panels for legitimating their persecution. The following table maps Venezuela's shifting stigmatized groups across the Chávez era:

#### **Political Economy of Stigmatization in Venezuela in the Chávez Period**

<b>Period &amp; Primary Stigmatized Group</b>	<b>Cleavage Dimensions (How "They" Differ from "Us")</b>	<b>Fear-Generating Potential</b>	<b>Resistance Capacity</b>	<b>Remaining Resistance</b>	<b>Ideological Panel</b>
<b>1998-2004</b> <b>TRADITIONAL POLITICAL ELITE (AD/COPEI parties, established politicians)</b>	<ul style="list-style-type: none"> <li>• Social status (elite vs. pueblo)</li> <li>• Political history (Punto Fijo beneficiaries)</li> <li>• Geographic (Caracas establishment vs. barrios)</li> <li>• Economic (wealthy vs. poor)</li> </ul>	VERY HIGH - Control state institutions, international connections, attempted coup (2002)	HIGH initially, DECLINING - Lost elections, coup failed, oil strike failed	Institutional positions (until purged), international legitimacy, media access	Anti-oligarchy populism, Bolivarian nationalism vs. corrupt "Fourth Republic"
<b>2002-2007</b> <b>ECONOMIC OLIGARCHY (FEDECAMARAS, private business elite, PDVSA management)</b>	<ul style="list-style-type: none"> <li>• Economic power (capital owners)</li> <li>• Social status (wealthy)</li> <li>• Sector (private vs. state)</li> <li>• Ethnicity (often lighter-skinned)</li> </ul>	HIGH – Can sabotage economy, control production, organize strikes	MODERATE - Economic leverage but vulnerable to expropriation and regulation	Capital flight, production reduction, international business ties	Anti-capitalism, "economic warfare" rhetoric, nationalism (protecting resources from exploitation)
<b>2004-2010</b> <b>PRIVATE MEDIA (RCTV, Globovisión, opposition newspapers and radio)</b>	<ul style="list-style-type: none"> <li>• Information control (opposition narrative)</li> <li>• Social status (educated, professional)</li> <li>• Political stance (anti-Chávez)</li> <li>• Cultural (metropolitan vs. popular)</li> </ul>	MODERATE-HIGH – Shape public opinion, coordinate opposition, expose corruption	MODERATE - Press freedom protections, international journalist networks, but vulnerable to license denial	International press freedom advocacy, professional journalism standards, audience loyalty	"Media warfare," "psychological manipulation," "serving empire," threatening "social peace"
<b>2005-2013</b> <b>UNITED STATES / "EMPIRE" (US government, international</b>	<ul style="list-style-type: none"> <li>• National identity (foreign vs. Venezuelan)</li> <li>• Historical grievance (colonialism, interventions)</li> <li>• Geopolitical</li> </ul>	MAXIMUM - External threat, military power, coup involvement (perceived),	VERY HIGH - Superpower, but limited willingness for direct intervention	Diplomatic pressure, support for opposition, international organizations,	Anti-imperialism, nationalist sovereignty, Bolivarian continental integration,

<b>organizations, "imperialists")</b>	(superpower vs. developing nation) • Ideological (capitalism vs. socialism)	economic sanctions		economic leverage	socialist internationalism
<b>2005-2013</b> <b>"ESCUÁLIDOS" / POLITICAL OPPOSITION</b> <b>(Opposition parties, student movements, civil society)</b>	• Political loyalty (anti-revolution) • Social status (middle class, educated) • Values (liberal vs. Bolivarian) • Agency (serving empire vs. authentic pueblo)	MODERATE - Electoral challenge, protest mobilization, international sympathy	MODERATE-LOW - Weakened institutions, media restrictions, but persistent electoral base	Electoral competition, street protests, international human rights advocacy, student activism	Fascism accusations, "fifth column" of empire, anti-patriotic, seeking to restore oligarchy
<b>2009-2013</b> <b>"PARASITES" (Middle class, professionals not aligned with government, "rentiers")</b>	• Economic contribution (non-productive vs. workers) • Social status (privileged) • Political stance (opposition-leaning) • Values (individualist vs. collectivist)	LOW – Limited organized threat, dispersed and passive	VERY LOW - Vulnerable to targeted harassment, migration as only option	Brain drain (emigration), private sector productivity, professional expertise	Socialist class warfare, "who produces and who lives off others," nationalism (leaving the country = betrayal)

#### 4.3.1. Detailed Analysis: The Logic of Sequential Stigmatization

Phase 1 (1998-2004): The Traditional Political Elite as Foundation Enemy

Cleavage Dimensions - Maximum Separation: The traditional political elite (AD and COPEI leadership, established politicians, Fourth Republic beneficiaries) represented the perfect initial stigmatization target because they differed from Chávez's base across multiple dimensions. Socially, they were part of the educated, wealthy Caracas establishment while the chavista base was predominantly poor and from the barrios. Politically, they embodied the Punto Fijo system that had excluded and impoverished the majority. Geographically, they were associated with metropolitan centers while Chávez drew support from peripheral urban zones and rural areas. Economically, they had enriched themselves through corruption while the pueblo suffered. This multi-dimensional separation made them easily identifiable enemies.

Fear-Generating Potential - The Threat of Restoration: The political elite's fear-generating capacity was enormous because they had recently controlled state power and could plausibly threaten to reverse the revolutionary gains. Their institutional knowledge, international connections, and residual influence made them genuinely dangerous.

The 2002 coup attempt validated all of Chávez's warnings - they literally tried to remove him by force. This transformed abstract threat into lived trauma, permanently cementing their status as mortal enemies. Every subsequent election or political conflict could be framed as the oligarchy attempting another coup by other means.

Resistance Capacity - High Initially, Rapidly Declining: In 1998-2000, the traditional elite retained significant capacity for resistance: they controlled much of the state bureaucracy, had international legitimacy, commanded media access, and maintained organizational infrastructure. However, the 1999 Constitution and subsequent institutional restructuring systematically dismantled these capabilities. The failed coup and oil strike accelerated their collapse - Chávez could justify purges and institutional takeovers as legitimate self-defense. By 2004, they had lost control of all major state institutions. Their resistance shifted from institutional power to electoral opposition and international advocacy.

Remaining Resistance - Institutional Ghosts: Even after losing power, the traditional elite retained some capacity to obstruct: control over some judicial positions (until the court packing), presence in the National Assembly (until electoral defeats and gerrymandering), international connections that provided critical legitimacy, and media access that allowed them to narrate alternative realities. Their complete neutralization required several years of systematic purging and institutional capture.

Ideological Framework - Bolivarian Nationalism vs. Corrupt Oligarchy: The ideological justification for stigmatizing the traditional elite drew primarily on Bolivarian nationalism and anti-corruption populism. Chávez positioned himself as completing Bolívar's interrupted liberation struggle - the 'oligarchy' was analogous to Spanish colonial elites who had betrayed independence. The Punto Fijo system was portrayed as a 'dictatorship of the bourgeoisie' that disguised elite rule as democracy. Every instance of corruption or elite privilege confirmed this narrative. The Fourth Republic / Fifth Republic dichotomy provided a total interpretive framework: everything associated with the old regime was tainted, everything associated with Chávez was revolutionary renewal.

Phase 2 (2002-2007): The Economic Oligarchy as Saboteurs

Cleavage Dimensions - Capital vs. Labor: Once political elites were defeated electorally and institutionally, Chávez pivoted to economic elites - FEDECAMARAS (the business federation), large landowners, industrial capitalists, and crucially, PDVSA's management class. The cleavages were primarily economic (capital owners vs. workers) and sectoral (private business vs. state control), but also incorporated class, ethnicity (business elites were disproportionately lighter-skinned), and increasingly ideology (capitalism vs. socialism). The shift from political to economic enemies allowed Chávez to expand his stigmatization targets while maintaining narrative continuity - both groups were 'oligarchy,' just different factions.

Fear-Generating Potential - Economic Sabotage: The economic oligarchy's capacity to generate fear lay in their control over production, distribution, and the crucial oil sector. The 2002-2003 oil strike demonstrated this power terrifyingly - oil production collapsed, the economy entered crisis, and ordinary Venezuelans suffered shortages. This 'economic warfare' became a central chavista narrative: business owners would rather destroy the country than accept redistribution. Every subsequent shortage, price increase, or economic problem could be attributed to oligarchic sabotage. Fear was effective because economic disruption directly impacted daily life in ways political maneuvering didn't.

Resistance Capacity - Economic Leverage vs. State Power: Business elites possessed significant leverage through their control of productive assets: they could reduce production, raise prices, shift capital abroad, or cease operations entirely. However, this leverage was ultimately vulnerable to state power. Chávez could and did expropriate businesses, impose price controls, regulate foreign exchange, and criminalize 'hoarding' or

'speculation.' The state's monopoly on violence trumped the oligarchy's economic power. Their resistance capacity declined steadily as key sectors were nationalized or brought under state-friendly ownership.

Remaining Resistance - Capital Flight and Production Curtailment: Unable to resist overtly, economic elites engaged in subtler forms of opposition: moving capital offshore, reducing investment, hoarding goods to exploit shortages, and utilizing international business networks to constrain the regime. These tactics provided Chávez with continuous justification for deeper state intervention - every economic problem proved the oligarchy's ongoing sabotage, necessitating more nationalizations and controls. The remaining resistance thus became self-defeating, justifying precisely the policies business elites opposed.

Ideological Framework - Socialism and Economic Nationalism: Stigmatizing economic elites required more explicitly socialist rhetoric. From 2005, Chávez formally embraced 'Socialism of the 21st Century,' providing ideological cover for expropriations and economic controls. The framework was straightforward: capitalists extract surplus value from workers; the revolutionary state must reclaim the nation's wealth for the people. But Venezuelan socialism was always nationalist rather than internationalist - the primary accusation wasn't exploitation per se but that the oligarchy was stealing Venezuela's oil wealth. Economic nationalism and anti-capitalism merged: capitalists were simultaneously class enemies and national traitors.

### Phase 3 (2004-2010): Private Media as Psychological Warfare

Cleavage Dimensions - Information Control and Cultural Capital: Private media became priority targets because they controlled information flows and shaped public consciousness. The cleavages were informational (opposition narrative vs. government narrative), social (educated media professionals vs. pueblo), political (anti-Chávez content), and cultural (metropolitan, cosmopolitan values vs. popular culture). Critically, media couldn't be reduced to economic interest - they opposed Chávez even when economically irrational, making them ideologically threatening rather than merely self-interested.

Fear-Generating Potential - The Power of Narrative: Media's fear-generating capacity derived from their ability to coordinate opposition, expose government failures, and provide alternative interpretations of events. In Chávez's framing, private media waged 'psychological warfare' and 'media terrorism' - they were weapons as dangerous as guns. The 2002 coup's media coverage (selective editing of protests, celebration of Chávez's removal) proved their complicity in violence. Every critical report became evidence of ongoing information warfare threatening the revolution's survival. Fear was amplified because media operated continuously, invisibly poisoning public consciousness. But we can even reverse the direction of fear-generating potential against the free media, what lays not only in their capacity to expose government failures but, more importantly, in Chávez's ability to portray them as existential threats. Through constant framing of private outlets as agents of "psychological warfare" and "media terrorism," the regime turned the free press into an object of collective fear—something to be suppressed for the revolution's survival.

Resistance Capacity - Professional Standards and International Networks: Private media's resistance capacity rested on professional journalism standards, constitutional press freedom protections, audience loyalty, and international journalist networks that could publicize repression. However, these proved insufficient against determined state action. License renewals required government approval; libel laws could bankrupt outlets; journalists faced criminal prosecution. International condemnation provided some protection but didn't prevent gradual silencing.

Remaining Resistance - Social Media and Underground Journalism: As major outlets were closed or captured, opposition media fragmented into smaller outlets, social media, and international platforms. This decentralization

made complete control impossible but also marginalized critical voices. The remaining resistance was sufficient to maintain alternative narratives within opposition circles but insufficient to contest chavista dominance of mass communication.

Ideological Framework - Media Warfare and Threats to Social Peace: Stigmatizing media required portraying them as violent actors despite their non-physical methods. The solution was 'media warfare' rhetoric: media 'bullets' were as deadly as physical bullets; biased reporting 'murdered' reputations and 'assassinated' the revolution. Media content laws targeted speech that 'incited violence,' 'promoted hatred,' or 'threatened public order' - subjective standards applied selectively. This framework transformed censorship into legitimate self-defense: the state must protect citizens from psychological manipulation by media terrorists serving imperial interests.

Phase 4 (Continuous, Intensifying 2005-2013): The United States as Ultimate Enemy

Cleavage Dimensions - The Perfect Foreign Other: The United States represented the ideal external enemy across all possible dimensions. Nationally, it was foreign vs. Venezuelan sovereignty. Historically, it embodied centuries of colonialism, interventions, and exploitation. Geopolitically, it was the superpower vs. the developing nation. Ideologically, it represented capitalism vs. socialism. Culturally, it symbolized imperialism vs. authentic Latin American identity. This multi-dimensional separation made anti-Americanism the master narrative subsuming all other conflicts - every domestic enemy could be linked to the empire.

Fear-Generating Potential - Maximum External Threat: The U.S. fear-generating potential was unlimited because it possessed actual military and economic power to threaten Venezuela. The 2002 coup's U.S. foreknowledge (revealed later) 'confirmed' imperial intervention. Every geopolitical tension - Iraq War, war on terror, Latin American interventions - could be presented as prefiguring Venezuela's fate if Chávez fell. The fear was existential: not merely regime change but national subjugation. Bush administration hostility and later sanctions validated these fears, creating a self-fulfilling prophecy where U.S. pressure justified Chávez's authoritarianism.

Resistance Capacity - Superpower Constraints: The U.S. possessed overwhelming hard power but limited willingness to use it directly. Post-Iraq, direct military intervention was politically impossible. Economic sanctions could harm Venezuela but couldn't remove Chávez. Diplomatic isolation was counterproductive given Latin American solidarity. U.S. power was thus simultaneously real (generating genuine fear) and constrained (permitting Chávez to provoke without existential risk). This optimal combination allowed maximum fear-generation with minimal actual threat.

Remaining Resistance - Diplomatic and Economic Leverage: U.S. remaining resistance manifested through diplomatic pressure (OAS, international condemnation), support for civil society and opposition (NED funding, diplomatic backing), and eventually economic sanctions targeting individuals and sectors. These measures were real but insufficient to threaten regime survival, allowing Chávez to portray Venezuela as heroically resisting imperial aggression while never facing genuine military danger.

Ideological Framework - Anti-Imperialism and Continental Integration: Anti-imperialism provided the most potent ideological framework because it resonated across Latin America's historical experience. Chávez positioned himself in a lineage from Bolívar to Che Guevara - liberators fighting continental domination. Every domestic conflict mapped onto this narrative: opposition was the empire's 'fifth column'; economic problems resulted from imperial economic warfare; media criticism was psychological operations. Anti-imperialism also justified regional integration schemes (ALBA, Petrocaribe) and alliances with U.S. adversaries (Cuba, Iran, Syria). Venezuelan nationalism merged with Latin American identity - defending the revolution meant defending continental sovereignty against the empire.

## Phase 5 (2005-2013): "Escuálidos" as Domestic Traitors

Cleavage Dimensions - Political and Moral Loyalty: As organized political and economic elites were defeated, Chávez required new enemies to maintain mobilization. 'Escuálidos' (squalid ones) - his contemptuous term for opposition supporters - became the residual category encompassing anyone not revolutionary. The primary cleavage was political loyalty (revolutionary vs. counter-revolutionary), but incorporated class (middle class professionals), values (liberal vs. Bolivarian), and crucially, authenticity (genuine Venezuelans vs. empire servants). Opposition was reimagined not as legitimate dissent but as treason - escuálidos weren't patriots who disagreed but collaborators with imperialism.

Fear-Generating Potential - Electoral and Street Mobilization: Escuálidos' threat came from their persistent electoral competitiveness and capacity for street mobilization. The 2007 constitutional reform defeat and 2010 National Assembly gains demonstrated that opposition retained substantial support. Student movements could fill streets, creating visual spectacles of dissent. International human rights organizations amplified opposition narratives. The fear was less existential than earlier threats but politically significant - escuálidos prevented the revolution's complete hegemony.

Resistance Capacity - Electoral Base and International Sympathy: Opposition's remaining capacity consisted of their electoral base (consistently 40-45% of voters), capacity for peaceful protest, international human rights advocacy, and moral authority from regime repression. However, institutional channels for exercising this power were systematically blocked. When opposition won elections, their authority was stripped. When they protested, they faced violent repression. International sympathy couldn't be translated into domestic power. Their resistance was sufficient to be annoying but insufficient to threaten the regime.

Remaining Resistance - Persistent Dissent and Migration: Escuálidos maintained continuous low-level resistance: voting against chavismo, participating in protests, sustaining opposition media and civil society, and increasingly, emigrating. Brain drain removed regime critics but also deprived Venezuela of skilled professionals. Opposition persistence prevented totalitarian consolidation but couldn't reverse autocratization.

Ideological Framework - Fascism, Fifth Column, Anti-Patriotism: Stigmatizing ordinary opposition supporters required portraying them as morally depraved and nationally illegitimate. The solution was fascism accusations: escuálidos were 'fascists' seeking to install dictatorship (inverting reality). They were the 'fifth column' - covert agents of the empire working from within. They were anti-patriotic: those who criticized the government or left Venezuela betrayed the nation. This framework transformed political opposition into existential threat: tolerating dissent meant enabling fascism and imperialism. Repression became patriotic duty.

The sequential stigmatization pattern reveals the political economy logic: Chávez targeted groups in descending order of genuine threat capacity while ascending order of mobilizational utility. Early enemies (political elite, economic oligarchy) genuinely threatened his power; later enemies (media, escuálidos) were more useful as permanent mobilization targets. The external enemy (empire) provided the master narrative connecting all domestic conflicts. Each enemy's stigmatization prepared ground for the next: defeating political elites justified attacking economic elites; neutralizing both justified silencing critical media; controlling information justified repressing any dissent. The expanding circle of enemies demonstrated populism's core dynamic - not resolution of conflicts but continuous generation of new conflicts requiring the leader's permanent emergency powers.

### **4.4. Appropriating Core Values: The Redefinition of Bolívar, Patria, and Pueblo**

A critical populist technique is the appropriation and redefinition of core cultural values that command broad legitimacy. By monopolizing these values, populists simultaneously: (1) claim exclusive moral authority, (2)

delegitimize opponents as enemies of these cherished principles, and (3) reframe the values' meanings to serve autocratic goals while discarding elements incompatible with power concentration. The Anatomy's framework identifies a three-step process: selective extraction (removing inconvenient interpretations), reframing (reconstructing the value around the leader's interests), and reinforcement (amplifying only the politically useful meaning). In Hungary, Orbán utilized 'God, Homeland, Family'; in Venezuela, Chávez deployed an analogous trinity: 'Bolívar, Patria, Pueblo.' The following table reconstructs this appropriation process:

### Chavista expropriation and redefinition of basic values

Core Value	Original Meaning / Elements Selected OUT	Reframed Meaning	Reinforced Function
<b>BOLÍVAR</b> (The Liberator as transcendent authority)	<b>SELECTED OUT:</b> <ul style="list-style-type: none"> <li>• Bolívar's liberal constitutionalism (limited terms, separation of powers)</li> <li>• His warnings against caudillismo and military strongmen</li> <li>• His advocacy for gradual, institutional change</li> <li>• His continental unity vision (as democratic federation)</li> <li>• His ultimate failure and disillusionment</li> </ul>	<b>REFRAMED AS:</b> <ul style="list-style-type: none"> <li>• Eternal revolutionary legitimacy (unfinished liberation)</li> <li>• Anti-oligarchic warrior justifying permanent struggle</li> <li>• Authoritarian necessity against traitors</li> <li>• Chávez as Bolívar's reincarnation / continuation</li> <li>• Revolutionary teleology requiring strong leadership</li> </ul>	<b>FUNCTION:</b> <ul style="list-style-type: none"> <li>• Strips opponents of patriotic legitimacy</li> <li>• Makes competing policies "debatable"</li> <li>• Justifies concentrating power as historical necessity</li> <li>• Creates sacred status for Chávez's project</li> </ul>
<b>PATRIA</b> (Homeland / national sovereignty)	<b>SELECTED OUT:</b> <ul style="list-style-type: none"> <li>• Citizenship as universal legal status</li> <li>• National interest as pluralistic aggregation</li> <li>• Sovereignty as institutional, not personal</li> <li>• Patriotism compatible with criticism</li> <li>• Venezuela as part of democratic hemisphere</li> </ul>	<b>REFRAMED AS:</b> <ul style="list-style-type: none"> <li>• Revolutionary identity (Bolivarian vs. Fourth Republic)</li> <li>• Sovereignty personified in Chávez</li> <li>• Anti-imperialism as defining national essence</li> <li>• Patria = adopted political family under patriarch</li> <li>• Criticism = treason / serving empire</li> </ul>	<b>FUNCTION:</b> <ul style="list-style-type: none"> <li>• Excludes opposition from national community</li> <li>• Eliminates accountability (leader = nation)</li> <li>• Justifies any measure as "defending sovereignty"</li> <li>• Creates in-group / out-group binary</li> </ul>
<b>PUEBLO</b> (The people as collective family)	<b>SELECTED OUT:</b> <ul style="list-style-type: none"> <li>• Civic pluralism and diverse identities</li> <li>• Individual rights against collective</li> <li>• People as deliberative political community</li> </ul>	<b>REFRAMED AS:</b> <ul style="list-style-type: none"> <li>• Poor majority as authentic "pueblo"</li> <li>• Patriarchal collective under revolutionary father</li> <li>• Revolutionary consciousness defining</li> </ul>	<b>FUNCTION:</b> <ul style="list-style-type: none"> <li>• Stigmatizes alternative lifestyles and dissent</li> <li>• Extends patriarchal dominance to nation</li> <li>• Justifies patronage as "caring for our people"</li> </ul>

	<ul style="list-style-type: none"> <li>• Inclusion of middle class, opposition</li> <li>• Progressive social values (gender, LGBTQ equality)</li> </ul>	<p>membership</p> <ul style="list-style-type: none"> <li>• Traditional family values vs. Western decadence</li> <li>• Pueblo as mobilized mass, not deliberating citizens</li> </ul>	<ul style="list-style-type: none"> <li>• Legitimizes direct mobilization over institutions</li> </ul>
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#### 4.4.1. Detailed Analysis: The Three-Step Appropriation Process

##### **Bolívar:** From Historical Figure to Revolutionary Talisman

Step 1. Selective Extraction (What Was Removed): Simón Bolívar's actual political philosophy included significant liberal elements that contradicted Chávez's project. Bolívar advocated constitutional limits on executive power, opposed indefinite reelection (he explicitly rejected becoming emperor), warned against military caudillos dominating politics, and envisioned gradual, institution-building reform rather than revolutionary rupture. His continental vision assumed independent republics cooperating voluntarily, not a hegemonic project. Crucially, Bolívar's final years reflected disillusionment - he died believing his life's work had failed, famously stating 'those who serve the revolution plow the sea.' These inconvenient truths were systematically erased from chavista Bolivarianism. Chávez never referenced Bolívar's constitutional scruples, his anti-militarism, or his ultimate pessimism. The historical Bolívar who struggled with institutional design vanished, replaced by an eternal revolutionary icon.

Step 2 - Reframing (The New Meaning): Chávez reconstructed Bolívar as the eternal revolutionary whose liberation struggle remained unfinished. The historical nineteenth-century independence wars were reinterpreted as proto-socialist struggles against oligarchy rather than anti-colonial nationalism. Bolívar became the first anti-imperialist, fighting not just Spain but global capitalism. His failures were reframed not as ultimate defeat but as interruption - the oligarchy had betrayed and derailed his project, which Chávez was now completing. Most audaciously, Chávez positioned himself as Bolívar's reincarnation or direct continuation. He renamed Venezuela the 'Bolivarian Republic,' his project the 'Bolivarian Revolution,' his party the 'United Socialist Party of Venezuela (PSUV)' with explicit Bolivarian identity. He literally carried Bolívar's sword as a sacred relic and claimed to commune with his spirit. The reframed Bolívar was anti-oligarchic, anti-imperialist, willing to use authoritarian methods against traitors, and - critically - vindicated by Chávez's success where he had 'temporarily' failed.

Step 3 - Reinforcement (The Political Function): The appropriated Bolívar served multiple autocratic functions. First, it stripped opponents of patriotic legitimacy - to oppose Chávez was to betray Bolívar, Venezuela's founding father. Opposition politicians couldn't claim nationalist credentials when Chávez monopolized the Liberator's legacy. Second, it made competing policy visions essentially un-debatable - Bolívar's authority was transcendent, beyond democratic contestation. If Chávez embodied Bolívar's mission, then procedural objections (constitutional violations, institutional norms) were petty technicalities obstructing sacred historical necessity. Third, it justified concentrating power as the only means to complete liberation - Bolívar couldn't finish the job because he lacked total control; Chávez wouldn't repeat that mistake. Finally, it created a revolutionary teleology where history's arc bent inevitably toward chavismo - to be on the 'right side of history' meant supporting the Bolivarian project. Dissent wasn't merely wrong but historically backward, reactionary.

##### **Patria:** From Civic Nation to Adopted Political Family

Step 1. Selective Extraction (What Was Removed): Venezuela's traditional conception of patria (homeland) included civic republican elements: citizenship as universal legal status regardless of political affiliation, national interest as the aggregation of diverse regional and sectoral interests, sovereignty as institutionally embodied rather than personally held, and patriotism as compatible with criticism. The Fourth Republic's point-of-pride nationalism emphasized oil wealth, democratic stability, and integration into the Western hemisphere. Chávez systematically delegitimized these interpretations. Civic universalism was dismissed as oligarchic pretense hiding class domination. The idea that national interest transcended political camps was attacked as naïve liberalism. Institutional sovereignty was rejected as empowering corrupt elites. And crucially, the Fourth Republic's nationalism was recast as neo-colonial submission to the United States - 'sovereignty' meant nothing if Venezuela remained economically dependent and politically aligned with empire.

Step 2. Reframing (The New Meaning): Chávez reconstructed patria around three interconnected meanings. First, Venezuela was redefined through revolutionary rupture - the Bolivarian Republic vs. the oligarchic Fourth Republic. True patriots were those who supported revolutionary transformation, not those merely born Venezuelan. Citizenship became conditional on political loyalty. Second, sovereignty was personified in Chávez himself - he embodied Venezuela's sovereign will against domestic traitors and external imperialists. National sovereignty and presidential authority merged: constraints on Chávez constrained Venezuela's freedom. Third, anti-imperialism became the defining essence of Venezuelan identity. Being Venezuelan meant opposing U.S. hegemony; alignment with U.S. interests was by definition anti-patriotic. This reframing transformed patria from a civic concept into an adopted political family with Chávez as patriarch - the nation as extended household where members were 'our people' and non-members were foreign elements regardless of legal citizenship.

Step 3. Reinforcement (The Political Function): The reframed patria excluded opposition from national community. Opposition politicians, media, and voters were cast as anti-patriotic regardless of their actual positions - their opposition to Chávez made them enemies of Venezuela by definition. This delegitimized their participation: why should traitors have rights? Why should enemies vote? Second, personifying sovereignty in the leader eliminated accountability. If Chávez IS Venezuela's sovereignty, then institutional checks aren't protecting sovereignty but constraining it. Judicial review, legislative oversight, electoral limits - all became obstacles to national self-determination. Third, the sovereignty frame justified any measure as legitimate self-defense. Expropriations weren't property violations but national recuperation. Media restrictions weren't censorship but protecting sovereignty from information warfare. Constitutional violations weren't illegal but assertions of sovereign will. Finally, the in-group/out-group binary created moral permission for unlimited hostility - 'they' weren't fellow citizens with whom 'we' disagreed but aliens attacking 'our' patria.

### **Pueblo:** From Democratic Citizenry to Patriarchal Mass

Step 1. Selective Extraction (What Was Removed): The liberal democratic conception of 'the people' includes civic pluralism (diverse identities and interests), individual rights that constrain collective decisions, deliberative political community where citizens reason together, inclusion across class lines, and progressive social values recognizing evolving family structures and gender/LGBTQ equality. Chávez systematically purged these elements. Pluralism was attacked as disguised oligarchy - recognizing diverse interests meant legitimating exploitation. Individual rights were dismissed as bourgeois ideology protecting privilege. Deliberation was replaced with mobilization - the pueblo didn't debate but acted collectively. The middle class was excluded - 'pueblo' meant specifically the poor majority, not all Venezuelans. Progressive social values were rejected as Western cultural imperialism undermining traditional family.

Step 2. Reframing (The New Meaning): Chávez reconstructed pueblo as the poor majority possessing revolutionary consciousness, constituting an authentic collective identity under patriarchal leadership. The pueblo

wasn't a deliberating citizenry but a mobilized mass following their revolutionary father. Membership required both objective status (being poor, working class) and subjective consciousness (revolutionary commitment). Middle class Venezuelans and opposition supporters weren't pueblo even if poor - consciousness mattered more than material position. The pueblo embodied traditional family values - heterosexual nuclear families, patriarchal authority, religious faith, collective over individual. These 'authentic' Venezuelan values were contrasted with Western liberal decadence (secularism, feminism, LGBTQ rights, individualism). Critically, the pueblo was structured as extended patriarchal family with Chávez as father - his relationship with followers was parental (providing, protecting, disciplining) rather than representative (accountable, constrained, revocable).

Step 3. Reinforcement (The Political Function): The reframed pueblo stigmatized alternative lifestyles and identities. LGBTQ Venezuelans, feminists, secular liberals, and cosmopolitan urbanites were by definition not authentic pueblo - they represented foreign corruption. This marginalization extended patriarchal dominance from family to nation: women's subordination, LGBTQ exclusion, and traditional gender roles were naturalized as 'how our people are.' Second, it justified patronage distribution as caring for the political family. The Missions weren't universal social programs but the patriarch providing for his children. Benefits flowed to loyal family members; disloyal members were cut off. Third, it legitimated direct mobilization over institutional participation. The pueblo's will was expressed through mass rallies, personal communication with Chávez, and plebiscitary voting - not through deliberative assemblies, interest group negotiation, or pluralistic representation. Institutions that mediated popular will (parties, legislatures, courts) were obstacles between father and family. Finally, it created permanent mobilization: the pueblo was always threatened, requiring continuous activism and loyalty demonstrations. Citizenship meant being mobilized, not possessing rights.

The appropriation of Bolívar, Patria, and Pueblo exemplifies how populism colonizes cultural symbols to serve autocratic ends. By monopolizing these values, Chávez stripped opponents of moral standing: they couldn't be patriotic (having abandoned Bolívar's mission), nationalist (serving empire rather than patria), or popular (opposing the pueblo). By redefining these values around his person and project, he made institutional constraints and pluralistic competition appear as obstacles to Venezuela's authentic identity rather than protections of democracy. The appropriated trinity functioned as a legitimation engine: whatever Chávez did was by definition Bolivarian (historically necessary), patriotic (defending sovereignty), and popular (serving the pueblo). The transformation was complete: opposition wasn't legitimate dissent but comprehensive betrayal - of the Liberator's legacy, the nation's sovereignty, and the people's interests.

## **Part 5. Conclusion: The exhaustion of populist legitimation and the turn to repression**

The Chávez era (1998-2013) represents a textbook case of populism as legitimation challenge, demonstrating with exceptional clarity how the systematic replacement of legal-rational with substantive-rational legitimation unfolds. This chapter has applied the Anatomy's framework to reveal the mechanisms through which Chávez dismantled Venezuela's democratic institutions (supply-side) while cultivating morally unconstrained collective egoism among his base (demand-side). The analysis illuminates not merely what Chávez did but why these disparate actions - constitutional manipulation, media suppression, Mission creation, anti-American rhetoric, stigmatization campaigns - constituted a coherent populist project. However, the framework also reveals populism's inherent instability: substantive-rational legitimation depends on continuous material payoffs to the mobilized constituency. When resource flows dry up, the entire edifice collapses, leaving only coercion as the regime's foundation. Chávez's final years and the succession to Nicolás Maduro mark this transition from populist authoritarianism to naked repression.

## **5.1. The Internal Logic of Chavista Populism: Synthesis of Findings**

The preceding analysis demonstrates how supply and demand sides of populism reinforced each other in a self-sustaining cycle - until external constraints intervened. The supply-side institutional dismantling created conditions for demand-side mobilization, which in turn legitimated further institutional capture:

**Constitutional Transformation Enabled Patronage Distribution:** By concentrating power in the presidency, eliminating checks, and establishing extra-budgetary oil revenue flows, Chávez created the discretionary authority necessary for patronage politics. The Missions operated outside institutional constraints precisely because institutions had been captured or bypassed. Substantive-rational legitimation required that benefits flow directly from leader to pueblo, unmediated by bureaucratic procedures or legal entitlements. The supply-side destruction of legal-rational institutions wasn't merely power-grabbing but functional necessity for the demand-side patronage system.

**Patronage Distribution Justified Institutional Capture:** Conversely, the Missions' popularity and the pueblo's mobilization legitimated continued institutional violations. When the opposition or international actors criticized Chávez's constitutional manipulations or authoritarian measures, he could point to millions of beneficiaries and electoral victories as proof of popular sovereignty. The demand-side support generated through patronage validated supply-side autocratization. Liberal constraints weren't protecting democracy but obstructing the people's will as expressed through their leader.

**Stigmatization Campaigns Required and Enabled Both:** The shifting enemies analyzed earlier served dual functions. They justified institutional capture (we must control courts/media/economy to defend against oligarchs/empire/fascists) while maintaining popular mobilization (stay vigilant, they're always plotting). Fear and hate campaigns kept the base activated even as material conditions deteriorated. When oil revenues declined and economic problems mounted, intensified stigmatization compensated - if material payoffs decreased, emotional payoffs (permission to hate, victim status validation) increased.

**Ideological Flexibility Sustained Legitimation Across Contexts:** The ideology-applying character let Chávez adapt narratives to changing circumstances without appearing inconsistent. When oil prices boomed, socialism and anti-capitalism dominated; when they fell, nationalism and anti-imperialism intensified. When domestic opposition weakened, external enemies (US, international organizations) became primary targets. This flexibility was impossible for ideology-driven movements but essential for populism - maintaining substantive-rational legitimation required continuously demonstrating that the leader's intentions served the people, regardless of policy contradictions.

This internal logic functioned remarkably well from 1999-2012. Chávez maintained majority electoral support, survived recall referendums and opposition challenges, and successfully transferred substantive-rational legitimation from institutional procedures to his personal authority. By 2010, Venezuela had completed the transition from liberal democracy to what the Anatomy's framework terms patronal autocracy: a regime where legitimacy derives from the chief patron's declared intentions and resource distribution rather than from constitutional procedures and institutional constraints. Yet this very success contained the seeds of collapse.

## **5.2. The Resource Dependency of Populist Legitimation: Economic Crisis as System Failure**

Populism's Achilles heel is its material dependence. Substantive-rational legitimation - where the leader's intentions matter more than procedural correctness - only works when intentions translate into tangible benefits. The adopted political family model requires the patriarch to provide. Collective egoism without moral constraints

depends on actual payoffs making selfishness worthwhile. When resources disappear, the entire legitimation structure collapses:

**Oil Dependency as Structural Vulnerability:** Venezuela's populist system rested entirely on oil rents. From 2004-2012, high prices (averaging over \$80/barrel, peaking above \$140) generated unprecedented revenues that funded the Missions, subsidized consumption, financed regional allies, and enriched the boliburgueses and himself the chief patron as well. But this windfall masked catastrophic policy failures: declining oil production due to PDVSA mismanagement and underinvestment, destruction of non-oil productive sectors through expropriations and regulations, chronic inflation from monetary expansion, and consumption dependency from import subsidies. When oil prices fell (declining from 2008's peak, collapsing after 2014), these structural problems became terminal. The resource base sustaining populist legitimation evaporated.

**Patronage System Breakdown:** As revenues declined, the government faced impossible choices. The Missions, subsidies, and patronage networks required continuous funding. Cutting them risked losing popular support - the pueblo's loyalty was conditional on material benefits, not ideological commitment. But maintaining them required unsustainable borrowing, money printing, and foreign exchange depletion. Chávez in his final years chose to preserve patronage through inflationary financing and debt, postponing crisis. However, this strategy had limits. By 2013, inflation exceeded 40% annually, shortages became endemic, and economic distortions were undeniable. The patronage system that had sustained substantive-rational legitimation was bankrupt.

**Collective Egoism Without Payoff:** The demand-side psychology of chavismo presumed material benefits justified moral exemption and concentrated power. The pueblo accepted Chávez's authority because he delivered: healthcare, food, housing, education, and dignity (symbolic and material). When delivery stopped, the psychological compact broke down. Why accept authoritarianism without payoff? Why tolerate corruption if benefits don't trickle down? Why maintain loyalty when the patriarch can't provide? The collective egoism that united chavistas was instrumental, not principled - it worked as long as self-interest was served. Absent material incentives, the coalition fragmented.

**The Impossibility of Deliberative Correction:** Here the supply-side institutional destruction proved fatal. In functioning democracies, economic crisis triggers political correction: citizens evaluate policies, elect alternative governments, and adjust course through deliberative processes. Venezuela lacked these mechanisms. Chávez had destroyed opposition parties' capacity to govern, eliminated institutional checks that might constrain failed policies, captured media that could inform alternatives, and transformed the pueblo into a mobilized mob incapable of organized deliberation. When populism failed, there was no democratic safety valve. The country couldn't course-correct because correction required precisely the legal-rational institutions populism had demolished.

### **5.3. The Transition to Maduro: When Populism Exhausts and Repression Remains**

Chávez's death in March 2013 marked not merely leadership succession but regime transformation. His designated heir, Nicolás Maduro, inherited the institutional structure of autocracy but lacked the personal charisma, political skill, and - crucially - resource abundance that had sustained Chávez's populist legitimation. The 2013 special election results were revealing: Maduro defeated Henrique Capriles by only 50.6% to 49.1%, a razor-thin margin starkly contrasting Chávez's consistent double-digit victories. Even with state resources, media dominance, and the sympathy factor from Chávez's death, Maduro barely won. This narrow victory foreshadowed the regime's crisis: populist legitimation was non-transferable, and economic collapse was imminent.

**The Role of Personal Charisma:** Substantive-rational legitimation depends on the leader personally embodying the people's will. Chávez possessed genuine charisma, political talent, and revolutionary credentials (the 1992 coup

attempt, prison, electoral triumph). Maduro had none of these. He was a former bus driver turned union leader turned foreign minister - loyal but unremarkable. His attempts to invoke Chávez's spirit (claiming Chávez appeared to him as a bird, positioning himself as Chávez's son) were transparently insufficient. The pueblo might accept Chávez's autocracy because he was Chávez; they wouldn't accept Maduro's autocracy simply because Chávez had designated him. Populist legitimization's personalism became liability when the person changed.

**Economic Collapse and the End of Patronage:** Maduro's presidency coincided with Venezuela's complete economic implosion. Oil prices crashed from over \$100/barrel (2013) to below \$30 (2016), gutting government revenues. GDP contracted by over 50% between 2013-2020, hyperinflation reached 65,000% annually, and basic goods disappeared. The Missions collapsed from lack of funding. Subsidies became meaningless as the currency disintegrated. Patronage distribution, the core mechanism of demand-side populist legitimization, became impossible. The adopted political family's patriarch could no longer provide, destroying the fundamental compact. Maduro couldn't deliver material benefits, and he lacked Chávez's charisma to compensate with symbolic rewards.

**The Exhaustion of Stigmatization as Mobilization:** Maduro attempted to maintain popular support through intensified stigmatization campaigns - blaming the crisis on economic warfare, international conspiracies, domestic sabotage, and imperialist aggression. These narratives worked initially, but their effectiveness declined as conditions worsened. When people are starving, blaming enemies provides limited comfort. Moreover, the stigmatized groups had been defeated years earlier - the oligarchy was expropriated, media was captured, political opposition was marginalized. The fear campaigns rang hollow when obvious enemies no longer existed. Maduro resorted to increasingly absurd scapegoats (Colombian paramilitaries, Venezuelan deserters, international mercenaries), but the pueblo's willingness to accept these explanations declined as suffering intensified.

**The Turn to Naked Repression:** Facing economic catastrophe, non-transferable charisma, and exhausted legitimization narratives, the Maduro regime had only one tool remaining: violence. The 2014 protests, 2017 demonstrations, and 2019 uprising were crushed with lethal force. Political prisoners numbered in thousands. Torture became systematic. The judiciary prosecuted opposition leaders on fabricated charges. Elections became completely fraudulent rather than merely tilted. The regime created armed civilian militias to intimidate dissent. This was no longer populist authoritarianism but military dictatorship - power maintained not through mobilized popular support but through fear and coercion. The National Assembly opposition majority (elected 2015) was simply ignored, its powers transferred to a fraudulent Constituent Assembly. The pretense of popular sovereignty vanished; only force remained.

The transition from Chávez to Maduro thus represents populism's predictable trajectory when its material foundation collapses. Chávez's populist project succeeded in destroying liberal democracy's institutional infrastructure and transforming citizens into a mobilized mob united by collective egoism. However, this transformation created a system entirely dependent on continuous resource flows to maintain legitimization. When oil revenues disappeared, substantive-rational legitimization failed - the leader's intentions couldn't compensate for inability to deliver. The regime faced a choice: democratize (restore liberal democracy through fair elections and institutional reconstruction) or intensify repression (maintain power through force rather than consent). Having systematically destroyed the former possibility, only the latter remained.

The Maduro era (2013-present) thus represents not deviation from chavismo but its logical conclusion. When populism exhausts its legitimization mechanisms - when patronage dries up, charisma can't transfer, stigmatization loses effectiveness, and the pueblo's tolerance ends - the autocratic infrastructure remains while democratic capacities have been destroyed. The regime can't democratize because there are no functioning institutions to mediate power transfer. The opposition can't organize effective resistance because civil society, parties, and

autonomous organizations were demolished. The citizens can't deliberate alternatives because they were transformed into an atomized mob. All that remains is the monopoly on violence.

The paradox of substantive-rational legitimacy is that it preserves the formal façade of democracy while hollowing out its institutions. Yet this very formalism creates a latent threat to the autocrats themselves: once the system collapses, the formally surviving legal framework could render the ruling elite accountable for acts of corruption, predation and repression committed under the pretense of legality. In a patronal autocracy, where the chief patron and his inner circle pursue both power concentration and personal enrichment, loss of power equates to loss of impunity, wealth, and often freedom. This fear of retribution becomes the ultimate driver of regime persistence, compelling the system—once its discretionary and illicit resources are exhausted—to rely increasingly on coercion and violence as its only remaining means of survival.

This analysis illuminates the essential character of apolitical order built on populism: it is not a sustainable alternative to liberal democracy but a transitional pathology that either collapses back into democracy (if resources permit peaceful transition and institutions survive) or crystallizes into dictatorship (if resources disappear and institutions are destroyed). Chávez's Venezuela demonstrates the latter trajectory. The following chapter examines how Maduro's regime maintains power through increasingly desperate and violent means - the terminal stage of populism's challenge to democracy.

## **Venezuela 2013–25: Venezuelan Populism under Maduro: The Descent into Mafia Capitalism**

### **Hegemonic Authoritarianism x Mafia Capitalism**

#### **Part 1. From Heir To Predator**

When Hugo Chávez died on March 5, 2013, Nicolás Maduro inherited not a revolution but a depleting political machine. A former bus driver and trade unionist with modest charisma and no military credentials, Maduro lacked the personal authority that had sustained Chávez's patronal networks. His April 2013 electoral victory was narrow—a razor-thin margin of 1.5 percent against Henrique Capriles—and immediately contested by the opposition. Unlike Chávez, who had consolidated power through plebiscitary legitimacy and oil-funded redistribution, Maduro ascended to the presidency at the precise moment when both sources of authority were evaporating.

The economic foundations of Bolivarian rule were already crumbling. Oil prices, which had averaged over \$100 per barrel during Chávez's final years, began their precipitous decline in 2014, falling below \$30 by early 2016. PDVSA, hollowed out by corruption and mismanagement, saw production collapse from 2.4 million barrels per day in 2013 to under 500,000 by 2020—a catastrophic 80 percent decline. Hyperinflation ravaged the economy: the inflation rate exceeded 130,000 percent in 2018, peaked at over 1,000,000 percent (!) in some estimates, destroying savings, wages, and the remnants of the formal economy. GDP contracted by over 75 percent between 2013 and 2020—a collapse exceeding the Great Depression and rivaling wartime devastation in Syria.

Following the 2018 hyperinflation, Venezuela underwent a spontaneous process of de facto dollarization. By 2020, more than two-thirds of all commercial transactions were conducted in U.S. dollars, while the bolívar survived largely as an accounting unit for public-sector payments and small local purchases. Although subsequent monetary stabilization efforts and the introduction of the digital bolívar (VES) in 2021 partially restored domestic currency use—by 2024 accounting for roughly half of all retail transactions—the U.S. dollar has remained structurally

embedded in the economy. It continues to dominate savings, real estate, vehicle sales, and other high-value markets, as well as pricing and reference mechanisms, effectively making Venezuela a dual-currency system sustained by pragmatic adaptation rather than formal policy. Most remittances of emigrants to Venezuela are sent mainly in U.S. dollars or other hard currencies, and by 2024 they accounted for around 8–10% of GDP, serving as a crucial source of household income and foreign exchange.

Maduro's response to this economic catastrophe was not reform but coercion and predation. As oil rents dried up, the regime shifted from redistributive patronage to extractive looting. Political survival required a fundamental reconfiguration of the patronal system: what had been a hegemonic authoritarianism × patronal capitalism under Chávez—a regime that used state rents to bind loyalists—transformed under Maduro into a hegemonic authoritarianism × mafia capitalism, where coercion, criminality, and asset seizure became the primary mechanisms of both governance and wealth accumulation.

This transformation did not happen overnight. Between 2013 and 2016, Maduro attempted to sustain Chávez's patronal model through currency manipulation and import controls, creating massive arbitrage opportunities for insiders. But as foreign reserves evaporated and sanctions intensified after 2017, the regime entered a fully predatory phase. Gold mining, oil smuggling, food monopolies, and cryptocurrency schemes replaced traditional state patronage. The boundary between the state and organized crime effectively dissolved. Maduro's clan and inner circle—anchored by his wife Cilia Flores and her extended family network, known as the "Cartel de los Soles"—did not merely govern Venezuela; they commodified its remaining assets in a harrowing dance between repression and extraction.

Political opposition intensified in tandem with economic collapse. The opposition coalition won a decisive victory in the December 2015 legislative elections, capturing a supermajority in the National Assembly. Maduro's response was to neutralize the legislature entirely. In 2017, he created a parallel Constituent Assembly packed with loyalists, which assumed all legislative powers. When Juan Guaidó invoked constitutional provisions to declare himself interim president in January 2019—recognized by over 50 countries—Maduro deployed security forces to crush protests, resulting in hundreds of deaths and thousands of arrests. By 2020, the regime had effectively destroyed all institutional checks on executive power.

The spiral was complete: economic collapse generated popular resistance; resistance was met with militarized repression; repression was financed through predatory wealth extraction; and extraction deepened the economic crisis. This was no longer a patronal capitalism redistributing rents to maintain loyalty. It was a highly centralized mafia state, where survival depended on the systematic plunder of national – or private - assets and the violent suppression of dissent. The question is not whether Maduro became more authoritarian than Chávez—he did—but whether his regime represents a qualitatively different form of autocratic rule. The evidence suggests it does.

By 2025, Venezuela had become a cautionary tale: a once-prosperous nation transformed into a criminalized extractive apparatus, hemorrhaging its population, destroying its productive capacity, and sustained only by the organized violence of a highly centralized, single-pyramid patronal elite that had evolved into a parasitic, extractive network. Approximately six million Venezuelans—nearly 20 percent of the population—had fled into exile, creating the largest refugee crisis in Latin American history. Those who remained faced a dystopian reality where survival depended on remittances, illicit trade, or subordination to regime-controlled patronage networks. The question facing analysts is no longer whether the regime will collapse, but what form the endgame will take—and whether any institutional remnants will survive to rebuild.

## Part 2. Analytical Framework: The Transition to Mafia Capitalism

The transformation of Venezuela under Maduro can be understood through the lens of dual patronal motivations: the concentration of political power and the accumulation of personal and clan wealth. In Chávez's regime, these motivations were always present but operated within a predominantly rentier logic—state-controlled oil revenues were converted into patronage, binding loyalists to the regime while enriching an inner circle anchored in Barinas (the cradle of chavismo) and the military. Under Maduro, both motivations intensified, but the mechanisms of wealth accumulation shifted fundamentally from rentier distribution to predatory extraction.

The UTM framework classifies this shift as a transition from hegemonic×patronal to hegemonic×mafia capitalism. In the former, the chief patron uses state resources to build loyalty networks, distributing rents to subordinate patrons who in turn control client pyramids. In the latter, the regime survives not by distributing diminishing rents but by seizing private assets, monopolizing illicit economies, and violently coercing economic actors into subordination. The distinction is not merely semantic—it reflects a fundamental change in the relationship between political power and economic accumulation.

### Stages of Power Consolidation and Wealth Mechanisms

Stage of Power Consolidation	Dominant Wealth Mechanism	Chávez – Pattern	Maduro – Pattern	Common Patronal Traits
1. Rise to power (1998–2002 / 2013–2014)	Rentier	Used PDVSA and oil funds to reward loyalists; early redistribution through discretionary programs.	Controlled currency markets; early insider access to import licenses and exchange-rate differentials.	Early patronal consolidation: loyalty networks monetized through access to state rents.
2. Institutional restructuring (2003–2006 / 2014–2016)	Kleptocratic	Created opaque budgetary structures via Missions; embedded family in Barinas' governorship.	Centralized control over courts and legislature; relatives managed food supply programs (CLAP).	Institutional capture normalized rent extraction and blurred public-private boundaries.
3. Economic boom and patronage expansion (2007–2012 / 2016–2018)	Kleptocratic → Predatory	Oil windfall allowed state contracts and expropriations benefiting family-linked firms.	Hyperinflation enabled arbitrage; food imports monopolized by insiders and relatives.	Systemic graft institutionalized; corruption becomes a governance tool.
4. Crisis and sanctions (2013–2025)	Predatory / Concessionary	Posthumous patronal networks retained land and business control; foreign intermediaries managed capital flight.	Sanctions produced gold and oil smuggling networks; clan monopolized	Predation replaces rents; regime survival depends on illicit economies.

			PDVSA and CLAP flows.	
<b>5. Legacy consolidation</b>	<b>Concessionary / Residual Rentier</b>	Family entrenched in local monopolies (agriculture, logistics) in Barinas.	Maduro's inner circle retains control over mining, currency, and security concessions.	Political survival equals economic reproduction; patronal logic perpetuates itself.

This table illustrates the progression through three distinct phases of wealth accumulation: rentier, kleptocratic, and predatory. Each phase corresponds to specific institutional conditions and economic opportunities, but the underlying logic remains constant—the regime converts political power into personal and clan enrichment.

### 2.1. The Rentier Phase: Currency Manipulation and Import Monopolies (2013–2016)

Maduro's initial strategy was to sustain Chávez's rentier model despite collapsing oil revenues. The key mechanism was currency control. Venezuela's Byzantine exchange-rate system—featuring multiple official rates ranging from 6.3 to 50 bolívars per dollar while the black market rate soared into the thousands—created massive arbitrage opportunities for those with access to dollars at preferential rates. Importing goods at the official rate and selling them at market prices generated profit margins exceeding 1,000 percent. This system was not a policy failure; it was a deliberate patronage mechanism. Access to CADIVI (the state currency commission) and later CENCOEX became the primary source of wealth accumulation for regime insiders. The allocation logic was straightforward:

- Regime loyalists received preferential exchange rates and import licenses for essential goods (food, medicine, machinery).
- Private sector actors were granted access only in exchange for political subordination or substantial bribes.
- Opposition-linked businesses were systematically excluded, forcing closure or exile.

Maduro's early circle—including relatives of Cilia Flores—secured privileged import licenses, particularly in food and medicine. The regime distributed these licenses not based on economic efficiency but political loyalty, effectively monetizing scarcity. As shortages intensified, access to imports became more valuable than oil rents themselves. The difference from Chávez's rentierism was its scale and desperation. Where Chávez had used oil windfalls to fund social missions and bind millions to the regime, Maduro's currency rents enriched a narrow elite while ordinary Venezuelans faced empty shelves and spiraling prices. The social missions collapsed as funding evaporated, but the patronage system survived by cannibalizing the economy itself. By 2015, it was estimated that over \$300 billion had been siphoned through currency arbitrage schemes—a sum exceeding Venezuela's entire foreign debt.

### 2.2. The Kleptocratic Phase: CLAP and Institutionalized Corruption (2016–2018)

As hyperinflation destroyed purchasing power, the regime created the CLAP (Local Supply and Production Committees) system in 2016—ostensibly a food distribution program for vulnerable populations. In reality, CLAP became the largest patronage and corruption scheme in Venezuelan history. The program channeled billions of dollars through opaque contracts with foreign intermediaries, most notoriously Alex Saab, a Colombian-Venezuelan businessman who became Maduro's principal financial operator.

Saab's network operated through a web of shell companies registered in tax havens, primarily:

- Group Grand Limited (Hong Kong) – handled food imports from Mexico and Turkey

- Foodstuff Trading FZE (UAE) – managed contracts worth over \$2 billion
- Fondo Global de Construcción (Venezuela) – domestic distribution arm

These entities imported subsidized food—often expired or substandard—at inflated prices, pocketing the difference while the regime used CLAP boxes as a political weapon. Distribution was conditional on political loyalty:

- Government employees were required to collect boxes and show proof to retain employment.
- Pensioners received boxes only if registered with pro-regime community councils.
- Opposition neighborhoods were systematically excluded or received boxes irregularly.

CLAP transformed hunger into a tool of social control. By 2019, over six million families—roughly two-thirds of Venezuelan households—depended on CLAP boxes for basic nutrition. The boxes typically contained rice, pasta, cooking oil, and powdered milk, worth approximately \$15–20 at black market prices but procured through contracts costing the state upwards of \$100 per box. The difference disappeared into offshore accounts.

The kleptocratic dimension extended beyond food. PDVSA, already gutted under Chávez, became a cash machine for Maduro's clan. Joint ventures with Russian (Rosneft, Gazprom), Chinese (CNPC), and Turkish entities operated without transparency or accountability. Key patterns included:

- Discounted oil sales: PDVSA sold crude to intermediaries at \$20–30 per barrel below market prices; intermediaries resold at full price and kickbacked 10–20% to regime insiders.
- Phantom contracts: Service contracts for oilfield maintenance and equipment were awarded to shell companies that delivered little or nothing, with payments diverted offshore.
- Gold-for-oil swaps: Venezuela exchanged gold reserves for upfront cash from Turkish and UAE buyers, who then received oil shipments at below-market rates—a double loss for the state, a double profit for intermediaries.

U.S. Treasury investigations revealed that Cilia Flores's nephews, Efraín Campo Flores and Francisco Flores de Freitas, were convicted in 2017 for attempting to smuggle 800 kilograms of cocaine into the United States—a case that exposed the regime's direct entanglement with narcotics trafficking. Wiretaps revealed the nephews discussing their ties to the "Cartel de los Soles," a network of high-ranking military officers involved in cocaine trafficking, and their access to government planes for smuggling operations.

This phase marks the dissolution of boundaries between governance and organized crime. Where Chávez's kleptocracy operated through off-budget funds and opaque missions, Maduro's system integrated international criminal networks directly into state operations. The regime was no longer merely corrupt—it was criminalized.

### **2.3. The Predatory Phase: Sanctions, Gold, and Mafia Capitalism (2018–2025)**

The imposition of U.S. sanctions in 2017–2019 accelerated Venezuela's transformation into a mafia state. Sanctions targeted PDVSA (January 2019), Venezuelan bonds and gold transactions (2018), and individual regime members including Maduro himself. The measures cut off access to international financial markets, froze billions in assets, and blocked oil exports to the United States—previously Venezuela's largest customer. Rather than collapsing, the regime adapted by deepening its predatory logic. Three sectors became the primary sources of hard currency:

#### **2.3.1. Gold Mining: The Arco Minero as Criminal Territory**

The Arco Minero del Orinoco—a 112,000 square kilometer mining region in southern Venezuela, roughly the size of Greece—was formally created by presidential decree in 2016 as an economic development zone. In practice, it became a lawless extractive frontier controlled by a constellation of violent actors:

- **Military factions:** Regional commanders from the National Guard and Army controlled mining concessions, taking cuts from production and selling protection to miners.
- **Criminal gangs:** Colombian ELN guerrillas, dissident FARC units, and Venezuelan gangs (including Tren de Aragua and Sindicato) controlled mining pits and smuggling routes.
- **Regime-linked operators:** Companies connected to Cilia Flores's family and military intelligence (DGCIM) managed gold purchasing and export networks.

The human and environmental costs were staggering:

- **Mercury contamination:** Artisanal miners used mercury to extract gold, poisoning rivers that supply water to indigenous communities and northern Brazil. Long-term exposure caused neurological damage, birth defects, and the collapse of traditional subsistence economies among Amazonian peoples.
- **Forced labor:** Thousands of Venezuelan and migrant miners worked under conditions resembling debt bondage, controlled by armed gangs. Many were coerced through violence, deprivation, or promises of protection, turning entire mining camps into zones of quasi-slavery. As a result of violent territorial disputes, massacres of miners by military forces and rival gangs were common. The 2019 Tumeremo massacre killed at least 17 miners, though local sources claimed over 30 deaths.
- **Deforestation and habitat destruction:** Large-scale illegal mining stripped vast areas of forest cover in the Orinoco and Amazon basins. Satellite data show exponential forest loss since 2016, with lasting damage to biodiversity and regional climate regulation.

Gold production estimates ranged from 15–30 tons annually, worth \$600 million to \$1.2 billion at market prices. Most gold was smuggled through clandestine routes. The primary destination, where gold was laundered through Dubai-based refineries and Turkish jewelry markets. Turkish Airlines flights from Caracas reportedly carried tons of Venezuelan gold in diplomatic pouches. Smaller quantities were shipped to Russian refineries in exchange for military equipment and technical support. The Central Bank's official gold reserves declined from 361 tons in 2013 to under 100 tons by 2021—much of it secretly shipped abroad as collateral for cash advances or sold outright. The Bank of England refused to release 31 tons of Venezuelan gold worth \$1.8 billion, citing concerns about corruption and illegitimacy, a legal battle that continues.

### **2.3.2. Oil Smuggling: Ghost Tankers and Sanctions Evasion**

With formal PDVSA export channels blocked, the regime relied on a shadow oil trade characterized by:

- **Ship-to-ship transfers:** Venezuelan crude was loaded onto tankers in international waters, where it was transferred to vessels with falsified documentation claiming the oil originated elsewhere (often Malaysia or Russia).
- **Ghost tankers:** Vessels disabled their AIS (Automatic Identification System) transponders to avoid satellite tracking, creating "dark periods" during which oil was loaded or transferred.
- **Barter arrangements:** Venezuela exchanged crude for gasoline, food, and manufactured goods with China, Cuba, and Iran—transactions that bypassed financial sanctions.
- **Russian intermediaries:** Rosneft and later Russian-linked trading companies (after Rosneft withdrew in 2020 under U.S. pressure) facilitated oil sales to Asian buyers, taking substantial commissions.

These operations were managed not by PDVSA bureaucrats but by military officers and private intermediaries who took large cuts—often 20–30 percent of revenues. Estimates suggest that 40–60 percent of Venezuela's oil

production during 2019–2021 was sold through illicit channels, generating billions for regime insiders while the state treasury remained empty.

### **2.3.3. Cryptocurrency and Financial Innovation as Extraction**

In December 2017, Maduro announced the creation of the Petro, ostensibly a state-backed cryptocurrency pegged to Venezuela's oil reserves. The regime claimed each Petro was backed by one barrel of oil from the Ayacucho Field in the Orinoco Belt.

The reality was far different. The Petro operated on a closed, government-controlled platform with no transparent blockchain, meaning no public verification of transactions or reserves. Independent analysts found no evidence that oil reserves were actually allocated to Petro tokens; the "backing" was purely rhetorical. The regime forced state employees, pensioners, and businesses to accept Petro for transactions, effectively creating a captive market. And the Petro allowed the regime to solicit foreign investment and payments without using traditional financial channels, evading U.S. oversight and sanctions. The Petro raised an alleged \$3.3 billion in its initial offering, though this figure was never independently verified and much of it likely represented domestic forced purchases. By 2021, the Petro had largely disappeared from public discourse, replaced by de facto dollarization of the economy—a tacit admission of monetary collapse.

The regime also pioneered cryptocurrency mining as state predation. In 2018, Maduro created SUNACRIP (National Superintendency of Crypto Assets), which required all cryptocurrency miners to register and pay licensing fees. Military raids confiscated mining equipment from unregistered operators, which was then redistributed to regime-linked entities. Venezuela's electricity subsidies (the cheapest in the world due to hyperinflation) made Bitcoin mining profitable despite decrepit infrastructure, and the state sought to capture these rents through licensing and seizure.

### **2.3.4. Private Sector Predation: Forced Subordination and Asset Seizure**

As the formal economy collapsed, the few remaining private businesses faced systematic extortion. The predatory logic operated through several mechanisms:

- Arbitrary inspections and fines: SUNDEE (the tax authority) and SENIAT (National Integrated Service for Customs and Tax Administration) conducted raids on businesses, imposing massive fines for alleged violations, payable only through "negotiated settlements" involving bribes or asset transfers.
- Forced partnerships: Profitable companies were compelled to accept "strategic partnerships" with regime-linked entities, effectively ceding majority control. Examples include pharmaceutical companies, supermarket chains, and logistics firms.
- Expropriation threats: Businesses that resisted faced nationalization threats. Unlike Chávez's ideologically-motivated expropriations, Maduro's seizures were purely extractive—assets were transferred to military officers or clan members who operated them for profit.
- Protection rackets: Companies paid "security fees" to military units or colectivos (pro-regime armed militias) to avoid vandalism, theft, or violent disruption.

Foreign firms faced similar pressures. Chevron, which maintained limited operations under U.S. licenses, negotiated directly with military officers controlling access to oilfields. Telecommunications companies paid bribes to avoid service disruptions. Even humanitarian organizations operating in Venezuela reported extortion by regime officials demanding percentages of aid shipments.

The market did not allocate resources; armed patronage networks did. Private property rights existed only insofar as property owners could negotiate protection from those controlling organized violence. This is the defining characteristic of mafia capitalism—the privatization of predation under state auspices.

In the predatory phase, neither Chávez nor Maduro appeared personally as formal owners of private enterprises. Instead, they controlled wealth through networks of intermediaries, family members, and military or political loyalists acting as frontmen. The regime's enrichment mechanism relied less on productive ownership than on coercive extraction—appropriating rents, assets, and foreign currency through illicit trade, forced partnerships, and offshore transfers. Predation thus replaced ownership as the dominant mode of accumulation.

Under Chávez, family members held mainly political and administrative positions—especially in Barinas—exercising indirect economic influence through state contracts and local monopolies. Chávez avoided overt displays of family enrichment to preserve his populist image. Under Maduro, by contrast, the regime evolved into a more openly kleptocratic system: the Flores family and Maduro's son occupied direct economic and political roles, linked to mining, oil, food imports, and currency operations. Thus, nepotism became institutionalized and publicly visible, marking a clear shift from Chávez's informal patronal networks to Maduro's dynastic kleptocracy.

### **Part 3. The Dual Intensification: Power Concentration and Clan Enrichment**

Maduro's regime demonstrates the simultaneous intensification of both components of the chief patron's dual motivation: the concentration of political power and the accumulation of clan wealth. These are not separate processes but mutually reinforcing dynamics.

#### **3.1. Political Centralization: The Destruction of Institutional Autonomy**

Maduro's power consolidation followed a clear trajectory of institutional annihilation:

##### **3.1.1. Legislative Neutralization (2015–2017)**

When the opposition won a supermajority in the December 2015 National Assembly elections—capturing 112 of 167 seats—the regime faced its first genuine institutional constraint. Maduro's response was systematic:

- Supreme Court intervention (2015–2016): The TSJ (Supreme Tribunal of Justice), packed with regime loyalists, ruled the Assembly in contempt before it even convened, nullifying all its legislation. Every law passed by the Assembly was declared unconstitutional.
- Economic emergency decrees (2016): Maduro issued presidential decrees claiming economic emergency, bypassing the legislature on all fiscal matters.
- Constituent Assembly creation (2017): In May 2017, Maduro convened a National Constituent Assembly—ostensibly to rewrite the constitution but actually to bypass the opposition-controlled legislature. The election used a manipulated sectoral voting system that guaranteed regime control. The Constituent Assembly assumed all legislative powers and has remained in session since, functioning as a parallel legislature with supreme authority.

As a result the National Assembly was reduced to a symbolic body with no legislative power. When the opposition boycotted the 2020 legislative elections, the regime simply retook formal control, completing the circle.

##### **3.1.2. Electoral Manipulation and Authoritarian Consolidation (2018–2025)**

Electoral integrity collapsed entirely under Maduro.

2018 Presidential Election: Opposition candidates were barred (Henrique Capriles was banned from running), the election was moved forward by several months without consultation, and vote-buying through CLAP distribution was systematic. Maduro claimed 68% with 46% turnout—figures widely disputed. The Lima Group and the European Union refused to recognize the results.

2020 Legislative Elections: Major opposition parties boycotted after the regime refused international observation and banned key candidates. The TSJ had seized control of several opposition parties, appointing pro-regime leadership. Turnout was estimated at 18–31%—the lowest in Venezuelan history.

2024 Presidential Election: Maduro faced María Corina Machado, a charismatic opposition leader who won the opposition primary with over 90% support. The regime banned her from running, then arrested her designated substitute. Edmundo González Urrutia ran in her place. On election day, the CNE (National Electoral Council) declared Maduro the winner with 51%, but refused to publish precinct-level results. The opposition published tally sheets from over 80% of polling stations showing González won with 67%—a claim verified by independent observers. Massive protests erupted; Maduro deployed security forces, killing over 25 protesters and arresting more than 2,000. International pressure intensified, but Maduro remained in power through military backing.

### **3.1.3. Judicial Subordination and Legal Impunity**

The judiciary became a pure instrument of repression:

- TSJ composition: All 32 Supreme Court justices are regime loyalists, many appointed through irregular fast-track procedures.
- Arbitrary detention: Hundreds of political prisoners were held, including opposition leaders such as Leopoldo López (under house arrest after 2017), Freddy Guevara, Roland Carreño, and numerous journalists and activists. By 2023, Venezuelan NGOs such as Foro Penal documented more than 15,700 politically motivated arrests since 2014, with around 250 prisoners still detained at any given time.
- Show trials: Opposition figures were prosecuted on fabricated charges of “treason,” “terrorism,” or “inciting violence,” which served as pretexts for indefinite detention and public intimidation. Proceedings were conducted in military courts or special tribunals lacking due process; verdicts were often predetermined, and confessions extracted under duress were used as evidence.
- Torture and abuse: Human rights organizations documented systematic torture within DGCIM (Military Counterintelligence Directorate) and SEBIN (Bolivarian National Intelligence Service) facilities, including beatings, electric shocks, and sexual violence. A 2022 UN Fact-Finding Mission reported at least 200 verified cases of torture and over 5,000 instances of cruel, inhuman, or degrading treatment in detention centers, indicating a pattern of institutionalized repression.
- The Public Prosecutor's Office, once led by the critical Luisa Ortega Díaz (who broke with the regime in 2017 and fled into exile), became an instrument of persecution. Her replacement, Tarek William Saab, prioritized prosecuting opposition figures while ignoring regime corruption.

### **3.1.4. Military Entrenchment: The Praetorianization of the State**

Maduro lacked Chávez's military background, but he compensated by embedding the armed forces deeper into the state apparatus. The strategy had three components:

- Economic incorporation: Military officers controlled key economic sectors—PDVSA (oil), ports, customs, mining, food distribution—giving them direct stakes in regime survival.
- Patronage distribution: Loyalist officers received lucrative appointments, import licenses, and concessions. Disloyal officers faced arrest, forced retirement, or assassination.

- Cuban intelligence penetration: Cuban G2 intelligence operatives embedded in Venezuelan security forces ensured loyalty monitoring and counter-intelligence. Cuba provided technical expertise in surveillance and repression in exchange for subsidized oil—a symbiotic relationship that sustained both regimes.

By 2025, the military was not merely supporting the regime—it was the regime. Ministers, governors, state enterprise directors, and local authorities were overwhelmingly active or retired military officers. This praetorianization made coup attempts unlikely, as the officer corps profited directly from the system.

Promotion within the armed forces became increasingly politicized. Formal merit-based advancement was replaced by discretionary appointments rewarding loyalty to the regime rather than professional competence. Officers who demonstrated ideological commitment to chavismo or participated in internal surveillance and repression were fast-tracked to senior commands and lucrative administrative posts.

Members of Maduro’s inner circle—including relatives and trusted civilians—were also granted honorary or irregular military ranks, bypassing institutional procedures. These symbolic commissions provided access to procurement networks, logistics chains, and state enterprises, effectively integrating the Maduro clan into the patronage and predation structures of the armed forces. For example, several members of Maduro’s immediate family received honorary or irregular military titles despite lacking any professional service record. His son, Nicolás Maduro Guerra (“Nicolásito”), was granted the rank of colonel within the National Guard and placed in supervisory roles over mining and oil logistics networks. Likewise, relatives from Cilia Flores’s family were awarded privileged access to security and customs facilities, using these quasi-military designations to facilitate patronage and smuggling operations. Such symbolic militarization integrated the Maduro clan directly into the coercive and extractive core of the regime.

### **3.2. Clan Wealth: The Flores-Maduro Network**

If political power was centralized, wealth accumulation was familial. Cilia Flores, Maduro's wife and a former National Assembly president, emerged as the regime's financial architect. Her extended family—particularly her nephews, siblings, and cousins—controlled key nodes in the patronage network.

#### **3.2.1. The "Narcosóbrinos" Case and Narcotrafficking**

The 2017 conviction of Cilia Flores's nephews, Efraín Campo Flores and Francisco Flores de Freitas, in a U.S. court for cocaine trafficking exposed the regime's entanglement with organized crime. The nephews negotiated to transport 1,600 kilograms of cocaine from Venezuela to Honduras for onward shipment to the United States. They discussed using Venezuelan military planes and diplomatic cover. Wiretaps revealed references to "los jefes" (the bosses) and the need to secure funds for "the family" and "the revolution." The case implicated high-ranking officials in the Cartel de los Soles—a network of military officers involved in cocaine trafficking. The cartel's name references the sun insignia worn by Venezuelan generals, underscoring the military's central role.

#### **3.2.2. CLAP and Import Monopolies**

CLAP (Local Committees for Supply and Production) is a state-run food distribution network created in 2016. Originally designed to alleviate shortages, it evolved into a mechanism of political control, rewarding loyal communities with subsidized food boxes while excluding or punishing opposition areas. The program also became a major source of corruption and rent-seeking within the military and the Maduro family’s patronage networks. Cilia Flores's relatives controlled key nodes in the CLAP distribution network. José David Cabello Rondón (Cilia's nephew) managed CLAP contracts through shell companies, including entities linked to Alex Saab, while Walter Jacob Gavidia Flores (Cilia's brother) held import licenses for food and medicine, profiting from arbitrage and

monopoly pricing. These networks generated hundreds of millions in profits annually, funneled through offshore accounts in Andorra, Panama, and Switzerland.

### 3.2.3. Offshore Wealth and International Networks

Investigations by U.S. and international agencies revealed a vast transnational network through which the Maduro–Flores family concealed and laundered regime-linked wealth. Using intermediaries and front companies, the network managed billions of dollars derived from state contracts, food imports, and currency arbitrage. Offshore entities in Turkey, the UAE, Andorra, and Switzerland were used to channel funds and acquire luxury real estate in Caracas, Madrid, Dubai, and elsewhere. Officially declared assets remained modest, but estimates suggest the family’s hidden fortune reached into the billions—protected by opaque corporate structures and international intermediaries that blurred the line between state resources and private enrichment.

#### Comparative Wealth Accumulation: Chávez vs. Maduro

Dimension	Chávez Family	Maduro Clan
<b>Clan structure</b>	Family-based (Chávez siblings, children)	Extended network (Flores family, military officers, Cuban operatives)
<b>Primary intermediaries</b>	Local businesses, family-controlled firms	Foreign operatives (Alex Saab), military officers, international criminal networks
<b>Wealth accumulation mode</b>	Rentier + Kleptocratic (oil rents, state contracts)	Predatory + Criminal (smuggling, trafficking, extortion)
<b>Primary assets</b>	Land (≈100,000 acres in Barinas), local businesses, cattle ranches	Offshore accounts, shell companies, real estate, gold concessions
<b>Geographic concentration</b>	Primarily domestic (Barinas state)	Internationally dispersed (UAE, Turkey, Andorra, Spain)
<b>Formal declared wealth</b>	<\$200,000 before presidency	≈\$2 million (Maduro), ≈\$1.5 million (Cilia Flores)
<b>Estimated liquid wealth</b>	≈\$550 million in accessible assets by 2013	≈\$1–3 billion controlled through intermediaries

The contrast is stark. Chávez's wealth was primarily domestic, land-based, and rooted in Venezuelan territory—his family controlled land, businesses, and regional government in Barinas. Maduro's wealth is deterritorialized—his clan controls flows of capital, commodities, and contraband that traverse borders, evade sanctions, and operate beyond the reach of formal institutions. This internationalization reflects both necessity (sanctions forced offshore operations) and scale (predatory extraction generated larger flows than Chávez's rentier model).

## **Part 4. Subordinate Patron-Client Networks: From Relative Autonomy to Coercive Centralization**

A critical question is whether subordinate patron-client networks came under stronger, more centralized oversight under Maduro. The evidence suggests a paradoxical dynamic: formal centralization increased, but effective control fragmented.

Maduro lacks Chávez's charismatic authority, which allowed Chávez to manage subordinate patrons through personal loyalty and redistributive generosity. Maduro, by contrast, rules through coercion and scarcity. Regional governors, military commanders, and local patrons remain embedded in the system, but their loyalty is secured through threats, surveillance, and the rationing of predatory opportunities rather than abundance.

### **4.1. Mechanisms of Coercive Control**

- Intelligence surveillance: SEBIN and DGCIM monitor all high-level officials, including military officers. Phone taps, email surveillance, and informant networks ensure that dissent is detected early.
- Purges and examples: Officers suspected of disloyalty face arrest, torture, or assassination. For example General Raúl Isaías Baduel, a former Chávez ally and defense minister, who broke with the regime in 2007, was arrested in 2009. He died in prison in 2021 under suspicious circumstances. Or the case of Captain Rafael Acosta Arévalo, who was arrested in 2019 for alleged coup plotting, and died within days due to torture.
- Selective rewards: Loyalist officers receive lucrative appointments and concessions. For example the governor of Bolívar state controls gold mining; the commander of the National Guard controls food distribution; intelligence chiefs manage oil smuggling. Loyalty is purchased through participation in predation.

### **4.2. Regional Fragmentation and Warlordism**

Despite formal centralization, regional control operates with significant autonomy:

- Mining zones: The Arco Minero functions as a patchwork of fiefdoms controlled by military units, criminal gangs, and regime-linked operators. The center grants territories, collects tribute, but does not micromanage daily operations.
- Border regions: In Apure and Táchira states, Colombian guerrillas operate with regime tolerance or complicity, controlling smuggling routes for gasoline, cocaine, and consumer goods.
- Urban zones: Caracas and other cities feature *colectivos*—armed pro-regime militias that control neighborhoods, enforce social control, and engage in extortion. These groups operate semi-independently, remitting tribute to higher patrons while exercising local dominance.

This hybrid structure—centralized coercion, decentralized extraction—defines Maduro's mafia capitalism. It is neither a fully hierarchical patronal pyramid (as under Chávez) nor a fragmented warlord state. It is a criminalized network state, where power flows through violence and wealth flows through illicit channels. The center cannot govern directly but can punish disloyalty; subordinates cannot defect but can enrich themselves within their assigned domains.

These semi-autonomous actors owe both loyalty and tribute to the center. Their continued access to territories and illicit markets depends on demonstrating political allegiance to Maduro while remitting a share of profits upward through military, intelligence, or party intermediaries. This “taxation of illegality” transforms loyalty into a

transactional commodity—cementing a system where violence and extraction are decentralized, but protection and impunity remain monopolized by the regime’s core.

Maduro has repeatedly purged semi-autonomous networks that failed to remit revenues or displayed excessive independence. The 2023–24 “PDVSA-Cripto” purge dismantled a faction within the oil sector accused of diverting profits, leading to the arrest of senior officials and their replacement by military loyalists. Similar interventions occurred in the Arco Minero, where unruly commanders and criminal intermediaries were eliminated and territories reassigned to trusted patrons. Even urban *colectivos* faced selective repression when local leaders challenged central authority. These purges served as periodic demonstrations of control—reminding all factions that loyalty must be expressed not only politically, but fiscally as well.

### **4.3. The Populist Enemy: Nationalist Adventurism and Territorial Claims**

As the regime's domestic legitimacy evaporated, Maduro intensified the populist rhetoric of external enemies—a classic diversionary strategy for failing autocracies. The most prominent case involved Guyana and the Essequibo territory, a 159,500 square kilometer region comprising approximately two-thirds of Guyana's territory. Venezuela has claimed the Essequibo since the 19th century, but the dispute lay dormant for decades. Maduro revived it aggressively starting in 2015, escalating dramatically after 2020.

#### **The Essequibo Gambit: Territorial Nationalism as Regime Survival**

Maduro’s campaign over the disputed Essequibo region followed a calculated political and economic logic rather than a genuine territorial imperative. After ExxonMobil’s 2015 discovery of vast offshore oil reserves in Guyanese waters transformed Guyana into a potential energy power, Caracas began reframing the century-old border dispute as a nationalist cause. As Venezuela’s own oil sector imploded between 2018 and 2020 under sanctions and mismanagement, Maduro intensified militarized rhetoric and troop deployments to the frontier, using the conflict to rally domestic support and divert attention from economic collapse. In December 2023, his government staged a referendum claiming 95 percent approval for annexing Essequibo—figures widely dismissed as fabricated amid a broken electoral system. The following month, Maduro proclaimed the creation of the “Estado Guayana Esequiba” and ordered Venezuelan ID cards for the area’s inhabitants, completing a symbolic annexation designed to project sovereignty, mobilize nationalist sentiment, and test the limits of international tolerance.

The campaign served multiple regime objectives:

- Nationalist distraction: External conflict diverts attention from internal failures. Bankrupt regimes historically resort to nationalist adventures (Argentina's Falklands War 1982, Russia's Ukraine invasion 2022) to rally support and suppress dissent.
- Resource appropriation fantasy: Controlling Guyanese oil reserves would solve Venezuela's fiscal crisis—a fantasy given the regime's complete inability to develop even its own oilfields, but useful for propaganda.
- Military mobilization: The Essequibo campaign justified increased military spending, deployment, and control over border regions—strengthening the armed forces' central role.
- International posturing: The conflict allowed Maduro to position himself as an anti-imperialist defender of sovereignty against U.S. and Western interests (ExxonMobil being American added to the narrative).

Maduro’s rhetoric over Essequibo grew increasingly belligerent, framing the dispute as a struggle against “British imperialism” that had allegedly stolen Venezuelan territory. State media and military parades displayed maps depicting the Essequibo as part of Venezuela, accompanied by the slogan “*Essequibo es nuestro*” (“Essequibo is ours”). Defense Minister Vladimir Padrino López warned Guyana not to “provoke” Venezuela and announced military maneuvers along the frontier. In response, Guyana sought international backing: Brazil reinforced its

northern border to deter incursions, while the International Court of Justice—hearing the case since 2018—issued a 2023 ruling instructing Venezuela to refrain from altering the territorial status quo, a directive Maduro openly defied. The United States, signaling deterrence, deepened military cooperation with Guyana through joint exercises and nearby naval deployments, turning the long-dormant border dispute into a regional security flashpoint.

#### **4.4. The Logic of Nationalist Adventurism in Mafia States**

The Essequibo case illustrates a broader pattern: failing regimes resort to external conflict when internal legitimacy collapses. This logic operates through several mechanisms:

- Rally-around-the-flag effect: External threats temporarily increase support for incumbent leaders, even unpopular ones. Maduro's approval ratings, which had fallen to historic lows (15–20%), rose modestly during Essequibo escalations.
- Repression justification: Nationalist mobilization justifies crackdowns on internal dissent as "treason" or "fifth columns." Opposition figures who criticized the Essequibo campaign were accused of siding with imperialism.
- Economic diversion: Territorial claims create the illusion of future prosperity—"once we recover the Essequibo, we'll have wealth"—postponing accountability for present misery.
- Military enrichment: Border militarization increases military budgets and deployment, creating new opportunities for smuggling and extortion. Border zones are among the most lucrative territories for military officers.

Yet Maduro's nationalist adventurism over Essequibo carries immense risks that could easily backfire. Venezuela's armed forces, though large on paper with some 350,000 active personnel, are ill-equipped, poorly trained, and plagued by corruption and low morale, rendering them incapable of sustaining serious combat. Any confrontation with Guyana—militarily weak but backed by the United States and Brazil—would expose these vulnerabilities. Internationally, an attack would isolate Caracas completely, likely provoking new sanctions and even oil embargoes from its remaining partners, including China and India. Domestically, war would deepen economic collapse, spark mass military desertions, and potentially ignite elite fractures or a coup as officers reassess the costs of loyalty to a failing regime.

Maduro likely understands these constraints, which is why the Essequibo campaign remains primarily rhetorical. But the willingness to escalate rhetoric, deploy troops, and provoke international crises demonstrates the regime's desperation. When internal legitimacy is exhausted, external conflict becomes a tempting, if dangerous, lifeline.

The Essequibo case also reflects a deeper transformation in the regime's populist discourse. Under Chávez, enemies were primarily internal—oligarchs, the opposition, the Church, private media—combined with rhetorical anti-imperialism against the United States. Under Maduro, enemies increasingly are external: the United States (sanctions, "economic war"), Colombia (harboring paramilitaries), Guyana (territorial theft), and the European Union (interference). This shift reflects the regime's inability to deliver domestically: when you cannot provide bread, you must provide enemies.

## **Part 5. The Demographic Catastrophe: Six Million Refugees and Economic Collapse**

Perhaps the most devastating dimension of Maduro's rule is the mass exodus. By 2024, approximately six million Venezuelans—nearly 20 percent of the pre-crisis population—had fled the country, creating the second-largest

refugee crisis globally after Syria. This exodus has profound implications for Venezuela's economy, labor market, and long-term viability.

### 5.1. The Scale and Destinations of Migration

#### Venezuelan migration accelerated dramatically after 2015

Year	Cumulative Estimates of Migrants	Primary Destinations
2015	≈700,000	Colombia, United States, Spain
2017	≈2 million	Colombia, Peru, Ecuador, Chile
2019	≈4.5 million	Colombia (1.8M), Peru (900K), Chile (400K), Ecuador (400K)
2022	≈6.5 million	Colombia (2.5M), Peru (1.5M), United States (500K), Chile (450K), Ecuador (450K), Brazil (400K), Argentina (200K), Spain (300K)
2024	≈6.8 million	Destinations stabilized; new flows to United States increased

### 5.2. The demographic profile of migrants reveals the crisis's depth:

- Age: Predominantly young adults (20–45 years old), including families with children.
- Skills: Disproportionately educated and skilled—doctors, engineers, teachers—creating a catastrophic brain drain.
- Gender: Initially male-dominated (men seeking work), but increasingly whole families.
- Class: Early waves included middle-class professionals; later waves increasingly poor and desperate.

### 5.3. Migration routes were often harrowing.

The Venezuelan exodus unfolded along some of the most perilous migration routes in the hemisphere. Thousands trekked on foot across land borders into Colombia, Peru, Ecuador, and Chile—journeys of over a thousand kilometers through mountains, deserts, and jungle, often without food, shelter, or legal protection. Far more dangerous was the passage through the Darién Gap, the lawless stretch of rainforest between Colombia and Panama, where tens of thousands risked their lives each year on the route to the United States. Controlled by criminal gangs and devoid of infrastructure, the Darién claimed at least 500 documented lives, though the real toll is believed to be far higher. Along these routes, human trafficking and exploitation flourished: women and children were subjected to sexual violence, smugglers extorted migrants for passage, and countless travelers were abandoned in the wilderness, turning flight from Venezuela into one of the Western Hemisphere’s gravest humanitarian tragedies.

### 5.4. Economic Impacts of Mass Emigration

#### 5.4.1. Labor Market Collapse and Skill Drain

The mass emigration of more than six million Venezuelans—many of them young, educated, and of working age—hollowed out the country’s labor market and dismantled its human capital base. The healthcare system collapsed as over 30,000 doctors, nearly two-thirds of the profession, fled abroad, leaving hospitals understaffed and driving dramatic increases in infant and maternal mortality. The education sector suffered parallel devastation: tens of thousands of teachers abandoned their posts, forcing school closures, while universities lost much of their faculty and research capacity.

This exodus extended across every professional field, producing a comprehensive brain drain. Engineers, IT specialists, accountants, and managers emigrated in large numbers, paralyzing productive industries and public administration alike. Even the service economy—traditionally the last refuge of low-skilled labor—was depleted, with acute shortages in retail, transport, and hospitality. What remained was a skeletal labor force sustained by remittances and informal work, incapable of supporting recovery or rebuilding national capacity.

The remaining labor force faced a paradox: high unemployment (formally  $\approx 25\text{--}30\%$ , informally much higher) coexisted with labor shortages in critical sectors. This reflected the economy’s collapse rather than market dynamism—there were no jobs because there was no economic activity.

#### **5.4.2. GDP Collapse and Economic Hollowing**

Venezuela’s economic collapse ranks among the most severe peacetime contractions in modern history, with GDP shrinking by more than 75 percent between 2013 and 2020. The country’s oil sector—the foundation of its rentier economy—disintegrated as production plummeted from 2.4 million barrels per day in 2013 to under half a million by 2020. Years of mismanagement, corruption, and underinvestment gutted PDVSA’s technical capacity: maintenance stopped, infrastructure was cannibalized, and machinery was sold for scrap. Agriculture, once a source of national pride and export revenue, followed a similar trajectory. Chronic shortages of fertilizer, seeds, and fuel, combined with land expropriations and mass emigration of farm laborers, turned Venezuela into a food-importing nation dependent on external suppliers for roughly 80 percent of its consumption.

The manufacturing sector deteriorated in parallel, with capacity utilization collapsing to between 15 and 25 percent as blackouts, input shortages, and the collapse of domestic demand forced widespread factory closures. Even the service economy, once buoyed by oil wealth, eroded: formal banking, insurance, and professional sectors shrank dramatically, replaced by informal street trade and subsistence-level petty commerce that contributed little to overall output. By 2024, Venezuela’s GDP had fallen to an estimated \$75–100 billion—levels last seen in 2004—despite a population nearly twice as large. Per capita income had fallen from about \$13,000 in 2013 to barely \$2,500–3,000, leaving what was once South America’s wealthiest nation comparable to the poorest countries of sub-Saharan Africa.

### **GDP per capita of Argentina and Venezuela (1875-2022)**



### 5.4.3. Remittances as Economic Lifeline

Ironically, mass emigration became Venezuela’s most important economic lifeline. As millions fled abroad, the money they sent home—remittances—emerged as the country’s main source of foreign exchange and household income. Between 2021 and 2024, remittances reached an estimated 3–4 billion USD annually, in some years even surpassing official oil export revenues. Around 40–50 percent of Venezuelan households received regular transfers, typically between 50 and 200 USD per month, which families used to buy food, medicine, and other essentials.

This flow of migrant income created a paradoxical dynamic: the regime’s economic failure drove people to leave, yet their remittances kept the economy from total collapse—effectively stabilizing the very system that had forced them to flee. Recognizing this, the Maduro government developed mechanisms to capture a share of these funds. State-controlled “remesa” platforms imposed conversion fees of 15–20 percent when exchanging foreign currency into bolívares, turning hardship abroad into domestic rent extraction. At times, the government even required remittances to be processed through the Petro and other state-run cryptocurrency systems, ensuring that the exodus continued to subsidize the survival of the state it had escaped.

### 5.4.4. Hyperinflation and Dollarization

Hyperinflation obliterated the bolívar’s value and reshaped Venezuela’s economy. Between 2018 and 2019, inflation surpassed one million percent annually, placing the country among the worst hyperinflationary cases in recorded history. The currency was redenominated three times—2008, 2018, and 2021—stripping away a cumulative fourteen zeros, yet prices still changed by the hour and cash lost all practical worth. By 2020, Venezuela had effectively dollarized: an estimated 60 to 70 percent of all transactions were conducted in U.S.

dollars, euros, or Colombian pesos. Although the regime initially resisted, it eventually accepted this informal dollarization as the only viable means of containing inflation and restoring minimal market stability.

Dollarization proved politically useful. It reduced inflationary chaos and social unrest, enabled the government to monitor and tax remittance inflows more effectively, and allowed regime elites—whose wealth was already held in foreign currency—to enjoy unrestricted consumption within Caracas’s emerging dollar economy. Yet the process deepened inequality. Access to dollars became the dividing line between survival and destitution: households receiving remittances or working in foreign-linked sectors could maintain a semblance of normality, while pensioners, public employees, and informal workers trapped in the bolívar economy faced near-total impoverishment.

#### **5.4.5. Social and Political Consequences**

The mass exodus fundamentally reshaped Venezuelan society, dissolving its social fabric and transforming daily life. Millions of families were torn apart as breadwinners left to work abroad while children and the elderly remained behind, eroding community cohesion and deepening emotional and psychological strain. Politically, emigration hollowed out the opposition: many of its leaders, organizers, and activists fled the country, leaving a weakened resistance and reducing the frequency and scale of protests. For the regime, this served as a strategic safety valve—emigration siphoned off the most frustrated and potentially rebellious sectors of the population. Authorities quietly facilitated departures by easing passport procedures and keeping borders open, understanding that each departure reduced domestic pressure.

Over time, a culture of remittance dependency took hold. Household survival came to rely on money sent from abroad rather than local employment, fostering a more passive, depoliticized society focused on subsistence rather than mobilization. The resulting brain drain appears irreversible: doctors, engineers, and teachers who rebuilt their lives overseas are unlikely to return, ensuring that Venezuela’s human capital deficit will persist long after the political crisis subsides.

## **Part 6. The Endgame: Trajectories of Mafia State Collapse**

By 2025, Venezuela under Maduro had stabilized at a new, dystopian equilibrium: a criminalized mafia state, economically hollowed but politically entrenched, sustained by predation and violence. The question is no longer whether the regime will collapse—it already has functionally—but what form the endgame will take.

Understanding these trajectories requires moving beyond conventional regime-change frameworks. Venezuela's transformation into a mafia state has created structural conditions that fundamentally alter the logic of political transition. Three theoretical insights illuminate why Venezuela's future defies easy prediction and why each scenario carries distinct path dependencies.

First, the criminalization of state institutions has created what we might call a "negative lock-in effect." In classic patronal autocracies, elite defection becomes possible when rents decline because elites might negotiate immunity deals and try to reinvent themselves as democratic reformers. Venezuela's mafia state, however, has crossed a threshold: senior military officers and regime figures are not merely corrupt—they are functionally indistinguishable from organized crime bosses. International arrest warrants, narcotrafficking indictments, and crimes against humanity charges mean that transition carries existential risks. This creates perverse incentives: the worse conditions become, the more desperately elites cling to power, because losing power means prison or death.

The regime's survival is thus sustained not by its strength but by its weakness—by the fact that its leadership has burned all bridges.

Second, Venezuela demonstrates the limits of what we might term "authoritarian gravity"—the assumption that all regimes eventually converge toward either consolidated democracy or consolidated authoritarianism. Venezuela inhabits a third space: a permanently failed state that is neither. It lacks the capacity for hegemonic authoritarian consolidation (China, Rwanda) because economic collapse has destroyed the infrastructural power required for effective surveillance and control. Yet it equally lacks the conditions for democratic transition because state collapse has empowered non-state armed actors (criminal gangs, *colectivos*, Colombian guerrillas) who operate independently of any political authority. This produces a form of durable disorder—not a transition phase but a stable equilibrium of fragmentation. Somalia and Libya suggest this condition can persist indefinitely.

Third, the international dimension reveals a paradox of liberal hegemony's decline. During the 1990s "unipolar moment," Western powers possessed both the will and capacity to intervene decisively in failed states (Bosnia, Kosovo). Today's multipolar order creates a different dynamic: Western sanctions isolate but do not destabilize; authoritarian allies (China, Russia, Cuba) provide minimal support—enough to prevent collapse but insufficient for recovery; regional powers (Brazil, Colombia) prioritize border security over regime change. The result is "curated stagnation"—a geopolitical equilibrium where all external actors prefer a weak, contained Venezuela to the risks of intervention or state collapse. This dynamic reinforces scenario 1 (Perpetual Stagnation) as the path of least resistance internationally.

However, the Trump administration's return to power in 2025 signals a potential resurrection of interventionist reflexes—albeit selectively applied. Trump's geopolitical posture exhibits a revealing asymmetry: transactionalist retreat from conflicts in Russia's sphere of influence (Ukraine), combined with Monroe Doctrine-style assertiveness in America's traditional backyard. Venezuelan regime change, long discussed but never attempted, has re-emerged as a serious policy option. As Trump contemplates military intervention, Maduro has invoked the classical failed-state survival strategy: summoning external patrons. Russia and Cuba have responded with visible demonstrations of support—Russian naval deployments to Venezuelan waters serving as tripwires against American action.

This emerging confrontation reveals the deeper structural tension: Venezuela sits at the intersection of two geopolitical logics. For the United States, it represents a failed state in the Western Hemisphere demanding restoration of regional order. For Russia and Cuba, it represents a strategic foothold whose loss would signal broader retreat from global competition. The paradox is that both logics reinforce regime survival: American threats drive Maduro further into authoritarian arms, while Russian-Cuban protection prevents the collapse that might otherwise force transition. The 2025 standoff thus reproduces Cold War dynamics in miniature—great power competition over a failed state that neither side can afford to lose but neither wishes to fully support. This perpetuates stagnation through different means: not geopolitical indifference but geopolitical stalemate, where the costs of intervention (for the U.S.) and abandonment (for Russia-Cuba) exceed the benefits, locking Venezuela into indefinite limbo.

These structural conditions—elite criminalization, durable disorder, and curated stagnation—do not determine outcomes but they do structure probabilities. They explain why scenarios 1 and 5 (Perpetual Stagnation and Fragmentation) dominate the probability space, while scenarios 2, 3, and 4 (Negotiated Transition, External Intervention, Popular Uprising) require dramatic exogenous shocks that current trends do not forecast.

## **Five Possible Outcomes**



<b>Dimension</b>	<b>1. Perpetual Stagnation: The "North Korea Scenario"</b>	<b>2. Elite Fracture and Negotiated Transition</b>	<b>3. External Intervention and Regime Change</b>	<b>4. Popular Uprising and Revolutionary Collapse</b>	<b>5. State Fragmentation and Warlordism</b>
<b>Probability</b>	Most likely	Moderate	Less likely	Less likely (military too deeply implicated in crime)	Moderate-low
<b>Trigger Factors</b>	No specific trigger event; continuation of current equilibrium	Maduro's death; major military defection; intensified sanctions; Chinese/Russian support withdrawal	Humanitarian catastrophe; refugee surge; Essequibo invasion; narcotrafficking escalation	Economic shock (oil price collapse, Chinese/Russian support withdrawal); fraudulent election; high-profile assassination	Gradual: further weakening of central authority; regional military commanders, criminal gangs, local patrons consolidate autonomous control
<b>Economic Status</b>	"Zombie economy": Oil production 500k–1M bpd; remittances; dollarization; subsistence economy	Slow economic recovery; external investment needed but uncertain	Post-intervention chaos; no credible government; power vacuum	Transitional chaos; multi-year stabilization needed	Caracas retains nominal sovereignty but little real power
<b>Political Dynamics</b>	Permanent military-mafia elite state; opposition tolerated only when neutered; democratic façade	Elite fracture: hardliners vs. pragmatists; immunity deal + political transition	Maduro removed, but power vacuum; warlordism; regional fragmentation	PSUV disintegrates; transitional junta or opposition government; loyalist colectivos/military units resist	No unified state; territorial division: Arco Minero, border zones, urban zones, oil regions
<b>Military/Security Situation</b>	Military control, surveillance, selective repression	Military split; criminal insurgency; transitional instability	Brazilian/Colombian intervention with US backing; Russian/Cuban defense proves insufficient; criminal insurgencies	Critical mass of military defects; units not deeply implicated in crime side with protesters	Regional fragmentation; no one capable of reunifying the country
<b>International Status</b>	Western sanctions; China, Russia, Cuba provide minimal support; pariah state	International mediation (UN, Brazil, Colombia); sanctions lifted in exchange for transition	US-backed regional intervention; prolonged international forces occupation	Transitional government; international support	Neighbors secure borders; international community treats as failed state; works with regional governors
<b>Human Cost</b>	Population drops to 20-22M; elderly, poor, regime-dependent	Prolonged instability; uncertain	State fragmentation; prolonged conflict; nation-building failure	Urban warfare; criminal networks in mining/border regions; more	Chronic fragmentation; mosaic of fiefdoms;

	population; perpetual misery	outcome; slow improvement		violent than scenario 2	indefinite survival in fragmented state
<b>Historical Analogy</b>	North Korea: Militarized, criminalized, economically collapsed but persisting for decades	Serbia (post- Milošević), Myanmar: Elite fracture opens opportunities, but criminal networks prevent consolidation	Libya (post-2011), Afghanistan (post- 2001): External intervention removes regime but leaves power vacuum	Romania (1989), Tunisia (2011): Rapid regime collapse due to loss of military support	Somalia (post- 1991), Libya (post-2014): State ceases to function as unified entity

Yet probability is not destiny. The five scenarios above represent not predictions but potential futures, each activated by specific trigger events. What distinguishes them is not their inherent likelihood but their causal pathways—the mechanisms through which Venezuela could shift from one equilibrium to another. Understanding these pathways requires attention to three critical variables that function as potential tipping points.

The first variable is elite cohesion. Venezuela's mafia state rests on a delicate balance among military factions, each controlling territorial fiefdoms and illicit economies. This is not a unified dictatorship but a coalition of warlords operating under Maduro's nominal authority. Cohesion is maintained through shared criminality—what political scientists call "complicity bonds"—and through the Cubanized intelligence apparatus that monitors and represses dissent within the military. But this system is inherently fragile. Maduro's death or incapacitation would trigger succession struggles, as no figure commands equivalent authority. A purge of one faction by another could provoke defections. A dramatic reduction in available rents (due to oil price collapse or sanction intensification) could fracture the distributional coalition. Elite fracture is the necessary condition for scenarios 2 and 4—but whether fracture leads to negotiated transition or violent upheaval depends on whether pragmatists or spoilers dominate the post-fracture landscape.

The second variable is international alignment. Venezuela's survival depends on a tacit bargain: Cuba provides intelligence and repression expertise; Russia supplies military equipment and diplomatic cover; China offers financial liquidity and oil purchases. This is not a formal alliance but a convergence of interests. Yet each patron's commitment is contingent and reversible. A Sino-American rapprochement could lead Beijing to abandon Caracas as a bargaining chip. Russian overextension in Ukraine and Africa could force resource reallocation. Cuban dependence on Venezuelan oil makes Havana vulnerable to Venezuelan collapse. If external support evaporates, scenarios 3 and 4 become more probable—but the modality depends on whether withdrawal is gradual (enabling negotiated transition) or sudden (provoking regime flight).

The third variable is regional spillover. Venezuela's collapse is not contained within its borders. Colombian border departments face armed infiltration; Brazilian Roraima hosts refugee camps; Guyana confronts territorial aggression. Regional powers have tolerated Venezuelan dysfunction because alternatives seem worse—intervention risks entanglement, state collapse threatens regional stability. But tolerance has limits. A massive refugee surge (triggered by famine or epidemic), narco-trafficking escalation that destabilizes Colombia, or a military adventure in Essequibo could cross red lines, forcing Brazil or Colombia to intervene. Scenario 3 (External Intervention) thus depends not on Western will but on regional necessity—and regional powers will intervene only when non-intervention becomes more costly than intervention.

These variables—elite cohesion, international alignment, regional spillover—interact dynamically. Elite fracture is more likely if external support declines; external withdrawal is more probable if regional spillover worsens; regional intervention becomes necessary when elite fragmentation creates power vacuums. This creates feedback loops that could accelerate or delay transitions, but the directionality remains uncertain. Venezuela could remain frozen in perpetual stagnation for decades, or a single trigger event could cascade rapidly into state collapse.

### Key Conclusions

	Scenario	Result
<b>Most likely scenario</b>	Perpetual Stagnation (Scenario 1)	The current dystopian equilibrium persists indefinitely.
<b>Most optimistic scenario</b>	Elite Fracture and Negotiated Transition (Scenario 2)	If the pragmatic faction of military elite prevails.
<b>Most pessimistic scenario</b>	External Intervention (Scenario 3) or Fragmentation (Scenario 5)	State collapse and prolonged chaos.
<b>Least likely scenario</b>	Popular Uprising (Scenario 4)	Because military officers are too deeply implicated in criminal structures.

The analytical challenge, then, is not to predict which scenario will unfold but to identify the warning signs that would signal a shift from one trajectory to another. For Perpetual Stagnation (Scenario 1), stability indicators include: sustained oil production at 500k-1M bpd, continued remittance flows, stable emigration rates, and absence of major military defections. For Elite Fracture (Scenario 2), early warning signs include: public disputes among military factions, purges of senior officers, regime offers of dialogue with opposition, or Chinese/Russian diplomatic signaling of support withdrawal. For External Intervention (Scenario 3), triggers include: massive refugee outflows (>500k annually), Colombian/Brazilian military mobilization on borders, or Venezuelan military aggression beyond its territory. For Popular Uprising (Scenario 4), precursors include: major economic shocks (oil price collapse below \$40/barrel), cascading military defections, or regime use of lethal force against mass protests. For Fragmentation (Scenario 5), indicators include: open conflict between regional military commands, independent oil sales by provincial commanders, or foreign engagement with sub-national actors bypassing Caracas.

The ultimate lesson of Venezuela's mafia state is that regime outcomes are not determined by regime type alone but by the intersection of domestic structures, elite incentives, international constraints, and contingent events. The five scenarios represent possible futures, not inevitable ones. Yet the structural conditions described above—elite criminalization, durable disorder, curated stagnation—create a gravitational pull toward Scenario 1 (Perpetual Stagnation) as the default trajectory. Breaking free from this equilibrium requires not merely the passage of time but the occurrence of dramatic, discontinuous shocks that overwhelm the system's capacity for self-reproduction. Whether such shocks occur, when they occur, and what they trigger remains irreducibly uncertain. What is certain is that Venezuela's endgame will be neither swift nor clean. The mafia state, once consolidated, proves remarkably durable—not because it governs effectively but because it has destroyed the conditions that would enable alternatives. The population pays the price of this frozen dystopia, enduring perpetual misery while the regime endures. This is Venezuela's tragedy: not that it will collapse, but that it may not.

## Part 7. Conclusion: Venezuela as Paradigm Case

This study has traced Venezuela's transformation across 125 years, from Gómez's hegemonic authoritarianism through Punto Fijo's liberal democracy to Maduro's mafia state. The narrative arc—modernization, democratization, decay, and metastasis—reveals patterns that transcend Venezuela's particularity. Three conclusions warrant emphasis.

First, Venezuela vindicates the core premise of the Anatomy's framework: regime analysis must integrate informal patronal structures as equal partners to formal institutional analysis. Traditional approaches, focused on constitutional design, electoral systems, and party competition, failed to predict or explain Venezuela's trajectory. They saw democratic erosion where the deeper reality was patronal consolidation. By 1998, Venezuela's formal democratic institutions masked a society maximally dependent on state-controlled rents and personalistic networks. Chávez did not destroy democracy; he captured and reconfigured patronal structures that oil dependency had incubated for decades. Maduro's mafia state represents not institutional collapse but institutional transformation—the subordination of all formal structures to predatory extraction.

The framework's analytical power lies in its dual focus: tracing both the chief patron's motivations (power concentration, clan enrichment) and the structural conditions (rent dependencies, social vulnerabilities) that enable patronal consolidation. Venezuela demonstrates that patronal autocracy is not a post-communist anomaly but a regime type that can emerge wherever resource rents, weak institutions, and social fragmentation converge. The post-communist experience provided the initial empirical base, but Venezuela—alongside contemporary cases in Turkey, the Philippines, and elsewhere—confirms the framework's universal applicability.

Second, Venezuela reveals the temporal dynamics of patronal systems. The Epilogue's longitudinal analysis uncovers a century-long oscillation: phases of reduced patronal dependency (1935-1973, as oil-funded modernization created autonomous middle classes) alternated with intensification (1973-1998, as petro-state hypertrophy recreated dependency in urban form). Chávez appeared not as historical accident but as structural inevitability—the right leader for a society primed for patronal mobilization. His Bolivarian Revolution consolidated rather than transformed these structures. When oil rents evaporated under Maduro, the system did not collapse but metastasized into predatory extraction. The mafia state is a form of patronal autocracy under scarcity: when rents vanish but dependency remains total, predation becomes the only equilibrium.

This temporal insight challenges teleological assumptions in democratization theory. Venezuela was not on a linear path toward consolidated democracy that was interrupted by Chávez. Rather, Venezuelan democracy (1958-1998) coexisted with deep patronal structures that oil prosperity temporarily obscured. When crisis exposed these structures, democratic institutions proved hollow shells. The lesson is sobering: formal democratization without structural transformation of patronal dependencies creates regimes vulnerable to authoritarian capture. Venezuela's tragedy was not that democracy failed but that it never fully consolidated—patronal networks persisted beneath democratic facades, waiting for a crisis and a patron to activate them.

Third, Venezuela illuminates the international dimensions of patronal persistence. The regime's survival despite catastrophic failure reflects not domestic legitimacy but international equilibrium. Western sanctions isolate without destabilizing; authoritarian allies (China, Russia, Cuba) provide minimal life support; regional powers (Brazil, Colombia) prioritize containment over intervention. The result is "curated stagnation"—a geopolitical arrangement where all external actors prefer a weak, criminalized Venezuela to the uncertainties of collapse or intervention. The mafia state endures not because it governs effectively but because alternatives carry risks that no external actor will absorb.

This finding connects to broader shifts in global order. During the unipolar 1990s, failing states faced Western intervention (Kosovo, East Timor). Today's multipolar fragmentation creates different dynamics: failing states persist indefinitely in frozen dysfunction (Somalia, Libya, Yemen, Venezuela), sustained by minimal external inputs and the absence of actors willing to bear stabilization costs. Venezuela's endgame scenarios (perpetual stagnation, elite fracture, external intervention, popular uprising, fragmentation) all confront this international reality. The most probable outcome—indefinite stagnation—reflects not domestic equilibrium but international inertia.

These three insights—the necessity of informal analysis, the temporal dynamics of patronal oscillation, the international dimensions of authoritarian persistence—constitute Venezuela's theoretical contribution. The case demonstrates that the Anatomy's framework, developed to analyze post-communist regimes, applies powerfully beyond its original context. Patronal autocracy is not regional but structural—it emerges from specific configurations of resource rents, institutional weakness, and social dependency, configurations that can arise in diverse settings.

Yet Venezuela also reveals the framework's darker implications. If patronal autocracies represent a distinct regime type with characteristic dynamics, they also exhibit characteristic resilience. The very features that enable patronal consolidation—rent dependencies, client networks, monopolized violence—make transition extraordinarily difficult. Venezuela's reconstruction, whenever it begins, confronts populations selected for dependency (the autonomous having emigrated), economies criminalized beyond recognition, and institutions destroyed. The mafia state may eventually fall, but what follows? The endgame scenarios offer no easy exits.

This study began with Venezuela's transformation from rentier regime to mafia state. It concludes with a question that extends beyond Venezuela: How many other societies, facing comparable combinations of resource dependence, institutional weakness, economic crisis, and social fragmentation, stand vulnerable to similar trajectories? Turkey's drift under Erdoğan, the Philippines under Duterte, Hungary under Orbán, Nicaragua under Ortega—each exhibits elements of patronal consolidation, though none (yet) approaches Venezuelan extremes. The pattern is recognizable because the framework makes it visible.

Venezuela is not unique; it is paradigmatic. Its century-long trajectory from oligarchic authoritarianism through liberal democracy to mafia state illustrates dynamics that can unfold wherever structural conditions align and political entrepreneurs exploit them. The Anatomy's framework, tested and validated by Venezuela's case, provides the analytical tools to recognize these dynamics early, trace their progression, and understand their resistance to change. Whether that understanding arrives in time to prevent other Venezuelas remains the question for comparative authoritarianism's next chapter. Venezuela's tragedy has already been written. The task now is ensuring it remains a warning, not a template.

## **Epilogue: Long-Term Patterns of Patronal Oscillation In Venezuela (1900-2025)**

The rise of Hugo Chavez in 1999 and the subsequent descent into Nicolas Maduro's mafia capitalism were not historical accidents. They represent the culmination of a long-term structural oscillation in Venezuelan society—a cycle in which periods of modernization, urbanization, and economic autonomy alternated with phases of deepening patronal dependency. Understanding this oscillation requires stepping back from the immediate crises of the Bolivarian Revolution to examine the structural transformations that shaped Venezuela over more than a

century.

This epilogue presents a longitudinal analysis of Venezuela's patronal oscillation from 1900 to 2025, examining how changes in social structure (demography, urbanization), economic structure (sectoral composition, state size), and state capacity created varying degrees of patronal susceptibility—the extent to which populations depend on personalistic patron-client networks for survival and social mobility. The analysis reveals that Venezuela's trajectory was not linear decline but rather a wave-like pattern: moments of reduced patronal dependence (1935-1973) gave way to its intensification (1973-1998), which then exploded into totalizing patronal control under Chavez-Maduro (1999-2025).

Three key insights emerge from this long-term perspective:

- The Chavez phenomenon was structurally overdetermined: By 1998, Venezuelan society had become maximally vulnerable to patronal mobilization. Economic crisis, state hypertrophy, urbanization without industrialization, and collapsing middle-class autonomy created ideal conditions for a populist patron to capture power.
- Maduro's mafia capitalism is the terminal phase of a century-long cycle: The regime's extreme predation and criminalization are not aberrations but the logical endpoint when patronal structures encounter economic collapse. When rents evaporate but dependency remains total, predation becomes the only survival strategy for both rulers and ruled.
- The UTM framework transcends regional boundaries: Venezuela demonstrates that the analytical paradigm developed in *The Anatomy of Post-Communist Regimes*—focusing on informal patronal networks, dual motivations of power and wealth, and the interaction between formal institutions and informal practices—applies powerfully beyond post-communist contexts. The framework offers a new quality of analysis by integrating the informal dimension as an equal partner to formal institutional analysis.

This epilogue traces the structural drivers of patronal oscillation across three dimensions—social, economic, and political—demonstrating how Venezuela became trapped in a self-reinforcing cycle where each crisis deepened rather than broke patronal dependency.

## Part 1. Social Structure and the Oscillation of Patronal Susceptibility

Venezuela's social structure underwent dramatic transformations over the 20th century, oscillating between configurations that reduced patronal dependency and those that intensified it. The key variable is urbanization without corresponding economic modernization—a pattern that created masses of urban poor lacking stable employment or autonomous social protection, making them maximally vulnerable to patronal incorporation.

### Social Structure and Patronal Susceptibility (1900-2025)

Period	Population	Urbanization	Patronal Susceptibility
1900-1935	2-3M, agrarian	~15% urban	High (isolated rural communities, hacienda-peon relations)

<b>1935-1948</b>	3-5M, demographic explosion begins	~30% urban	Declining (urban migration breaks rural patronage)
<b>1948-1958</b>	5-7M	~50% urban	Medium (transitional—urban labor emerges)
<b>1958-1973</b>	7-11M	~70% urban	Low (oil prosperity, middle-class expansion, autonomy)
<b>1973-1998</b>	11-23M	~85% urban	Rising (crisis, poverty, informal sector growth)
<b>1999-2025</b>	23-28M (then -7M emigration)	~90% urban	Extreme High (survival dependency on patronage)

The oscillation is clear: Venezuela moved from high rural patronal dependency (1900-1935) through a phase of declining dependency as urbanization and oil prosperity created autonomous wage labor and a middle class (1935-1973), only to see dependency rise again as a result of massive nationalization, economic crisis, informal sector expansion, and state rent-seeking what recreated patronal structures in urban form (1973-1998). Under Chavez-Maduro, this dependency became totalizing.

The critical inflection point was 1973-1998, when urbanization continued but industrialization stalled. Venezuela urbanized without creating a corresponding expansion of formal employment. Instead, oil rents financed state expansion and public sector employment, while the private sector remained small. When oil revenues declined and the state could no longer sustain employment, millions fell into the informal economy—street vendors, taxi drivers, construction workers—with no stable income or social protection. This created a massive urban precariat maximally vulnerable to patronal mobilization.

Chavez exploited this vulnerability. His Bolivarian Missions targeted precisely this informal urban poor, offering food subsidies, healthcare, education, and identity through direct patron-client ties to the state. The missions did not create autonomous employment or stable institutions; they created dependency. When oil rents evaporated under Maduro, this dependency persisted—but now sustained through coercion and predation rather than redistribution. The urban poor became captives of CLAP food boxes, remittances from abroad, or participation in illicit economies controlled by regime networks.

## **Part 2. Economic Structure and the Rise of Patronal Potentiality**

Venezuela's economic structure followed a similar oscillatory pattern, shaped fundamentally by the discovery and exploitation of oil. The key dynamic is the transition from a diversified agrarian economy through industrial modernization attempts to a hypertrophied petro-state, culminating in economic collapse and criminalized extraction under Maduro.

### **Economic Structure and Patronal Potential (1900-2025)**

<b>Period</b>	<b>Economic Base</b>	<b>Patronal Potential</b>
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<b>1900-1935</b>	Agrarian (coffee/cocoa) + emerging oil	High (hacienda-peon relations)
<b>1935-1948</b>	Oil + urbanization	Low (modern wage labor)
<b>1948-1958</b>	Oil (industry) + urban growth	Medium (dictatorship, but modernizing)
<b>1958-1973</b>	Oil boom + middle class	Low (prosperity, autonomy)
<b>1973-1998</b>	Oversized state (petro-state)	Rising (rent-seeking behavior)
<b>1999-2013</b>	State rent dominance	High (new urban patronalism)
<b>2013-2025</b>	Collapse + criminal economy	Extreme High (survival dependency)

The economic oscillation reveals a tragic irony: oil wealth, initially a modernizing force, became the instrument of patronal re-entrenchment. During the 1935-1973 period, oil revenues funded genuine development—infrastructure, education, healthcare, industrial projects. Venezuela became one of Latin America's wealthiest nations, with a growing middle class and diversifying economy.

But the 1973 oil shock changed everything. Massive revenue windfalls tempted governments to expand the state far beyond productive capacity. Public employment exploded; subsidies became universal; the state attempted to be entrepreneur, employer, and patron simultaneously. This created a petro-state where economic survival increasingly depended on access to state resources rather than productive activity. The private sector atrophied or became parasitic, living off state contracts and subsidies.

When oil prices collapsed in the 1980s-1990s, the bloated state could not adjust. Austerity measures sparked riots (the 1989 Caracazo). Politicians responded not with structural reform but with clientelistic distribution of shrinking rents. By 1998, the Venezuelan economy was fundamentally patronal: survival required connections to state resources, whether through public employment, contracts, subsidies, or corruption.

Chavez inherited this structure and radicalized it. Rather than reforming the petro-state, he hypercharged it, nationalizing industries, expanding missions, and making the state the sole meaningful economic actor. When Maduro faced collapsing oil production and sanctions, the economy did not diversify—it criminalized. Gold, cocaine, food distribution, and currency arbitrage replaced oil as rent sources, but the underlying logic remained patronal: survival required access to regime-controlled resources, now distributed through violence rather than ideology.

### **Part 3. State Capacity and Patronal Power**

The third dimension of oscillation concerns state size and capacity—the resources available to patrons and the degree to which society depends on state-controlled rents. Venezuela's trajectory shows a paradox: as state capacity to deliver public goods collapsed, the state's capacity to enforce patronal dependency increased.

#### **State Size and Patronal Capacity (1900-2025)**

<b>Period</b>	<b>State Spending (% GDP)</b>	<b>Rent Dependency</b>	<b>Patronal Capacity</b>
<b>1900-1935</b>	~10%	Low	Limited (few resources)
<b>1935-1948</b>	~15%	Medium	Medium
<b>1948-1958</b>	~20%	Medium	Medium
<b>1958-1973</b>	~25-30%	High	High (oil boom)
<b>1973-1998</b>	~35-40%	Very High	Very High (petro-state)
<b>1999-2013</b>	~40-45%	Extreme	Extreme (total control)
<b>2013-2025</b>	Collapsed, but control greater	Extreme	Total (survival monopoly)

The progression is striking: state spending rose from 10% of GDP in 1900 to over 40% by Chavez's era—a fourfold increase that reflected oil wealth but also the state's growing role as society's central economic actor. By the 1970s, Venezuela was a classic petro-state where most economic activity either derived directly from state spending or depended on it indirectly.

But the most remarkable finding is the final period (2013-2025). State spending collapsed—the formal economy shrank by 75%, government revenues evaporated, public services ceased functioning—yet patronal capacity became total. How is this possible?

The answer lies in the transition from redistributive to predatory patronage. Under Chavez, the state's patronal capacity derived from its ability to distribute oil rents. Under Maduro, patronal capacity derives from the state's monopoly on violence and its control over survival resources in a collapsed economy. The state no longer provides prosperity; it provides the difference between survival and starvation.

This is the essence of mafia capitalism: when formal economic activity ceases, control over remaining resources becomes absolute. CLAP food boxes, import licenses, currency access, gold mining concessions, and protection from extortion or arrest—all are distributed through patronal networks. The regime does not need abundant resources to maintain control; scarcity increases dependency because alternatives disappear.

The state's capacity to enforce patronal dependency actually increased as its capacity to deliver public goods collapsed. This paradox defines Maduro's regime: it is simultaneously the weakest and most controlling Venezuelan state in history.

## **Part 4. The Structural Inevitability of Chavez and the Logic of Maduro**

Viewing Venezuela through the lens of long-term patronal oscillation reveals that the Chavez phenomenon, while shaped by his personal charisma and political skill, emerged within structural conditions that made patronal mobilization highly probable. By 1998, three trends had converged:

- First, social structure: Massive urban informal sector, collapsing middle class, growing precariat with no autonomous income sources.
- Second, economic structure: Petro-state hypertrophy, private sector atrophy, rent-seeking dominance, economic crisis eliminating alternative survival strategies.
- Third, state structure: Oversized but delegitimized state, still controlling most rents but failing to deliver services, creating both dependency and resentment.

This combination created maximum vulnerability to patronal mobilization. Venezuelan society was primed for a populist patron who could promise redistribution, identity, and belonging to the excluded masses. Chavez was the right leader at the right structural moment.

Moreover, the structural analysis explains why Chavez's Bolivarian Revolution could not have produced anything other than deepening patronalism. The underlying conditions—oil dependency, informal economy dominance, state hypertrophy—were not addressed. Instead, they were intensified. Chavez did not reform the petro-state; he expanded it. He did not create autonomous employment; he created dependency on missions. The revolution was patronal consolidation disguised as social transformation.

When oil rents collapsed under Maduro, the patronal structure remained but the redistributive mechanism vanished. The result was predictable: transition to predatory patronage. Maduro's mafia capitalism is not a departure from Chavez's system but its continuation under scarcity conditions. The same networks that distributed oil-funded subsidies now distribute the spoils of gold smuggling, food monopolies, and asset seizures. The logic is identical; only the mechanism changed.

The long-term oscillation analysis also explains why the regime has proven so resilient despite catastrophic economic collapse. Opposition movements assumed that economic failure would delegitimize the regime and spark its overthrow. But patronal dependency does not work that way. When populations depend entirely on regime-controlled resources for survival, economic collapse increases rather than decreases control. Those who defect lose access to food, protection, employment—everything. Loyalty becomes a survival strategy, not an ideological commitment.

This is why six million Venezuelans emigrated rather than rebelling. Exit, not voice, became the rational response. And those who remained became more, not less, dependent on regime patronage. The opposition could not compete because it controlled no patronal networks. The regime survived not despite collapse but because of how collapse interacted with patronal structures.

## **Part 5. Beyond Post-Communism: The Universal Applicability of the UTM Framework**

The Venezuela case study demonstrates a crucial theoretical point: the analytical framework developed in *The Anatomy of Post-Communist Regimes* transcends its original regional context. The UTM (Unified Theory Matrix) and its associated concepts—chief patron, adopted political family, dual motivations of power and wealth accumulation, the distinction between formal institutions and informal practices, the typology of patronal, clan-based systems—apply powerfully to Latin American populism and potentially to other regions.

What makes the framework universally applicable is its focus on the interaction between formal institutions and informal practices rather than treating institutions as the sole unit of analysis. Traditional comparative politics analyzed Venezuela through the lens of democratic erosion, constitutional change, electoral manipulation, and institutional decay. These approaches captured important dimensions but missed the fundamental dynamic: the construction and operation of patronal networks that operated beneath, through, and around formal institutions.

### **5.1. The UTM framework shifts the analytical lens to ask different questions:**

- Who controls patronal networks and how are they structured? (identifying the chief patron, subordinate patrons, and client pyramids)
- What motivates the chief patron? (the dual goals of power concentration and wealth accumulation, and how these interact)
- How do formal institutions relate to informal patronal structures? (Do institutions constrain patronage, or do they become tools of patronal reproduction?)
- What type of capitalism emerges from the interaction of regime type and economic coordination? (The distinction between crony, oligarchic, patronal and mafia capitalism)

These questions reveal dynamics invisible to purely institutional analysis. For example, traditional approaches saw Chavez's constitutional reforms, mission creation, and nationalization policies as ideological projects or policy choices. The UTM framework reveals them as mechanisms of patronal consolidation—ways to concentrate resources, bind clients, and eliminate alternative power centers.

Similarly, traditional analysis saw Maduro's survival despite economic catastrophe as puzzling—how can a regime maintain power when it has so completely failed? The UTM framework resolves the puzzle: mafia capitalism does not depend on economic performance but on the monopolization of survival resources through violence. The regime's survival is not anomalous but predictable once we understand the shift from redistributive to predatory patronage.

The framework also enables more precise comparative analysis. We can now compare Venezuela's hegemonic patronal system under Chavez with Hungary's under Orban, Russia's under Putin, or Turkey's under Erdogan, identifying common patronal dynamics despite vast differences in geography, history, and culture. The common element is not democratic erosion per se (though that occurs) but the construction of patronal autocracy—a regime type defined by the chief patron's dual motivations and the subordination of formal institutions to informal networks.

### **5.2. This opens new research agendas:**

- How do patronal autocracies emerge in different economic contexts? (oil rents vs. other resource dependencies vs. state-captured industries)
- What role do external actors play? (sanctions, international support, diaspora communities)
- How do patronal systems interact with different types of opposition? (Do they generate exit, voice, or loyalty?)
- What are the endgame dynamics of mafia capitalism? (Can such systems transition, or only collapse?)

Venezuela provides rich empirical material for all these questions, demonstrating that the post-communist experience was not unique but rather an early manifestation of a regime type that can emerge under diverse conditions. The framework developed to understand Hungary, Russia, and other post-communist states proves equally illuminating when applied to Latin American “populism”, Middle Eastern “autocracies”, or African “neo-patrimonial regimes”.

The key insight is that patronal autocracy is a regime type, not a regional phenomenon. It emerges when specific structural conditions—resource rents, weak institutions, social fragmentation, economic dependency—allow political entrepreneurs to build personalistic networks that subordinate formal institutions. The post-communist world exhibited these conditions early, but they are not unique to that region. Venezuela's trajectory confirms the universality of the pattern.

## Part 6. Conclusion: The Patronal Trap and the Challenge of Reconstruction

The long-term analysis of Venezuela's patronal oscillation reveals a sobering conclusion: patronal dependency is not easily broken. Venezuela's trajectory shows that even periods of prosperity and modernization (1935-1973) did not eliminate patronal structures—they merely suppressed them. When crisis returned, patronalism resurged with greater intensity.

This suggests that patronal systems exhibit path dependency and hysteresis. Once societies develop deep patronal structures—where survival strategies, social identities, and institutional practices are organized around patron-client ties—breaking these structures requires more than economic growth or institutional reform. It requires fundamentally restructuring the relationship between state and society, creating autonomous sources of income and protection, and building trust in impersonal institutions.

Venezuela's current situation represents an extreme form of the patronal trap: a society where virtually all survival strategies depend on regime-controlled networks, where alternative institutions have been destroyed, where the most capable citizens have emigrated, and where the state has become a criminal enterprise. Escaping this trap will require not just regime change but societal reconstruction.

### 6.1. The challenge is daunting:

#### Venezuela Post-Transition Reconstruction Challenges

Reconstruction Dimension	Core Challenge	Enabling Factors	Constraining Factors
<b>Economic Reconstruction</b>	Rebuilding a collapsed economy while breaking rent-seeking and patronal dependencies. Must create productive employment and autonomous income sources, not just restore oil extraction.	<ul style="list-style-type: none"> <li>• International investment (if sanctions lifted)</li> <li>• Diaspora remittances and potential returnees</li> <li>• Oil reserves remain substantial</li> <li>• Dollarization already established</li> <li>• Regional integration opportunities (Mercosur, Pacific Alliance)</li> </ul>	<ul style="list-style-type: none"> <li>• Destroyed infrastructure and institutions</li> <li>• Brain drain of technical expertise</li> <li>• Deep-rooted rent-seeking culture</li> <li>• Criminal networks controlling key sectors</li> <li>• Debt overhang and legal claims</li> <li>• Weak rule of law deterring investment</li> </ul>
<b>Institutional Reconstruction</b>	Creating functional state institutions that are not immediately captured by patronal networks. Requires building bureaucratic capacity and impartial rule enforcement.	<ul style="list-style-type: none"> <li>• International technical assistance</li> <li>• Regional institutional models (Chile, Uruguay)</li> <li>• Potential meritocratic recruitment from diaspora</li> <li>• Anti-corruption pressure from donors</li> </ul>	<ul style="list-style-type: none"> <li>• Complete institutional collapse</li> <li>• No tradition of Weberian bureaucracy</li> <li>• Patronal networks deeply embedded</li> <li>• Weak civil service protections</li> <li>• Political interference in appointments</li> </ul>

		<ul style="list-style-type: none"> <li>• International monitoring mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Corrupt judiciary and prosecutors</li> </ul>
<b>Social Reconstruction</b>	Rebuilding trust, social capital, and autonomous civil society after years of atomization and emigration. Must overcome trauma and division.	<ul style="list-style-type: none"> <li>• Strong Venezuelan identity and nationalism</li> <li>• Religious and community organizations</li> <li>• Diaspora networks and transnational ties</li> <li>• Young population (if returnees)</li> <li>• Historical memory of pre-Chavez civil society</li> </ul>	<ul style="list-style-type: none"> <li>• Massive emigration (7M people, 20% of population)</li> <li>• Those remaining: elderly, impoverished, regime-dependent</li> <li>• Deep social polarization (Chavismo vs. opposition)</li> <li>• Trauma and distrust</li> <li>• Atomization by regime repression</li> <li>• Weak associational life</li> </ul>
<b>Political Reconstruction</b>	Building political parties and organizations that mobilize citizens as autonomous actors rather than clients. Requires democratic political culture.	<ul style="list-style-type: none"> <li>• Opposition experience (though fragmented)</li> <li>• International democracy support</li> <li>• Regional democratic models</li> <li>• Potential Constitutional Assembly</li> <li>• Electoral tradition (1958-1998)</li> <li>• Media pluralism (if restored)</li> </ul>	<ul style="list-style-type: none"> <li>• Opposition fragmentation and personalism</li> <li>• No mass-based programmatic parties</li> <li>• Clientelistic political culture</li> <li>• PSUV patronal networks persist</li> <li>• Polarization prevents coalition-building</li> <li>• Weak party institutionalization</li> </ul>
<b>Security Reconstruction</b>	Dismantling criminal networks embedded in state structures without creating power vacuums or sparking violence. Must reform military and police.	<ul style="list-style-type: none"> <li>• International security assistance (Colombia, Brazil)</li> <li>• Military officers seeking immunity deals</li> <li>• Civilian oversight mechanisms</li> <li>• Vetting and lustration processes</li> <li>• Regional cooperation against organized crime</li> </ul>	<ul style="list-style-type: none"> <li>• Military deeply criminalized (drug trafficking, gold smuggling)</li> <li>• Armed non-state actors (colectivos, guerrillas, gangs)</li> <li>• Weak civilian control tradition</li> <li>• International arrest warrants for senior officers</li> <li>• Criminal networks have territorial control</li> <li>• Risk of spoiler violence and insurgency</li> </ul>

## **Synthesis: The Reconstruction Paradox**

The fundamental challenge facing post-Maduro Venezuela is that all five reconstruction dimensions are interdependent yet must be pursued simultaneously. Economic recovery requires institutional capacity, but building institutions requires resources. Social reconstruction requires political organization, but political parties need autonomous citizens. Security reform requires both institutional capacity and social trust. This creates a sequencing dilemma with no clear solution.

Moreover, the population selectivity problem compounds every challenge: those with skills, resources, and autonomy have largely emigrated, leaving behind populations disproportionately elderly, impoverished, or bound to regime networks. This is not a demographic profile conducive to autonomous reconstruction. The enabling factors listed above are potential resources; the constraining factors are actual structural realities.

The historical record of post-mafia-state transitions offers little optimism. No country has successfully transitioned from a fully consolidated mafia state to a functional democracy without either:

- Extended international administration (Bosnia, Kosovo, East Timor)
- Prolonged civil conflict followed by authoritarian reconsolidation (Libya, Somalia)
- Gradual elite-driven liberalization over decades (Albania post-1997, partially)
- External intervention imposing institutional frameworks (Afghanistan, Iraq - both failed)

Venezuela's reconstruction, whenever it begins, faces obstacles that exceed those of classic post-conflict or post-authoritarian transitions. It combines: (1) economic collapse comparable to post-war devastation, (2) institutional destruction rivaling failed states, (3) social atomization exceeding totalitarian legacies, (4) political polarization surpassing civil war societies, and (5) criminalized security forces deeper than narco-states. The enabling factors are weak reeds against these structural winds.

None of these challenges can be addressed separately; all must be tackled simultaneously. And all face a fundamental obstacle: the populations who remain in Venezuela have been selected for patronal dependency. Those with skills, resources, and autonomy have largely emigrated. Those who remain are disproportionately elderly, impoverished, or bound to regime networks. This is not a population positioned to drive autonomous reconstruction.

### **6.3. The sobering conclusion**

Patronal autocracies are easier to enter than exit. Once patronal structures become totalizing—once alternatives are eliminated and populations become fully dependent—transition becomes extraordinarily difficult even when the regime collapses. The mafia state may be overthrown, but reconstruction may prove impossible without sustained international engagement at levels no external actor currently contemplates. Venezuela thus represents not just a warning about how democracies die, but about how difficult resurrection becomes once the death is complete.

Yet the Venezuela case also demonstrates the power of the analytical framework developed in *The Anatomy of Post-Communist Regimes*. By illuminating the structural dynamics of patronal systems—how they emerge, consolidate, and metastasize—the framework provides the conceptual tools necessary for understanding not just Venezuela but a regime type that appears increasingly prevalent globally. The future of comparative authoritarianism lies not in studying institutions alone but in analyzing the interaction between formal institutions and informal patronal practices. Venezuela's tragedy provides the empirical foundation for this new analytical paradigm.

The patronal oscillation continues. The question is whether Venezuela's next phase will break the cycle or deepen it further. The answer will depend not just on leadership or institutions but on whether the structural conditions that produced maximum patronal dependency can be transformed. That transformation, if it comes, will take decades. In the meantime, Venezuela remains frozen in the terminal phase of patronal autocracy: mafia capitalism as the endstate of a century-long cycle.

## **Epilogue: The Sixth Scenario — Predatory Intervention and Regime Substitution (January 2026)**

This manuscript was completed in February 2026, days before the full political consequences of the Trump administration's military intervention in Venezuela became visible. The endgame chapter presented five possible trajectories for the Maduro regime, assessed in terms of their structural probability. What subsequently materialized was not, strictly speaking, any of the five. It was, rather, a compound outcome that the analytical framework helps illuminate — but that demands explicit theorization as a novel type: what we propose to call *predatory intervention without democratization*, or, in the language of the patronal autocracy framework, *externally enforced patron substitution*.

### **I. What Happened: The January 2026 Operation**

On January 3, 2026, the United States launched *Operation Absolute Resolve, a military strike against Venezuelan state facilities* in Caracas and several surrounding states, accompanied by a special operations raid on President Nicolás Maduro's compound. Maduro and his wife, Cilia Flores, were captured and transported to New York to face narco-terrorism and drug trafficking charges on which both subsequently pleaded not guilty. Approximately 80 people were killed in the operation, including civilians. Seven American soldiers were wounded.

The operation had been in preparation since at least August 2025, when the United States began surging naval and air assets to the Caribbean under the stated rationale of combating drug trafficking (Operation Southern Spear). In December 2025, the administration initiated a maritime blockade of sanctioned Venezuelan oil tankers. Secret negotiations with Maduro's government about oil concessions had been underway in parallel. The January strike, when it came, served the administration's self-declared triple goals: crippling Maduro personally, disrupting drug trafficking networks, and securing access to Venezuelan oil — the world's largest proven reserves.

***What the operation did not do was abolish the regime.*** Maduro's removal shifted executive authority to his Vice President, Delcy Rodríguez, who assumed the acting presidency without interruption. The military command structure, the colectivos, the PSUV apparatus, and the intelligence services — the entire architecture of mafia capitalism described in Chapter 7 — remained in place. The Trump administration, far from recognizing the democratic opposition led by María Corina Machado or acknowledging Edmundo González as the legitimate president-elect, instead recognized Rodríguez as the country's legitimate head of state in a U.S. federal court filing. By April 2026, Washington had formally lifted sanctions on Rodríguez personally. The U.S. Treasury issued a broad authorization for PDVSA to sell Venezuelan oil directly to American companies. ***Venezuela was, in effect, opened for business — on Washington's terms, and without democracy.***

## II. The Sixth Scenario: Predatory Intervention Without Democratization

The manuscript's endgame chapter explicitly noted that the five scenarios were not exhaustive predictions but "potential futures, each activated by specific trigger events." Yet it would be imprecise to classify what occurred as a variant of Scenario 3 (External Intervention and Regime Change). That scenario assumed that intervention would produce a power vacuum, warlordism, and eventual state fragmentation — analogous to Libya post-2011 or Afghanistan post-2001. It assumed the logic of democratizing intervention, even if bungled in execution.

The Trump operation followed a fundamentally different logic. It did not seek regime change in the political-science sense — the replacement of one regime type with another. It sought **leader decapitation combined with regime preservation**, provided the preserved regime would deliver **what Washington actually wanted: oil access, drug prosecution trophies, and transactional compliance**. The result can be described as **Madurismo without Maduro: a patronal autocracy in which the top patron has been removed by an external power, not in order to dismantle the patronal structure, but in order to become its senior silent partner**.

In the framework of The Anatomy of Post-Communist Regimes, this constitutes a case of externally enforced patron substitution at the apex of a patronal pyramid. The autocratic patron at the summit is removed; the pyramid below him — the patronal networks, the informal power distribution, the extraction fiefdoms — continues to operate. **The new arrangement installs a foreign power as the de facto superior patron: not as an administrator, not as a democracy promoter, but as a predatory shareholder demanding tribute in the form of oil revenues and compliance**. The Rodríguez government is left to manage the domestic patronal apparatus, while Washington extracts rents from above. **Cuba and Russia, which previously served as the regime's external guarantors, are displaced** not by democratic governance but by American transactionalism.

This is a recognizable historical pattern — though rarely seen in such undisguised form. **Colonial arrangements frequently operated through precisely this logic**: the external power does not abolish the local authority structure but subordinates it, extracting rents while leaving indigenous hierarchies to perform domestic coercion. **What is novel in the Venezuelan case is that this structure emerged in the 21st century, in a country formally recognized as sovereign by the international community**, and was implemented by a power whose self-declared Monroe Doctrine posture explicitly dismisses the authority of international law. Trump's own statement — that he does not "need international law" — is a precise description of the new arrangement: sovereignty is suspended not by annexation but by asymmetric patron-client coercion at the state level.

## III. The Framework's Anticipations and Their Limits

To its credit, the endgame chapter did anticipate the Trump variable. It noted that "the Trump administration's return to power in 2025 signals a potential resurrection of interventionist reflexes — albeit selectively applied," and that Venezuelan regime change had "re-emerged as a serious policy option." It also identified the structural asymmetry in Trump's geopolitical posture: transactionalist disengagement from Ukraine, combined with Monroe Doctrine assertiveness in the Western Hemisphere. The chapter further observed that Trump had explicitly stated in 2023: "Venezuela was about to collapse. We would

have taken over it... and kept all that oil.” The prediction of an oil-driven intervention logic was thus present in the manuscript.

What the framework did not fully anticipate was the ***deliberate preservation of regime structures as an instrument of extraction*** — the decision to govern through Madurismo’s apparatus rather than attempting to dismantle it. The five scenarios shared an implicit assumption: that intervention, if it came, would at minimum destabilize the regime’s internal order, producing one of the predicted downstream consequences (fragmentation, civil conflict, democratic transition). Instead, ***Washington discovered that the mafia state apparatus was not an obstacle to its goals but an instrument for achieving them. A functioning patronal pyramid, already accustomed to delivering rents upward, is eminently serviceable when the apex patron changes nationality.***

This insight requires a revision of one of the endgame chapter’s key theoretical claims. The chapter argued that Venezuela’s mafia state leadership faced a “negative lock-in effect”: that the criminalization of senior figures made transition existentially risky because it meant prosecution, imprisonment, or death. This proved partially correct — Maduro himself was prosecuted. But the remainder of the elite, including figures equally implicated in the system’s crimes, discovered that ***the existential risk could be neutralized by a different means: compliance with the new patron.*** The Rodríguez government’s rapid “pitching of Venezuela to international investors,” its “cooperation with the administration’s phased plan,” and its opening of PDVSA to American oil companies represent the ***survival strategy of a criminalized elite that retains power by becoming the instrument of external extraction rather than autonomous predation.***

#### **IV. Democratic Prospects Under External Patron Substitution**

***The implications for Venezuela’s democratic prospects are profoundly negative*** — arguably more so than under Scenario 1 (Perpetual Stagnation). Under simple stagnation, the regime remained isolated, sanctioned, and delegitimized. The opposition, though suppressed, retained international recognition. The democratic opposition’s moral and political authority — exemplified by María Corina Machado’s heroic resistance through the 2024 electoral fraud — was acknowledged by the Biden administration’s recognition of Edmundo González as the legitimate president-elect.

The Trump intervention reversed this in a single stroke. By recognizing Rodríguez as the “sole Head of State”, lifting her personal sanctions, and granting the regime’s inherited apparatus a new lease of international legitimacy, ***Washington effectively closed the democratic pathway that had remained open under isolation.*** Machado was sidelined. González was rendered irrelevant. The Venezuelan democratic opposition, which had survived years of repression and sustained international support, found itself abandoned by the very power that had most forcefully denounced Maduro’s electoral fraud.

In the framework’s terms, ***the intervention did not alter the regime type.*** Venezuela under Rodríguez remains a patronal autocracy with mafia capitalist characteristics. What changed is the identity of the apex external patron and the direction of rent flows. Previously, Venezuelan oil revenues were shared among the regime’s internal network, with minimal tribute paid to Cuba and Russia as guarantors. Now, PDVSA is opened to American companies on terms determined by Washington, with Trump’s own public statements indicating that oil revenues would flow “to the United States of America in the form of reimbursement.” ***This is tribute extraction at the state level — a form of rentiership imposed from outside rather than exercised from within.***

***The domestic patronal pyramid is likely to experience internal reorganization as a consequence.*** Factions that cooperated with Washington (the Rodríguez siblings, figures willing to “operate without Maduro”) are elevated; those too closely identified with the Russian-Cuban orbit face marginalization. But this is ***elite circulation within a patronal autocracy, not democratization.*** The defining structures — PSUV control of state institutions, colectivo enforcement of social control, the criminalized military-economy nexus, the systematic exclusion of genuine political competition — remain.

## **V. Theoretical Implications: Predatory Intervention as a Regime-Preserving Force**

The Venezuelan case of January 2026 invites revision of the conventional typology of external interventions in authoritarian states. The ***existing literature*** distinguishes primarily between ***democratizing interventions*** (aimed at regime change and democratic institution-building, however unsuccessfully), ***stabilizing interventions*** (aimed at preventing collapse), and ***predatory annexation*** (the outright absorption of territory). The Trump operation in Venezuela fits none of these cleanly. It is better described as ***extractive patron substitution***: military force used not to change the regime type but to change who benefits most from the regime’s extraction apparatus.

This has implications beyond Venezuela. ***As the liberal international order continues to erode and great-power competition reshapes the strategic environment, extractive patron substitution may become a more common instrument of policy — particularly toward resource-rich patronal states that have exhausted their internal legitimacy and lost their previous external protectors.*** A state that has undergone full mafia-capitalist consolidation, as Venezuela had, offers a peculiarly serviceable target for this kind of operation: its institutional structures are already designed for top-down rent extraction; they require only a change of patron at the apex, not institutional reconstruction. ***This is the perverse inversion of the patronal trap identified in the manuscript’s conclusion: the very totality of patronal consolidation, which makes democratic transition so difficult, makes the system an attractive vehicle for external predation.***

There is, finally, the ***question of durability.*** The endgame chapter asked whether Venezuela’s next phase would “break the cycle or deepen it further.” On the evidence of the first four months following the January 2026 operation, the answer is clearly the latter. ***The patronal oscillation*** — the long cycle of regime types analyzed across 125 years of Venezuelan history in this manuscript — ***has not been interrupted. It has been externally managed.*** The cycle continues, now with Washington as its silent senior patron, Rodríguez as its visible administrator, and the Venezuelan people — those who remain, the elderly, the dependent, the captured — as its unaltered subjects. The Trump solution, in this respect, is not unprecedented in Latin American history. It is, rather, a return to arrangements that the post-Cold War liberal order had briefly made unfashionable.

For the analytical framework advanced in this manuscript, and in *The Anatomy of Post-Communist Regimes* and its companion volumes, the Venezuelan epilogue serves as a reminder that the formal typology of regime types must be understood in dynamic interaction with geopolitical context. Patronal autocracies do not exist in isolation; their survival and mutation depend critically on external patron relationships. When those relationships change — whether through the withdrawal of Russian and Cuban support, or through their displacement by American extractive power — the internal regime structures do not automatically democratize. They adapt. The resilience of the patronal pyramid in the face of Maduro’s forced removal is, from the perspective of this framework, its most theoretically significant feature: a demonstration that the

*apparatus of autocratic extraction outlasts its individual operators*, and can survive — even flourish — under new management.

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### Note on Organization

This bibliography is organized by chapter to indicate the primary sources consulted for each historical period. Works listed under "**General and Theoretical Framework**" are used throughout multiple chapters and appear only once. Chapter-specific sources are listed under their respective headings. When a work is centrally relevant to multiple chapters, it may appear more than once for reader convenience.

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