

## Petro-populist states in the international system

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### Introduction

The recently deceased Hugo Chavez was not short of ambitions. During a visit to Tehran in July 2006, he told students at Tehran that “we have to save humankind and put an end to the US Empire”.<sup>1</sup> In the developing world, his bluster was rivalled perhaps only by that of his host, then Iranian president Mahmoud Ahmedinejad, well-known for predicting the end of the US empire and calls for a “new world order”. The Iranian-Venezuelan axis has extended beyond radical anti-imperialist rhetoric to close diplomatic cooperation in international organizations like OPEC and the non-aligned movement, and substantial security, economic and industrial cooperation, including the joint production of “anti-imperialist cars”.

How come the international stances of Chavez and Ahmedinejad – presidents of two distant, culturally very different and historically unrelated countries – are so similar? This article will argue that the two are merely the most visible cases in a larger class of “petro-populist” regimes in the developing world that have espoused anti-imperialist rhetoric, rejected the capitalist world order and tried to build alternative South-South alliances. Smaller Bolivia, Ecuador, and Libya have at various times pursued very similar policies, often in active collaboration – at a time when the rest of the developing world had long given up “Third Worldist” anti-hegemonic coalitions and plans for a new international economic order.

Taking issue with much of the case-specific literature on the five cases at hand, this article will show that it is indeed hydrocarbons rents that have enabled, though not determined, such anti-hegemonic policy positions. It will also demonstrate that in all cases at hand these foreign policies have been accompanied by similar, oil-fuelled populist political and economic strategies on the domestic level. It will moreover investigate the causal mechanisms through which hydrocarbons income have relaxed political and economic constraints that developing country leaders, including ones who in principle favour anti-hegemonic policies, usually face.

For the time being, the petro-populist challenge seems to have peaked with the demise of Chavez and the election of more pragmatic Hassan Rouhani in Iran. This makes it an opportune moment to analyse it from a broader historical perspective. Petro-populism, however quixotic in its more extreme manifestations, constitutes the only proactive – and, to an important extent collective – challenge to US hegemony and the capitalist world order emerging from the developing world since the 1970s. While states like North Korea, Cuba and Zimbabwe have been defying the US-dominated international order, they do so from a defensive and usually individual position; even Cuba has largely given up its ambitions of exporting its revolutionary model. And while China constitutes the most substantial long-term threat to US hegemony, its aim appears to be to integrate itself into the international capitalist system rather than to defy it.

Petro-populism is also of theoretical interest because it shows the explanatory power of hydrocarbons rents in enabling very similar policies across a range of very different political systems

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<sup>1</sup> [http://www.fride.org/download/COM\\_Iran\\_Venezuela2\\_ENG\\_abril09.pdf](http://www.fride.org/download/COM_Iran_Venezuela2_ENG_abril09.pdf) [original: [http://www.eluniversal.com/2006/07/31/en\\_pol\\_art\\_31A756133](http://www.eluniversal.com/2006/07/31/en_pol_art_31A756133)]

in different world regions. The range of domestic and foreign policy similarities between cases is striking, making just the descriptive inference and building of the petro-populist concept an important theoretical undertaking. The article hence contributes to the literature about regime forms in the developing world, the resource curse discussion – which has been expanding into international relations – as well as the broader literature on the domestic roots of foreign policy.

### Case selection and methods

The article covers all cases of proactive, anti-hegemonic foreign policy strategies in the developing world after the demise of the broader international “Third Worldist” movement in the 1970s and early 1980s – all of which happen to have been pursued by hydrocarbons exporters and are concentrated in two world regions.<sup>2</sup> Venezuela and Iran will be investigated the most closely, as they have pushed the petro-populist agenda the furthest. For all cases, however, we will undertake systematic within-case comparisons of foreign policies during low-rent and high-rent periods since the 1970s.

In the case of Latin American petro-populists where presidents have come to power through free elections, we will also undertake systematic comparisons with all non-hydrocarbons exporters in the region where presidents with comparable leftist orientations have come to power. There are no obvious matches for equivalent comparisons with Libya and Iran, two rather unique regimes; therefore, where appropriate, the two will be compared with non-hydrocarbons exporters in MENA and the developing world more broadly. To further guard against selection bias and investigate potential case-specific variables that interact with rents to yield petro-populism, we will also briefly survey all Latin American and Middle Eastern resource exporters that have not engaged in petro-populism.

Due to the small number of cases with positive outcomes on the dependent variable, and its multidimensional nature, the methods employed here are mostly qualitative. For both descriptive and causal inference, the article draws on within- and across-case comparisons in the petro-populist universe and, where appropriate, beyond. The descriptive inference is multi-dimensional, aiming to establish petro-populism as a multifaceted concept. The causal inference linking resource riches to petro-populism is simpler, relying on case narratives to demonstrate a tight correlation between the presence of anti-hegemonic foreign policy and levels of hydrocarbons rents over time within and across cases – while ruling out alternative hypotheses.

The subsequent exploration of causal mechanisms is more tentative and relies on both case narratives and descriptive economic as well as polling data on individual cases. Both case evidence and theory suggest that rents mostly act as an enabling rather than a determinant cause of petro-populism and combine with case-specific factors to produce radicalism. Direct process tracing of the full causal pathway hence is not feasible in a unified fashion across cases. Instead, we illustrate through which mechanisms rents as a necessary cause reduce costs and constraints of petro-populism through a number of counterfactuals and comparisons with matched actual case situations in which some of these constraints were present.<sup>3</sup>

In all components of the research, the mid-n strategy pursued allows us to generate numerous theoretically relevant observations within cases, in line with standard procedures of process tracing and “congruence method”.<sup>4</sup>

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<sup>2</sup> [short remark on Nicaragua – dependent on Venezuelan aid]

<sup>3</sup> Lebow 2000; Tetlock and Belkin 1996.

<sup>4</sup> George and Bennett 2005; Gerring 2007.

The research relies on a wide selection of secondary literature on the cases, primary press sources collected through a daily survey of course since 2006 as well as targeted archival searches, national and international statistical sources, and select expert interviews.

The article starts with a literature review, followed by an in-depth investigation of the foreign and domestic dimension of petro-populism. The subsequent section investigates the causal link between hydrocarbons rents and foreign policy behaviour, as well as a number of alternative hypotheses on the roots of radical domestic and foreign policy behaviour taken primarily from the Latin American case literature. *A briefer survey section looks at resource-dependent countries that show only some or none of the traits of petro-populism.* We then investigate the various causal mechanisms through which rents are likely to at least temporarily reduce the costs of anti-hegemonic foreign policy. We conclude with observations on the broader theoretical relevance of our findings.

## Literature review and theory

### Literature

This article speaks to a wide variety of literatures. First, there is a small but growing body of scholarship on the foreign policy behaviour of resource-rich states. Ross and Voeten argue that “rentier states” pursue a strategy of high economic but low political integration into international regimes – but without distinguishing different types of resource-rich countries.<sup>5</sup> Colgan has demonstrated that oil income increases the likelihood of international aggression, but only in the case of “revolutionary” regimes.<sup>6</sup> The present research is closest to his work in spirit, although the dependent variable (anti-hegemonic foreign policy) is different and somewhat broader than his, while two of the five cases at hand (Bolivia under Morales and Ecuador under Correa) do not fulfil his criteria of being “revolutionary”, which involves their leader being involved in an irregular attempt at taking over power.

The article also draws on ideas of “rentier state theory” more broadly, notably the hypothesis that rents increase leaders’ political autonomy, an argument that has typically been applied to domestic politics only.<sup>7</sup> I furthermore build on – mostly older – literature about “Third Worldism” and the non-aligned movement, showing how petro-populist states have revived some of the long-abandoned tenets of these.<sup>8</sup> Finally, I draw on and contribute to the wide literature on populism as a regime form in the developing world, especially, but not only in Latin America – a literature that again has been mostly focused on domestic politics and is not typically linked to resource curse or rentier state debates.<sup>9</sup>

Most of the literature on the foreign policies of the five countries at hand is case-specific; they have never been looked at as a group. The furthest literature has come to a systematic cross-regional comparison are a number of descriptive articles on domestic populism and foreign policy strategies in Iran and Venezuela,<sup>10</sup> which however do not focus on oil’s causal impact. Corrales argues that oil income has loosened political constraints on Chavez, allowing him to pursue more aggressive populism, including in the international realm.<sup>11</sup> His is a single-country case study however.

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<sup>5</sup> Ross and Voeten 2011.

<sup>6</sup> Colgan 2013.

<sup>7</sup> Hertog 2010; Luciani 1987; Mahdavy 1970; Shambayati 1994.

<sup>8</sup> Berger 2004; *Socialism in the third world* 1975; Malley 1996.

<sup>9</sup> Cameron 2009; Conniff 1982; Di Tella 1965; Dix 1985; Dorraj and Dodson 2009; Kaufman and Stallings 1991; Panizza 2005a; Roberts 1995.

<sup>10</sup> Dorraj and Dodson 2009; Dodson and Dorraj 2008; Fuertig and Gratius 2009.

<sup>11</sup> Corrales 2011.

There is a large and sophisticated comparative literature on the sources of renewed left-wing populism in Latin America in the 2000s, typically with focus on Bolivia, Ecuador and Venezuela. While much of the debate focuses on economic and legitimacy crises and under-institutionalized party systems and other political institutions as causes of radicalism, some authors establish a broader link to commodity booms that relax economic constraints on left-leaning rulers.<sup>12</sup> None of this literature – to be discussed in more detail in section [XX] below – focuses on foreign policy behaviour or integrates non-Latin American cases, however.

The only attempt to link oil to radicalism in foreign policy in more than one case is a 2010 senior thesis relating the increasingly nationalist foreign policy of Bolivia, Ecuador and Venezuela in the 2000s to increased autonomy afforded by oil rents.<sup>13</sup> While the idea is similar to the hypothesis pursued in this article, the author ambitiously tries, and struggles, to link individual foreign policy decisions to oil price developments on a year-to-year basis, neglecting more important and clearer longer-term trends in radicalism.

### Theoretical remarks on rents and foreign policy

How can rent income enable anti-hegemonic foreign policy? Deductively, it is quite plausible that additional resources accruing to a government from outside of its domestic economy should give it more policy leeway and autonomy. This argument has already been made with regard to a variety of domestic policies in rentier states.<sup>14</sup>

Specific mechanisms through which constraints on rentier leaders could be relaxed will be investigated later. Here we will merely point out that relaxed constraints do not imply an automatic shift towards more radical foreign policy – which indeed a quick glance at the diverse world of developing world hydrocarbons exporters does not suggest: A diverse set of states including Brunei, the Gulf monarchies, Nigeria, Azerbaijan, and Kazakhstan have shown no hint of radicalism in their foreign policies, not even at times of increased rents. If anything, many of them have stepped up their efforts to become “good citizens” in the international economic order at good times.

Instead, relaxed constraints mean that acting on potentially radical preferences becomes less costly. This argument, which was established deductively before the main empirical work behind this paper began, is similar to Colgan’s argument about oil and international aggression: Hydrocarbons income interacts with other domestic policy variables to produce different types of foreign policy. Most generally, relaxed constraints simply imply a wider menu of less costly choices, hence making leaders’ preferences – wherever they come from – more important. This also implies that radical foreign policy can decline due to political fatigue or other idiographic factors, even if enabling conditions remain in place. More broadly, quirks of leaders’ personality can be expected to loom larger in an environment of reduced constraints.

If rents are a necessary rather than sufficient condition for radical leadership choices, this would make the relationship between the variables Boolean rather than linear – a type of causality that is particularly congenial to being investigated on the basis of a limited set of closely examined cases.<sup>15</sup>

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<sup>12</sup> Campello 2013; Kaufman 2013; Mazzuca 2013; Schamis 2006; Weyland 2009.

<sup>13</sup> Kolarich 2010.

<sup>14</sup> Davis 1987; Hertog 2010; Luciani 1987; Mahdavy 1970.

<sup>15</sup> Goertz and Mahoney 2012; Ragin 2000.

### Definition of (petro-)populism

Before we look at cases in detail, we need to define more precisely what we mean by “petro-populism”. The definition here is both inspired by the wide literature on populism as a political strategy and the inductive findings from the below empirical research.

Populism remains a contested yet vital concept in the analysis of developing world politics.<sup>16</sup> One of the broadest definitions of populism is proposed by Roberts: “...the top-down political mobilization of mass constituencies by personalistic leaders who challenge elite groups on behalf of an ill-defined *pueblo*, or ‘the people.’”<sup>17</sup> This definition also allows for right-wing populism without a strong redistributive agenda – of which Latin America witnessed several instances in the austere 1990s and early 2000s, including in Ecuador.

The radical foreign policy of interest here however is always accompanied by left-leaning domestic policies that are statist, opposed to important parts of the local business class, redistributive and focused on politically mobilizing “marginalized” lower classes in particular. Widespread in the early postcolonial era, since the 1980s, this more specific sub-category of domestic populism<sup>18</sup> has been rare outside of the rentier universe.<sup>19</sup>

Petro-populism moreover has been characterized by elements of authoritarian governance, economic nationalism directed against foreign business, a personalist, flamboyant leadership style, and large ambitions of transforming society. All of these individual elements have been present in various – although but not all – non-rentier leftist-populist regimes. But again, since the 1980s, there has not been a single case in which they combine in similar strength and consistency as in the five rentier cases that will be described below.

On the foreign policy level, finally, petro-populists take a distinctive position against US hegemony, a US-dominated international capitalist order, and pursue (or claim to pursue) a broadly anti-Western foreign policy, engaging in an active attempt to construct an alternative international order. This is arguably what makes them the most distinct in an age of US and capitalist international hegemony.

On both domestic and international levels, petro-populism closely resembles the left-leaning and anti-imperial developing world regimes that dominated the non-aligned movement in its heyday, including Nasser’s Egypt, Soekarno’s Indonesia and Ben Bella’s and Boumedienne’s Algeria (itself a rentier state).<sup>20</sup> Left-wing populism seems to always have had an affinity to anti-US positions and attempts to “opt out” of the capitalist international order – although this link has to my knowledge never been systematically analyzed. What stands out in the case of petro-populism is the depth and ambition of these policies and, even more so, their world historical timing: Outside of the rentier universe, the age of “Third Worldist” resistance against Western political and economic dominance has long passed.<sup>21</sup>

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<sup>16</sup> Cameron 2009; Conniff 1982; Di Tella 1965; Dix 1985; Dorraj and Dodson 2009; Kaufman and Stallings 1991; Panizza 2005a; Roberts 1995.

<sup>17</sup> Roberts 2007, 5.

<sup>18</sup> See [Collier][...] on category building

<sup>19</sup> One can argue that in fact there has not been a single case of full-blown leftist populism: While Argentina under the Kirchners, it is arguably a semi-rentier country thanks to large agricultural commodity exports. [cite?]. The Thai government under Thaksin and his sister Yingluck[] has redistributed and mobilized marginalized classes, but economic policies have not been particularly statist or anti-business.[]

<sup>20</sup> Both Schamis (2006) and Alizadeh (2013) have independently of each other used the term “petro-populism” before, but with a more limited focus on domestic rent distribution and what they describe as irresponsible economic policies.

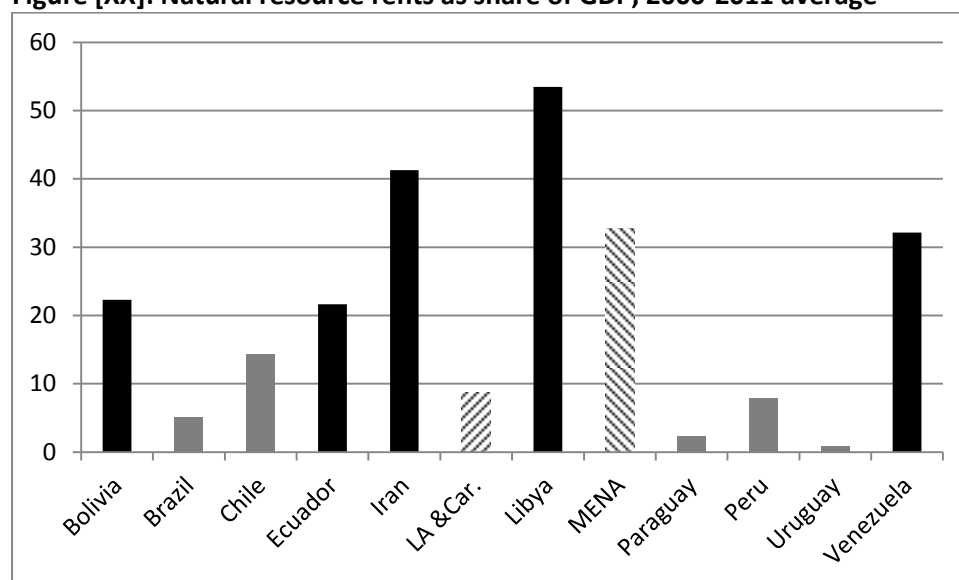
<sup>21</sup> Berger 2004; Malley 1996.

## Case studies

The geostrategic, historical, political and cultural context of our five core cases differs widely, yet they have at various times displayed a far-reaching set of commonalities in their domestic and foreign policies. These are the focus of the present section. Petro-populism as a descriptive concept has to an important extent emerged inductively. To avoid cherry-picking, we will not only report commonalities, but also, more briefly, which important features the cases do not have in common.

All of the five cases are “rentier states” by most standards, at least in the periods of populist foreign policy. Figure 1 below shows average resource rents as share of GDP from 2000 to 2011. For comparison, average figures for the MENA region (in which there are many other rentiers) and the Latin America and Caribbean region (where there are not) as well as the five further South American countries that also witnessed the election of left-oriented presidents in the 2000s are included. Figures for the share of rents in total exports or state income are considerably higher, but result in essentially the same ordering of cases.

**Figure [XX]: Natural resource rents as share of GDP, 2000-2011 average<sup>22</sup>**



Source: World Bank

## Shared foreign policy outcomes

There is not enough space here for a full case-by case review of foreign policies; the treatment is instead thematic. For details, readers can constitute the sources cited. A longer list of sources is available on request from the author. The relevant periods of petro-populism in the Latin American cases are Bolivia under Evo Morales (2005-), Ecuador under Rafael Correa (2007-), Venezuela under Hugo Chavez and Nicolas Maduro (1999-2013, 2013-). Libya and Iran have evinced elements of petro-populism ever since their respective revolutions in 1969 and 1979, but the most pronounced periods are 1973-1989 for Libya, and 1979-1989 and 2005-2013 for Iran.<sup>23</sup> When this article makes reference to “populist phases”, it means these periods.

<sup>22</sup> The rents here also include mineral rents; separating out oil and gas rents only does not materially change the picture other than making Chile look much less of a rentier state.

<sup>23</sup> On the basis of the available case literature, one can argue about the precise year in which populist ambitions were scaled back in Libya and Iran, but all authors agree that the point was somewhere around the

It should be noted that Libya's record after 1989 has been mixed: While on the one hand Gaddafi took important steps to reintegrate his country into the international capitalist and security order, he continued pursuing Third Worldist rhetoric and ambitions to create and lead an alternative order in the developing world. He has clearly been much less radical and ambitious than in the 1973-89 period.

While the ideological framework for the foreign policy of all of the cases is idiosyncratic and eclectic, they evince strong commonalities in rhetoric and action: All strive to resist capitalist and American domination, alleviate the oppression of marginal peoples and groups around the world, reduce international inequalities and build structures of South-South cooperation as alternatives to Western-influenced international regimes. As we will see, in all of this they closely – if often hyperbolically – follow the template of an earlier age of “non-aligned” politics and “Third Worldism”.

### *Anti-hegemonic foreign policy*

#### Anti-US and anti-imperial statements and actions

All of the cases at hand have engaged in prominent anti-US and “anti-imperialist” rhetoric and actions, while positioning themselves as defenders of downtrodden and colonized people whose authentic (religious or indigenous) form of life is under attack. This is well-known for Chavez, Ahmedinejad and Gaddafi,<sup>24</sup> but Bolivia's Morales and Ecuador's Correa have been similarly strident in their statements: Morales often calls the US “the empire”,<sup>25</sup> has called George Bush a terrorist,<sup>26</sup> and ordered the US ambassador out of the country in 2008.<sup>27</sup>

Next to Venezuela and Nicaragua (a special case to be discussed below), Bolivia has also offered political asylum to NSA whistleblower Edward Snowden, thereby reportedly imperilling its US trade relations.<sup>28</sup> It was ejected from the US Andean Trade Preferences Act in 2008 due to supposed non-cooperation on anti-narcotics policies.<sup>29</sup> Ecuador's Correa has similarly expelled the US ambassador in 2011, offered asylum to Wikileaks' Julian Assange in 2012, and renounced US trade preferences in 2013 while offering political asylum to Snowden. Ecuador's antagonistic stance has reportedly increased the interest rate Ecuador will have to pay on sovereign debt to be issued in 2014.<sup>30</sup>

#### Anti-hegemonic alliances

All five leaders have built alliances with other countries that have difficult or hostile relations with the US or the West more broadly. The most prominent case is probably the close cooperation between Venezuela and Cuba, which extends to security, industry and health services and is buttressed by large-scale Venezuelan aid.<sup>31</sup> In 2000, Chavez also was the first international leader to visit Saddam Hussein after the 1991 Gulf War.<sup>32</sup> During his fourth visit to Belarus in 2009, Chavez proposed a “union” with Venezuela.<sup>33</sup> Venezuela has delivered oil to the Syrian regime during its civil

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late 1980s, possibly the early 1990s in the case of Libya. [cites?] The precise year chosen makes not material difference for any of what follows.

<sup>24</sup> John 1987; Dorraj and Dodson 2009; Fuertig and Gratius 2009.

<sup>25</sup> Ahmadinejad scores diplomatic goal in soccer match with Morales  
By Agence France Presse (AFP)

<sup>26</sup> Reuters, 20 December 2005[]

<sup>27</sup> <http://www.nytimes.com/2008/09/11/world/americas/11bolivia.html>

<sup>28</sup> <http://www.nzz.ch/aktuell/startseite/asylangebote-aus-lateinamerika-1.18112647>

<sup>29</sup> <http://csis.org/publication/time-exchange-andean-preferences-reciprocal-free-trade-agreements>

<sup>30</sup> <http://www.bloomberg.com/news/2013-07-15/snowden-s-ecuador-flirtation-sinks-into-trade-feud.html> []

<sup>31</sup> Chavez Hails Venezuela Independence, Foes Fume [] [academic articles?]

<sup>32</sup> [http://news.bbc.co.uk/1/hi/world/middle\\_east/872471.stm](http://news.bbc.co.uk/1/hi/world/middle_east/872471.stm) []

<sup>33</sup> Venezuela's Chavez wants 'union' with ally Belarus [] Belarus Offers Closer Military Ties With Venezuela []



war (as well as providing heating oil to low-income households in the US).<sup>34</sup> *Chavez was a staunch public supporter of Palestine and vividly denounced Israel, leading Palestinian Christians to publicly pray for his health in 2012.*<sup>35</sup>

Ecuador and Bolivia have also built close and public links to Cuba.<sup>36</sup> In an interview with Russian TV in September 2013, Morales implicitly supported Syria's Bashar Al-Assad as anti-capitalist and anti-imperialist president.<sup>37</sup> While somewhat less active on the global stage, Correa has also been close to Syria, hinting at asylum for Al-Assad in 2012 when the civil war seemed to be turning against him.<sup>38</sup>

Iran is well-known for its substantial diplomatic, military and financial support for Al-Assad's regime and has cooperated with Nicaragua,<sup>39</sup> North Korea, Sudan and Zimbabwe.<sup>40</sup> Libya's Gaddafi finally had close reported links to Zimbabwe's Mugabe,<sup>41</sup> has strongly supported Palestinian aspirations against Israel, cooperated militarily with North Korea, and maintained friendly relations to Cuba and Nicaragua.<sup>42</sup>

In the Iranian, Libyan, and Venezuelan cases, large-scale aid payments have played a critical role in building anti-hegemonic alliances: Chavez reportedly spent up to 25 billion USD on aid between 1999 and 2006,<sup>43</sup> while Iran is said to disburse 6-700 million USD per month to Hizbullah alone,<sup>44</sup> in addition to a reported 4.6 billion USD in credit lines made available to Syria just in 2013.<sup>45</sup> Libya has also disbursed large amounts of aid in Africa, although precise figures are hard to come by.<sup>46</sup>

#### Support for anti-Western, liberation movements

In line with "Third Worldist" traditions, the five petro-populist states have also afforded support to international liberation and guerrilla movements, often ignoring traditional notions of sovereignty. At least Iran, Libya and Venezuela have also consistently meddled in the internal politics of neighbouring countries. Venezuela is said to have close relations with the FARC in Colombia,<sup>47</sup> has

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<sup>34</sup> Oil Sanctions Take Economic Toll, Syria Says

<sup>35</sup> <http://www.dailystar.com.lb/News/Middle-East/2012/Dec-16/198706-palestinians-pray-for-chavez-recovery.ashx>

<sup>36</sup> Morales' first trip abroad was to Havana, while Ecuador has recently imported 1000 Cuban doctors [<http://www.cubastandard.com/2013/11/21/cuban-doctors-to-arrive-in-ecuador-in-december/>] []

<sup>37</sup> <http://rt.com/news/morales-interview-obama-un-442/> []

<sup>38</sup> [http://www.google.com/hostednews/afp/article/ALeqM5iK-u\\_3urSgG\\_tdW0zpgxbh910TDQ?docId=CNG.4388fedd5560965753ae3cca5b9ad218.9e1](http://www.google.com/hostednews/afp/article/ALeqM5iK-u_3urSgG_tdW0zpgxbh910TDQ?docId=CNG.4388fedd5560965753ae3cca5b9ad218.9e1)  
<http://www.dailystar.com.lb/News/Middle-East/2012/Nov-30/196613-syrian-regime-finds-rare-friends-in-latin-america.ashx> [also: As Others Isolate Syria, Chávez Ships Fuel to It]

<sup>39</sup> Fuertig and Gratius 2009.

<sup>40</sup> "Iranian warships' visit risks straining Sudan-Gulf ties" [] **Irans Parlamentspräsident reist nach Nordkorea** [] Ahmadinejad on controversial visit to Zimbabwe [] **Iranian automaker to open plant in Sudan**

<sup>41</sup> <http://www.newzimbabwe.com/news-6338-Mugabe,%20Gaddafi%20had%20serious%20rift/news.aspx>

<sup>42</sup> <http://www.gatestoneinstitute.org/2392/venezuela-nicaragua-cuba-support-gaddafi> []

<sup>43</sup> <http://www.nytimes.com/2006/04/04/world/americas/04venezuela.html?pagewanted=print> [get study cited there?]

<sup>44</sup> <http://www.reuters.com/article/2013/09/30/us-iran-nuclear-motives-idUSBRE98T0AX20130930?feedType=RSS&feedName=worldNews>

<sup>45</sup> <http://www.dailystar.com.lb/Business/Middle-East/2011/Jul-16/143806-tehran-ready-to-give-syria-58-billion-to-boost-economy-paper-reports.ashx#axzz2lcV2ehA5> [plan for 5.8b]

<http://carnegieendowment.org/2013/08/27/iran-s-unwavering-support-to-assad-s-syria/gkh4> []

<sup>46</sup> Solomon and Swart 2005. [more recent details here:] <http://www.reuters.com/article/2010/11/24/libya-africa-influence-idAFLDE6AIOZS20101124>

<sup>47</sup> Philip[] <http://www.nytimes.com/2011/05/10/world/americas/10venezuela.html?pagewanted=all>



reportedly supported Basque rebels in Spain,<sup>48</sup> and has provided diplomatic succour to Hamas.<sup>49</sup> Ecuador has also been rumoured to support Colombian rebels,<sup>50</sup> and both Bolivia and Ecuador have supported the Palestinian quest for statehood.<sup>51</sup> Iran's support for Hamas and Islamic Jihad in Palestine, and Hizbullah in Lebanon is well-known,<sup>52</sup> as is its support for various other Islamist groups in the Middle East.<sup>53</sup> Iran is also rumoured to have supported the FARC in Colombia,<sup>54</sup> and provided assistance to national liberation movements in various developing countries after its revolution. The international support of oppressed people is even enshrined in article 154 of Iran's revolutionary constitution.<sup>55</sup>

The country most consistently supporting non-state militants worldwide however was probably Libya under Gaddafi, often choosing the most radical fringe groups, especially in the late 1970s and the 1980s. Beneficiaries of Gaddafi's munificence included numerous African and Arab groups, the IRA, and the Black Muslims.<sup>56</sup>

### Ambitions

A consistent feature of the petro-populists' anti-hegemonic foreign policy has been the scale of their ambitions. All have developed a global sense of mission, and Venezuela and Iran have developed explicit attempts to export their revolutions, "Bolivarian" and "Islamic", into their respective regions.<sup>57</sup> At least Iran, Libya and Venezuela have developed ambitions to become leaders of the developing world and the non-aligned movement and, failing that, the leading power of their regions.<sup>58</sup> The ambitions of Gaddafi to first make Libya leader of the Arab world in succession of Nasser's Egypt (a country with 20 times the population) and then to become Africa's "king of kings" were particularly grand.<sup>59</sup>

Even Correa and Morales have developed outsize ambitions at least on the rhetorical level. The former has cast himself as "a man on a huge historical mission that forms part of a continental-scale political project" of fighting for social justice.<sup>60</sup> Morales has pushed the international adoption of his "Ten Commandments to Save the Planet" (including the eradication of capitalism) at the UN,<sup>61</sup> has created a "Mother Earth Ministry" to promote the planet's rights and has unveiled plans for international court of climate justice in Cochabamba in central Bolivia.<sup>62</sup>

### *Anti-hegemonic alliances among petro-populists*

Petro-populists have developed a dense network of cooperation among themselves. Their strong cross-regional links are particularly conspicuous, given that there is no precedent of close cooperation between Middle Eastern and Latin American powers. Venezuela and Iran again have

<sup>48</sup> Spanish Judge Accuses Venezuela of Links to Rebels []

<sup>49</sup> <http://english.pravda.ru/world/americas/16-02-2006/76016-venezuela-0/>

<sup>50</sup> <http://content.time.com/time/world/article/0,8599,1948040,00.html> []

<sup>51</sup> <http://www.english.rfi.fr/americas/20101225-ecuador-latest-latin-country-recognize-palestine>

<sup>52</sup> Dodson and Dorraj 2008.

<sup>53</sup> Green 1993.

<sup>54</sup> <http://www.globalsecurity.org/military/world/para/farc.htm>

<sup>55</sup> Abidi 1981.

<sup>56</sup> Collins 1974; Cooley 1981; Solomon and Swart 2005.

<sup>57</sup> Ramazani 1992; Shifter 2006.

<sup>58</sup> Ansari 2008; John 1987; Dodson and Dorraj 2008.

<sup>59</sup> John 1987; Huliaras 2001.

<sup>60</sup> De la Torre 2013, 60.

<sup>61</sup> [[ <http://www.bloomberg.com/news/2011-10-20/bolivia-s-amazon-highway-has-become-a-bumpy-road-for-morales-brazil-view.html> ]] <http://www.dailymail.co.uk/news/article-1376244/South-American-countrys-treaty-giving-Mother-Earth-rights-citizens.html>

<sup>62</sup> <http://archive.thedailystar.net/newDesign/news-details.php?nid=135697>

probably built up the closest axis, and the only one that has to date been analysed by academic experts. Based on numerous mutual visits of Chavez and Ahmedinejad, cooperation has extended to international diplomacy – notably the non-aligned movement – as well as the energy, industry, financial and military sectors, involving several billion USD of resources.<sup>63 64</sup>

Within Latin America, Venezuela, Bolivia and Ecuador have developed a close diplomatic and economic alliance, including in the energy sector. Libya formed an alliance with Venezuela at a meeting of the Latin American and African leaders organized by Chavez in 2009,<sup>65</sup> was one of few Arab countries to support revolutionary Iran against Iraq during their 1980s war,<sup>66</sup> and established diplomatic links with Bolivia in 2008.<sup>67</sup> Morales, who received the Gaddafi Prize for Human Rights as indigenous political activist in 2000 and again as president in 2006, visited Libya in 2008.<sup>68</sup>

Iran under Ahmedinejad has also developed close diplomatic and economic links with Ecuador and Bolivia, again involving aid and joint projects in energy and trade. Bolivia moved its only Middle Eastern embassy from Cairo to Tehran in 2008, and both Morales and Correa have publicly supported Iran's nuclear program. Correa has solicited Iranian investments and Ecuador has replaced Peru as the main Latin America's purchaser of Iranian exports.<sup>69</sup> Much of this alliance-building has been accompanied by declarations of the need for a "multi-polar" world order, in which the petro-populists appear keen to play a leading role.<sup>70</sup>

### *Anti-hegemonic stance in IPE*

Although remaining deeply integrated into the international economy through their oil exports, petro-populists have also taken a broadly anti-capitalist stance on global economic issues and argued for a more egalitarian international order and redistribution in favour of poorer nations and groups.<sup>71 72</sup>

### Withdrawals from international regimes

Petro-populists have been critical of and have sometimes withdrawn from international economic regimes that are perceived as Western-led. Ahmedinejad has stated that Iran has no interest in entering the WTO, a "club of global thieves".<sup>73</sup> Libya only applied for membership in 2004, long after its wildest days of petro-populism. Different from non-rentier leftist regimes in Latin America, Bolivia, Ecuador and Venezuela have publicly backed off or left trade deals with the US.<sup>74</sup>

### Relationship to IFIs

IMF and World Bank have been particularly frequent targets of petro-populists' rhetorical attacks. In December 2010, just before the outbreak of the Libyan revolt, Qaddafi denounced IMF and World

<sup>63</sup> Dodson and Dorraj 2008; Fuertig and Gratius 2009; Keramati 2006.

<sup>64</sup> Venezuela's Opposition Struggles for Unity '[]

<sup>65</sup> Brazil Gains Business and Influence as It Offers Aid and Loans in Africa

Gadhafi strengthens relationship with Venezuela's Chavez

<sup>66</sup> <http://www.alarabiya.net/articles/2011/10/21/172895.html>

<sup>67</sup> <http://english.people.com.cn/90001/90777/90852/6475450.html>

<sup>68</sup> <http://www.algaddafi.org/al-gaddafiinternationalprizeforhumanrights/list-of-recipients-of-the-international-prize-for-human-rights> <http://www.theamericasreport.com/2011/03/10/qaddafi-and-latin-america/>

<sup>69</sup> Conaghan 2008.; LATIN AMERICA/IRAN: Tehran gains limited traction

<sup>70</sup> Ellner 2012; Dodson and Dorraj 2008; Fuertig and Gratius 2009.

<sup>71</sup> Burges 2007; Ellner 2012; John 1987.

<sup>72</sup> <http://abcnews.go.com/Politics/OTUS/irans-ahmadinejad-america-entrusted-devil/story?id=17328593>

<sup>73</sup> <http://gulfnews.com/opinions/columnists/davos-plays-footsie-with-radical-neo-populist-clique-1.224390> []

<sup>74</sup> **Bolivia's Leader Solidifies Region's Leftward Tilt** By JUAN FORERO and LARRY ROHTER [NYT]

<http://agonist.org/ecuadorian-president-rafael-correa-breaks-u-s-trade-pact/>

Bank as “terrorist organizations”.<sup>75</sup> Iran ended its programs with the Bank in 2005, when Ahmedinejad came to power.<sup>76</sup> The Latin American cases historically had closer relationship to the IFIs, but once oil revenue was sufficient, both Ecuador and Venezuela paid off their debt to them in 2007.<sup>77</sup> Bolivia’s Morales has announced his intention to prosecute the IMF for destroying the Bolivian economy,<sup>78</sup> while Correa expelled the World Bank’s representative from Ecuador.<sup>79</sup> Venezuela announced its withdrawal from IMF and World Bank in 2007.<sup>80</sup>

#### Sovereign debt (spreads)

When Chavez, Correa and Morales came to power, the credit ratings of their countries dropped precipitously, despite rising collateral in the shape of growing hydrocarbons revenues (Libya and Iran have not borrowed internationally since the 1990s).<sup>81 82</sup> Venezuela’s sovereign spread in 2010 was the highest of any emerging market, reflecting an estimated 48.5% risk of default over a five year period.<sup>83</sup> This is although all the countries continued to hold foreign debt throughout the 2000s (albeit lower as a share of GDP than in the 1990s).<sup>84</sup> Ecuador defaulted on privately held sovereign bonds in 2008 despite record hydrocarbons receipts and declining debt. Against the background of the Edward Snowden conflict and its withdrawal from US trade preferences, it was expected to have to pay an interest rate of 9% on a new bond issue in 2014, considerably above the 6.15% paid by the Dominican Republic, a country with similar GDP per capita.<sup>85</sup>

#### Capital controls

As graph [XX] below shows, all of the five cases also increased capital controls at times of heightened petro-populism in the 1970s and 1980s (Iran and Libya) and 2000s (Bolivia, Ecuador and Venezuela, exactly in line with the incumbency periods of the new presidents).<sup>86</sup> Iran alone maintained its modest level of capital accounts integration in the 2000s, probably to minimize the impact of international sanctions.

**Figure [XX]: Chinn-Ito index of capital account openness**

<sup>75</sup> <http://str8talkchronicles.com/?p=10765>

<sup>76</sup> <http://www.worldbank.org/en/country/iran/overview>

<sup>77</sup> <http://jamaica-gleaner.com/gleaner/20070419/business/business3.html>

<sup>78</sup> <http://www.argentinaindependent.com/currentaffairs/newsroundups/roundupslatinamerica/bolivia-evo-morales-intends-to-prosecute-the-imf-for-economic-damage/>

<sup>79</sup> <http://www.foxnews.com/story/2007/04/26/ecuador-boots-world-bank-as-correa-continues-crackdown-against-opponents/>

<sup>80</sup> <http://www.nbcnews.com/id/18406119/#.UpTIquKyMSk>

<sup>81</sup> <http://www.imf.org/external/pubs/ft/wp/2012/wp12212.pdf>

<sup>82</sup> Mazzuca 2013.

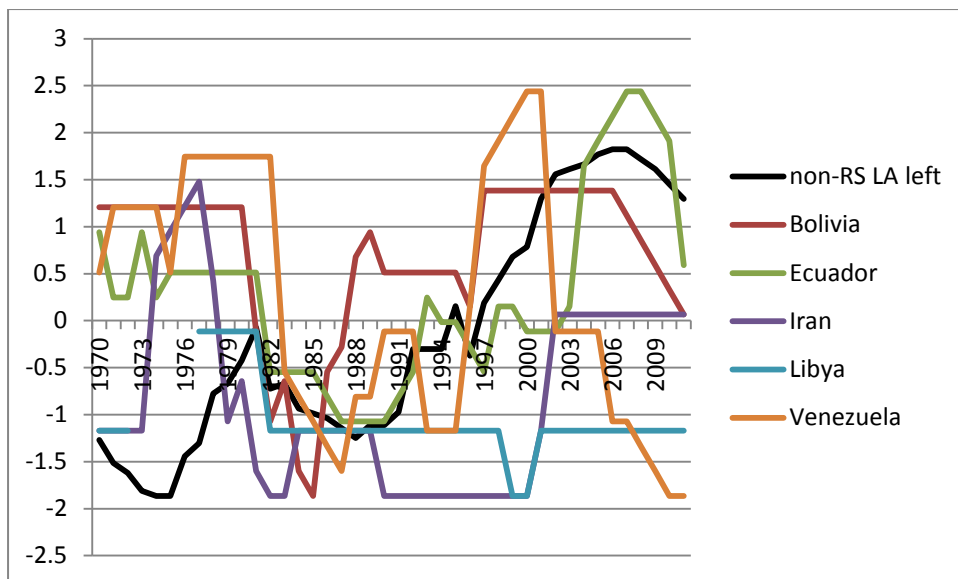
<sup>83</sup> <http://ftalphaville.ft.com/2010/04/06/196231/venezuela-still-the-worlds-riskiest-sovereign-and-other-stories/>

<sup>84</sup> <http://venezuelanalysis.com/news/10032> [45b USD Ven extrenal debt 2013]

<sup>85</sup> <http://www.bloomberg.com/news/2013-07-15/snowden-s-ecuador-flirtation-sinks-into-trade-feud.html>

<sup>86</sup> [details here on Ec and Ven (taxes):]

[http://www.peri.umass.edu/fileadmin/pdf/working\\_papers/working\\_papers\\_301-350/WP318.pdf](http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_301-350/WP318.pdf)



Source: [http://web.pdx.edu/~ito/kaopen\\_Chinn-Ito\\_hi0523.pdf](http://web.pdx.edu/~ito/kaopen_Chinn-Ito_hi0523.pdf)

### Nationalizations

All of the petro-populist governments also nationalized at least some private assets, some from local owners, but more frequently foreign ones, especially in the hydrocarbons sector. The three Latin American cases saw the most pronounced campaign of nationalizations and confrontations anywhere in Latin America since the 1930s,<sup>87</sup> with Venezuela the most extreme cases affecting a wide range of sectors,<sup>88 89</sup> and Ecuador the mildest.<sup>90</sup> Iran saw a widespread nationalization campaign after its revolution.<sup>91</sup> In Libya, the Revolutionary Command Council decreed 100% local ownership of all companies soon after the 1969 revolution.<sup>92</sup>

### Oil market

Petro-populists have also acted aggressively on the international oil market that conservative OPEC members like Saudi Arabia have been trying to depoliticize for decades. All of them have been price hawks, and Iran, Libya and Venezuela have used oil deliveries as a direct diplomatic and aid tool.<sup>93</sup> Iran and Venezuela have also announced plans for a joint oil trading company hoping to price oil in Euros instead of dollars,<sup>94</sup> a strategy that was at least partially implemented.<sup>95</sup>

### Anti-hegemonic organizational initiatives

In line with the petro-populists' ambition to reorder world hierarchies, they have undertaken a number of international organizational initiatives.

### Alternative initiatives: global

On the global level, Iran and Libya tried to play a leading role in the non-aligned movement (NAM) after their respective revolutions and into the 1980s. Iran and Venezuela tried to revive the NAM

<sup>87</sup> Ellner 2012.

<sup>88</sup> Corrales 2011.

<sup>89</sup> **Venezuela takeovers leave debts owed to banks**

<sup>90</sup> Conaghan 2008; De la Torre 2013; Looney 2013b.

<sup>91</sup> Behdad and Nomani 2009.

<sup>92</sup> Collins 1974.

<sup>93</sup> Iran may use oil as political tool: energy minister November 20, 2011 05:51 PM

<sup>94</sup> Dodson and Dorraj 2008.

<sup>95</sup> Iran shifts from euro in oil sale [][re Ven (AFP:)] <http://www.rense.com/general81/euro.htm>

and “South-South” alliances more broadly again in the 2000s,<sup>96</sup> a time when Bolivia and Ecuador also became more visible in the NAM. In 2012, Iran’s 3-year presidency of NAM was initiated with a high-profile summit in Tehran,<sup>97</sup> which produced a statement backing Iran’s nuclear bid.<sup>98</sup> Chavez and Gaddafi also led a 2009 “South-South” summit of 30 Latin American and African leaders during which Gaddafi called for the creation of a “NATO for the South”.<sup>99</sup> Evo Morales’ initiatives for new global climate and environmental regimes have already been mentioned.

#### Alternative initiatives: regional

Chavez and Gaddafi in particular have been active in leading new regional initiatives. In the 1970s, Gaddafi pursued abortive schemes to merge Libya first with Egypt and Syria and then with Algeria, Morocco, and Tunisia. Later on, he was instrumental in changing the name of the Organization of African Unity to “African Union” in 2002 and pursued the creation of a pan-African state (the “United States of Africa”) in parallel.

Chavez has established several Latin American organizations that deliberately exclude the US.<sup>100</sup> These include the 33-member Community of Latin American and Caribbean States, created in 2011, *in line with Rafael Correa’s earlier public proposals to create an Organization of American States without the US.*<sup>101</sup> Bolivia, Ecuador and Venezuela have also contributed to the creation of the 12-member Union of South American Nations (UNASUR), with its general secretariat in Ecuador’s Quito and its parliamentary assembly in Bolivia’s Cochabamba.

Chavez’ most visible initiative is probably the smaller Bolivarian Alliance for the Americas (ALBA), created in 2004. It unites Venezuela with its allies Bolivia, Cuba, Ecuador and Nicaragua as well as a number of smaller Caribbean countries and aims at trade, aid and defense cooperation. It has formally created its own currency. Iran enjoys observer status.<sup>102</sup> It was set up as alternative to the Organization of American States and the Free Trade Area of the Americas [Burgess] and aims at trade facilitation, investments in various social areas, and has tried to operate its own currency as alternative to the dollar. ALBA has its own defense council [Muh] and has accorded observer status to Iran.

Venezuela has led the creation of a new regional television network (“Telesur”) as well as a regional development bank in (“Banco del Sur”), to which various Latin American countries committed a total capital of 20 billion USD in 2009 (although it was unclear by 2013 whether it was operational).<sup>103</sup>

Venezuela has, finally, created a preferential oil trading regime (“Petrocaribe”) that benefits its poorer Caribbean neighbours and involves barter of oil against various agricultural goods as well as,

<sup>96</sup> Fuertig and Gratius 2009.

<sup>97</sup> Iran Preparing to Lead Global Nonaligned Group  
[[http://www.nytimes.com/2012/08/14/world/middleeast/iran-to-host-nonaligned-movement-meeting-and-take-leadership.html?\\_r=0](http://www.nytimes.com/2012/08/14/world/middleeast/iran-to-host-nonaligned-movement-meeting-and-take-leadership.html?_r=0)]

<sup>98</sup> **Nonaligned Nations Back Iran’s Nuclear Bid, but Not Syria**

<sup>99</sup> Gadhafi eyes defense alliance for Africa, S. America  
Monday, September 28, 2009 <http://www.dailystar.com.lb/News/Middle-East/2009/Sep-28/85629-gadhafi-eyes-defense-alliance-for-africa-s-america.ashx#axzz2lnQ2rg2m>

<sup>100</sup> <http://www.nytimes.com/2013/03/07/opinion/latin-america-after-chavez.html>

<sup>101</sup> <http://edition.presstv.ir/detail/46711.html>

<sup>102</sup> Burgess 2007; Muhr 2012.

<sup>103</sup> <http://www.argentinaindependent.com/currentaffairs/newsfromlatinamerica/south-america-banco-del-sur-to-begin-operations-next-week/>

in the Cuban case, health services.<sup>104</sup> Chavez made a ten-year commitment to supply 17 billion USD worth of oil to Petrocaribe at its launch in 2005.<sup>105106</sup>

### Summary

It is clear that the five cases share a wide range of commonalities in both rhetoric and action. All are revisionist powers with an anti-capitalist, anti-hegemonic vision to defend the downtrodden of their regions and the world more broadly.

### Differences between the cases

There are important differences between the cases: Bolivia and Ecuador have been relatively less ambitious and aggressive. Libya and Iran at the peak of their revolutionary fervour went much further in opposing the US and making extensive use of non-state political violence as a tool of foreign policy – resulting in very costly economic sanctions. Venezuela occupies a middle ground, investing more resources and dropping out of the international capitalist order more decisively than Bolivia and Ecuador. Libyan foreign policy has by all accounts much mellowed since the late 1980s, as Gaddafi abandoned his weapons of mass destruction, readmitted foreign investors and re-established relations with Western powers – albeit still pursuing grand Third Worldist schemes in the international arena, arguably at an accelerated pace in the 2000s.

### Third Worldism reloaded

Petro-populism in many of its facets constitutes a rebirth of “Third Worldist” trends of thought and action that were prominent in the wider developing world from the 1950s to the 1970s in countries as diverse as Algeria, Egypt, Ghana, India, and Indonesia. Although Third Worldism was never defined precisely, recurring ideas were that the popular masses in the developing world had revolutionary aspirations, often linked back to pre-colonial forms of egalitarianism, and that the realization of these aspirations required strong nation states that should form an international alliance separate from (and often against) the former colonial powers.<sup>107</sup> As the main diplomatic outlet of Third Worldism, the non-aligned movement strove for a multipolar world. The popular will of local peoples, their independence and the rejection of foreign elites figured centrally in Third Worldism, making support for liberation movements a core tenet.<sup>108</sup>

On the economic front, Third Worldism had a strong affinity to statist development models based on public control of strategic assets, import-substituting industrialization and trade restrictions.<sup>109</sup> Its international economic objective was South-South integration, a more egalitarian distribution of resources and increased independence from the West. In the 1970s, leading proponents of Third Worldism like Algeria proposed the creation of a “New International Economic Order” based, among other things, on large-scale international redistribution in favour of post-colonial societies, restitution for colonial wrongs, tighter control over the activities of multinational companies, freedom to nationalize, and the right to set up commodity producer associations.

The parallels to petro-populism are obvious. The most important difference is that the original Third Worldism all but expired by the 1980s in the wake of economic and diplomatic setbacks.<sup>110</sup>

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<sup>104</sup> Burges 2007.

<sup>105</sup> Vigevari and Cepaluni 2009.

<sup>106</sup> The absence of high-profile regional initiatives on the part of Iran is due to the numerous enemies that the country has in its immediate neighbourhood.

<sup>107</sup> Berger 2004; Nash 2004.

<sup>108</sup> Malley 1996.

<sup>109</sup> Berger 2004.

<sup>110</sup> Malley 1996.

### Is it all bluster?

Does Marx' dictum that history repeats itself first as tragedy, then as farce apply to Third Worldism? More precisely, is petro-populism mere rhetorical bluster, an insubstantial caricature of an earlier age of genuine struggle and commitment? There is some truth to this, especially regarding the Libyan and Latin American cases during the 2000s. Libya went through a significant political and commercial rapprochement with the West after giving up its WMDs and paying compensation to Lockerbie victims. Bolivia, Ecuador and Venezuela despite all rhetoric have not stopped trading with the US, and only Ecuador has defaulted on its (privately held) debt – while keeping its economy dollarized.<sup>111</sup> All cases remain dependent on international oil markets and store at least some of their overseas reserves in dollars. None of them have much increased their trade tariffs.

Yet their policies on trade, aid, alliances and international organizations differ dramatically from those of almost all other developing countries. As we will see, even Bolivia and Ecuador have taken a much more radical path than non-rentier neighbours in which presidents with similar leftist orientations have come to power.

Most importantly, at least some of the radical policies have come at a discernible cost, even if this is impossible to quantify precisely: There is no doubt that the radical policies of Iran and Libya generated economic hardship for them in the form of sanctions. But even softer petro-populist policies had real consequences: Libya, Iran and Venezuela have devoted considerable resources for their aid policies. Debt premiums of the Latin American cases have increased as a result of their radical policies and, as we will see below, foreign direct investment in their economies has plummeted. Trade relations with the US have been stopped at various points in the Iranian and Libyan cases and damaged in the Latin American ones. It is likely that enmity of the US has also imposed further intangible costs. It is not clear how much if anything has come of the petro-populists' various joint industrial and development projects, but there is little doubt significant resources have been committed.

### **Domestic petro-populism**

Third Worldism has substantial domestic dimensions: It is easy to see how global antagonisms and aspirations are projected onto local society, challenging oppressive foreign or foreign-influenced elites and fighting inequality on behalf of "the people", and the downtrodden in particular. The vision of redistributing power and resources is transposed from the global to the domestic level. Third Worldism has an affinity to mass politics and domestic egalitarianism, centralization of power, and statist economic policies.<sup>112</sup> In this, it is closely related to left-wing populism as defined above.

Independent of each other, all five cases have indeed been categorized as populist in the literature.<sup>113</sup> They share a number of distinctive traits that constitute a particularly centralized, personalized, and ambitious form of left-wing populism. The fact that there are obvious and large differences in the history, wider political systems, ideologies and economies of the five cases makes these similar tendencies all the more remarkable.

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<sup>111</sup> Ellner 2012.

<sup>112</sup> Berger 2004; Malley 1996.

<sup>113</sup> Dorraj and Dodson 2009; Abrahamian 1993; Alizadeh 2013; Philip and Panizza 2011; Hinnebusch 1982; Makidi 1988.



### *Authoritarianism / hyperpresidentialism*

All cases bar Libya – which has been a Sultanistic, unelected dictatorship throughout most of Gaddafi's tenure – became more authoritarian and centralized in their populist phases in the 2000s, if starting from very different baselines.

#### Concentration of executive power

The Latin American presidents and Ahmedinejad concentrated power in their executive offices and clashed with and bypassed other governing institutions<sup>114</sup> – albeit Ahmedinejad's capacity to do so was comparatively limited by his subordination to Supreme Leader Ali Khamenei. Although consistently authoritarian, Gaddafi's attempts to bypass and even abolish the Libyan state bureaucracy also reached its peak in the late 1970s and early 1980s, when his foreign policy was the most adventurous.<sup>115</sup>

In the four cases involving elected presidents, these increased their direct control over state funds, and increased curbs on media and civil society (issues that Gaddafi never needed to worry about).<sup>116</sup>

<sup>117</sup> Chavez and Morales changed laws and constitutions to allow themselves additional presidential terms.

#### Direct outreach to population, personalism

Executive centralization has been accompanied by attempts to directly reach out to the people and give them immediate access to the leadership outside of regular institutions of representative democracy – a typical feature of populism,<sup>118</sup> *which Gaddafi as well as the Latin American presidents denounced as bourgeois*. This has happened through presidents' frequent tours through the country, their heavy media presence, regular public demonstrations and rallies, as well as frequent plebiscites in the Latin American cases and systems of popular committees in Libya and Venezuela.

In all cases, executive centralization and leaders' ambition to directly reach out to and represent "the people" has resulted in what some observers have described as a personality cult or, at the least, their public veneration as national saviours.<sup>119</sup>

### *Mobilizing structures*

Like traditional populists, petro-populist leaders have used their direct outreach to mobilize popular support, typically from lower classes.<sup>120</sup> This has played out through popular demonstrations – often directed against leaders' political enemies among local elites – and, apart from the Libyan case, at the ballot box, where they have received disproportionate support from poorer constituencies.

In line with more radical leftist traditions, leaders in our cases have also created or empowered community councils, local cooperatives with collective property and – in the case of Libya, Iran and

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<sup>114</sup> Ansari 2008; Cameron 2009; Conaghan 2008; Dorraj and Dodson 2009; Ellner 2012; De la Torre 2013; Philip and Panizza 2011.

<sup>115</sup> Davis 1987; Vandewalle 1991; Vandewalle 1998.

<sup>116</sup> Conaghan 2008; Dorraj and Dodson 2009; Gratius 2007; Hidalgo 2009; Rodriguez, Morales, and Monaldi 2012.

<sup>117</sup> details on Bolivian authoritarianism:

<http://www.nytimes.com/2009/12/06/world/americas/06bolivia.html>

[details on anti-media steps under Correa:]

<http://online.wsj.com/article/SB10001424127887323764804578312401121305738.html>

<sup>118</sup> Ansari 2008; Conaghan 2008; De la Torre 2013; Ellner 2012; Hidalgo 2009; Seligson 2007; Vandewalle 1998.

<sup>119</sup> Ansari 2008; Dorraj and Dodson 2009; Merolla and Zechmeister 2011; Vandewalle 1998; Zúquete 2008.

<sup>120</sup> Roberts: mass electoral support among the previously unorganized poor [][mention: LA cases and Iran probably more strictly lower-class oriented and more ideologically radical than classical LA pop (cf. Dix)][Libya: all of Libyans, but radical ideas]

Venezuela – militias as mechanisms of mobilization and support.<sup>121</sup> Equally typical for populists, none of the leaders have institutionalized their political control through a strong political party or other bureaucratic structures.

### *Rhetoric and ideology*

Petro-populist ideology has remained diffuse, but rhetoric has hewed closely to Third Worldist precepts: redistributive justice, anti-capitalism, popular unity and defense of the common man against elite interests and conspiracies, typically assimilated with colonialism and imperialism. Authenticity of the local people and their beliefs has been a strong theme in the rhetoric of Ahmedinejad, Gaddafi and Morales in particular. All have used Manichean language to describe the world and promised profound social transformation.<sup>122</sup>

As a start to the latter, all petro-populist regimes have attempted a refoundation of local political systems: At the outset of their presidencies, the three Latin American populists had constituent assemblies elected, resulting in new constitutional documents. Iran issued a new Islamic constitution after the revolution, while Gaddafi replaced the monarchical constitution of 1951 with his “Green Book” in the 1970s.

### *Populist economic policies*

The five cases have pursued a statist economic strategy typical of left-wing populism.<sup>123</sup> The public sector has played a particularly important role during all of their petro-populist phases. All have undertaken nationalizations, engaged in fights with local business, imposed price controls and created extensive subsidy regimes. Libya, which had gone through a phase of complete nationalization in the early 1980s, was the only case not tightening economic controls again in the 2000s.

In the Latin American cases, the share of state spending as proportion of GDP increased from 27% to 40% in the 2000s, while it moved from 32 to 31% in neighbouring countries with moderate leftist presidents<sup>124</sup> (in Iran it slightly declined, but likely because of the increased role of para-statal foundations under Ahmedinejad; it fluctuated wildly in Libya). In all cases, populist phases have been accompanied by varied attempts at import-substitution industrialization,<sup>125</sup> a development strategy associated across the developing world with earlier historical phases of populism.<sup>126</sup>

Generous welfare and distribution policies have been another hallmark of populist phases in our cases. Cash benefits, housing, health services, minimum wages and increased public salaries have often targeted lower classes in particular.<sup>127</sup> Inflation has typically been higher than in neighbouring states. Growth driven by state intervention, particularly through government-engineered increases

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<sup>121</sup> Behdad and Nomani 2009; Collins 1974; Conaghan 2011; Ellner 2012; Hinnebusch 1982; Sanchez Urribarri 2008; Vandewalle 1998; Weyland 2009. Ecuador’s Correa alone seems to be wary of mass politics through community organizations and prefers top-down mobilization (De la Torre 2013). As a token to community representation, he still created parallel organizations for indigenous interests however.

<sup>122</sup> Behdad and Nomani 2009; Collins 1974; Conaghan 2011; De la Torre 2013; Hawkins 2010; Hidalgo 2009; Looney 2013b; Makidi 1988; Philip and Panizza 2011; Shifter 2006; Weyland 2009.

<sup>123</sup> Alizadeh 2013; Ellner 2012; Mazzuca 2013; Vandewalle 1998.

<sup>124</sup> Mazzuca 2013.

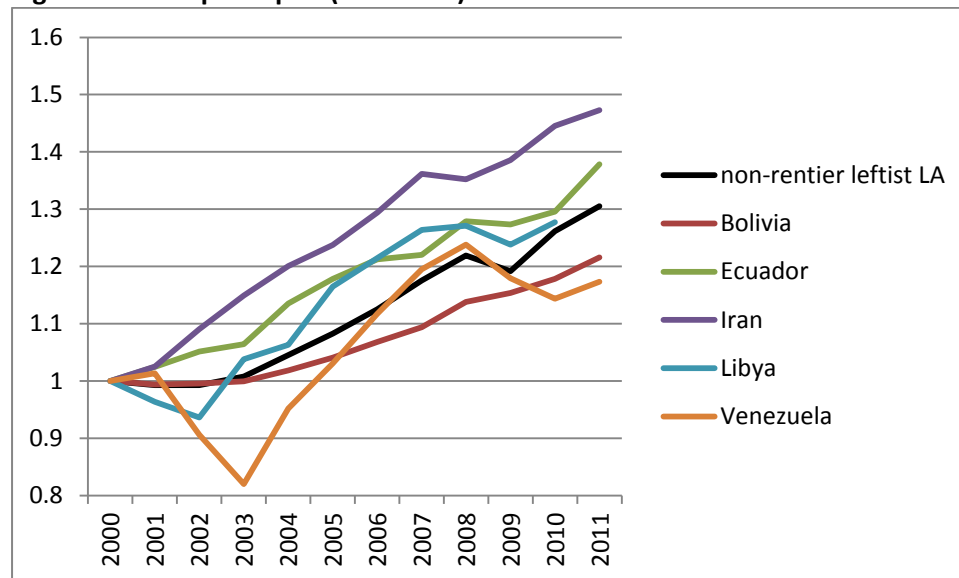
<sup>125</sup> Conaghan 2011; Corrales 2011; De la Torre 2013; Hindery 2013; Morady 1996; Vandewalle 1998.

<sup>126</sup> Kaufman and Stallings 1991; Roberts 2007; Waterbury 1999. [intensity varied]

<sup>127</sup> Ansari 2008; Behdad and Nomani 2009; Collins 1974; Conaghan 2011; De la Torre 2013; Dorraj and Dodson 2009; Hidalgo 2009; Hinnebusch 1982; Mainwaring 2012; Mazzuca 2013; Penfold-Becerra 2007; Philip and Panizza 2011; Sanchez Urribarri 2008; Schamis 2006; Shifter 2006; Vandewalle 1998. The efficacy of this is not clear, but the HDI education index has improved more for Ecuador, Iran and Venezuela during their populist phases than for the non-rentier Latin American left, while the health index has seen similar developments.

in lower classes' purchasing power, recalls the "easy" phase of economic development that important parts of the developing world went through in the 1950s and 1960s, the days of widespread Third Worldism, populism, and import-substitution industrialization. Petro-populists have typically achieved respectable although not stellar growth rates on the back of increased state spending.

**Figure XX: GDP per capita (2000=100)**



Source: IMF WEO

### Summary

As on the foreign policy front, there is some variation in kind and considerable variation in the degree of petro-populism between the cases: Libya and Iran have been the most radical cases, Venezuela in the middle and Ecuador and Bolivia the most moderate, being among other things more cautious in their nationalization strategies, avoiding the creation of militias and relying more strongly on conventional state institutions than Chavez, Gaddafi and Ahmedinejad.<sup>128</sup>

The long and inter-related list of common radical policies is nonetheless baffling, especially against the background of a world that has been converging on capitalist practices and, in the democratic cases, representative bourgeois forms of democracy. Petro-populists are characterized by executive centralization and hyper-presidentialism, personalistic leadership, plebiscitarian techniques of rule, use of community-level structures for mass political mobilization, redistributive and anti-elite rhetoric, economic interventionism and distribution policies aimed at lower classes. Most of these have become rare in the developing world.

### Comparison to traditional Third Worldism

Both in terms of foreign and local politics, the cases evoke an earlier age of Third Worldism. The latter is too diffuse to provide a clear ideological template for a precise comparison with petro-populism. The latter nonetheless appears to stand out in some regards: At least in its 2000s incarnation, it has been economically less radical, tolerating a local private sector, had more modest ambitions of import substitution, and stayed broadly integrated in the international trade and financial system (with the involuntary exception of Iran under sanctions). In other regards, it has appeared particularly aggressive, notably in its rhetoric, its international ambitions and the investments made to pursue them.

<sup>128</sup> This is visible in scores on the World Bank governance indicator for "government effectiveness", which remained stable or increased under Correa and Morales, while declining in Iran and Venezuela in the 2000s.

## Is it really oil?

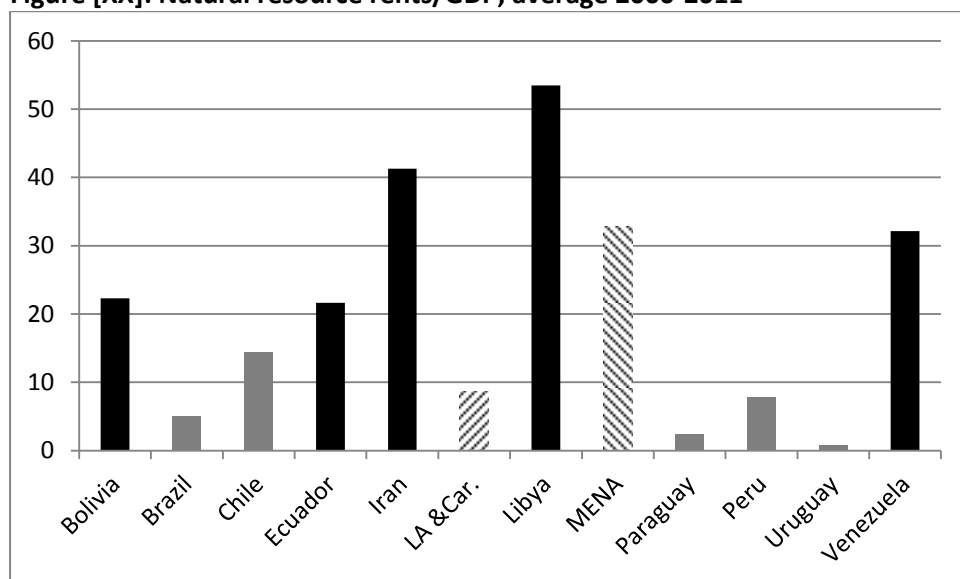
The article thus far has been mostly descriptive. Given the wide range of commonalities observed across very different cases, however, it appears likely that similar causal processes are at work. As alluded above, oil rents appear to be central in the making (and breaking) of petro-populism. The present section will establish this link with cross-sectional and longitudinal comparisons among the cases and with relevant comparison groups. In the latter, it will draw on comparisons within Latin America in particular, which offers opportunities for matched comparisons with non-oil countries in which similarly left-leaning presidents were elected. MENA countries are a more heterogeneous group and there are no obvious cases to match Libya and Iran with; we will hence focus on broader regional comparisons.

The link with oil appears intuitively plausible, but it has never been empirically established across regions or with focus on foreign policy. There are, moreover, widely cited alternative explanations for broader variations in political radicalism, especially for the Latin American cases.

### Test 1 – importance of hydrocarbons

The most obvious test for oil's causal role is to compare levels of oil income across cases. Figure XX above [reproduced below] shows that natural resource rents did indeed constitute a significant share of GDP for all five cases (figures for resource exports, fiscal dependence on resource rents etc. are similar).

**Figure [XX]: Natural resource rents/GDP, average 2000-2011**



Source: World Development Indicators

Three patterns stand out. First, the Latin American countries that have turned to the left in the 2000s are neatly divided into two camps by the level of rents: The three petro-populists enjoy the highest rents while rent income is lower or negligible for the remaining five cases: Brazil, Chile, Paraguay, Peru and Uruguay. There is general agreement that presidents in the latter cases have turned out more moderate than in Bolivia, Ecuador and Venezuela – a puzzle that has inspired a large and growing literature invoking a variety of hypotheses.

Secondly, Iran and Libya evince even higher levels of rent dependence (they reached similarly high rent incomes also during their populist phases in the 1970s and 1980s). Although numbers are too small to establish any firm regularities, it is worth noting that among petro-populists, degrees of radicalism track rent levels fairly closely.

Thirdly, the high average for MENA reflects the fact that Iran and Libya live in a region populated by many more rentier states, including the Gulf monarchies, Algeria and Iraq. The latter two pursued populist domestic and foreign policies during the 1970s heyday of Third Worldism, but do not stand out through populism after that period as our core cases do. The Gulf monarchies have always been staunchly conservative and pro-Western.

This seems to show that commodity income is at best a necessary, but not a sufficient factor for populist policies and, possibly, that higher commodity income makes correspondingly more radical policies possible. We can resort to “fuzzy” coding of cases to make this pattern clearer.<sup>129</sup> In line with the above case account and the regional studies literature, it seems appropriate to place Bolivia and Ecuador in the least aggressive category of populism, Venezuela in an intermediate one and Iran and Libya – which have taken the most radical steps of aggression and rejecting a US-dominated global system – in the most extreme one.

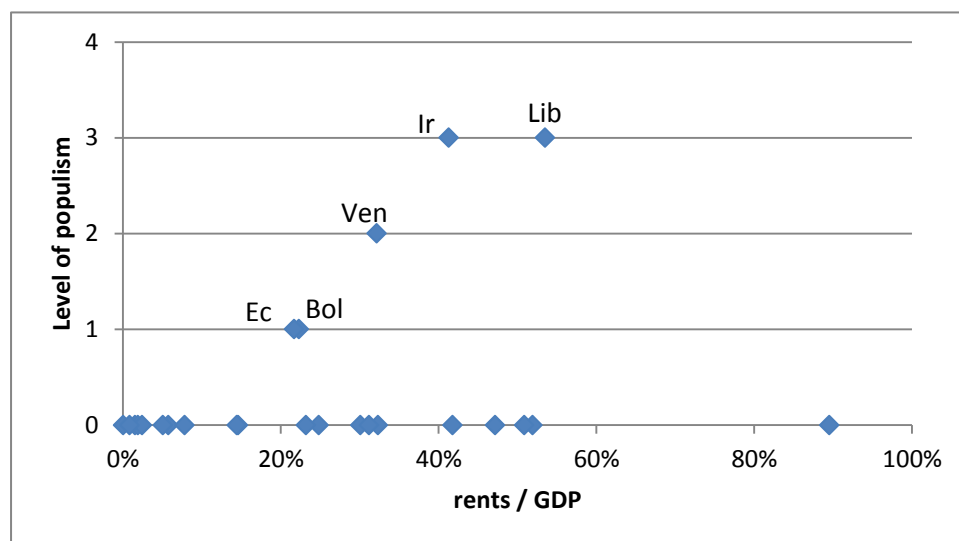
Figure [XX] below maps rent levels against fuzzy codes for levels of (post-1970s) Third Worldist populism among all South American and MENA states. The pattern indeed appears to be that a) rents make radical policies possible, with higher rents possibly allowing more radical ones, and b) radical policies in the post-1970s era seem impossible without rents.<sup>130</sup>

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<sup>129</sup> Goertz and Mahoney 2012; Ragin 2000.

<sup>130</sup> If we include Central American countries, Cuba and Nicaragua could also be coded as moderately populist. Cuba, however, is better classified as properly socialist regime and has given up much of its expansive foreign policy ambitions since the 1980s. Nicaragua, as we will see below, can be argued to be an induced rentier state through dependence on Venezuelan support.

Figure [XX]: Share of rents in GDP and degree of populism<sup>131</sup>



There could be other reasons explaining the gradations of radicalism among the 5 core cases: Some of Bolivia's and Ecuador's relative moderation is undoubtedly explained with their smaller size. More radical Libya however has an even smaller population than either. Iran's and Libya's high level of radicalism might also have to do with the revolutionary nature of their regime, as Colgan proposes.<sup>132</sup> Even then, however, it is plausible that higher levels of rents enabled regimes to act on their revolutionary inclinations: This is both compatible with Colgan's own theory and the within-case evidence we shall study below.

### Test 2 - historical timing

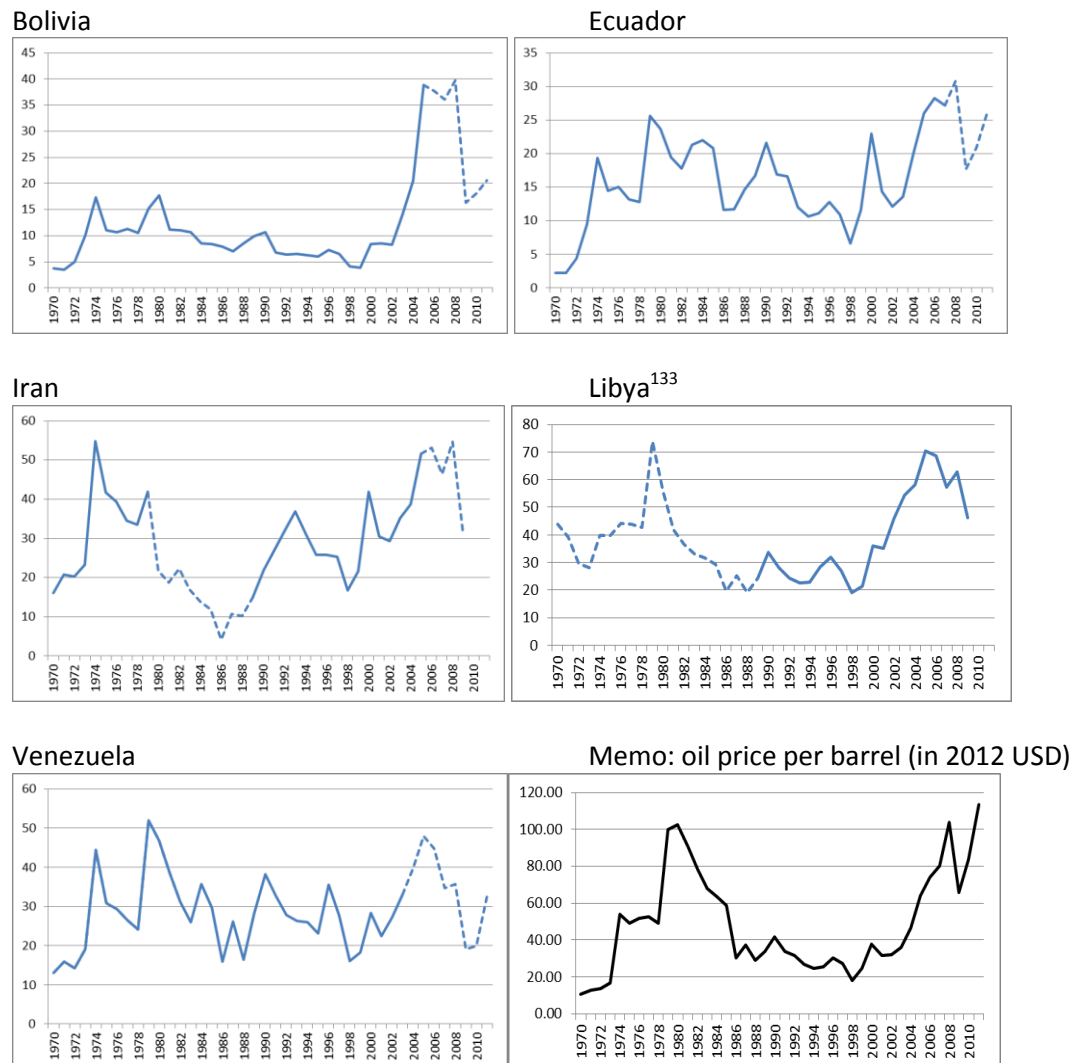
If rents enable petro-populism, variation in rents over time should have some impact on the level of petro-populism also within cases. In line with Bennett and George's "congruence method", this section presents both graphical and narrative evidence to test this claim across the five cases. Due to the small number of cases, we do not use more formal statistical techniques but instead rely on within-case observations to link critical events and policy shifts to hydrocarbons income.

The below graphs show the timing of petro-populist phases among our five cases (in line with the periodization outlined in section [XX] above) mapped onto time series data on the share of natural resource rents in their GDPs.

<sup>131</sup> One could make a good argument that Gaddafi at his populist best was more radical and ambitious even than the Iranian revolutionary regime. Libya could hence alternatively be coded as most extreme populist case at level 4, which would further strengthen the linear relationship between rents and extremism among petro-populists.

<sup>132</sup> Colgan 2013.

**Figure [XX]: Share of natural resource rents in GDP and timing of populist phases (dotted line)**



Again, a clear pattern emerges: In all of the 3 Latin American cases as well as Iran, the onset of petro-populism in the 2000s coincided with increased rents. In the two cases that have seen an earlier phase of populism – Libya and Iran – this phase came to an end when rents and oil price were at their lowest point. The onset of this earlier phase is a result of the revolutions in Iran and Libya and hence not directly linked to increases in oil prices – but the perpetuation of populism clearly seemed to be predicated on continued high oil income.<sup>134</sup> At first glance, the conditions for the onset and for the end of populism seem to be asymmetrical, a pattern more easily explained with small-n and within-case methods.<sup>135</sup>

### Within-case timing

A closer investigation of within-case sequencing and character of populism gives us further confidence in the rent hypothesis. Among the Latin America cases, Venezuela is critical, because the

<sup>133</sup> Pre-1990 data for Libya were imputed using GDP data from UNSTATS and oil production and price data from the BP Statistical Review of World Energy (while applying an implicit discount factor for production costs derived from the post-1990 World Bank data).

<sup>134</sup> Iran under the pro-Western Shah in the 1970s is classified as non-populist.

<sup>135</sup> Goertz and Mahoney 2012.



same president (Hugo Chavez) was incumbent throughout an extended period that witnessed strong oil price shifts, thereby allowing us to “control for” the factor of personality.

Our expectation that lower oil income should have initially constrained his populist leanings in domestic and foreign policy is fully borne out by the case literature: He ran on a moderate platform for the 1998 presidential elections and continue to pursue moderate social and economic policies once in power,<sup>136</sup> for example opening the telecoms sector to foreign investment. Proposed at a time of deep economic recession, the new constitution of December 1999 was a fairly moderate document with checks and balances,<sup>137</sup> giving scant signs of the over-centralization of executive power that would happen in the 2000s. Some Venezuela watchers at the time even hoped that Chavez would turn out to be a right-leaning, economically liberalizing “neo-populist”, as other originally left-leaning Latin American leaders had turned out to be in the 1990s.<sup>138</sup>

Chavez made his left-wing orientations clearer in late 2001,<sup>139</sup> after oil prices had started rising in 2000. Compared to later years, his policies remained cautious however.<sup>140</sup> It was only after Chavez had emerged from a fierce domestic struggle with opposition and parts of the local bourgeoisie in 2001-2003 that his domestic populism really became assertive,<sup>141</sup> a phenomenon that some (although not all) authors attribute to further increased oil prices from 2003 on.<sup>142</sup> Chavez started large-scale domestic redistribution and welfare programs (“misiones”), threw out the management of and appointed tens of thousands of new workers in national oil company PDVSA and stepped up anti-capitalist rhetoric. He pursued a variety of anti-investor and anti-US policies [Campello], created Alba in 2004 and Petrocaribe in 2005. A wide range of nationalizations happened from 2007 on, when oil prices reached new peaks.<sup>143</sup>

In Bolivia and Ecuador, Morales and Correa were elected when hydrocarbons rents had just climbed dramatically.<sup>144</sup> As we would expect, the new presidents pursued populist policies more quickly, even if they never reached the radicalism of Chavez in the late 2000s. What is perhaps more interesting about Bolivia and Ecuador is that between the 1980s and the mid-2000s, they elected several presidents that appeared left-leaning during their campaigns, but turned out to actually implement neo-liberal, pro-Western economic policies: Bucaram and Gutierrez in Ecuador in 1996 and 2002 respectively,<sup>145</sup> and Paz Zamora in Bolivia in 1989,<sup>146</sup> followed by orthodoxy on the Bolivian left that lasted until 2000. These instances of “bait and switch” would again appear to be best explained by constraints imposed by the lower rent incomes at the time.

## Iran

The post-1979 revolutionary regime in Iran pursued ambitious populist and anti-capitalist policies on both the domestic and the foreign front in an era when the rest of the developing world had largely

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<sup>136</sup> Dorraj and Dodson 2009; Ellner 2012; Hawkins 2010; Philip and Panizza 2011.

<sup>137</sup> Sanchez Urribarri 2008.

<sup>138</sup> Ibid.

<sup>139</sup> Philip and Panizza 2011.

<sup>140</sup> Corrales 2011; Penfold-Becerra 2007.

<sup>141</sup> Dorraj and Dodson 2009; Kaufman 2013; Sanchez Urribarri 2008.

<sup>142</sup> Corrales 2011; Schamis 2006. Levitsky/Loxton (2013) argue that leaders’ populist backgrounds, not rents, explain the emergence competitive authoritarianism in Bolivia, Ecuador and Venezuela in the 2000s. Yet they also concede that the Venezuelan government “took advantage of soaring oil prices and a weakened opposition to consolidate power” from 2002-04 (p. 125).

<sup>143</sup> <http://www.reuters.com/article/2012/10/08/us-venezuela-election-nationalizations-idUSBRE89701X20121008> []

<sup>144</sup> Weyland 2009.

<sup>145</sup> Philip and Panizza 2011.

<sup>146</sup> Drake 1991.

abandoned populism and Third Worldism. Its policies started moderating from 1986 on. Ramazani attributes Iran's softer stance in the Iran-Iraq war – still under Khomeini 's watch – to the 1986 oil price collapse and Iraq's successful reduction of Iranian oil exports in the "tanker war" from 1984 on, factors that led to a deep economic crisis in 1986/87.<sup>147</sup> A comprehensive privatization plan was announced in early 1988.<sup>148</sup>

The pragmatic turn continued with the end of the Iran-Iraq war in 1988, the death of Supreme Leader Khomeini in June 1989 and the inauguration of Akbar Hashemi Rafsanjani as president in August 1989. With Iran's rent income at very low levels, Rafsanjani pursued a moderate foreign policy that generated hopes of improving Iran's international standing.<sup>149</sup> Drawing on close personal links to business, he also pursued liberalizing economic policies from 1990 on, decreasing the role of the state, putting stronger reliance on private capital, including by encouraging the return of Iranian expatriate businessmen and of foreign investors more broadly. Having returned the country to a pragmatist policy to serve the country's urgent economic needs,<sup>150</sup> the regime abandoned much of its populist language.<sup>151</sup> The 1992 Majlis elections brought further victories for pro-Rafsanjani "moderates" while populists lost their seats, allowing Rafsanjani to pursue further pro-market economies policies.<sup>152</sup>

The period of pragmatism continued until 2005, though with different (economically somewhat less liberal) accents under Rafsanjani's successor Mohammad Khatami. It was with the election of Ahmedinejad that populism returned with a vengeance. The new president, elected when oil rents reached levels last attained in the 1970s, returned to policies of "populist social justice, anticorruption, and oil-income redistribution promises", repudiating the legacy of Rafsanjani.<sup>153</sup> He reserved special scorn for the local capitalist class.<sup>154</sup> Ahmedinejad also reasserted Iran's regional ambitions,<sup>155</sup> and engaged in the various anti-US and Third Worldist foreign policy schemes outlined in section [XX] above. While it is too early for definitive conclusions, Ahmedinejad's successor Hassan Rowhani, elected in 2013, has again been pursuing a more moderate policy course, particularly in the international realm. This has happened at a time of reduced rent income and severe economic crisis due to the sanctions on Iran.

### Libya

Apart from Venezuela, Libya is the second case that allows us to "hold constant" the leader over longer periods of time, as Gaddafi was in power from 1969 to 2011. It therefore bears more detailed analysis. Again, the timing of political events and policy turns in Libya tracks oil rent developments closely until at least the late 1990s.

In the first years after the revolution, Gaddafi and his Revolutionary Command Council seemed to establish a typical left-leaning, Arab nationalist regime comparable to Egypt, Syria, Algeria or Iraq. Starting in the oil boom year of 1973, however, Gaddafi – who had emerged as supreme leader briefly after the 1969 coup – he undertook actions that were more radical and ambitious than those of any of his peers bar perhaps Saddam Hussain: He became involved in supporting coups,

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<sup>147</sup> Ramazani 1992.

<sup>148</sup> Azad 2010.

<sup>149</sup> Roshandel 2000.

<sup>150</sup> Afrasiabi 1994.

<sup>151</sup> Ansari 2008; Behdad and Nomani 2009; Dorraj and Dodson 2009.

<sup>152</sup> Dorraj and Dodson 2009.

<sup>153</sup> Behdad and Nomani 2009. See also Alizadeh 2013.

<sup>154</sup> Ansari 2008.

<sup>155</sup> Dodson and Dorraj 2008; Gasiorowski n.d.

insurgents and terror groups across the developing world, started a military engagement in Chad, and meddled in internal affairs of a variety of African states, particularly in the early 1980s.<sup>156</sup>

On the domestic front, he urged people to take direct power in 1973, followed by a raft of initiatives to create popular and revolutionary committees and congresses. From 1975 on, Gaddafi pursued a veritable “cultural revolution”, attempting to eliminate the state bureaucracy and claiming to let Libyans exercise self-government, empowering rural Libyans in particular. Starting in 1977-78, major steps of socialization were taken, including redistribution of homes and farms as well as the state takeover of commerce.<sup>157</sup> Gaddafi purported to base his actions on the “Third Universal Theory” presented in his “Green Book”, of which he published various sections from 1975 to 1981.<sup>158</sup>

Relations with the US deteriorated until they reached a nadir in the mid-1980s when Gaddafi was accused of orchestrating a variety of terror attacks on Western targets.<sup>159</sup> It was after the US bombing of Tripoli in 1986 that Gaddafi started to change course domestically and abroad. 1986 is also the year with the lowest oil prices of the whole decade, due to Saudi Arabia giving up its role as price-setting “swing producer” in OPEC.

Starting in the mid-1980s, Libya witnessed a profound economic crisis. While malinvestment and incoherent economic policy played a role, the primary cause was reduced oil income and state spending capacity, forcing Libya to borrow on international markets.<sup>160</sup> Vandewalle reports that Gaddafi faced domestic criticism of his economic policy and even the potential of popular unrest.<sup>161</sup>

In subsequent years, Libya scaled back its socialist ambitions and import-substitution projects, attempted economic rationalization, codified laws, institutionalized judicial procedures, and reduced the role of revolutionary committees in governance. The scope for private business activity was expanded. Gaddafi announced that because the revolution was complete, all Libyans were now allowed to join the bourgeoisie.<sup>162</sup> While the implementation of reforms was often questionable, there is no doubt about a basic shift away from populism.

In the international arena, Gaddafi started acting more pragmatically from 1987 on.<sup>163</sup> Behind the scenes attempts to reach a settlement with the US happened as early as 1992.<sup>164</sup> Libya also concluded an agreement with Chad in 1989 to submit their territorial dispute to international arbitration should negotiations fail.<sup>165</sup> The 1990s were a decade of general rapprochement with Libya’s neighbours.<sup>166</sup>

In 1998 (another year of record low oil prices), Gaddafi announced his readiness to turn over Libyan suspects in the 1988 Lockerbie airline bombing. Gaddafi subsequently paid compensation to victims of this and a 1989 attack on a French airliner, and re-established relations with the US in June 2004. Despite higher oil prices in the 2000s, he did not go back on his strategy of (partial) international reintegration that he had been pursuing for more than a decade. Throughout the 1990s and 2000s,

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<sup>156</sup> Huliaras 2001; Solomon and Swart 2005.

<sup>157</sup> Hinnebusch 1982; Vandewalle 1998.

<sup>158</sup> Roumani 1983; St John 1981.

<sup>159</sup> Colgan 2013.

<sup>160</sup> Library of Congress 1989.

<sup>161</sup> Vandewalle 1991.

<sup>162</sup> Ibid.

<sup>163</sup> Geoffe and Paoletti 2010.

<sup>164</sup> Colgan 2013.

<sup>165</sup> Huliaras 2001.

<sup>166</sup> Solomon and Swart 2005.

Gaddafi remained ambitious and continued to use anti-Western rhetoric, but acted much less aggressively than in the pre-1987 period, when even Fidel Castro called him a “reckless adventurer”.<sup>167</sup>

In sum, although always a populist-nationalist, Gaddafi’s foreign and domestic policies grew more radical after the 1973 oil boom and his radicalism reached its highest level in the early 1980s, the peak of the second oil boom – when Third Worldism was on the decline pretty much everywhere else. Gaddafi moderated starting in the late 1980s, when Libyan oil rents reached their lowest levels in the period under study. Moderation continued throughout the low-rent 1990s, but different from the other four cases, Gaddafi did not radicalize again when oil rents grew in the 2000s, arguably due to his negative experience with previous radical escapades. The within-case evidence again supports our argument that oil rents are necessary, but not sufficient to generate radical policies.

### Summary

While it would be difficult to argue for a tight year-to-year correlation of rent income (or oil prices) and policy,<sup>168</sup> it is clear that major shifts in policy have coincided with changes in countries’ rent income. Phases of most extreme policy have moreover typically coincided with particularly high rents. The radicalization of Chavez and Gaddafi seems to have tracked rent income in an almost linear fashion. Conversely, in Iran and Libya, populist policies were curbed dramatically after rents decreased, while politicians with purported leftist populist leanings in Bolivia and Ecuador seem to have been unable to act on them in times of low rent income.

### *Historical precedents*

There is some further if weaker evidence about the link between rents and domestic and foreign populism in the earlier history of our Latin American cases. Venezuelan president Carlos Andres Perez during his 1974-1979 term particularly fits the petro-populist mould [see graph XX above]: He instated generous domestic welfare programs on the basis of rapidly rising oil income,<sup>169</sup> introduced price controls, and pursued labour market policies that were seen as anti-business – although different from Chavez, he worked on keeping business in his (more middle class based) alliance through additional patronage policies.<sup>170</sup> He also centralized power in his executive office to an unprecedented degree, imperilling the elite “pact” on which Venezuelan democracy had been based to date.<sup>171</sup>

Perhaps more strikingly, he embarked on an ambitious “anti-imperialist” foreign policy at a time when most Latin American governments had much scaled down their nationalism.<sup>172</sup> Andres Perez nationalized Venezuela’s oil industry, supported Cuba and the Sandinistas in Nicaragua, played a prominent role in the non-aligned movement, and provided large-scale aid to developing countries.<sup>173</sup> Styling himself a voice of the global South, he was openly critical of US foreign policy, although the relationship to the US was never close to the nadir it reached under Chavez.<sup>174</sup>

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<sup>167</sup> Ibid.

<sup>168</sup> Flores-Macias’ counterargument against a rentier explanation of populism in Bolivia, Ecuador and Venezuela is based on such an unreasonably demanding stipulation of year-to-year linkage. See, however, [Kolarich] for an attempt to link oil prices to annual policy changes in the Latin American cases.

<sup>169</sup> Gratius 2007.

<sup>170</sup> Karl 1997.

<sup>171</sup> Ibid.

<sup>172</sup> Gratius 2007.

<sup>173</sup> Guy 1979.

<sup>174</sup> Burges 2007; Ellner 1999; Trinkunas 2006.

While populism had foundered in rest of Latin America, and was seen as a discredited social model by the 1960s,<sup>175</sup> oil wealth revived it in Venezuela – with a particularly pronounced foreign policy dimension. Facing increasing budgetary constraints, Andres Perez’ successors in the 1980s continued populist spending policies on a more modest scale (based on increasing levels of borrowing), and pursued a less grand foreign policy. When Perez started his second term as president in 1989, he had run on a populist, anti-IMF platform, but fiscal pressures forced him to embark on an unexpected, wide-ranging, and IMF-supported austerity and liberalization program.<sup>176</sup> The resulting domestic instability left him little opportunity to pursue grand foreign policy schemes.

The evidence from Bolivia and Ecuador is less clear: Like many other countries in the region, both saw broadly populist politics in the 1950s, but despite increased hydrocarbons rents in the late 1960s and 1970s, did not undergo a systematic populist shift as Venezuela. Military leaders at various points tried to don a nationalist mantle, and Ecuador joined OPEC’s radical faction. Officers’ abortive attempts at building a left-oriented domestic coalition enjoyed limited credibility however and many of Bolivia’s military leaders at times of high rents were right-wing.<sup>177</sup> Again, we observe that increased rents seem to make petro-populism possible but don’t determine it.

### Test 3: Latin American non-rentiers

As mentioned above, after two rightward-leaning decades, Latin America saw the election of many leaders with leftist backgrounds in the 2000s. There is wide agreement, including by left-leaning authors, that the resulting governments can be divided into a moderate (or “social democratic”) and a more radical (“populist”) camp. The moderate camp is characterized by a pro-capitalist, pro-Western economic and foreign policy outlook and close cooperation with the United States in particular. Politics and policies are conducted within existing representative and bureaucratic institutions; ambitions of social transformation and popular mobilization are limited; welfare policies mostly consist in the deepening of existing programs; and turnover in office has tended to be higher.<sup>178</sup>

The moderate cases are Brazil, Chile, Paraguay, Peru and Uruguay. All of these are non-rentier or lower-rent countries, which further confirms rents as a primary factor in making radical populism possible. Critically, several of the moderate leftist leaders in these countries demonstrated radical leanings in their biography and, in some cases, early election programs. Brazilian president Lula da Silva, formerly a militant labour leader, spoke out strongly against neo-liberal economic policies in the early phase of the campaign for the 2002 election. When Brazil witnessed capital flight during the campaign season, he moderated his program and became pragmatic in office, closely cooperating with the US on regional free trade initiatives.<sup>179</sup>

Fernando Lugo in Paraguay, a bishop with roots in liberation theology, was similarly described as radical by at least some commentators. He turned out to be moderate when elected to office in 2008, and (different from petro-presidents) moreover had many of his social democratic policies sabotaged by conservative interests<sup>180</sup>

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<sup>175</sup> Conniff 1982.

<sup>176</sup> Karl 1997.

<sup>177</sup> Grayson 1975; Philip 1982; Philip and Panizza 2011.

<sup>178</sup> Castañeda and Morales 2008; Ellner 2012; Kaufman 2013; Remmer 2011; Schamis 2006; Weyland 2009.

<sup>179</sup> Campello 2013; Castañeda 2006; Seligson 2007.

<sup>180</sup> 10. Januar 2012, Neue Zürcher Zeitung

Blockierte Reformen in Paraguay

<http://www.boston.com/news/world/latin-america/2013/04/20/conservatives-likely-retake-power-paraguay/ku6rYB1lgST4oPNYSJbiQL/story.html>

Uruguay's president since 2010, Jose Mujica, has a particularly radical background as former guerrilla leader. Again, he pursued moderate economic and foreign policies – although interestingly, he has pursued quite radical social policies on legalizing abortion, marijuana, and gay marriage.<sup>181</sup>

Chile, the country with the highest rents after the 3 petro-populist cases, has also pursued resolutely pragmatic and pro-US policies under left-leaning president Michelle Bachelet (2006-2010, 2013-). The literature points to strong institutions and a stable party system as causes for Chilean moderation.<sup>182</sup> We do not expect an automatic link of rents and populism, and it might indeed be these country-specific factors that have prevented Bachelet's radicalization.<sup>183</sup>

Peru is perhaps the most instructive case, as Ollanta Humala shared uncanny similarities with Hugo Chavez until he assumed office in 2011: He also has a military background, rose rapidly from obscurity as a radical populist opposition leader, openly praised Chavez and received his political endorsement. Like Chavez, Humala is ideologically rooted in Latin American populist traditions rather than Marxist ideologies as in the cases of Lula, Mujica or Bachelet. He was clearly perceived as a radical when entering politics and generally cited in one breath with Chavez.<sup>184</sup>

If anything, Humala started his career on a more radical platform than Chavez, promising nationalizations in case he is voted into office.<sup>185</sup> In his eventual campaign, he rather converged on a Lula-style moderate program,<sup>186</sup> and turned out to be a pro-US, pro-capitalist moderate also in office.<sup>187</sup> One third of his cabinet consisted of businessmen and soon leftist protested his conservative policies. Instead of nationalizing assets, he announced the privatization of Peru's national oil company in 2013.<sup>188</sup> Peru's rents, while increasing in the late 2000s, never reached the levels of the 3 radical cases.

Peru is also interesting because it is arguably the only Latin American country that saw a full-blown leftist-populist government between the early 1980s and the early 2000s: Alan Garcia's presidency from 1985 to 1990.<sup>189</sup> At a time of general austerity and low rents, Garcia nationalized private assets, imposed a partial moratorium on Peru's external debt, and became active in the non-aligned movement and Socialist International, although not openly anti-US. Arguably due to the material constraints of the time, the experiment ended miserably in hyperinflation, economic collapse and a domestic security crisis. Garcia's foreign policy ambitions were quickly dialled down when he

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<sup>181</sup> Shifter 2011.

<sup>182</sup> Mazzuca 2013; Schamis 2006; Weyland 2009.

<sup>183</sup> Chile's rents are also mostly derived from minerals, which some authors have claimed to have different political and developmental consequences than oil rents [Isham et al....].

<sup>184</sup> Cameron 2009; Roberts 2007; Schamis 2006; Shifter 2011.

<sup>185</sup> Castañeda 2006.

<sup>186</sup> Levitsky 2011.

<sup>187</sup> Campello 2013.

<sup>188</sup> <http://gulfnews.com/business/oil-gas/peru-to-privatise-48-of-state-oil-company-1.1264660> []

<sup>189</sup> [] President Betancur in Colombia, in office from 1982-86, was a (moderate) populist with a pro-NAM orientation who however had to cooperate with the IMF due to fiscal constraints: <http://books.google.co.uk/books?id=tSCxjCwOjVoC&pg=PA75&lpg=PA75&dq=Betancur+populism+-betancourt&source=bl&ots=vxwXidQK2m&sig=ehxGSiuOXolsa-iGftS7Rliuz5g&hl=en&sa=X&ei=aJ-rUrSaDeuA7QaW24H4Dw&ved=0CDcQ6AEwBA#v=onepage&q=Betancur%20populism%20-betancourt&f=false> [also had some oil rents, around 5%/GDP]

became consumed by the domestic crisis.<sup>190</sup> When re-elected for a second term in 2006, Garcia pursued orthodox economic and foreign policies.<sup>191192</sup>

There are two more cases that require discussion: Nicaragua and Argentina, the two only Latin American countries that are not clearly rentiers but have evinced some signs of populism in the 2000s.

Nicaragua has been led by President Daniel Ortega since 2006. It has been classified by some (but not all) authors as part of the radical camp in Latin America. Ortega, a former guerillero, has publicly sided with Chavez and criticized US foreign policy. Nicaragua does not have significant natural rents, so seems an anomaly. Ortega's government however appears to have been financed by Venezuela to a significant extent: Estimates of Venezuelan aid range from a quarter to a third of the national budget, a scale made possible by the small size of its economy.<sup>193</sup> Ortega's radicalism moreover seems even more rhetorical than that of the petro-populists: He has not dropped out of the US-led CAFTA trade agreement, has pursued prudent macro-policies and accommodated the international financial community.<sup>194</sup> The intensity of Nicaragua's populism is best classified as lying even below Ecuador and Bolivia, and given Venezuelan fiscal support, its economic costs are much reduced. As an indirect semi-rentier, it does in fact fit our expectations very well.

Argentina under Nestor and Cristina Kirchner has pursued centralization of executive power and moderately populist domestic policies, while increasing its distance from the United States. It is however generally classified as less economically radical than the petro-populists,<sup>195</sup> and has not systematically engaged in anti-US or Third Worldist foreign policy.<sup>196</sup> During the 2000s, Argentina has benefited from an agricultural commodity boom that, in combination with new taxes, has led to a fiscal windfall. Furthermore, its natural resource rents have been second only to Chile among the countries discussed here (and different from Chile derive mostly from the more easily controlled oil and gas sectors). Finally, after its 2001 debt default, Argentina has been in the rather exceptional position of not depending on international financial markets.<sup>197</sup> The latter factor is not related to rents, but points to a potential analogous mechanism through which rents might increase governments' international autonomy; this will be investigated in more detail below. Altogether, Argentina's moderate populist tendencies are not incompatible with our theoretical expectations.

### Alternative explanations of populism

The argument that rents have made petro-populism possible might seem obvious by now. For each of the cases at hand, however, it has only been one of several rival explanations and not necessarily the most prominent. The decrease in radicalism in Iran from the late 1980s on has been explained with Khomeini's death, a natural post-revolutionary ("Thermidorian") moderation process, the demise of the Soviet Union, and Iran's foreign policy failures.<sup>198</sup> Gaddafi's mellowing has similarly

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<sup>190</sup> Kaufman and Stallings 1991; Library of Congress 1993.

<sup>191</sup> Peru also witnessed a phase of military-led leftist and anti-US populism in the 1970s, a time of higher rent income. The experiment ended in an economic crisis in the early 1980s, and more orthodox economic and foreign policies [Stein in Conniff].

<sup>192</sup> Levitsky and Loxton 2013.

<sup>193</sup> <http://www.ft.com/intl/cms/s/0/03ba7206-eab5-11e1-984b-00144feab49a.html>  
<http://www.csmonitor.com/World/Americas/2011/0407/Venezuela-s-Chavez-bankrolled-Nicaragua-with-1.6-billion-since-2007>; <http://www.ft.com/intl/cms/s/0/03ba7206-eab5-11e1-984b-00144feab49a.html#axzz2bOYd6rJf>

<sup>194</sup> Looney 2013a; Shifter 2011.

<sup>195</sup> Flores-Macias 2010; Gratiús 2007; Weyland 2009.

<sup>196</sup> Vargas-Aponte 2012.

<sup>197</sup> Campello 2013.

<sup>198</sup> Arjomand 2009; Ehteshami 2002; Hunter 2010.



been attributed to the end of the Soviet Union, the failure of Gaddafi's international ventures and US pressure.<sup>199</sup> All of these might indeed have played a role, but it is clear from both the case accounts and cross-case comparisons that rents have been a critical factor in explaining the full variation over time, not least Iranian populism's late rebirth under Ahmedinejad.

The debate about why only some of Latin America's many left-leaning regimes in the 2000s turned populist in their domestic policies has produced a number of well-developed, more systematic non-rent explanations that are worth reassessing against the comparative background of this article. Some authors see populism primarily as a reaction to neo-liberal economic reforms and globalization.<sup>200</sup> Weyland, one of the few proponents of a rent-based explanation, points out however that neo-liberalism was less advanced in Venezuela than most of the rest of the region.<sup>201</sup> Perhaps more striking, there was nothing approaching neo-liberalism under Ahmedinejad's predecessor Khatami in Iran (and Gaddafi's predecessor King Idris might have been weak and corrupt, but to describe his patronage-based regime as neo-liberal would be a stretch).

A related argument is that leftist politics was given a new lease of life by economic crisis and increasing inequality.<sup>202</sup> Remmer has shown however that leftist presidents in general are more likely to be voted into office in good economic times in Latin America.<sup>203204</sup> Iran's economy also grew an average of 4.6% under Khatami (and 6% in the 3 years before Ahmedinejad), and there was no increase in inequality.<sup>205</sup> Idris' Libya witnessed considerable inequality, but also rapid growth; in any case, Gaddafi's extreme policies are difficult to explain just as a reaction to economic problems.

Another alternative explanation for why only some leftist Latin American governments turned radical is that presidents with roots in Marxist movements have tended to become social democrats through a process of ideological maturation after the end of the Cold War, while Correa, Morales and Chavez are rooted in an unreconstructed tradition of Latin populism.<sup>206</sup> The argument is less relevant for Iran and Libya: There was no specific local populist tradition on which Gaddafi could draw, while the idiosyncratic amalgam of ideologies in revolutionary Iran originally also strongly drew on Marxist thought. More important, Peru's Humala (elected after Castaneda's article) perfectly fits Castaneda's template of the non-Marxist populist, yet he turned out moderate in office. Case accounts furthermore make it clear that Brazil's Lula started his presidential run with more radical policy preferences that were quickly reined in as a result of structural economic constraints.<sup>207</sup>

A final alternative argument for explaining different paths of the Latin American left is that populists emerged in countries with weak, under-institutionalized or crisis-ridden polities and party systems.<sup>208</sup> Weak institutions are indeed a deductively plausible contributing factor to radical populism, which is defined by the side-lining of conventional mechanisms of governance and representation. Iran and Libya certainly lacked stable integrative institutions before the revolution. This article's argument however is that oil is a necessary, not a sufficient cause for populism. Other,

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<sup>199</sup> Geoffe and Paoletti 2010; Takeyh 2001.

<sup>200</sup> Corrales 2008; Panizza 2005b; Stokes 2009.

<sup>201</sup> Weyland 2003; Weyland 2009.

<sup>202</sup> Debs and Helmke 2010; Fishlow 2006.

<sup>203</sup> Remmer 2011.

<sup>204</sup> Levitsky/Loxton (2013), who explain the emergence of "competitive authoritarian" regimes in Latin America (under which our petro-populists fall), also present 14 case narratives of which only 5 fit the economic crisis explanation.

<sup>205</sup> Salehi-Isfahani 2009.

<sup>206</sup> Castañeda 2006.

<sup>207</sup> Campello 2013.

<sup>208</sup> Cameron 2009; Doyle 2011; Flores-Macías 2010; Mainwaring 2012; Roberts 2007; Schamis 2006.

case-specific factors like weak institutions, leaders' preferences etc. must enter the mix to produce radical populist outcomes. What appears clear is that, contrary to the literature's claims, weak institutions by themselves cannot account for populism: Peru's party system e.g. is also weak yet Humala turned out moderate.<sup>209 210</sup>

### Summary

A set of five very different developing countries has been united by populist domestic policies and anti-hegemonic foreign policies in the post-1970s era. The above section has argued that oil rents account for the cross-sectional and longitudinal variation of populist policies much more convincingly than any alternative explanation – although it is clear that further, case-specific factors must have come into play to make leaders seize the enhanced autonomy that oil seems to give them. Increases in rents have enabled populism, strong and sustained decreases ended it.

### Testing for mechanisms

In which way might rents enable petro-populism? Based on rentier state literature, case accounts and deductive reasoning, we identify four types of causal mechanisms through which elevated rents could make petro-populist foreign policy possible:

- increased popular demands for petro-populist policies<sup>211</sup>
- centralization and stabilization of regimes' political power<sup>212</sup>
- reduced economic opportunity costs of petro-populist policies,<sup>213</sup> and, related,
- regimes' reduced political dependence on economic support groups with anti-populist interests<sup>214</sup>

The first type of mechanism would push leaders towards petro-populism, while the other three would simply increase leaders' autonomy to act on their petro-populist preferences. The reduced economic opportunity costs and reduced dependence on critical support groups have both domestic and international dimensions.

This section will present relevant indicators and narrative information for our five cases and select comparative cases. It aims to investigate presence and absence of above mechanisms at different rent levels both cross-sectionally and longitudinally. It will also present a number of simple counterfactuals illustrating how much tighter regimes' political economy constraints would have been under lower rents.<sup>215</sup>

### Popular demand

Explaining the emergence of domestic radicalism in the Latin American petro-populists, Kurt Weyland has argued that "newfound wealth stimulated a wave of demands, gave rise to a multitude of contentious movements, and allowed for the emergence of a radical left."<sup>216</sup> Doyle has shown that higher commodity exports make a higher vote share of populist leaders more likely in Latin

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<sup>209</sup> Levitsky 2011; Roberts 1996.

<sup>210</sup> Weyland has also argued that party system collapse in parts results from the emergence of populism rather than being a cause of it [CP].

<sup>211</sup> Weyland 2009.

<sup>212</sup> Colgan 2013; Goldberg, Wibbels, and Mvukiyehe 2008; Karl 1997; Ross 2001; Smith 2004.

<sup>213</sup> For versions of this argument focused on domestic economic policies, see Campello 2013; Corrales 2011; Kaufman 2013; Mazzuca 2013; Remmer 2011.

<sup>214</sup> Crystal 1995; Herb 2009; Hertog 2010.

<sup>215</sup> The large literature on counterfactuals suggests important restrictions on their legitimate use in social scientific explanation [Fearon, Lebow etc.]. It usually focuses on point predictions about the occurrence or non-occurrence of specific events, however. The scenarios here are not about exactly construed "alternative worlds" but merely serve to illustrate broad structural constraints, in effect illustrating that under a very wide range of alternative worlds certain constraints on leaders would have been much stronger.

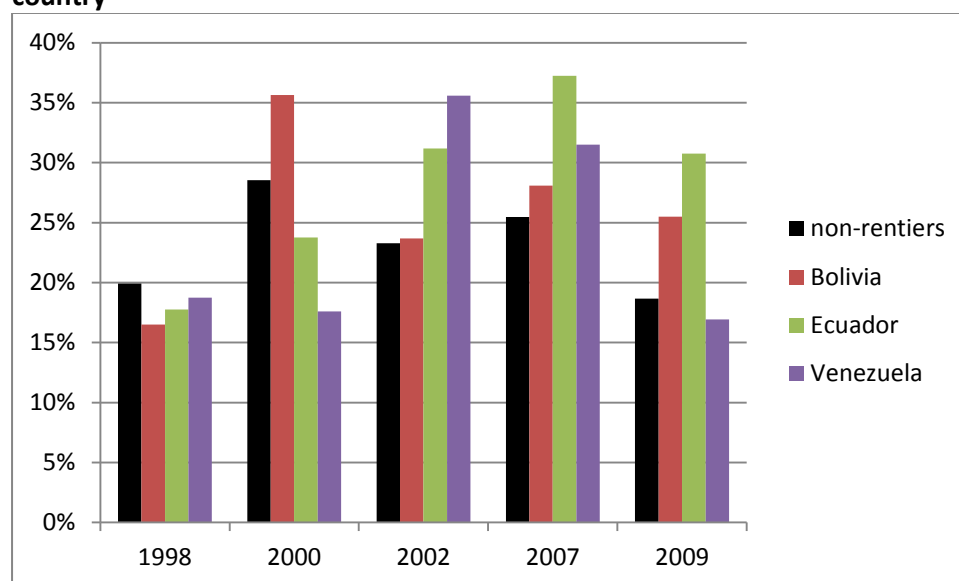
<sup>216</sup> Weyland 2009, 155.

America.<sup>217</sup> Remmer has demonstrated that positive perceptions of the economy and negative views of the US strongly predict leftist voting in Latin America.<sup>218</sup> Mobilization of enthusiastic, sometimes militant popular support has been a hallmark of petro-populism also in Iran and Libya, countries for which we lack public opinion data. Could petro-populists' radical foreign policy be driven by stronger popular demand – either pent-up demand that leaders cater to once other structural constraints are removed, or demand that grows in strength as rents increase and give voters a taste for radicalism?

The hypothesis can be tested with Latinobarometro poll data that covers virtually the whole Latin American region, including all rent and non-rent cases discussed above. We have identified a number of relevant questionnaire items that were asked in several, though not always all survey years since 1998. The longitudinal analysis does not only allow us a comparison of attitudes during populist and non-populist phases. It also covers years during which rents were already increased but radical leaders not yet in power, namely in Bolivia and Ecuador, addressing the concern that popular attitudes could be endogenous to populist leadership.

The Latinobarometro includes several questions on domestic economic policies that should help us to indirectly estimate popular support for populist economic strategies. None of the relevant data provides good evidence either that left-leaning and potentially radical attitudes are more widespread in the petro-populist states than in the rest of Latin America, or that such attitudes became more pronounced when oil prices increased.

**Figure [XX]: Percentage of respondents disagreeing that the market economy is best for their country**



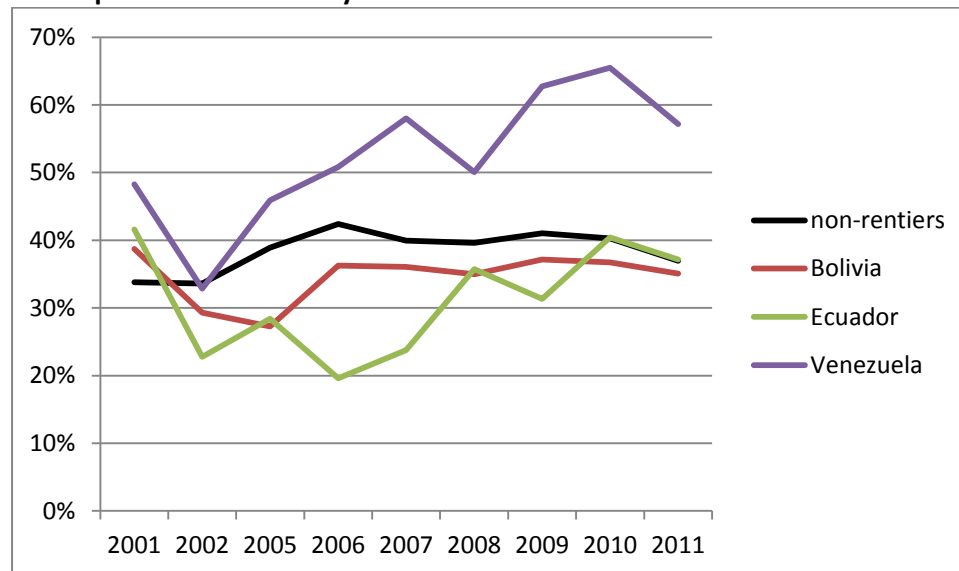
The only question where all petro-populist states have seen a somewhat stronger if not very systematic trend towards proto-populist attitudes is the one about the virtues of the market economy – but there is never a majority of respondents with anti-market attitudes, even if the sample is limited to respondents self-identifying as being on the left side of the political spectrum. Some of the spikes moreover are probably explained with country-specific events (Bolivia witnessed an economic crisis in 1999 and disputes over privatization in 2000; Ecuador underwent a crisis in 1999 and was involved in difficult negotiations with the IMF in 2001-03; Venezuela saw an unpopular pro-market coup attempt in 2002).

<sup>217</sup> Doyle 2011.

<sup>218</sup> Arnold and Samuels 2011; Remmer 2011.

Fewer respondents in Bolivia and Ecuador moreover seem to have anti-business attitudes than in the rest of Latin America, even if such attitudes have somewhat grown since the mid-2000s. Only in Venezuela does a majority reject the notion that private enterprise is indispensable for the country's development, even if the sample is limited to self-identified leftists.

**Figure [XX]: Percentage of respondents disagreeing that private enterprise is indispensable for the development of the country**

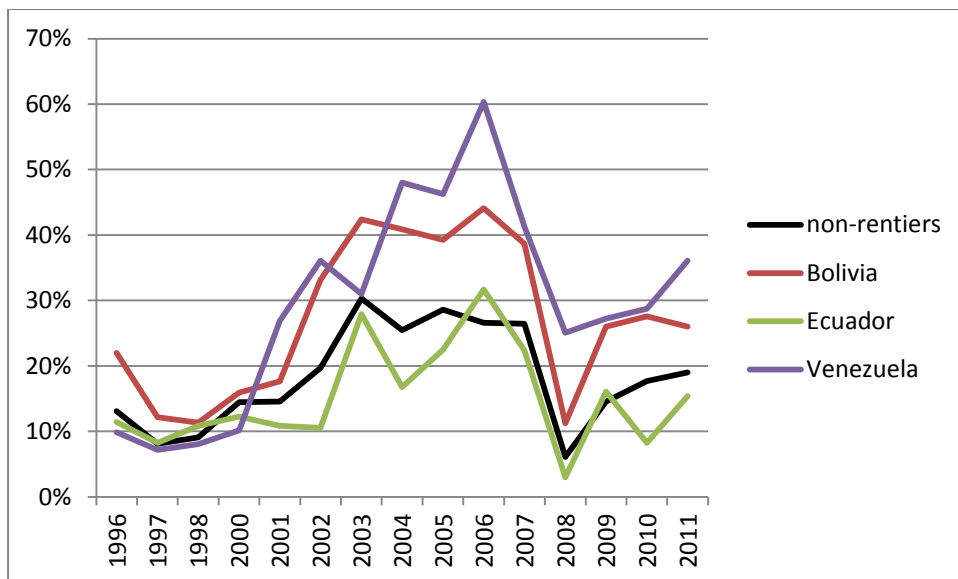


The pattern is similar for more specific questions of economic policy: There are typically fewer respondents in petro-populist states agreeing that electricity, water and pensions should be in state hands, and there is no distinct trend of change for such attitudes over time in the petro-populist states (data for 1998, 2007, 2008 available on request).

Domestically, hence, poll data provide no evidence for a broad voter push towards statism and anti-business politics that would make petro-populist electorates stand out (although there might well be stronger demands for patronage spending, on which unfortunately we have no relevant survey questions).

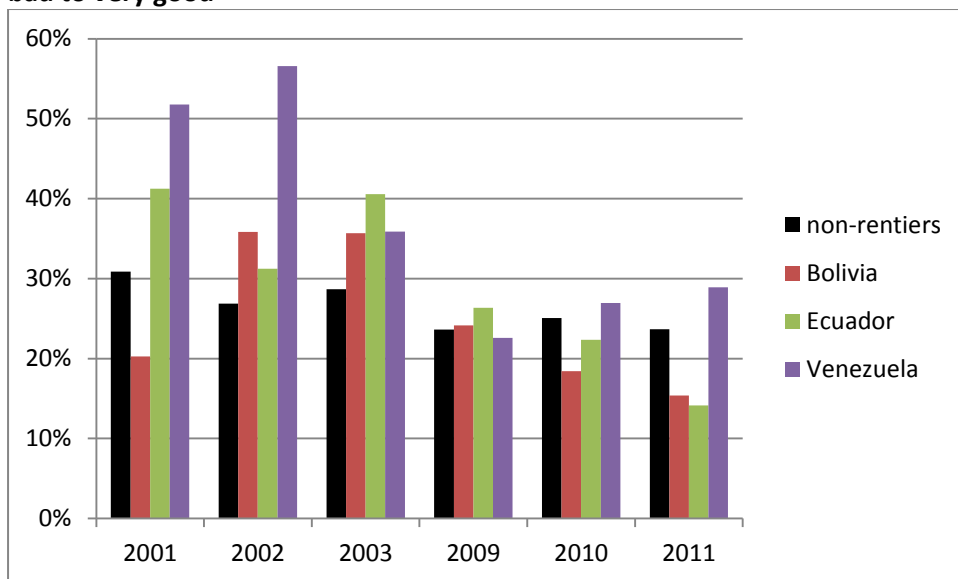
What about international policy attitudes – do citizens in petro-populist states have stronger anti-hegemonic feelings? Figure [XX] contains only weak evidence of stronger anti-U.S. attitudes in petro-populist states, and only in Venezuela are there a couple of years in which respondents with such attitudes reach a majority – even if the sample is limited to leftist respondents. The shift of attitudes in Venezuela was probably driven by the deteriorating relationship between Chavez and the U.S. (reinforced through perceived U.S. support for the 2002 anti-Chavez coup attempt), rather than oil rents per se.

**Figure [XX]: Respondents with “bad” or “very bad” opinions of the U.S.**



There is even less evidence of systematically stronger anti-IMF attitudes among petro-populists citizens (figure [XX]); again, even among leftist respondents, an anti-IMF majority is only ever reached in Venezuela. Anti-IMF attitudes in fact decline during the petro-populist periods.<sup>219</sup>

**Figure XX: Percentage of respondents rating the IMF between 1 and 4 on a 1-10 scale from very bad to very good<sup>220</sup>**



Similar results obtain for citizens' general level of contentment with the political and economic situation in the petro-populist countries which, if not indicating support of populist policies, might generate more tolerance of radical adventures. While levels of contentment improve disproportionately in petro-populists during the 2000s – quite plausibly due to elevated levels of

<sup>219</sup> There is also no systematic difference in the number of supporters of the Cuban embargo in 1998, 2000, 2008 and 2010 between petro-populists and other cases.

<sup>220</sup> The figures reflect respondents who know what the IMF is – usually more than half of them don't know the institution.

welfare spending – they do so from a low level and do not systematically exceed those in other Latin American countries (data available on request).<sup>221</sup>

The above results look essentially the same if the “non-rentier” comparison group is limited to countries that witnessed a leadership shift to the left in the 2000s.<sup>222</sup> There is hence no general evidence that domestic economic policy or foreign policy attitudes are different among petro-populists, or systematically influenced by rent levels over time. There is evidence of more radical public attitudes in Venezuela, but mostly limited to the early to mid-2000s – while policy reached its highest level of radicalism only in the mid-2000s and stayed there while popular attitudes mellowed distinctly. Although an interesting attempt to give micro foundations to rentier populist politics, Weyland’s mass psychological argument is not supported.

Might it just be that the movement base of petro-populists demands radicalism from their leaders? This might be possible in Bolivia, where Morales remains dependent on support from militant indigenous movements, but is less plausible in Libya and Venezuela, where leaders have rather been able to build movements around themselves from scratch and in line with their own ideological preferences, using discretionary patronage.<sup>223</sup> Ecuador’s Correa moreover is reported to be quite autonomous and sceptical of social movements.<sup>224</sup>

If there is no popular push for petro-populism, leaders must play a prominent role in setting the radical agenda, a finding much in line with the case literature. But how are they able to do so?

#### Authoritarianism / political autonomy

Can petro-populist leaders get away with potentially costly radical policies because they are more authoritarian and subject to fewer checks and balances? There is a large literature arguing that rents tend to increase both authoritarianism and state autonomy. In some cases, rents have allowed domestic policy experiments that would have been inconceivable without them.

Available standard indicators do indeed show higher levels of authoritarianism during both of Iran’s petro-populist phases, and increases in authoritarianism for all three Latin American cases under their petro-populist presidents. In Libya, authoritarianism has been consistently high throughout Gaddafi’s reign.

#### **Figure [XX]: Polity scores of petro-populists**

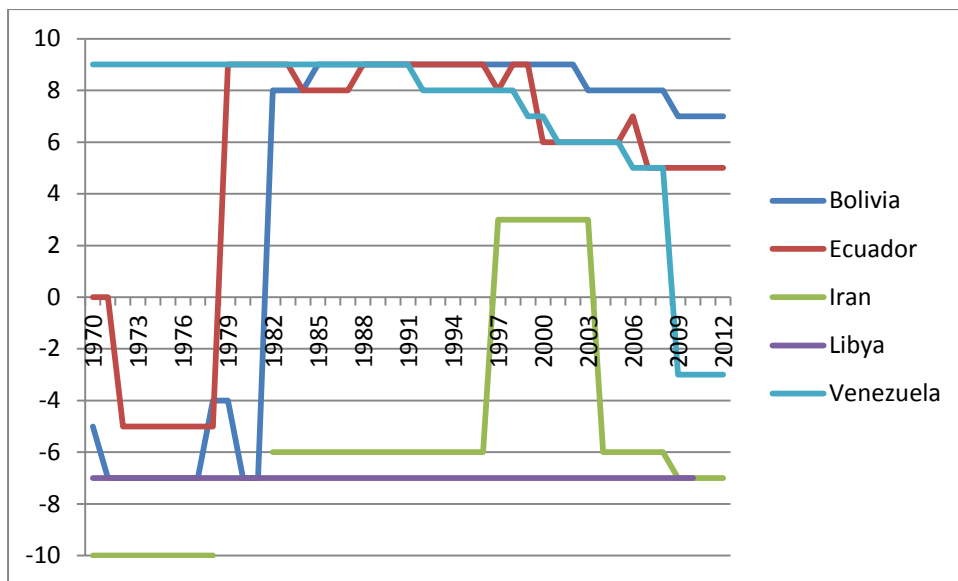
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<sup>221</sup> Rentier leaders have also had strong successes at the ballot box (probably in parts enabled by rents; cf. Wibbels/Goldberg, Smith Morrisson[]), and have enjoyed stable tenures after long periods of instability. The same is true about several non-rentier leftist leaders in Latin America, however. In fact the initial electoral mandates for Chavez and Correa were weak, which did not prevent either from escalating domestic political conflict.

<sup>222</sup> Data in existing literature also show that there has not been a strong or systematic shift of petro-populist voters to the left in Latin America (or the region as a whole) [Shifter, Remmer, Arnold et al.].

<sup>223</sup> Cameron 2009; Gratius 2007.

<sup>224</sup> De la Torre 2013; Philip and Panizza 2011.



This is in line with the above case evidence of executive centralization, marginalization of rival governing institutions, and suppression of media and civil society. Albeit the extent of authoritarianism strongly varies across cases, all petro-populist leaders have used oil-financed patronage to successfully mobilize followers against rival elites in politics, bureaucracy and business, and to generate support for constitutional changes reducing executive accountability. Many petro-populist foreign policy initiatives have only been possible due to direct executive control over funds; others, notably international agreements and support for foreign militancy, have almost certainly been facilitated by limited or absent legislative and juridical oversight.

As a direct sign of heightened executive autonomy, there is scattered case evidence that specific petro-populist foreign policies have been unpopular, and that such discontent generally does not meet effective resistance, not to speak of changes in policy. Corrales and Philip report that there is no evidence that Chavez' foreign policy ambitions are popular in Venezuela,<sup>225</sup> and press reports indicate discontent with the Cuban presence in the Venezuelan state.<sup>226</sup> Solomon and Swart claim that Libyans were very irritated by Gaddafi's Africanization policies.<sup>227</sup> In Iran, it was the most radical faction of revolutionary forces that dominated foreign policy in the 1980s,<sup>228</sup> with probably far more radical ideas than the bulk of the population. In non-rentier Latin American countries with leftist leaders, by contrast, there is evidence of effective elite resistance against populist policies.<sup>229</sup>

While it appears very plausible that increased executive autonomy facilitates controversial and potentially costly petro-populist policies, it cannot be enough by itself: Populism has been curtailed in Iran and Libya from the late 1980s on despite continued authoritarianism, and of course there are many non-rentier authoritarian and centralized systems that all eschew ambitious foreign policy populism. There must be further permissive factors that vary systematically over time with rents.

#### Economic constraints: balance of payments and foreign capital

The most plausible set of factors relates to the economic costs of populist policy. We hypothesize that elevated rents reduce the need for foreign capital by relaxing balance of payments constraints and alleviate domestic fiscal constraints and trade-offs. These processes in turn reduce the structural

<sup>225</sup> Corrales 2011; Philip 2010.

<sup>226</sup> [source]

<sup>227</sup> Solomon and Swart 2005.

<sup>228</sup> Colgan 2013.

<sup>229</sup> Campello 2013.



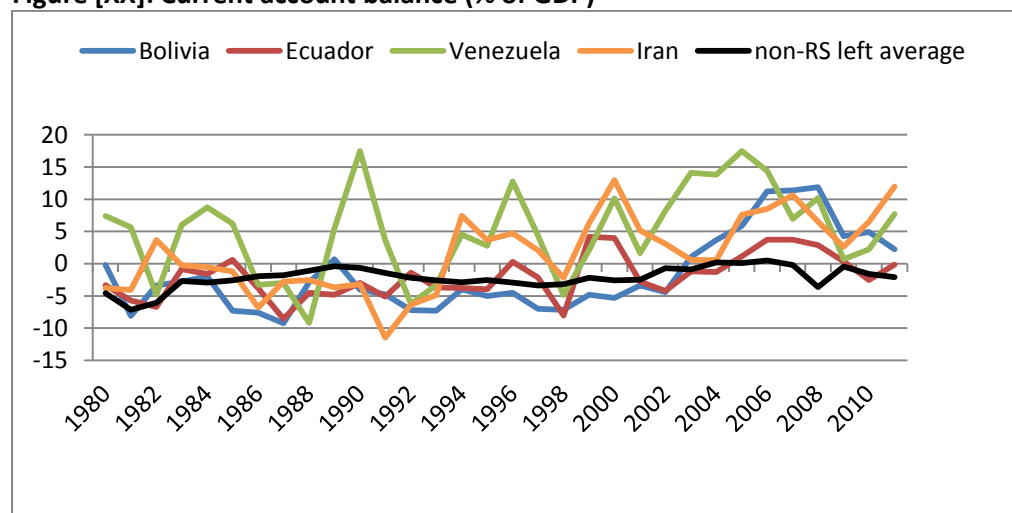
power of international and local capital. Delinking from private capital and (to some extent) the international capitalist economy becomes less costly.

Literature about earlier phases of import substitution industrialization and populism in the developing world argues that such policies were enabled by commodity booms, and ended with falls in commodity prices and resulting balance of payment crises.<sup>230</sup> Murillo et al. and Campello show that positive balance of payments shift Latin American presidents' economic policies to the left.<sup>231</sup> The petro-populist phenomenon arguably is a more pronounced and specific variant of these general mechanisms. Commodity booms allow increased imports and consumption benefiting the lower and middle classes, all the while reducing the short-term need for foreign direct investment and lending.

#### Data

The current account balances of our cases have indeed been strongly positive during the populist phases of the 2000s,<sup>232</sup> despite consumption-driven import booms. During much of the 1980s and 1990s, they were negative – and reached negative peaks in Iran and Libya before these regimes turned pragmatist in the late 1980s.

**Figure [XX]: Current account balance (% of GDP)**



Source: IMF WEO [Libya still to be included]

Petro-populist policies such as capital and price controls, avoidance of IFIs, nationalizations as well as anti-hegemonic rhetoric and alliances more broadly all are likely to deter foreign investors, which have played an important historical role in Latin American economies in particular. In all of our five cases, the business environment as measured by the Heritage Foundation's index of economic freedom has deteriorated substantially during the 2000s petro-populist phases, while it generally improved in Latin America and Middle East (data available on request).<sup>233</sup> As we have seen, the cost of sovereign debt for petro-populists has also generally increased.

<sup>230</sup> Fishlow 2006; Waterbury 1999.

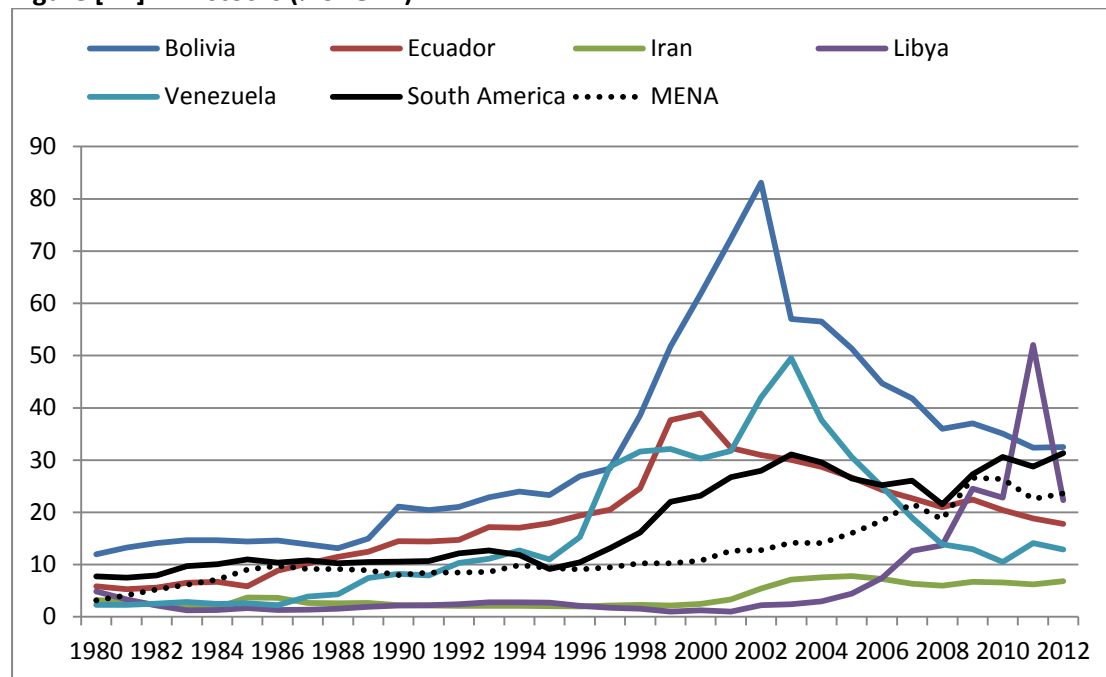
<sup>231</sup> Campello 2013; Murillo, Oliveros, and Vaishnav 2011.

<sup>232</sup> Again, the higher level of radicalism in Venezuela compared to Bolivia and Ecuador might be explained with its larger (if temporary) surpluses in the 2000s.

<sup>233</sup> The Heritage index might be biased, but probably reflects the perceptions of many foreign investors.

As expected, the petro-populist phases have indeed brought a rapid decline of FDI inflows in all cases,<sup>234</sup> and a reduction of the FDI stock relative to GDP in all cases but Iran in the 2000s.<sup>235</sup>

**Figure [XX]: FDI stocks (%of GDP)**



Source: UNCTAD

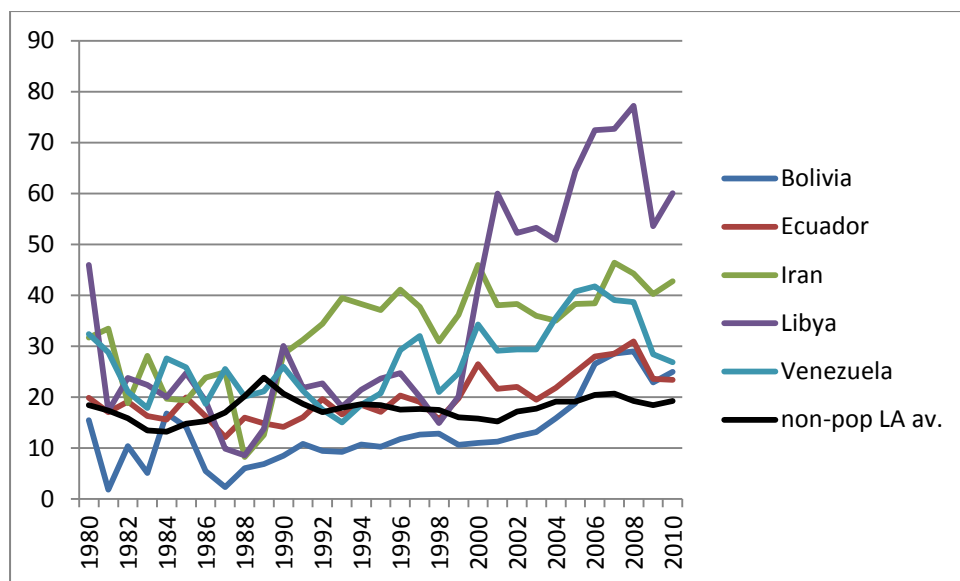
Such losses of FDI would be considered economically damaging under most circumstances. In the petro-populist states, however, rent inflows led to considerably increases in domestic savings rates, hence reducing the short-term need for capital imports, whether FDI or short-term flows.<sup>236</sup>

**Figure [XX]: Gross national savings rates**

<sup>234</sup> FDI inflows into Venezuela were still high until 2002, in line with our case narrative according to which Chavez' radicalization happens only after that date. Low Iranian FDI in the 2000s is also caused by sanctions, but these in turn result from the country's radical foreign policy.

<sup>235</sup> [Although we don't have older FDI stock data for Iran and Libya, it is well known that foreign investors were expelled from both countries in the 1970s.]

<sup>236</sup> Campello 2013.



Source: IMF WEO

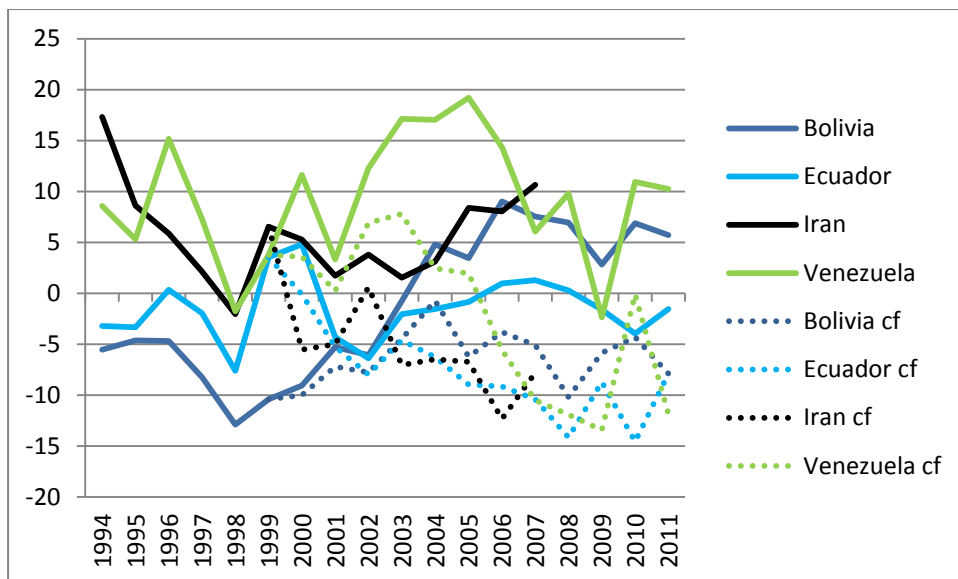
Conversely, domestic savings rates were particularly low in the low-rent years in the late 1980s which ushered in the pragmatic turn of Libya and Iran.

High domestic savings have allowed investment to be financed locally: Despite lower FDI and considerable growth in domestic consumption spending, the shares of gross fixed capital formation in GDP in fact has rather tended to increase during petro-populist phases (data available on request)<sup>237</sup> – a combination of circumstances pretty much unique to booming commodity exporters.

The importance of oil rents for BOP and the resulting autonomy from IPE constraints is best illustrated with a simple counterfactual: a hypothetical scenario in which real oil prices stay at the relatively low levels of 1999, while everything else (including hydrocarbons production levels, growth of imports and GDP) is as actually observed, i.e. reflecting the state-driven economic expansion that we have shown to buttress petro-populism.

**Figure [XX]: Actual and counterfactual trade and service balances (% of GDP)**

<sup>237</sup> UNCTAD data also indicate that the level of FDI as such is not a good predictor of policy: While Mazucca[] claims that Peru and Chile have not engaged in aggressive anti-business policies due to their large FDI stocks, the stocks of Bolivia and Venezuela in the early to mid-2000s were comparable or higher. Rents seem to make the difference.



Source: based on EIA and WEO data  
[graph for 1980s still to be included]

Figure [XX] illustrates the deficit in the trade and service account that petro-populists would incur in these scenarios – reaching 10% and more of GDP, a highly unsustainable level that would necessitate large-scale imports of foreign capital and likely lead to a currency crisis.<sup>238</sup> The counterfactuals are simplistic and obviously unrealistic, but this is exactly the point.<sup>239</sup> It is clear that the petro-populist combination of domestic expansion and increased independence from foreign capital is only conceivable with elevated rents. Under lower rents, petro-populism seems virtually impossible: Governments would have to strongly reduce spending and consumption-friendly policies, which all literature agrees is an essential component of left-wing populism, and/or be much friendlier to foreign capital to avoid currency crises and devaluation.<sup>240</sup> They would also have to rely more strongly on non-oil, typically private exports and have much stronger incentives to improve trade relations with the U.S. or the West in general.<sup>241</sup>

<sup>238</sup> Peak current account deficits in emerging markets experiencing currency crises in the 1990s generally lay much below this level; [Reisen, p. 5]

[[http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&ved=0CEAQFjAC&url=http%3A%2F%2Fwww.wider.unu.edu%2Fpublications%2Fworking-papers%2Fprevious%2Fen\\_GB%2Fwp-133%2F\\_files%2F82530852681489971%2Fdefault%2FWP133.pdf&ei=R\\_PNUryMJ9K7hAe-n4BI&usq=AFQjCNEFITEadBjjAonITj6oJTqg-zYPJA&sig2=TJeJMbI3M2V5QAI7IYqJQQ&bvm=bv.59026428,d.ZG4](http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&ved=0CEAQFjAC&url=http%3A%2F%2Fwww.wider.unu.edu%2Fpublications%2Fworking-papers%2Fprevious%2Fen_GB%2Fwp-133%2F_files%2F82530852681489971%2Fdefault%2FWP133.pdf&ei=R_PNUryMJ9K7hAe-n4BI&usq=AFQjCNEFITEadBjjAonITj6oJTqg-zYPJA&sig2=TJeJMbI3M2V5QAI7IYqJQQ&bvm=bv.59026428,d.ZG4)]

<sup>239</sup> The counterfactuals are not “cotenable”, [Fearon, Elster] as we cannot plausibly imagine rent levels to differ but everything else to be the same: For one, lower rents would probably somewhat reduce real GDP through indirect effects on business confidence and private investment; this however means that our estimates of deficits/GDP are rather conservative. More generally, lower rents would very likely make leaders choose less expansionary policies – but this is the point of the exercise. The scenarios here are not point predictions of what would happen in an alternative world, but provide broad, order of magnitude illustrations of economic constraints under lower rents.

<sup>240</sup> How would FDI flows into Bolivia, Ecuador, and Venezuela have looked if they had followed general (pro-business) Latin American trends? Taking the average FDI flows of the last 10 pre-populist years as baseline, the share of inflows in GDP during the radical phases would have been an average of 6, 2 and 1.5% higher respectively. This would have covered some, but not all of the deficits here, hence requiring further imports of liquid capital or curbs on domestic consumption and imports.

<sup>241</sup> The potential to foster these quickly is arguably limited. At any rate, the counterfactual deficits here are mostly caused by import booms rather than declining non-hydrocarbons exports. Only Venezuela has experienced a near-total collapse of such exports from 5% of GDP in the mid-2000s to about 1% towards the end of the decade.

There is within-case evidence from Venezuela that relaxed balance of payments and currency market constraints indeed explain Chavez' shift towards radicalism after 2002.<sup>242</sup> Current account deficits are also reported to have moderated or ended conventional left-wing populism in a variety of non-rentier Latin American countries.<sup>243</sup>

### Summary

Rent-induced current account surpluses have reduced the opportunity costs of populist and anti-hegemonic economic policies. Flight of private capital, whether short- or long-term, does not create capital shortages and private exporters lose strategic importance. Both counterfactual reasoning and actual cases indicate that current account deficits temper populism. Campello documents how balance of payment surpluses in Latin American commodity exporters enable left-leaning economic policies on the domestic level, but her arguments appear even more relevant for populism in the international arena, which impacts the standing of countries in the international political economy even more directly.

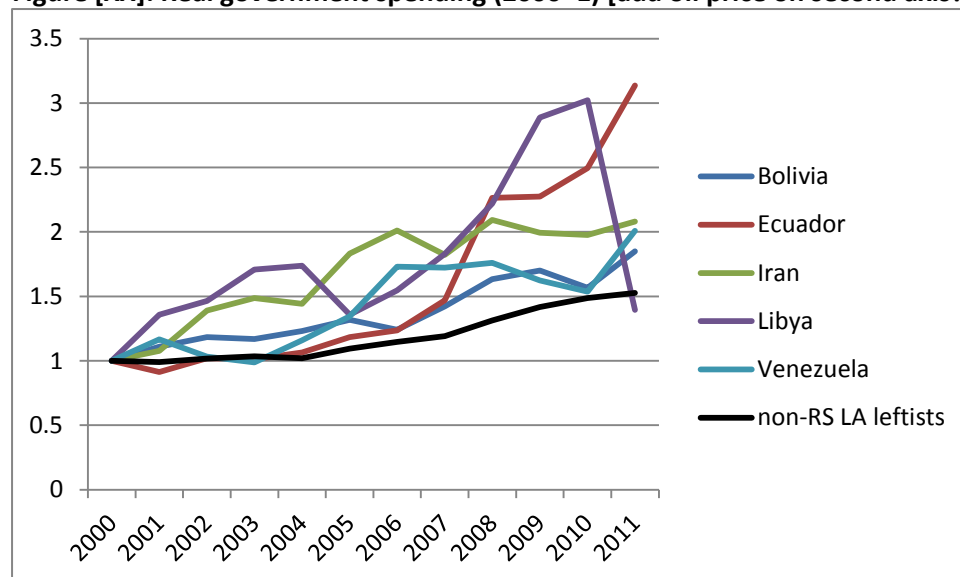
### Fiscal space

Related to but distinct from current account surpluses, fiscal surpluses are the second main mechanism through which we can imagine rents to relax petro-populists' economic constraints and reduce the costs of radical policy. Surpluses give leeway for discretionary distributional policies, reduce the need for domestic and foreign borrowing, and reduce dependence on non-oil fiscal sources, including private business.

### Data

All of the petro-populists have strongly increased their government spending above that of their neighbours in the 2000s – after all but Bolivia had witnessed lower spending growth in the five previous years.<sup>244</sup>

**Figure [XX]: Real government spending (2000=1) [add oil price on second axis?]**



Source: IMF WEO [1980 data to be added where possible]

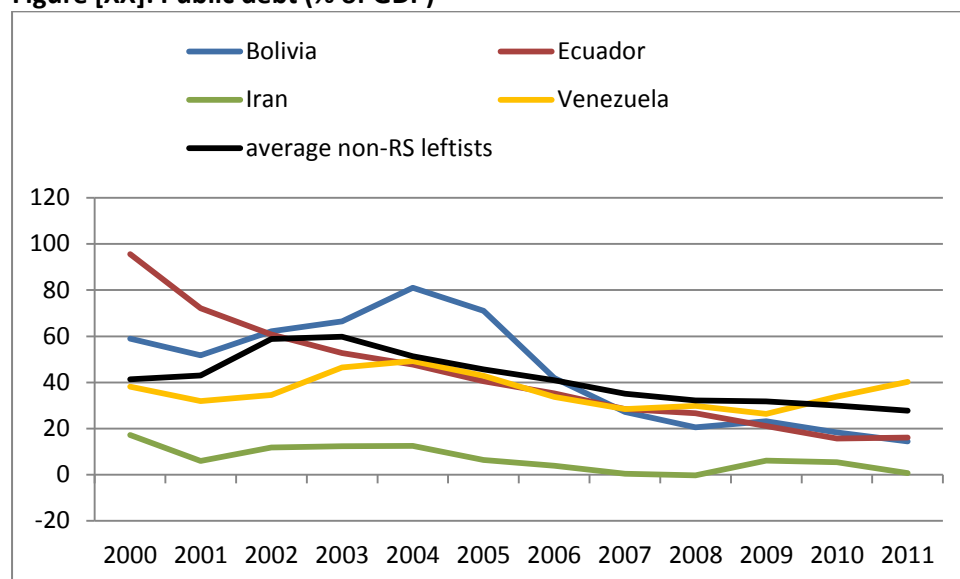
<sup>242</sup> Campello 2013; Corrales 2011.

<sup>243</sup> Altman, Castiglioni, and Luna 2008; Burke and Malloy 1974; Campello 2013; Ellner 1999; Kaufman 2013; Kaufman and Stallings 1991; Mitchell 1977; Tamarin 1982.

<sup>244</sup> The relatively low growth of Iranian spending after 2005 might have to do with the increased off-budget spending of para-statals under Ahmedinejad [cite].

At the same time, debt levels of petro-populists have declined disproportionately or remained on comparatively low levels.

**Figure [XX]: Public debt (% of GDP)<sup>245</sup>**



Source: IMF, IADB, national sources

The above figures show that petro-populists are under fewer fiscal constraints than other countries, being able to grow spending disproportionately while limiting their exposure to debt – and in the cases of Iran, Libya and Venezuela also devoting considerable material resources to aggressive foreign policy. While other countries have also reduced debt levels, this has often entailed painful austerity policies and a capital-friendly international posture.<sup>246</sup>

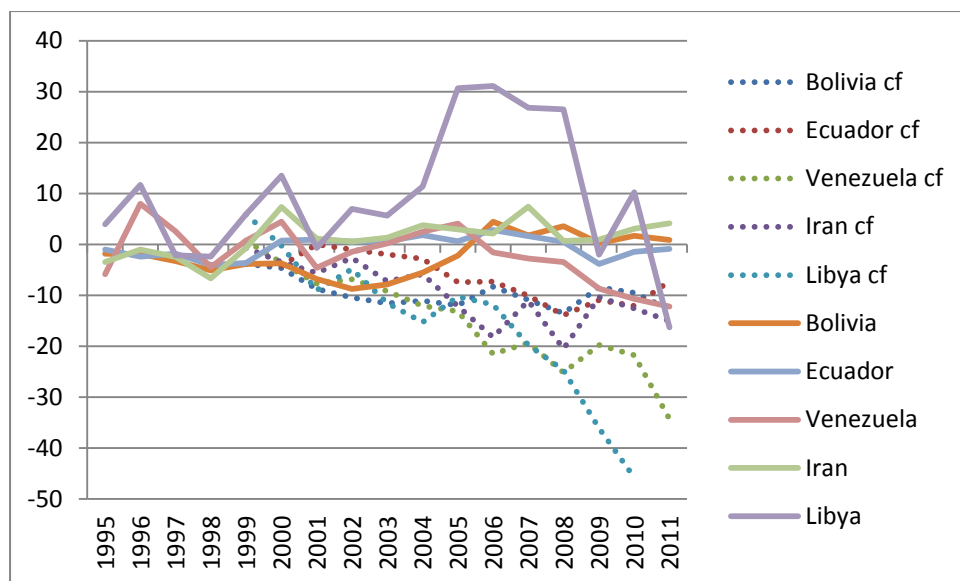
The importance of rents is again best shown with simple ceteris paribus counterfactuals under 1999 oil prices (figure [XX]).<sup>247</sup>

**Figure [XX]: Counterfactual lending/borrowing at 1999 export levels (% of GDP)**

<sup>245</sup> Libya, not shown in the graph, incurred a huge surplus of up to 100% of GDP in the 2000s.

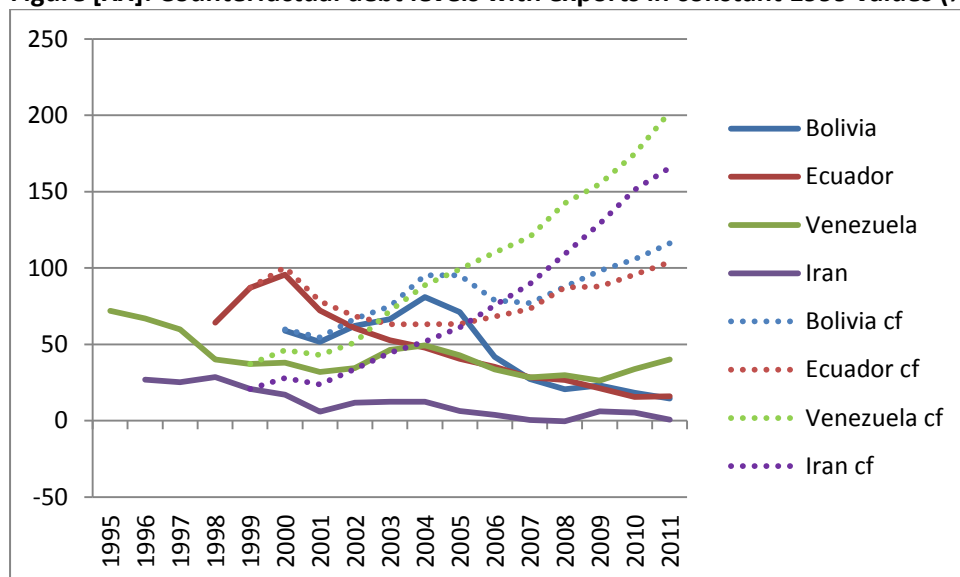
<sup>246</sup> Campello 2013.

<sup>247</sup> The basic assumptions are the same as in the above counterfactuals. We add the differences between actual and counterfactual fuel exports values to the counterfactual debt stock, for which we assume a 5% real interest rate (while correcting for real GDP growth in estimating its level). The assumption that all of the difference in hydrocarbons export revenues accrues to the government budget likely overestimates fiscal effects. This is potentially offset by our not accounting for the domestic provision of subsidized fuels, the opportunity cost of which increases under higher oil prices. Accounting for such nuances (or varying the interest rate) would not materially change results. [condense?]



Counterfactual public debt levels would quickly reach unsustainable levels in all cases, particularly more radical Iran and Venezuela. Annual deficits after 2005 would reach between 10 and 20% for most years and countries.

**Figure [XX]: Counterfactual debt levels with exports in constant 1999 values (% of GDP)<sup>248</sup>**



It is obvious that under lower rents, petro-populist spending policies would greatly increase governments' dependence on debt markets and their reliance on non-rent sources of tax. Short of defaulting on their debt – which would solve deficit issues only temporarily – petro-populists would very likely have to rein in distributional spending and mellow their anti-capitalist positions to reduce sovereign spreads and access debt markets.

As we would expect, when our Latin American cases were strongly dependent on debt markets in the 1980s and 1990s – all having to negotiate restructurings of their foreign debt at different points – they eschewed populism. Libya and Iran conversely were debt-free during the heyday of their radicalism in the 1980s. Iran started accruing substantial foreign debt from the end of the Iran-Iraq

<sup>248</sup> Libya is left out as it ran huge surpluses in the 2000s that would make the rest of the graph less legible.



war on,<sup>249</sup> which was also when its foreign policy mellowed. It peaked at 40% in 1993 (World Bank, International Debt Statistics). Libya's foreign debt grew gradually over the 1980s, reaching peaks around 60% of GDP in the early to mid-1990s, the phase of Gaddafi's pragmatic reorientation.<sup>250</sup>

General Latin American literature also points out fiscal surpluses as a main driver of conventional populism and fiscal crises as cause for its demise.<sup>251</sup> Third Worldism in other regions similarly ended when fiscal crises forced regimes to go cap in hand to foreign lenders in the 1980s, who often required neo-liberal economic reforms.<sup>252</sup>

### Summary

Similar to current account surpluses, fiscal surpluses provide populist leaders with autonomy from investors and business while simultaneously giving them unusual leeway for expansionary policy. Counterfactual and actual case evidence suggests that opportunity costs of radical policy strongly decline when the non-hydrocarbon fiscal base loses in importance and debt markets can be eschewed.

Through both sub-mechanisms, capital loses structural power and business, even if well organized, can be expected to lose political influence. This is evidenced in the Venezuelan case, where organized business still had access to Chavez in the era of moderate rents until 2002,<sup>253</sup> and managed to mount the most forceful challenge to Chavez in the coup of that year, when rent levels were moderate and public debt still rising. Iran and Libya also attempted a rapprochement with local business when the state faced capital scarcity in the late 1980s. In non-rentier cases too, political power of business seems to have been largest in hard times, e.g. when business interests helped usher in the Latin American military regimes that followed exhausted populist governments in the 1960s (Cotler) or contributed to the end the military-led leftist experiment in Peru in the 1970s during a balance of payment crisis (Haggard/Kaufman).

Conversely, petro-populists have ignored business in good times: With the exception of immediate regime cronies, Chavez since 2003 has eschewed Venezuelan capitalists, who seem to have lost their capacity for effective collective action; Correa snubs local capitalists;<sup>254</sup> in Bolivia, business-led lowland interests made Morales inscribe larger regional autonomy into the new constitution, but did not seriously threaten his leadership or the integrity of the country as some feared. In Iran and Libya, revolution and oil rents eliminated economic pressure groups in the peak times of petro-populism. At no point did capitalists manage to put up effective resistance.<sup>255</sup> After Iran's pro-business interlude from 1989 to 2005, Ahmedinejad again engaged in anti-business rhetoric and started a campaign against the Tehran Stock Exchange.

### **Conclusion**

We have tested three sets of mechanisms to explain how hydrocarbons rents enable petro-populism. We found no good evidence that petro-populism is caused by popular demands. Instead, it seems to be an outcome of leaders' preferences, on which they can act more freely as rents a) allow them to centralize power and b) reduce the economic opportunity costs of anti-capitalist and anti-hegemonic policies.

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<sup>249</sup> [] <http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1422&context=commpapers>

<sup>250</sup> IMF World Economic Outlook data.

<sup>251</sup> Campello 2013; Collier 1979; Kaufman and Stallings 1991.

<sup>252</sup> Malley 1996.

<sup>253</sup> Penfold-Becerra 2007.

<sup>254</sup> Conaghan 2011.

<sup>255</sup> Hinnebusch 1982; St John 1981.

The stylized story is as follows: Once a leader with populist leanings is in power, augmented rent incomes allow populist spending initiatives that build popular support and allow centralization of power, in line with a classical populist template often followed in the developing world between the 1950s and 1970s, but rarely since then. As Campello, Kaufman, and Remmer have pointed out, rents also reduce constraints on the statist and heterodox economic policies favored by populists.

What has gone mostly unrecognized in the literature however is that rents also boost autonomy in foreign affairs.<sup>256</sup> Not only does executive centralization allow more aggressive and controversial foreign policies. As petro-populists' foreign policies deter foreign capital (including from IFIs and bilateral donors) and increase the cost of sovereign debt, current account and fiscal surpluses much reduce the relative cost of such delinkage.

It is difficult to separate the impact of balance of payment and fiscal constraints empirically, as they are closely correlated in our cases.<sup>257</sup> This is perhaps a secondary problem, as the two mechanisms are also conceptually close. Deductive logic and counterfactual speculation however suggest that they both work as necessary factors enabling petro-populism: Both a fiscal crisis and a currency crisis would by themselves create strong constraints on petro-populist policies.

The above discussion also suggests that causation of petro-populism is not symmetrical. While it is made possible by rather substantive rent inflows and surpluses, it does not end immediately when these decline: Petro-populism has persisted in Iran and Libya (and most recently in Venezuela) into a period of considerable fiscal and balance of payments constraints. Such "stickiness" of policies makes intuitive sense, given the credibility problems involved with policy reversals. It is worth noting that close, qualitative case examination is typically required to detect such causal nuances, which standard statistical tests tend to overlook.<sup>258</sup>

## Conclusion

In a 2004 survey article on Third Worldism, Berger reported that "the age of the Third World has passed irrevocably into history".<sup>259</sup> In a 2001 article, he described the "apparent lack of systemic political challengers to the globalisation project."<sup>260</sup> Since then, oil prices have risen and a number of petro-populist states have mounted a new, highly visible anti-hegemonic challenge. They have taken foreign policy positions that in many ways hark back to an earlier age of Third Worldism and non-aligned diplomacy. Similar to the protagonists of this earlier and wider anti-hegemonic movement, the foreign policy radicalism of our five cases is rooted in populist domestic policies and coalitions: Petro-populism projects the anti-elite, anti-capitalist, polarizing approach of domestic populism to the international arena, pushing them to a sometimes extreme level.

Petro-populists deeply depend on the international commodity trade, yet can use elevated commodity rents to defy other aspects of the international political economy, and bolster their domestic political power. The resulting reduced constraints mean that leaders' agency is particularly important in explaining petro-populists' foreign policy.

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<sup>256</sup> Without referring to rents specifically, Remmer[] briefly points out that robust external economies of Latin American countries can enable anti-hegemonic rhetoric. Corrales points out that rents generally increase Chavez' autonomy, including in the international realm[].

<sup>257</sup> Which also makes it hard to e.g. evaluate Campello's exclusive focus on currency crises as main constraint on leftist domestic policies in Latin America.

<sup>258</sup> Goertz and Mahoney 2012.

<sup>259</sup> Berger 2004, 30.

<sup>260</sup> Berger 2001, 212.

## Contribution to literature

This article contributes to several literatures: It extends the discussion about the re-emergence of left-leaning populism in Latin America to other regions, and defines and documents a new and substantially important type of populism with particular domestic and foreign policy dimensions. It also shows that, contrary to a variety of alternative theories, rents did indeed make a critical difference in enabling radical populism to re-emerge, including in the international realm.

Although having focused primarily on resource exporters, the links between domestic populism and radical foreign policy analysed here seem to historically apply to a wider set of countries. To my knowledge, outside of the mostly descriptive literature on Third Worldism there are no general works on the foreign policy corollaries of radical domestic populism however. I hope that this article constitutes a first step towards a broader political economy of radical and anti-hegemonic foreign policy.

The article also contributes to the broader discussion about the impact of oil on politics and development. While many “resource curse” hypotheses face vexing problems of causal identification,<sup>261</sup> identifying the causal role of rents in enabling radical foreign policy has been much more straightforward. We add a solid finding to a wide, but contested literature. Petro-populism is an important sub-type within the broader universe of rentier countries, which are too often still treated as causally homogenous (Colgan being one important exception).

The finding that elevated rents provide larger autonomy to leaders – probably more than most conventional populist leaders ever have enjoyed – is a variation of a core argument in rentier state theory.<sup>262263</sup> What existing literature does not analyse is that rents do not only potentially create autonomy from domestic political constraints, but also from international ones, thereby allowing anti-hegemonic and anti-capitalist international policies. Rents make costly, even utopian experiments possible not only domestically,<sup>264</sup> but also internationally. Judging by the track record of Iran and Libya in particular,<sup>265</sup> they also create high political tolerance for failure.

The causal mechanisms proposed here are not, in principle, limited to rentier states: Current account and fiscal surpluses (or reduced deficits) can also accrue for other reasons and then too should reduce opportunity costs of radical foreign policy – as indeed they seem to have done in earlier phases of populism in the developing world, before balance of payment and fiscal crises snuffed out radical ambitions.<sup>266</sup>

Economic growth has again created more leeway for the political left across Latin America in the 2000s.<sup>267</sup> Only in rentier states however have constraints loosened enough to make a return to earlier radical positions politically feasible in a globalized economy. Organic economic growth does not generate the same magnitude of positive current account and fiscal shocks, and moreover is typically predicated on a thriving local business class and, in some cases at least, foreign investment. This is reason to believe that anti-hegemonic radicalism will remain limited to the rentier universe.

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<sup>261</sup> See for example Haber and Menaldo 2011.

<sup>262</sup> Colgan 2013; Hertog 2010; Luciani 1987; Mahdavy 1970.

<sup>263</sup> With the exception of Hertog, the literature generally posits that rents per se create state autonomy, while the argument here is mostly predicated on the accrual of additional rents above previous levels that increase policy discretion.

<sup>264</sup> Davis 1987.

<sup>265</sup> St John, Q 149[] e.g. calls Gaddafi’s foreign policy “singularly unsuccessful”.

<sup>266</sup> Alizadeh 2013; Berger 2004; Collier 1979; Kaufman 1979; Malley 1996; Waterbury 1999.

<sup>267</sup> Campello 2013; Kaufman 2013; Remmer 2011.

### Methodological remarks

The findings of the article vindicate the case-oriented approach taken: Not only is the number of relevant cases small enough to allow for narrative accounts of all major variables. Petro-populism also is a rich, multidimensional concept that could only be developed through careful qualitative work.

Although the set of cases is small, the descriptive and causal account proposed here captures a wide range of outcomes within the otherwise very different cases. Somewhat moving down the ladder of abstraction hence results in very high explanatory “leverage” over not only one dependent variable, but numerous observable implications of our theory in terms of both causal processes and outcomes.

### Open questions

What is the future of petro-populism? The current wave might have run its course as Maduro struggles to maintain Chavez’ legacy and Iran, which required an estimated oil price of 144 USD to balance its books in 2013, is mellowing its foreign policy under Rowhani. Unless oil prices pick up dramatically, past experience suggests that petro-populism will be further scaled back in coming years. This does not mean its permanent defeat, however: There are likely to be future resource booms and new windfalls across the developing world. While not guaranteeing radical outcomes, such windfalls could in principle empower new generations of petro-populists.

The article raises many questions for further research. One is whether there is anything particular about the foreign policy of non-populist rentier states. Preliminary research seems to indicate that many such states, including the Gulf monarchies and the Central Asian petro-states, in fact use resource booms to further integrate themselves into the international capitalist order through pro-FDI reforms and policies to set themselves up as global business hubs. The causal processes involved here could be usefully investigated and contrasted to the petro-populist phenomenon. “Impure” cases of petro-populism such as Iraq and Russia, which share much of the oil-fuelled foreign policy aggression, but not all of the Third Worldist ideology with our five cases, would also merit closer investigation.

Further investigation of our core cases could moreover help to identify the factors that combine with elevated oil rents to produce petro-populism. It might well be, however, that beyond relatively obvious factors like a legacy of weak institutions, leaders’ personality and other contingent factors loom too large to develop an encompassing theory.

Finally, widening the theoretical scope beyond the rentier universe, more systematic research should analyse the historical links of domestic populism and radical foreign policy, and the causal processes leading to the end of classical Third Worldism. This would usefully deepen our understanding of drivers and limits of anti-hegemonic foreign policy more broadly.

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