

## Explaining Democratic Deterioration in Venezuela through Nested Inference

Michael Coppedge

From a Latin American perspective, Venezuela has often been a contrary case. It was one of the last major South American countries to give any kind of democracy a try (1946); democracy took firmer root in the early 1960s, just as authoritarian regimes were beginning to sweep most of South America; and it was reputed to be an old and well-established democracy by the time its neighbors underwent their democratic transitions in the late 1970s and early 1980s. During these periods, Venezuela was so out of step with its neighbors that it tended to be written off as an exceptional case. Its concerns were not on the regional research agenda, and the theories developed for other countries were assumed not to apply to Venezuela.<sup>1</sup> In the 1990s, however, observers began to wonder whether Venezuela was a harbinger of its neighbors' political future. Violent repression in 1989, two coup attempts in 1992, and the rise of an anti-system president with authoritarian proclivities in 1998 presaged or coincided with setbacks in democracy in Peru, Guatemala, Paraguay, Ecuador, Colombia, and the Dominican Republic. Now we commonly assume that the influential theories do apply to Venezuela and that whatever explains Venezuela's crisis may be relevant for other countries. Venezuelan exceptionalism is over.

It is time, therefore, to reinsert Venezuela in the major theoretical debates. Here I do that by first examining how well general theories – not developed with Venezuela in mind – explain Venezuela's regime changes. I then examine how much the literature specifically about Venezuela adds to our understanding of its regime changes. I conclude with some suggestions for improving general theory that are inspired by the Venezuelan experience. Beginning with general theory is essential for identifying what it is that demands explanation. From a global perspective, for the three decades after 1958 Venezuela was actually *more* democratic than the most general theories of democratization would have led one to expect. From this perspective, its recent setbacks are better understood as

<sup>1</sup> Venezuela was included as a case in the *Transitions from Authoritarian Rule* series, but only with reference to its transition in 1958 (Karl 1986b).

reversions to a level of democracy that is more appropriate for a country in its situation. From a Latin American perspective, however, Venezuela's past is less puzzling and its recent changes more surprising. But neither general perspective would have predicted the magnitude or the timing of the change in Venezuela; only close attention to the case can do that. However, the general theories are still useful for highlighting the arguments in the literature on Venezuela that contribute the most to our understanding. Among those arguments are those pointing to the nature of political parties, the growth of waste and corruption in an oil economy, and civil-military relations. Together, in context, these factors yield a fairly comprehensive explanation for both the rise and the decline of democracy in Venezuela.

#### THE NATURE OF THE SETBACK IN VENEZUELA

Before beginning the analysis, however, it is necessary to establish that Venezuela suffered a setback. This is not as easy as it might seem because of the different criteria people use to evaluate democracy. Most observers consider the 1958-98 regime to have been a democratic regime, but not a perfect one, and some critics judge its flaws more harshly than others. Since 1999 Venezuela has had a different constitution and a different regime. Some observers consider the new regime more democratic than its predecessor and others, less so. However, all agree that Venezuela's political regime, democratic or not, is less institutionalized than it used to be.

Venezuela had no experience with democracy before 1958 aside from the eight-month presidency of Rómulo Gallegos, who was deposed in 1948 in an atmosphere of intense polarization between the nationalist, anticlerical, and overbearing Acción Democrática (AD; Democratic Action) government and a threatened Catholic and conservative-led opposition, led by the Social Christian party COPEI (Comité de Organización Política Electoral Independiente). Military rule followed for the next decade. During this time, some leaders of AD and COPEI agreed that to give democracy a chance, they would share power and keep the most polarizing issues off the political agenda (Levine 1973). A mass uprising against dictator Marcos Pérez Jiménez in 1957 gave them their chance. The interparty agreement was formalized in the 1958 Pact of Punto Fijo and led to the national unity government of AD's Rómulo Betanourt (1959-64).

The first years of the regime were shaky. But by 1969, it had weathered several coup attempts, defeated a communist guerrilla insurgency, carried out a far-reaching land reform, and survived several major party splits and the succession of COPEI founder Rafael Caldera to the presidency. In the 1973 election, AD and COPEI emerged as the two jointly dominant parties, and they maintained this dominant position for the next two decades. They alternated in the presidency in 1969, 1974, 1979, and 1984. Few observers questioned the integrity of elections. Most observers considered Venezuela a consolidated democracy during these years, especially in contrast to its authoritarian contemporaries in Brazil, Argentina, Bolivia, Peru, Ecuador, Chile, and Uruguay.

Nevertheless, it was a flawed democratic regime. The bureaucracy was extremely inefficient, the courts were corrupt, and most important institutions and political actors were excessively partisan (Crisp 2000). AD and COPEI (and some smaller parties) struggled for control over government appointments, judges, the electoral council, military officers, unions, students, peasants, professional guilds, and neighborhood associations. Party militants were subject to tight discipline in the service of a small inner circle of leaders at the head of each party. Venezuelan critics began to call their system a *partidocracia* (partyarchy) rather than a *democracia* (democracy) (Coppedge 1994). Corruption worsened in the 1970s when the oil shocks flooded Venezuela with petrodollars, and the two parties colluded in protecting each other's members from prosecution (Karl 1997).

In reaction to these flaws, the regime became less institutionalized in the 1980s. Electoral abstention rose from single digits before 1978 to 12.4 percent in 1978, 12.3 percent in 1983, 18.1 percent in 1988, and 39.8 percent in 1993. The announcement of an economic shock program in 1989 sparked a three-day spate of riots and looting that was ended only with brutal repression. Two coup attempts followed in 1992 (both unsuccessful), and President Carlos Andrés Pérez was impeached in 1993. Finally, the party system itself began to fragment. AD and COPEI, which had consistently shared about 80 percent of the legislative vote and 90 percent of the presidential vote since 1973, fell to just 46 percent of the legislative vote in 1993 and lost the presidency to Rafael Caldera, who ran as an independent that year. During the second Caldera presidency (1994–99), the bastions of the first democratic regime, its political parties, continued deteriorating. By the 1998 election, neither party even ran a candidate of its own. Both backed an independent, who was defeated by Hugo Chávez Frías, the leader of the February 1993 coup attempt.

Chávez led the transition to a new regime. Whether it was democratic or not was especially controversial. Despite some breaks with the Constitution of 1961, and despite the loud complaints of the opposition, Venezuela in 2003 still had a democratic constitution, an elected president and national legislature, a vocal opposition, a lively press, and all other minimal requirements for democracy. Moreover, President Hugo Chávez Frías claimed to be deepening democracy, not destroying it. By his account and that of his many supping porters, Venezuela was not democratic before 1998; rather, it was a corrupt, unresponsive *partidocracia*. Therefore, he argued, all of the transformations he achieved – revising the constitution, prosecuting corrupt officials, forcing elections in the Venezuelan Workers Confederation (Confederación de Trabajadores de Venezuela; CTV), promulgating a new electoral law, and appointing a new electoral council – were necessary steps to uproot the old, undemocratic bosses and make the government responsive to the great, long-suffering, and much-abused majority.

Although there is some truth to this argument, the emphasis on executing the will of the current majority distracted attention from a more important and more conventional version of democracy – liberal democracy. Chávez's version

of democracy, popular sovereignty, tends to degenerate into the tyranny of the majority or worse. For this reason, scholars and policy makers for the past two centuries have preferred liberal democracy, which tempers the will of transient majorities by adding checks and balances and guarantees of fundamental civil liberties and political rights to the definition of democracy. As long as popular sovereignty was the standard for democracy, the concern was more about what might happen after 2000 than about what had happened up to that year. But if liberal democracy is the standard, then the setback was an accomplished fact by 2000. Venezuela had ceased to be an adequately liberal democracy.

The Chávez “revolution” (he and his followers did frequently refer to their “revolution”) systematically removed all the checks and balances required for liberal democracy (Coppedge 2003). This was achieved in two stages: eliminating the old actors in a position to check the president and then ensuring the loyalty of the new actors to the president. In the first stage, the National Constituent Assembly (*Asamblea Nacional Constituyente*; ANC), which was authorized by referendum in April 1999 and elected in July 1999, drafted a new constitution in three months, had it ratified on December 15, 1999, and disbanded itself on January 31, 2000. The ANC delegates took their work seriously, but the greatest advantage to the ANC was its ability to eliminate checks on the president in the short term. Only a constituent assembly would have the power to neutralize the opposition-controlled Congress elected in November 1998. This it did in short order. The old Congress allowed itself to be marginalized soon after the ANC was seated, and it formally ceased to exist the day the 1999 Constitution was ratified. That date also marked the elimination of the Supreme Court (*Corte Suprema de Justicia*; CSJ) and the beginning of the second stage, for the ANC appointed a new *Tribunal Supremo de Justicia* (TSJ; Supreme Tribunal of Justice), a new electoral council, and a new Comptroller general, all of whom cooperated with Chávez. At the same time, the ANC designated an unelected National Legislative Committee to take the place of the legislature until new elections could be held and appointed a commission that purged hundreds of judges from the courts.

This transitional regime continued in power until August 2000, when new officials elected in July were seated. Chávez himself was reelected with a 56.9 percent landslide, and his allied parties won at least 99 of 165 seats in the new National Assembly (now sans senate). In November 2000, they granted the president sweeping powers to issue decree-laws in a wide range of areas. A few governors remained affiliated with opposition parties, but the federal government undermined their power by reducing funding for state and local governments. Between December 1998 and August 2000, therefore, Chávez removed, coopted, or severely weakened all possible checks from other branches and levels of government.

By late 2001, President Chávez had alienated three powerful groups with his high-handed style of governing. Business leaders were incensed that he had abused powers delegated by the National Assembly to decree two dozen

important laws, including a land reform and a law on hydrocarbons, without adequate consultation. The CTV felt threatened by his attempt to coopt unions into an officialist "Bolivarian Labor Front." Some high-ranking military officers protested his pro-Cuba tilt, his tolerance of FARC (Fuerzas Armadas Revolucionarias de Colombia or Revolutionary Armed Forces of Colombia) guerrillas inside Venezuelan territory, and the rank-jumping implicit in a lieutenant colonel (Chávez's rank) giving orders to generals. In addition, Chávez lost the popular support of all but his hard core, who comprised less than a third of the population. Using a melee that broke out during massive anti-Chávez demonstrations as a pretext, a business-military-labor plot seized power for two days beginning April 12, 2002. However, the conspiracy fell apart even before junta president Pedro Carmona Estanga announced the dissolution of the National Assembly and Supreme Court, repudiated the 1999 Constitution, and began arresting pro-Chávez governors. The plotters were unable to persuade Chávez to resign and therefore could not take power without violating the constitution. Military commanders – partially influenced by Latin American condemnation of the coup – rallied in support of the constitutional line of succession and pro-Chávez demonstrations filled the streets. Soon Chávez was back in power.

However, the experience left the country more deeply divided than before. In December 2002, oil workers and managers went on strike, and they were soon joined by a general labor-and-business strike calling for Chávez to resign or for a referendum to demand his resignation. He refused, even though the general strike lasted until the end of January 2003, carrying with it severe economic hardships. Mediation by the Organization of American States and the Carter Center produced an agreement that a binding referendum could be held after August 2003. Although the government erected all possible barriers to such a referendum, the opposition came to believe that eventually President Chávez would be removed by peaceful, constitutional means.

Liberal democracy had already been severely eroded well before 2003. But even from the standpoint of popular sovereignty, democracy was at risk in Venezuela, as the 2002 coup demonstrated. Without popular support, Chávez's democratic legitimacy evaporated. What saved him from exile in 2002 was not popular sovereignty but, ironically, the liberal constitutional principle that a president stays in office until constitutionally replaced, even if he becomes unpopular.

#### WHAT GENERAL MODELS SAY ABOUT VENEZUELAN DEMOCRACY

In this section, I go to unusual lengths to situate Venezuela's setback in comparative perspective. Although many scholars try to keep their cases in comparative perspective, few have gone to the extreme of estimating the predictions of general theories based on a large sample, as I do here, in order to see how well the general theories explain a particular case. The procedure that I will follow is to (1) explain as much as possible of the variation in Venezuelan democracy

since 1973 using quantitative variables; (2) note what aspects of the variation are well explained by general theories; and then (3) isolate the aspects that are not explained well (the residuals) in order to highlight the research tasks that remain for qualitative analysis. I believe that this procedure, called “nested inference,” is the best way to achieve analytic control when combining quantitative and qualitative explanatory factors. This procedure allows one to hold the quantitative factors constant before developing a complementary qualitative explanation.

Applying controls aids the accumulation of general theoretical knowledge by evaluating *which* cases a theory explains (how well it “travels”) and assessing *how well* a theory explains them, both in absolute terms and relative to other theories. For those who are concerned with building general theory, this is no small advantage. However, these controls are also useful for those who care more about explaining a specific case than about building general theory. General theories sometimes point to explanatory factors that are taken for granted by those who are focused on a single case. Often it is only with a large sample of countries that there is sufficient variance on such factors to realize that they may matter and to estimate how much they matter. Controlling carefully for general causes helps one to avoid the pitfall of “myopia”: overestimating the uniqueness of a case and underestimating the explanatory power of general theory. Without controls for general factors, case-specific factors get some of the credit for processes that are in fact general; consequently, their importance is exaggerated, and the general factors are underrated. Nested inference lessens this selection bias by giving the case study the job of explaining only the aspects of the phenomenon of interest that cannot be well explained by general factors.<sup>2</sup>

When one is able to distinguish well between the general and the specific, then aspects that are well explained by general theory can be treated cursorily, and more attention can be focused on explaining the unexpected deviations from the predictions – the residuals, and especially the extreme residuals known as outliers. This exercise can frame the research agenda in a case study – sometimes in a very different and surprising way, as we will see here.

Because democratization has been a favorite object of study since the birth of comparative politics, comparativists have proposed quite a few theories, which have been used to generate too many hypotheses to list here. In this section, I will limit the discussion to a few hypotheses that can be tested with the data at my disposal. The dependent variable is a modified Freedom House score

<sup>2</sup> This can be only a provisional solution because it assumes that the general and case-specific variables are completely independent. If there is an association between them, then the general variables will be credited with any impact that they share with case-specific variables. However, even though nested inference is an imperfect solution in such cases, there is no practical way to do better until all the associated variables can be measured and included in a large-sample study. In this case, nested inference would help to identify which case-specific factors should have a high priority for inclusion in the larger dataset.

for all countries for the years 1973–96 (through 1999 for Venezuela only).<sup>3</sup> It was constructed by adding the Political Rights and Civil Liberties indexes and subtracting the sum from 16, which results in an index ranging from 2 (least “free”) to 14 (most “free”).<sup>4</sup> The dataset also includes independent variables measuring wealth, economic growth, and a dummy variable for the Latin American region.<sup>5</sup> Omitted explanatory factors are discussed, when they seem to be relevant, in the case study portion of the paper.

### Economic Explanations: A Paradox

The Venezuelan economy has not achieved sustained growth since 1979. In fact, real per capita GDP in 1992 was about the same as it was in 1963. The most obvious hunch about Venezuela’s democratic deterioration, therefore, is that it has something to do with bad economic performance. But rigorous tests of this notion produce a paradox: Economic explanations seem to work very well and in multiple ways for Venezuela alone, yet they are not powerful enough to explain the deterioration in comparative perspective. This section elaborates on this paradox; the next section explains it.

The hypothesis that wealthier countries tend to be more democratic is the most frequently and consistently confirmed proposition in quantitative studies of democratization (Diamond 1992; Rueschemeyer 1991; Przeworski and Limongi 1997). The reasons for this association remain uncertain, however, because this hypothesis is consistent with several different theories. All of these theories, or just one, could be true.<sup>6</sup> Empirically they are difficult to distinguish and will remain so until more and better data become available. For clarity, I will distinguish among six strands of thinking about economic causes of democratization or breakdown (Lipset 1959).

The first strand holds that increasing wealth transforms social structure. As a society becomes wealthier, *new social groups* are created, and these groups constitute a natural constituency for democracy. The earliest theorists emphasized the growth in numbers of the middle class (Tocqueville 1969; Lipset 1959; Johnson 1958); more recently others have argued that the working class was the true bearer of democracy (Rueschemeyer et al. 1992). The second strand,

<sup>3</sup> The Freedom House variable is a reliable enough indicator of democracy for large-N comparisons. At any rate, for a study examining worldwide changes in democracy over several decades to the present, there is no alternative.

<sup>4</sup> I am grateful to Ross Burkhart and Michael Lewis-Beck for sharing their Freedom House indicator for the years 1973 to 1989. I and various research assistants added in the observations for 1990–96.

<sup>5</sup> These independent variables were gathered primarily by Daniel Brinks, aided by a grant from the World Society Foundation. For more detailed information, see Brinks and Coppedge (1999). The more developed Third World countries were likely

<sup>6</sup> One major theory holds the opposite: that the more developed Third World countries were likely to become more authoritarian, not more democratic (O’Donnell 1973). Mainwaring (1999c) has recently shown that level of development explains less in Latin America than it appears to in other world regions, and that the relationship may be weakening as Latin American democracies have survived for a surprising length of time.

closely related to the first, holds that the *resources* that accrue to certain social actors, not simply their numbers, are crucial for democratization. Such resources include literacy, education, and information about politics; access to mass media; rapid transportation; money to finance political activity; leisure time to take political advantage of any of these; and even control of a strategic sector of the economy. The third strand argues that a high or rising standard of living fosters a *political culture* that favors democracy. It refers most commonly to the values of moderation and tolerance, which make conflicts less likely to arise and easier to resolve (Verba, Nie, and Kim 1978).<sup>7</sup> A fourth strand combined all of these to argue that newly empowered classes would form and support *moderate political parties* rather than the extreme right-wing parties that destroyed the Weimar Republic or the extreme left-wing parties that fomented communist revolutions. Fifth, a recent argument holds that wealth extends the *life expectancy* of democratic regimes (or any regime, for that matter) but does not affect the probability that a country will become democratic in the first place (Przeworski and Limongi 1997; Przeworski et al. 2000).

The sixth strand focuses on short-term *growth and crisis*. Modernization is best understood as a long-term process; year-to-year changes probably would not have much of an impact on social structure, group resources, political culture, party stances, or even the probability of a regime surviving one more year. Nevertheless, several scholars have hypothesized that economic growth and crisis are associated with democratic change in the shorter term (Haggard and Kaufman 1995; Remmer 1991b).<sup>8</sup> If democracy is not thoroughly institutionalized, then the legitimacy of the regime could rise and fall rapidly in response to economic performance, especially to rates of inflation and unemployment and changes in per capita income. A growing economy is a positive-sum game in which tolerance and compromise are easy; a shrinking economy is a zero-sum game in which resentment and intransigence are more likely. Such an environment creates an incentive for the politics of outbidding by populist politicians who promise to alleviate the suffering of the innocent majority in short order. It also serves as an incubator for crime, demonstrations, and violence. If such extremes become common, they could grow into what Linz (1978) called “unsolvable problems,” which drive politicians and voters into increasingly desperate acts, some of which could do away with democracy.

Taken together, these six propositions suggest a plausible economic explanation for the rise and fall of Venezuelan democracy. Venezuela was an extremely poor, rural country before the oil industry developed. As oil exports boomed, oil wealth was invested in the rest of the economy, creating an industrial working class and a sizable middle class, which provided support for two large,

<sup>7</sup> Some of this theory, now discredited, once also argued that economic development was associated with secularization and a diminution of ethnic identities.

<sup>8</sup> Again, Mainwaring (1999c) has observed that short-term economic crises have had little impact on Latin American democratic regimes.



moderate, catch-all parties. These parties (AD and COPEI) were exemplary practitioners of moderation and compromise, first in the once-celebrated, now maligned Pact of Punto Fijo, and later in their alternation in power and habit of consulting frequently on important legislation. During the oil boom years, when growth was extremely rapid and optimism ran high, these groups were content and remained loyal to the democratic regime. But when the oil economy went bust, the middle class shrank and working-class unions lost membership and clout. The political culture became less moderate and more radical. Venezuelans withdrew some support for the regime and the moderate parties and turned instead to leftist parties and an immoderate, intransigent, and intolerant politician – Hugo Chávez Frías. Even if the earlier strands of modernization theory are rejected in favor of the more recent belief that wealth merely helps a regime survive, Venezuela's recent political instability is consistent with the secular decline in the standard of living.

In a loose way, therefore, Venezuela's political decline is consistent with any and all of the strands of economic explanation. The data used here do not make it possible to test rigorously each separate strand of theory. However, one can depict the relationship between per capita GDP and democracy in Venezuela. Figures 10.1a and 10.1b suggest the intuitive relationship since the 1940s. The Polity 98 data are used as the democracy indicator in Figure 10.1a to show the trends before the first year of Freedom House data, 1973. Both figures suggest that some strand or strands of modernization theory would do a good job of explaining what happened to Venezuelan democracy because the direction and timing of change in the economy closely tracks the direction and timing of change in the political system. The association appears to be tight in Venezuela, aside from the persistence of democracy for a decade after the economic decline began in 1979.

Unfortunately, these economic explanations do not work as well in comparative perspective. Models 1.1 and 1.2 in Table 10.1 report the impact of logged per capita GDP and changes in per capita GDP on Freedom House (FH) scores as estimated in a worldwide sample for 1973–96. Both explanatory variables are statistically significant and have appropriate signs: The wealthier the average person in a society is, and the more positive the growth rate is, the more democratic the country is likely to be. Expressed verbally, this relationship seems to be identical to the economic hypotheses just described. Expressed numerically, however, there are three crucial differences. First, the verbal explanation refers only to the direction of change, while the statistical estimates match up certain *levels* of wealth with certain levels of democracy: They establish benchmarks. Second, the statistical estimates measure the *magnitude* of the impact of changes in wealth on changes in democracy (the slope). Finally, the statistical estimate does not avoid the question of how well the whole model explains the phenomenon in question; rather, it tells us the percentage of the variance explained, in this case, 0.310 (31 percent). This is basic information for those who do statistical research, but its implications for explaining a specific case are rarely spelled out.

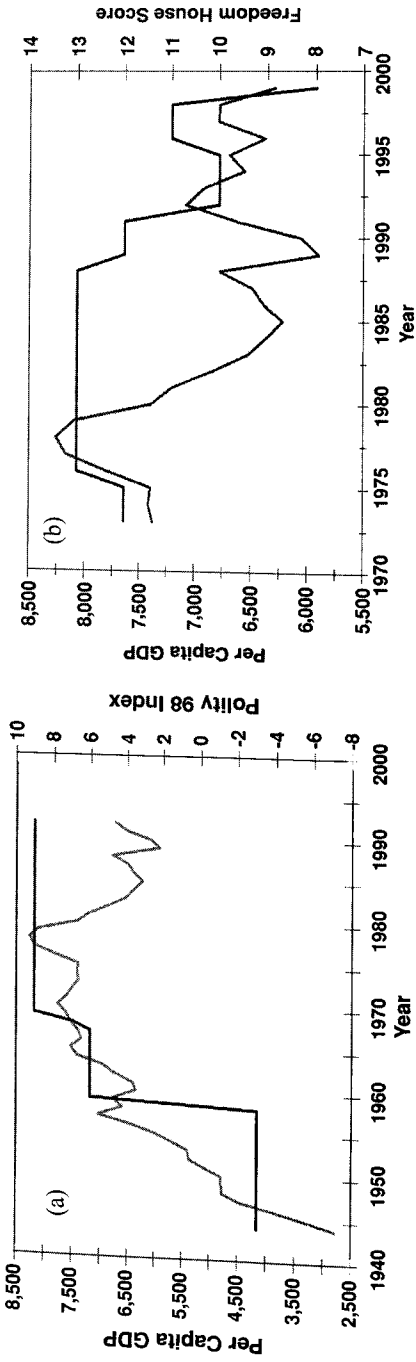


FIGURE 10.1. Democracy and Per Capita Income. (a) Polity 98 and Per Capita GDP in Venezuela, 1944-1992. (b) Freedom House and Per Capita GDP in Venezuela, 1973-1999. Sources: Jaggers and Gurr (1995). Polity 98: <http://k.gleditsch.socsci.gla.ac.uk/polity.html>. Freedom House score: calculated from Political Rights and Civil Liberties indexes available at [www.freedomhouse.org](http://www.freedomhouse.org). Real per capita GDP 1944-92: calculated from Maddison (1995: Table D-1d); adjusted to chain smoothly with Penn World Tables 5.6 data. Per capita GDP 1973-99: Penn World Tables 5.6 (Heston et al. 1995).

TABLE 10.1. *General Models of Democratization (Dependent variable: Freedom House scores for all countries, 1973–1999)*

Model	1.1	1.2	1.3
N	4068	4050	4050
R-squared	.307	.310	.343
F( <i>t</i> , 198)	107	70	72
Constant	-7.67 (1.44)	-7.51 (1.45)	-7.5 (1.44)
ln (per capita GDP)	1.99 (.192)	1.96 (.194)	1.93 (.195)
Economic growth (Δ per capita GDP)		6.20 (2.80)	6.33 (2.71)
Latin American Presidentialism			2.78 (.45)

Table entries are unstandardized regression coefficients. All coefficients are significant at far better than the customary 0.05 level. Standard errors (in parentheses beneath) are estimates that are robust with respect to countries. This panel's – robust estimation procedure affects only the standard errors, not the coefficient estimates. It is highly preferable for this purpose because confidence intervals for Venezuela are extremely and implausibly narrow without it.

### Fixed Effects

Venezuela's intercept is an invariant parameter, the same for every year Venezuela is in the sample. It is therefore most likely to be associated with invariant characteristics of Venezuela.

There are several easily testable theories that involve such "fixed effects." For example, it has been argued that Latin America's political culture – Thomist and corporatist in Wiarda's view – makes the region poor soil for cultivating democracy (Wiarda 1996). On the other hand, Scott Mainwaring (1999c) has noted the surprising persistence of democracy in Latin America during the Third Wave. Juan Linz (1978) has also proposed that presidentialism tends to undermine new democratic regimes. These ideas are easy to test, but hard to test *separately* because they are relatively fixed and covarying characteristics of the Latin American region: There is little variance to analyze. This not only makes it virtually impossible to separate the impact of culture from the impact of presidentialism but also makes it hard to separate the impact of these two characteristics from the impact of any other fixed characteristic of the region. Other characteristics could include having a (state) capitalist economy (outside Cuba), being in the Western Hemisphere with the Colossus of the North, and having a predominantly Western political culture (at least at the elite level). No

purely cross-national analysis that is limited to a Latin American sample can say much about which of these characteristics affect democracy or how much of an impact they have.<sup>9</sup>

With a global sample, however, it is a simple matter to create a dummy variable that will test for any systematic difference in democracy between the countries that possess this bundle of characteristics and those that do not. It is not a problem if some of the characteristics tend to favor democracy while the others tend to work against it, because the impact of the dummy variable can be interpreted as the net impact of all these characteristics together. Such impacts have been called “specific ignorance” because they narrow the set of possibilities without decisively confirming or rejecting any of the possibilities remaining in the set (Maddala 1977).

Model 1.3 in Table 10.1 reports that the net effect of “Latin Americanism” (and all other shared characteristics) is strongly positive and highly significant. This is probably surprising to readers who are familiar with arguments about the burdens of Latin American political culture and the “failure of presidential democracy” (Linz and Valenzuela 1994). But this estimate based on global data is a very useful reminder of a fact that Latin Americanists often take for granted: Latin American countries tend to be more democratic than countries outside the region at a comparable level of economic development.<sup>10</sup> This finding is the flip side to the debate about the incompatibility of Islam or “Asian values” with democracy. Whether one says that Islamic and Asian countries are less likely than normal to be democratic, or that Latin American countries are more likely than normal to be democratic depends on what one considers a “normal” baseline level of democracy to be. And it also suggests (but does not prove) that we should shift some explanatory weight to the aspects of the region that might favor democracy, such as Western culture, capitalism, and proximity to the United States.

Figure 10.2 spells out the implications by superimposing Venezuela’s *actual* Freedom House scores (in black) on Model 1.3’s *predictions* of its scores. The two gray lines are the predictions (i.e., the upper and lower 95 percent confidence intervals for the predictions). These predictions are based on the association between per capita GDP and growth, on the one hand, and Freedom

<sup>9</sup> Much *can* be learned by shifting to a subnational level of analysis, where it becomes possible to compare individuals with differing cultural attributes and possibly even variation over time in the type of presidentialism. But this is no longer a purely cross-national analysis, and it is insufficient for estimating the full impact of these characteristics from a global perspective.

<sup>10</sup> Two alternative interpretations cannot be ruled out. The first is that this is a temporary phenomenon, limited to the Third Wave; in earlier historical periods, there may have been a negative net impact in Latin America. If so, this finding merely restates the question that Mainwaring (1999c) has posed. The second alternative is that the positive coefficient is picking up a pro-Latin American bias in the Freedom House scale. Kenneth Bollen has shown that Freedom House ratings do tend to rate Latin American countries as more democratic than they should be, but his estimates of the bias are not large enough to account for a 2.78-point difference (Bollen 1993).

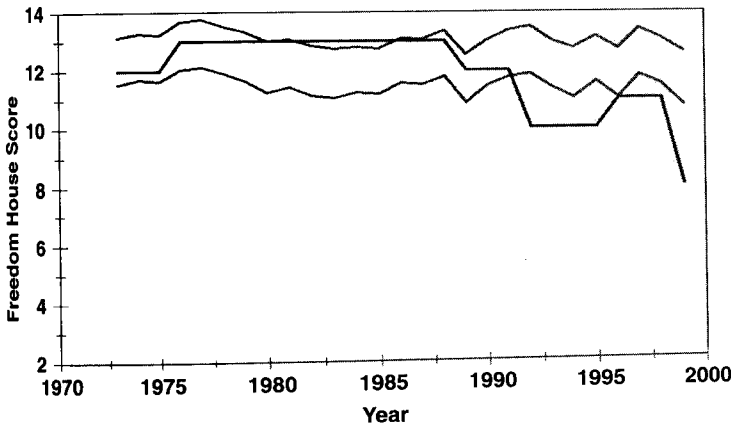


FIGURE 10.2. Actual versus Expected Democracy in Venezuela.

House scores, on the other, in more than four thousand country-years all over the world, not just in Venezuela. It is perfectly appropriate to estimate this relationship with such a large sample because we are interested in building general theory and in seeing how well general explanations account for what has happened in Venezuela. If the relationship that holds in a very large sample is different for Venezuela, then we need to discover what other factors make the pattern different for Venezuela.

These confidence intervals are satisfyingly narrow: They make predictions to within about 1.5 points on this thirteen-point scale, and because they are 95 percent confidence intervals, they mean that nineteen out of every twenty actual scores should fall inside this predicted interval. What is striking about Figure 10.2 is that many of Venezuela's scores do not. In fact, none of them do after 1992. What this means is that – in line with an  $R^2$  of .498 – the economic theories plus fixed effects do not explain Venezuela's setback well in world-wide perspective. From 1973 to 1992 (with a small exception), the country was about as democratic as its standard of living would have predicted. The exception is the brief 1982–85 period, when it was more democratic than predicted. After 1992, Venezuela's level of democracy declined to levels well below the range predicted by economic theories, but this *change* was not predicted by the economic theories alone. Some other reason must be sought.

How can the economic explanations be regarded as incomplete, when Figures 10.1a and 10.1b seem to vindicate the predictions of economic theories so closely and in so many respects? The answer is that Figures 10.1a and 10.1b made arbitrary assumptions about two key parameters of the explanation – the intercept and the slope. Both parameters have to be defined before the explanation that works for Venezuela can be correctly incorporated into more general comparative theory. The intercept is the baseline level of democracy: the degree of democracy that would be average for a country owing to any causes that are

not explicitly modeled. Figures 10.1a and 10.1b were misleading because they arbitrarily assumed that the intercept would be whatever level that would make the democracy curve overlap the per capita GDP curve as much as possible. The true intercept could have placed considerable vertical distance between the two curves. The slope is the ratio of a change in democracy to a unit change in per capita GDP, or how dramatically the democracy curve bounces up and down as wealth changes. Here again, the figures were misleading because they were drawn to make it look like changes in wealth and democracy were of similar size. In reality, no slope was estimated. Figure 10.2, by contrast, incorporates the intercept and slope estimates of Model 1.3. The result is that the predicted values in Figure 10.2 are flatter than the actual democracy curve. They are flatter as a result of the size of the slopes for wealth and growth. If the slopes were larger, the predicted lines would rise and fall more dramatically and possibly do a better job of explaining the actual freedom scores. But according to the estimate of Model 1.3, even the large swings in per capita GDP observed in Figure 10.1 have only a weak effect on Venezuelan democracy. The standard of living did indeed decline in the 1980s, but the predicted impact was surprisingly modest – a difference of about one point. Democracy, wealth, and growth moved in the same direction in 1976, 1989, and 1999, but it moved in opposite directions in 1993 and 1996. These economic variables by themselves are simply not sufficient to explain Venezuela's political dynamics.

This does not mean that economic performance did not play an important role in the deterioration of the democratic regime in Venezuela. On the contrary, Figures 10.1 and 10.2 together suggest that economic variables had a *more powerful* impact in Venezuela than they typically do in other countries. The implication of the paradox is, rather, that this Venezuelan evidence holds no clear lesson for general comparative theory until we can specify why the impact of the economy was unusually powerful there in this period. The remainder of this paper proposes answers to these two questions.

To summarize, Figure 10.2 makes three important points about advances and setbacks in Venezuelan democracy. First, the fixed effect suggests that some of the reasons for Venezuela's high level of democracy before 1992 were not unique to Venezuela; rather, they were a combination of Venezuela's high standard of living and rapid growth with characteristics that Venezuela shared with other Latin American countries, although this analysis cannot pinpoint them. Second, the 1982–85 period was a small exception to this. Democracy persisted in Venezuela despite its economic decline in the early 1980s for reasons that go beyond its shared Latin American heritage. Some characteristic less typical of the region was partially responsible for Venezuela's political success during those years. Third, Models 1.2 and 1.3 both make very flat predictions. (There is a slight decline in predicted democracy, but it does not begin to account for the much larger actual decline.) Therefore, the big change between 1987 and 1992 is not adequately explained by Venezuela's per capita GDP, economic growth or crisis, or the characteristics it shares with other Latin American countries. To understand why the economy had such devastating consequences for the

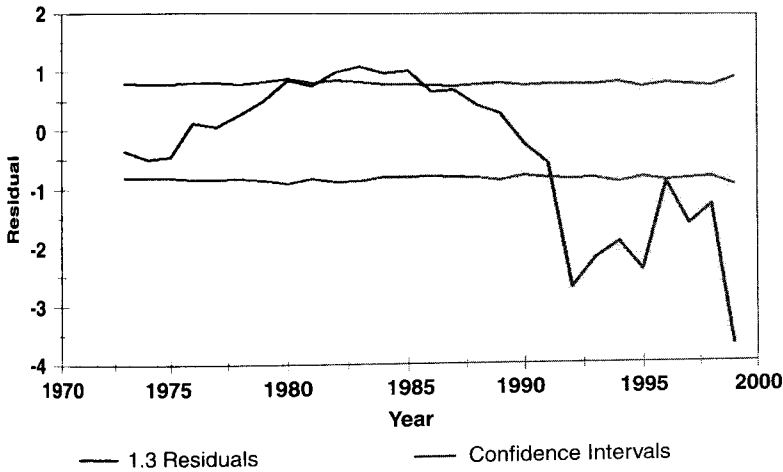


FIGURE 10.3. Remaining Puzzles: Residuals of Model 1.3.

political regime in Venezuela, we must focus attention on other explanatory factors.<sup>11</sup> And because data to do this are not easily available for many countries, the best way to proceed from here is to carry out a more qualitative case study.<sup>12</sup>

### Reframing the Puzzle

Now that general models have explained some aspects of Venezuela's democratic record, the focus shifts to explanations that are specific to Venezuela and that explain what has not been explained already. In statistical terms, this means that we should try to explain just the residuals: the differences between the actual and the predicted scores. The black line in Figure 10.3 plots the residuals from Model 1.4; gray lines delimit the width of the 95 percent confidence intervals. The years between the gray lines have been adequately explained by the general theories. What remain unexplained are the segments of the black line that lie above the top gray line (1982–85) or below the lower gray line (1992–99). I intend to show that the best explanation for these residuals is the rise and decline of the backbone of Venezuela's stability – its partyarchy.

<sup>11</sup> Other models confirm that two diffusion effects are significant: global trends in democratization and the average Freedom House score of each country's geographic neighborhood. However, neither variable has a substantively strong impact on the predictions, so these variables are omitted from the model reported here.

<sup>12</sup> Lagging the dependent variable seems to be a good idea because doing so forces the other independent variables to explain the difference between a country's current level of democracy and its level in the year before – in other words, to explain change. Such a model fits the years of no change extremely well, but it is caught flat-footed whenever there is a change. It adjusts to the new level quickly but never anticipates change, and so tells us nothing but to expect the status quo ante.

## EXPLANATIONS FOCUSED ON VENEZUELA

Explanations that were developed by scholars focused primarily on Venezuela (or in some cases, Latin America) may both fill in gaps and add flesh to the general skeleton developed in the first half. In order to take the best advantage of the quantitative analysis, I will evaluate the case literature with respect to five criteria. First, the most useful explanatory factors are those that explain the residuals (Figure 10.3) rather than the raw, uncontrolled political dynamics. Second, I will privilege explanations that can explain both the surprisingly high level of democracy in 1982–85 and the surprisingly low level of democracy after 1992. Any factor that changed dramatically, in that direction, at that time, is highly likely to have had a crucial causal impact. Third, I will discard static factors, both because I have already controlled for fixed effects and because conditions that did not change during this period logically cannot explain the dramatic changes in the residuals. Fourth, I will rule out proposed factors that changed in the wrong direction during this period. Finally, I will discount factors that can be equated with the general variables already held constant – wealth, growth and crisis, and Latin American heritage. Attributing additional influence to them at this stage of the analysis would result in either exaggerating their importance or failing to specify omitted variables with which they implicitly interact.

### Some Easily Discarded Explanations

Several explanatory factors can be ruled out quickly because they are static. One points to aspects of Venezuela's political culture. Richard Hillman (1994), for example, has argued that Venezuela was never very democratic. Its democratic regime was only a facade that protected a corrupt, authoritarian oligarchy and engendered frustration that finally broke through the surface in the 1989 riots (Hillman 1994). If he had argued that the culture he describes had become greatly accentuated between 1982 and 1992, then Venezuelan culture could be an acceptable explanation. But Hillman portrays a culture that was born many decades ago and that intensified gradually over a long period of time. By itself, this adds little to an understanding of this crisis. A similar argument proposed decades ago was that Venezuela became unusually democratic in the 1960s in reaction to the Cuban revolution (Alexander 1964). This argument also fails to account for the change in orientation. At best, one could claim that these attributes (if they are even validly characterized) are Venezuelan variations on Latin American fixed effects and that they reduce the prodemocratic tendencies associated with the region.

A different set of explanatory factors that seem useful for understanding the surprising persistence of democracy in Latin America moves in the wrong direction for explaining the contrary case of Venezuela. These include some of the same factors that have been used to explain both the Third Wave of democratization in Latin America and elsewhere (Huntington 1991) and the



resilience of democracy in Latin America in the 1980s and 1990s (Mainwaring 1999c). One is the reorientation of U.S. foreign policy away from propping up anticommunist dictatorships and toward support for human rights and free and fair elections. If this policy had an impact on Venezuela, it was only as a policy that backfired. The United States tended to be supportive of Pérez's Great Turnaround in the face of massive popular rejection in Venezuela; it was disappointed in the Caldera administration for the very economic policies that gave Venezuelans hope; and Chávez has gone out of his way to show solidarity with Fidel Castro, Saddam Hussein, and fellow OPEC members and to refuse cooperation with Plan Colombia. A second factor is the Catholic Church's shift in favor of human rights and democracy. The Venezuelan Church has not been a powerful political actor since it applauded the breakdown of Venezuela's first democratic regime in 1948 (Levine 1973). Few human rights groups today, for example, have religious ties. And to the extent that the bishops have been politically involved in recent years, they have been on poor terms with the Chávez government (Smilde 2000). Finally, the collapse of the Soviet Union and the corresponding lack of legitimate alternatives to political democracy came too late to explain the weakening of Venezuelan democracy that was already visible before 1989. All these shifts would lead one to expect more democracy in Venezuela, not less. These factors may help explain why the setback has not been more serious so far, but they do not explain why there has been a setback in the first place.

So what factors could have magnified the political impact of economic decline in Venezuela? One might surmise that indicators of aggregate economic growth and per capita GDP are too crude to have a powerful impact on the regime. Some more socially meaningful indicators might have had a more direct impact. This possibility can be tested over time within the Venezuelan case, as relevant indicators that would not be available worldwide are available for Venezuela over varying periods of time. Table 10.2 reports coefficients estimated by regressing the Venezuelan residuals from Model 1.3 on several such variables: percentage change in per capita GDP, the real value of the official minimum wage, the percentage of the labor force that is unemployed, the size of the informal sector, social spending as a percentage of GDP, and the percentages of households living in critical and extreme poverty. Unfortunately, data on economic inequality per se are too scarce and static even for Venezuela alone to test the thesis that democracies with unequal societies have a shorter "regime life expectancy" (Muller 1995, Burkhart 1997). However, the households in critical or extreme poverty should serve as good proxies for inequality.

Table 10.2 also reports the same statistics for various indicators of fiscal crisis. These indicators can test a different hypothesis: that Venezuela's powerful economic elites withdrew their support from the democratic regime when it proved incapable of managing the economy. This scenario, too, would tend to magnify the impact of poor economic performance. The indicators tested under this heading include urban consumer price inflation, government spending as a

TABLE 10.2. *What Magnified the Impact of the Economy in Venezuela? (Dependent variable: Residuals from Model 1.3)*

Independent variable	Years	Bivariate		Controlling for AD/COPEI Vote	
		Slope	T	Slope	T
<i>Social variables</i>					
Change in per capita GNP (%)	1973-98	-0.005	-0.11		
Value of minimum wage	1979-93	0.019*	2.18	-0.001	-0.357
Unemployed (% of laborforce)	1978-94	0.120	1.14		
Informal sector (% of employment)	1983-98	-0.174*	-2.30	0.105*	2.08
Social spending (% of GDP)	1981-92	0.012	1.77		
Households in critical poverty (%)	1980-96	-0.163*	-3.07	0.017	0.465
Households in extreme poverty (%)	1980-96	-0.096	-1.92		
<i>Fiscal variables</i>					
Inflation	1973-99	-0.021	-1.93		
Government spending (% of GDP)	1973-95	-0.083	-0.92		
Central government revenues (m Bs.)	1984-96	-0.36	-1.46		
Central government spending (m Bs.)	1984-96	-0.52	-1.79		
Tax revenues (m Bs.)	1984-96	-0.91	-1.62		
Fiscal deficits (m Bs.)	1984-96	-0.30	-0.25		
<i>Public employment (% of workforce)</i>	1983-98	0.568*	4.90	0.020	0.116
<i>AD/COPEI vote</i>	1973-99	0.113*	8.86	0.12*-0.17*	3.6-9.1

\* Significant at 0.05 level or better.

The "Bivariate" column reports coefficients and T-statistics from bivariate regressions of the residuals from Model 1.3 on each of the independent variables in the first column. The "Controlling for AD/COPEI Vote" column reports coefficients and T-statistics from regressing the residuals from Model 1.4 on both the AD/COPEI vote and one social variable.

Source: Value of minimum wage, unemployment, informal sector, critical poverty, extreme poverty: Oficina Central de Estadísticas e Información (OCEI), *Estimaciones y proyecciones de población, 1950 a 2025*; change in per capita GNP, inflation, government spending, revenues, central government spending and revenues, social spending, tax revenues, fiscal deficits, public employment: Banco Central de Venezuela. The foregoing data are available from datasets maintained by the Instituto de Estudios Superiores de la Administración (IESA) at <http://servicios2.iesa.edu.ve/macroeconomia/>. (This website has been taken off-line, but the data used in the analysis are available from the author on request.) AD/COPEI vote: Consejo Supremo Electoral and Consejo Nacional Electoral. This variable reflects actual votes in election years and interpolations for nonelection years.

percentage of GDP, central government revenues, central government spending, and fiscal deficits as a percentage of GDP. Finally, Table 10.2 also tests for the impact of changes in public employment. Some scholars have argued that the Venezuelan democratic regime was propped up by massive patronage and clientelism, and that the regime was weakened when it could no longer afford to buy support in this way.

Only three of the fifteen variables reported in Table 10.2 have a statistically significant association with the residuals from Model 1.4: inflation, households in extreme poverty, and the size of the workforce employed in the informal economy. The other variables add nothing new to the explanation (although they are probably correlated with per capita GDP, and to that extent they would be valid parts of the economic part of the explanation). And even these three significant variables cease to have a credible impact when we control for the political variable to be discussed next: the vote for the two establishment parties. The right-hand column of Table 10.2 shows that all of these coefficients take on the wrong sign when controlling for the two-party vote. If these were real relationships, it would mean that Venezuelan democracy was favored by high inflation, widespread poverty, and the growth of the informal economy. It is far more likely that these relationships were spurious all along.

### The Pivotal Role of Parties

The explanatory factor that best fits the pattern of the residuals is the strength of AD and COPEI. These two parties once had a formidable capacity to mobilize voters, but that capacity eroded after the election of 1983, first with the growth in abstention, and then by both abstention and a loss of vote share to third parties and personalist candidates. This trend is well operationalized by the combined vote for these two parties in legislative elections as a percentage of total population.<sup>13</sup> If the goal of this chapter were merely to explain variances in Venezuela's Freedom House scores, Figure 10.4 would mark the completion of the task. Both variables rise from 1973 to 1983, decline moderately in the 1980s, plummet by 1993, and remain low until the present. The little variance left to explain could be written off as measurement error. One may object that using the decline of these two parties that were so identified with the democratic regime to explain the decline of the regime borders on circularity. However, a comparable change in the party system of a different country (such as Italy, Japan, and Canada in the 1990s) would not necessarily coincide with a deterioration of its democratic regime. The fact that these trends did coincide in Venezuela is exactly my point: The tight association is empirical and causal, not definitional.

<sup>13</sup> I use percentage of total population rather than percentage of eligible or registered voters because total population figures are probably more reliable. However, to the extent that estimates of the number of eligible voters are accurate, an alternative measure would be proportional to the statistic used in Figure 10.4.

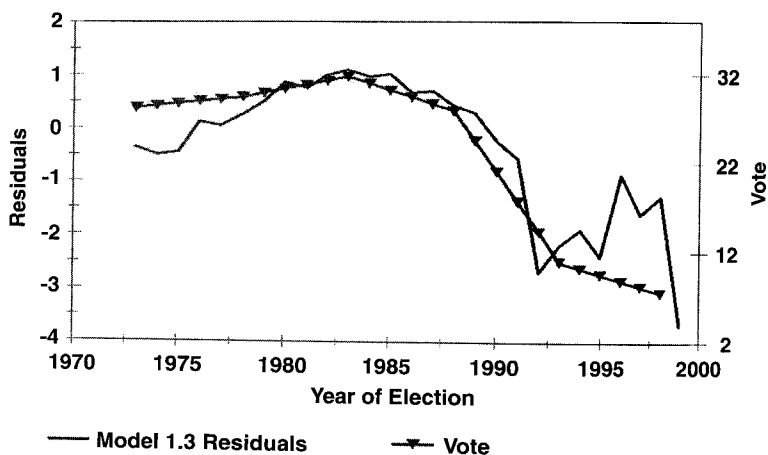


FIGURE 10.4. The Pivotal Role of Parties in Venezuela's Democratic Deterioration.

It should not be surprising that the health of the democratic regime was so closely tied to the health of the two parties. For many people, AD and COPEI *were* equated with democracy. These were the two most important parties that set aside old animosities and in 1958 signed the Pact of Punto Fijo, which helped ensure a successful transition (Karl 1986b). They were the only two parties that elected presidents for the first thirty-five years of the regime. When they were relatively small and divided (1958–68), democracy was threatened by guerrilla insurgency and several coup attempts; when they were strong (1973–88), people considered Venezuela a consolidated democracy.

These two parties were the founders of the regime and its guarantors against internal threats from the left and the right, so there was some justification for equating their success with democracy. Nevertheless, it would be more accurate to equate their success with the *institutionalization* of democracy rather than the quality of democracy. The regime that they founded, which Venezuelans call *partidocracia* and I call partyarchy, was lacking in “democraticness” in several respects. (Perhaps for these reasons, Venezuela never was assigned the maximum score of fourteen on the Freedom House scale.) It continually satisfied the minimal requirements for democracy as defined in Dahl’s concept of polyarchy—free and fair elections of the effective policy makers, freedom of political organization, freedom of expression, broad suffrage and eligibility for public office, and lively media that provided alternatives to official sources of information (Dahl 1989).<sup>14</sup> However, the parties monopolized nominations and choices on the ballot, controlled legislators tightly, penetrated most civil society organizations and politicized them along party lines, and centralized authority in a small

<sup>14</sup> Polyarchy does not require an independent judiciary. If judicial independence is a requirement for democracy, then Venezuela should never have been considered a democracy, nor should other Latin American countries except Chile and Costa Rica.

inner circle at the top. They did these things to such an extreme that citizens had to be represented through these parties or not at all; and the chances of being represented well through the parties were slim, given their top-down, centralized, hierarchical organization (Coppedge 1994). Furthermore, the Congress was frequently marginalized by the concentration of policy-making authority in the executive, which preferred to deal almost exclusively with a small number of officially recognized interest groups (Crisp 2000), and the bureaucracy was grossly inefficient and ineffective at implementing whatever policies were adopted (Naím 1993). But Venezuela's basic democratic institutions – parties, elections, Congress, and the like – were well institutionalized as long as AD and COPEI were successful.

The first symptoms of the democratic setback in Venezuela were symptoms of weakened institutionalization, not of less democracy. The rise in electoral abstention in 1988 showed that the authorities were losing their ability to enforce the mandatory voting requirement; the riots and looting of 1989 were an extreme example of the state's inability to maintain public order; the coup attempts of 1992 demonstrated that the subordination of the armed forces to civilian control could no longer be taken for granted; and the fragmentation of the party system in 1993 was the byproduct of weakened party loyalties. None of these signs of diminished institutionalization constituted an unambiguous decline in the quality of democracy.<sup>15</sup> However, the weakening of the partyarchic regime opened political space that was filled by forces dedicated to the elimination of the checks and balances required for liberal democracy. If AD and COPEI had not lost support after 1988, then Chávez could not have won the presidency in 1998 or won support of his agenda in three subsequent referendums.

The decline of partyarchy permitted the rise of other forces, but some other cause must explain why the vacuum was filled by antiliberal forces. This question can be answered by explaining why AD and COPEI lost support because the support for Chávez was a direct reaction against the drawbacks of the partyarchic regime.

### Why the Parties Lost Support

Figures 10.1a and 10.1b suggest that economic decline had something to do with the regime crisis in Venezuela, yet Figure 10.2 casts doubt on any purely economic explanation. How can this paradox be resolved? The answer is that the cause was not economic decline alone, but how Venezuelans understood economic decline. They reacted to it with feelings of moral outrage, and this reaction magnified the impact of economic decline. We should not expect such a powerful reaction to economic crisis in all countries, and indeed as Figure 10.2

<sup>15</sup> The brutal repression of the 1989 riots certainly violated basic human rights, but a callous disregard for human life and due process was already a feature of the regime, as seen in neighborhood "sweeps" for criminals and the treatment of prison inmates.

shows, we do not observe it. But when fundamental principles of justice and fairness are violated, then an exaggerated reaction is to be expected (Scott 1976).

The fact that the Venezuelan state has long been dependent on oil exports is partially and indirectly responsible for both the economic decline Venezuela experienced in the late 1980s and the extreme reaction to it. The oil economy had three effects. First, it created a popular perception that Venezuela was a wealthy country. This impression was reinforced by the economy's 6 percent growth rate sustained throughout the 1950s and 1960s and intensified by accelerated growth during the OPEC oil embargo of 1973–74, when the international price of crude oil more than tripled (Naím 1993: 22).

Second, this oil-led rapid growth, especially during the boom years created an irresistible temptation to overlook state inefficiencies, waste, and corruption. Terry Karl (1997) has argued that Venezuela, like other oil exporters with a high ratio of population to oil revenues, faced powerful pressures to spend these revenues quickly in an attempt to develop other sectors of the economy. Countries that achieved a high degree of “stateness” before oil revenues became available (Norway and Indonesia) succeeded in investing enough of these profits abroad to avoid “Dutch disease.” States that were less developed before oil (Venezuela, along with Algeria, Nigeria, and Iran) succumbed to the pressures and created sprawling bureaucracies prone to waste and corruption. Whether one accepts the general validity of this theory of commodity determinism or not, it fits Venezuela well. For example, during Carlos Andrés Pérez's first five-year government (1974–79), the Venezuelan state received 54 percent more revenues from oil than were received by all Venezuelan governments from 1917 to 1974 combined (Karl 1982: 17). Despite this enormous windfall, the Venezuelan state had contracted \$33 billion in international debt by 1982. There is simply no way that all of these funds could have been spent wisely. The number of public employees tripled during the first Pérez administration, and the resulting inefficiencies in public administration have been well documented ever since (Naím 1993; Angell and Graham 1995).

Third, the tendency of capital-dependent oil exporters to spend quickly rather than stabilizing income by investing abroad leaves them at the mercy of fluctuating international commodity prices, subjecting them to severe boom-and-bust cycles (Karl 1997). Venezuela went through a particularly dramatic cycle in the 1970s and 1980s, with oil prices soaring in 1973–76, falling in 1977–78, soaring again in 1979–81, falling again in 1982–83, and plummeting in 1986. Per capita oil revenues fell from \$1,700 in 1981 to \$382 in 1992 (Naím 1993: 25–29, 37–38). All Latin American countries experienced the debt crisis that hit in 1982, but in Venezuela it was preceded by an oil bust and followed by an even bigger oil bust.

These three conditions – economic decline, the belief that Venezuela was a rich country, and knowledge that corruption was rampant – would be enough to create frustration and disappointment. However, in comparative perspective, the anger seems disproportionate. Venezuela never suffered the most traumatic

kind of economic crisis – hyperinflation – as Argentina, Brazil, and Bolivia did, yet the repudiation of incumbent parties was stronger. Also, the experience of other countries is more in line with the small estimate of the impact of economic performance in Model 1.3. Therefore, we need to add to the explanation something different about Venezuela that would explain the extra charge that the economy acquired in voting decisions starting in the mid-1980s. Several scholars have pointed to the abrupt policy switch in 1989: Pérez's *Gran Viraje* (Great Turnaround) to drastic economic liberalization, and especially to the manner in which it was done. Some argue that the public reaction would not have been so negative and violent if the rationale for the policies had been explained better in advance to the public and in particular to governing party leaders (Naím 1993: 150–51; Corrales 1997). Weyland (1996c) argues that it was the timing that mattered. Unlike Bolivia, Mexico, and Argentina, Venezuela had not experienced an economic crisis deep enough to make voters take a “wait-and-see” attitude toward a shock program, so their reaction was immediately negative.

I believe that both arguments are valid but insufficient. During his 1988 campaign, Pérez allowed voters to believe that he would be the same old populist he was the first time around, and the fact that he turned out to be just the opposite surely contributed to feelings of betrayal and cynicism in the electorate. This would account for rejection of Pérez, but not his party, and not COPEI (which has suffered the bigger loss), and I doubt that any communication strategy would have made a big difference. Weyland's argument is more plausible. In fact, when President Caldera finally attempted a shock program in April 1996, voters reacted with resignation because by that time the crisis had deepened far more. Nevertheless, when poll after poll shows Venezuelans blaming the economic crisis on waste and corruption rather than the debt or falling oil prices, it seems likely that a perceived moral dimension of the economic decline was a more important cause of the loss of support for AD and COPEI (Templeton 1995: 87, 90–91). A large percentage of Venezuelans came to believe that the economy declined because the politicians had stolen from the national patrimony of a fundamentally rich country (Naím 1993: 127; Templeton 1995).

A more complete explanation for the sense of moral outrage that Venezuelans felt by 1989 requires taking partyarchy into account. (Please refer to the diagram in Figure 10.5.) Indirectly, partyarchy permitted corruption and made it less tolerable by institutionalizing impunity. Impunity was the rule, and punishment was the rare exception for alleged corruption at least until the early 1990s. The existence of corruption would probably be tolerable to voters if its practitioners were usually caught and prosecuted. But if they routinely go free, then moral indignation increases. AD and COPEI made impunity the rule first by protecting their own members and secondly by protecting each other's members. Without it, corruption would have been far less common and extensive. Partyarchy also contributed directly to the moral outrage of some citizens. The hierarchy, discipline, and penetration sought by AD and COPEI alienated many

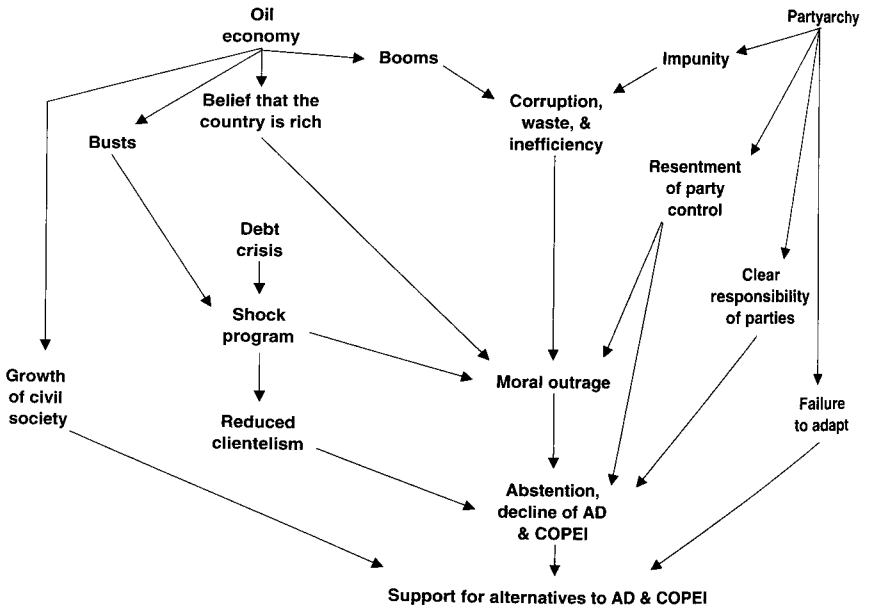


FIGURE 10.5. Paths to Major Party Decline.

Venezuelans who experienced them personally or heard about them, especially when the parties resorted to secret deals, cooptation, bribery, or intimidation to achieve their ends.<sup>16</sup>

Partyarchy also helped channel this moral outrage into a rejection of AD and COPEI at the polls. The downside to being so much in control for so many years is that everyone knows whom to blame when things go wrong. (Of course, voters could have blamed the International Monetary Fund or oil buyers, but they were not on the ballot.) Venezuela had AD presidents from 1959 to 1969; then, Copeyano Rafael Caldera from 1969 to 1974. Venezuelans returned to

<sup>16</sup> I doubt that most Venezuelans felt directly critical of these party practices before the late 1980s. Only citizens with a certain level of political experience and sophistication would have been able to attribute blame to something as abstract as *partidocracia*. However, I believe that many of the more educated or politically active (outside AD and COPEI) Venezuelans viewed the situation in these terms early on. For example, all observers of neighborhood associations and other civil society associations note that they strove to keep party politics out of their organizations (often without success) (Crisp and Levine 1998). This was a guiding principle of a Venezuelan youth group in which I participated during my first stay in Venezuela in 1975. Also, out of eight countries for which Latinobarómetro survey evidence is available for 1995, Venezuela had the highest proportion (29 percent) of respondents who believed that political parties are powerful but should not be powerful. This opinion is correlated significantly with education (author's own analysis). In the late 1990s, these opinion leaders, and especially *commandante* Chávez, promoted this diagnosis of Venezuela's political ills, to the point that it is repeated as dogma by the pro-Chávez majority today.



AD during good times in 1973. When prosperity was marred by corruption and inflation in 1978, they elected Luis Herrera of COPEI. But Herrera blew hot and cold, starting out with a monetary strictness and then overspending during the second oil shock and finally authorizing a traumatic devaluation in 1983. The voters then elected Jaime Lusinchi of AD in a landslide. He stopped the decline but never produced recovery. Voters then gave AD a second chance by electing Pérez, from whom they expected a restoration of good times; instead, he delivered in 1989 the worst economic performance in the postwar period. Voters need to see some improvement from time to time in order to keep believing that their vote helps. By 1989, they had experienced three administrations in a row from two parties in fifteen years without any sustained economic improvement. At that point, they gave up hope that alternation between AD and COPEI would solve their problems, and there was no one else to blame.

This effect was augmented by an economic factor as well. A great deal of the parties' mobilization success had always come from the diversion of public funds for partisan purposes. When the federal budget had to be cut in the late 1980s and after, it cut into a kind of informal public financing for political parties and undercut their ability to get out the vote (Bland 1997).

Lost support does not always stay lost, however. Sometimes parties adapt in ways that appeal to voters and recover their electoral appeal. AD and COPEI did not, and partyarchy helps explain their failure to adapt. In a party that is hierarchical and disciplined, leadership tends to turn over slowly; new leaders must rise slowly through the ranks, "paying their dues" along the way. New ideas and new ways of running the party are discouraged because they imply that those in charge of the party have something to learn. Upstarts are resented. COPEI always chose as its presidential candidate Rafael Caldera or his protégé du jour until 1993, when he was 77 years old; and when his own party rejected him, he ran as an independent and took a sizable portion of the party leadership with him. AD ran a relatively young and programmatically different presidential candidate (Claudio Fermín) in 1993; but when he lost, the party machine marginalized and expelled his supporters. The uncharismatic general secretary, Luis Alfaro Ucero, tightened his control over the organization and engineered his own nomination for president in 1998, not because he had a chance of being elected, but because it was his turn. It would be hard to find a better example of a stubborn refusal to adapt.

Because the voters made AD and COPEI the focus of their outrage, and because neither party adapted in any way that would win these voters over again, voters searched for an alternative who would be all the things that AD and COPEI were not: an incorruptible antiparty politician who could bring economic recovery and put an end to impunity. Demand for such a candidate was boosted by the slow transformation of society as a result of past economic growth. Voters in 1998 were better educated than those thirty years earlier, and more worked in professional occupations; more participated in civil society organizations that tried to stay independent of political parties (Crisp and

Levine 1998).<sup>17</sup> Still, the explanation is incomplete because there is nothing in this profile that specifies demand for a military candidate with a questionable commitment to liberal democracy.

### Why Chávez?

Two additional questions must be answered to complete the explanation. First, why were there military plots to overthrow the government in 1992? Second, how did the leader of one of those attempts come to be the most popular politician in Venezuela?

Military plots arose because there were both motives and opportunities. The goals of Chávez and his principal co-conspirator, Francisco Arias Cárdenas, were fundamentally the same as those of many civilians in 1992: to remove Carlos Andrés Pérez from office, to end impunity, and to restore prosperity. Just as the Brazilian military saw itself as *o povo fardado* (the people in uniform), these junior officers in the Venezuelan army felt that they shared in the suffering of the Venezuelan people (Stepan 1971: 43). Military salaries had not kept up with inflation; their purchasing power had eroded so badly (by 90 percent according to one source) that even junior officers sometimes had to live in shantytowns or move in with relatives (Burggraaff and Millett 1995: 62). The difference was that the conspirators had more elaborate and ambitious goals than most civilians and had been working toward them longer. Chávez and Arias had worked out a detailed diagnosis of Venezuela's problems that put the blame squarely on a corrupt AD-COPEI political class; their prescription called not just for the removal of Pérez, but for the forcible dismantling of partyarchy itself. Once in power, they hoped to restore prosperity, eliminate corruption, redistribute wealth, and reorient the nation along patriotic, nationalistic lines. All of this they had amalgamated with their interpretation of the works of the national patriarch Simón Bolívar, creating a loose ideology they called Bolivarianism. Other versions of Bolivarianism have also stressed national unity forged by a bond between a paternalistic leader and the *pueblo* (the lower and middle classes) (Coronil and Skurski 1991: 296–97). The plotters also had other goals of exclusively military concern, such as granting the suffrage to soldiers, relieving them of nonmilitary duties, and ending the politicization of military promotions.

This conspiracy had existed for a long time. The Movimiento Bolivariano Revolucionario 200 was founded in 1983. That year was both the 200th anniversary of Simón Bolívar's birth and the year of *Viernes Negro* (Black Friday), the traumatic and drastic devaluation of the Bolívar – the first in many years and the first of many to come – which symbolized the end of Venezuela's prosperity.

<sup>17</sup> The impact of this societal change should not be exaggerated. AD and COPEI did not merely fail to win over emerging segments of the population; they actually *lost* voters who once were loyal. Furthermore, the politically independent stance of the emerging civil society organizations was itself a reaction against partyarchy, and thus is not a fully independent causal factor.

The conspiracy survived because civilian officials at first did not take it seriously, and then stopped keeping tabs on it. After the guerrilla insurgency ended in the late 1960s, the Venezuelan armed forces were fragmented by service, each of which was allowed to become highly autonomous within its narrow sphere of activity. Civilians at first took pains to ensure generous salaries, benefits, and perquisites for soldiers, but they soon began to take the military's loyalty for granted. Both military and civilian agencies reported to presidents on the faction's existence and aims, but no president took action against it after 1984. Instead, its leaders were allowed to rise normally through the ranks, and by 1992 the conspirators were in command of a sufficient number of bases, men, and weapons to mount a serious coup attempt (Trinkunas 2002).

In this way, officers sympathetic to widely shared civilian concerns came to lead a coup attempt in 1992. Their attempt was defeated (as was a second attempt by a different conspiracy nine months later), but it brought Chávez and Arias into the national spotlight as instant heroes to a surprisingly large number of Venezuelans. Initially, support for them was based on superficial details: that they had tried to do *something* to get rid of a despised president (who was impeached fourteen months later); that they belonged to the most respected institution; that they appeared to be honest and professional. They also received a boost in legitimacy from a live televised speech by Senator Rafael Caldera just days after the coup attempt, expressing sympathy for their cause but not their methods. This speech also revived Caldera's political career and was an important stepping stone in his return to the presidency in 1994. Chávez and Arias had been explaining their cause to reporters from prison in the meantime, but President Caldera pardoned them and their co-plotters. Once free, Chávez began to organize an electoral movement. For quite a while he was descending into obscurity. But as the 1998 presidential election began to come closer, more and more Venezuelans began to rally around him. The race was shaping up as a contest between the establishment parties, on the one hand, and anyone but them, on the other. Still, Chávez was not the most popular candidate in the polls for many months.

All during 1997, the frontrunner was Irene Sáez Conde, the mayor of Chacao and former Miss Universe. It was already clear that neither AD nor COPEI would win this election, but it was not inevitable that a semiloyal ex-military leader would win. However, the political situation became increasingly polarized in late 1997 and early 1998, for a variety of reasons: Colombian guerrillas were crossing the frontier into Venezuela, President Caldera's structural adjustment program had failed to renew economic growth after nearly two years, oil prices fell from \$26.55 per barrel in January 1997 to \$13.41 in mid-March 1998, and the federal budget was cut in February. Polls showed support beginning to shift toward Chávez, the more radical candidate. By March 1998, Chávez was the clear frontrunner, and he held that position to the end. Chávez's successful assault on liberal democracy since that date is best explained by his political skills. He makes an ambitious promise that raises expectations, actually carries it out, and then parlays that momentum and credibility into a

victory on his next project – calling a constituent assembly, getting the new constitution ratified, getting decree powers, forcing union elections.

The arguments developed in this Venezuelan case study were not formally derived, but they fit together in a logical argument that makes the deterioration of Venezuelan democracy appear to have been nearly a necessity. If citizens anywhere believe that their economic decline is unnecessary and caused by corruption, they are likely to punish the incumbents; if one or two parties exercised great power over a long span of time, it will be perfectly clear whom to punish; if extremely powerful parties central to the working of the political system are marginalized, there will be a power vacuum; and if that vacuum is filled by a charismatic leader who cares much more about implementing his populist agenda than about respecting democratic institutions, then democratic institutions are in jeopardy.

#### CONCLUSION: VENEZUELAN LESSONS FOR GENERAL THEORY

One of the benefits of nesting a qualitative, case-specific explanation inside a quantitative, general one is that it applies the theory in a way that best sheds light on the case. Another benefit is the reverse: It helps to identify the aspects of the case that suggest the most useful ways to modify the general theory. This conclusion addresses the latter task. This is an “iffier” task because there is no way to ensure that the “right” lessons are being derived from the exercise. Nevertheless, the preceding analysis suggests the following propositions.

1. Latin American countries are able to attain, though perhaps not sustain, some degree of democracy at a level of socioeconomic development lower than that expected for other world regions. However, it is not clear what it is about Latin America that produces this tendency.
2. The generic impact of year-to-year changes in per capita GDP is too small to affect a country’s political regime, at least in the span of a decade or so. However, there are probably other conditions that can magnify the impact of economic performance enough to make a big difference in a short time. One such magnifying condition appears to be corruption. Citizens can tolerate corruption if the economy is growing rapidly, and they can tolerate a contraction if they believe their representatives have done everything possible to prevent it or stop it. But when a contraction coincides with known corruption, the political consequences are magnified.
3. The stronger a political party is, and the clearer the connection between the nature of the party or party system and corruption, the more likely it is that it will be electorally punished when such a crisis hits.
4. When large, important political parties are discredited, there is a danger that the resulting political vacuum will allow demagogues to rise to power.