FUELING MORE THAN JUST CARS: STATE CONTROL OF THE ECONOMY AND RESOURCES ENTRENCHING HYBRID REGIMES IN LATIN AMERICA

A dissertation presented by
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ABSTRACT OF DISSERTATION

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ABSTRACT

This research examines the growing presence of persistent hybrid regimes, challenging the democratization literature within Comparative Politics. Latin America boasts many enduring hybrid systems, and even more regimes are looking at entrenching themselves in a fixed half-way point between democracy and authoritarianism. These enduring hybrid regimes do not appear to be transitioning in any linear direction, which is detrimental for populations living in states with increased repression. Beginning with Hugo Chávez's first presidential win in 1998, which is considered to be the launching hybrid regime of Latin America, this study examines how certain economic structures (including the famed resource curse) have allowed elite actors to manipulate constitutions and curtail freedom of expression rights of the opposition, in turn cementing these hybrid regimes. After exploring 20 countries in Latin America, the study compares two strong hybrid regimes to two strong democracies — Venezuela and Ecuador, and Costa Rica and Uruguay, respectively — in an effort to uncover how certain economic structures, elite actions, and repression allow for the persistence of hybrid regimes. These findings can be applied not only to the region but also around the globe.
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LIST OF ACRONYMS USED

AD—Acción Democrática (Democratic Action Party, Venezuela)

CAFTA—Central America Free Trade Agreement

COPEI—Comité de Organización Política Electoral Independiente Party (Christian Democratic Party, Venezuela)

CONAIE—Confederación de Nacionalidades Indígenas del Ecuador (National Confederation of the Indigenous in Ecuador)

CNE—Consejo Nacional Electoral (Venezuela)

CPI—Corruption Perceptions Index

CTV—Confederación de Trabajadores (Workers’ Confederation in Venezuela)

DCI—Democracy Composite Index

EEI—Enabling Environment Index

EIU—Economist Intelligence Unit

ERCI—Economic Rights Composite Index

FA—Frente Amplio (Broad Front Party, Uruguay)

FEDECAMARAS—Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela (Venezuelan Chambers of Commerce)

IMF—International Monetary Fund

ISI—Import Substitution Industrialization

MUD—Mesa de la Unidad Democrática (Democratic Unity Roundtable, Venezuela)

MVR—Movimiento Quinto República (Fifth Republic Movement, Venezuela)

PAC—Partido Acción Cuidadana (Citizen Action Party, Costa Rica)
PAIS—Patria Altiva y Soberana (Proud and Sovereign Fatherland, also known as Alianza PAIS, Ecuador)

PDVSA—Petroleos de Venezuela, Sociedad Anónima (Venezuela’s state-run oil company)

PLN—Partido Liberación Nacional (National Liberation Party, Costa Rica)

PSC—Partido Social Cristiano (Social Christian Party, Ecuador)

PSUV—Partido Socialista Unido de Venezuela (United Socialist Party of Venezuela)

PUSC—Partido de Unidad Socialcristiana (Social Christian Unity Party, Costa Rica)

UDS—Unified Democracy Score

WB—World Bank

WEF—World Economic Forum
CHAPTER 1: INTRODUCTION

Samuel Huntington, and many others, had their hopes high for the growth of liberal systems following the famous 3\textsuperscript{rd} wave of democracy. The waves ushered in a group of transitions from nondemocratic to democratic systems during particular periods, outnumbering transitions to nondemocratic regimes (Huntington 1991). While the world saw two prior waves of democratization and two subsequent reverse waves, the third wave “seemed to take on the character of an almost irresistible global tide moving on from one triumph to the next,” (Ibid.: 21). The third wave, as it turned out, was more a storm surge followed by fairly extensive ebbing — another reverse wave. Many of those states that attempted transitions in the 3\textsuperscript{rd} wave have yet to consolidate as full liberal democracies; and there is a great chance that they never will. Regarding the potential 4\textsuperscript{th} wave, it is unclear what the outbreak of democracies will bring about, although for the region in this study the 4\textsuperscript{th} wave has not yet come to shore.

Nonetheless, when discussing the 3\textsuperscript{rd} wave, Huntington (1991: 174-175) argued that “liberalized authoritarianism is not a stable equilibrium; the halfway house does not stand.” Huntington did not think authoritarian regimes that had some liberalized features would survive to any long term. Unfortunately for Huntington, and many populations, it appears that liberalized authoritarian systems, otherwise titled hybrid regimes, are actually maintaining their houses quite well. Thus it is worth studying how and why states arrive at and remain in the hybrid regime realm instead of transitioning to democracy or authoritarianism. The path to democracy from authoritarianism is not as linear as suggested; many branches sprout from the authoritarianism — democracy tree. The literature tends to ignore hybrid regimes or at least ignores that they can be intentional, long-term alternatives to democracy. These systems are more resilient and prominent
than we think. Political Science needs to study and treat these systems not as passing and temporary transitions but as permanent, and alarming, forms of government.

Brownlee (2007) notes that by 2001, five-dozen regimes became masters at blending and maintaining liberalized repression. Brownlee finds this is possible when elections occur in states where the ruling regime thrives with strong, cohesive party institutions that are capable of standing together and dominating over rivals — further entrenching themselves in a system benefitting the ruling autocratic elites. These regimes can appear democratic by offering a party system and contested elections, but the system is rigged using various means to ensure the semi-authoritarians continue their reign. Along with party control, Ekman (2009) argues that stability also depends on the regime’s ability to circumvent the opposition in a system with weak ties between citizens and opposition parties. These strong regimes are quite skilled at maintaining a hybrid system of government for decades, and sometimes even longer.

Defined as combining democratic and authoritarian elements, hybrid regimes are growing increasingly more common, present in all corners of the globe today (Diamond 2002). Hybrid regimes are often called illiberal democracies, pseudo-democracies, electoral/competitive authoritarianism, and a slew of other terms. To determine what a hybrid regime is, it is necessary to understand how this research will define democracy and authoritarianism (see chapter two).

The project does not use a minimalist, Schumpeterian definition of democracy, as political scientists today agree that more elements than just elections are required for a country to be labeled democratic. Elections on their own are not enough to sustain a democracy — the quality of elections and their results can determine a democracy’s success or failure (Caryl 2014). Thus a “thick” definition of democracy is necessary in order to avoid the “fallacy of
electoralism” (Diamond 2008: 22; Karl 1995: 73). Larry Diamond’s *Spirit of Democracy* (2008) offers an extensive and thorough list of attributes for thick democracies, including:

- free, fair, and frequent elections;
- freedoms of expression (including opinion, speech, assembly, publication, demonstration, among others);
- freedom for ethnic, religious, racial, and other minority groups to practice their religion and culture and to participate equally in political and social life;
- the right for all adult citizens to vote and run for office;
- openness and competition in the electoral arena;
- legal equality and a clear, universal, and stable rule of law;
- a neutral and fair judiciary enshrining due process;
- freedom from torture, terror, and unjustified detention;
- checks on power of elected officials by other branches;
- real pluralism in sources of information and organizations (independent of the state) with a vibrant civil society;
- and lastly, control over the military/security apparatus by civilians.

With a broad, encompassing definition of democracy at hand — what Diamond terms a liberal democracy — we have outlined what an authoritarian regime is not. Authoritarian regimes, in contrast, can feature institutions typically thought of as democratic, including holding elections, a judiciary, a constitution, and a legislature, but the widespread and very improper use and abuse of these institutions is what signals authoritarianism (Svolik 2012). Linz (2000) notes that authoritarian regimes have limited pluralism and limited political participation or
mobilization. Authoritarian systems are also willing to use violence against opposition. Lastly, instead of exhibiting a dominating and pervasive ideology as in a totalitarian regime, authoritarian regimes feature mentalities or values (patriotism/nationalism, economic modernization, stability/order) as a source of legitimacy (Linz 2000). Without breaching into full totalitarian tendencies, authoritarian regimes remain quite repressive and controlling, not only of opponents but also the entire populace.

Thus, hybrid regimes, as the name implies, are amalgamations of the democratic and authoritarian features explained above. These features and definitions will be examined in detail in the coming literature review in chapter two. The combination of any of the above elements from democracy and authoritarianism can signal the presence of a hybrid regime. States may exhibit varying amounts and degrees of these features, and they may change over time. The freeness, fairness, inclusiveness, and meaningfulness of elections can help determine if a state is a full democracy or a hybrid regime (Diamond 2002). Ruling elites are cognizant of their sometimes-fragile status, and work to adjust their legitimacy when needed — shifting and altering the hybridity of their regime.

Hybrid regimes allow the ruling party/elites to permeate all branches of government. Elections may be manipulated and the state may suppress media, but opposition candidates still stand a chance at winning\(^1\) (Ekman 2009). Similarly, Ekman (2009) notes that the ruling party may control the legislative branch, but the opposition can still use the legislature as a platform. Any opposition must be skilled, mobilized, and unified for electoral success to occur in hybrid regimes (Diamond 2002). Often, the judiciary favors the ruling elites and has sporadic use of the

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\(^1\) This is evidenced by the opposition win in the National Assembly in Venezuela in December 2015.
rule of law (Ekman 2009). Lastly, the ruling hybrid regime typically needs to keep the public content, otherwise the discontent can turn into political change, as has occurred in Serbia in 2000 and Ukraine in 2004, among others (Ibid.). These examples show that while the degree of hybridization each system exhibits can vary, what is certain of hybrid regimes is this: they are becoming more prevalent and extensive around the world. With this increase in the quantity of hybrid regimes has not necessarily come an increase in research in Political Science.

For the most part the literature in Political Science has focused on democratization and transitions to or from democracy, with the assumption that all states are either moving forward into a democratic system, or falling behind and regressing to the ways authoritarianism. It is apparent, however, that more and more states are not making a transition to a full democracy, or are not falling fully into the pits of authoritarianism. These states rest in between two sorts of extremes, and often have long lifespans. Many scholars argue and international policy and aid assistance assume that in-flux states need just a few good elections to become democracies. But many strong and weak hybrid regimes have become seemingly permanent forms of government.

It would be worth studying, then, how and why states arrive and remain in the hybrid regime realm instead of transitioning to democracy or authoritarianism. Are there certain factors or variables that may lead a state to become and remain a hybrid regime? What are these variables that can influence the level of liberalness of regimes? Can these main factors serve as predictors for other states in transition or those that already exhibit these variables? We know how states can become democracies, but what leads to a retraction of liberalness? How are leaders able to legitimize and maintain their hybrid system? And, how does state involvement in the economy influence hybrid regimes? The literature on democratization does not adequately address these questions, especially as they pertain to trends towards hybridity.
Overall, I believe there are three main variables that can influence levels of democracy/hybridity or indicate the persistence of a hybrid regime (my dependent variable): the economic structures of the country (independent), elite actions (intervening) and subsequent treatment and activity of civil society (intervening). These will be outlined in detail below and in the coming chapters. This research is seeking to answer how these particular variables influence the entrenchment of hybrid regimes as stable political systems in Latin America.

With many states spending significant periods of time as systems that offer some democratic values and practices alongside repression and other authoritarian tendencies, it is important to understand how these systems function, arise, and endure. Large populations live in systems that are semi-repressive and deny certain rights to certain citizens. My research will add to the literature on democratization and hybridization by studying a few of these variables in-depth. Clearly, other variables influence levels of liberalness within states, but, especially for the region studied, I believe these three variables are the most significant and influential. With research that can identify how these factors can lead to stable hybrid regimes, political scientists can understand patterns and be better able to make predictions on the political trajectories of transitional states or hybrid regimes.

1. Case Selection and Methodology Overview

This study seeks to analyze the growing presence of hybrid regimes as outlined above in Latin America. For roughly the past decade, new leaders have emerged in Central and South America that have installed unique systems of government featuring mixes of democracy and authoritarianism. During the third wave of democratization, from the late 1970s through the 1980s, no democracy in Latin America permanently succumbed to a military coup, nor did any
democracy slide back into authoritarianism (Weyland 2013b). However, in 1998, a beacon of democracy in the region, Venezuela, elected a president promising to strengthen the economy, end political corruption, and bring the marginalized masses into power. Unfortunately, the opposite occurred. “Using plebiscitarian strategies to transform the country’s liberal institutional framework, concentrate power, and entrench himself, [Hugo] Chávez set about strangling democracy,” (Ibid.: 2). Weyland (2013b: 2) notes that the “Chávez phenomenon has had strong demonstration and contagion effects beyond Venezuela,” spreading to countries such as Bolivia, Ecuador, Nicaragua, Honduras, and Argentina, making this communicable phenomena even more important to study.

Even with Chávez’s death in March 2013, his successor Nicolás Maduro continues the Bolivarian hybrid regime. For the first time since the third wave struck Latin America’s shores, democracy is facing a real, sustained threat throughout the region. These new regimes are able to gain significant traction with electoral façades and rhetoric about helping the marginalized poor, claiming to have installed a new form of participatory democracy free from the corrupt neoliberalists (Weyland 2013b). What is different about these governments is that they do not see themselves as temporary placeholders like the military dictatorships of the past, nor do they promote an unappealing brand of authoritarianism like many of today’s non-democracies (Putin’s Russia, for instance).

These populist leaders with huge followings consider themselves the driving force of a prosperous future, entrenching their hybrid regimes’ stability for many years to come. “In a region that seemed to have finally escaped the leader-for-life phenomenon, new aspirants to lifetime leadership status have now emerged,” (Puddington 2012). Today’s regional strongmen speak of “popular” or “Bolivarian” democracies, typically relying on constitutional changes,
packed courts and congresses, and mass followings to “legitimately” install their versions of hybrid regimes (Velasco 2013; see also Weyland 2013b; Ekman 2009; and Diamond 2002). Leaders take pains to portray themselves as acting in democratic and constitutional ways, regardless of the results, since democracy is still considered by the population as the ideal form of government in the region (Ghitis 2012).

It is important, then, to study this particular region when so many states are taking on new and unique forms of government with an uncanny ability to spread their influence well beyond their borders. While these regimes are not totalitarian dictatorships, the hybridity factor means complete democratic values are not promoted or preserved, and increasingly these states are cracking down on those in opposition to their regimes. Sam Huntington (1991) argued the snowball effect was a factor leading to the third wave of democracy; the snowball is now rolling back in the other direction across Latin America, smothering states as it rolls.

This study takes a mixed methods approach, featuring some examination into a small-N study of countries in Central and South America, but also includes comparative case studies of four exemplary states — two that are prominent hybrid regimes and two that are strongly democratic. The N of 20 countries allows for trends and relationships to be examined among variables and states, and determined which four countries would be best for the case studies. The four case study countries were chosen based on results from various findings among the 20 states as detailed in chapter three. These states exhibited either the most democratic values or the least democratic values (via traits of hybrid regimes). The results in chapter three also found which states exhibited greater or lesser control over the economy, as determined by various indices. For the democratic case studies, I chose Costa Rica and Uruguay. For the hybrid regime case studies, Venezuela and Ecuador are used. The period of study will be mostly recent, since Chávez’s first
election win in 1998, but necessary historical events will be included as well. Chávez’s election is considered a turning point for democracy in the region (Weyland 2013b). As evidenced by the findings in chapter three, the case countries were exemplary in their regime type. The in-depth case study approach taken in chapters four and five will present a detailed account of the variables that lead to and continue to influence the perspective regime types.

The smaller N for part of this research allows us to examine relationships and find potential trends, similarities, and differences among cases within this region. However the N is small enough to get a good amount of data on each country/case. The states in this study share a number of languages, cultural ties, colonial pasts, and paths to independence — all Spanish except for Portuguese in Brazil. This allows for many cases to be studied, with a method of Most Similar Systems. “Holding constant some of the major factors that affect prospects for democracy because these cases share some common features reduces the normal disadvantages of a medium-sized N (too many variables and too few cases) compared to a larger one,” (Mainwaring 1999: 4). This method allows the analysis of concomitant variations, “contrasting cases where the phenomena in which one is interested are present with cases where they are absent...by contrasting positive and negative instances which otherwise are as similar as possible” (Skocpol 1976: 177). The common features among cases should hold constant and allow for any significant differences to be attributed to other variables. Costa Rica and Uruguay are used as my “absent” cases, and Venezuela and Ecuador examine the existence of the phenomena (hybridity).

Mainwaring (1999: 5) suggests that Latin America as a region is unique with distinct “regional dynamics and strong influences from one country to the next.” For this reason, a regional study is worthwhile to examine the trends among states in an area that has a unique
influence on other proximal states. Table 1.1 displays which countries are included in this study.

In South America, French Guiana is excluded since it is a region of France. Cuba is excluded despite its Spanish history, as it is a completely authoritarian island state — the purpose of this study is to examine hybrid regimes and democracies, and including Cuba would skew every potential finding. Brazil is included even though its language and colonial heritage is Portuguese, due to a shared cultural background and influence in the region. In Central America, Belize is excluded due to its British colonizion, late independence (1981), and because it is still a part of the British Commonwealth. The Caribbean island states are excluded for these reasons as well.

Methodology is further explained in chapter three.

Table 1.1: List of countries examined in this study

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While the Dominican Republic is an island state in the Caribbean, it does have a 200+ year history with its Spanish founders, before being ceded to France and invaded by Haiti from 1795 until independence in 1844. The official language is Spanish. It is also a primary trading partner in the region, especially with the creation of the 2009 Central America Free Trade Agreement-Dominican Republic (CAFTA-DR) (trade between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, and the United States).
The variables examined in this study as influences on the creation and entrenchment of hybrid regimes include:

A) Economic structures, including but not limited to:

(Independent)

a. Government control over and management of private and public industries (nationalization v privatization);

b. The potential resource curse (including tax sources, or lack thereof);

c. Economic development as indicated by neoliberal policy commitments (or lack thereof, especially diversification of exports).

B) Elite actions:

(Intervening)

a. To obtain or maintain power;

b. Constitutional crafting (and recrafting, as needed);

c. Party and/or election politics that either favor or disfavor democracy, including allegiance to Chávez’s “Bolivarian Revolution” principles;

C) Lastly, civil society:

(Intervening)

a. The ability/inability for groups and the opposition to associate and organize;

b. Freedoms of expression: media and citizen repression, access to information, state control over the media/internet/dissemination of information, etc.

While there are more than just these three sets of variables that can determine if a regime will or will not “go hybrid,” for the scale of this study these are the variables that will be principally examined. I believe, and previous scholarship supports, that these are major
influences on levels of liberalness in hybrid regimes and determining if a regime becomes and remains hybrid. Specifically, I argue that the presence of a resource curse (and lack of a diverse tax base), extreme nationalization of an extractive industry, and lack of diversification of exports significantly contribute to levels of hybridity within Latin America. These economic features pave the way for subsequent elite actions to solidify the regime, including constitutional and legal changes that inhibit and repress any opposition. These factors combined help to entrench hybrid regimes. The in-depth case studies in chapters four and five will support these assumptions.

Sources used to determine the case studies and examine these variables, in particular for chapter three, include data sets and reports from various agencies and non-governmental organizations. The project relies on Freedom House, the Economist Intelligence Unit’s Democracy Index, Civicus, Polity IV Project, GINI Index, Reporters Without Borders, the Human Development Index, the World Bank and International Monetary Fund databases, Unified Democracy Scores, Transparency International (Corruption Perceptions Index), the Heritage Foundation (Economic Freedom Index), Cato Institute (Economic Freedom of the World Index), among others.

Other scholars have utilized these sources for their research as well. Using both the Freedom in the World from Freedom House and the Economist Intelligence Unit’s Democracy Index, Ekman (2009: 10-11) categorized in descending order Venezuela, Colombia, Ecuador, Guatemala, Nicaragua, Paraguay, Bolivia, and Honduras as hybrid regimes (data from 2007). Weyland (2013b) notes that Venezuela, Bolivia, Ecuador, and Nicaragua have all taken actions to become strong hybrid regimes, with Honduras and Argentina making their own semi-successful attempts. The strongest democracies, Weyland (2013b) argues, are Costa Rica and
Uruguay, with Chile, Mexico, and even Colombia becoming stronger democracies. Using the many indicators and findings listed above, this project’s results are indeed similar.

2. Introduction to the Case Study Countries

*Strong Hybrid Regimes*

Initial findings and preliminary research indicated Venezuela and Ecuador are examples of hybrid regimes in Latin America today. While Venezuela was easily “the winner” as the least democratic state in the region, choosing the second case study proved difficult. There are several states in Latin America that have a tendency to mix authoritarian and democratic elements, including Honduras, Nicaragua, Ecuador, Bolivia, Guatemala, Paraguay, and Colombia. These states could be considered weaker hybrid regimes and will be examined in chapter three. However, I perceived the scores from Freedom House (both Freedom in the World and Freedom of the Press), the Corruption Perceptions Index, Reporters Without Borders, the Economist Intelligence Unit Democracy Index, Civicus, and the Unified Democracy Score as the strongest measurements and indicators for democracy, and the scores on economic freedoms from the Cato Institute and the Heritage Foundation, as well as my own composite indices (see chapter three), and I determined that of the other regional hybrid regimes, Ecuador presents the most compelling case of hybrid government next to Venezuela.

**Venezuela**

Spearheading the recent shift into hybridity was Hugo Chávez, elected President of Venezuela for the first time in 1998. Crafting a unique regime based on populism, Bolivarianism (or *Chavismo* within Venezuela) vowed to return power to the impoverished masses from the
hands of the oligarchs using what appeared to be fully democratic means (Prince 2009). Chávez, and now his successor Nicolás Maduro, hope for a “socialism of the 21st century,” spreading Bolivarianism across Latin America (Ponce n.d.). Venezuela’s neighbors have not been ignorant of Chávez’s political success; many states have followed in his footsteps in crafting changes democratically (at least *prima facie*) to further entrench themselves in power.

Once considered a beacon of democracy in Latin America, Venezuela began to experience elite entrenchment and growing corruption during worsening economic times in the late 1980s and early 1990s. Hugo Chávez himself helped orchestrate a failed coup against President Carlos Andrés Pérez. When election time rolled around in 1998, Chávez promised social and economic reforms for the marginalized masses, winning with 56.2% of the vote (Wilpert 2007; Cannon 2009). Chávez’s efforts to create a Bolivarian hybrid regime during his tenure until his death in 2013 included reengineering the electoral system, changing the bicameral congress to a unicameral National Assembly (which his party controlled), rewriting the constitution (along with many subsequent amendments), ruling for significant periods of time by decree, and installing supportive judges to the bench, among other changes (Weyland 2013b). “The core of Chávez’s method is to use plebiscitarian mass support in order to transform established institutions, dismantle checks and balances, concentrate power in the hands of the president, and promote immediate reelection,” (Ibid.: n.p.). The system has the appearance of control by the masses via electoral and participative democracy.

Along with institutional changes, Presidents Chávez and Maduro have become enemy number one to civil society and freedom of expression rights. Second only behind Cuba in the western hemisphere, Venezuela ranks “Not Free” (score of 81, out of 100) for press freedoms (“Venezuela: Freedom of the Press” 2015). For Freedom in the World, Venezuela is ranked as
“Partly Free,” with a score of 5 (out of 7, 7 is Not Free) ("Venezuela: Freedom in the World” 2015). The Chávez government famously shut down opposition news channel RCTV in 2006/2007, inciting large-scale protests sometimes met with violent police action ("Chavez to shut down opposition TV” 2006). In the aftermath of the 2004 recall referendum against Chávez, the president utilized the “Tascón List,” a compilation of signatories for the referendum petition to recall Chávez. Government agencies and private employers used the Tascón List to discriminate against Chávez opponents, including by denying business contracts and firing employees ("Political Discrimination” 2008). More recently, the Venezuelan National Guard beat and detained opposition supporters after the Maduro-Capriles election results ("Venezuela crackdown deemed worst in years” 2013).

Other measures for Venezuela’s level of democracy include Transparency International, which gave Venezuela a score of 20/100 for the Corruption Perceptions Index ("2013 Corruption Perceptions Index” 2013). The Economist Intelligence Unit in 2012 gave a score of 5.15 for its Democracy Index, almost exactly in the middle of their scale (0-10, 10 being most democratic) ("Democracy Index 2012”). Polity IV Project gave Venezuela a -3 on a -10 (nondemocratic) to +10 (democratic) scale in 2012 ("Polity IV Project” 2012). Civicus’ Enabling Environment Index, measuring the environment for civil society, gave Venezuela (.43) (scale 0-1, 1 being least repressive) in 2013 ("EII Index” 2013). Lastly, the Unified Democracy Score, an index of ten measures of democracy, gave Venezuela a score of (.306) in 2008, the most recent year of study. The Unified Democracy Score range is unending, but the lower the score, the worse the democracy. For comparison, the United States is (1.58) and Cuba is (-.97) (Melton, Meserve, and Pemstein 2011). Economically, Venezuela scored a 36.3 on a scale of 0-100 (100 being most free) for the Heritage Foundation Index of Economic Freedom ("2014 Index of Economic
Freedom” 2014). The Cato Institute Index of Economic Freedom in the World gave Venezuela a 3.93 on a 10-point scale (10 being most free) (“Country Data Tables” 2013). These measurements will be compared to other Latin American countries in chapter three.

Based on these preliminary peer-reviewed and reputable data from various nongovernmental organizations (NGOs), Venezuela stands out as the most hybrid regime in Latin America and of the cases this project is studying. The scholarly community has been following Venezuela’s leftward and wayward shift since the early 2000s, providing a wealth of information for the in-depth case study on this country in chapter five. While Hugo Chávez no longer controls his Bolivarian regime, current President Nicolás Maduro has thus far kept Venezuela on the same trajectory. However, Maduro’s narrow electoral victory of only 235,000 votes (1.59%) over challenger Henrique Capriles after Chávez’s death in 2013 seems to indicate a growing opposition to the entrenched regime, which may or may not influence governmental actions to remain in power (“Maduro’s pyrrhic victory” 2013).

Ecuador

Up until quite recently, Ecuador has endured a history of political instability, with military regimes supplanting democratically elected governments on many occasions, or even popular protests driving presidents from office (as recently as 2005). In 2006, Rafael Correa created the Alianza PAIS (Patria Altiva y Soberana; Proud and Serving Fatherland Alliance), a party that promotes regional integration, economic relief for Ecuador’s poor, and the famous 21st century Socialism (“President Rafael Correa discusses” 2009). This change from the norm led Correa to win the presidency in 2006 with 57% of the vote (Hedgecoe 2006). Upon entering office he immediately began consolidating power. Correa eliminated legal barriers to holding
constitutional referenda, ousted members of the Constitutional Court, won by referendum the creation of a new constituent assembly in 2007 (in which his party won 80 of 130 seats), and won by referendum a new constitution in 2008 with 64% approval (“Ecuador: Freedom in the World” 2013).

While the 2008 constitution granted new rights to women, the indigenous, and disabled persons, it also created a new branch of government called the Transparency and Social Control Council, and also expanded executive powers by allowing presidents to serve two consecutive four-year terms and granting the line-item veto power (Ibid.). Under the new constitution, Correa was elected president in 2009 (restarting his term limits), with PAIS winning 59 of 124 seats (Ibid.). After attempting to reform salary and benefits packages to public workers, members of the police and military staged a rebellion, forcing Correa into hiding for one day in a hospital in September 2010. The “coup,” as labeled by Correa, quickly ended, but the event led the president to institute even more antidemocratic changes (Miller Llana 2010).

Correa charged Ecuador’s leading newspaper El Universo with defamation regarding statements the paper made about Correa’s actions during the 2010 police skirmish, resulting in the defendants’ imprisonment (“El Universo verdict” 2012). Further constriction of democracy occurred in 2011 with a series of approved referenda, including the creation of a judicial council that could hire and fire judges and prosecutors at will and the creation of a regulatory council to monitor content in broadcast and print media (Becker 2011). Prior to his 2013 reelection win, Correa used his line-item veto power to make revisions to the seat-allocation formula for parliament that appeared to benefit the larger ruling party, in addition to restricting media coverage of candidates during the campaign season (“Ecuador: Freedom in the World” 2013). Correa is able to maintain his popular support through various social programs and support for
the poor, funded by the state’s oil wealth (Neuman 2013). In Ecuador, national oil companies account for 73% of total production, state-owned companies of Petroecuador and Petroamazonas manage all aspects of the oil industry (“Ecuador: Overview” 2014; “Ecuador: Revenue Watch Institute” n.d.). The extractive industries account for 58% of exports and 20% of GDP in 2011 (“Ecuador: Revenue Watch Institute” n.d.).

The media in Ecuador is “firmly in the hands of the traditional oligarchy and is solidly opposed to the current government” (Becker 2011). Thus Correa continually uses his “public service” broadcasts to castigate opponents and discredit journalists, and journalists are frequently jailed or harassed (“Ecuador: Freedom in the World” 2015). Self-censorship has grown after Correa warned that offensive remarks from the media could constitute criminality. A broad definition of sabotage and terrorism has been used as a means to threaten or charge any protestors (Ibid.). While there remains opposition to Correa’s government, mainly from the old oligarchic order and indigenous groups (whose property rights are trampled in the oil-rich Amazon), the opposition remains fragmented and unable to organize a coalition (Becker 2011).

Freedom House’s Freedom in the World score for Ecuador is 3, which is considered “Partly Free” (“Ecuador: Freedom in the World” 2015). Their Freedom of the Press score is considered “Not Free” at 64 (100 being the least free). Transparency International’s Corruption Perceptions Index score is 35 (100 being least corrupt) (“2013 Corruption Perceptions Index” 2013). The Economist Intelligence Unit rated Ecuador at 5.78 (10 is best democracy) for the Democracy Index Overall Score (“Democracy Index 2012” 2012). For the Polity IV Project, Ecuador earned a score of 5, lowest in the region behind only Venezuela (“Polity IV Project” 2012). The Civicus Enabling Environment Index assigned (.48) to Ecuador, with scores closer to one being least repressive of civil society (“EII Index” 2013). Lastly, the Unified Democracy Index...
Score for Ecuador is (.458), on par with the other hybrid regimes of the area (Melton, Meserve, and Pemstein 2011). Economically, the Heritage Foundation Index of Economic Freedom score is 48, with 100 being most free (“2014 Index of Economic Freedom” 2014). The Cato Institute Index of Economic Freedom in the World gave Ecuador a 5.85 on a 10-point scale (10 being most free) (“Country Data Tables” 2013). These scores indicate significant democratic abatement for rights of citizens and a less than desirable environment for economic freedoms.

**Strong Democracies**

Initial findings and preliminary research indicated Costa Rica and Uruguay are examples of strong democracies in Latin America today. Chile deserves an honorable mention, earning scores very near those of Costa Rica and Uruguay on the indicators examined.

**Costa Rica**

As the longest living democracy in Latin America, Costa Rica is known for its political stability and high standard of living (“Thriller for Chinchilla” 2010). While there is still a 20% poverty rate (lower than most Latin American countries), the expanded government spending on social benefits since the 1970s has achieved universal healthcare, education, access to clean water, sanitation, and electricity (at a cost of 20% annual GDP) (“Costa Rica” 2013). A president resides for a single four-year term with two vice-presidents, with the most recent elections occurring in February 2014. A multi-party system (with three main parties) exists, and 57 members are elected to a unicameral Legislative Assembly every four years by direct popular vote. 22 members of the Supreme Court of Justice are elected by the Legislative Assembly for renewable 8-year terms. Costa Rica has a pluralistic civil society, consisting principally of
workers’ groups (Ibid.). These basic institutional features have been in place since the constitution of 1949 (amended most recently 2005), serving to create the stable democracy we see today.

Oscar Arias, president until 2010 (and previously from 1986-1990), secured approval to join the Central America Free Trade Agreement-Dominican Republic (CAFTA-DR) (trade between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, and the United States). This required the state to dismantle monopolies, and state spending on schools, pensions, and healthcare increased (“Thriller for Chinchilla” 2010). The economic outlook in Costa Rica is good; it stands as the second strongest in Central America (behind Panama). However, after the global recession public debt grew to about 52%, proving difficult to pay with such a large social benefit system and personal income tax revenue of only 15% of GDP (“Costa Rica” 2013; “Thriller for Chinchilla” 2010). The threat of growing violence due to the drug trade and accusations of corruption of several ministers may also challenge stability in the near future.

Freedom House’s Freedom in the World score for Costa Rica is 1, which is considered “Free” (“Costa Rica: Freedom in the World” 2015). Their Freedom of the Press score is also considered “Free” at 17 (100 being the least free). Transparency International’s Corruption Perceptions Index score is 53 (100 being least corrupt) (“2013 Corruption Perceptions Index” 2013). The Economist Intelligence Unit rated Costa Rica at 8.1 (10 is best democracy) for the Democracy Index Overall Score (“Democracy Index 2012” 2012). For the Polity IV Project, Costa Rica earned the highest possible score of 10 as a complete democracy (“Polity IV Project” 2012). The Civicus Enabling Environment Index assigned (.66) to Costa Rica, with scores closer to one being least repressive of civil society (“EII Index” 2013). Lastly, the Unified Democracy
Score for Costa Rica is 1.18, second best in the region behind Uruguay (Melton, Meserve, and Pemstein 2011). Economically, the Heritage Foundation Index of Economic Freedom score is 66.9, with 100 being most free (“2014 Index of Economic Freedom” 2014). The Cato Institute Index of Economic Freedom in the World gave Costa Rica a 7.11 on a 10-point scale (10 being most free) (“Country Data Tables” 2013). These many positive scores from various institutions highlight the strength of democracy in Costa Rica.

Overall, Costa Rica is considered to hold free and fair elections and feature a media free from state interference. Persons cannot be jailed for defamation, associations are recognized by the constitution and are allowed to protest (usually labor unions) without much police interference (“Costa Rica Freedom in the World” 2015). Since 1949, the social programs, shifts towards neoliberal policies, and economic advancements of Costa Rica have created higher standards of living and a good-sized middle class (Ordóñez et al. 2009). Costa Rica is historically said to boast a political culture of compromise, and have strong faith in the legitimacy of state institutions, which Dabene (1988: 12) calls a self-fulfilling prophecy. While this may be waver in recent elections as citizens feel the parties have become more alienating, Costa Rica is considered one of the strongest and safest democracies in not only Latin America, but in the world (Armstrong 2013).

**Uruguay**

With a population of over three million people, Uruguay is a small democracy in South America. A president and vice-president are elected by popular vote on the same ticket for one five-year term, most recently in 2009. A bicameral General Assembly features a 30-member Senate and a 99-seat Chamber of Representatives, both elected by popular vote for five-year
terms (“Uruguay” 2013). There are many parties, including one grand coalition of parties known as the Broad Front (Frente Amplio, FA), that allow for party pluralism in Uruguay. There are many interest groups that are active as well, including unions for manufacturers, ranchers, labor groups, and women’s groups (Ibid.). An export-oriented agricultural sector leads the economy, which features positive GDP growth, even during the worldwide recession. Uruguay engages in high social spending, resulting in a highly educated workforce and a moderate GINI index of 45.3 (“Uruguay” 2013; “GINI Index” 2013). Nearly 17% of the population is below poverty line, and public debt is at 59% with tax revenue at 29% (“Uruguay” 2013). These institutional frameworks have helped to solidify Uruguay’s democracy.

Uruguay experienced over half a century of political stability until 1973 when economic troubles and a military insurgency lead to a 12-year-long military regime (that repressed political opponents). The strong two-party system that remained during this time, a strong political culture that favored democracy, an active sphere of organizations, and continued economic troubles eventually shattered the military’s grip on government (Mettenheim and Malloy 1998). The armed forces announced a plan for return to civilian rule in 1984, which paved the way for economic reforms and democratic re-consolidation (“Uruguay: Freedom in the World” 2013). The early 2000s saw the transition of political parties, in which a president from the Broad Front (FA) was elected. Various presidents from the FA introduced the personal income tax, and reduced poverty and the unemployment rate while targeting inflation rates (Ibid.). While economically the country is strong, homicide and crime rates have increased in recent years due to the drug trade, forcing leaders to increase police presence in susceptible areas.

Uruguay is known for its respect of free expression and an independent media. Rights to associate and assemble are held in high regard, with many civic organizations flourishing as
powerful political actors, particularly unions and those for women’s rights (“Uruguay: Freedom in the World” 2013). Uruguay also allows gay marriage and is the second country (after Cuba) to legalize abortions (Ibid.). Education and social welfare programs have been at the forefront of policymaking since the 1985 transition back to democracy, and these programs have indeed paid off (Fox 2013). The Human Development Index score continues to climb (.792 in 2013, the closer to one the better), and both years spent in school as well as life expectancy are among the highest in Latin America (“Human Development Report” 2013).

Freedom House’s Freedom in the World score for Uruguay is 1, labeled as “Free” (“Uruguay: Freedom in the World” 2015). The Freedom of the Press score is 24, also considered “Free.” Transparency International’s Corruption Perceptions Index score is 73 (100 being least corrupt) (“2013 Corruption Perceptions Index” 2013). The Economist Intelligence Unit rated Uruguay at 8.17 (10 is best democracy) for the Democracy Index Overall Score (“Democracy Index 2012” 2012). For the Polity IV Project, Uruguay also earned the highest possible score of 10 as a complete democracy (“Polity IV Project” 2012). The Civicus Enabling Environment Index assigned (.73) to Uruguay, with scores closer to one being least repressive of civil society (“EII Index” 2013). Lastly, the Unified Democracy Score for Uruguay is 1.57, the best in the region (Melton, Meserve, and Pemstein 2011). Economically, the Heritage Foundation Index of Economic Freedom score is 69.3, with 100 being most free (“2014 Index of Economic Freedom” 2014). The Cato Institute Index of Economic Freedom in the World gave Uruguay a 7.35 on a 10-point scale (10 being most free) (“Country Data Tables” 2013). Overall, based on these major positive scores, various institutions indicate Uruguay as the strongest democracy in Latin America. These two cases will be role models for democracy in chapter four, serving to present the differences among democracies and hybrid regimes in Latin America.
3. Hypotheses

*The primary hypotheses include:*

**PH1:** The greater the state influence/control on economic structures (greater control over commodities and/or presence of resource curse), the more likely the state will be a stable hybrid regime.

**PH2:** Related, the greater the state influence/control on economic structures, the greater the chance that opponents’ rights will be repressed.

*Other significant hypotheses examined include:*

**H1:** Extensive government control over, management of, and/or misuse of public and private industries and funds, particularly of the main commodity, will reduce economic freedoms and increase the chance of a hybrid regime forming and enduring.

**H2:** The presence of the resource curse (or a potential resource curse) increases the chance for a hybrid regime to form and be sustained.

**H3:** High levels of political and/or economic corruption are more likely to be present in and help sustain hybrid regimes.

**H4:** When civil society is free from official and unofficial constraints, there will be less chance for a hybrid regime to form or endure.

**H5:** Countries that have a more organized, active, and cohesive opposition (regarding both civil society and political parties) are less likely to be hybrid regimes.

**H6:** States that feature and uphold rights to freedom of expression and access to information will be less likely to be a hybrid regime.
**H7:** Elite manipulation of democratic values, institutions, and processes (whether “judiciously” or not) to obtain or maintain power is more likely to erode democracy and lead to hybrid regimes.

**4. Summary of Findings**

As hypothesized, regimes are more likely to entrench as hybrid if there is greater state influence on economic structures, particularly regarding undiversified tax sources, nationalization of key industries, and lack of diversification of export sectors. Tied with this is the theory of the resource curse, with the state relying on one primary commodity as a source of revenue, not requiring significant taxation on citizens. No taxation results in no representation, and even downright repression of those who oppose the regime. The lack of diversification of exports is not necessarily significant until commodity prices bust and there are no other sources of income for the state to collect revenue from (“Dutch disease”).

The resource curse and its subsequent effects have made Venezuela and Ecuador uniquely able to proffer a great system of government for those loyal to the regime. For opponents, standard freedom of expression rights are curtailed legally via constitutional and legal recrafting. The regimes become entrenched as hybrid when elites have successfully manipulated the legal framework in the country, especially regarding executive powers and control of expression rights. Supporters of the regime (primarily the masses) view these actions as acceptable and even warranted, particularly because standards of living have increased as a result of resource windfalls. Thus democracy is allowed to decay in favor of greater economic benefits and increases in supporters’ political participation (whether perceived or real).
What we see occurring in Costa Rica and Uruguay is the opposite. These states have more diverse economies, greater privatization, and tax structures that bring in revenue from a variety of sources. We see no attempt at altering constitutions to favor expanding executive powers or install supporters in all branches of government. These governments do not rely on rents or clientelism to buy stability — they are forced to be accountable to their citizens. There is no acquiescence of rights curtailments (in fact there are avid movements against it). As indicated in chapter three, levels of democracy positively correlate with levels of economic freedom — these findings are supported through research conducted on these four case studies. It appears the resource curse examined in chapter five is extremely enabling for hybrid regime entrenchment; the effects of which are deplorable for members of the opposition and democracy in general. Latin America is facing a unique challenge to overcome these hybrid regimes, and these systems could remain in place for many years to come.

5. Chapter Outline

Chapter 2 will discuss previous literature pertaining to the relevant topics and concepts necessary for this research.

Chapter 3 will explain the findings regarding the variables as they pertain to the countries of Central and South America. These results can highlight regional trends and relationships. These findings also helped determine the cases in the succeeding chapters.

Chapter 4 will be an in-depth case study on two cases, Costa Rica and Uruguay, that most represent non-hybrid regimes based on the variables and findings from the preceding chapter.
Chapter 5 will be an in-depth case study on two cases, Venezuela and Ecuador, that most exemplify hybrid regimes based on the variables and findings from chapter three.

Chapter 6 will finalize this research with overall findings, conclusions, implications for the region, and suggestions for future research.
CHAPTER TWO: LITERATURE REVIEW

1. Introduction

Scholarly literature has thoroughly examined and analyzed the topic of democratization. However, the plentiful research on democratization and economic development has yet to formulate a complete counterpart in the emerging field regarding hybrid regimes. Diamond (2002) asserts that hybrid regimes are those that combine democratic and authoritarian elements. Defining what particular elements becomes tricky, making the identification of hybrid regimes often difficult. Hybrid regimes have been related to the literature on democratization when discussed as a transitory phase on the linear authoritarian to democracy scale. What the democratization literature has somewhat failed to appreciate is that hybrid regimes are not stepping stones on a path to democracy — hybrid regimes have shown to be a viable and stable alternative to democracy, becoming increasingly more popular around the world. This means the literature on democratization needs amending and reevaluation, as this research, as well as that from other scholars, indicates the regime path is not linear or dichotomous.

Gaps in the literature and research goals

After reviewing the literature currently available on these topics, my research should help fill in the gaps, particularly regarding hybrid regimes and their ability to use repression and resource wealth to become entrenched. The project aims to understand how certain factors influence the stagnation or regression of regime transitions to democracy in Latin America, since these systems appear to be viable and enduring non-democratic alternatives. Democratization literature only briefly discusses how regimes may stall or slow their transition to democracy, but it always assumes that the states will eventually fully make it to the democracy finish line. It is
primarily dichotomous and unfriendly when researching newer regime types that have emerged in recent decades. The literature mostly dismisses arguments that suggest a state may successfully and willingly remain in the realm between authoritarianism and democracy. My research challenges that assumption, arguing that there is indeed a great chance that states intentionally shy away from democracy.

It is also necessary to understand how rights are repressed by the state to further entrench regimes, much to the benefit of elites. The repression of rights is often studied in the literature on authoritarianism, but it is possible to have only certain rights repressed, for certain groups for certain time frames — a key feature of hybrid regimes the literature fails to fully account for. This work also hopes to add to the research on state control of the economy and how this control can be used to fortify hybrid regimes. Far more is written on development and the state’s involvement in industries during development phases than is written on the political use of purposeful commodity-grabbing in regimes. Thus this research may add more credence to the literature on the resource curse. While the resource curse has been studied fairly extensively, it is mostly referred to in authoritarian systems, not hybrid systems.

With these regimes becoming more prominent around the globe and further entrenched where they do take hold, it becomes important to study them to identify variables that make hybrid regimes a possibility for transitioning or troubled systems. A primary goal of this work is to highlight the dangerous potentialities for states that stifle expression, allow for extreme executive authority, or misuse resource wealth — the systems that can arise could bring about long-term, undesirable consequences. This work hopes to advance the literature by researching the effect of civil society on hybrid regime entrenchment, including the extent that opposition rights are repressed in hybrid regimes. I realize many variables can influence hybrid regime
entrenchment. But, overall, this work seeks to strengthen the discussion on hybrid regimes and their entrenchment, highlighting how important the variables of economic control and rights repression are to this process.

**Chapter plan**

To conduct this research and literature review, the project will proceed with several assumptions regarding the variables with the operating hypothesis that the greater the state influence on economic structures (greater control over commodities and/or presence of resource curse), the more likely the state will be a stable hybrid regime, in turn increasing the likelihood that opponents’ rights will be repressed to ensure the regime endures. After completing the literature review, there is a series of hypotheses at the end of this chapter to guide the research in the remainder of the dissertation.

To begin, we examine authoritarianism, democracy, and hybrid regimes to understand how the field has defined and operationalized each regime type. Next, we look into specific components of democracy and democratization, including civil society, the middle class (as opposition), and mobilization of society. This deeper review into these particular components attempts to further clarify what is required for a system to be considered a hybrid regime or a democracy, since the lines are quite blurred. Shifting gears to reviewing literature on economic structures, this chapter looks into state control of commodities and industries in democracies and hybrid regimes. The economic component goes hand-in-hand with the analysis on rights, not only for this research’s particular hypotheses but for an understanding of how hybrid regimes entrench themselves via economic means.
Next, state involvement in the overall economy and in ushering in a resource curse is examined. Lastly, to bring full circle the research on economic involvement and rights repression in entrenching the hybrid regime, we review literature on elite interests and actions. Within this topic, the chapter examines how intentional constitutional recrafting, corruption, and designing a personality cult are utilized to entrench the hybrid regimes. Thus, this chapter will have reviewed the perversions on democratic rights (in particular freedom of expression rights), the control by the state of key industries to create economic curses, and intentional elite manipulations of the democratic processes that have become primary tools for entrenching hybrid regimes. While not all components of hybrid regimes are examined below, the primary variables influential in this region are studied in this literature review and the subsequent chapters. The project will use Costa Rica and Uruguay to demonstrate how the absence of a resource curse and related economic variables leads to greater levels of democracy (see chapter four). I will use Venezuela and Ecuador as cases to exemplify how hybrid regimes exhibit differing levels of liberalness and hinder democratic developments, challenging traditional democratization literature since these cases do not conform to the tenets of democratization (see chapter five).

2. Definitions: Authoritarianism, Democracy, and Hybrid Regimes

Authoritarianism

As Ronald Wintrobe (2000: 7) notes, “one cannot really understand how democracy works if one does not understand its converse.” Authoritarian regimes can feature institutions typically thought of as democratic, such as elections, a judiciary, a constitution, and a legislature; but these are façades, and the extreme improper use of these institutions helps signal authoritarianism (Svolik 2012). Authoritarian leaders may even allow legislatures and political
parties to exist to appease certain segments of the population, since oftentimes the opposition can be quieted if they feel they have some influence over policy, however minor (Gandhi 2008).

It is important to keep in mind, however, that any seemingly “democratic” institutions (that is, institutions associated with and required by democracy and not authoritarianism) in place are just window-dressing, and that any real electoral competition does not exist (Ekman 2009). Forms of repression vary widely in both severity and use, but for authoritarian regimes, the principal restrictions are on the press, and the organization and associations of opposition parties. Governments must also heavily monitor the population and punish those who commit subversive acts (Wintrobe 2000).

A way to accumulate and maintain power in authoritarian regimes is to pay forms of rent to citizens and elites, particularly those who may become a political threat. Rents can outright pay citizens for their support or acquiescence, or can pay citizens to not support other opponents (Ibid.). For instance, Gandhi (2008) writes that dictators may be forced to pay rents not only to opposition members for their compliance, but to their allies as well to ensure continued support. These rents may also need to be paid to the populace at large in order to prevent a mass uprising against the regime; but also to make the population beholden to the regime, relying on the government for continued assistance (often in the form of providing food and/or medical care). Thus these autocratic leaders must typically use both repression (especially when the threat from the opposition is credible), as well as redistribution, making payments in various forms to its supporters (Wintrobe 2000). Leaders who do not acknowledge the need for these two components may risk collapsing the regime. The key here is that repression and cooptation are applied to all members of a society in some form or another, not just a selected oligarchy or
group of people/opponents. This is another great marker to establish primary differences in hybrid and fully authoritarian regimes.

Democracies

Considering these solid definitions of authoritarian regimes, the distinction must then be made that true, liberal, thick democracies promote and protect other liberties, including civil and political liberties, aside from just holding elections (Diamond 2008). Otherwise the “democracies” may in fact skew more authoritarian. By requiring a thick definition for democracy, the project makes measurement more difficult. However, as Coppedge and co-authors (2011) note, having many components as requirements for democracy does not mean that a state is not a democracy if one component is weak or still developing. There are shades of democracy, just as there are shades of hybridity and authoritarianism. But, if a country is severely lacking on many counts for democracy, or missing some components altogether, the regime would more likely be hybrid or even authoritarian.

As stated, a Schumpeterian definition of democracy will not be sufficient for this research’s purposes, as the simple requirement of holding elections can be fulfilled by both democratic and hybrid regimes. Thus this “fallacy of electoralism” warrants a broader description for democracy (Diamond 2008: 22; Karl 1995: 73). Extending beyond elections, Caryl (2014: n.p.) argues that democracies also feature institutions such as “an independent judiciary, relatively free media, and organized groups that reflect the varied needs and interests of community (that mysterious beast known as ‘civil society’).” To be strongly, truly democratic then, we employ Diamond’s (2008: 22) “thick” definition of democracy from The Spirit of Democracy. Diamond requires (my paraphrasing and trimming):
Free, fair, and frequent elections (evoking Dahl); freedoms of expression (including opinion, religion, assembly, speech, publication, demonstration, and others); freedoms for minorities to practice their religions and cultures while participating equally in political and social life; the right to vote and run for office, operating in a competitive and open electoral arena; real pluralism in independent information and organizations (civil society); legal equality and rule of law featuring a fair judiciary, due process, and freedom from torture; checks on power by other branches; and civilian control of security apparatus.

This extended definition helps to distinguish regimes and their shades of democracy, hybridity, and authoritarianism. It should also help make the lines of what lies between democracy and authoritarianism clearer as well; so that if a regime meets some democratic measures but also has authoritarian tendencies, it should fall into the hybrid realm, explained next. Having clear, workable delineations can make identification and classification easier for the purposes of this research. Chapter three attempts to measure these broad concepts empirically.

**The middle ground: hybrid regimes**

We can consider defining democracy and authoritarianism to be quite important for a number of reasons, for not only understanding and tracking regime progress but also to determine foreign aid given and potentialities for commerce (Coppedge et al. 2011). It is also necessary to define an emerging regime type that lies outside the realms of democracy and authoritarianism. Defined as combining democratic and authoritarian elements, hybrid regimes are growing increasingly more common, present in all corners of the globe today (Diamond
One can no longer simply label a state a “democracy” just because the regime holds elections or features a few other typically democratic elements. As noted, Schumpeter (1947) subscribed to this minimalist view of democracy, requiring political systems have principal governmental positions filled by a competitive struggle for the people’s vote — a view that may indeed label many states democratic. However, many of these minimalist/electoral democracies are in fact not often considered democracies, by casual observers and political scientists alike.

Levitsky and Way (2002) have argued that hybrid regimes (what they call competitive authoritarian regimes) follow three paths during their creation. One path is through a decay of a full-scale authoritarian regime into a system that is more open and democratic, however flawed (Tanzania). Another way is for one authoritarian regime to collapse, with a new electoral authoritarian regime taking its place (Russia). The last path is by a democracy decaying into a hybrid regime (as was the case in Venezuela and Ecuador), where freely elected governments undermine existing democratic institutions, often as a result of an economic crisis.

Larry Diamond (2002) offers the examples of Russia, Nigeria, and Venezuela (among others) as countries that do in fact hold elections; but most people do not label these states as democratic. In fact, Diamond (2008) suggests that these states allow multiparty elections with a strong opposition, including allowing some space for civil society. However, some individual and associational freedoms are increasingly suppressed, elections are fraudulent, and the arenas for political opposition and competition are constrained or even quelled by the incumbent authority (Ibid.). This is why Robert Dahl (1971) in his seminal work on polyarchies explains that more is needed in a democratic state than just elections: free, fair, frequent elections must be made possible and meaningful by freedoms of association, expression, and information.
Diamond, Linz, and Lipset (1988) argue that in hybrid regimes, civil and political liberties have been so limited that some political orientations, interests, or groups cannot organize or even express themselves without subsequent repression. A crucial distinction between electoral democracies and “electoral” authoritarian regimes involves “whether political violence is clearly and extensively organized by the state or ruling party as a means of punishing, terrorizing, and demoralizing [the] opposition” (Diamond 2002: 28). Thus, authoritarian regimes can certainly feature elections, but the limitations, abuse, or violence towards the opposition renders these regimes more authoritarian and weakens their electoral strength. Hybrid regimes fall in the middle of these extremes. This is why Larry Diamond (2008) argues that striving towards “thick” democracies is best for citizens, rather than “thin” electoral regimes, whether they are democratic, authoritarian, or somewhere in the middle. Again, Karl (1995: 73) warns of the “fallacy of electoralism,” when elections are mistakenly privileged over other democratic aspects in a system, especially since elections are not usually enough to fully protect or represent citizens adequately, as evidenced in the case studies later on in this research.

Thus, it is often difficult to distinguish sometimes between electoral democracies, hybrid regimes, and electoral authoritarian systems. An authoritarian regime is often defined by what a democracy is not, leading to many types of and names for authoritarianism. Levitsky and Way (2002: 53) discuss that regimes can hold elections, but the authoritarian incumbents “routinely abuse state resources, deny the opposition adequate media coverage, harass opposition candidates and their supporters, and in some cases…journalists, opposition politicians, and other government critics may be spied on, threatened, harassed, or arrested,…even assaulted or murdered.” These nondemocratic practices occur right alongside and within democratic
institutions. Thus, having some degree of openness and competitiveness in political processes is
a typical hallmark for identifying a hybrid regime from a pure authoritarian system.

Using a different term for hybrid regimes, Marina Ottaway (2003) discusses “semi-
authoritarian” regimes and their game-playing within institutions to maintain power. The
ultimate goal of these regimes is to prevent competition that might endanger their hold on power.
Officials will routinely:

… seek to prevent the emergence of competing political organizations, rather than
just to defeat them in elections; they do their best to control the flow of
information to the citizens, hoping to sway public opinion; they manipulate
institutions and constitutions to their own advantage with remarkable frequency
and thus undermine and distort them; and, in a growing number of cases, they
seek to maintain political stability over the long run not by allowing institutions to
consolidate but by manipulating the succession process in ways that are usually
associated with monarchies rather than republics. (Ottaway 2003: 138)

Thus, manipulation of government programs, public opinion, and democratic
mechanisms is common in hybrid regimes.\(^3\) It is necessary for leaders to control most aspects of
government, and beyond, in order to ensure the regime will survive. Measures taken are not
simply to defeat oppositional candidates in elections but to prevent them from running
effectively in the first place. Information flows are controlled and strategically managed to
ensure the public is unable to have an accurate picture of the situation at present. Levitsky and
Way (2002: 58-59) also argue that these regimes may be able to endure “as long as incumbents

\[^3\text{This ties into the literature on elite interests, which will be discussed later.}\]
avoid egregious (and well-publicized) rights abuses and do not cancel or openly steal elections...using bribery, co-optation, and various forms of ‘legal’ persecution, governments may limit opposition challenges without provoking massive protests or international repudiation.” So while institutions are manipulated more so than they are in democratic systems, hybrid regimes do not fully abuse institutions as authoritarians would.

Similarly, it is not a requirement for these hybrid leaders to be hated — Wintrobe (2000) describes how some leaders can be benevolent and actually liked by a significant portion of the population. This is often the case in hybrid regimes. This “cult of personality” charms citizens, typically the underserved masses that hybrid leaders appeal to for support, and in turn helps keep the leader in power (Gill 1984: 111). This is discussed in greater detail later.

Tighter and more manipulative controls extend beyond those employed in typical democracies, in “competitive authoritarian” hybrid regimes: regimes that are not overtly or fully authoritarian, but actively seek to control and influence democratic values present within countries (Levitsky and Way 2002). These methods often lead to weakened democratic practices within hybrid regimes. These methods can also work to entrench hybrid systems and keep leaders/parties in power through semi-democratic means. Again, many democratic institutions are present and even thrive, but some are selectively controlled and manipulated to such a degree that they can no longer be categorized as democratic.

Hybrid regimes that have greater institutionalization and more involvement in political parties and legislatures “are expected to show more respect for freedom of speech and the press along with workers’ rights” (Gandhi 2008: 118). However, riots or demonstrations may lead the government to curtail civil liberties in order to keep power in the regime’s hands (Ibid.). It is these kinds of about-face changes that can signal that a hybrid regime exists. The regimes may
offer some liberties and opportunities for growth and participation, all while being heavily monitored and controlled. But, when the threat becomes too real that political and often economic power may be in jeopardy, the state takes violent action. The assaults we see today on civil society, civil liberties, political pluralism, and the internet are occurring because of a decline in good governance — states intentionally attack these components of democracy to serve their personal ends (Diamond 2015). Hybrid regimes have become experts on regulating rights allowances and balancing rights with their agenda; it is a learned skill where regimes feed the masses a diet of propaganda to co-opt the public (Carothers 2015).

In general, it can be agreed that hybrid regimes feature democratic and authoritarian elements, with the democratic elements used as tools to enhance the legitimacy of the system (Weyland 2013). Hybrid leaders are usually brought about by legitimate, competitive elections — they just manage to stay in and use power differently than leaders in democracies (Velasco 2013). Again, elections exist and some political competition occurs in these systems as well, but opposition is carefully monitored, and if necessary, quashed (Ekman 2009). Even with these guidelines for distinguishing democratic, hybrid, and authoritarian regimes, accurately identifying systems can often prove challenging.

3. Democracy, Hybridity, and Rights

Civil society as a necessary component of democracy

The growth and mobilization of civil society in developing states “often plays a decisive role in bringing down authoritarian rule” (Diamond 2008: 91). Diamond describes civil society as:
…the realm of organized social life that is open, voluntary, self-generating, at least partially self-supporting, autonomous from the state, and bound by a legal order or set of shared rules. It is distinct from “society” in general in that it involves citizens acting collectively in a public sphere to express their interests, passions, preferences, and ideas, to exchange information, to achieve collective goals, to make demands on the state, to improve the structure and functioning of the state, and to hold state officials accountable…it excludes parochial society: individual and family life and inward-looking group activity (recreation, entertainment, religious worship, spirituality); and it excludes economic society: the profit-making enterprise of individual business firms…yet they may help generate cultural norms and patterns of engagement that spill over into the civic realm. (Diamond 1999: 221)

Defining civil society has proven difficult for scholars, who disagree on what can be included as civil society. However most can agree that civil society is understood as a mediator between citizens and the state, with clear autonomy from the state (Clark and Bensabat Kleinberg 2000). Taking an expansive view, civil society can include any of the following formal or informal organizations:

- commercial associations and networks;
- religious, ethnic, and other groups that defend collective rights;
- groups devoted to the production and broadcast of public knowledge, news, and information;
• interest groups such as businesses, trade unions, veterans, professional, and pensioners groups;
• groups that pool individual resources and talent to improve the quality of life in a community;
• groups that promote singular issues like environmental protection, land reform, consumer protection, rights of women, minorities/indigenous, and other victims of abuse (often times religious groups);
• groups that seek to improve the political system and make it more democratic — these can be groups focused on human rights, voter education and mobilization, exposing corrupt practices, etc. (Diamond 1999).

Civil society is seen as a necessary component in creating and maintaining strong democracies and developing economically. Developing states or states with weak democracies must have a prominent and effective civil society to push forward for democratic consolidation, making demands on the state and teaching citizens how to become participatory in their emerging democracy (Clark and Bensabat Kleinberg 2000). It is understood that there exists a positive correlation between economic development, civil society, and democratization (Ibid.). States that are more liberalized (economically and politically) have been those that feature strong civil societies, free from repression and state control. “Without a well-rooted civil society, private enterprise, human rights, democratic development and good governance cannot flourish” (Macdonald 1997: 14). Civil society must operate within as well as react to a state’s political and economic strategies, whether in the form of co-optation or coercion tactics, to ensure its stability and continuity (Clark and Bensabat Kleinberg 2000).
Organization and mobilization abilities of civil society and the opposition

Linz and Stepan (1996) note that ordinary citizens who are not part of organizations can be just as influential in challenging the state by protesting, heckling police, and expressing their opposition to either a policy or regime, and should also be considered part of civil society. Civil society must allow for the flow of information and ideas, which comes from an independent mass media and autonomous agencies such as universities, think tanks, theaters, and publishing houses (Diamond 1999). There need to be channels other than political parties available for citizens to gather information and articulate their interests (Grugel 2002). Even when authoritarianism resurges, civil society may still be able to function — these groups may be monitored, harassed, and subverted, but they nonetheless function, using overt or covert means (like an underground media) (Diamond 1999). However, often when civil society is not autonomous from the state or is heavily monitored by the state, particularly in hybrid systems, success of these groups is limited (thus so too is democratization) (Clark 2000). The mass media offers a way to investigate and expose government flaws, which may not lead to a regime change, but may influence civil society to mobilize against the state due to the presented information. However, associations and media can only fulfill their democracy-building roles if they are autonomous in their financing, operations, and legal standing (Diamond 1999).

Civil society often increases in activity when dictators are unable to fulfill their promises to the people and economic and/or political conditions in the country deteriorate even further (Diamond 2008). This process is cyclical — when times are rough, people protest the government’s inability to fulfill promises, and as a result the state represses more rights, which can then stoke even larger political fires, as evidenced not only in Venezuela but in other regions in the world too. In hybrid regimes, civil society can remain relatively quiet when leaders are not
taking too many liberties with expanding their power, but becomes more outspoken and active when leaders attempt to overstep their boundaries. So, economic downturns that result in unfulfilled promises, and political overreach that results in democratic deterioration, can both activate civil society and lead the state to take oppressive measures in response.

Associations and groups also have the collective strength for protests and labor strikes to hinder the hybrid authoritarian regime in place. Oftentimes, these protests or strikes destabilize regimes by exerting sustained pressure for rights and freedoms, until regimes finally lose strength (McFaul 2005). Usually, however, the results of these actions depend on the ability of civil society “to unite across competing political parties and disparate social classes into a broad front or movement,” meaning the movement needs to be large and united enough to affect the regime (Diamond 2008: 105). The more people that can get behind group leaders and support demands for rights or democracy, the greater the chance for the regime to feel the effects and be forced to act.

Another way to activate civil society in some cases is for social and political inequalities to be addressed by reserved quotas in political representation, employment, and education (Diamond 2008). This is particularly true for traditionally marginalized populations. By requiring the indigenous population or women to have certain representation in the government, they become more engaged and involved — this was also true in India, however mostly for those of the lower castes who were traditionally excluded from politics (Sridharan & Varshney 2001). These are people who were traditionally marginalized both politically and economically. More recently, they became more politically involved and increased their role in social movements, calling for equality and increased political representation (Philip & Panizza 2011). Often, in hybrid regimes and democracies, these calls cannot be ignored, or leaders may face extreme
opposition, even from their supporters. Leaders who can appeal to these marginalized segments of society have a better chance at entering and staying in office.

*Freedom of expression*

In order to draw the population into civil society groups, citizens must be able to receive information. Without free and available information, it is difficult to educate citizens on the malfeasances of the state. Having access to information also educates citizens on how to take action against the state. Thus, a necessary condition for any free society is a pluralist independent media with the freedom and autonomy to report. Sen (1985) explains the importance of being capable of making choices from options available — people need to have options and not be limited in their possible choices. Thus, if a state limits the amount or types of information available to its citizens, choices made may be inadequate, incomplete, or different from what they would be if complete information were available. If people are unable to consume information, they cannot then act upon the information in the form of involvement in civil society or political activity, such as for voting. Martha Nussbaum (2003) continues with Sen’s idea, arguing that certain capabilities should be supported by democracies, including freedoms of expression, affiliation, and participation in the political choices that are to govern one’s life.

Applying these ideas to the press, Larry Diamond (2008) notes that while the press is supposed to report on the misdeeds of the state, caution is needed to ensure there is credible evidence of the misdeeds so the media itself is not discredited. If the press can be trusted, and citizens have access to the press via newspapers, radio, TV, or the internet, then civil society has a greater chance of expanding if the informed citizens rise up to challenge the government. Sen (2003: 445) also notes, in the case of the famine in India, that when the news media reveals facts
that would be embarrassing to a government, the press and political opposition act as an “early warning system” and bring the population to demand change/action by the government. To Sen, democracy is not worth much without its ability to generate information. Robert Putnam (2003) famously argues for the associations and groups that engage citizens and offer a forum for airing grievances. These groups not only foster social capital, but they help create a stronger foundation for democracy and the protection of values and rights (Ibid.: 157).

Hybrid regimes are notorious for overtly and covertly hindering expression rights. Often countries may impose stricter standards for voting in an attempt to keep a specific group from poll access (Ottaway 2003). Authoritarian leaders will attempt to control the media and access to information. States will take over media outlets, determine legal content, prevent the opposition from utilizing the media for campaigning, arrest editors/reporters, and close down independent channels that do not comply with regime-sponsored laws on media (Ibid.). Controlling information is a key trademark in both hybrid and authoritarian regimes. But, as Wintrobe (2000) notes, leaders who are so repressive so that the opposition (or supporters, for that matter) has nearly no voice can be caught unaware when protests or crises occur — because the leaders had no way of knowing how favored/unfavored they and their policies were. By silencing critics, authoritarian and hybrid leaders lose communication with citizens and may not know how unsatisfied the population is with the regime, until it is too late and chaos ensues.

**The classes and opposition involvement**

Civil society also flourishes as middle classes grow as a result of a developing economy: “Economic development, producing increased income, greater economic security, and widespread higher education, largely determines the form of the ‘class struggle’ by permitting
those in the lower strata to develop longer time perspectives and more complex...views of politics” (Lipset 1981: 60). Thus, as people become more economically secure and more educated (growing the middle class), gaining access to information becomes easier, making people more politically aware and inclined to participate in politics (Diamond 2008). People then form groups to create a civil society, which typically promotes democratic and post-materialist values (Inglehart 2008). However, it is important to note, poor economic conditions can be used by regime leaders to make physical and economic security more important to the masses than any democratic goals the people or civil society may have (Ottaway 2003).

Often, scholars debate which class of citizens is more likely to promote and revolt for democratic change. Andrews and Chapman (1995) suggest that the middle class is not inherently pro-democracy, but that the middle class’ strategic position as more educated and active participants between workers, employers, and the state leads them to promote democracy. Bejarano (2011: 40) concurs, adding that “it is their [the middle class’] function as social ‘hinges’ that drives the middle classes to build alliances in order to emerge as crucial actors on the social and political scene,…playing a critical role in the democratization process.” Oppositely, others argue that the middle class is indeed pro-democracy. The Pew Global Attitudes Project has consistently found that the middle class holds a more intense desire for democracy than lower classes do (“The Global” 2009). It is also telling that this same study found that the middle class is more likely to find freedoms of the press important to their country, whereas the poor more often responded that being free from hunger and poverty were of greater importance (Ibid.: 1-2).

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4 This is the modernization effect, as outlined by Inglehart (2008).
Larry Diamond (2008) notes that in ‘thick’ democracies, elections, suffrage, freedom of information, and civil rights, among others, are necessary for democratic success and survival. Democracies help ensure rights are afforded to all citizens, thus in regimes where rights are limited to certain segments of the population, certain classes may take action in calling for democracy. Hybrid regimes will often appeal to the lower classes as their basis for support while excluding the middle and upper classes. Thus it proceeds that in hybrid and authoritarian regimes that the middle class has more rights repressed than the lower classes. Since more rights have been repressed, the middle classes oppose the regime that had made them unequal in freedoms compared to those of the lower classes who overwhelmingly support the regime (Lupu 2010). Likewise, when a state controls a vastly greater share of economic opportunities, middle classes tend to retaliate and actively oppose the regime (Diamond 1992). Essentially, the middle classes can and do become influential actors on the political scene, pushing for democracy, especially when rights are taken away.

Evelyne Huber Stephens (1989) notes that the middle class can influence the strength of civil society and political articulation, often pushing for an opening up of the political system. In transitions, Huntington (1993: 67) found that in “virtually every country, the most active supporters of democratization” came from the middle classes. Huber, Rueschemeyer, and Stephens (1993) also confirm that middle classes cannot be ignored politically by the upper classes and/or those in power. Thus, an opposition via the middle class can have a great impact on the authoritarian or hybrid regimes in power. The middle classes, in Huber Stephens’ (1989) study of South America, had parties and movements that mobilized and exerted pressure on leaders for democracy. In many instances, elites were motivated to make political reforms due to the threat of labor mobilization (Ibid.). Wood (2000) finds this to be true as well, in her case
study of El Salvador and South Africa — elites will compromise and concede some power in order to maintain power, rather than risk losing it all entirely.

Additionally, Marina Ottaway (2003) notes that economic polarization, particularly between the impoverished masses and the very wealthy elites, can lead the masses to support non-democratic systems. If the masses are impoverished, and the potential for a leader comes along who will change the status quo, the masses will often promote whoever promised to change the old order and end elite corruption (Ibid.: 166). As expected, many elites and the middle classes respond by creating a fervent opposition to a change in the ancien régime. This alignment is typical in hybrid regimes, which primarily and historically appeal to the masses and can often lead to worsening conditions for the middle class and create further oppression, since they are traditionally the base for any opposition.

4. Democracy, Hybridity, and Economic Structures

*State control versus neoliberalism*

Neoliberalism, to be explained in greater detail alongside the case studies in chapters four and five, is an economic, political, and social strategy promoted by Western states and organizations (such as the World Bank, Organizations of American States, etc.). Latin America’s attempts at neoliberalism began in the 1980s with varied degrees of success. Among many other components, neoliberalism promotes standard capitalistic tendencies, including a “reduction of government expenditures, liberalization of trade and financial markets, privatization [of business/industry], and deregulation…partial or full privatization of social security” (Huber and Stephens 2012: 156). States were very involved with this process, offering subsidies and tax breaks to nontraditional industries (Booth *et al.* 2014). States would remove subsidies and price
controls, allowing prices to be determined by the market (Silva 2009). Also, diversification of the economy was necessary — states should not rely on one particular revenue source if they hope to experience stable, long-lasting growth (Winters, McCulloch, & McKay 2004). Of 85 countries studied over 30 years, Glyfason (2001) found only four resource-rich states experienced long-term growth, which was due to their successful diversification and industrialization.

Regarding privatization versus nationalization of resource industries, Jones Luong and Weinthal (2010) argue that the ownership structure in resource-rich states is more impactful on regime type than the presence of the primary resource itself. Ownership structure “shapes incentives for subsequent institution building” (Ibid.: 9). Testing resource-rich states in the 20th century, the authors find that authoritarianism and the resource curse exist when the state owns and manages the resource industry. States that have private companies (domestic, foreign, or both) owning and managing the industry tend to be more democratic.

While much of the world in recent decades has scaled back on government ownership of or involvement in key industries with the growth of neoliberalism and push for capitalism, a few states in Latin America have actually increased nationalization. It has been generally accepted that liberal, privatized economic systems tend to have greater development and economic advancement (“Privatization: The Global…” 1996). Privatization has become the norm. Additionally, market liberalization of Latin America during the 1980s involved “privatizing state-owned companies;…deregulating the trade, investment, and financial sectors; replacing tariff barriers with a sales tax; and dismantling various forms of price controls…” (Isbester 2011c: 46). So, nationalization is a key tool for leaders looking for control (either for altruistic or

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5 Botswana, Indonesia, Malaysia, and Thailand
nefarious purposes), but the economies eventually stagnate and are unable to adapt to changes within and outside the country (“Privatization: The Global…” 1996).

Privatization, it is argued, improves economic performance, depoliticizes economic decisions, generates public revenue through sale receipts, reduces public expenditures, and promotes capitalism (Hanke 1987). For privatization, the shareholders have interests in profit to be made for a selective few (Rosa and Perard 2008). At the forefront of this argument is Adam Smith, thinking the state and the economy too “inconsistent” to be merged together (Smith 1937 [1776]: 771). It is argued nationalization can offer cheaper prices for goods and prevent monopolies, as well as address inequalities (Chang, Hevia, & Loayza 2009). Chua (1995) argues that challenging private ownership that only benefits a privileged few has been a huge political tool in recent years, especially in Latin America. But, with nationalization, the government’s interests are in political power and survival, with wealth made transferred to supporters via rents in order to stay in power (Rosa and Perard 2008). Thus in an attempt to redistribute wealth and instigate growth, nationalization is put into practice. Duncan (2006) found that governments are more likely to nationalize key industries, especially those of mineral and oil wealth, when world prices are high, even more so than during times of political or economic crises.

Often, states attempt regulation alongside nationalization to try to increase consumer welfare, economic development, and regime stability (Guasch and Hahn 1997). States may increase economic and process regulations to remedy market failure, prevent monopolies, or for equity considerations (MacAvoy 1992). Regulations may also arise to correct other social problems, like protecting the environment or ensuring workers’ rights. It is the social regulations that typically have the most net benefits for consumers (for example cleaner air or water standards), even though there is a monetary cost to their imposition (Guasch and Hahn 1997).
The intent of these types of regulations may be well-meaning, but whether or not they succeed depends on their implementation and the existing political environment for follow-through.

Potential problems can arise when regulators attempt to make change without procuring the necessary information first. Guasch and Hahn (1997) note that businesses and firms have a much better understanding of costs and demand structures, but the government does not learn and is not given complete information to craft efficient regulatory policies. Information asymmetries and playing political favorites worsen the effectiveness of regulation. Regulations redistribute not only costs but resources and rents as well, which politicians often use to secure political gains (Ibid.). Friedman (1995) argues that growth in regulations is in part responsible for reduced economic growth. This was confirmed by a Koedijk and Kremers (1996) study of 11 countries, finding countries with the fewest regulations had the highest growth. Deregulating can reduce costs of process regulations (paperwork and administrative work) and increase productivity and innovation, which are especially important in developing and poorer countries (Chisari, Estache, & Romero 1996). Thus the extent of regulations of an economy and the range of economic freedoms within a state can determine economic development and thus potentially regime type stability.

Related, it has been noted that changes to neoliberal strategies in many Latin American economies during the 1980s-90s have achieved a degree of democratic consolidation, but many states still have trouble sustaining growth. Declines in per capita income have made poverty and inequality worse, particularly due to the concentration of wealth and control over productive resources (Smith, Acuña, & Gammara 1994). Also, many regimes are fond of heavy-handed practices to mute any opposition to attempted economic reforms or restructuring. This puts the regime at risk for eroding their legitimacy and igniting political instability (Clark and Bensabat
Kleinberg 2000). Clark and Bensabat Kleinberg (2000: 20) note that this is particularly true when “governments have not adequately addressed increasing poverty rates and unemployment.” Interestingly, Venezuela has been experiencing this exact scenario in very recent times under Maduro’s regime.

Alongside these economic changes should come political changes, with states striving for strengthening democracy and its related components. Then, with changes to economic and political structures will come social changes, as individuals realize their potential to get ahead and have an increased standard of living (Silva 2009). Historically, states that attempt neoliberal reform will have greater and faster growth, and subsequently greater chances for democratic viability (De Gregorio 2010). However, nationalization is a great way to ensure government control and oversight of key industries. A state that is more privatized has fewer options for control over potential income sources that could be heavily diverted to state use. Thus, nationalization of key industries or commodities is often a favorite step in entrenching power in a hybrid regime.

A prime way to maintain or gain power is to take control of every available tax base. Coupled with nationalizing and confiscating resources directly, leaders can thus gain great influence over the economy (and thus the state’s people) (Wintrobe 2000). When this is done to secure control over a state’s natural resources, the effects can be known as the resource curse, discussed next.

*The resource curse*

Diamond (2002) notes that the undemocratic actions of elected presidents in Russia and Venezuela in particular have turned these countries from democracies into dangerous regimes
due to the massive windfalls of oil revenue. The revenue has allowed for the consolidation of their increasingly authoritarian power, ultimately hindering or reversing democracy (Diamond 2008). Resource wealth is used to fund extravagant social welfare programs at unsustainable rates. The population initially benefits from these programs and related economic growth, leaving them more tolerant of abuses and democratic retractions committed by the government. That is, until, an economic crisis occurs and funds stop flowing, leaving the citizens with a weakened democracy or entrenched hybrid regime.

The “resource curse” is assumed to buttress existing authoritarian regimes and hinder democratic development (Bejarano 2011; Ross 2001). Resource curses can be detrimental to countries and their citizens’ rights. Natural resource revenues, whether from oil or minerals, remove the need for taxing citizens, which in turn removes the need for a government to be responsible to or even acquiescent of its population (Huntington 1993). Collier (2007) finds resource rents damage democracy in other ways as well, including hindering electoral competition, stifling free press rights, and removing needed checks, balances, and restraints on governments that tend to shift autocratic when resource wealth is abundant. This holds, of course, only so long as the people of a country are receiving benefits from the oil revenue in return for allowing the authoritarian regime to exist — the governments must spend revenue on their citizens, typically in the form of social programs, to ensure regime survival (Ross 2004).

If authoritarian regimes are unable to provide proper services, especially if citizens are being taxed to any degree, the regimes are forced to become more democratic (Ross 2004). Michael Ross (2001: 332) has termed this the “rentier effect,” when governments try to alleviate social pressures by using revenue from oil on social programs to appease the population. Rentier states tend to repress rights more when oil prices are high, since they are able to more easily
provide goods and services without having to answer to the citizens (Atzori 2013). The resource curse puts few taxes on the population (since revenue comes from rents), so governments do not have to be as accountable (thus democratic) to their citizens (Chaudhry 1997). So arises a system of “no representation without taxation.” At the very least, rentier states tend to be more autocratic and controlling of their populations than non-resource rich states (Thurston 2002). Crystal (1990) puts forth empirical evidence that oil-rich states have an easier time controlling and repressing dissent than do states that need private sector support to flourish.

Other researchers also argue that oil hinders democracy. Philip (1994) notes that political representation is less in these states, repression is more frequent, and greater peace among neighbors is not guaranteed in oil-rich states. Ross (2001: 334) notes that resource-rich states may use their largesse to “prevent the formation of social groups that are independent from the state and hence may be inclined to demand political rights.” This ties into a “repression effect,” in which states may use available military power to block a population’s democratic aspirations (Ibid.: 335).

Modernization theory posits that as states modernize and grow their economies, education levels typically increase, and sectors of the population shift into job positions that are more specialized and allow workers to think for themselves (Inglehart 1997). Ross (2001) explains that if an influx of resource wealth occurs, social pressures are diminished for occupational specialization and advanced education, thus leading to a public that is not as capable of organizing, bargaining, or communicating. It would appear, then, that oil wealth might hinder democracy if modernization is retarded at the time of economic development. However, as Bejarano (2011) explains, Venezuela did in fact develop strong industrial and service sectors, and a large middle class. So, perhaps the modernization effect related to the
resource curse does not apply as well to the Venezuelan case, since the middle class and industries were already developed when the resource curse started to appear with Chávez’s economic changes. This was not the case with Ecuador (see chapter five).

Alongside the resource curse, states often become ill with a phenomenon known as “Dutch disease.” Paul Collier (2007) notes that in resource-rich countries, other sectors’ growth (such as industry and services) tends to suffer since governments do not invest in or focus as much on them. This typically arises when a new resource is discovered or there is an increase in its price, leading to the state spending its wealth on whatever necessary to strengthen and grow the commodity’s industry. Income, technology, and labor are moved from previously diverse sectors to the new booming sector — all efforts go to the production and export of the primary commodity. The other sectors, whether agricultural, service, or manufacturing, will contract and diminish, and require the state to import goods that had been at one time prominent domestic goods (Gelb 1988). The distortion of the economy with oil or mineral wealth is greater than when a state has agriculture and manufacturing to rely on (Auty and Gelb 2001).

Essentially, the lack of diversification of exports, which is a key tenet of neoliberalism, puts the state in danger of economic contraction or collapse if the commodity’s prices sink too low, as the state will have no other industry to fall back on (Philip 1994). The reliance on one particular commodity is not a problem when times are good. However, when that commodity’s prices fall or other economic crises occur, the state is left in disarray with a depleted income and an inability to provide for its citizens (Ibid.). Distress occurs in other sectors, and policymakers have been unable to remedy the ill effects of the disease (Neary and van Wijnbergen 1986). Karl (1997) argues the decision-makers in these states are the culprits in shaping political and economic institutions, triggering Dutch disease in the first place.
While states may be stable and functional with a resource curse while times are good, Diamond’s prediction for state demise could easily come to light, as inflation can cause states to devalue currency (Farzad 2013). It is suggested that perhaps the only possibility for democratizing these resource-cursed states is through a fall in oil prices, resulting in fiscal crises that may force civil society or opposition groups to demand change in the government that can potentially fix the economy (Bejarano 2011). Carlos Waisman (1992) argues that when private ownership of the means of production is under substantial state-imposed control, non-liberal regimes tend to emerge under a period of easy growth, but then face political polarization and conflict when the economy stagnates. These conflicts lead to the suspension of democracy and hybrid or authoritarian regimes can emerge or become more entrenched (Ibid.). Similarly, Auty and Gelb (2001) remark that resource-poor countries resort to diversification of their economies and more frequently exist as democracies, suggesting increased wealth via resource rent is not the most stable path to follow. Resource rents feed conflicts while retarding diversification, often leading to predatory governments (Ibid.).

However, Chaudhry (1997) suggests that the same authoritarian leaders were still in place in 1996 since the oil boom of the 1970s, surviving through many revenue fluctuations. Chaudhry’s findings are further supported by Smith (2006), who explains that even during economic crises, evidence from 21 oil-exporting states shows the authoritarian regimes in place did not break down. Auty (1994) notes that the longer that rent-seeking groups are tolerated by citizens, the more entrenched the practice becomes, bringing with it the negative political consequences. This suggests that while authoritarian regimes, propped up by oil wealth, may have encountered turbulent economic times and challenges to their regime, they are still strong.

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6 Chaudhry’s (1997) work focuses on the Middle East.
and lasting forces in their countries. So, it might take more than the economic turmoil suggested by Diamond, Waisman, and Bejarano to remove hybrid or authoritarian leaders from power in these situations and regimes.

Lipset (1981) argued that the richer the country, the greater the chance it would sustain democracy. This idea was further expanded by Przeworski and co-authors (2000); when studying the period from 1950 to 1990 they found there is indeed a positive relationship between the level of development and the probability of sustaining a democratic government. This, however, does not hold true then for countries experiencing the resource curse or economic instability. Vast amounts of wealth and resources are not enough to protect the systems from corruption or the unaccountability to the people. The wealth-equals-democracy idea has indeed been challenged in recent years, not only by the resource curse examples but by the countries who are quite poor or have low human development indices but are considered democracies (for example Ghana, India). Paul Collier (2007) notes that democracies should be stable and entrenched before resource distribution can be effective and not detrimental. Also, Diamond (2008) points out that of the poorest half of states, half are democracies. Thus development and wealth are not guarantees for democracy (or authoritarianism, conversely). However, perhaps development is indeed linked with democracy when the resource curse variable is removed, a concept explored next.

**Subsequent economic performance and regime stability**

Positive economic growth and higher levels of development “encourage the survival of democratic regimes by alleviating socioeconomic conflict” (Bernhard, Nordstrom, & Reenock 2001: 776). Poor economic situations raise the stakes of conflict, raise levels of discontent, and
raise the attractiveness of breaking down existing regimes (Ibid.). It has been well-argued that economic growth leads to democratic stability.\(^7\) Without poor economic conditions plaguing a state and its population, citizens are more likely to refrain from conflict. Bueno de Mesquita and his co-authors (2004) argue that democracies tend to have broader inclusion of society and its interests, leading to the greater economic performance of a state. This success is cyclical in that it then re-supports inclusion and growth, further entrenching democracy and avoiding conflict. However, with better economic outlooks, the opposition may be more reluctant to challenge the leader so as not to disrupt economic benefits, and supporters of the leader will be less willing to defect, cementing the regime in place — this could work in any regime type (Bueno de Mesquita et al. 2004).

Conversely, poor economic performance, particularly if it is prolonged, is strongly associated with democratic breakdown (Haggard and Kaufman 1995). Huntington (1968) and Olson (1982) suggested that rapid economic growth may hinder democracy, but Haggard and Kaufman (1995: 325) found that for their studied sample, democracies survived 97% of the time. Economic growth and development reduces the frustrations and conflicts that may result from any inequalities or social exclusions (Ibid.: 325). Kapstein and Converse (2008) concur, arguing that swings in inflation and other key economic variables will more likely lead to democratic collapse. Dornbusch and Edwards (1990) describe these problems in macroeconomic populism, prominent in Latin America, in which leftist governments attempt to respond to redistribution pressures using macroeconomic means. They argue that these policies result in the opposite of the country’s desired outcomes, featuring high inflation, wage cuts, political instability, and

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violence. While trying to fix income inequality is often a goal of many regimes, regardless of regime type, the favored populism is not a long-lasting solution for sound economics and fiscal conservatism (Ibid.).

If leaders can maintain economic stability or growth, the regime may also remain stable. Evidence is mixed on whether authoritarian systems or democracies are better at economic development. Przeworski and Limongi (1993) examined 18 separate studies of democratic and authoritarian systems (no hybrid regimes) to discover which regime type fared better economically. They discovered that of the 18 studies, eight found democracy to be favorable and eight found authoritarianism to be favorable (the last two showed no difference) (Ibid.: 60). If authoritarian leaders are able to overcome economic crises, rulers are more likely to maintain support from powerful segments of civil society, and install an institutional framework that suits their interests while simultaneously restricting any opponents’ abilities to counter the regime (Haggard and Kaufman 1997).

If authoritarian regimes experience economic growth, often the level of repression may recede since populations can be more easily appeased (Wintrobe 2000). But, if the leaders are unable to successfully avoid or fix an economic crisis, the regime has a greater chance to break down and provide the possibility of democratization (Haggard and Kaufman 1997). However, autocratic forms of government have been argued to have better economic organization (from centralized control), leading to a greater chance for growth and efficiency, potentially avoiding economic breakdown in the first place (Wintrobe 2000). Gandhi (2008) would disagree with this, arguing that states featuring broadened dictatorships may struggle economically, potentially due to an overly-centralized economy that creates bad policies and offers few incentives for investors
and labor. For her, “democratic institutions experience better economic performance in terms of the growth of total output” (Ibid.: 160).

Haggard and Kaufman (1997) note that authoritarian regimes depend on private sector alliances to maintain power in times of economic crises. Defection of these groups means money and influence are funneled to the opposition. One way to remedy this is by creating a loyal and disciplined workforce, working for the regime and actively supporting the state and its economic goals (Wintrobe 2000). Middle and lower income groups likewise may turn against a regime in times of economic uncertainty, either through protests or elections. In poorer countries this is common, as leaders will enact restrictions and repression to control the masses and those materially disadvantaged in politically unstable states (Poe and Tate 1994). Lastly, if elites within the authoritarian regime begin to defect, Haggard and Kaufman (1997: 268) argue this almost always causes the exit of the authoritarian regime.

Gandhi (2008) notes that, in democracies, this should lead to the conclusion that as income increases, respect for civil liberties should also increase. Sen’s (1999) work also supports this idea, in that access to greater income helps citizens innovate, promote, and develop the state and its economy. Then values like political freedoms are more likely to be obtained with higher income and development, leading to the creation or maintenance of democracy (Ibid.). As we can see, however, strong or growing economies do not always lead to democracy. The inverse of these claims would seem to argue that in “good” economic times, authoritarian leaders have more leverage and strength, more easily holding their regime in place. “Authoritarian leaderships will enjoy wider support, less protest, and fewer internal divisions when economic performance is strong,” (Haggard and Kaufman 1997: 268-269).
The opposite path has supporting evidence as well; states that are democracies but face prolonged economic turmoil may indeed support more authoritarian tendencies in an effort to strengthen the economy. The support for shifting more authoritarian can come from elites, the masses, or sometimes both groups. Haggard and Kaufman (1997) are quite keen on the fact that economic structures, policies, and performance help determine both authoritarian and democratic stability. Kapstein and Converse (2008) also argue that economic growth is not necessarily the strongest factor when determining whether a democracy will succeed or fail — levels of inequality, low per-capita income, poverty rates, and even infant mortality rates highlight the disparities among citizens in a country. A strengthened economy does not necessarily address these factors, which may lead to democratic destabilization.

5. Entrenching the Regime

*Rationality and constraints on elites*

The rational choice approach may best explain elite actions and interests, particularly when leaders are faced with economic troubles or challenges from the opposition. Rational choice assumes actors’ behaviors are determined by utility maximization (deciding which actions can be the most beneficial for them), and their preferences are structured and ranked (Green and Shapiro 1994). Understanding the preferences and goals of leaders may help explain why they take some actions — and not others.

Leaders are often faced with constraints, including being bounded by institutional rules. Kapstein and Converse (2008: 64) find that when constraints on executives are weak, democracy reverses over 70% of the time. The Polity IV authors concur — extreme executive power does not yield democracy (Melton, Meserve, & Pemstein 2011). Thus the actual balance of power
dynamics in these systems will benefit from ensuring executive powers are constrained and checked by other democratic institutions. Wintrobe (2000) notes that all authoritarians, or any leader for that matter, act rationally, but they are constrained by the behavior of other actors, including the leaders’ own party members, officials, supporters, and opposition. They also do not have complete information; they cannot know of all disobedience or movements against their regime, otherwise they would be able to remain in power indefinitely (Ibid.).

Leaders in hybrid regimes are often able to maneuver around these constraints, typically by tampering with the constitution to allow for rule by decree/state of emergency and altering term limits, explained in detail below (Kapstein and Converse 2008). Opponents to the regime also pose a challenge, and are typically met with a favorite tool of hybrid and authoritarian leaders — repression. It is rational to quell any opposition to your regime, and the costs can be lower than having to provide rents to citizens, as described elsewhere in this literature review (Wintrobe 2000). Leaders in resource-rich states prefer the “no-cost, no-concession dynamic,” thus helping to keep power without providing full political rights (Smith 2007). Dictators in general are more capable of unrestricted actions than are democrats, but it becomes especially beneficial when leaders try to grab up power and entrench their regime.

When we think of actions taken by these hybrid leaders, we can assume they are acting as rationally as possible, given the information available to them. Low costs and high rewards are weighed, with decision-making resting on what will keep leaders safely in power. Dunning (2008) notes that increased authoritarian temptations exist when oil prices are lowest, so too does an increased willingness to use resource wealth to maintain supporters when the well runs dry. At the polls, the regime would rationally expect citizens’ votes in exchange for the material favors disbursed via rent windfalls, ensuring continued survival (Smith 2007).
Constitutional crafting and recrafting

Related to elite constraints is intentional or strategic manipulation of sources of power. It is often the case that in poorer or middle-income countries, democracy is weak not because of the masses being apathetic towards democracy, but because of the shortcomings and betrayals of elites in these countries (Diamond 2008). Sen (2001) notes that people in economic need are also in need of a political voice, regardless of the economic strength of a country. He also states that there is very little evidence that poor people would reject democracy in favor of other regime types. Thus it is not necessarily that democracy does not work in some countries because of a lack of commitment by the people, but due to active curtailment by the elites in charge. The best and most successful means of curtailment is through constitutional and legal recrafting. Leaders rewrite constitutions to increase executive powers, reduce or restructure legislative, judicial, and military powers, and lock in whatever measures are necessary to entrench their regime.

Hybrid regimes are very willing to manipulate constitutions and political institutions, often under a democratic guise, to further keep opposition at bay. These steps are often taken to completely redo the legislative branch of government by requiring new elections. Another favorite is to abolish or amend term limits to ensure the hybrid regime leader can stay in power longer (Ottaway 2003). Often, electoral rules are rewritten for legislators as well, so supporting party members either stay in power longer or gain more strength and immunity while in office. The ultimate goal of these actions is to expand executive power, and garner more control over other branches and levels of government. Marina Ottaway (2003) notes, however, that often these changes are made with the consent of the publics (through plebiscites), further entrenching the hybrid regime and cutting off political access to the opposition. This is all done by legitimate means. Hybrid systems will also pay lip service to promote and legitimize citizens’ rights, such
as freely associating and participating in civil society and politics, but often this is done out of fear by the government of a loss of political stability and power. If the lip service does not keep the opposition in check, the governments will respond with force and quash civil society activity (Bensabat Kleinberg and Clark 2000).

A sign of hegemonic authoritarian regimes is when prolonged presidential tenure exists; Diamond (2002) uses the examples of Egypt (21 years), Tunisia (15 years), and Yemen (12 years) to indicate the strong grasp of certain leaders over the government. Venezuela’s Chávez had been in power since 1999 through several elections and reelections, and after constitutional presidential term limit extensions — bringing his rule to fourteen years at his death in March of 2013. Similarly, Ecuador’s Correa has been in office since 2008 and can legally run again for indefinite reelection as of late 2015. These long terms are indicative of leaders’ drives to maintain power. The constant manipulation of the constitution has the strongest possibility of entrenching hybrid regimes.

This is typically considered easier to do in presidential systems where a leader can take over in times of crises and there is no parliamentary regime to guard against abuses of executive power. It is also much more difficult to remove presidents from power than prime ministers (Linz 1990). Latin America is comprised of presidential systems, making many in the region potentially subject to overactive executives. As Velasco (2013) notes, Chávez’s regional pals followed in his footsteps and have instituted constitutional changes as well, to ensure longer, legitimate tenure. This snowball effect is rolling across Latin America, and gaining speed while growing in size. However, as Cheibub (n.d.) notes, it might be the history of the region and an ever-present military in many states that may be more influential on democratic survivability than its presidentialism status. Thus constitutional alterations, particularly for electoral rules on
tenure, may be predisposed due to system type and a history of strongmen in power. As is demonstrated in chapter five, other constitutional and legal changes can help ensure hybrid regime survival, especially those that curtail expression and opposition (Diamond 2008).

**Corruption and hybrid entrenchment**

The World Bank (“Basic Data” 2015) claims that corruption is one of the greatest obstacles to economic and social development, undermining development and hindering progress while harming citizens. Regionally, Latin America is quite corrupt, with Venezuela leading the way (scoring 19/100, with 0 being most corrupt and 100 being very clean) (Corruption Perceptions Index 2014). For comparison, Ecuador scored 33, Costa Rica scored 54, Uruguay scored 73, and the United States scored 74 (Ibid.). Corruption of those in power can determine the success of economic initiatives and development, as well as hinder income distribution, education levels, and press/expression freedoms (Shabbir and Anwar 2007). Analyzing data from 119 countries for 23 years, Assiotis and Sylwester (2010) find that controlling corruption in nondemocratic regimes will have positive effects on economic growth, suggesting the importance of reducing corruption for states to develop. Corruption is, however, beneficial to those in power and more prevalent in non-democracies — corruption is a means to maintain a hybrid regime.

Authoritarian states, especially those with oil revenue, tend to have higher levels of corruption among the elites and those in office (Diamond 2008). Yes, democratic states are often rife with corruption, but it tends to be greater and more embedded in hybrid and authoritarian systems. The availability of natural resources coupled with higher levels of institutionalized autocracy indicate greater corruption (Chang and Golden 2010). This corruption can lead to great
inequality, putting wealth in the hands of a very limited few. However, especially in resource-rich states full of rent windfalls, it is often required for elites and government officials in this situation to spread wealth to the poorer populations to keep citizens appeased and to garner support for the regime. This need for corruption is tied to the discussion on rational choice and elite desire for entrenchment, in that corruption and rent-paying become requirements for maintaining office. It remains in the government’s best interest to share wealth in order to remain in power (Diamond 2008). State officials will promote public spending in order to keep supporters happy, who again are typically those among the masses (Karl 1997).

So, while corruption may run rampant, states are still providing government money to the masses, as well as potential opponents, in an attempt to essentially “pay off” those who might rise up against them to remove them from power. Thus, elites and government officials need to consider not only their allies but also their potential opponents when trying to maintain their positions. As Wintrobe (2000) explains, it is necessary to compensate the workers/the masses to earn and maintain their support, usually in the form of cash, housing, and job assistance. Hybrid leaders can also appease the capitalists or potential counter-elites by allowing for monopoly privileges. “If democracy may be likened to a pork-barrel, the typical dictatorship is a warehouse or temple of pork!” (Ibid.: 336). This system results in some groups of people being repressed in the hybrid regime, and some groups being overpaid to ensure the hybrid regime lives on. Chang and Golden (2010) note that personalistic and hybrid regimes are especially prone to corruption, precisely for these reasons.
Utilizing rhetoric and the personality cult

Certainly it was in Chávez’s best interest to attempt to democratically alter term limit rules in his favor, prolonging his tenure and chances for a successful “Bolivarian Revolution” (discussed in greater detail in chapter five). Perhaps this may not have been possible, and his continued support not possible, if not for the concept of the “personality cult,” where leaders project a political image as being a savior for the people, protecting and advancing their country’s interests (Svolik 2012). This charisma, a messiah-like image, and heroism are tools to keep the mass publics supportive of their leaders. Leaders realize they need to appeal to the masses and any elite followers to maintain power, and thus project a savior-like image and grandiose rhetoric. Max Weber (1947: 363) noted that charismatic leaders will establish their claim to legitimacy by achieving some miracle (or are actively working towards achieving some miracle), and with the newfound legitimacy can entrench their rule, or “routinize” their claim to authority.

The left-leaning leaders in Latin America have targeted the Bolivarian Revolution as a means to draw up support for entrenching hybrid regimes, using their personality cults to gain a following. Currently, there is a growing and expanding force in regime type that may be termed ‘socialist populism,’ which includes various aspects of democracy (Weyland 2013). These leaders use their personality to create a stronger, larger movement, that can cement as a political party or mass following that entrenches for years to come. This will be further discussed specifically regarding Venezuela and Ecuador in subsequent chapters.

Albertazzi and McDonnell (2008) explain how populist leaders pit the masses against those elites/‘others’ that try to deprive the masses of rights, values, and prosperity. There is a strategic use of populism/personality cult, to first attract their electorates, maintain support
through multiple presidential elections (and recall elections), and turn as many people as possible against the opposition. The cult is used to launch leaders upward in popularity, utilizing especially their promises to free the oppressed from the oppressors (Ibid.). The destruction of rivals is also necessary, which de la Torre (2000) notes impedes democracy in Latin America. Populists do not allow for the recognition of rivals (Ibid.).

The use of rhetoric and large-scale promise-making certainly appeals to those who have been politically and economically oppressed and marginalized for years. These presidents can situate themselves as active and stable forces in Latin American politics, showing no indication of slowing or altering their Bolivarian, populistic ways (Albertazzi and McDonnell 2008). And, in the end, the promises may not be fulfilled, but the masses may feel as though they have been empowered and heard, finally having a regime in place that cares about them — this can often be enough to entrench the regime (Prince 2009).

With electoral façades and rhetoric the majority wants to hear, leaders like Chávez, Maduro, Correa, Morales, Ortega, and Zelaya have been able to entrench their regimes (Weyland 2013). Weyland (2013) notes that this is not a blip or interruption on the way to solidifying a democracy or pure authoritarian regime; the leaders are extremely supported, making promises to not only the impoverished masses but to others within society. This intense appeal helps cement the personality cult and hybrid regime. It also helps that leaders in Venezuela, Bolivia, Ecuador, and Nicaragua have taken active steps toward ensuring the constitutions do not limit their time in office — these actions are also supported by the masses, often in the form of plebiscites (Oppenheimer 2014; see also Weyland 2013).

These populist leaders consider themselves the primary force for a successful future for their countries, doing what is necessary to entrench their hybrid regimes’ stability. “In a region
that seemed to have finally escaped the leader-for-life phenomenon, new aspirants to lifetime leadership status have now emerged,” (Puddington 2012: n.p.). Today’s regional strongmen speak of “popular” or Bolivarian democracies, but rely on various constitutional changes, legal and legislative systems packed with supporters, and mass followings to “legitimately” install their versions of hybrid regimes and ensure their place in power as leader (Velasco 2013; see also Weyland 2013b; Ekman 2009; and Diamond 2002). The rhetoric touts a change from the norm and of getting out of the habits of the old regimes (Velasco 2013). Puddington (2012) notes that the determination of these leaders to use their popularity to quell opposition, particularly of the press and any political rivals, has become commonplace and accepted by supporters. It appears that as long as leaders can maintain their cult of personality, it can be a tool to entrench the regime and sustain their grip on power.

6. Conclusion

For years, President Chávez and his followers have been building a system in which the government has free rein to threaten and punish Venezuelans who interfere with their political agenda…that system is firmly entrenched, and the risks for judges, journalists, and rights defenders are greater than they’ve ever been. (“Venezuela: Concentration and Abuse of Power Under Chávez,” 2012)

All of the topics discussed previously examine measures, tools, and ways for hybrid regimes, including Venezuela and Ecuador, to become entrenched systems of governance. The lack of many of these components signals a lack of a hybrid regime, as will be demonstrated in examining the democratic case studies of Costa Rica and Uruguay. Many components are
necessarily linked and from the literature appear to be requirements of hybrid regimes; for example civil society repression as being necessary to maintain control of the political opposition (Carothers 2006).

Ekman (2009) notes that consolidating power involves taking multiple steps to ensuring the government is mostly controlled by the ruling regime, including the takeover of major institutions. The important institutions to control are the electoral system, the legislature, and the judiciary, as well as being able to manipulate the constitution and political parties, if needed (Ibid.). Grabbing power in the legal framework also allows for ensuring no laws that are detrimental to the regime can be passed (Weyland 2013). Assuming then, that the opposition can be controlled, the masses can be pleased with proper rhetoric and the personality cult, and money from external rents keeps flowing, the success of entrenching these hybrid regimes seems probable. The literature provides us with a great understanding of what democracy is, but is still working on figuring out what lies between democracy and authoritarianism. This middle ground needs to be further evaluated, and this research hopes to do just that. In a region where many hybrid regimes exist successfully, we can see it is not a temporary setback or transitory phase on the way to democracy.

As will be demonstrated, these regimes are more and more prevalent and successful, signaling the importance of studying this topic in comparative politics. The puzzle of what can influence hybrid regime entrenchment remains after reading this literature that neglects hybridity as a form of government operating with a resource curse. This research accepts there are many variables at play that can help hybrid regimes endure, but acknowledges that some variables are more influential than others. Below are the expanded hypotheses previously presented in chapter
one that will guide this research project, based on what we know from the existing literature and what this research hopes to demonstrate.

*The primary hypotheses include:*

**PH1:** The greater the state influence/control on economic structures (greater control over commodities and/or presence of resource curse), the more likely the state will be a stable hybrid regime.

**PH2:** Related, the greater the state influence/control on economic structures, the greater the chance that opponents’ rights will be repressed.

*Other significant hypotheses examined include:*

**H1:** Extensive government control over, management of, and/or misuse of public and private industries and funds, particularly of the main commodity, will reduce economic freedoms and increase the chance of a hybrid regime forming and enduring.

State involvement in the primary commodity and extreme nationalization of key industries will ultimately hinder economic development and stagnate the economy. The misuse of these industries and income earned from them can entrench regimes, especially when funds are used to pay political rents.

**H2:** The presence of the resource curse (or a potential resource curse) increases the chance for a hybrid regime to form and be sustained.

Related to H1, when states enter an era of relying on one export for income, from a natural resource, the state becomes reliant on international prices which can either provide extreme funding for promised social projects, or not provide enough funds when prices are low. However, these higher prices and abilities to provide services and goods to the population can help entrench the leadership when they become politically unchallenged and increase executive authority, especially with majority support.
**H3:** High levels of political and/or economic corruption are more likely to be present in and help sustain hybrid regimes.

As indicated in the literature, corruption in these regimes is mostly political and becomes detrimental to the economy and political rights of opposition members.

**H4:** When civil society is free from official and unofficial constraints, there will be less chance for a hybrid regime to form or endure.

As the literature on civil society and democracy explains, having an active and able civil society reduces the chance for authoritarianism to succeed and typically strengthens or brings about democracy.

**H5:** Countries that have a more organized, active, and cohesive opposition (regarding both civil society and political parties) are less likely to be hybrid regimes.

Countries that have an active and able civil society and active and minimally controlled (by the state and its party) opposition parties are more likely to be democratic and push back against hybridity.

**H6:** States that feature and uphold rights to freedom of expression and access to information will be less likely to be a hybrid regime.

States that protect expression rights, of the majority and minority groups, are more likely to be democratic. This includes personal rights and the rights of the media and opposition political parties, making it easier for opposition candidates to disseminate information and differing viewpoints.

**H7:** Elite manipulation of democratic values, institutions, and processes (whether “judiciously” or not) to obtain or maintain power is more likely to erode democracy and lead to hybrid regimes.

Manipulations include, but are not limited to: constitutional recrafting to favor ruling elites/a specific party or person; electoral fraud; repression of the media or improper use of the media for political gains; removing or hindering institutional checks and balances; repressing opposition parties and access to information.
CHAPTER THREE: THE STATUS OF DEMOCRACY IN LATIN AMERICA

1. Introduction

The study of democracy and democratization has been a topic of great controversy in the academic and NGO communities, as evidenced in the preceding literature review. Our understanding of democracy and what is required to democratize cannot fully explain how democratic institutions are manipulated and even reversed by hybrid regimes in order to stay in power. We have a good idea what a typical, Western-style democracy looks like — especially when employing Larry Diamond’s standard for “thick democracy” — but we face a greater challenge when comparing democracies across time and space. This chapter aims to measure democracy in a manner that facilitates comparisons. These measurements typically capture the presence or absence of numerous democratic indicators. By compiling and analyzing these scores, we can gain a greater understanding of how democracy actually manifests in states and compare these scores in other countries in the region.

Understanding these scores also means we can better identify those states that are hybrid regimes — earning scores that are worse than what each index considers a democracy, but better than authoritarian scores. While democracy scores set out to measure levels of democracy, they also inadvertently measure levels of hybridity. Since hybrid regimes require no particular democratic indicators to be missing or reduced (just that there is a reduction in various democratic indicators), states that score between typical ‘authoritarian’ and ‘democratic’ scores have the potential to be hybrid regimes. We can assume the midrange scores are hybrid regimes, whether permanently or temporarily existing. Thus we can identify these states and begin the more in-depth work to uncover exactly what indicators have lead to the hybridity.
Alongside scores on democracy, this chapter analyzes indices focused on expression and political rights and economic freedoms. These major concepts encompass the components of primary interest in this study — how economic freedoms, political/expression rights, and levels of democracy are related in a country. By comparing scores and models we can contest disparate theories related to the level or degree of democracy and its influence on various rights. Conversely, we can see how a change in freedoms, particularly economic freedoms, can impact the level of democracy present in a state.

Overall, nine major indices provide comparable information on the state of democracy, political rights, and economic freedoms for Latin America. These indices offer a view of the state of democracy and its associated components. Munck and Verkuilen (2002: 28) completed an exhaustive comparison of indices and found “that no single index offers a satisfactory response to all three challenges of conceptualization, measurement and aggregation. Indeed even the strongest indices suffer from weaknesses of some importance.” A review of these various tools helps to determine the “worst” and “best” examples of democracy in the studied region. From this analysis, core case studies arise: Venezuela and Ecuador represent the “worst” states for democracy, while Costa Rica and Uruguay represent the “best” states for democracy in Latin America. The remaining countries fall in between. Several countries approach or even surpass Ecuador’s scores on some indices, but overall Ecuador was closest to Venezuela as a state deviating from the Western-style, liberal democracy prototype.

These indices are important as they can provide measurement comparable across time and location. While quantitative data often only examines surface-level information instead of in-depth, contextual analysis, the scores are actually quite complex and inclusive. The scores rendered by these sources include many variables, measured and applied consistently throughout
time and country. Since there are so many available resources from various organizations, this research can examine several different scoring systems to measure the three major concepts involved in this study: democracy, expression/political rights, and economic freedoms more broadly.

Utilizing just one democracy scale, while parsimonious, can be very limiting. While Pemstein, Meserve, and Melton (2010: 427) argue that democracy measures are typically correlated, using just one measurement system could leave out significant characteristics and conceptualizations of democracy. By having a few different scoring systems measuring similar variables, researchers can comprehensively grasp the presented levels of democracy and political and economic freedoms. The data used to create the various indices come from respected sources\(^8\) that consider many variables, and have been utilized and maintained by many scholars and NGOs for years. Drawing on multiple sources for data can provide greater reliability when measuring democracy and its related components (Ibid.: 442). We can observe in Table 3.1 the major indices used per category topic as they relate to this research. Appendix A provides a more detailed list along with the subscore categories which proved useful for this project.

\(^8\) Explained in greater detail below, but includes information from the IMF, World Bank, regional experts, government officials, and news sources, among others.
Table 3.1: Categories and Included Indices

<table>
<thead>
<tr>
<th>Category</th>
<th>Indices and Subscores Included</th>
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<tbody>
<tr>
<td>Democracy</td>
<td><strong>Primaries:</strong> Freedom House Freedom in the World; Unified Democracy Score; EIU Democracy Index; Polity IV;</td>
</tr>
<tr>
<td></td>
<td><strong>Useful Subscores:</strong> Civicus EEI Governance; EIU Electoral Processes and Pluralism; EIU Functioning of Government; Corruption Perceptions Index; FH Political Rights</td>
</tr>
<tr>
<td>Expression/Political Rights</td>
<td><strong>Primaries:</strong> FH Freedom of the Press; Reporters Without Borders; Civicus EEI;</td>
</tr>
<tr>
<td></td>
<td><strong>Useful Subscores:</strong> Civicus EEI Cultural; EIU Political Participation; EIU Political Culture; EIU Civil Liberties; FH Civil Liberties; FH Political Environment; FH Economic Environment (for media); FH Legal Environment (for media)</td>
</tr>
<tr>
<td>Economic Freedoms</td>
<td><strong>Primaries:</strong> Heritage Foundation Overall Score; Economic Freedom of the World from Cato/Fraser Institute</td>
</tr>
<tr>
<td></td>
<td><strong>Useful Subscores:</strong> Civicus EEI Socio-Economic; HF Property; HF Freedom from Corruption; HF Fiscal; HF Government Spending; HF Business; HF Labor; HF Monetary; HF Trade; HF Investment; HF Financial;</td>
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</tbody>
</table>

The 20 countries in this study, listed alphabetically, are: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela. The countries included are standardly considered “Latin America.” Suriname, a former Dutch colony, is included in this research, despite its history and cultural milieu, which is distinct from the region’s dominant Iberian imperial and cultural legacy. While the study originally intended to include Belize, several sources lacked available data for this country, and it has a different colonial history from the other states, so it was removed. Although it was not included in this chapter’s quantitative analysis it is worthwhile to note that the little data available on this country revealed quite a robust and strong democratic tradition.

The Caribbean island nations are not included. As Gasiorowski (1995: 885) notes, “small countries…are often highly anomalous and therefore might distort the analyses.” In addition to
differences in size, the Anglophone island states have fundamentally different colonial and political histories shaped by later independence (the second half of the 20th century as opposed to the first half of the 19th century) and (mostly) stable multi-party parliamentary regimes. Since they are not as near in proximity to the region and have dissimilar histories (and current ones) to mainland Latin America, these small countries are excluded. French Guiana, as part of France, is not included. Cuba is also not included, because it is starkly on the authoritarian end and is a perfect example of an extreme outlier that would have affected any measurements examined. This study is looking at hybrid regimes and democracies, not full authoritarian systems.

2. General Findings on the Methodologies Employed by Sources

Overall, there is relative agreement on the optimal democracy indicators used when scoring states. Primary sources for democracy used in this chapter come from Freedom House, Polity IV, Economist Intelligence Unit, Unified Democracy Score, and the Corruption Perceptions Index. As expected, a great deal of weight is placed on elections and their associated components: being free and fair, security of voters, pluralism of political parties and information, campaigning opportunities, etc. (“Freedom in the World” 2015; “Democracy Index 2014” 2015). The functioning of government is also a major variable for democracy, with indicators such as corruption levels, accountability, and the ability for elected lawmakers to craft policy. Also included are civil and political rights, rule of law/legal equality, checks on power, and freedoms of expression and information. In each source, these broad categories are broken down into many indicators in an attempt to measure democracy as accurately as possible.

Transitioning into the freedom of expression and political rights category, these components are typically included when measuring democracy as a large-scale concept, but can
be independent concepts for sources like Freedom House Freedom of the Press, Reporters Without Borders, and Civicus. These focus on such things as freedom of information, freedom to express one’s beliefs via any media without fear of retribution, freedom to protest, and of course, the overall environment for civil society, among others.

Lastly, the economic freedoms category involves two primary sources: the Heritage Foundation’s Index and the Economic Freedom in the World Index created by the Cato and Fraser Institutes. Economic freedoms are somewhat easier to conceptualize with a liberal/neoliberal free market understanding of the global economy. These sources examine raw data from the World Bank and International Monetary Fund, and complete their own questionnaires. Subcomponents involve areas including government spending, legal environments, trade issues, and business freedoms. Both find similar scoring patterns among country freedoms of the economy.

The differences among the sources come from conceptualization and operationalization, weighting processes, and the data collection process itself. While most sources do use a “thick description” for democracy that includes a great number of indicators, the weighting process becomes tricky. The creators of the Unified Democracy Score had trouble with the fact that every source weighed each indicator differently, making it hard to compare scores or know which system was the best at actually measuring democracy (and related components). Some sources put heavier emphasis on the electoral rights, some on civil rights, others on governability. So which are the true primary indicators for democracy? The answer is entirely subjective and is different for each researcher. Triangulating sources and data becomes the best possible solution for understanding democracy in Latin America. Using multiple quantitative sources as measures as well as doing in-depth case studies in the succeeding chapters should
present an accurate picture of democracy, and help explain the influence democracy, or the lack thereof, has on political and expression rights and economic freedoms.

Another difference among sources was in data collection; some sources use experts in respective fields to assign scores for countries, while some compile previously created statistical data to create a comprehensive score. The danger with using experts in the topic field or country/region is a greater chance for subjectivity. However, sources that utilize this method do have at least one other check on the expert-given score; either by bringing in other experts to confirm scores or by having experts argue their findings in front of a panel prior to publication. The danger with using preexisting data sets — for example the Cato/Fraser Institutes use information from the World Bank and International Monetary Fund — is that they rely on another’s methodology. Again, by using multiple data sources for each of the three primary categories to determine levels of each in the case countries, one can avoid the problems that arise with using a singular methodological practice. Triangulation should increase the validity of the findings and substantiate the choices for case countries; so too should the created composite score.

3. Methodology of Sources Used

Many of the 9 sources used here deal with more than just one of the primary components (Democracy, Expression/Political Rights, and Economic Freedoms). Thus, this study presents the explanations and analyses for each source’s methodology source by source rather than by category (although they are listed in the category where they primarily fit). The topics covered are all interrelated, and as such the measurements within each index cannot necessarily be easily segmented.
Sources used primarily for democracy scores:

Freedom House’s Freedom in the World Index:

Freedom House’s Freedom in the World score covers the events of 2014 that had an impact on a state’s level of democracy. This index’s methodology and variables are derived primarily from the Universal Declaration of Human Rights, operating on the assumption that freedom for all peoples is achieved via liberal democracy (“Freedom in the World” 2015). More than 90 analysts from the academic, think tank, and human rights communities contributed to analyzing and providing advice for the reports. Advisors defend the suggested scores annually to Freedom House, and the final scores represent a consensus by analysts, advisors, and Freedom House staff in an attempt to be as objective as possible. A score of 1 indicates the greatest degree of freedom, while 7 is the least free. The combination of points earned in two sub-categories (Civil Liberties and Political Rights) determines the overall score (“Freedom in the World” 2015: 1).

The Civil Liberties sub-category is divided further by 15 indicators to include: Freedom of Expression and Belief (4 indicators); Associational and Organizational Rights (3); Rule of Law (4), and; Personal Autonomy and Individual Rights (4). These 15 indicators each have a possible score earned of 0-4, with the highest score for this sub-category being 60 (15 X 4). Similarly, the Political Rights sub-category is divided by 10 indicators to include: Electoral Process (3 indicators); Political Pluralism and Participation (4), and; Functioning of Government (3). These 10 indicators each have a possible score earned of 0-4, with the highest score for this sub-category being 40 (10 X 4) (“Freedom in the World” 2015: 2-3). Each indicator has a set of questions and sub-questions to determine levels of each indicator. Tables 3.2 and 3.3, below,
show the scores earned and associated ratings that complete the Freedom in the World Scores (Ibid.: 16).

Table 3.2: Freedom House Scores to Ratings Conversion

<table>
<thead>
<tr>
<th>Political Rights (PR)</th>
<th>Civil Liberties (CL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Scores</td>
<td>PR Rating</td>
</tr>
<tr>
<td>36-40</td>
<td>1</td>
</tr>
<tr>
<td>30-35</td>
<td>2</td>
</tr>
<tr>
<td>24-29</td>
<td>3</td>
</tr>
<tr>
<td>18-23</td>
<td>4</td>
</tr>
<tr>
<td>12-17</td>
<td>5</td>
</tr>
<tr>
<td>6-11</td>
<td>6</td>
</tr>
<tr>
<td>0-5</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 3.3: Freedom House Ratings to Status Conversion

<table>
<thead>
<tr>
<th>Combined Average of the PR and CL Scores (Freedom Rating)</th>
<th>Freedom Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2.5</td>
<td>Free</td>
</tr>
<tr>
<td>3-5</td>
<td>Partly Free</td>
</tr>
<tr>
<td>5.5-7</td>
<td>Not Free</td>
</tr>
</tbody>
</table>

Economist Intelligence Unit Democracy Index:

The Economist Intelligence Unit (EIU) Democracy Index is on a scale from 0 to 10, with 10 representing the strongest democracy based on 60 indicators in 5 categories (Electoral Process and Pluralism, Civil Liberties, Functioning of Government, Political Participation, and lastly Political Culture). The 5 categories include more than just freedoms, but encompass a larger concept of ‘democracy’ as believed necessary by EIU — “democracy is more than the sum of its institutions,” requiring an active and participant political culture (“Democracy Index 2014” 2015: 36).
Each of the 5 categories earns a rating on a 0-10 scale as well, and the overall composite score is an average of these 5 scores (“Democracy Index 2014” 2015: 37). An overall score of 8-10 is considered a full democracy, 6-7.9 is a flawed democracy, 4-5.9 is a hybrid regime, and scores below 4 are authoritarian (“Democracy Index 2014” 2015: 38). Rather than using a scale system like many indices, EIU mostly uses a dichotomous ‘1 for yes, 0 for no’ system for numerous questions per category, but some indicators have a (.5) score option for a middle ground if EIU deemed it necessary.

Country experts collect the data for much of the information for the EIU Democracy Index, but surveys are also included — the World Values Survey and various regional barometers are used, especially in the political participation and political culture categories. The questionnaire for each category is quite extensive, consisting of at least 10 questions per category (60 questions total).

Polity IV:

The Polity IV project from the Center for Systemic Peace monitors regime type for all major (population of 500,000 or more) states up until 2013. Polity analysts are scrutinized by academics and policy and intelligence experts to ensure accurate scores are given for each state. Multiple coders are used to ensure inter-coder reliability and increase objectivity in determining scores. The major indicators used for democracy and autocracy include absolute and relative power of the state and political participation and legitimation (“Polity IV Project: Dataset Users’ Manual” 2013: 13). Democracy components also include institutionalized constraints on authority, guarantees of civil liberties, presence of institutions for citizens to express policy preferences, and political competition/participation. Democracy components include the
restriction of competitive political participation, few restraints on executive power, and executives being chosen among the elite. Most are dichotomous with the presence/absence of the examined indicator.

Both the democracy and autocracy scores are found by a summation of the components, from 0-10 points. The final Polity scores are found by subtracting the autocracy score from the democracy score, with the result between negative 10 (complete autocracy) to positive 10 (complete democracy). This source is best used to determine regime stability over time, since data can go back as far as 1800, depending on the country.

**Corruption Perceptions Index:**

The Corruption Perceptions Index (CPI) from Transparency International is a composite score of surveys and assessments of perceived public sector corruption. While perceptions are hard to empirically measure, measuring the number of bribes reported or prosecutions brought to court, while helpful, is not a sufficiently thorough indicator on the level of corruption in a country. Experts from 12 organizations, including the World Bank, World Justice Project Rule of Law Index, and Bertelsmann Foundation Sustainable Governance Indicators, provide scores for countries under their jurisdiction (mostly regionally), which are then reviewed by Transparency International (“Corruption Perceptions Index” 2014: 1). The experts are tasked to issue reports and scores on their judgment of the corruption present in their specific countries, analyzing corruption in governmental institutions. A methodological change occurred in 2012, with the CPI using data from only one-year’s time. Prior to 2012, the CPI included data for more than a year, making comparisons difficult. Thus this change in methodology makes scores before 2012 not
comparable to current scores. The composite index from the 12 organizations creates a score of 0-100, with 0 being most corrupt.

**Unified Democracy Scores:**

Appropriately the last of the utilized sources for democracy in this study is the Unified Democracy Score (UDS) — a composite of a set of measures created by already existing measurements for democracy (including some utilized in this chapter like Freedom House and Polity IV). Melton, Meserve, and Pemstein (2010) use a Bayesian statistical measurement model to calculate the final UDS. The UDS uses 10 to 11 different democracy indices in an attempt to gather all possible characteristics and conceptualizations of democracy. The indices used are converted into ordinal rankings (some were continuous scales or dichotomous), allowing for easier comparison. After conversion, the scores that are higher signal greater democracy in a state. Most recent scores were from 2012, published in 2014. The UDS tries to account for measurement errors in the systems they composited — they find that overall the confidence intervals of the sources used are tighter when more measures are used, so using more than one system of measurement for democracy should paint a fairly accurate picture (Ibid.: 441).

*Sources used primarily for political/expression rights:*

**Freedom House’s Freedom of the Press Index:**

The Freedom of the Press overall score is comprised of Legal (30 points), Political (40), and Economic (30) Environment subscores. These points are summed, with combined scores of

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9 The number of sources used depends on the year of publication, as the Economist Intelligence Unit’s Democracy Index was added for the 2014 publication.
0-30 ranked as “Free,” 31-60 as “Partly Free,” and 61-100 as “Not Free” for press freedoms (“Freedom of the Press 2014 Methodology” 2015: 3). For each subscore, there are multiple questions to earn points, with 123 indicators in total. Much like the Freedom in the World index, many advisors review these scores in an attempt at objectivity.

The subscores: for the Legal Environment, legal guarantees for political and expression rights are not equated with the implementation of those rights, and the implementation is weighted greater than the legal codes themselves (“Freedom in the World” 2015). Freedom House examines legal and penal codes, the independence of the judiciary and media regulatory bodies, the ability of journalists to operate freely, and laws and regulations that could restrict the media (“Freedom of the Press” 2015: 2). The Political Environment subscore examines the degree of political control over the media, state versus privately owned media, censorship, access to information/sources, and the intimidation/jailing of journalists (Ibid.). Lastly, the Economic Environment includes the structure of media ownership, costs or impediments to news production/distribution, corruption of content, and selective withholding of subsidies by the state (Ibid.). These three subscores together provide a thorough, overall picture of the freedom of the press in the examined countries.

Reporters Without Borders Press Freedom Index:

In 2013, Reporters Without Borders updated its methodology for measuring press freedoms around the world. More questions were added to measure various indicators, and the range of possible scores was also changed. This index is based partly on a questionnaire sent to 18 partner NGOs around the world, to a network of 150 correspondents, and lastly to journalists, activists, jurists, and researchers (“World Press Freedom” 2014). Reporters Without Borders
believes the indicators that are not as easily quantifiable should be gathered and examined by field experts through the questionnaire. The questionnaire “concentrates on issues that are hard to quantify such as the degree to which news providers censor themselves, government interference in editorial content, or the transparency of government decision-making. Legislation and its effectiveness are the subject of more detailed questions … about concentration of media ownership and favouritism in the allocation of subsidies or state advertising” (Ibid.: 1). The quantitative data collection is handled by the Reporters Without Borders staff, counting the number of journalists jailed, number of physical attacks reported, etc.

After data collection, a score is assigned to indicate the state of press freedom, comparable across time and countries. Six criteria are used as indicators for the overall final weighted score, including: Pluralism, Media Independence, Environment and Self-censorship, Legislative Framework, Transparency, and Infrastructure. Additionally, the final score includes a violence score, weighted at 20% of the overall score, as Reporters Without Borders believes violence against media/expression to be a significant indication of the true level of freedom (“World Press Freedom” 2014: 2). The overall final score is represented as a value of 0-100, with 100 being the worst environment for press freedom.

Civicus Enabling Environment Index (EEI)

Most useful for measuring civil society, the Enabling Environment Index (EEI) from Civicus can indicate the strength of citizens’ abilities to associate and express beliefs independent from the state. The EEI measures socioeconomic, sociocultural, and governance environments as primary components, each with their own subcomponents and indicators (17 in total). Data is from 71 sources of official statistics and what Civicus deems reputable
international data agencies (Fioramonti 2013: 6). Indicators are scaled 0-1, with 1 being the most enabling environment. Each subcomponent is averaged and then each of the 3 primary components is averaged. However, the EEI weights the governance component at 50% of the final score, and the socioeconomic and sociocultural components at 25% each (Ibid.: 6-7). This source is purely quantitative and is simply aggregating statistics from many other sources, with the composite score representing the environment for civil society to flourish or fail; this environment score can indicate the repression of rights and the status of democracy or hybridity in a given country.

*Sources used primarily for economic freedoms:*

**Economic Freedom of the World Index from the Cato/Fraser Institutes**

The Economic Freedom of the World Index’s most recent data is from 2012, published in 2014. This index measures the degree of economic freedom in 5 areas: Size of Government, Legal System and Security of Property Rights, Sound Money, Freedom to Trade Internationally, and lastly, Regulation. Within these five areas are 24 components (and 18 subcomponents) that create the index — the subcomponents in each component area are averaged to create the component score, then the components are averaged to create an area score, and finally all area scores are averaged to provide the overall Economic Freedom of the World Score (“Chapter 1: Economic Freedom of the World 2012” 2014: 3). The scale is 0-10, with 10 indicating high economic freedom.

This score is not weighted, as the Institutes believe the different areas and components are not independent of each other, and that missing components severely hinder institutional quality and effectiveness — thus the average is used. Data is sourced from the International
Monetary Fund (IMF), World Bank (WB), and World Economic Forum (WEF). These sources answer questions on the subcomponents and components in scale form. All data for the Economic Freedom of the World Index is pulled from findings, reports, and measures issued by the IMF, WB, and WEF.

Heritage Foundation Index of Economic Freedom:

This data is compiled from the last half of 2013 and first half of 2014, with the report published for 2015. There are 4 key aspects of the economic environment that the Heritage Foundation examines, comprised of 10 components with subcomponents that are averaged to create scores. Rule of Law, Government Size, Regulatory Efficiency, and Market Openness components are averaged with a scale of 0-100, 100 being high economic freedom (“2015 Index” 2015). This index’s subcomponents’ scores are unique and useful for different aspects of economic policy in states, and as such are utilized in this project, providing a deeper look into variables that influence economic freedoms. Included subcomponents are: Property Rights, Freedom from Corruption, Fiscal Freedom, Government Spending, Business, Labor, and Monetary Freedoms, and lastly Trade, Investment, and Financial Freedoms. The ten components are equally weighted so the overall score is not biased toward any particular component. Similar to the Cato/Fraser Institutes’ Economic Freedom of the World score, the Heritage Foundation’s Index does not place more weight on certain components, with the belief that this raw data is inextricably linked.
4. Creating the Composite Index

Each of the previously presented sources has a unique understanding and measurement of democracy and freedoms. Each source has its own merits, and each source has areas that could be improved. By choosing the best and most complete variables from different sources, one can create an even stronger measure for determining democracy and hybridity. The next step is to consider the primary variables involved in identifying democracies, which should also help to identify when states are not meeting these requirements, potentially as hybrid regimes. Again, since there are no specific requirements for hybrid regimes to meet in terms of what variables must be negatively altered from democracy’s variables, the identification of what constitutes a hybrid regime is unique. Using the thick description of democracy as outlined in the literature review, we can tell when a state exhibits democratic qualities. Using the standard definition for authoritarian regimes as also discussed in chapter two, we can identify when states exhibit nondemocratic traits. The middle ground of hybrid regimes must touch on both ends of the spectrum; exhibiting qualities of both democracies and authoritarian regimes. The scores used above and the following composite index create a clearer picture of what exactly a democracy is, so we can more easily identify hybrid regimes when we see them.

While this study focuses on present-day Latin American countries, this composite system could be useful in any region. It integrates the very best components from other sources to create as complete an understanding as possible. While, like the UDS, it can be risky relying on someone else’s data when creating composites, the components chosen here have sound methodology and are extensive in what indicators are included in each. As Levine and Molina (2011) note, indices with more encompassing traits can move understanding and debate from the
binary options of democracy/authoritarianism, leaving more room for analysis of other system types.

Many indices also focus primarily on contestation and participation, which, while necessary, leave out other important dimensions of the “thick” description employed here. Some states may exhibit democracy traits of certain indicators and not others, so this more inclusive index with different weighting attempts to capture when states flourish or fail regarding differing democratic indicators. Thus this composite index is not just another way to measure democracy as others have done previously, but it attempts to capture many democratic traits at differing weights to provide a different and more malleable measurement for democracy and hybridity, including the traits I am most interested in for this research. Below are the explanations and justifications for the components used to create this composite index, and then I present the new score in comparison to other major indices.

Choosing the sources

Two major indices focus on large-scale democracy scores: Freedom House’s Freedom of the World Index and the Economist Intelligence Unit’s (EIU) Democracy Index. Both of these measures cover similar components and are actually quite extensive in including as many variables as possible to measure democracy. The differences lie in what is used to measure each component, how the components are segmented into individual components, and then finally how each component is scored and weighted. Freedom House breaks the score into two

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subcategories (with other components), and the EIU breaks the score into five subcategories (with other components). Thus my study pulls the stronger components from each source for the composite score.

Perhaps the most significant component of democracy is freedom of expression and all it entails (Cutright 1963). This includes, but is not limited to, personal level expressions of opinion via any medium, rights to associate, assemble, and organize, access to information, and of course, freedom for the press to collect and disseminate information free from coercion. Without access to information free from government control and censorship, and without the ability to form or present individual opinions, the process of voting for officials could be considered pointless. Why vote for someone if one has no idea about a candidate’s actions or beliefs? What if the government is spreading incorrect or fabricated information on opponent candidates to ensure an electoral win? Is that democracy? As mentioned previously, the simple requirement that a state holds elections to be considered a democracy is not sufficient, and as such the composite includes many variables related to freedom of expression alongside electoral requirements.

In order to capture the importance and influence of freedom of expression rights, this study utilizes Freedom House’s Freedom in the World Index, which has the two categories of civil liberties and political rights. These are quite exhaustive, but when it comes to exclusive media rights, their separate Freedom of the Press index is much more thorough. The Freedom of the Press index includes the legal, political, and economic environments, as related to the press. Thus this study uses the score assigned for the composite of these three subcategories to measure press freedoms. The legal environment includes an examination into the constitution, laws, penalties, and regulatory bodies regarding media in a state. The political environment involves
censorship, access to information, and intimidation practices used against journalists. The economic environment focuses on who owns the media, its transparency, and use of subsidies to discourage certain reporting practices. In total, this index asks 132 questions to evaluate the subcomponents, making it a very complete examination into press freedoms.

The Freedom in the World Index does prove useful for three civil liberties subcomponents: freedom of expression and belief, associational and organizational rights, and personal autonomy and individual rights. First, freedom of expression and belief (23 questions are asked) involves some of the questions used for the separate freedom of the press score mentioned previously, but has a greater focus on individual rights to expression as opposed to the media at the system level. This study is interested in the rights to individual citizens’ freedoms alongside the media-as-an-institution freedoms, as these are pathways where dissent often first begins or is able to spread rapidly, especially if the official media outlets are not allowed to disseminate information. The associational and organizational rights component asks 14 questions to understand the freedoms to assemble, demonstrate, and discuss, the ability for NGOs to exist freely, and the existence of trade unions with collective bargaining rights. Last, the personal autonomy and individual rights component examines people’s rights to travel, own property, establish businesses, attend school, and gender equality, asking 22 questions in total.

Switching focus from civil liberties to political rights we again use Freedom House data. The electoral process component examines the listed and effectual mechanisms for electing officials as well as the laws and commissions surrounding elections and district creations or manipulations. To understand this component, 27 questions are used. For political pluralism and participation, 13 questions are used. This component examines minority political rights, rights to
organize opposition parties that would actually have a real opportunity to challenge the government, and how free people’s political choices are from outside harassment.

Two other democracy components are of similar importance: political culture and functioning of government. The Economist Intelligence Unit (EIU) Democracy Index score features 5 subcomponents: electoral processes and pluralism; functioning of government; political participation; political culture; and civil liberties. This study utilizes the political culture component, as it takes into account perceptions of government, leadership, and support for democracy, among others. These popular perceptions are important for understanding how strongly citizens believe in democracy and think that it should be the system of choice. A state with a poor perception or trust of democracy may thus be more inclined to allow for hybridity. Perceptions can make or break a state. The functioning of government component considers who has ultimate influence over policy (elected officials, the military, religious groups, etc.), checks and balances, transparency, and corruption (though this indicator is not as thoroughly examined as by the Corruption Perceptions Index itself).

This study chose not to use data from some of the indices analyzed at the beginning of this chapter. Reporters Without Borders, while extremely useful, is primarily focused on the rights of journalists and media at the system level. Similarly, the Civicus Enabling Environment Index for civil society centers on many of the components already included in either the EIU or Freedom House. In an effort to not ‘double up’ on freedom of the press or expression components, and the fact that their scores are not as easily untangled into smaller indicators, they have been excluded. Similarly, Transparency International’s Corruption Perception Index (CPI) was not included as Freedom House and EIU examine corruption and even use the CPI in their analysis. Polity IV was excluded primarily due to the most recent date of examination presented
in 2012, while Freedom House has 2015 data and the EIU has data for 2014 — many influential political events have occurred in Latin America since 2012, so the most up-to-date information is desirable. Lastly, this study excluded the Unified Democracy Score since it itself is a composite of several indices used here. The goal for this study was to choose the best subcomponents related to my work to make my composite index, whereas the UDS has taken 11 indices as wholes to create a weighted democracy score.

This study ran a separate composite score that considers economic freedoms, as the existence of these freedoms can determine the strength and viability of democracy, or their nonexistence can indicate strength of a hybrid regime. The Economic Freedom of the World Index from the Cato/Fraser Institute and the Economic Freedom Index from the Heritage Foundation offer complex understandings of economies in this study’s chosen countries. Each considers many subcomponents in their indices, and this study chose those most important and influential for strengthening democracy, as determined in existing literature.

From the Cato/Fraser Institute index, the project uses the size of government, sound money, and regulation components. The size of government includes analysis of government consumption, spending, transfers/subsidies, government enterprises and investment, and income tax rates. This examines states’ total spending and how much of state funds is spent on the population. Sound money entails money growth, inflation, and the ability for citizens to open foreign currency bank accounts. Regulation involves credit market regulations (such as the ownership of banks, interest rate controls), the labor market regulations (like hiring laws, minimum wages, collective bargaining, etc.), and lastly the business regulations (administrative requirements, bureaucracy costs, costs to starting a business, licensing restrictions, and any extra
payments, like bribes). This component examines corruption, but in a more economic arena than political as used above in the other scores.

The Heritage Foundation divides many of the Cato/Fraser components into smaller sections, but this study finds trade freedom and investment freedom particularly useful. Trade freedom involves any quantity, price, regulatory, and customs restrictions, and any direct government intervention in trade. Investment freedom analyzes land ownership restrictions, national treatment of foreign investment, transparency of investments, sector investment restrictions, foreign exchange controls, and capital controls. These are particularly useful for understanding the level of state control in the economy and the amount of foreign influence or control on a state’s economy.

For the composite index, this study will utilize the following components (Table 3.4) with the following weights. “Dem Weight” does not include economic components, whereas “Econ Weight” does not include democracy components.


Table 3.4: Composite Indicators and Weights

<table>
<thead>
<tr>
<th>COMPONENT NAME</th>
<th>SOURCE</th>
<th>Dem Weight</th>
<th>Econ Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associational and Organizational Rights</td>
<td>FH</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Personal Autonomy and Individual Rights</td>
<td>FH</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Freedom of Expression</td>
<td>FH</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Freedom of the Press</td>
<td>FH Press</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Political Culture and Perceptions</td>
<td>EIU</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Functioning of Government</td>
<td>EIU</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Electoral Process</td>
<td>FH</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Political Pluralism and Participation</td>
<td>FH</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

The following are the economic indicators:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of government</td>
<td>Cato</td>
<td>20</td>
</tr>
<tr>
<td>Sound money</td>
<td>Cato</td>
<td>20</td>
</tr>
<tr>
<td>Regulation</td>
<td>Cato</td>
<td>20</td>
</tr>
<tr>
<td>Trade freedom</td>
<td>Heritage</td>
<td>20</td>
</tr>
<tr>
<td>Investment freedom</td>
<td>Heritage</td>
<td>20</td>
</tr>
</tbody>
</table>

5. Running the Numbers: The Status of Democracy in Latin America

The composite has eight variables, and represents a well-rounded picture of what was included in various other democracy indices. Four of the eight variables are worth 15 points each on a 100-point scale, and the remaining four variables are worth 10 points each. This new index allows us to assign more weight to the components that could matter more to the strength and endurance of democracy than other variables. The variables worth 15 points are those considered by myself and other researchers evidenced in the literature review as slightly more necessary and intrinsic to democracy’s function and stability — keeping in mind this study considers all variables as absolutely necessary, according to the “thick” definition of democracy employed here. Many of these include traditional freedom of expression rights. Those worth 15 points are also those that have more indicators to manage, making them ‘larger’ variables, in terms of what is being measured.
The tricky part of creating a composite index based on other indices is that the scales, along with the weights, are different. First, we had to determine the scales used for each variable, and then convert them to fit the desired weight.\footnote{For example, the first variable of Associational and Organizational Rights was weighed by Freedom House as accounting for 12 points on their scale. That variable was assigned 10 points in this study, so it was divided by 12 (or multiplied by .833).} This went smoothly for all variables but one; the Freedom of the Press score from Freedom House was a score out of 100, with the higher the score indicating a \textit{worse} condition for the press. For all other seven variables, the higher the score, the \textit{better} the condition of the examined variable. So, the Freedom of the Press score needed to be inverted, which was done by computing the absolute value of the score, and the adjustment of 15 points (which was the weight assigned to it).\footnote{This involved the Absolute Value of the given score multiplied by converted weight as shown in footnote 2, then subtracted 15. =ABS(((given score)*(0.15))-15).} This converted what was a ‘negative’ score, in contrast to the direction of the other components, into a ‘positive’ one. The last step was to add each new score for the eight variables. A perfect score would be 100 points, representing a perfect democracy.

As for the Economic Rights Index, there are only five variables, each accounting for 20 points on a 100-point scale. Both the Cato/Fraser Institute score and the Heritage Foundation score used here had more variables in their indices. But this study opted to consider the larger, more encompassing, and most influential variables for economic rights in a state. Also, several of their indicators repeated into other indicators. The components chosen are also those heavily promoted within the literature on neoliberalism. Similar to the democracy index, this formula involved converting the points to chosen weights.\footnote{The Economic Rights Index formula was multiplied by 2 or .2, depending on if the score was on the 10-point or 100-point scale, used by Cato and Heritage respectively. =((score given)*.2 or 2).} This index was easier, however, as the five
variables were each 20 points, fitting nicely into the 100-point scale. Again, the new scores were simply added up to get the composite score.

Tables 3.5 and 3.6 show only the composites — both alphabetically by country then in rank order of best to worst for democracy according to the composite score. For comparison, Freedom House’s Freedom in the World Score and the Economist Intelligence Unit’s Democracy Index scores for each country are listed. Tables 3.7 and 3.8 show the same for economic rights, but compares to the Heritage Foundation’s Index of Economic Freedom and the Cato/Fraser Institute Economic Freedom in the World. The full table with all variables, values, and weights can be found in Appendices B and C.

Table 3.5: Democracy Composite Scores—by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Freedom House Freedom in the World 2015 (1-7, 7 worst)</th>
<th>Economist Intelligence Unit Democracy Index 2013 (best is closer to 10)</th>
<th>Democracy Composite Score</th>
<th>Rank Best to Worst for Democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2</td>
<td>6.84</td>
<td>79.0</td>
<td>7</td>
</tr>
<tr>
<td>Bolivia</td>
<td>3</td>
<td>5.79</td>
<td>69.5</td>
<td>12</td>
</tr>
<tr>
<td>Brazil</td>
<td>2</td>
<td>7.12</td>
<td>80.1</td>
<td>6</td>
</tr>
<tr>
<td>Chile</td>
<td>1</td>
<td>7.8</td>
<td>91.9</td>
<td>2</td>
</tr>
<tr>
<td>Colombia</td>
<td>3.5</td>
<td>6.55</td>
<td>64.3</td>
<td>15</td>
</tr>
<tr>
<td>Costa Rica</td>
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<td>8.03</td>
<td>90.9</td>
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<tr>
<td>Dominican Republic</td>
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<td>74.6</td>
<td>10</td>
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<tr>
<td>Ecuador</td>
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<td>17</td>
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<td>El Salvador</td>
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<td>6.53</td>
<td>76.1</td>
<td>8</td>
</tr>
<tr>
<td>Guatemala</td>
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<td>5.81</td>
<td>59.8</td>
<td>16</td>
</tr>
<tr>
<td>Guyana</td>
<td>2.5</td>
<td>6.05</td>
<td>75.1</td>
<td>9</td>
</tr>
<tr>
<td>Honduras</td>
<td>4</td>
<td>5.84</td>
<td>53.6</td>
<td>19</td>
</tr>
<tr>
<td>Mexico</td>
<td>3</td>
<td>6.91</td>
<td>66.2</td>
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</tr>
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<td>Nicaragua</td>
<td>3.5</td>
<td>5.46</td>
<td>55.8</td>
<td>18</td>
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<td>Panama</td>
<td>2</td>
<td>7.08</td>
<td>80.9</td>
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<td>Paraguay</td>
<td>3</td>
<td>6.26</td>
<td>66.6</td>
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<td>Peru</td>
<td>2.5</td>
<td>6.54</td>
<td>71.8</td>
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<td>Suriname</td>
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<td>6.77</td>
<td>80.7</td>
<td>5</td>
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<td>Uruguay</td>
<td>1</td>
<td>8.17</td>
<td>94.9</td>
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<td>Venezuela</td>
<td>5</td>
<td>5.07</td>
<td>40.7</td>
<td>20</td>
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</table>
Table 3.6: Democracy Composite Scores—by rank best to worst for democracy

<table>
<thead>
<tr>
<th>Country</th>
<th>Democracy Composite Score</th>
<th>Rank Best to Worst for Democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>94.9</td>
<td>1</td>
</tr>
<tr>
<td>Chile</td>
<td>91.9</td>
<td>2</td>
</tr>
<tr>
<td>Costa Rica</td>
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<tr>
<td>Panama</td>
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</tr>
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<td>Suriname</td>
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</tr>
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<td>Brazil</td>
<td>80.1</td>
<td>6</td>
</tr>
<tr>
<td>Argentina</td>
<td>79</td>
<td>7</td>
</tr>
<tr>
<td>El Salvador</td>
<td>76.1</td>
<td>8</td>
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<tr>
<td>Guyana</td>
<td>75.1</td>
<td>9</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>74.6</td>
<td>10</td>
</tr>
<tr>
<td>Peru</td>
<td>71.8</td>
<td>11</td>
</tr>
<tr>
<td>Bolivia</td>
<td>69.5</td>
<td>12</td>
</tr>
<tr>
<td>Paraguay</td>
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<td>13</td>
</tr>
<tr>
<td>Mexico</td>
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<td>14</td>
</tr>
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<td>Colombia</td>
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<td>15</td>
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<tr>
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<td>59.8</td>
<td>16</td>
</tr>
<tr>
<td>Ecuador</td>
<td>59.1</td>
<td>17</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>55.8</td>
<td>18</td>
</tr>
<tr>
<td>Honduras</td>
<td>53.6</td>
<td>19</td>
</tr>
<tr>
<td>Venezuela</td>
<td>40.7</td>
<td>20</td>
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Table 3.7: Economic Rights Index—by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Heritage Foundation Index of Economic Freedom 2015 (0-100 greatest freedom)</th>
<th>Cato/Fraser Institute Economic Freedom of the World 2014 (0-10 greatest freedom)</th>
<th>Economic Rights Composite Score</th>
<th>Rank Best to Worst for Economic Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>44.1</td>
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<td>6.01</td>
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<td>El Salvador</td>
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<td>6.46</td>
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<td>Honduras</td>
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<tr>
<td>Panama</td>
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<td>74.7</td>
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<td>Suriname</td>
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<td>65.0</td>
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<tr>
<td>Uruguay</td>
<td>68.6</td>
<td>7.33</td>
<td>79.0</td>
<td>5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>34.3</td>
<td>3.89</td>
<td>40.6</td>
<td>19</td>
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</tbody>
</table>
Table 3.8: Economic Rights Index—by rank best to worst for economic freedoms

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic Rights Composite Score</th>
<th>Rank Best to Worst for Economic Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>82.6</td>
<td>1</td>
</tr>
<tr>
<td>El Salvador</td>
<td>81.4</td>
<td>2</td>
</tr>
<tr>
<td>Peru</td>
<td>81</td>
<td>3</td>
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<tr>
<td>Nicaragua</td>
<td>79.1</td>
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<tr>
<td>Uruguay</td>
<td>79</td>
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<tr>
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<td>8</td>
</tr>
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<tr>
<td>Honduras</td>
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</tr>
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<td>Panama</td>
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<td>12</td>
</tr>
<tr>
<td>Brazil</td>
<td>65.3</td>
<td>13</td>
</tr>
<tr>
<td>Suriname</td>
<td>65</td>
<td>14</td>
</tr>
<tr>
<td>Guyana</td>
<td>64.4</td>
<td>15</td>
</tr>
<tr>
<td>Bolivia</td>
<td>59.7</td>
<td>16</td>
</tr>
<tr>
<td>Ecuador</td>
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<td>17</td>
</tr>
<tr>
<td>Argentina</td>
<td>53.2</td>
<td>18</td>
</tr>
<tr>
<td>Venezuela</td>
<td>40.6</td>
<td>19</td>
</tr>
</tbody>
</table>

6. Significance of Findings and Conclusions

The numbers paint an interesting picture regarding democracy and economic rights for the region of Latin America. When considering a threshold to help group states into levels of democracy or hybridity, we use 75/100, considering any scores above 75 as reaching a benchmark of being in the top 25%. Going much higher than 75 excludes many states, especially
for economic rights scores. At the 75 threshold, 11/20 states fall short; with a range of 74.6 for the Dominican Republic to 40.7 for Venezuela on the Democracy Composite Index. This means only 9/20 states surpassed the benchmark, with Uruguay topping the list at an impressive 94.9. This threshold serves as a limit for indicating both democracy and hybridity.

Since differing variables will be altering hybridity scores in each state, the 75 threshold for now allows us to at least identify which states indicate hybridity for further examination. Since the nature of hybrid states means they uphold some democratic values and not others, for this part of the research it is important to first identify these hybrid regimes, and in subsequent chapters identify what precisely makes them hybrid and then entrenches their regimes. By analyzing the original indices and the composite index created here, the scores can be used to identify hybrid regimes. These scores have indicated which states to examine further as examples of strong democracies and strong hybrid regimes, explained below. Since the states are now scored and identified, we can begin to search for how the variables influence levels of democracy or hybridity.

For economic rights, we have some interesting findings. Only 8/20 states fall below the same threshold, and 12/20 are above it — meaning 8 states have poor economic freedoms. This seems to suggest that the region as a whole provides more economic rights than democratic rights. Also interesting is the dispersion; the best score (82.6) is achieved by Chile, while the worst is Venezuela at 40.6. So even though fewer states fall below the 75% threshold, those that are above it are primarily in the 70s (only three go above 80). There is a wider range of democracy scores (94.9 to 40.7) than economic rights scores (82.6 to 40.6).

It is also interesting to compare the created indices with the two primary indices for each of democracy and economic rights. The Democracy Composite Index (DCI) scores appear to line
up better with the two original indices (Freedom House and Economist Intelligence Unit) than the Economic Rights Composite Index (ERCI) with its two original indices (Heritage Foundation and the Cato/Fraser Institute). The scores put the same countries in similar ranking to the other indices, but do appear to increase the degree of democracy present in most countries. The ERCI scores are sometimes better and sometimes worse than the originals. This could signify that we needed additional variables in the ERCI, or that the weights assigned to each variable are more significant and influential than the weights the variables were assigned by their respective original indices.

So what do these findings indicate and how are these new composites useful to academia and specifically this research? At initial inspection, the scores show that Latin America is doing better overall, in terms of rights, in the economic sphere. However, a few countries are doing quite well with democracy: Uruguay, Chile, and Costa Rica being the top three, at least 10 points ahead of everyone else. And while there are more states (12/20) above the 75 threshold for economic rights, these scores are all between 75 and 82.6 — not much of a range. The purpose of this research is not to determine all of these causes, but to assess whether resource wealth and state control of the economy can explain why economic rights and levels of democracy are lower in those states.

Statistically, this study ran a Pearson’s correlation to see how economic rights correlate with levels of democracy, using both of the newly created indices. Table 3.9 below shows the correlation output from SPSS, which indicates that in a one-tailed test, the correlation is (.38). Using the accepted scale for interpreting Pearson’s r scores, the (.38) falls right in the middle of the “moderate association” range (which is .3 to .5). Additionally, this correlation is statistically significant at the (.05) level, with a p-value of (.049). Thus one can conclude that democracy
freedoms do indeed increase and decrease alongside economic freedoms. Of course, other variables influence levels of democracy, but we can see that economic rights certainly impact democracy. The existence of a statistically significant correlation also signals that we can assume a level of generalizability outside just the Latin American region. This means the indices in this study should be able to measure democracy levels and economic rights regardless of location.

Immediately following the correlation output table below is the scatterplot (Figure 3.1) for this study’s indices. Note the range for the indices begins at 40, with Venezuela right at 40 for both scores. The scatterplot highlights not only the strong democracies and strong hybrid regimes, but also indicates a cluster of states that have higher economic scores than their democracy scores — these are the countries that bordered the 75 threshold for economic rights, some barely making the mark.\textsuperscript{14} Academics consider several of those states hybrid regimes, which leads one to believe other variables must be influencing levels of democracy in those particular cases — one would not necessarily expect economic rights to be greater than democratic rights, although this has certainly occurred historically. Perhaps these states are more open to foreign trade and investment than the more entrenched hybrid regimes like Venezuela, Ecuador, and Bolivia — these three regimes also happen to have a resource curse. Perhaps the resource curse is allowing for greater entrenchment in those three countries (examined in chapter five), and the hybrid systems appearing in the cluster states may just be a temporary condition, with hybridity being unable to fully entrench. This would be a great area for future research. However, the focus here is on those states that do appear to have the resource curse, trying to

\textsuperscript{14} Colombia (75.04); Guatemala (77.72); Honduras (77.72); Mexico (75.52); Nicaragua (79.08); Paraguay (78.28). These countries’ democracy scores are all below 70.
explain and connect the state control over the economy and commodities as why their democracy scores are so low.

Table 3.9: Correlation Output

<table>
<thead>
<tr>
<th></th>
<th>Democracy Composite Index</th>
<th>Economic Rights Composite Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy Composite Index</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>20</td>
</tr>
<tr>
<td>Economic Rights Composite Index</td>
<td>Pearson Correlation</td>
<td>.380*</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>.049</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>20</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (1-tailed).
Future Research

In terms of future research it would be interesting to thoroughly examination the economic scores in particular. These new composites could be useful when one wants another comparative tool for understanding levels of democracy, regardless of region. While there are several democracy indices already available, this DCI attempts to feature the strongest variables from major indices and provides an alternative for weights on differing variables. If one is more inclined to think expression freedoms and personal rights are slightly more necessary for democracy, or are in fact needed as a prerequisite for proper elections to even occur, the DCI
could be of use. For this research, the created composites allow me to measure democracy according to the chosen definition and assigned weights. We can also compare the democracy scores to the economic scores in order to better understand democracy and hybridity. This is particularly significant, as this study is interested in examining the extent that economic freedoms, or lack thereof, influence hybrid regimes’ grip on power.

As noted in the scatterplot, the cases do not coincide with the line of best fit very well. The $r^2$ for this correlation is .14. While this score is low, it is important to remember the $r^2$ is typically useful for predictions, which is not this study’s goal. Still, it would be interesting in the future to see why the fit is weak.\footnote{Conceivably it is related to the lack of resource curse in the cluster states, as mentioned previously.}

\textit{Choosing the case studies}

After seeing the results of the composite indices for both democracy and economic rights, the use of the case countries in the subsequent chapters can easily be justified. As primary examples of strongly entrenched hybrid regimes, the top contenders are Venezuela and Ecuador — the results confirmed initial suspicion that these states would be the worst offenders. While Honduras and Nicaragua do have worse democracy scores than Ecuador, Ecuador’s economic rights score is significantly lower. Previous literature also supports Ecuador as being hostile towards democracy. Uruguay tops the list for democracies in the region, followed by Chile and Costa Rica. This project will use Costa Rica (90.9) as the second democracy case study because it is only 1 point lower on the democracy index than Chile (91.9). The literature also strongly
argues that Costa Rica is a very strong, stable democracy alongside Uruguay, while Chile is not as often considered in as high regard.

With the case study countries now chosen, the following chapters will examine the variables used in the indices to see just how certain economic conditions are influencing levels of democracy. While one can anticipate finding that the level of state control over the economy and the existence of a resource curse does in fact influence democracy levels, we can also presume that it will not be the only factor. As always, many variables influence such a large concept as democracy, and the preliminary findings here with the cluster states issue indicate that something else could be at play in entrenching hybrid regimes.
CHAPTER FOUR: STABLE DEMOCRACY CASE STUDIES: COSTA RICA AND URUGUAY

1. Introduction

Seligson and Martínez Franzoni (2010: 329) note: “Costa Rica remains as one of the — if not the — most legitimate political system in all of Latin America.” Likewise, The Economist crowned Uruguay as Country of The Year for 2013 (“Earth’s got talent” 2013). Both Costa Rica and Uruguay scored quite highly on the indices examined in chapter three and in the created composite index. On the Democracy Composite Index, Uruguay scored 94.9, and Costa Rica scored 90.9. While Chile did score higher than Costa Rica, at 91.9, the literature suggests Costa Rica is a well-known and established democracy in the region (since 1869) — Chile is a newer democracy, with less time for entrenchment. While Chile has a history of democracy, it was not as democratic when applying the “thick” democracy definition, and had the Pinochet military regime from 1973 until 1990. The 1-point difference is not significant enough to include Chile in the in-depth case study here, but Chile deserves the honorable mention as a strong democracy in the region. Thus Costa Rica and Uruguay will best represent democracies in Latin America.

With rising Bolivarianism in the region, and rights of opponents being repressed, it is necessary to study what can make democracies stable in the area. States like Uruguay and Costa Rica need to remain strongholds of democracy. It is important to understand the differences between these states and the hybrid regimes in the next chapter, in order to determine what can influence regime type and subsequent citizen freedoms. These two case countries represent a sort of ideal for the area, in terms of democracy and economic rights. This chapter serves to contrast
the cases where phenomena of interest are absent, much like Skocpol’s (1976: 177) look into social revolutions comparing negative and positive cases to understand different outcomes.\footnote{See also Przeworski and Teune (1970) and Ragin (2000).}

This chapter will demonstrate how the absence of the necessary conditions for a resource curse and subsequent Dutch disease will in turn lead to an absence of hybrid regimes. Costa Rica and Uruguay can present an example of how states should and could look, assuming certain democratic and economic conditions are met. This chapter aims to be a comparison against Venezuela and Ecuador as hybrid regimes in the next chapter. By analyzing how democracies have become entrenched in Costa Rica and Uruguay, we can find the primary variables needed to create, sustain, and entrench democratic regimes in a region currently facing threats to democratic stability. We can see what has worked in Costa Rica and Uruguay, and underpin the various economic and political differences that exist in these two states to demonstrate how Venezuela and Ecuador have failed.

\textit{Chapter layout}

This chapter will first briefly cover the transitions to democracy in each country, as well as provide an outline of the current system. This is done to demonstrate the historical entrenchment of the democratic structures and provide the reader with a layout of current situations. Then follows a deeper look into the variables this research is interested in. These variable categories include economics, the absence of the resource curse, and elite actions on freedom of expression rights. Last, the chapter synthesizes the information found and how these democracies have become successfully entrenched.
2. Introduction to Costa Rica and Uruguay’s Political Transitions

Costa Rica

Costa Rica’s history with democracy has long been entwined with its history of economics. True democracy would not materialize until the 1940s/50s, with various dictatorships and military regimes holding power. Many rural, wealthier families controlled the government in the years since independence, but certain actions beginning in the 1830s gave power to the small farmers (Booth, Wade, & Walker 2014). One president “increased the already fairly large number of small farmers by distributing municipal lands to the inhabitants. He also… included small farmers in coffee cultivation…[which] helped form a class of smallholding yeoman farmers that continuously renewed itself by expanding the agricultural frontiers” (Ibid.: 72). The country had elite-dominated, indirect elections beginning in the 1840s, but elections and the electorate expanded after a series of education reforms (increasing literacy rates, when literacy was required to vote) by the end of the 1800s. A culture of self-reliance, free expression, and egalitarianism helped foster democratic ideals among the wealthy and the day-laborers over the decades (Pettiford 1999). After a series of continued military dictatorships, citizens protested against the regime in 1899, which resulted in an opposition victory. By 1920, suffrage was expanded, direct popular elections grew, and free and open opposition campaigns were permitted. Constitutional rule occurred in 1919 after the last military regime was toppled (Booth et al. 2014).

However, in 1948 President Calderón would be ousted in a brief civil war, with his opponents citing election rigging. The leader of the junta, José Pepe Figueres Ferrer, founded the National Liberation Party (PLN), rewrote the constitution in 1949, enfranchised women and blacks, abolished the military, increased social welfare legislation, and increased citizens’ ability
to participate in politics (Booth et al. 2014; Pettiford 1999). After these actions, in 1949 the PLN turned the government over to the rightful winner of the 1948 election (who was not a part of the PLN). This act is unique in a historical context, as it signals an understanding for the respect of the democratic process (even if the means to get there were not entirely democratic). Not often has a coup leader turned power over to the legitimate winner of an election (Pettiford 1999). The center-left social democratic PLN as a party remained a political force for decades (Booth et al. 2014). The Costa Rican government “kept an open, constitutional regime with clean elections and considerable popular access to public officials” (Ibid.: 78).

More recently, in 2010 President Laura Chinchilla of the PLN was elected, and in 2011 the Legislative Assembly elected a member of the PAC (Citizen Action Party) as Assembly President — the first time in over 40 years this position went to someone not in the ruling party (Booth et al. 2014). Most of the 1900s had been dominated by the PLN and the Social Christian Unity Party (PUSC). Recent years have been plagued by corruption scandals, losing the PLN more assembly seats. The Corruption Perceptions Index (2014) scored Costa Rica at 54/100 (100 being worst) for corruption. These scandals also reduced its score on the regional Democratic Development Index (but still keeping the country at the top with Uruguay and Chile) (“IDD-Lat2014: Costa Rica” 2014).

In 2014, a run-off election was needed for the new presidential term of 2014-2018, putting PAC candidate Luis Guillermo Solis as President with 77.8% over the PLN candidate (Dyer 2014). This would be the first time a third-party candidate has won the presidency in many decades. There exists a divided Legislative Assembly of 57 seats to be shared among the major parties. This requires cooperation and negotiation for policy success, and means no one party has extreme control over the legislative branch (Sánchez 2014). More recently, President Solis has
been committed to transparency and ending any “presidential cults” that had been present in past administrations or in neighboring states, in an attempt to reconnect with citizens (“Costa Rican leader Solis bans ‘presidential cult’” 2014).

**Uruguay**

Like Costa Rica, Uruguay is continually heralded as an exceptional democracy in a region prone to instability (Cason 2000). “Before its authoritarian interlude from 1973 to 1985, Uruguay was perhaps the most stable democracy in Latin America” (Ibid.: 86). Prior to this, a military truce occurred at the beginning of the 20th century between the two main parties, Partido Colorado and the Partido Nacional (also called the Blancos). This truce swiftly introduced a social welfare state, providing rights to women and labor groups far ahead of Western counterparts. This truce was essential to Uruguay’s stability, as both parties negotiated a pact agreeing to power-sharing during state reconstruction in the early 20th century (Kurtz 2013). The Colorados dominated for much of the 1900s. When the more conservative Blancos held power, the social welfare model was preserved — much like what has occurred in Costa Rica.

The early constitution featured a crucial component: a weak executive. This removed a typical reason for violence, as the losing political party knew the winning party could only be in office for a single four-year term, and the losing party would have the chance of winning the executive again (Kurtz 2013). There was a limit on the length and depth of power that the executive would have, dispelling fears of entrenching one party to the presidency. Also, there is a long-established rule of ‘coparticipation’ among political parties, to maintain social policies for broad electoral support, and to create party coalitions to ease the legislative passage of policies
Economic growth stagnated in the 1950s and 60s, which prompted some civilian backlash. For instance, the *Tupamaros* was a violent guerrilla group that was quelled with military repression. The economic decline also lead to new party creation, including the *Frente Amplio* (Broad Front, or FA in 1971), challenging the two-party system (Cason 2000). Cason (2000: 86) notes a “political irony” in the occurrence of a 1973 military coup that dissolved parliament, lasting until 1984. In 1980, the military regime issued a plebiscite on a new constitution, which the public rejected, and thus began the re-transition to democracy and civilian rule (Smith 2012). The military accepted the results of the plebiscite and gave power back to democratically elected officials.

Constitutional reforms were inaugurated in 1999, which included a requirement for a run-off for majority win in the presidential elections (prior to this existed a complicated double simultaneous vote system, which is still used for parliamentary elections) (Cason 2000). This electoral change and the fact that there were now three major parties participating made votes split differently than in the past. This eventually led to the *Colorados* and the FA forming a new two-party system, as the *Blancos* were ideologically divided, thus making voters choose the more stable left or right parties (Ibid.). Many *Blancos* leaders joined the *Colorados*, and today the electorate chooses primarily between the *Colorados* and FA, with some small third parties too. While Tabaré Vázquez is the current President, José Mujica from the term prior was fiercely loved for his personality and frugal living style, in addition to strengthening the economy and increasing social stability (Davies 2015).
This brief but important look at Costa Rica and Uruguay’s historical involvement with democracy demonstrates how deep the roots of democracy penetrate society. Even through brief military regimes and coups, democratic values persisted. Coup leaders in both countries restored democracy when citizens called for it. These precedents give us systems of deeply entrenched democracies, finding their roots over a century ago. It is unique that even with bouts of nondemocratic rule, the military regimes still willingly restored democratic institutions. This favoritism for democratic values will become more apparent throughout the chapter. With this compendious recount of Costa Rica and Uruguay’s political histories, we can begin to dig deeper into more recent events that have solidified and entrenched democracy in these case studies.

3. Limited State Control of Primary Commodities and the Economy

*Early important history*

As Booth, Wade, and Walker (2014) note, Costa Rica’s topography kept it rather isolated for many years, but it has always embraced export agriculture. During a military regime in the late 1800s, one leader constructed new roads and railways to move coffee to market, resulting in higher wages during a time with a labor shortage (Ibid.: 73). The rail expansion and resulting opening to international markets also occurred in Uruguay, attracting more foreign investment (Kurtz 2013). This foreign investment kept rolling into Uruguay as other countries saw its strong state capacity for fiscal discipline, prudent budgeting, and ability to tax citizens effectively (something uncommon in many Latin American states) (Ibid.: 116). Thus the governments of each state helped promote both the investment in and creation of infrastructure necessary for the movement of goods.
The labor shortage during the early 1900s in Costa Rica meant that larger coffee producers had to pay decent wages, with the government passing many reformist policies. Workers in Costa Rica became more protected than those of similar standing in other neighboring countries (Isbester 2011a). Workers were less exploited and repressed than in other countries, a tradition that continues today. After the Atlantic railroad was completed, the banana crop could be more easily exported. The industry was mostly foreign-owned until the Great Depression, when union influence grew. At the time, President Calderón broke rank with the coffee elite and enacted labor and social security laws (Booth et al. 2014). Even through the 20th century, Costa Rica continued to industrialize, modernize, and urbanize. “Among Central American nations, Costa Rica had more of its workforce (16 percent) in manufacturing…and ranked second (at 23 percent) in manufacturing’s contribution to domestic production” (Ibid.: 76). “Employment growth in urban services and manufacturing absorbed much of the surplus agricultural production and prevented the sharp growth of rural unemployment and poverty” (Ibid.: 77).

Uruguay’s economic history is similarly situated, relying primarily on meat, hides, wool, and grain exports since its independence (Huber and Stephens 2012). During state creation, the beef exporting industries were key not only for funding the state and citizens, but for creating political parties (Kurtz 2013). These industries generated some industrialization, urbanization, and middle-and working-class growth. Eventually, more permanent crops such as grains were exported at a higher rate. Many of the middle-class became middle-class by working for the large state apparatus (Ibid.). Pension funds for all state employees (and by 1954 all private employees) and a push for free secular education began early in Uruguay’s democracy, and have remained as cohesive bonds among parties and citizens ever since (Huber and Stephens 2012). The state was
involved in infrastructure creation and industrialization initially, and has continued to open the economy via investment and exports throughout the years. However, even today the state remains very much involved in social welfare programs in both states.

The growing influence of privatization and neoliberalism

Throughout the 1980s, Costa Rica borrowed money to support its social welfare programs, a debt which grew due to the global oil crisis and its compounding negative effects to the region. By 1985, it was forced to adjust structurally and enact more neoliberal economic policies favored by the US, IMF, Paris Club, and Inter-American Development Bank (Booth et al. 2014). The Unity Party in particular favored these changes, and Costa Rica began to pare back social programs, privatized most of the nation’s publicly owned enterprises and banks, and reduced trade barriers. Likewise in Uruguay, the debt crisis and subsequent reliance on the World Bank and IMF lead to neoliberal reforms, eventually albeit begrudgingly supported by the major political parties (Huber and Stephens 2012). Even through the 1960s, import substitution industrialization was a favored practice in much of Latin America, including our case study democracies.

The neoliberals “have largely won the debate against advocates of extensive state intervention” (Handelman 2003: 271). Neoliberal reforms promoted during the 1980s-90s included: “reduction of government expenditures, liberalization of trade and financial markets, privatization, and deregulation…partial or full privatization of social security” (Huber and Stephens 2012: 156). Liberalization was state-led, with the state offering subsidies and tax breaks to nontraditional industries (Booth et al. 2014). States would also remove consumer subsidies and price controls, allowing prices to be determined by the market (Silva 2009).
Neither state took on full liberalization or attempted to do so immediately, but reforms were implemented on a slow, structured, piece-meal basis.

Since its first push in the 1980s, the neoliberal agenda has shifted and adjusted to specific needs and capabilities of each state, leaving Costa Rica and Uruguay with open trade markets but still a state-centered social welfare system (Huber and Stephens 2012). This incrementalism has been repeatedly preferred over “reforms that change things too fast [which] are likely to suffer from deficient management and harsh political polarization, both of which contribute to macroeconomic imbalances, economic decline, and loss of support for democratic governments” (Ibid.: 257). Neoliberalism has helped to restore economic growth in the region, cut back on inflation, curtail debt and deficits, reduce prices on basic consumer goods, and privatization improved access to a range of utilities (water, electricity, etc.) (Kingstone 2011: 97).

The development model employed for decades to get Costa Rica on its feet had been changed to a primarily neoliberal system — one which diversified its economy by adding other exports and increasing tourism and services, continuing to bolster economic growth (4.3%) into the new millennium (Seligson and Martínez Franzoni 2010: 324). It is necessary to note that Costa Rica received financial assistance from the US during the 1980s, mostly used to balance debt payments, but this aid allowed the state to transition to neoliberalism without collapsing (Isbester 2011a). After the neoliberal restructuring, Booth and co-authors noted:

During the 1990s Costa Rica’s combined rate of investment between government and private-sector sources was high for the region. Government spending on social services far exceeded any other country in the area. GDP per capita grew by nearly 25 percent between 1990 and the early 2000s, driven by a tourism
boom, domestic and foreign investment, new computer-assembly and online-services industries, and expanded textile manufacturing. (Booth et al. 2014: 81)

The deregulation that occurred with liberalization allowed for a new private banking system in Costa Rica, which was dominated by foreign capital. Investment shifted from agriculture to commercial and service sectors (Robinson 2003). Foreign direct investment had grown by 2.3 times by 2003 from 1991 (Seligson and Martínez Franzoni 2010: 318). The economy shifted from agro-exporter to a diversified corporate importer (Isbester 2011a). Costa Rica’s GDP value-added in industry from the 1970s to early 2000s was about 30%; its value added in agriculture went from 23% to 12% by the start of the new millennium (Huber and Stephens 2010: 167). The diversification of production and export supply meant that by 2003, “…the territory devoted to five nontraditional agricultural products was 50% more than the area devoted to bananas,” one of the original cash crops (along with coffee) (Seligson and Martínez Franzoni 2010: 318). Exports including flowers, tilapia, and beef increased, and non-agricultural item exports increased as well (electronic circuits, textiles, medicines, and medical equipment) (Ibid.: 324).

In 2013, The Observatory of Economic Complexity (“What does Costa Rica export?” 2015) indicates that “integrated circuits,” such as chips and processing items for tech use, are the largest exported category at 46%. Other significant exports include office machine parts, bananas and other fruits and foods, glass/plastic materials, and medical instruments. In 1962 (earliest year of data available), coffee was exported at 57%, bananas at 21%, and other foodstuffs around 15%. This more diverse economy allows for added security in times of international economic distress.
Openness was at 73% of the GNP in 1990, but by 2003 openness was at 95.4% — signaling that the liberalization, growth of FDI, diversification, and privatization of the neoliberal reforms of the 1980s and 90s had truly opened the economy (Seligson and Martínez Franzoni 2010: 318). Even more recently, Costa Rica (barely) approved membership in CAFTA (Central America Free Trade Agreement, now CAFTA-DR with the addition of the Dominican Republic) after a 2007 referendum. Foreign investment and economic growth followed (Booth *et al.* 2014). Despite occasional setbacks over the course of the last 50 years, Costa Rican GDP per capita increased 185 percent, compared to the regional average of 90 percent (Ibid.: 82).

Transitioning to Uruguay, GDP value-added in industry ranged from 30-34%; agriculture went from 17% in the 1970s to 7% by 2001 (Huber and Stephens 2010: 167). One can see the shift away from agriculture, but it still indicates diversity in sectors. It is also helpful to note that both countries have comparatively low rates of workers in the informal sector, meaning a larger and identifiable tax base (Huber and Stephens 2010). Grassi (2014: 124) notes this informal rate was at about 25% in 2011. Uruguay boasts a per capita income that is 68% higher (in 2008) than the regional average (Ibid.: 123). Much like Costa Rica, Uruguay’s economy shifted from an import-substitution industrialization (ISI) model to taking on neoliberalism after the global economic downturn of the 1970s-80s and after democracy was reestablished in 1984. Neoliberalism took hold when politicians realized that ISI was no longer functional and that the tax base needed to be bigger to keep up with social welfare demands.

Neoliberalism also brought an expanded role to private welfare providers and improved oversight of public spending and policies (Grassi 2014). The government under the FA since 2004 has been committed to creating conditions conducive to market dynamism and foreign and private investment (Lanzaro 2011). It has promoted private investment in the public sector,
services, infrastructure, agro-industry, trade, and competitiveness (Ibid.: 359). More recently, Uruguay has expanded its commercial and investment relations with the US, opening up a larger market for greater economic prosperity (Sabatini and Bintrim 2014). In 2013, The Observatory of Economic Complexity (“What does Uruguay export?” 2015) indicates that soybeans are the single largest exported good at 18%, followed by other fruits and vegetables. Meat and its derivatives are exported at nearly 30%. Other significant exports include various chemicals and cleaning products, wood/lumber, and machinery. In 1962 (earliest year of data available), exports were 56% wool/wool products, 20% meat products, plant oils, grains, and medical products. Much like Costa Rica, Uruguay’s economy has become more diversified and adaptive to global demands, leading to increased state stability.

Booth and co-authors (2014: 82) note that the share of people living in poverty decreased nearly 6% (early 1990s-2004), and only 3% of Costa Ricans live on less than $2/day (the lowest in the region by far). For Uruguay, in 2010 the percent in poverty was 8.4 (Grassi 2014: 129). Also, the GDP per capita in 2012 for Costa Rica was 79% higher than in 1990, the best performance in the region (Booth et al. 2014: 82). From when the Frente Amplio assumed power in Uruguay in 2005 to 2015, the country’s economic management and fiscal policies made significant economic growth coming out of harder times (Altman and Buquet 2015). Inflation and unemployment levels have been at historic lows, and a significant tax reform was implemented that involves a progressive income distribution (Ibid.).

Neoliberalism was more easily installed in both Costa Rica and Uruguay, partially as a result of their more open and competitive political systems and mobilized civil societies than in other countries in the region (Isbester 2011c). This established pattern of democratic tendencies helped these two states take on a systemic economic change quite successfully. While neither
country fully embraced pure neoliberalism (persistently favoring grand social welfare programs), the economic changes made have seemed to create a stable economic and political system focused on diversified exports (Isbester 2011b). Neither state took on neoliberalism all at one time, either. The implementation of neoliberal practice gradually took over for ISI, mostly after economic crises in the 1980s (Huber and Stephens 2010). The states today remain focused on diversified economies with large social welfare programs and continued privatization. Kaufman (2011) notes that presidents have consistently backed market-oriented finance ministers and central bankers, even while maintaining the social programs in their states. Weyland (2011) notes that democracy will continue to strengthen in these countries, by helping to integrate marginalized masses and functioning within a stable macroeconomic environment.

Additionally, Boix (2011: 827) found that democratic consolidation and stabilization occurs in countries with higher per capita GDP, lower levels of inequality, and diversified economies; components prominently featured in both Costa Rica and Uruguay. Freeman and Quinn (2012) also found that financial openness, both domestically and internationally, has a positive relationship with democratization. They also explain that as economies diversify and more people are allowed to partake in the economy and make more money, prior elite asset ownership decreases. As a result, the elites’ ability to repress others also decreases. Naturally, political parties are interested in being reelected, and thus attempt to make fiscally sound decisions, considering long-run economic possibilities. These elites cannot politically afford to make drastic economic changes — such as overhauling any prior neoliberal developments as occurred in Venezuela and Ecuador (Kaufman 2011). Liberalization, including opening up and diversifying markets and investments while privatizing and deregulating industries, has proven to be advantageous for these democracies (Seligson and Martínez Franzoni 2010).
The scores gathered for the creation of the composite indices in chapter three are useful to further demonstrate the greater economic freedoms present in the democracy case studies. Economic freedom, most simply, is “the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself” (Banaian and Luksetich 2008: 155). The overall scores for the Economic Freedom of the World Index from the Cato/Fraser Institutes were published in 2014 and the data refer to 2012. The overall index and its subcomponents have a range of 0-10; a score of 10 is most preferable and most free. Costa Rica’s overall score was 7.6, and Uruguay’s was 7.33. Venezuela was 3.89 and Ecuador was 6.01. The most dramatic differences were on the “sound money” component for the Economic Freedom of the World, and give Costa Rica a 9.3 and Uruguay a 9.2 (“Chapter 1: Economic Freedom of the World 2012” 2014.). For comparison, Venezuela scored a 4.7 and Ecuador a 6.6. The “legal system and property rights,” “size of government,” and “freedom to trade internationally” subcomponents also showed Costa Rica and Uruguay as distinct among the case studies for this research and its regional peers.

Related, the Heritage Foundation’s Index of Economic Freedom measures 10 subcomponents, with values ranging from 0-100. On this scale 100 is the most preferable score and most-free. The overall score for Costa Rica in 2015 was 67.2, and Uruguay was 68.6. To compare, Venezuela was 34.3 and Ecuador was 49.2 (“2015 Index of Economic Freedom—Methodology” 2015). “Investment Freedom,” “Trade Freedom,” “Property Rights,” and “Freedom From Corruption” subcomponents all greatly indicate the disparities between the two countries, as outlined in the table below. Investment Freedom is clearly the most impressionable.
Table 4.1: Select Heritage Foundation “Index of Economic Freedom” Scores, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall Score</th>
<th>Property Rights</th>
<th>Freedom From Corruption</th>
<th>Trade Freedom</th>
<th>Investment Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>67.2</td>
<td>50</td>
<td>53</td>
<td>83.8</td>
<td>70</td>
</tr>
<tr>
<td>Uruguay</td>
<td>68.6</td>
<td>70</td>
<td>73</td>
<td>81.8</td>
<td>80</td>
</tr>
<tr>
<td>Venezuela</td>
<td>34.3</td>
<td>5</td>
<td>20</td>
<td>62.8</td>
<td>0</td>
</tr>
<tr>
<td>Ecuador</td>
<td>49.2</td>
<td>15</td>
<td>35</td>
<td>71.4</td>
<td>30</td>
</tr>
</tbody>
</table>

Also, for the Economic Rights Composite Index created in chapter three using both these indices’ components at differing weights, Costa Rica scored 78.2/100 (100 being best), and Uruguay scored 79. Venezuela scored 40.6 and Ecuador scored 57.3. These numbers, and the numbers from the individual indices listed above in Table 4.1, help indicate the degrees of economic freedom in the Latin American case study democracies. The neoliberal paths taken by the states have generated greater freedoms and greater prosperity. The diversity of economies allows the state to more readily absorb any economic shocks to one particular source of revenue, keeping the existing democracy stable. As will be examined next, this freedom and stability, in addition to the lack of a resource curse and its effects, help to solidify and entrench democracy in Costa Rica and Uruguay.

*Absence of the resource curse*

As evidenced by the diverse economies and greater utilization of neoliberal practices in Costa Rica and Uruguay, the plaguing resource curse (see chapter five) is absent. Calderón and Chong (2007) examined rent-seeking and its effects on democracy, both in quality and duration. Overall, “democratic regimes help reduce rent-seeking behavior” (Ibid.: 598). Rent-seeking has a negative correlation with both the quality of institutions in a democracy and the duration of democracy. Thus, as rent-seeking is related to the resource curse literature, these authors
demonstrate that with the specific case of Uruguay, a decrease in rent-seeking behavior meant that Uruguay’s democratic institutions became stronger. Weyland (2009) notes that leaders in non-rentier states feel more tightly bound by market constraints and will therefore be less likely to stray from orthodox policies. Costa Rica and Uruguay do not partake in rent-seeking, and have stayed in the neoliberal camp. Thus the absence of rent-seeking and the absence of a resource curse have helped to embed democracy in these states.

A key factor of the resource curse is that resource wealth funds extensive social programs without resorting to needing any tax base from private citizens. But, in the two case studies presented here, social programs are extensive and thriving without resource wealth. Uruguay has long been fond of a social security system, first establishing one in 1910s, and expanding it again between 1948-1954 (Huber and Stephens 2010). Their system began, and still remains, not universalistic; it applies benefits unevenly based on job and income (Ibid.). Costa Rica also has long had a social insurance system (since 1941), going from the bottom up, first benefitting the poorest and then encompassing other classes. Benefits are extended regardless of class, and these universal policies are funded via payroll taxes. Costa Rica is unique in that its coverage is much greater than other states in the region (Franzoni and Sánchez-Ancochea 2014). Costa Rican politicians and citizens have long favored universal social policies; no party can successfully campaign against them (McGuire 2010). Beginning in the 1950s, the Costa Rican governments employed more Keynesian economics than in previous years, effectively anticipating and then displacing public demands for social programs (Rivera Araya and Guendell González 1989).

A key difference between social policies in places like Costa Rica and Uruguay and Venezuela and Ecuador lies in the revenue source. Income caps in Costa Rica were removed to make way for a larger tax base. Interestingly, even those citizens who were taxed more after the
cap removal were in support of the taxing, since it would mean they could reap the social insurance benefits (Franzoni and Sánchez-Ancochea 2014). The Costa Rican culture has long supported social insurance and the necessity for payroll taxes to fund these programs, leading Costa Rica to provide these programs via the tax base. Citizens are relatively willing and wanting to pay taxes for access to the health and pension programs the government provides.

While equally important in Uruguayan culture, Uruguay’s health and pension systems are not applied as evenly across social classes (Franzoni and Sánchez-Ancochea 2014). But, the move to neoliberalism tightened the link between social welfare recipients and benefits, forcing more citizens to contribute via taxes to the pension and social security funds (Grassi 2014). The FA health care reforms in the mid-2000s have workers contributing to the national public system based on their income level, so the tax burden is different based on income (Pribble and Huber 2011; Altman and Buquet 2015). The governments tap revenue sources “from taxation or from reserves in a stabilization fund to finance their reforms” (Pribble and Huber 2011: 135). The FA also reformed the tax system to move away from a sales tax/value-added tax reliance to increasing income tax for corporations and individuals. Often, a negative side effect of neoliberalism is that the tax burden often shifts to a consumption tax (rather than income), so poorer states have difficulty producing the amounts of funding necessary to maintain social programs (Isbester 2011b). Kurtz (2013) notes however that effective institutions within Uruguay have allowed for more direct collection of taxes on individual and corporate income. The new tax reforms took effect in 2007, after some opposition from the traditional parties, and have been analyzed to be more effective and equitable than the old system (Pribble and Huber 2011: 128).
In any state, when the economy performs well, social services can often be extended, which tends to strengthen state institutions, eventually lower social inequalities, and increase support for democracy. The extensive social welfare programs in both states require higher tax burdens on citizens. However, Huber and Stephens (2012) note that both Uruguay and Costa Rica established mixed systems with basic public and supplementary private components to their pension systems. Along with the neoliberal reform agenda and rising costs without quickly rising revenue, these countries reformed their health and pension systems to become more privatized and secure. Neither country has attempted to reverse these trends toward privatization or trade liberalization (Levitsky and Roberts 2011).

The following two graphics demonstrate the tax revenues as a percent of GDP for 1990-2013 (Figure 4.1 and Table 4.2). Note the increasing trend for the ratios in Uruguay and Costa Rica, and a downward trend in Venezuela. Ecuador, while indicating an increasing trend, still remains lower than the two democracy case studies. State reliance on citizens as a source of revenue vary within my case countries: the most current tax burdens for citizens in 2015 as a percentage of total GDP are 23.2% (Costa Rica), 27.4% (Uruguay), 13.9% (Venezuela), and 19.3% (Ecuador) (“2015 Index of Economic Freedom” 2015). Table 4.3 shows trends of social security contributions to the tax base from 1990-2013. While Ecuador’s share is much larger than Venezuela’s, both hybrid regimes are still lower than Costa Rica and Uruguay’s, as the democracies get much of their tax base from public and private contributions to social security to fund the desired social programs.
Figure 4.1: Tax trends as percent of GDP, 1990-2013

Table 4.2: Total Tax Revenue as Percentage of GDP, 1990-2013

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<tbody>
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<td>26.1</td>
<td>26.8</td>
<td>27</td>
<td>26.8</td>
<td>27.4</td>
<td>27.1</td>
</tr>
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<td>22.7</td>
<td>21.2</td>
<td>20.8</td>
<td>21.3</td>
<td>21.2</td>
<td>22.4</td>
</tr>
<tr>
<td>Ecuador</td>
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<td>10.1</td>
<td>14</td>
<td>14.9</td>
<td>16.3</td>
<td>17.3</td>
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</tr>
<tr>
<td>Venezuela</td>
<td>18.7</td>
<td>13.6</td>
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<td>11.4</td>
<td>13.1</td>
<td>13.9</td>
<td>14.2</td>
</tr>
</tbody>
</table>

Table 4.3: Social Security contributions as a percentage of total taxation, 1990-2013

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Note: The figures exclude local government revenues for Argentina (but include provincial revenues), Barbados, Bolivia, Costa Rica (up to 1997), Dominican Republic, Ecuador, El Salvador, Honduras, Jamaica, Nicaragua, Panama (up to 1990), Paraguay (up to 2004 and 2013), Peru (up to 2004), Uruguay (up to 2013), and Venezuela as the data are not available.

1. Estimated figures from 2011 to 2013.
2. Represents a group of 20 Latin American and Caribbean countries. Chile and Mexico are also part of the OECD (34) group.
3. Represents the unweighted average for OECD member countries.


The following two graphics (figures 4.2 and 4.3) highlight the amounts collected for the total tax revenue from 1990-2013 in three categories: social security, income/profits, and goods/services. These reveal increasing taxes on income/profits and social security contributions, while decreasing taxes on goods/services. Thus the reliance of these states on higher social security and income taxes to fund social programs leads to a higher total percentage of GDP coming from those taxes. These higher tax burdens on the populations help to make the governments more responsive and accountable to their citizens (something lacking in the hybrid states examined in chapter five), as evidenced in the next section.
Figure 4.2: Costa Rica’s category revenues as share of total tax revenues, 1990-2013


Figure 4.3: Uruguay’s category revenues as share of total tax revenues, 1990-2013

4. Intentional Elite Actions to Sustain Democracy

The previous section offered an examination into the effects certain neoliberal reforms and the absence of a resource curse have had on entrenching democracy in Costa Rica and Uruguay. The following section outlines the primary intervening variables involved in this study that indicate the extent to which democracy is established, entrenched, and protected by citizens and the states. Many of the variables are related and overlap, but an attempt is made to organize sections by variable. This section draws from the theories and concepts outlined in the literature review in chapter two, and uses real-world analyses of events that have occurred in both Costa Rica and Uruguay to strengthen their democracies.

*Institutional Effects: party pluralism and checks and balances*

**Costa Rica**

A necessary component for any democracy is the opportunity for political parties to form and have a meaningful and legitimate chance at being elected into office. For Costa Rica and Uruguay, the party system and party pluralism are alive and well. In Costa Rica, a lack of differing ideologies and the existence of elites sharing similar interests made the creation of political parties relatively easy. Parties resolve conflict through compromise and have never really been hostile to each other (Isbester 2011a). When defeated at the polls, the PLN (dominant party) in Costa Rica willingly relinquished control to the conservatives (under the Unity banner, renamed PUSC for Social Christian Unity Party) — the PLN held the presidency 9 times and the opposition held it 7 times from 1949-2010 (Booth et al. 2014: 74). There has always been a smaller radical left party from the unions earning seats in the Legislative Assembly but never controlling the government. This track record easily beats Huntington’s (1993: 266-267) two-
turnover test, signaling democratic consolidation. “Democracy is real only if rulers are willing to give up power as a result of elections” (Ibid.: 267). This further demonstrates support for democracy by exhibiting competition and the understanding that voters change the ruler, not the regime at the system level, if the electorate is unhappy.

The PLN, which had campaigned for decades on social welfare platforms, was forced to implement neoliberal structural changes in the 1990s, splitting traditional social democrats and the party’s neoliberal reformers. Thus the PLN’s strength weakened significantly to the PUSC. But, by the 1990s the PLN and PUSC had both decided neoliberal reforms and the protection of social programs were necessary, which turned a once-solidly two-party system into something new for several years (Isbester 2011a). Finally, a newly formed Citizen Action Party (PAC) comprised of PLN defectors emerged (Booth et al. 2014). After corruption scandals featuring PUSC Presidents Calderón and Rodríguez, the PUSC had essentially collapsed by 2006. The PAC has since taken the PUSC’s spot as a top party contender in Costa Rican politics. Other smaller parties have won legislative seats, so while the system remains two-party (albeit a different two parties), there are legitimate opportunities for small parties to win top seats (Booth et al. 2014).

During the creation of the modern Costa Rican democracy in 1948, a new branch of government was created — the autonomous supreme electoral tribunal, which weakened the power of the executive (Isbester 2011a). This action provides not only a check on power but also signals an active interest in keeping executive power to a minimum; the tribunal exists to this day. Pettiford (1999) notes that respect for the law by political elites has also lead to democracy’s entrenchment in Costa Rica. The law in Costa Rica, as established in the 1949 constitution, created a unicameral legislature elected with proportional representation (surviving
today), and the executive cannot “use line-item or pocket veto, assume emergency powers without two-thirds of…the legislature, rule by decree, or stand for reelection without sitting out a term” (Isbester 2011a: 190). These values were further entrenched during the neoliberal reform period, when legislation protecting civil, political, and social rights increased (Seligson and Martínez Franzoni 2010). The institutional autonomy unique to the Costa Rican system also increased, with over one hundred agencies providing services that rivaled the central state apparatus (Lehouq 2004).

**Uruguay**

For Uruguay, a similar party situation exists. The original two-party system, featuring the left-leaning *Colorados* and the right-leaning *Blancos*, dominated politics for most of the 1900s. These two parties held cross-class accommodation; neither party was made up of primarily one class (Kurtz 2013). The middle and working class populations grew during the 1900s and slowly became more politically active in both parties. A third party, the Broad Front (*Frente Amplio*, FA) emerged in response to the global economic crisis of the 1970s and 80s, and due to the military regime that lasted from 1973-1984. The FA has become more dominant in recent years, featuring three presidential wins since 2004. Blue-collar workers and the middle class favor the FA (Grassi 2014). Also like in Costa Rica, the original creators of social policy, the *Colorados* and *Blancos*, have maintained social policies despite differing ideologies. It is also important to note that a pluralist system of labor relations occurred, so labor groups did not identify with one particular party but cut across parties (Kurtz 2013). This is markedly different from the Venezuelan situation of class-party conflict.
Parties are competitive, especially during internal party elections, and all parties actively participate in debates (topics are determined by public opinion polls) (Altman and Buquet 2015). Since 2004, the Frente Amplio (FA) has controlled both the executive and legislative branches (though this most recent election in 2014 they did not have a majority, at 49.4%) (Ibid.: n.p.). The electoral changes that took place introduced primaries and required a majority runoff for presidential elections, which helped cement a system of 3-4 major parties (and dissolving the two-party system). The FA is more closely tied to civil society organizations and the masses, and the two traditional parties have scaled back in terms of influence (Pribble and Huber 2011). The FA meets regularly with civil society, labor leaders, and party members, strengthening the tie between voters and party elites (Ibid.). This party competition also means that the FA cannot amend the constitution or do anything drastic without achieving opposition support — forcing the parties to work together while ensuring one dominant party does not run amok once in power (Goldfrank 2011).

While voting in Uruguay is compulsory for the presidential and legislative elections, Uruguayans are not required to participate in primaries. But in the most recent primary election, 37.1% of the population did vote (Altman and Buquet 2015: n.p.). This is a relatively high turnout for a primary (on par with American levels in a non-presidential year). It is also interesting to note that there have been no nationally televised debates in Uruguay since 1994 — yet citizens are still involved in politics and parties, with recent elections occurring without any violent incidents (Ibid.).

As Grassi (2014) notes, Uruguay’s history with democracy helped it survive the economic turmoil and shift to the neoliberal model, protecting political and economic rights to participation. Further, the Uruguayan and Costa Rican Supreme Courts have been independent,
vigorouls, and active. In Uruguay, a two-thirds legislative supermajority is required to appoint justices, preventing the court’s politicization and manipulation by requiring broad cross-party support (Kurtz 2013). Respect for democracy and its values, including rule of law, checks on branches of government, utilizing legitimate channels for redress, and communication between civil society groups and elected officials, have all helped to entrench democracy in Costa Rica and Uruguay.

The pluralized and institutionalized party systems in Costa Rica and Uruguay maintain great effective competition. The government and the opposition have cooperative and balanced relationships, with all parties abiding by the rules of democracy. Parties interact with unions and civil society. Parties have a legitimate shot at winning seats in elected offices, with a level playing field for campaigning. Elites, parties, and citizens play by the rules of democracy’s game and understand political restrictions, which increases the quality of democracy in these states (Lanzaro 2011: 350). No one party is dominant and parties are not repressed. Coalitions must be formed for legislation to pass — no single party leader can dictate policy as occurs in hybrid regimes. Executives are forbidden by the constitutions from ruling by decree (Isbester 2011a). We can see the states’ primacy placed on party pluralism and competition is entrenched and functioning, and there is a clear understanding of executive power and limits within these democracies.

**Classes and democratic entrenchment**

Other causes for democratic entrenchment are politically active citizens across classes and limited class conflict (Diamond 2008; Inglehart 2008). Costa Rican and Uruguayan literacy and education attainment rates are among the highest in the developing world, and turnout rates
are robust for the region — meaning there is an active, educated voting class (Willis and Seiz 2012). The high education rates also helped to create a large, strong middle class in both countries (Kurtz 2013). Larger middle classes, as well as a more-educated population in general, means that people are more capable of defending their own interests, following politics, and actively participating in government (Hadenius 1992). Costa Rican and Uruguayan emphasis on education could thus be another factor influencing levels of economic growth and democratic participation within the states.

Costa Rica never really had one class that completely dominated others to the detriment of the majority, as seen in many other Latin American states (Booth et al. 2014). The physical proximity of classes to each other fostered inclusiveness and tolerance, so class divisions remained minimal (Isbester 2011a). Inter-class agreements helped balance out inequities (Ibid.). Elites and politicians that were in power during the 1970s/80s global economic crisis took active steps to alleviate the erosion of living standards (often by distributing farmland to peasants) and intentionally avoided political repression (Booth et al. 2014: 75; 77). Also, before and after the global crisis of the 1970s, policy redistributed income toward the middle 3/5ths of the population, signaling a steadier and more enduring middle class (Ibid.: 76). In particular, during neoliberal restructuring, “elites allowed their own standard of living to contract in favor of protecting the middle classes” (Isbester 2011a: 195).

Despite not having the highest per capita income in Latin America, both Costa Rica and Uruguay are the most egalitarian, where the income of the poorest quintile is highest in the region (De Gregorio 2010: 75). Writing specifically on Uruguay, Grassi (2014) notes that politicians over the years have been inclusive of workers and the poorer classes, appealing to these citizens by promoting and successfully implementing social welfare programs and ensuring
political participation *without* repression. The FA’s administrations took the task of expanding citizens’ political participation very seriously beginning with the first electoral win in 2004. The government convened national conferences on reforms, held public cabinet meetings around the country, and created many councils/ministries (the most important of which are the Tripartite Salary and National Economic Councils). The tripartite councils involve union, business, and state representatives, and bring in rural, domestic, and public workers (Goldfrank 2011). Goldfrank (2011: 175) notes that these salary councils have had great success, not only in increasing participation but in reducing poverty, creating better working conditions, and increasing unionization rates and formalized labor.

In earlier years for both countries, the elites were the primary reformers for transitions to democracy. But by the 1950s, advances in industrialization and economic growth lead to an expanded middle class, which then became more politically active and influential (Smith 2012). Civil society began to flourish as socioeconomic development occurred. Elites and middle class citizens became much more intertwined, and as the poorer classes developed they too began to work with middle class activists for democracy advancements leading into the 21st century (Ibid.). Thus class conflict is minimal, and all classes are fond of using democratic means to resolve any disputes. Governments have not as heavily favored one class over another, something that easily creates conflict in other states. Minimal repression of classes, both politically and economically, clearly solidifies democracy (Huber Stephens 1999). We can see both Costa Rica and Uruguay actively foster citizen engagement in politics and are responsive to citizens’ needs, regardless of class or party affiliation. These actions have helped to entrench their democracies.
Fostering democracy: freedom of expression and a lack of repression

As Isbester (2011c) notes, civil liberties and democratic procedures mutually affect each other and have a positive relationship. Suppression of free expression and limiting civil society erodes institutions; Freedom House’s indices and the Economist Intelligence Unit Democracy Index support this claim. Democracies invite all forms of political participation, including within-system channels as well as protesting/demonstrating. In states like Costa Rica and Uruguay, where belief in the legitimacy of each state’s democracy and the belief in quality government performance are high, Booth and Seligson (2009) found the more entrenched a democracy will be. Liberal institutions and values, and citizen beliefs in these components, strengthen democracy. The entrenched democracy and continued upholding of political rights in both Costa Rica and Uruguay allowed vested interests to organize and press politicians for demands — something that is not nearly as easy to do in hybrid regimes (Grassi 2014).

Costa Rica

After the 1948 civil war, the Costa Rican government actively encouraged the growth of civil society by employing ‘social promoters’ who helped organize communal organizations, and hundreds of community development associations worked on local projects and made demands to legislators for local improvements (Booth et al. 2014). Workers’ unions were more militant and active, especially during the global oil crisis; but even with these strikes and demonstrations, wage and policy concessions were granted to quell unions (Ibid.). Civil society has always been autonomous, and is well-organized and active since the state’s inception to present day (Isbester 2011a). Costa Rica has “a uniquely impressive record in protecting civil liberties and in using state intervention to ameliorate the worst effects of economic injustice” (Pettiford 1999: 94).
Negotiations, panels of inquiry, and conciliatory policies are occasionally created in Costa Rica to placate demand-makers, regardless of which party was in power (Isbester 2011a). Even following a wave of corruption scandals in the 1990s and early 2000s, officials attempted to restore citizens’ faith in Costa Rican democracy by putting the CAFTA membership up for referendum (Willis and Seiz 2012). The “YES” (businesses) and “NO” (students, unions) campaigns for CAFTA membership were allowed to hold roundtables, canvass, and participate freely as civil society groups; the government made no repressive moves to stifle either side’s free speech rights (Ibid.). Another attempt to bolster democracy in Costa Rica was in 2012 when President Chinchilla created the Presidential Commission of Experts on Democratic Governance, which tasked scholars and different party/ideology-affiliated officials with finding ways to better the state’s democracy (Araya Alvarado 2014).

Booth and co-authors (2014) note that the Costa Rican government’s response to citizen mobilization never really made new enemies, and thus conflicts were not escalated. Many demonstrations that have occurred in recent years have been because of unhappiness at changes to social policies and the CAFTA-DR talks (Seligson and Martínez Franzoni 2010). Officials responded to mobilized demands by accommodation and negotiation instead of repression — “even when demands escalated into civil disobedience, demonstrations, strikes, and riots, the government usually responded with moderate force and used study and compromise to defuse conflict” (Booth et al. 2014: 79). Other mobilization has been quite limited as public perception of the government is that problems are resolved and managed, to an acceptable degree, by the state; thus little chance for any repression in the first place (Pettiford 1999: 94). The combination of amelioration of grievances and low repression “defused popular anger, demobilized much
protest, and prevented rising conflict” (Booth et al. 2014: 79). This amelioration has been present for decades and continued after the economic model shifted to neoliberalism in the 1990s.

Booth and Seligson (2009) note that media content that presents commentary favorable to democracy leads citizens to have greater support for democracy. This could indicate why democracy has a stronger hold in Costa Rica and Uruguay, whereas media in Venezuela and Ecuador are more controlled and censored. The freedoms of the press, as held dear by democracies, help to in fact perpetuate democracy. Cutright (1963) found that a free and active mass media was one of the most influential variables on democratic stability, along with opportunities for citizens to exchange ideas. In 1948, Costa Rican President Figueres removed the press from the control of political parties, making them privatized enterprises, thus strengthening free speech (Isbester 2011a). Citizens also have access to many sources of information, including television, radio, newspaper, and internet; with most households having a TV and many having access to the internet (Willis and Seiz 2012: 126). So citizen access to information is easy; this was especially important during the CAFTA referendum and in each election cycle too.

After Costa Rican corruption issues in the late 1990s and early 2000s, students, unions, and state workers protested against state corruption. La Nación, a prominent Costa Rican newspaper, uncovered several corruption stories in the early 2000s, releasing information on public officials accepting bribes and doling out patronage (Caryl 2015). La Nación continued its investigative practices for many years, creating an environment that is “much harder to keep a corrupt act secret” (Ibid.: n.p.). The legislature immediately responded by passing a law in 2004 meant to combat corruption, suggesting politicians are aware of the need for transparency (Isbester 2011a: 200). What is interesting about La Nación’s reporting is that the government
never attempted to censor journalists’ activities. They received no retribution for their journalism, a result of which was swift response and reform by the legislature to prevent further corruption. This demonstrates not only the strength and prominence of journalism and reporting in Costa Rica, but an environment where the government respects free speech, rather than repressing it.

The political culture in Costa Rica heavily favors the right to vote. Participation, while mandatory, has always been quite high for the region (Pettiford 1999). “[In Costa Rica] the electoral code for ordinary elections does not regulate media behavior or access to media,” aside from a ban on advertising or demonstrating two days before elections (Willis and Seiz 2012: 142). Campaign donations need only be reported if the money is used for advertising (Ibid.). So while the donation issue can certainly lead to some candidates garnering more financial support than others, the media remains free and open. In 2012, the Legislative Assembly in Costa Rica passed a law that made punishable the dissemination of secret information. After intense pressure by the media and the College of Professional Journalism, the Legislative Assembly amended the bill in favor of free expression (Araya Alvarado 2014). This demonstrates two things: that freedom of expression is highly regarded by Costa Rican officials, the media, and academia, and that civil society pressure on the legislature was able to peacefully and successfully remove a barrier to free speech.

**Uruguay**

Uruguay has an equally impressive support for freedom of expression in its various forms. The government has long fostered healthy relationships with civil society groups. For instance, regarding MERCOSUR (a regional trade organization), the government involves civil
society representatives in meetings, summits, and informal discussions to ensure participation by those interested (Pomeroy and Bolfarine Caixeta 2015). Regarding the press and media, Uruguay is a champion of expression rights. Journalists are safe and uncensored, which is unique in a region that consistently challenges media rights (Peralta 2014). Politicians and the media rarely engage in personal attacks on each other, even after any government criticism is published. “There is a great deal of tolerance for media in the country, and an understanding that retaliating against the media is not an appropriate action for critical reporting” (Ibid.: n.p.).

In 2009, the Uruguayan Press Association and a coalition of other civil society groups presented a bill to the Uruguayan Chamber of Deputies and Senate to address lingering restraints on free expression (“CPJ hails approval” 2009). The bill repealed a law on criminal defamation against government officials involving cases of public interest. This is regarded as a significant improvement in the protection of free expression in Uruguay (Peralta 2014). A provision of the penal code regarding ‘disrespect’ via offending a foreign dignitary or disrespecting national emblems was also eliminated (“CPJ hails approval” 2009). These repeals removed a potential for self-censorship, in which citizens or journalists might have feared retribution if officials found their content offensive. Defamation laws are key to maintaining power and controlling opposition in non-democracies, as evidenced in the following chapter. The lack of these strict defamation laws in Costa Rica and Uruguay significantly increases freedoms and levels of democracy.

More recently, an anti-monopoly law was enacted to allow broadcasters to compete (free of cost) for broadcasting slots and to prevent just a few companies from controlling media platforms (Marty 2014). A collective of 30 organizations and unions backed the bill, saying the law facilitates citizen participation in broadcasting and a greater ability for Uruguayans to
receive and spread information and ideas. The collaboration of civil society groups and government officials in fostering a freer environment for the media is indicative of mutual use and support for these democratic values. “The adoption of the [new law] promotes democratisation of the media and the effective exercise of freedom of expression in Uruguay” (“Groups hope Uruguay’s” 2015).

In terms of protest activity, citizens do not face repression or violence from the government. Recently, the Workers’ Trade Federation Union of Uruguay organized protests against the Trade in Services Agreement (52 countries in negotiation for allowing further deregulation of service industries), in which thousands of citizens participated (Barreto and Cossar-Gilbert 2015). Their work resulted in Uruguay’s withdrawal from the agreement, indicating that the government was responsive to citizens and avoided repressing protesters. Similarly, teachers unions have recently protested calling for pay raises and have not been met with violence (“Uruguay’s Teachers Continue Strikes” 2015).

The autonomous and well-organized union movement has long existed, helping to shape social policy and strengthen the state (Isbester 2011b). The 1917 constitution established full freedom of association with no limits to collective bargaining; this allowed for the consolidation of unions (Huber and Stephens 2012). Few actions have been taken to repress Uruguayan unions, and teachers’ and students’ unions continue to be a strong political voice in the country (Altman and Buquet 2015). Labor unions and rights are continually protected — producing a free and mobile civil society (Huber and Stephens 2010). In fact, labor union membership has increased in recent years in both the private and public sector, with representatives and political party members very involved with and connected to unions (Lanzaro 2011). This organized and unionized working/middle class becomes essential to stabilizing democracy (Handelman 2003).
Political culture remains strong in Uruguay, as citizens solidly identify with political parties, follow elections, and believe democracy is the only legitimate form of governance (Cason 2000: 96). “Social and political participation in Uruguay is closely linked to political structures, including the influence of trade unions…participation takes classical forms, such as mass rallies and marches and the use of radio and newspaper as forums for expression and the exchange of ideas” (Morales Ramos 2011: n.p.). More recently, internet and social media have allowed for new participation channels for citizens who normally are not as politically active. Not only does increased technology use allow for the expression of opinions by citizens, but also makes it easier to disseminate information (Ibid.).

In Uruguay, citizens view democratic institutions and levels of representation favorably, and have trust in their government (Rosenblatt, Bidegain, Monestier, & Pineiro Rodríguez 2015). Rosenblatt and co-authors (2015) find that this trust in Uruguayan democratic institutions helps to foster participation and citizen engagement in politics, which in turn helps to consolidate democracy. “With the expansion of channels of participation both at the union and the associational levels, the more balanced provision of spaces to upper-and lower-class interests…one could argue that both the quality and stability of democracy have improved in Uruguay” since the 2004 FA reforms (Goldfrank 2011: 177). The landowners as ranchers had always been supportive of nation-building and modernization in Uruguay; meaning wealthy, elite classes were sympathetic towards democratic values and were not “mortal enemies of democracy” (Huber and Stephens 2012: 87). Altman (2011: 198) notes that citizen initiatives helped “avert a crisis in the party system by serving as a pressure valve for voter discontent.” These other modes for citizen participation in democracy can be seen as, at the very least, offering the potential for stronger democracies to exist.
It is telling that Freedom House gives Uruguay a 40/40 for political rights and 58/60 points for civil liberties. Freedom of expression rights, in their various forms, are protected and exercised to a high degree in Uruguay (“Uruguay: Freedom in the World” 2015). Similarly, Costa Rica’s political rights scored 37/40 and 53/60 for civil liberties (“Costa Rica: Freedom in the World” 2015). Citizens in both states are allowed to express their views without fear of repression from the government. They are allowed to associate freely, and civil society groups have strong positive relationships with government officials. Established political culture has continued to foster active participation of citizens, and cemented respect by authorities for this participation in Costa Rica and Uruguay.

5. Conclusion: Subsequent Entrenchment of Democracy in Costa Rica and Uruguay

Over the past few decades, only Costa Rica, Uruguay, and Chile have consistently qualified as liberal democracies in Latin America (Smith 2012). Smith (2012: 283) notes that illiberal democracy has become the most common and pervasive form of government in Latin America, making it that much more important to study the strong, stable democracies in the region. “There are three reasons why Costa Rica has been the exception to Latin America’s minimum democracies:…[its] deliberative democracy, its strong state embedded in mutually supportive socio-economic political structures, and its ethos of social justice” (Isbester 2011a: 201). Small and manageable changes occurred, both politically and economically, preferring accommodation and deliberation over exclusion and repression. Politics is not seen as zero-sum, and political and economic changes occur via established channels. Likewise, Levine and Molina (2011: 35) find in their index measuring quality of democracy in Latin America that Uruguay stands out on several components of democracy: it features the highest educated population and
electoral participation in the region, has excellent vertical accountability, and has great responsiveness.

Costa Rica (earning 90.9/100 on the DCI) and Uruguay (earning 94.9) rank as top democracy contenders in Latin America, not just on my DCI but in other indices as well. These states have oscillated as top dog in the region due to their respect for political rights and civil liberties, the quality of institutions, and effective economic policies (“Regional Results of Democratic Development” 2014). Both states have embedded bureaucracies, strong party systems, cooperative executive-legislative relations, and uphold the rule of law (Isbester 2011b). They have long histories with democracy, dense civil societies, and a political culture fond of social justice, trust, and equality (Ibid.).

While clearly important in Costa Rica and Uruguay, having established and entrenched democratic institutions cannot be the only component to maintaining democracy. As we see in Venezuela, the one-time beacon of democracy in Latin America, democratic institutions are not always strong enough, in and of themselves, to ensure democratic stability. This chapter has attempted to show that the established democratic institutions and values, along with the economic benefits from adapting neoliberalist policies, have helped to entrench democracy in Costa Rica and Uruguay. In particular, privatization, diversification of exports, increasing and diversifying the tax base, and increased allowances for market openness/investment have launched both countries as solidified democracies. There is no resource curse in place, and the massive social programs are funded through taxes (primarily personal/corporate income and social security), not commodity windfalls. Governments are forced to be responsive to their citizens and operate within democratic constraints. The various freedoms of expression are
protected and fostered in both states. Constitutional changes and judicial policies have strengthened levels of democracy, not manipulated or eroded them.

During times of economic crises, both countries have behaved mostly within the democratic realm, and have not overhauled established political and economic systems, as can be seen in Venezuela, and to a lesser extent, Ecuador (see the following chapter). Established institutions as democracies lead to pro-democracy environments for citizens and leaders, creating a strong democracy able to deal with any potential economic or political shocks. During each country’s earlier years as agro-exporters, through years with ISI, and then adopting neoliberalism, democratic principles stood strong. After incremental neoliberal changes and in the face of global economic crises, democracy remains and is even more entrenched than in the past. Neoliberalism has allowed for economic growth and increases in standards of living, thus increases in the number of middle class citizens and decreases in amount of those living in poverty.

Thus entrenching democracy involves not only the creation of democratic institutions, but the perseverance and preservation of these institutions and freedoms. This becomes paramount during times of economic crises. The adjustments in society that occur with liberalizing economies creates higher standards of living, larger middle classes, and decreased levels of poverty; all which in turn strengthen support for democracy (Inglehart 2008; Diamond 2008; Lupu 2010; Huber Stephens 1989; Huntington 1993; Ottaway 2003). Continued democratization and liberalization have created democracies that are firmly in place.
Potential effects on regional neighbors

It is threatening that only Costa Rica, Uruguay, and Chile have been consistent democracies in recent years — these three countries make up less than 16% of the states in the region and an even smaller percentage of the total population (Smith 2012: 284). This means very few people are living in strong, entrenched, durable democracies in Latin America. There is hope, as *The Economist* notes of Uruguay’s win as ‘Country of The Year for 2013,’ that systems and changes in Uruguay might improve and benefit other countries in the world (“Earth’s got talent” 2013). The contagion effects that Weyland (2013b) considers a negative phenomenon could potentially be positive should democracy spread instead of hybridity. The Bertelsmann Transformation Index shows that Costa Rica and Uruguay have competent and embedded democracies with strong party systems, an “executive that must work with the legislative assembly, and the rule of law. In other word, the mechanisms that facilitate…democracy, economic efficiency, transparency, and accountability all work to a large degree” (Isbester 2011b: 363). Neighboring states should attempt to create or strengthen these components to solidify their democracies.

It is a continued commitment to established institutions by parties, citizens, business leaders, and bureaucrats that help to entrench and preserve democracy (Levitsky and Roberts 2011). In both countries, the repeated interactions with democratic institutions put in place over a century ago have helped cement liberal values. This means all parties involved must support and respect democratic institutions for success to occur. Weakened institutions, coupled with an anti-neoliberal economic agenda, create serious cause for concern in the region. Costa Rica and Uruguay demonstrate that democratic institutions and economic liberalization can result in genuinely stable and strong states. Other states with higher DCI scores could greatly benefit by
following the Costa Rican and Uruguayan models. Chile (91.9), Panama (80.9), Suriname (80.7),
and Brazil (80.1) in particular need to take action to deepen and solidify their democracies. The
remaining states in the region need to take caution or risk slipping further into hybridity.
CHAPTER FIVE: HYBRID REGIME CASE STUDIES: VENEZUELA AND ECUADOR

1. Introduction

After reviewing Costa Rica and Uruguay as examples of strong democracies in Latin America, we gravitate toward hybrid regimes in the region. While there are several countries that could be considered hybrid for this case study, both Venezuela and Ecuador scored quite poorly on the indices examined in chapter three and in the created composite index. On the Democracy Composite Index, Venezuela scored 40.7, and Ecuador scored 59.1. These countries have consistently been the worst of the worst on most of the indicators examined in chapter three. Venezuela represents the most extreme case of hybridity in the region of focus, and Ecuador is typical of states that are becoming more hybrid (others include Honduras, Nicaragua, Guatemala, and Bolivia).

It is necessary to focus attention now on how hybrid regimes can become entrenched, in particular as a result of resource wealth. Hybrid regimes are dangerous to those that are entrenched, as well as neighbors (as Venezuela has spread Bolivarianism to neighbors, examined below). Hybrid systems typically feature elections of varying liberalness and will constrain liberties. These regimes “[feature] restrictions on the media and on grass-roots organizations, an uncertain (often arbitrary) rule of law, and low-level but systematic abuse of human rights” (Smith 2012: 287). As outlined in previous chapters, it is necessary to study these hybrid regimes and accept that they are fully-functioning and entrenched systems of governance. They are not mere transitory phases on the way to democracy. Fareed Zakaria (1997: 24) notes “Far from being a temporary or transitional stage, it appears that many countries are settling into a form of government that mixes a substantial degree of democracy with a substantial degree of illiberalism…Western liberal democracy might prove to be not the final destination on the
democratic road, but just one of many possible exits.” His analysis still applies today, making it even more important to study and understand this phenomenon.

Much research has been conducted on the government of Hugo Chávez and his successor Nicolás Maduro. Their regimes have been in place since 1999, much longer than Rafael Correa’s first electoral win in 2006. Ecuador is also following in Venezuela’s footsteps but is a newcomer to the scene, and as a result less scholarly research has been conducted. Thus, as a newer regime, research on Ecuador is not as extensive as it is for Venezuela. Below, I attempt to expand the research not only on Ecuador’s new regime but on hybrid regimes and their entrenchment due to resource wealth. I build on the existing arguments related to the resource curse, but argue that the presence of a resource curse does not necessarily indicate automatic authoritarianism as is typically understood, but that hybrid regimes can just as easily entrench. I argue there are specific effects related to the resource curse that work to entrench hybrid systems — particularly the lack of a diverse tax base, lack of diverse economic sectors, and subsequent lack of government accountability coupled with increased control of any opposition.

Chapter layout

This chapter will first briefly cover the pertinent political backgrounds for understanding the two case study countries. Then, the economic aspects of the regimes are examined, including a discussion of the resource curse. After, we transition to examining the intentional elite actions to entrench these regimes, including constitutional recrafting, and repression of the opposition and media. This chapter intends to demonstrate how oil wealth and the resource curse can be used to effectively entrench hybrid regimes, especially by way of repressing the media and members of the opposition.
2. Introduction to Venezuela and Ecuador’s Political Transitions

Venezuela

From independence through the mid-20th century, Venezuela’s political history included military strongmen keen on consolidating power, especially after oil was discovered in the 1920s. Most of the early oil wealth went into the pockets of ruling caudillo Juan Vicente Gómez and his cronies (Rice 2011). Around 1928, political parties launched and the country experienced its first civil society rebellions, when student groups mobilized to oust Gómez. One of the students arrested and then exiled, Rómulo Bentancourt, campaigned to restructure the oil industry and governmental redistribution of oil revenue (and would later found the Democratic Action Party, or AD) (Ibid.). The AD, representing workers and peasants, would become one of the primary parties for decades to follow, along with the Comité de Organización Política Electoral Independiente (COPEI, or Christian Democratic Party), representing elites and the church.17

In 1958, the Punto Fijo pact between Venezuelan elites democratized the state, setting up what would become one of the strongest democracies in Latin America (Isbester 2011c). The two main parties agreed on power-sharing arrangements, and oil rents made it possible to induce business, labor, church, and military cooperation to accept a new democratic regime (Roberts 2003). This “oil-fueled class compromise” managed to bring democracy to Venezuela for several decades (Ibid.: 57). As with most negotiated pacts, including transitions to democracy, elites attempted to weaken any civil society actions to ensure the best outcome for those losing power (Wood 2000). The Venezuelan pact specified limits under which labor unions could organize,

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17 While initially divided by class, the party-class distinction eventually eroded, with support reliant on patronage especially after the Pacto de Punto Fijo (Roberts 2003).
but for several decades Venezuela enjoyed a rather free and stable democracy with rights distributed fairly well among citizens (Isbester 2011c).

This bastion of democracy would begin its end in 1989, with mass riots (known as the Caracazo) surrounding austerity measures and decreased state capacity in response to political and economic challenges (Rice 2011). In 1992, two military coups attempts occurred, with Hugo Chávez at the helm. By the 1993 presidential election, the traditional two-party system, a long-present feature in Venezuela, had been dismantled (López Maya 2011). The enduring Democratic Action (AD) and Comité de Organización Política Electoral Independiente (COPEI) parties lost support after years of economic stagnation and repression of the masses after the 1989 Caracazo. Imprisoned from the coup attempt until 1994, Chávez and his comrades founded the Fifth Republic Movement (MVR) — a coalition political party that was successful in the 1998 presidential elections and inaugurated Chávez’s reign (Ibid.: 216).

Oil prices were very low in 1998, and the neoliberal reforms attempted after 1989 had not brought relief to the Venezuelan state. Chávez campaigned with radical and anti-neoliberal rhetoric calling for change (López Maya 2011). Chávez’s “Patriotic Pole” of supporting parties won 56.2% of the votes (Rice 2011: 238). The MVR featured members of the military from Chávez’s past and many small left-leaning parties. In his second term as president starting in 2006, Chávez’s party was reorganized into the United Socialist Party of Venezuela (PSUV). The support of the military remains pertinent to maintaining the president’s position, ensuring party members infiltrate levels and branches of government, and keeping opposition in check (López Maya 2011).

The new constitution of 1999 mandated a new presidential election, thus restarting Chávez’s presidential term limit. Chávez earned 59.76% of the vote (Marcano and Tyszka 2007: 163).
A three-day coup against the Chávez regime in 2002 failed to unseat him; but the president returned to power after massive protests from supporters. By 2004, the opposition had enough signatures to issue a recall referendum, with 59% of the population voting to keep Chávez in office (Ramirez 2005: 79). In 2006, Chávez won reelection with 63% of the vote, ensuring another six years and consolidating himself and his party as dominant (López Maya 2011: 225). Chávez won his fourth election in 2012 with 54% of the vote, but would die in 2013 leaving Vice-President Nicolás Maduro to take his place (Cawthorne 2012). Chávez himself favored Maduro to replace him, even though Maduro lacked Chávez’s charisma. Maduro has wholeheartedly embraced the Bolivarian ideology, eagerly continuing Chávez’s missions as the new President (Rajo 2013). Brownlee (2007) and Ottaway (2003) both note that political parties and dominance do not necessarily depend on particular individuals but on the embedded institutional contexts. This means that just because Chávez has died, the entrenched system that heavily favors the executive can still help the less charismatic Maduro maintain power. The events surrounding these elections will be discussed in greater detail later.

Przeworski and co-authors (1996) found that democracies suffering economic decline, high inflation rates, or other economic crises are more likely to reverse consolidation. This helps to explain how Chávez was able to win his first election in 1998 — the country was experiencing hard times economically, and the status quo was no longer accepted by citizens. Similarly, Ecuador’s economic problems that could not be fixed via limited neoliberal reform efforts had by 1996 resulted in democratic decay, examined next (Carrión 2009).
Ecuador

Like Venezuela, Ecuador’s political history involves military dominance, with caudillo leaders building a power base through patronage and populism (Isbester 2011c). Ecuador’s dance with democracy began in the 1940s, with a series of democratically-elected civilians. Economic growth was strong at an average of 5% annually from 1955-1972 (Cohen 2009: 293). A brief three-year military coup occurred in 1963, with a peaceful appointment of a civilian in 1966 (Ibid.). Similar to Venezuela, a pacted transition occurred during the military regime of 1972-1979, which allowed a return to civilian leadership (Smith 2012). After 1979, a shaky democratic system existed throughout the 1980s and neoliberal reform era until about 1996. Ecuador offers a case that did not have as strong of democratic traditions as Venezuela.

The indigenous movement became quite active as a result of land reforms during the neoliberal transition, contributing to the destabilization that would occur after the 1996 elections (Carrión 2009). The unstable political system in Ecuador drove four presidents from power between 1997 and 2006 (Isbester 2011c: 61). Ecuador is noted as having limited success in instituting neoliberal reforms of the 1980s, setting the state up for prolonged economic distress (Conaghan 2011). The limited economic successes of the presidencies also contributed to the constant governmental overhauls (Kapstein and Converse 2008). The first in 1997, President Bucaram was removed as president for “mental incompetence,” replaced with congressional president Alarcón. Bucaram had attempted to privatize state enterprises and increase certain taxes (Carrión 2009). Smith (2012: 174) notes there was widespread opposition to presidential efforts that attempted “neoliberal economic austerity programs.” Other presidencies prior to Rafael Correa would be charged with rampant corruption, driven from office after massive public protest (Conaghan 2011). However, prior to Rafael Correa, Long and Igliori (2007) note
that even with the political turbulence during this decade, no new president had challenged the existing semi-neoliberal economic structures in place.

In Rafael Correa’s first election in October 2006, he received 2\textsuperscript{nd} place with 23%, requiring a run-off election the next month to obtain at least 40% — Correa beat his challenger and initial winner with 57% of the vote (Conaghan and De La Torre 2008). Uniquely, Correa did not have a political party to run with, so he created one — the PAIS, or Proud and Sovereign Fatherland (Carrión 2009).\textsuperscript{18} Correa’s charisma helped attract followers, especially among the young and poor (Conaghan 2011). He won the 2009 reelection under the new 2008 constitution with 52% of the vote, with the next highest candidate only earning 28% (“Official results show…” 2013). Again in 2013, Correa was reelected with 56%, with the next closest candidate only earning 23% (Neuman 2013). Correa has assumed a public mandate for continued leadership with the large gaps in votes.

3. State Control of Primary Commodities and the Economy

\textit{Early important history}

Originally a primary exporter of coffee and cacao, Venezuela eventually became the world’s fifth largest oil exporter, deriving its wealth almost exclusively from the black gold (Rice 2011: 230). Easy access to the commodity has long allowed politicians to buy loyalty by redistributing oil revenue (via rents), with “politics and society revolv[ing] around oil production (Ibid.: 236). Venezuela’s economic model under authoritarian/caudillo rulers to 1958 had not been particularly successful, but import substitution industrialization (ISI) swept the country from democracy’s inception until about 1989 (López Maya 2011). The state experienced success

\textsuperscript{18} \textit{País} also happens to mean ‘country’ in Spanish.
under ISI, but, like other ISI-dependent Latin American states at the time, the model began to crumble.

In 1989, the state attempted to adopt neoliberal policies, as did many of its neighbors, but success remained elusive (Ibid.). In 1996 President Caldera attempted to bring neoliberalism to the oil industry by “oil opening,” which essentially privatizes industry management and allows fewer taxes to be received from oil production (Mommer 2002). Unfortunately, oil prices hit historic lows in 1998, reinforcing citizen disapproval of the traditional system (López Maya 2011). Campaigning on an anti-neoliberal model, Chávez was able to easily win his first presidency in 1998. Once again in 2002 and 2003, a recession decreased GDP by almost 9%, with oil industry variation at -14.8% in 2002 (Ibid.: 222).

In the middle of the 20th century, Ecuador’s growth was an average of 5% each year until 1972 (Cohen 2009: 293). Originally, Ecuador’s export-led economy was poorer than Venezuela’s as the commodities it exported were principally low-cost cacao and bananas (Silva 2009). It also industrialized later. Ecuador began exporting oil in 1970, bringing even more growth to the country. The military regime from 1972-1979 reaped the benefits of the new industry. With the election in Ecuador of President León Febres Cordero in 1984 as leader of the conservative Social Christian Party (PSC) came the introduction to neoliberalism. Ecuador experienced a negative growth rate of -.13% from 1990-2003 (Rodríguez 2010: 93). Subsequent administrations attempted to improve poor economic conditions by enacting stabilization policies and further liberalization, and the economy gradually improved (Carrión 2009). Ecuador adopted the US dollar in 2000, which stabilized the economy (Conaghan 2011). From 2002-2006, the economy grew an average of 4.3% each year (“Ecuador” 2015).
Silva (2009) describes how Venezuela and Ecuador, like many states in the region, took on neoliberalism with a vengeance, attempting to quickly fix ISI problems to better compete on the world stage. But as Huber and Stephens (2012) remark, reforms that change things too quickly are more likely to cause economic decline, political polarization, and then reduced support for democracy — this occurred in both states. Discussing both Ecuador and Venezuela, Cohen (2009: 293) notes that “there is a remarkable coincidence between lengthy periods of economic growth with a succession of democratically elected civilian regimes.” However, the shift from more socially-minded states during ISI years to the more individualistic (and fairly unsuccessful) neoliberal practices helped pave the way for the anti-neoliberal regimes of Chávez and Correa (Silva 2009).

*The nationalization of key commodities*

Petro-states have economies built upon a mono-export: petroleum. They receive substantial, but ultimately unstable, amounts of oil rents by taxing exporting companies (López Maya 2011). Because the states own the accumulation of the industry and determine rent distribution, and are themselves rational in power-seeking adventures, decision-makers will fight to maintain the status quo. This behavior is particularly damaging in non-democracies (Karl 1997). Different from those states which finance themselves through internal taxes subjected to pressure from domestic actors and civil society, petro-states act with few and weak checks and balances (López Maya 2011). When states primarily export one commodity, it affects social class formation, the rise and decline of different groups, potentials for organization, the importance of political actors, and ultimately the development of the state — not to mention that
semi-authoritarian regimes are more likely to arise and persist in these conditions (Rueschemeyer, Huber Stephens, & Stephens 1992).

In Mexico, Chile, and Peru, the nationalization of primary commodities historically increased the costs associated with state-run operations — the results of which brought decreased investment capital and became serious drains on the public treasury (Sigmund 1980: 267). So states hoped to alleviate some of these problems with privatization in the 1980s. Privatization of industries was one of the primary changes that neoliberalism brought to Latin American countries, with states giving up control to domestic and foreign investors and managers. Chong and Lopez de Silanes (2003) found that privatization led to progressive outcomes and improvements in efficiency of industries. But, in the short run, the deregulations and absence of government that accompanied privatization placed citizens and their social benefits even further down the policy ladder.

Privatization as a component of neoliberalism and its consequences helped usher in leaders opposed to a system of limited government interference and weak social policies (Silva 2009). Indeed, Jones Luong and Weinthal (2010) argue that what is more impactful on regime type in resource-rich states is not the presence of the primary resource itself, but the ownership structure. Ownership structure “shapes incentives for subsequent institution building” (Ibid.: 9). Throughout the 20th century a host of scholarly works showcase that authoritarianism and the resource curse exist when the state owns and manages the resource industry. The authors find that states that have private companies (domestic, foreign, or both) owning and managing the industry tend to be more democratic.
Venezuela

One of the first and most significant changes from days past for both Ecuador and Venezuela was and continues to be the nationalization of key industries. Isbester (2011c) notes that economies in Latin America faced high debt and inflation as a result of import substitution industrialization (ISI) practices, but Venezuela was better able to handle economic shocks of the later 20th century because of its oil. However, after the failed attempts to cement neoliberalism via oil opening, the 1999 constitution reaffirmed state ownership of oil (article 303) (López Maya 2011). The oil industry was originally nationalized in 1976 (Rice 2011). However, Sigmund (1980) remarks that the state and multinational corporations had an amicable and mutually beneficial relationship with one another, even though the oil industry was under state ownership. “An impeccably democratic government carried out a carefully thought out nationalization policy that...offered the oil companies partial compensation and the advantages of continued contractual relationships…Venezuela was able to do this because of the strength of its democratic institutions” (Ibid.: 227). This positive relationship would change a few decades later.

Once in power, Chávez attempted to renationalize the oil industry by requiring foreign investment in oil and gas be made through majority partnerships with domestic enterprises (Collins 2005). During the boom years before neoliberal restructuring, Venezuela’s corporate taxes were at 70% (compared to other developing countries at 17%), individual taxes stood at 4% (compared to 10%), and taxes on goods/services was 7% (compared to 28%) (Karl 1997: 171). This tax structure cannot support a state when commodity prices are low, but income taxes have always been taboo in resource-rich states. But, reforms to the Hydrocarbon Law in 2001 restructured taxes and imposed separate taxes by activity (exploration, production, refinement)
Royalties paid by oil companies to the Venezuelan government were raised from 16 to 30% (Wilpert 2005). Then in 2006, Chávez regained control over the oil industry, reversing prior privatization (Silva 2009). The forced transfer of privately owned oil assets to new mixed companies (40% private, 60% state) was done without compensation or due process — forcing nationalization of the entire industry (Brewer-Carías 2010: 252). Windfall profits from prices higher than $50 a barrel are funneled directly to the National Development Fund, which is controlled by the president (“Venezuela’s Performance” n.d.). License and tax decisions are made by the National Assembly, but this branch is controlled by the executive’s party (Ibid.). Essentially, decisions about the oil industry and the state’s company (PDVSA, or Petroleos de Venezuela, S.A.) are consolidated in the executive.

During 2007-2008, the state also renationalized the iron and steel industries (Silva 2009; Brewer-Carías 2010). Including oil, iron ore, steel, cement, nickel, and even gold have been nationalized to a degree (“Overview of State” 2011). The regimes of the 1990s that had attracted so much foreign investment to Venezuelan oil and industries with royalties and tax incentives were removed, driving out multinational companies and encouraging decreased production levels. Indeed, the state even had to import some petroleum in recent years (Nagel 2013b). The oil industry ended up at the mercy of state policy, control, and (mis)management.

The 1999 constitution also provides for easy nationalization of other firms and businesses as well — the government can limit the rights of private property for broad reasons in the “social interest,” and in 2006 the telephone and electricity firms (among others) were nationalized (López Maya 2011: 227). After the poor economic year of 2009, the government continued its attempt at transforming the state by nationalizing businesses it considered strategic, and increased the expropriation of land (Ibid.). State majority ownerships of joint public-private
ventures essentially nationalized core industries, utilities, and telecommunications, improving Venezuela’s fiscal resources (Isbester 2011b). In 2010, Chávez arrested about a dozen bankers on dubious charges, which allowed the state to seize several banks — further expanding its control into yet another sector (Romero 2010).

The Venezuelan government did not have strategies for creating a diversified economy, placing great hope in the potential that oil could have (López Maya 2011). Venezuelans have no industry to fall back on in the event of oil crises — “its private industry is in shambles” (Nagel 2013a: n.p.). “Thus, under the Constitution [of 1999], the state is responsible for almost everything and is able to regulate everything. Private enterprise appears to be shunned…the necessity of granting privileges to private enterprises and stimulating the generation of wealth and employment to society was not understood” (Brewer-Carías 2010: 164).

**Ecuador**

The first Hydrocarbons Law and state company (first CENE now PetroEcuador) in Ecuador came in 1973, but foreign private companies like Texaco-Gulf were prominent (Cueva 2009). The Oil Law of 1993 opened the oil industry to foreign investment and a subsequent large wave of privatization (Long and Igliori 2007). PetroEcuador had allocated oil fields to private companies during the liberalization period in the 1990s (Cueva 2009). In the years immediately before Correa, trends indicated a decrease in state oil exports and an increase in private company oil exports — coinciding with a rise in oil prices (Long and Igliori 2007: 216-217). The increase in private companies’ exports led to increased private investment as well (Ibid.).

However, once in power, Correa enacted regulations that obliged public enterprises to turn over their profits to the state (Conaghan 2011). President Correa would follow Chávez’s
steps to increase state control of the industry, reversing the privatization process that occurred in the 1990s (Silva 2009). Correa grew close with Venezuela’s Hugo Chávez, who, before Correa was even elected, offered to refine Ecuadorian oil at cost to reduce Ecuador’s reliance on importing refined oil from the US (Ecuador has heavy, unrefined crude) (Long and Igliori 2007). Correa issued an executive decree to hike taxes on windfall profits for oil companies, from 50 to 99 percent (Silva 2009: 192). High-profile contractual disputes with foreign firms triggered the confiscation of oil fields (from French company Perenco), the seizure of assets (from Brazilian company Odebrecht), and threats that “forced Mexican telecommunications giant América Móvil into major concession” (Conaghan 2011: 277). By 2010, Correa forced foreign oil companies to sign new contracts which made the companies “service providers,” allowing for higher revenue payments to the government of Ecuador (Ibid.).

In December 2008, Correa announced Ecuador would default on USD$3 billion in sovereign debt, and bought 91% of the debt back 2009 via international reverse auction (“Ecuador” 2015). As a result, China has stepped in to offer loans, with a $9.9 billion contract in 2013 for forward oil sales (Ibid.). A few years in to Correa’s presidency, Ecuador was heavily dependent on fuel and mining exports, counting for 40% of total exports (Rodríguez 2010: 94). By 2014, this percentage grew to about half Ecuador’s export revenue (Gill 2015).

Regime actions have enhanced substantial market power of state-controlled firms, including PetroEcuador, the state company responsible for about 60% of exports (Conaghan 2011: 277). The state also owns about 10 of the 50 largest companies and businesses in Ecuador, totaling 44% of all sales, with other state-owned enterprises in steel processing and agriculture (Ibid.: 277). Ecuador has also taken steps to nationalize mines for silver, lead, and zinc (“Overview of State” 2011). It is the greater nationalization and increasing reliance on the oil
industry that funds Correa’s social programs (Hedgecoe 2008a). “While the new constitution did not eliminate the market, the Correa administration would relegate it by expanding the state’s reach as regulator, banker, insurer, stockholder, and entrepreneur” (Conaghan 2011: 276). Greater power over public-sector enterprises is now in the hands of the state.

Even with regional examples of state failure to adequately control for the costs of nationalization of resource industries in Mexico, Peru, and Chile, both Venezuela and Ecuador (among others) have re-nationalized to an even greater extent than in the 1970s. As Sigmund (1980) notes, nationalization triggers investment capital to flee, prices are kept down for political reasons, and production costs rise — all together becoming a huge burden on public coffers. There is also greater likelihood for corruption in states with heavily nationalized industries, especially when the press is not allowed to be vigilant and monitor or report on graft (Ibid.).

The level of extreme nationalization that has occurred in these hybrid regimes in the past decade is contributing to the strain on the social programs and the overall health of the economy, especially as global oil prices drop. Figure 5.1 below shows how little of the oil and gas industry is privatized in both Venezuela and Ecuador. The consensus in economic study is that private enterprises are more competitive and efficient than public enterprises (Krueger 1993; Sigmund 1980). While intended to give the state (and thus the people) more control over the valuable resource commodities present in Venezuela and Ecuador, the nationalization policies have harmed the overall economy while simultaneously allowing for increased state control and a greater ability for democracy to be curtailed, as seen below.
The infamous “resource curse”

Exceptional economic windfalls in Latin American commodities, like oil and copper, have “swollen the public coffers, allowing political leaders to…advance hegemonic political projects” (Valente 2006: n.p.). Periods of declining oil prices have revealed the weaknesses of these economies, with high inflation and unemployment (Huber and Stephens 2012). Social programs that are funded by oil windfalls are run by the presidency outside of ministerial and
legal structures, and are used to secure political bases (Ellner 2008). When the well dries up, these services become endangered, as do political parties. But, when the well is full, extremely low domestic tax rates and subsidies on food, transportation, education, and health care are prominent (Roberts 2003). A government’s gain of control over an industry, coupled with favorable economic conditions, have increased state involvement in and discretion over resource wealth (Pagliacci and Portillo 2007). Dependence on extractive industries has altered the jurisdiction, or degree of intervention in the economy, and the state’s authority to penetrate society and institutions — there is an “intensive centralization of resources in the executive branch” (Karl 1997: 59).

The “oil hinders democracy” thesis has been empirically supported by research from Ross (2001), and is favored by many scholars. Oil not only strengthens hybrid or authoritarian regimes, but is actually inimical to democracy (Bejarano 2011; Kapstein and Converse 2008). In petro-states, oil shapes policy preferences and explains “why the Dutch Disease and other disappointing political and economic outcomes are likely during a boom” (Karl 1997: 44). Oil-rich regimes favor strong states with extensive control over economic policy (Huntington 1993). Karl (1997) argues that it matters whether a state relies on taxes from extractive activities, agriculture, manufacturing, foreign aid, sales-taxes, personal incomes, or whatever form, having powerful and different impacts on a state’s politics and economy. The tax base for extractive industries is distinguished from others, in that these states “have grown dependent on revenues from the sale of their primary export commodities” (Ibid.: 13).
Venezuela

Venezuela now has the largest oil reserves in the world, with the government relying on petroleum revenues for at least 45% of its income and the extractive industries accounting for >95% of exports (“Venezuela’s Performance” n.d.). Rice (2011) notes that Venezuela is no exception to the problems of rentierism, with most national income derived from petroleum revenues, and limited capacity to extract revenue from its citizens via taxes. “The state’s economic independence from a domestic tax base has allowed it to become highly state-centered and unresponsive to public demands” (Rice 2011: 234). As long as rents are distributed to those groups that can help keep leadership in power, officials can remain in office, with much leeway in the legality of their power accumulation (Auty and Gelb 2001).

The petro-states in both Venezuela and Ecuador have commitments to social policies and wealth redistribution (López Maya 2011). When faced with competing pressures, petro-states will rely on public spending to maintain power (Karl 1997). In fact, the Chávez and Maduro administrations created and favor “misiones,” or missions that have specific social policy interests. While some were conceived to help the poor during the oil strikes, they transformed and grew as a political tool during the 2004 recall referendum and presidential reelection of 2006 (López Maya 2011: 223). Eventually, there were over 20 misiones, with several achieving their goals (like increasing literacy rates and bringing basic healthcare to the poor) (Rice 2011). The misiones are financed by oil rent, and administered outside of existing ministerial structures to “prevent them from being tampered with by bureaucrats linked to opposition forces” (Ibid.: 241).

Buxton (2005) notes that opposition forces or interest groups are not consulted on policy issues, as Chávez and now Maduro pass legislation either by decree or using the Chavista majority in the national assembly. Executives during Venezuela’s democracy era (1958 to the
1990s) were fairly constricted in their powers, with a constitution limiting veto, decree, and reelection of presidents. The legislature and political parties monopolized power and resources, power-sharing and fostering democratic institutions (Rice 2011).

Today, however, opposition input is actively ignored. “What’s ominous about the latest oil-induced pressures is that it seems to be pushing the government to take even more desperate measures than it did earlier this year.” A famous recent example is the Maduro regime charging opposition leader Maria Corina Machado with conspiring to assassinate Maduro (Johnson 2014: n.p). Thus government backlash against the opposition has increased in times of economic distress, part of the curse of relying on potentially unstable resource wealth.

Chávez’s 2006 electoral victory was “made possible above all by the combination of vigorous and sustained economic growth since 2004 and increasing expenditures on original and participatory social programs” (López Maya 2011: 225). The oil bonanza skyrocketed the government’s standing at the polls (Corrales and Penfold 2007). The high oil prices and domestic oil reform establishing total state control of PDVSA allowed the state to receive ample financing from the oil rents (López Maya 2011). In 2006, the Central Bank of Venezuela reported that oil accounted for 89% of exports, the state received 68% of income of PDVSA, and the oil sector represented 14% of GDP (Ibid.: 226). In 2013, The Observatory of Economic Complexity (“What does Venezuela export?” 2015) indicates that crude and refined petroleum together made up 97.3% of exports. In 1999 (Chávez’s first year in power,) this total was 72%, and in 1962 (earliest year of data available), the total was about 70%. Over the past several decades, and indeed since Chávez first came to office, it is clear that reliance on oil is paramount.

Economic growth overall in Venezuela is increasingly dependent on its oil; in 2009 its exports dropped by 24% due to the global recession, altering the economy even to present day
As López Maya (2011: 233) notes, the world financial crisis of 2008 began to seriously affect the economy and public finances, “producing the kind of economic recession and fiscal crisis typical of mono-export petroleum-based economies.” Inflation (at 25% in 2009) and goods shortages increased, causing distress among Venezuelans (Ibid.: 234). The government has subsidized gas to citizens to be nearly at no cost to fill a car’s tank; “the bottom line is that the government is giving away something that it needs to buy at market prices” (Nagel 2013b: n.p.). On top of it all, the government’s centralization of the management of resources makes public scrutiny difficult — in Venezuela, special funds are administered directly by the president without transparency (López Maya 2011). Figure 5.2 shows how Venezuela’s taxes on income have decreased in recent years, but taxes on goods and services have increased. The taxes on income and profits line is somewhat misleading, as the rate shown (34%) is only on top-tiered, wealthy citizens/businesses. With roughly 32% of the population living in poverty (lowest income earners are taxed at 6%), and a graduated tax structure, a good chunk of the population is taxed quite minimally (“Taxes for” n.d.). Similarly, public taxes into social security are near non-existent.
Ecuador

Ecuador is similarly situated, as petroleum resources account for more than half the country’s export earnings (“Ecuador” 2013). The state has been increasing its control of oil companies in recent years, taking over companies and gaining a lead on production in the industry. Private companies must pay a windfall tax and income tax, and production contracts are now owned by the state; companies are reimbursed for their production costs and given payments, but the state owns and controls production (“Ecuador: Transparency Snapshot” n.d.). Correa uses the state and petroleum revenues to increase social spending in general as well as the number of social programs and their beneficiaries. Spending increased greatly in public health,
extending free services to children and pregnant women, as well as antipoverty assistance (Weisbrot and Sandoval 2009). Education spending increased, and Correa has used his power to declare “emergencies” to tap other government funds (Conaghan 2011).

Before Correa’s first term in office, public investment as a percentage of GDP was 5%, but by 2009 had increased to 14% (“Informe Resultado” 2015). Windfall money was also used to double welfare payments to the poor and enact subsidies for services such as electricity to the poor (Silva 2009: 192). Again, it is the windfall money supporting these programs, not taxes from other sources. Gelb (1988) notes that Ecuador has always had a soft spot for reducing non-oil taxes (income, sales tax), setting the foundation for limited reliance on a tax-base in its early oil-producing years in the 1970s.

With a minimally diverse economy and push for public services, Ecuador is highly dependent on the extractive industries of oil and new mining ventures. In 2010, Correa and Chávez expanded cooperation agreements in mining and oil companies (Conaghan 2011). Ecuador’s 2008 constitution allows the state the right to administer, control, regulate, and manage certain sectors of the economy, including petroleum, mining, and any other “vital” activities (Ibid.: 280). Thus, the state can step in at any time to manipulate industries and the economy as it sees fit; Correa has evoked this right many times (Silva 2009).

In 2013, The Observatory of Economic Complexity (“What does Ecuador export?” 2015) indicates that crude petroleum made up 51% of exports, with the next largest export (bananas) at 11%. In 2007, Correa’s first year in power, this total was 48% petroleum and 14% bananas, and in 1962 (earliest year of data available), the total for bananas was 55%. This shows a complete 180-degree-turn from today’s economy — crude petroleum was only (.27%) — not even one full
percent! 1973 is the first year that crude petroleum (43%) passes bananas (26%), coffee (10%), and cocoa beans (5%) (“What does Ecuador export?” 2015).

This demonstrates that at one time, Ecuador’s economy was quite diverse, albeit agricultural, until the discovery of crude petroleum and its subsequent increase in exportation. It now is nowhere near Venezuela’s reliance on oil, but still the primary export is oil with the next-highest export at only 11% (bananas). Even in the years after oil’s discovery, Ecuador “did not take advantage of its oil wealth to establish strong export-based manufacturing industries,” and the lack of non-agricultural diversification still plagues the state today (Gelb 1988: 195). Recently, Ecuador was found to have one of the biggest deposits of gold and silver in the world; this could potentially open up a new source of income for the state, as well as exacerbate the resource curse already gaining strength due to the petroleum revenue (“Ecuador: Transparency Snapshot” n.d.). Figure 5.3 demonstrates Ecuador’s tax base regarding income and goods and services — income is quite low but slowly climbing. The continued demise of the agriculture industry and increased reliance on crude petroleum indicates a clear path for a potential resource curse, as seen by the state actions mentioned below.
The effects of the curse

These regimes are hugely popular in good times, but more openly challenged in bad times. Still Venezuela’s economy has not been bad enough to overthrow the regime, at least to supporters of Bolivarianism, as Chávez’s party and principles remain entrenched in Nicolas Maduro. “The oil-producing nature of the Venezuelan economy, the characteristics of the petro-state, the values inculcated by ‘rentierism,’ the nature and actions of the new hegemonic actors, and their interactions with those who have opposed them explain both why they have remained in power and the growing tendencies toward a centralized, personalistic, and authoritarian model” (López Maya 2011: 236-237). Only time will tell how economic recessions will affect the Venezuelan petro-state afflicted with the resource curse. Low oil prices in a state that
depends on oil for nearly all of its export earnings — >95% — has presented challenges for Nicolas Maduro’s regime (Lee 2014: n.p.). Maduro promised not to cut social spending amidst inflation, goods shortages, and unemployment (Johnson 2014). Instead, he called on the cabinet to cut spending elsewhere, including cabinet member salaries, and even personally handed out TVs, washing machines, and bags with groceries (Lee 2014; Corrales 2015).

Similarly for Ecuador, Conaghan (2011) notes that the Correa administration has been remarkably successful at managing the good times, but windfall rents from extractive resources allow for crises to arise when the commodity boom turns to bust. As predicted, Martz (1987: 391) notes that “in times of economic largesse, the nationalist impulse can and will be served.” “Policy orientation will be prudential rather than doctrinaire unless, indeed, a revolutionary government comes to power;” — the revolutionary government resides in Correa some 29 years later (Ibid.: 391).

López Maya (2011) suggests the best-case scenario is a restructuring to moderate socialism, and a worst-case scenario of non-existent democracy resembling fascism. In Johnson’s (2014: n.p.) Foreign Policy piece, Pedro Burelli, a former board member of PDVSA, argues that it will not matter who is behind the wheel governing Venezuela if the state keeps relying on oil — it will crash sooner or later. Since growth, and survival, of resource-cursed states depends so much on the ability to maintain high prices for resources exported, the low prices threaten state stability (Nagel 2013a). Dunning (2008) agrees, citing increased authoritarian temptations when oil prices are lowest, as well as an increased willingness to use resource wealth to maintain supporters when the well runs low. Corrales (2010) argues that the regimes of Chávez, Maduro, and Correa have essentially returned to ISI, which historically collapses under the weight of its inability to sustain the state as oil prices decline.
Karl (1997) states that dependence on a particular revenue base (like oil rents) for long periods of time hinders the ability to change the tax structure to something else, like increased income taxes or sales taxes. Neither Venezuela nor Ecuador has taken active steps towards reassessing taxes. For instance, state reliance on citizens as a source of revenue is low in Venezuela (13.9% of total GDP) and Ecuador (19.3%) (“2015 Index of Economic Freedom” 2015). Contrast this with Costa Rica and Uruguay’s reliance on the population for revenue at 23.2% and 27.4% of total GDP, respectively.

Social groups become accustomed to the advantages of a petroleum-led economy, so opponents of this system have little room to fix the present problems. Figure 5.4 shows the percent of GDP (right side) for fiscal revenues coming from non-renewable resources in 2013. Venezuela’s share stands at 12.2%, and Ecuador stands at 12.1%. Related, oil rents (the difference between the world value of crude oil production and total costs of production) as a percentage of GDP are also high, at 16.2% in Ecuador and 23.6% in Venezuela in 2013 (“Oil rents” 2013). Rents are non-tax revenues usually funneled into a state-managed spending account. These spending accounts are controlled by the executive branch and are the primary source of revenue for social programs. Thus, these statistics indicate a great reliance on oil for both revenue (whether from rents or various taxes applied to the industry and its activities like exploration and refinement) and economic stability.
Consequently, continued decline in standards of living provides the opposition with fuel (pun intended) to challenge the hybrid regime, with the regime smothering the flames using increased repression. The public will tolerate repression and democratic decay, assuming redistributive policies benefit those who can keep leadership in office (thus the curse arising from a reliance on a resource) (Karl 1997). Evidence of this repression is examined later in this chapter. State weakness could open space for civil society and opposition parties to strengthen albeit while facing repression (Bejarano 2011). A fall in oil prices is potentially the only thing that may usher in calls for changes in hybrid systems — and those calls may be for liberalization or for something not quite as desirable.

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19 See also Ross (2001); Chaudhry (1997); Luciani (1987, 1994); Beblawi (1987); Gause (1994).
[Success] was largely due to the advantages of life at the receiving end of an unprecedented petrodollar flood...Venezuela sold over $1 trillion worth of oil during his [Chávez’s] tenure, and so his was government by hyperconsumption, not rationing. The petroboom allowed Chávez to substitute the checkbook for the gulag; marginalizing his opponents via popular spending programs rather than rounding them up and throwing them in jail. Rather than declaring all out-war on business, he co-opted them. Rather than abolish civil society, he created a parallel civil society, complete with pro-government unions, universities, radio stations and community councils. (Toro 2013: n.p.)

Many people try to argue the resource curse does not exist to the extent that the research may show, often citing Norway as a positive example of state control over a primary commodity. However, as Galenson (1986) argues, Norway has never experienced a regime crisis as a result of bust cycles, and during busts it has been able to effectively rely on some of its other traditional exports (such as cement, aluminum, paper/pulp). It also voluntarily readjusted its policies in the wake of economic crises, never really resulting in a regime overhaul or a perceived need to hinder rights or change democratic institutions (Karl 1997). While this is not a case study on Norway, it does show that oil-rich Norway and Sweden are to a great degree outliers, since most states’ experiences with a resource bonanza have resulted in the notorious curse (Karl 1997).

Rejecting neoliberalism

The resource curse and neoliberal ideas do not coexist well. Freeman and Quinn (2012) argue that financial integration and greater diversity in economies force autocratic elites to democratize. Economic integration and diversity are necessary for neoliberalism to flourish.
Financial integration leads to the poorer and working classes having an influence on policy, especially when the diversified portfolio has higher returns (Ibid.). A lack of diversity and integration, then, should produce the opposite effect of persistent authoritarian tendencies. Bejarano (2011) notes that it does not even have to be oil as the principle commodity, but that any commodity (coffee, bananas, copper, etc.) so heavily relied on with no economic diversification threatens state stability. The more resources that the state controls independent of socioeconomic classes and private business elites, the more likely hybrid regimes can arise and entrench (Rueschemeyer, Stephens, & Stephens 1992).

This lack of diversification is tied with the resource curse through a phenomenon known as “Dutch disease.” A resource discovery or an increase in its price leads to the state spending its largesse in an effort to strengthen and/or grow the commodity’s industry. Income, technology, and labor are shifted into the booming sector and out of the previously traded sectors — all efforts go to the production and export of the primary commodity. The other sectors, whether agricultural or manufacturing, are left to contract and diminish, forcing increased imports of once-prominent domestic goods (Gelb 1988). In a study involving both Venezuela and Ecuador, Wunder (2003) found that Dutch disease featured prominently in each state, stagnating non-oil sectors. “Venezuela’s comparative advantage in petroleum exports proved so great that no alternative economic activity emerged,” (Lombardi 2004: 4).

Essentially, the lack of diversification, a key tenet of neoliberalism as outlined in chapter two, limits a state’s portfolio and increases the chance for instability should market prices decline. As Karl (1997) notes, Dutch disease is the product of poor economic policies, crafted by politics that typically favor rent-seeking behavior. The bias towards one particular good leads to
poor outcomes in terms of economic development and political structures (Neary and van Wijnbergen 1986). Thus, it appears Venezuela and Ecuador have contracted Dutch disease.

The political and economic exclusion of traditionally strong forces in these states — including organized labor, state employees, and public sector workers — that transpired during each state’s neoliberal transformations created negative feelings towards neoliberal policies (Silva 2009). Market forces exacerbated insecurity for citizens, as states withdrew from heavy social spending (Levitsky and Roberts 2011). Thus future Presidents Chávez and Correa campaigned on eradicating these detrimental policies and restoring political and economic strength to the once-influential organized masses (Silva 2009). Changes made by Chávez and Correa in political institutions, economic regulations, and rhetoric have alienated investors, which is detrimental for growth (Huber and Stephens 2012). The countries involved in the Bolivarian Revolution have actively overturned many tenets of neoliberalism in an effort to decrease dependency on foreign markets and entrench executive power (Isbester 2011c). The early strikes in 2002-2003 caused the government to increasingly intervene in production activities, with Chávez calling for the implementation of “twenty-first century socialism” (López Maya 2011: 223; Wilpert 2007).

Beginning in the 1980s in Venezuela, governments attempted to install neoliberal practices after experiencing the 1970s oil bust and its ill effects (Rice 2011). Presidents Carlos Andrés Pérez and Rafael Caldera “accepted the view that Venezuela’s oil dependence was the root of its economic crisis,” and began attempted reformations of the oil-financed economy (Buxton 2004: 118). The national oil company (PDVSA) was also a “model of efficiency,” prioritizing the company’s financial well-being over public spending and actively put “institutional limits on the president’s access to its investment funds” (Jones Luong and Weinthal
190: 54). Presidents from 1989 to Chávez’s election in 1998 had attempted shock austerity measures, privatizations, and decentralization, but the high inflation and poverty rates did not improve enough to satisfy citizens (Silva 2009). Kingstone (2011: 75) notes that both Venezuela and Ecuador were below the median in 1995 regarding levels of neoliberal policy attempts, while Costa Rica and Uruguay were above the median. He also argues that neoliberalism is best at containing inflation rates, which was a key cause of the political and economic turnover in 1998 and 2006 in these case countries. Had a more aggressive neoliberal agenda been in place, inflation could have been more easily managed, and perhaps no regime upheaval would have occurred (Kingstone 2011: 46).

The changes that occurred in the 1990s to class structure and labor markets as a result of neoliberal reforms fragmented class-based forms of organizing (Rice 2011). The capacity of traditional civil society organizations weakened, and so too did political party strength. The failed attempt by the traditional political parties to implement neoliberal reforms lead to party system demise, and made it “easy prey to manipulative leaders and personalist politics,” opening the door for someone like Hugo Chávez (more on this later) (Crisp and Levine 1998: 51). Bolivarianism is explicitly anti-neoliberal, rejecting in particular privatization and deregulation (Rice 2011). Maduro implemented a Law of Fair Prices in 2014, which set a maximum profit rate of 30% on any goods and services, and requires extensive reporting of business finances (Nagel 2014a). Should businesses not comply, they face jail time and immediate expropriation without compensation. “The effect of the bill is clear: entrepreneurship in Venezuela is now an illegal activity…this bill could well be the final nail in the coffin of Venezuela’s private business” (Ibid.: n.p.). Needless to say, neoliberalism has not found safe ground within Venezuela.
Likewise in Ecuador, attempts at neoliberalism during the 1980s-90s had mixed success. Neoliberalism was introduced beginning in the 1980s, attempting to cut public spending, curb inflation, reduce import duties, create free trade zones, and promote privatization of many industries (Long and Igliori 2007). In efforts to liberalize and strengthen Ecuador’s economy, President Jamil Mahuad enacted measures to prevent banking sector collapse and planned to adopt the U.S. dollar — a move which ultimately drove him from office (Conaghan 2011). President Lucio Gutiérrez even defected from leftist supporters who assisted his election and embraced further attempts at neoliberal adjustments — helping ensure his ouster as well. The economic hardships that accompanied neoliberal policies lead to many instances of mass mobilization, protesting the economic climate and citizens’ political exclusion (especially the indigenous) (Silva 2009). The inability of presidents to never quite get neoliberalism to work right resulted in several presidential resignations and ousters.

Earning his PhD in Economics from the University of Illinois, Correa became minister of economy in the Palacio Presidency. Correa campaigned on an anti-neoliberal platform, saying the country had been kidnapped by corrupt economic elites who favored businesses and corporatism (Conaghan 2011). Ending “the long and sad night of neoliberalism,” as Correa would claim, became a primary policy goal (Krupa 2013: 172). The CIA World Factbook notes that Ecuador’s policies indicate a shift even further from neoliberalism, as Correa has erected barriers to trade, increased tariff surcharges, and backed out of investment treaties, which in turn discouraged private investment (“Ecuador” 2015). Long and Igliori (2007) contend that Ecuador’s undiversified export base leaves the country vulnerable to crises. Continued deteriorating terms of trade and lack of diversification hinder growth and stability. While Ecuador never fully attempted to liberalize as much as other states in the region, Correa played
into the widespread perception that neoliberalism would fail the people of Ecuador (Conaghan 2011). He would argue to cut ties with the US, IMF, and World Bank, and renegotiate international company contracts with the state oil firm — pledges he would follow through on to a great degree (Silva 2009).

*The effects of anti-neoliberalism*

The Bertelsmann Transformation Index measures the quality of democracy, market economy, and political management. The 2014 scores for year 2013 indicate Uruguay scored 9.33/10 (10 being best), and Costa Rica at 8.74/10 — both are in the top 10 countries (“Status Index” 2014). Ecuador is at 5.62/10, and Venezuela is 4.60/10 — only 36 countries are worse than Venezuela (Ibid.). Their measures show the quality of both democracy and liberal economic performance to be weak in Venezuela and Ecuador, including a positive correlation among the political and economic components. Likewise, for my composite indices, Venezuela and Ecuador scored quite low on the Economic Rights Composite Index: Venezuela scored 40.6/100, and Ecuador scored 57.3/100. Venezuela scored 40.7/100 for the Democracy Composite Index, and Ecuador scored 59.1/100 (see chapter three). For these various indices, it is clear that levels of democracy are linked to liberalized economic practices — a positive correlation that has certainly negative consequences.

De Gregorio (2010: 64) notes that “it is a proven fact that more open economies grow faster than closed ones.” Openness is also associated with lower levels of poverty. Liberalization, especially when it comes to trading diversified goods, is beneficial for the economy in the short and long run (Winters, McCulloch, & McKay 2004). More closed Latin American countries have smaller trade coefficients (exports plus imports divided by GDP). For the years 2000-2002,
Venezuela’s coefficient was about 40% and Ecuador was about 60% trade as percentage of GDP, compared to east Asian countries like Hong Kong (285%) and Malaysia (220%) as other states who relatively recently attempted neoliberal reform (De Gregorio 2010: 65). Without openness and diversification, statistically speaking states cannot survive on resource wealth alone (Gylfason 2001). And, as Hamilton (2001: 46) concludes, states that are resource-driven often lack sustainability in their development plans. His findings show Venezuela’s sustainability to be negative (-0.4), Ecuador’s to be minimally positive (4.2), compared to a state like Costa Rica where sustainability is (26.8) (Hamilton 2001: 49-54).

The preceding has demonstrated the differences in Venezuela and Ecuador’s economic structures, as compared to the previous chapter involving Costa Rica and Uruguay. Scholarship suggests that anti-neoliberal practices, the resource curse, and Dutch disease, which rely heavily on non-diversity of economies, lead to non-democratic regimes. The next section of this chapter will demonstrate actions taken by elites and the state to subsequently repress opponents and solidify their regime as a result of the economic structures just examined.

4. Intentional Elite Actions to Entrench the Regimes

Rhetoric, Bolivarianism, and Chavismo: the underpinnings for regime entrenchment

The following will demonstrate how the governments in Venezuela and Ecuador have effectively entrenched their hybrid regimes with the help of oil wealth. This secondary research

20 Gylfason’s (2001) work found that in 30 years, of 85 countries studied, only four resource-rich countries (Botswana, Indonesia, Malaysia, and Thailand) experienced positive sustained growth—achieved by diversifying and industrializing.

21 While this data is from 2001, near the beginning of Chávez’s tenure and before Correa’s election, one can reasonably suspect that the trek further from neoliberal diversification and necessary revenue adjustments would decrease the scores for sustainability, as a result of increasingly resource-oriented policies under the Bolivarian regimes.
offers real-world examples of actions taken in the case study countries to entrench their power. First, a look at the rhetoric used to craft and re-craft constitutional and legal mechanisms to sustain their regimes. Then, with the assistance of those intentionally crafted legal means, the regimes can more easily control and repress dissidence and any potential opposition, further entrenching a non-democratic system.

Members of the military started using Bolivarianism in the 1960s, using national-developmental ideas to attract Venezuelan citizens’ support (López Maya 2011). Populism has featured prominently in various regimes throughout the 20th century (Conaghan 2011). The new populism that has taken over many states in Latin America is dangerous, as it relies on strong, personal leadership and assumes democracy is possible without many of the most important democratic institutions and values (Valente 2006). Navia and Walker (2010) note that personalistic democracies in the form of populism in Latin America have rejected neoliberalism while chipping away at democratic institutions. Populist rhetoric appealed to so many who had felt the ill effects of implementing the new economic model of neoliberalism in the 1980s. Capitalizing on discontent became the best way to ensure electoral success and subsequent economic revisions (Ibid.).

Chávez coopted Bolivarianism to expand his political platform of Chavismo. This personality cult is a hybrid ideology supposedly crafted from the ideas of the nineteenth-century revolutionary Simón Bolívar. Chávez created Chavismo as a means to transform the Venezuelan state into a government for the people. Fairly recently, Chávez was able to recruit other regional leaders, including Ecuador’s Correa, as followers of Bolivarianism, shifting both countries into following the “socialism of the 21st century” (Ponce n.d.).
Bolivarianism, then, as promoted by Chávez and Correa, rejected neoliberalism for its detrimental effects on the poor, promoted state and citizen control of industries, and advocated for strong and ever-present armed forces (Conway 2003). It also promoted national autonomy free from the chains imposed by the imperialist states (Furshong 2005). Bolivarianism focuses on the redistribution of wealth and protections for minorities and the poor, all while calling for pan-American unity through socialism (Ibid.). As implemented by the Chávez regime, Bolivarianism also promoted public spending (from oil revenue), increased government involvement in institutions and the economy, and increased the strategic control/monitoring of the press and opposition groups (de Leon n.d.). Thus, to attain the larger goals of the Bolivarian Revolution, the rights of some may need to be repressed by the state.

By adopting Bolivarian ideology, Chávez has distinguished himself from the corrupt two-party system that preceded him. This shift has also given a sense of empowerment to those who were previously oppressed. While many statistics and studies disregard Chávez’s reforms as mere handouts, the real effect and source of much of Chavez’s popularity lays in the fact that many of the poor citizens in Venezuela feel that finally someone in power sincerely cares about their plight. (Prince 2009: 42)

After Chávez’s 2006 win and supported by oil windfalls, the administration began a push for even stronger state-centered economic policy and an undermining of the liberal institutions that had been established in the 1999 constitution (López Maya 2011). In an effort to install the Bolivarian ideology, Chávez began the “Moral and Enlightenment Campaign,” meant to remove the old values of individualism and capitalism (Ibid.: 227). Bolivarianism’s state-led approach to development hinges on the country’s oil wealth and expansive social programs (Rice 2011). The
Bolivarian government supports local businesses and political inclusion of those groups (primarily the poor) who had been excluded in the past. Rice (2011) notes that this can make for an uneasy mix of statist and grassroots activity — the state is now required to be more responsive to citizens. Likewise in Ecuador, Correa launched the Citizens’ Revolution, a movement that features Bolivarianism/Chavismo as a means of gaining popular support for new spending measures (favored by the populace) and constitutional overhaul (Conaghan 2011). Laying blame on the economic oligarchs helped attract followers who had long felt the effects of mismanaged liberal policies like reduced social spending. Correa was also extremely patriotic in his rhetoric, and called for a new constitution to save Ecuador (Ibid.). Appealing to the masses with this kind of rhetoric paved the way for subsequent repeals of rights.

*Constitutional and legal re-crafting: decreeing the death of democracy*

Using Bolivarianism as a base for reshaping countries via constitutional overhaul has become a favorite tool in Latin America. The repeated attempts in both Venezuela and Ecuador to increase presidential powers to the detriment of democratic institutions — legislatures and political parties in particular — are indicative of what Fish (2005) calls super-presidentialism. These super-presidents are the product of constitutional arrangements that are entirely legal, but Fish argues these leaders damage democracy and governmental accountability. By investing such authority in the executive branch, democracies are eroded with other political institutions taking the brunt of the destruction. Most often, these systems arise and entrench during economic crises when presidents will “generate substantial popular support for efforts…to sweep aside institutional constraints on executive power” in order to fix the economy (Kapstein and Converse 2008: 81).
Oil windfalls are notoriously capable of allowing for the changing of established institutions to fit the state’s needs (Gelb 1988). Smith (2012) agrees that oftentimes hybrid regimes come into creation when there is economic distress near an election year. Victory goes to candidates who oppose the status quo, who then proceed to dismantle rights. “Decision-making is centralized in the executive branch. Political institutions are undermined. Civil society becomes even more dependent on a central leader. The opposition is overpowered, demoralized, and completely excluded” (Rice 2011: 243). As demonstrated below, both Venezuela and Ecuador have quite effectively strengthened executive branch powers as a result of oil windfalls, entrenching their hybrid regimes.

**Venezuela**

One of Chávez’s first actions as president in 1999 was to rewrite the constitution and as a result, he changed institutions. He abolished the Senate, a step that enabled him to appoint the vice-president, and allowed for consecutive presidential terms (Ottaway 2003). This constitution has since been amended to further strengthen Chávez’s (and now Maduro’s) power as executive. López Maya (2011) notes that the new Venezuelan Constitution of 1999 did attempt to increase participatory democracy with various forms of referenda (legislative initiatives, assemblies, etc.), and extended human and indigenous rights. These participatory innovations progressively weakened, however, after the 2006 presidential reelection and push for radical socialism (Ibid.). The constitution of 1999 also created a unicameral Legislative Assembly, restricted the role of political parties, and increased the power and autonomy of the central government and executive branch (Rice 2011). What would follow during the Chávez and Maduro governments has been termed a “kidnapping of the constitution” (Brewer-Carías 2010: vi).
Invoking article 203 of the 1999 constitution allowed Chávez to rule by decree (Enabling Law) for a period of time specified by the National Assembly. Chávez issued almost fifty decrees in the early years of his regime, affecting economic practices and the oil industry (Carrión 2009: 244). Continued use of rule by decree followed until his death (Brewer-Carías 2010). Chávez began further radicalization in 2006, as the Assembly granted the Enabling Law for one-and-a-half years. This period gave the executive control over hydrocarbon policy (López Maya 2011: 226-227). The use of decrees under the Enabling Law allowed Chávez (and now Maduro) to reform the 1999 constitution even further, since the constitution grants the president the right to modify any articles that might hinder the transition to Bolivarian socialism, without approval from the assembly (Smith 2012).

In late 2007, Chávez and the National Assembly put 69 articles up for referendum to amend the constitution. In a narrow loss, the constitutional reforms were not supported by 50.65% of voters, and supported by 49.34% of voters (and an abstention rate of 44%) (López Maya 2011: 229). The most significant articles involved the possibility for reelecting the president without restrictions for a 7-year term (instead of 6), an increase in the percentage of signatures needed to activate mechanisms of popular participation (so promoted in 1999), and a change from the state “guaranteeing” property rights to simply “recognizing” property rights, which could have opened up varied judicial interpretations (Ibid.: 228-229). Many of these rejected changes were implemented via the Legislative Assembly and executive decree after 2007 referendum failure (Pereira Almao and Pérez Baralt 2011). Even though the sweeping 2007 referendum failed, in a 2009 referendum voters approved an amendment that removed the legal obstacles for reelection of elected officials (Smith 2012). This passage set the stage for a legitimately elected dictator for life. Even Bolívar himself warned of the dangers of a perpetual
ruler, but Chávez ignored the principle of alternation in favor of power (Brewer-Carías 2010). In Venezuela’s “semi-authoritarian regime” there clearly exist mechanisms that ensure power is not easily transferred to the opposition (Ottaway 2003: 15).

Handelman (2003) notes that when the legislative and judicial branches have been coopted by the executive or the majority party, democratic institutions can fall. This is precisely what occurred during Chávez’s rule by decree episodes, as legislative powers were transferred to the executive branch (López Maya 2011). After the 2008 economic crisis, the government of Venezuela passed many laws and reforms with a goal of recentralizing powers in the executive, removing power from regional/municipal governments (Smith 2012). And in 2009, the Organic Law of Electoral Processes was passed, eliminating proportional representation, replacing it with a majoritarian system (López Maya 2011). This typically results in less representation and shuts out opposition parties while strengthening the executive (Linz 1990). While the 1999 constitution reads to limit the influence of political parties (not mentioning the word “party” once in the document), its real effects are different. Brewer-Carías (2010) notes that a single party has a greater presence than multiple parties ever had, as the president of the republic is also president of the ruling party, with nearly all ministers and judges members of the state party as well. Lines of communication and financial channels have entrenched the Chávez and Maduro party into the government, removing the strength of other parties and party pluralism in general (Ibid.).

**Ecuador**

Conaghan (2011) remarks that Correa’s leadership ably used structural deficiencies to his advantage when setting the foundation for his new Ecuador. The collapsing party system and economic troubles allowed Correa to appeal for change, promising the masses salvation from the
status quo. Correa’s actions to consolidate power began immediately upon election. Correa initially lacked a majority in congress, forming alliances with left-wing parties to secure approval for his desire to draft a new constitution (Carrión 2009). One such party was the Pachakutik, formed in 1996, comprised of Amerindian organizations, women’s groups, trade unions, and some Evangelical churches (Espíndola 2009). The Pachakutik formed after seeing the success of CONAIE (Confederación de Nacionalidades Indígenas del Ecuador), a group that emerged in 1986 fighting for Amerindian land rights. These groups helped bring about Correa’s second-round electoral win for his first presidency in 2006 (Espíndola 2009). “Correa, like Chávez, took an improvised path to the presidency, combining leftist ideas and populist appeals with an organizational vehicle created expressly for the purpose of launching his candidacy. Like Chávez, Correa’s rapid ascent took place in the political vacuum created by Ecuador’s crumbling party system” (Conaghan 2011: 261).

After a series of astonishing developments — which included the removal of fifty-seven representatives by the Electoral Tribunal in retaliation for the equally unconstitutional removal of six members of said Tribunal by the unicameral congress — Correa finally secured approval for his assembly. Then, in another twist of this convoluted story, his government, disregarding the expressed wishes of congress, issued a convocation that granted the upcoming assembly full powers, thus opening the possibility of shutting down congress once the constitutional assembly was inaugurated (Carrión 2009: 247).

Control was now in the hands of the executive, allowing an April 2007 referendum in which 82% of Ecuadorians favored new elections for the constituent assembly, securing Correa’s supporters with 80 of 130 seats (Carrión 2009: 247). This assembly then immediately and indefinitely suspended the congress and removed many high-ranking officials. This move put
Correa in the perfect position to use his support in the new assembly to initiate a new constitution that would allow him to run for reelection — something illegal under the old constitution (Ibid.). These are precisely Chávez’s actions upon entering office (Nilsson 2009).

“Correa’s survival in office and the viability of his political project depended upon enhancing and extending presidential power at every turn” (Conaghan 2011: 271). Ecuador’s new constitution allowed Correa to run for president again, granted him a line-item veto power, and restructured electoral rules that ended up favoring his party (“Ecuador: Freedom in the World” 2013). Congressional opponents to his constitutional changes were Correa’s first target — he quickly figured out where to stack regime supporters and how to utilize institutions to remove political opponents. Opponents were stripped of their seats by the electoral tribunal due to the dubious charge of “election obstruction.” In response, the constitutional tribunal judges ruled against their removal, but the now pro-government congressional majority responded by firing them (Conaghan 2011).

The courts in Ecuador refused to comment on this constitution-making process, so Correa was allowed to continue unabated, without reaching agreement with political parties or other agencies (Brewer-Carías 2010). The first action of the new constitutional assembly featuring a PAIS majority was to officially suspend the sitting congress (Silva 2009). The assembly, completely controlled by the president’s followers, had full powers to transform the institutions of the state and interfere in all branches of government (Brewer-Carías 2010).

Ecuador’s 1998 constitution permitted presidential reelection after one interim term; but the 2008 constitution permitted immediate reelection for two terms (Smith 2012: 159). Correa enlisted the legal counsel of Roberto Viciano, who helped design new constitutions in Venezuela and Bolivia. Unsurprisingly, the new document favored the executive branch — the president
could now convoke referenda on any issue, bypassing legislative opponents, and he could
dissolve the legislature once during each presidential term (Conaghan 2011). A president could
also stack courts and control monetary policy (Silva 2009). The legislative assembly also lost
power in determining appointments to the judicial and executive branch, leaving those decisions
to a newly created “Transparency and Social Control” branch. This branch selects some key
officials\textsuperscript{22} from lists provided by the president (Conaghan 2011).

The constitution in Ecuador, like in Venezuela, has been meticulously crafted to
empower hybrid leaders under a veil of democracy (Brewer-Carías 2010). However, Conaghan
(2011: 275) notes that the constitution, much like Venezuela’s, enshrined citizen participation
and rights for “every imaginable group in society.” In September 2008, 64% of Ecuadorians
approved the new constitution that would ultimately strengthen the presidency (Silva 2009: 193).
As will be demonstrated below, it appears the so-called Citizens’ Revolution is simply a different
name for hybrid regime.

Most recently, in late 2015, the National Assembly approved a constitutional amendment
removing presidential term limits in Ecuador. Leaders in hybrid regimes are becoming more
concerned with succession, as evidenced by both Chávez and Correa’s actions in altering
constitutions to ensure continued rule. Considering the reelection amendment was passed by a
pro-Correa Assembly, this further indicates the level of control and consolidation of power
Correa has on Ecuador’s institutions (Solano 2015). The National Electoral Council has four
times blocked the opposition’s attempts at getting the amendment put to referendum (Morla
2015a).

\textsuperscript{22} Most importantly, officials for the attorney general’s office and various regulatory agencies.
The courts and legal challenges

Often in hybrid regimes, the court system and rule of law will fail citizens, as many judges obtain their appointments via patronage and party affiliation (Isbester 2011c). This creates a two-level violation of civil liberties, first at the criminalization of dissent and then at the denial of unbiased due process. In Venezuela and Ecuador, laws are used to punish those who ‘disrespect’ or defame the government or officials, and can carry heavy penalties. Chávez dramatically increased his control and changes over institutions and the media after opponents launched a failed coup attempt in 2002. A recurrent feature noted by Smith (2012) in illiberal systems is their insistence on the appearance of legality. The 2004 Law on Social Responsibility in Radio and Television and its subsequent amendments in Venezuela were passed under the guise that the public needed protection from private media mongers, but the law ultimately pared back free expression rights (Diamond 2008). The Social Responsibility law intended to control the content of private media outlets and criminalize dissidence; and ‘disrespect’ (loosely defined) for the president, government officials, or institutions can result in a prison sentence (Bohning 2009: 206). Of course the law was touted to protect the public from a “dictatorship of the private media” and to advance the will of the people, but these insult laws are used to selectively and legally punish opponents to the regime (Freedom House 2007).

At least half of judges in Venezuela in 2009 were temporary judges, rendering them political dependents at the whims of their employer — the state and state party (Brewer-Carías 2010: 125). The legal system is frequently used to try opponents for questionable charges in an attempt at controlling dissent (López Maya 2011). Judges loyal to the hybrid regimes continually side with the government and against opponents. “The judiciary thus becomes an instrument of political discipline and social control,” with governments purging noncompliant judges (Smith
In Venezuela, journalists have been detained indefinitely, and tried and convicted on dubious charges. The circus of a trial for opposition leader Leopoldo López was held in secret and without due process. The prosecution was allowed 82 witnesses (most of which were officially on the government payroll), while defense was allowed two witnesses (Nagel 2015a). While courts have always been stacked with Chávez and Maduro supporters, after witnessing what happened to a judge who ruled against the state (Maria Lourdes Afiuni, described later), it is no wonder the willingness of judges to side with the regime (Ibid.).

Similarly for Ecuador, defamation can earn journalists three-year prison terms (Smith 2012). The courts rarely rule against the state in these matters (“Ecuador: Freedom in the World” 2015). Correa has always been harsh to media in Ecuador. He has exclaimed that there exists a news mafia that has sold out to the ousted political mafia, with the greatest danger to democracy being the control of media in the hands of these mafias (Bohning 2009: 208). As a result of the 2011 referendum, a council was established to monitor media content in Ecuador. This council can punish members of the media and their stations for disseminating information that might be biased (bias to be determined by the council) (“Statement on Violations…” 2011). The state determines which content is incomplete, inaccurate, or damaging to public officials’ reputations, and these alleged defamations are punishable by fines and jail time (Wilkinson 2015).

Judges are appointed by the government and typically side with the state, putting many outlets out of business and managers and reporters in jail (Rafsky 2012). Self-censorship has increased as a result, and there have even been attempts to create a journalists’ registry, allowing the state to have information on those reporting in and on Ecuador (McQueen 2014). The defamation laws and stacked courts entrench Correa’s power, squashing opposition while making non-democratic constitutional changes (Rafsky 2012).
“Efforts by the president and his followers to use the constitution-making process to consolidate while maintaining the appearance of adherence to democratic norms” have become a trademark of hybrid regimes (Brewer-Carías 2010: 126). These various laws and constitutional changes, along with coopted institutions, make the examples of hybridity examined below not only possible but nearly inevitable.

5. Subsequent Hybrid Entrenchment and Reduction in Liberalness

The repression of the media and freedom of expression

“The key variable mediating the relationship between government performance and citizen attachment to democracy is the nature and quality of political representation, and specifically the linkages between citizens, civil organizations, and political parties” (Hagopian 2005: 362). When repression is used against these traditional linkages, democracy suffers. Repression is a tool used to discourage participation among those who disapprove of a regime (Arendt 1966). Repression forces disgruntled citizens to withdraw from participation or resort to different channels/arenas to make demands on the state (Booth and Seligson 2009). Regarding critical speech, the Inter-American Commission on Human Rights (“IACHR Concerned About…” 2007: n.p.) notes that “legitimate activity has resulted in intimidating acts or indirect pressure against the exercise of freedom of expression.”

This is especially true of states suffering from a resource curse. In studying Indonesia’s regime stability after Suharto’s New Order was implemented, Smith (2007) found that oil helped to strengthen the new institutions and bolstered the regime’s ruling coalition. The authoritarian New Order successfully coopted civil society groups and favored free repression against opponents. This historically earlier case can help demonstrate how a regime entrenched itself as
authoritarian, which is what we are seeing played out in Latin America today. This phenomenon of government cooptation and entrenchment as a result of oil wealth is not new, and it shows how governments in similar circumstances can behave, whether in Latin America or elsewhere.

Ottaway (2003) argues that hybrid systems typically have some control over not just elections, but the media, civil society, and political opposition as well. Since civil liberties and democracy positively correlate, continued oppression by a state against free speech allows leaders to control dissent and diminish democracy (Isbester 2011c). Controlling information dissemination is crucial to maintaining hybrid regimes (Ottaway 2003). “Without genuine free speech or the ability to easily organize civil society, the failure of individual political actors, democratic procedures, and state institutions cannot be adequately criticized” (Isbester 2011c: 63). Venezuela, in 1986, was considered to have full press freedom by Freedom House; today, they are considered “not free” with a score of 81/100 (Ibid.: 63; “Venezuela: Freedom of the Press” 2015). Ecuador is similarly situated, with a press score of 64/100, considered “not free” (“Ecuador: Freedom of the Press” 2015).

**Venezuela**

Civil society in Venezuela has long been active, although organization was stronger under the AD-COPEI duopoly in the latter half of the 20th century. The larger organizations, both for workers and for business groups, had strong ties to the political parties (Rice 2011). These groups for organized labor and businesses23 were deemed too close to the ancien régime, losing representation and power in the new Venezuela under Chávez (Bejarano 2011). Venezuela’s

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23 Especially CTV—Confederación de Trabajadores (Workers’ Confederation) and FEDECAMARAS—Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela (Venezuelan Chambers of Commerce).
population has for some time been mobilized and unafraid to protest against government malfeasances. Under the Chávez and Maduro administrations, the unrest among economic, political, media, union, and middle class interests began almost immediately, as these groups had little influence in the country’s new direction (López Maya 2011). The government reduced state subsidies to organized labor and political parties, even threatening to dissolve the union structure altogether (Ellner 2004). Violent riots and subsequent repression occurred from 2001-2003, including a coup attempt against Chávez.

The strikes beginning in December 2001 and climaxing in the coup of April 2002 paralyzed the PDVSA (state run oil company Petroleos de Venezuela, S.A.) and had a “catastrophic” impact on the economy and politics, putting the country into a recession (López Maya 2011: 222). The executives of the oil industry were unwilling to accept a change in the oil opening policies of days past, and the government responded by firing nearly 19,000 employees (most being high- or mid-level executives) (Ibid.: 222). Civil society continually faces legal challenges to the groups’ operation, as the state attempts to restrict the activity and influence of these groups (“Venezuelan Government’s” 2010).

Hellinger (2006) remarks that in Venezuela the most vehement opposition often comes from the media, rather than political parties or interest groups. Civil society is allowed to exist, provided the groups are those that favor the Chávez regime; any opposition movements are countered with the mobilization of pro-Chávez/Maduro forces (Rice 2011). The National Electoral Council and Supreme Court often intervene in civil associations, including recreational clubs, business, or trade groups, by putting pro-government leaders in what should be autonomous civil society groups (Brewer-Carías 2010). These groups are needed to provide citizens with expression freedoms and ensure democracy’s survival (Smith 2012). “Civil society
is supposed to shape government policies and proposals, not the other way around” (Rice 2011: 244). With limited means for citizen input, civil society is unable to resist subordination by the state or make effective demands on it (Oxhorn and Ducatenzeiler 1999).

In a well-known incident, in May 2007 Chávez closed *Radio Caracas Televisión* (RCTV) in response to the station airing the activities and events that transpired during the 2002 coup against Chávez. The government claimed the station violated the law when other channels were showing cartoons instead of coup coverage (“Venezuela bars” 2010). The government refused license renewal as a retaliatory measure for the station’s coverage during the coup attempt (López Maya 2011). This fueled the hostile political climate, but effectively defeated the opposition, as “the door has been swung wide open for Chávez to proceed” with his revolution unabated (Rice 2011: 243). The closure of RCTV prompted both violent and peaceful demonstrations by business groups and students, who feared censorship and government reprisal for grievances aired (López Maya 2011).

In 2009, the government continued its attacks on media by revoking licenses to 34 radio stations, expanding state-managed radio stations, and closing RCTV again, which had been operating as a satellite station since its 2007 closure (López Maya 2011: 234). During both the 2007 and 2009 referenda, Pereira Almao and Pérez Baralt (2011: 234-235) find that the main public TV stations broadcasted absolutely no information favoring the opposition ads — only pro-government ads were aired. The state-run TV and radio stations did not have balanced coverage, signaling government cooptation of these media and misused public resources. These actions were deemed legal after the Supreme Tribunal upheld a Telecommunications Law which allowed the state to administer and control the use of radio and TV frequencies — often revoking permits of many stations (Brewer-Carías 2010: 154). Later, RCTV, along with five other
stations, were barred in 2010 from operating on cable and satellite programming, alleging the channels violated a requirement to air Chávez’s speeches. This effectively killed the country’s oldest private (and opposition) channel (“Venezuela bars” 2010).

Regarding newspapers, many have been fined heavily for dubious violations, and are then forced to sell their companies to Chavista buyers (known as boligarcas or boliburgueses), thus further limiting the amount of independent information available to citizens (Nagel 2014c). The government now has control over the editorial complex and distribution center of where all newspapers, magazines, and books are printed; and as a result dozens of newspapers have been forced out of circulation (“Venezuela: Freedom of the Press” 2015). Watchdog groups, including the Committee to Protect Journalists and the Institute of Press and Society, frequently publish reports on these types of issues and file condemnations regarding actions taken against freedom of expression in Venezuela.

The government also requires journalists to hold journalism degrees and be members of a state-sponsored guild or face jail-time. These requirements define and limit who can report and issue information (“Venezuela: Freedom of the Press” 2015). “Chávez took private media, and consequently independent journalism, to be the public arm of the economic power that opposed his revolutionary plans” (Muñoz 2014: n.p.). A 2010 amendment to the 2004 Law on Social Responsibility banned content that would disrespect authorities, and alleged defamation would bring about fines or jail times. Chávez regularly used this law against the media and opposition, and Maduro has evoked it hundreds of times in the past couple years (“Venezuela: Freedom of the Press” 2015). As a result, “nearly one-third of the nation’s journalists declined to report information of vital public interest in order to protect their personal security, and more than 40 percent reported being pressured by authorities to change their coverage of a story” (Ibid.).
Similarly, regardless of election season, Chávez would employ a weekly radio and TV show called *Aló Presidente*, where populist rhetoric would disseminate his political agenda\(^{24}\) (Lansberg-Rodríguez 2015). He frequently utilized *cadenas*, “a type of broadcast permitted under Venezuelan law that gives presidents a constitutional prerogative to seize airtime on every radio and TV station for use in emergencies,” perfectly timed to occur when opposition leaders were speaking elsewhere (Ibid.). Maduro has continued on the media-controlling path:

Since Chávez’s death, media controls have become more powerful, if at times less direct. Despite his socialist rhetoric, Maduro has found that the best way to control the independent media is to use the invisible hand of capitalism. The free market was used as a cudgel: the government simply had its friends buy up the media. The result has been an increasingly desolate media landscape, and with no competition, the pro-government media, too, has lost dynamism. (Lansberg-Rodríguez 2015: n.p.).

The CNE (Consejo Nacional Electoral) was created in the new constitution to be a 4\(^{th}\) branch of government independent of the other branches. In practice, the National Assembly appoints members to the CNE. During both the 2007 and 2009 referenda, Pereira Almão and Pérez Baralt (2011: 228) find that the Venezuelan government campaigns outspent the opposition on advertising, as well as exceeding space limits in newspaper ads. The CNE set limits to allow for equal campaigning, but did not enforce its own rules, thus permitting the pro-government campaigns to advertise without reprisal. This has continued to the 2015 parliamentary elections, as Corrales and von Bergen (2015) found that coverage of the ruling

\(^{24}\) Chávez averaged nearly 40 hours of personal media time a week, covering about 657 hours during his reign. He held 2,000 *cadenas*, about one every two days (Lansberg-Rodríguez 2015: n.p.).
party on the three major TV networks\textsuperscript{25} was leaps and bounds ahead of the opposition, as shown below in Table 5.1. Unsurprisingly, when analyzing the positive/negative sentimentality of coverage, the state-owned channel VTV provided 78.2\% positive coverage to the incumbent regime (Ibid.: n.p.).

Table 5.1: Percentage of total political news coverage time devoted to electoral campaigns

\begin{center}
\begin{tabular}{|l|c|c|}
\hline
Network & Ruling Party & Opposition \\
\hline
Globovisión & 25.2 & 9.3 \\
Venevisión & 16.4 & 11.9 \\
VTV & 10.8 & 0.0 \\
\hline
\end{tabular}
\end{center}


Under Maduro, repression against protesters has continued. After the 2014 Law of Fair Prices was implemented, swathes of students took to the streets to protest the unfairness of the law. Three demonstrators were killed, and the government has dispatched armed gangs (paramilitary forces known as ‘\textit{colectivos}’) to respond to any demonstrations (Nagel 2014b). \textit{Foreign Policy} even published an article in 2014 titled “Venezuela’s Protesters Are Learning To Live With Tear Gas,” as government use of the product has become so commonplace (Lansberg-Rodríguez 2014). Clearly, the ruling regime under Maduro continues to make the opposition invisible.

\textsuperscript{25} VTV is state-owned; Venevisión is owned by a millionaire who made a deal with the Chávez government in 2002 to self-sensor; and Globovisión has been owned since 2013 by government sympathizers.
Ecuador

“There is an ongoing attempt by the government not only to restrict dissident views but also to control the flow of information, something Correa learned from Hugo Chávez” (Jaramillo Viteri and Kraul 2015: n.p.). Taking these lessons and cues from Chávez, Ecuador’s Correa is fond of marketing regime policies to the masses. Since his first month in office, Correa began weekly radio shows (eventually TV too) aired by more than 100 stations (Conaghan 2011: 273). Correa highlights accomplishments and castigates opponents during his two-hour-long shows. Pro-government advertisements also frequently air, pushing patriotic slogans and supporting the plight of the masses. Stations are legally obliged to provide for any presidential speeches or pro-government programing, which the Correa regime regularly utilizes. In 2008, Correa ordered the seizure of two anti-government television channels, which have since converted to being pro-government (Hedgecoe 2008b). Other TV channels, radios stations, and magazines were subsequently seized (McQueen 2014). The state even used a loan from Venezuela to launch the publicly owned ‘TV Ecuador,’ and bought up indebted newspapers and TV stations (Conaghan 2011). In 2008 the state also launched a newspaper online.

In 2011, a referendum passed in Ecuador to restrict private banks from owning other companies and forbidding private media companies from participating in other economic endeavors. The private media in Ecuador is primarily controlled by the traditional elites openly opposed to the Correa regime — thus Correa successfully sought to control their activities, including media ownership (Becker 2011). “In a sense, the press had replaced political parties as a vehicle for an expression of the large economic interests” (Ibid.: n.p.). So, since traditional political parties had declined, Correa’s next step to conquer the opposition was to limit the reach of the media. Widespread repression ensued, with the state pre-empting private newscasts,
enacting restrictive legal measures, and filing debilitating defamation lawsuits (McQueen 2014). In 2010, another TV station was shut down for three days after the station broadcasted ‘false information,’ — this false information was discussing the vote-counting process in a particular district during an election (Weisbrot 2010).

Correa frequently attacks members of the media with verbal harassment, which often pushes the media to self-censorship (Hedgecoe 2008a). Journalists who criticize Correa’s government are called “savage beasts” or “Mafiosi,” and critical press coverage is condemned (Conaghan 2011: 274). Four newspaper executives were sentenced to three years in jail and a USD$40 million fine for damages in a personal libel suit brought by Correa for the newspaper calling Correa a dictator (“Statement on Violations…” 2011). In 2013-2014, Reporters Without Borders counted at least 67 violations by the state against journalists, including forced corrections and personal smear campaigns against reporters (“Communications Law” 2014).

In the same 2011 referendum, another successful law included the creation of a regulatory council to monitor content in both the print and broadcast media. Five of the council’s seven members are appointed by the state (McQueen 2014). The council can determine which content is acceptable — a move opponents thought would muzzle dissent and induce self-censorship (Becker 2011). The 2013 Communications Law expanded controls, installing censorship and limiting the watchdog capabilities of media (McQueen 2014). The regulatory council can also punish media for disseminating information that might be biased (bias as determined by the council) (“Statement on Violations…” 2011).

Any content provided by private media deemed to be incomplete or inaccurate could be and has been punishable by the state (Wilkinson 2015). Any content deemed to be “character assassination,” interpreted as being critical of public officials, is punishable by
fines/imprisonment under the 2013 law (“Ecuador: Freedom in the World” 2015). There have been attempts to require all journalists be obliged to register in a state-monitored guild, potentially invoking self-censorship (McQueen 2014). “Newspapers are being forced to publish corrections, on the front page, with text…sent directly from the President’s Secretariat of Communication” (Terneus 2015: n.p.). Ecuador’s only independent press freedom organization, Fundamedios, was targeted in late 2015 with allegations that it had become a political organization instead of an information dissemination group. The government claimed some content featured on the group’s website was critical of the Correa government; the group had recorded 1,305 aggressions against press freedom in Ecuador since 2008 (“Press freedom group” 2015). It has been issued its final warning.

As for civil society, Correa sees Ecuador’s as intrusive and an impediment to his Citizens’ Revolution. Regardless of class, identity, or even ideological leanings, Correa views organized interests as “privileged interlocutors,” with the government being the only legitimate means of protecting the national interest (Conaghan 2011: 274). Somewhat indifferent to popular participation, Correa views civil society groups as an “obstacle, not a building block, for his revolution…[he] circumvented them in an effort to construct an autonomous state and a muscular executive branch” (Levitsky and Roberts 2011: 420-421). The government took steps to eliminate or lessen the influence of these groups by asserting state control over public entities or placing government officials on their boards (Ospina Peralta 2009).

In Ecuador in 1999, the government declared a state of emergency in response to strikes, with security forces opening fire on protestors, “killing at least one person and injuring scores of others” (Smith 2012: 277). These types of violent state reactions have continued under Correa. Attempts at mobilization of interest groups via strikes and demonstrations have been met with a
heavy hand. For example, CONAIE, the indigenous federation, staged protests against a water law in 2010, with Correa responding by proclaiming the government has ultimate authority over the country and deploying armed units to quell the protests. Similarly, the teachers’ union lost significant policymaking influence after participating in demonstrations (Conaghan 2011).

Again in 2012, hundreds from indigenous tribes marched against the government’s large-scale extractive projects in oil and mining. After making a deal for copper mining with China’s investment and with Canada for silver mining, CONAIE members challenged Correa’s stance on preserving the environment and indigenous rights (Caselli 2012). In response, the government called for a counter-protest. With the presence of police allowed to use force, Correa supporters demonstrated alongside the opposition in Quito (Ibid.). Social movements, particularly for the indigenous CONAIE and teachers’ unions, have been the primary targets for destruction by the Correa regime. In 2013, an environmental group was forced to disband after new restrictions on civil society were enforced — in this instance the charge was for “stirring protests” (Alvaro and Molinski 2014). What is essentially a “criminalization for dissent,” the government has allowed the use of increased security and force against these groups (Becker 2011: n.p.). Groups have also been threatened with legal action by the National Election Council should they continue their “slander” and “offensives” against the state (Wilkinson 2015: n.p.).

The government has favored a top-down, coopted version of civil society, where groups and any potential opposition can be monitored, managed, and marginalized. Acceptable forms of participation in civil society involve the government-controlled Secretaría de Pueblos, Movimientos Sociales y Participación Ciudadana.26 Active indigenous and environmental

26 Accessed on the official government of Ecuador’s website, the Secretariat of Peoples, Social Movements, and Citizen Participation.
groups concerned with extractive industries remain unwelcome to Correa, stating that he will not allow these groups to turn Ecuador into a “beggar sitting on a sack of gold” (Caselli 2012: n.p.). Political opponents have become target of illegal government surveillance, with the state’s security agency obtaining private information on many civil society leaders, politicians, and academics (Vidal 2015). Correa also issued a decree that the government could shut down any group if they “compromised public space,” limiting the freedoms for groups to assemble in peaceful protest and carry out the most fundamental of democratic values (Wilkinson 2015).

The repression of the opposition

Venezuela

The opposition in Venezuela since Chávez’s first win has been primarily the middle classes, businesses, and students (Rice 2011). Most of the policies and programs in Venezuela are directed at marginalized sectors of the population, which are the primary supporters of Chávez and Maduro. The middle and upper classes are now more pitted against the lower classes, creating a tumultuous class polarization (Heath 2009). Instead of fixing the class-society relations in Venezuela, the Chávez regime just reversed the groups who are excluded from the system; now the lower classes have more political clout, access, and involvement with the state (Kornblith 2006). Bejarano (2011) explains that democracy was uniquely able to survive Venezuela’s oil boom up until the 1990s due to the pacted transition to democracy and solid political parties that arose from the pact. For much of Venezuela’s growth during the 20th century, the middle classes were the active and politically connected, helping to support the democracy (Auty and Gelb 2011). But when Chávez came to power, the traditional political
participants became the excluded classes, and the livelihoods of the middle classes were not protected, thus forming the opposition to the Chávez and Maduro regimes (Bejarano 2011: 38).

After the decline in party structure in the 1990s, the Chávez administration was able to further weaken the role of parties by having a positive, personalistic relationship with the masses (López Maya 2011). Chávez supporters vote more for Chávez than for the members of Chávez’s party, decreasing the value and importance placed on the party system in Venezuela. Party pluralism was all but extinct in Venezuela, as parties were to conform to the state-sponsored party or risk severe discrimination, as outlined below (Brewer-Carías 2010). Until the elections in December 2015, when the opposition actually gained a majority in the Legislative Assembly, non-state parties had no real chance of success.

Opponents to the Chávez regime have been fairly unorganized since 1998. Groups had relied on short-term strategies for countering the state, with limited success. Mobilization proved difficult, as failed strikes showed. Electoral solutions also failed, as evidenced by the 2004 recall referendum. After the failed recall election, the opposition even refused to participate in the 2005 gubernatorial and congressional elections, handing Chávez victory yet again (Carrión 2009: 245). For the 2007 referendum on constitutional changes, López Maya (2011) argues it was not really an organized opposition movement that defeated the constitutional changes, but an apathetic population (44%) who abstained from voting that probably led to the defeat of the referendum. And, when the government refuses permits for assembly in Caracas, it becomes difficult for the opposition to even organize, as happened ahead of the 2009 referendum, and continues today (Pereira Almão and Pérez Baralt 2011).

The opposition has always played by the rules of the game, during election years and for the various plebiscites. The government’s resources are entirely devoted to the Chávez regime
(even today), leaving opponents without an equal chance at achieving real political change (López Maya 2011). The CNE and other institutions allow for an uneven playing field in which the government always wins the upper hand (Pereira Almão and Pérez Baralt 2011). The first real attempt to challenge Chávez’s grip on power while playing by the rules occurred in 2004 with the recall referendum. The landslide victory for Chávez and monumental defeat for the opposition signaled citizen support of the regime, giving Chávez the chance to consolidate even more power (Rice 2011). Opposition forces were heavily funded by external donations, particularly from the US National Endowment for Democracy. Rice (2011) notes that the opposition had more international support than internal support.

Opposition leaders face not only the challenge of winning elections but of ever-present threats by the government on their freedom. Opposition leader Leopoldo López was imprisoned in 2014 after calling for peaceful protests and supporting the ouster of Maduro using constitutional means (such as the famed recall referendum). At gunpoint, security forces raided López’s offices, and phones and computers were taken — a witness remarked, “It’s more proof that in Venezuela we don’t have democracy” (Gupta 2014: n.p.). After López was jailed, the protests became violent resulting in 43 deaths. The government blamed López for the protest deaths, sentencing him to 13 years in prison (Nagel 2015a: n.p.).

The 2002 coup attempt triggered massive street demonstrations of Chávez supporters and required military intervention to restore Chávez to power. When the coup failed, the opposition then attempted economic sabotage by organizing a two-month strike at the state-owned oil company PDVSA. The government responded by firing nearly 19,000 workers (Rice 2011). In retribution for the 2004 recall referendum, the Chávez regime frequently utilized the “Tascón List,” which included the names of signatories to the referendum (Murphy 2006). Government
agencies and private employers used the list to discriminate against Chávez opponents, by way of denying business contracts and even firing employees ("Political Discrimination" 2008). The closure of RCTV was also payback for the coup attempt, silencing opposition and curtailing media and expression freedoms to an extreme degree.

After 2009, state backlash against dissenters increased in Venezuela. During this time, many prominent opposition members were arrested: a former minister of defense who publicly decried the socialist plan faced charges of corruption; a labor union president who lead a labor strike was arrested; opposition party leaders and student leaders faced charges of conspiring against the regime and inciting civil war (López Maya 2011: 234-235). “The tendency of the government was to increase repression against peaceful protests through the use of “judicialization”: opening criminal proceedings against those who organized and participated in marches, assemblies, and other kinds of peaceful protest…more than 2,240 protestors had been subjected to criminal proceedings [in 2009]” (Ibid.: 235).

Along with arrests, the government continues to remove critics from their positions of authority, including judges, lawyers, military leaders, bureaucrats, businessmen, and community leaders (Isbester 2011b). Judge Maria Lourdes Afiuni is perhaps the best-known example of this. She was arrested in 2009 after ordering the release of someone who had spent three years in prison just awaiting trial, all the while being tortured and raped. Chávez proposed a prison sentence of 30 years for Afiuni’s actions. She was detained in prison for over a year before her trial, and was granted house arrest in 2011 due to medical conditions (house arrest ended in 2013) (“Venezuela ends house arrest” 2013).

Community leaders are targets too. Always upset that labor unions did not consistently support the Bolivarian reforms, Chávez won a plebiscite in 2000 that gave him the power to fire
leaders of labor unions and hold new elections to replace them — opening the door for pro-
Chávez leaders to be installed (Carrión 2009: 244). Similarly, in regional elections in 2008, several opposition candidates who were ahead in the polls were disqualified due to “administrative irregularities;” and the disqualifications came with no judicial sentences, which violates the constitution (Levine and Molina 2011b: 254). Clearly, opponents in all spheres can and will be removed from their positions of power, should the regime feel threatened.

**Ecuador**

Ecuador faces an anti-extractivist opposition from the extreme left, who oppose Correa’s grand plans for extracting natural resource wealth (Becker 2012). The middle classes, including students and teachers, have recently actively protested against Correa’s attempts to stay in office past 2017 (“Thousands protest…” 2014). Similar to Venezuela, Correa’s supporters are those who benefit from education, health, and infrastructure advancements funded by oil revenue (Alvaro 2014). As with Venezuela, the media, and the middle and upper-class members who own and control most of it, have become the harshest Correa critics. Correa subsequently fines or has arrested those considered libelants, or entirely closes media outlets (“Profile: Ecuador’s Rafael Correa” 2013). While originally Correa had the backing of a huge middle class segment and most of the poor, his increasingly authoritarian actions have led many in the middle class to become opponents of his regime (Becker 2011).

Party pluralism in recent decades in Ecuador has been challenged as well. Political parties have been relatively small and limited in influence, but they have become an important target for the Correa regime. Correa has promised to reduce the power of political parties, parties which in the past have been unable to fulfill Ecuador’s economic needs (Kapstein and Converse 2008).
The immediate closure of congress to institute a new constitutional assembly composed of party supporters helped remove opposition members from the start of Correa’s tenure (Hedgecoe 2008a). Correa even fires his former friends who were advisors or ministers if they stray from PAIS’s goals (Conaghan 2011). The absence of well-functioning parties has produced a “fragmented legislature that cannot act as an effective counterweight to the presidency” (Kapstein and Converse 2008: 83). Most parties that existed in Ecuador since the 1970s have been destroyed as a result of Correa’s alliance in congress and his targeted rhetoric disdaining the old “partidocracy” (Hedgecoe 2008b).

The opposition in Ecuador has also always been small, fragmented, and uninspired. The party plurality and unwillingness for cooperation in coalition building allowed for the 2008 constitution to be passed and the subsequent presidential and legislative elections of 2009 (under 2008’s constitution) to be opposition failures (Conaghan 2011). The national assembly’s 124 seats have been divided in favor of Correa’s party, but coalitions remain required for both the PAIS and the opposition to have strength. The Alianza PAIS, Correa’s party supporters, has managed to dissolve Ecuador’s old political forces, leaving anti-Correa parties “virtually without representation” (Hedgecoe 2008a: n.p.). In the lead-up to the 2013 presidential election, the National Electoral Council (full of Correa sympathizers), disqualified several candidates on somewhat dubious grounds from running against Correa (Becker 2012). More recently, an opposition assembly member was jailed for defaming the president27, and police seized his computer from his home (“Ecuador: Freedom of the Press” 2015).

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27 The “defamation” was actually the assemblyman’s (Cléver Jiménez) lawsuit against Correa for Correa’s response to the 2010 coup attempt.
Conaghan (2011) notes that state resources for campaigning can and continue to be used to the fullest extent by the Correa regime, and the entrenched media operation that the state controls provides extensive propaganda to the masses. In 2014, the same National Electoral Council rejected a petition for referendum on drilling for oil in the Amazon, claiming some of the signatures were invalid (Wilkinson 2015). A radio journalist, Gonzalo Rosero, remarked that the referendum would not come to light because “Correa didn’t want it;” he was promptly told to rescind his statements or face a harsh fine (Ibid.: n.p.). Clearly, opponents are not allowed to express disapproval regarding the state’s policies.

Repression of protest activity in Ecuador continues, more recently in 2015 regarding oil and mining projects and proposed constitutional amendments like removing presidential term limits (Morla 2015b). Riot police responded to protesters in Quito with tear gas and beatings, raiding homes and making arbitrary arrests (Wells 2015). There were even reports that women and children were beaten in some rural protests, and some 200 people were arrested overall (Hill 2015). Ecuador’s criminal code, amended in 2014, allows for restrictions on social protests, hence the increased militancy of state responses to assemblies (“Ecuador: Freedom of the Press” 2015). A recent eruption of a volcano in Ecuador allowed the government to implement a “state of exception,” whereby the state can suspend rights to movement, assembly, and correspondence, coincidentally right at the time when many citizens were protesting (Hill 2015). Without the ability to assemble, protest, or air grievances against the government, any opposition has been essentially gagged (Terneus 2015).

These continued crackdowns on media, the opposition, and the opposition’s use of the media have easily enabled Chávez, Maduro, and Correa to entrench their hybrid systems. There is a “state-sponsored associationalism,” as the state has coopted civil society to control any
opposition (Levitsky and Roberts 2011: 422). The continued support from the masses has made it easy for leaders to reach the population through the cooptation of media platforms while simultaneously crippling the opposition’s ability to access the media for information dissemination. Juan Nagel (2014c: n.p.) reminds us of the old proverb that the best way to boil a frog “is to dip it in water at room temperature and slowly raise the heat so the frog doesn’t realize the water is boiling.” Citizens in both Venezuela and Ecuador are beginning to realize the water is getting hot, but many of their rights have already evaporated. A basic requirement for democracy is to have access to information to make educated decisions at the ballot box (Dahl 1971); clearly this blatant control of media, public resources, the opposition, and lopsided information dissemination is greatly crippling Venezuela and Ecuador’s freedoms, and ballot box decisions.

6. Conclusion

A note on Venezuela’s parliamentary elections in December 2015

In elections on December 6th, 2015, the opposition party Democratic Unity Roundtable (MUD — Mesa de la Unidad Democrática) finally won a majority in the 167-member National Assembly. Neuman (2015a) notes that many voters could not even name candidates for the opposition, but voted for the MUD solely because they were not the government’s party, citing economic issues as the primary reason for their votes. The plunge in oil prices and the government’s refusal to adapt economic policies accordingly helped fuel the opposition’s win (Nagel 2015b). Maduro had previously stated that in the event of an opposition victory, he would take to the streets in protest, damning anyone who betrayed Chávez’s legacy (Neuman 2015a).
It is unclear how the government will behave with the new balance of power, or what the opposition will do to reinstate democracy and fix a dead economy. Neuman (2015b) points out that a fragile opposition coalition came together to defeat incumbents, but the long-fractured opposition parties have no clear leadership to continue rallying once in office. Famed opposition members Leopoldo López (more radical) and Henrique Capriles (more moderate) have long been rivals, so the challenge for the opposition now is to maintain its strength while crafting sound economic policies to positively affect the state.

Nagel (2015b) remarks that while the opposition could recall Maduro via referendum, Maduro still has control of the military, the courts, and his party. “This [the opposition’s optimism] reflects a certain naiveté regarding the realities of politics in Venezuela. The National Assembly could very well begin proceedings to remove Maduro from office, but the courts will surely have something to say about that. And while current candidates like to think otherwise, the National Assembly does not set economic policy” (Ibid.: n.p.). In January of 2016, the Supreme Court ruled that three members of the opposition who had won seats in the National Assembly must give up their seats on allegations of voting irregularities (“Venezuela suspended” 2016). The loss of three opposition members means that the opposition does not have the necessary 2/3rds majority to more effectively challenge the Maduro government. The courts declared all decisions made by the Assembly would be void until the three members gave up their seats. The court also extended Maduro’s rule by decree another 60 days that was originally granted to him in February 2016 (Mallett-Outtrim 2016). Clearly, the court’s actions demonstrate a deeply entrenched system still in favor of President Maduro and his party, capable of hindering any opposition advancement or challenges.
Venezuela and Ecuador as entrenched hybrid regimes

What has occurred in Venezuela since 1999 is a political lesson that must be known about and learned, particularly because Chávez has sold the formula as a magic one for resolving political crises in democratic regimes in Latin America. The recent applications of the formula by Ecuador’s President Rafael Correa and the Honduras’s former President Manuel Zelaya show the need for deep analysis, particularly of how leaders have defrauded the Constitution to demolish the rule of law and to destroy democratic values and standards. (Brewer-Carías 2010: 26-27)

In neo-authoritarian oil regimes, governments attempt to annihilate the opposition and the experience of plurality in communications (Muñoz 2013). While we do not see complete annihilation of the opposition or their rights in Venezuela or Ecuador, Weyland (2013b) argues that leaders like Chávez, Maduro, Correa, Ortega, and Morales have successfully used plebiscitarian strategies to recraft liberal institutions, concentrate power, and entrench hybrid regimes. “Because of this fraud committed against the popular will by means of electoral means, the democratic rule of law has been…concentrated in the head of state; thus, it is not democratic… it is severely controlled and directed from the summit of the political power that the president exercises as head of the executive and of the single governing party” (Brewer-Carías 2010: 166).

By way of first altering democratic constitutions, these regimes have further expanded executive powers, weakened checks and balances, implemented discriminatory legalism, and then attacked and repressed any opposition forces (Weyland 2013b). No other political group different from the one controlled by the president would be able to govern in the “dictatorship of
democracy” (Brewer-Carías 2010: 166). The most detrimental of these changes to the hybrid system involves the suffocation of freedoms of expression in their various forms. The new constitutions front that they promote participatory democracy, but in reality have been executed and interpreted to be increasingly smothering of democratic values. Power is gained by usurping the means to control political outcomes and repress opponents (Weyland 2013b). This becomes an easy and tolerated task by a population receiving benefits from oil windfalls (Ross 2001).

Egorov, Guriev, and Sonin (2009) found that media are less free in oil rich countries, especially those oil-rich countries that are non-democracies. Leaders in resource-rich states do not have to answer to other institutions or the media, thus media freedom is less likely to emerge (Ibid.). “An unfettered media can ferret out corruption, expose the wrongdoings of world leaders, point out failings of governmental policy, and serve as a platform for organizing uprisings…more oil unambiguously means that the dictator will choose less media freedom” (“Abundant Resources” 2011: n.p.). Likewise, Ross (2012: 82) finds a statistically significant relationship in oil-rich non-democracies having fewer freedoms of expression. Greater censorship in these states deepens the regimes’ hybrid tendencies for governance. Oil wealth is uniquely situated to negatively correspond with freedom of expression, and the subsequent restrictions on expression reinforce the hybrid or authoritarian regime in place (Egorov, Guriev, and Sonin 2009). This is precisely occurring in both Venezuela and Ecuador.

Natural resources can “enable incumbent rulers to entrench themselves and avoid sharing power” (Treisman 2010: n.p.). “A lot of oil with weak public institutions…undermines democracy” (Naim 2009: n.p.). The Law of Petropolitics can be seen in Venezuela and Ecuador, as levels of democracy fall the more each state relies on oil wealth (Friedman 2009). But regarding expression, these hybrid states must protect some freedom of expression rights, but
intentionally choose the actors allowed to participate. The literature regarding the resource curse would mainly argue that the curse exists principally in authoritarian systems, but we see here a key difference with these hybrid regimes — democracy still exists, to some extent.

After presiding over both boom and bust cycles in Venezuela, President Pérez, as quoted in an interview in Terry Lynn Karl (1997: 184), remarked “Whatever it can buy today, it may bring us damage and dangers tomorrow.” Pérez learned that over-reliance on oil coffers is not a feasible option for economic growth or democratic stability. His attempts at neoliberal reforms came too little and too late, and the attempted implementation of domestic income taxes on citizens and cuts in social spending helped to bring about a crisis of democracy via coup in 1992 that paved the way for Chávez’s election a few years later. Political parties, mobilizations, and elective offices could not remedy the effects of a petro-economy. Final thoughts on findings will be presented in the following conclusion chapter.

**Potential effects on regional neighbors**

The lessons learned from watching states like Venezuela and Ecuador transition to hybrid regimes have implications on regional development. Several neighboring states have undertaken the Bolivarian Revolution, albeit not as extensively or whole-heartedly. The Democracy Composite Index created in chapter three indicates Honduras (53.6), Nicaragua (55.8), and Guatemala (59.8), and Bolivia (69.5) could be in danger of becoming entrenched hybrid regimes. However, Bolivia might be the most in danger due to its potential resource curse with natural gas. Nicaragua has an up-and-coming gold mining industry. The rhetoric and popular appeal of leaders can be easily seen in these countries, perhaps putting them on a path to hybridity.
While Venezuela’s opposition party gained significant ground in the parliamentary elections in December 2015, it is unclear the success they will have at reinstalling democracy in the state. Certainly, Chávez and Maduro supporters and their stranglehold on various political institutions have been utilized to maintain power (as evidenced by the recent expulsion of three opposition members from the assembly). Maduro and the party will need to maintain their base of support among the masses, which will prove difficult since rents are currently so low. Even so, the regime is solidly entrenched, and opposition parties will need to rally to create a cohesive, not fragmented, plan for action. Similarly, for Correa’s hybrid regime to remain entrenched, “buoyant petroleum prices and agile financing are vital, but of equal importance is Rafael Correa’s own acumen and ability to continue what he has done so well to date: effectively employ his charisma, the powers of the presidency, and the considerable resources of the state to maintain his near-hegemonic hold over the political system” (Conaghan 2011: 281). These thoughts are further developed in the following concluding chapter.
CHAPTER SIX: CONCLUSION

This research project set out to examine the factors that help entrench hybrid regimes in Latin America. What influence does greater state involvement in the economy and control of primary commodities have on entrenching hybrid systems? How can intentional elite actions such as recrafting constitutions and repressing freedom of expression rights help to entrench hybrid regimes? The evidence suggests that my primary operating hypothesis is valid: the greater the state influence/control on economic structures (greater control over commodities and/or presence of resource curse), the more likely the state will be a stable hybrid regime, which also increases the likelihood that opponents’ rights will be repressed to ensure the regime endures. The resource curse in particular has allowed regimes to manipulate constitutions and legal codes, which continues to hinder the opposition and their freedom of expression rights. With these hindrances legitimately in place, the regime can remain a stable alternative to democracy.

1. Case Study Results

With greater weighting placed on personal autonomy, freedom of expression, freedom of the press, and electoral processes, we can more appropriately measure those variables necessary for democracy than just elections. The Democracy Composite Index created in chapter three revealed which states have greater levels of democracy according to this weighting scheme, finding that Costa Rica, Uruguay, and Chile reign supreme. The scores also uncovered my hybrid regimes for this study, as well as other potential hybrids in the area (Nicaragua, Honduras, Bolivia, and Guatemala).
The Economic Rights Composite Index also noted that the democracies in the area scored highest and the hybrids scored the lowest for economic freedoms. Running a correlation of the ERCI and the DCI found a moderately strong association, with the relationship statistically significant at the .05 level. The existence of a significant correlation signals that we can assume a level of generalizability outside just the Latin American region. The indices in this study should be able to measure democracy levels and economic rights as a positive relationship regardless of location. This finding is in line with other literature regarding the positive relationship between regime type and economics.

Costa Rica and Uruguay operate as cases demonstrating the absence of phenomena of interest, much like Theda Skocpol’s seminal work in 1976. They represent an ideal model of governance, contrasted against states that prominently feature the phenomena of interest. What we see in examining Costa Rica and Uruguay is a long-held reverence for democratic institutions that helped each country endure the neoliberal reform era. Both states incrementally applied various neoliberal reforms, including privatization, deregulation, diversification, and expansion of the tax base. “Costa Rica and Uruguay, two of the most democratic countries in the region, implemented neoliberal reforms, but much more gradually and transparently and with much greater levels of debate, negotiation, and compromise” (Kingstone 2011: 67). Neoliberalism was more easily installed in both Costa Rica and Uruguay, partially as a result of their more open and competitive political systems and mobilized civil societies than in other countries in the region. The incremental economic changes have seemed to create a stable economic and political system focused on diversified exports. Both states have seen tax reforms, implementing progressive income taxes and high social security taxes to fund social welfare programs. Neoliberalism also brought an expanded supplementary role to private welfare providers. Thus the state is not the
only source of welfare for citizens, unlike in states featuring a resource curse. Conversely, the state has a variety of revenue sources to fund programs, including taxing private citizens.

The states today remain focused on diversified economies with large social welfare programs and continued privatization, as presidents have consistently backed market-oriented policies. Neither country has attempted to reverse trends toward privatization or trade liberalization — democracy will continue to strengthen in these countries with policies helping to integrate marginalized masses and function within a stable macroeconomic environment. Democratic consolidation and stabilization occurs in countries with higher per capita GDP, lower levels of inequality, and diversified economies; components prominently featured in both Costa Rica and Uruguay. Thus liberalization, including opening up and diversifying markets and investments while privatizing and deregulating industries, has proven to be advantageous for these democracies and subsequent regime endurance.

Costa Rica and Uruguay also have greater party pluralism and competition. There are more than just one or two parties with a real opportunity for election victory. These parties must also cooperate with each other to pass legislation, and they must interact with unions and civil society. Elites, parties, and citizens play by the rules of democracy’s game and understand political restrictions, which increases the level of democracy in these states. Politicians have been inclusive of workers and various classes and deliberately foster civil society. Executives are forbidden by the constitutions from ruling by decree — presidents know and respect constitutional limitations to their power.

Also, protest activity that occurs in these countries has not been met with repression — government responses were to meet and negotiate with protest leaders. Press and media rights are also upheld, as evidenced by the government’s reaction in Costa Rica to La Nación's
reporting on government corruption — the legislature immediately passed anti-corruption legislation instead of censoring the press or arresting the journalists for exposure of the scandals. In Uruguay, there is an understanding among government officials that retaliation against the press is not an acceptable response to critical reporting. Critical defamation laws have been removed in these countries, creating an environment where citizens and the media do not fear retaliation by the state for opinions expressed. This is crucial for the establishment of a free society; and as we can see next both Venezuela and Ecuador have strict defamation laws severely curtailing freedom of expression rights and levels of democracy. We know that civil liberties and democratic procedures have a positive relationship, and these traits combined have fostered strong democratic stability within Costa Rica and Uruguay.

Many countries have fuel, mining, and other resource exports. A difference with those that succumb to hybridity is that they overvalue and over-trust the wealth that can come from resource revenue. Other industries, services, and the exportation of other goods are abandoned, and the over-reliance on resource wealth leads to extreme trouble during hard economic times. When times are good, as the resource curse demonstrates, a window of opportunity exists that allows for democracy’s decay. It appears that attempted neoliberal reforms of days past have been effectively used as a scapegoat to garner support for populist regimes like those in Venezuela and Ecuador. These regimes can then use their windfalls to protect and entrench themselves while dismantling, or not allowing the growth of, democratic institutions.

The neoliberal reform era attempted “oil-opening” in hopes of bringing in foreign investment and diversification. However, both states attempted neoliberalism with a vengeance, and conditions did not improve enough for citizen satisfaction, paving the way for presidents who promised freedom from “the long and sad night of neoliberalism” (Krupa 2013: 172). States
that have private companies owning and managing a commodity tend to be more democratic, and reliance on rents is particularly damaging to democracy. In these petro-states, the government controls every aspect of the industry, while simultaneously ceasing to extract revenue from elsewhere or worry about diversifying the economy. Chávez increased rents and then forced a change of ownership of PDVSA to the hands of the state. Correa followed suit in Ecuador, immediately increasing rents on oil companies and then renationalizing the industry (into PetroEcuador).

What follows the nationalization of key commodities is the resource curse. With all resources in the hands of the state and executive branch, leaders can rely on rent money and oil company income taxes to fund social programs for the masses without having to answer to them politically. Oil accounts for >95% of Venezuela’s exports and 45% of its income, while in Ecuador oil accounts for about 30% of its income and 51% of its exports. But, as a result of Dutch disease, in tough economic times states are unable to drum up income elsewhere due to the lack of diversification — with no other industries to tax, and no substantial tax base from private citizens, the state faces instability. Dutch disease plagues both Venezuela and Ecuador, leaving them with limited industrial development anywhere but in oil. Without liberalization and diversification, states cannot survive on resource wealth alone. This is in sharp contrast to Costa Rica and Uruguay.

The effects of the curse become clear when examining the status of democracy in Venezuela and Ecuador. The resource curse helps solidify non-democratic leaders, content with using repression against anyone who opposes the system. Populations tolerate some democratic decay by these hybrid leaders, provided they reap the benefits of oil windfalls. Chávez, Maduro, and Correa are fond of utilizing legal means for confirming executive control, particularly via
constitutional recrafting and legal changes. Their popular rhetoric, charisma, and active social agendas ensnare the masses; but these policies will also create enemies. The constitutions in both Venezuela and Ecuador allow for rule by decree, which presidents have used effectively to shape social, political, and economic policy as well as circumvent other constitutional constraints on power. These power grabs are considerably easier when party members control the legislature and supporters are in judicial appointments, as has occurred in Venezuela and Ecuador.

In Venezuela and Ecuador, defamation laws allow the state to stifle opinions or criticisms against state officials by utilizing a compliant court system. This results in self-censorship of all citizens, not just members of the media, and violates the tenet of democracy for access to alternative information. Protests in Venezuela can result in lost jobs, as occurred after the 2002 strikes by PDVSA employees, when Chávez fired nearly 19,000 workers. Similarly, Correa views civil society as a nuisance and controls and censors groups by placing pro-government officials on the groups’ boards. Correa also allows the use of force against protesters, including beatings and tear gas, and threatens legal actions against participants.

Control of the media and information flow is necessary in hybrid regimes. When Hugo Chávez closed RCTV in 2007 and 2009, he quieted the last remaining opposition station with a far-reaching audience. The state controls newspaper and internet content as well, and during election times the state party outspends and has more media time than opposition parties. Similarly in Ecuador, pro-government content is perpetuated in state and private media, and opposition stations are routinely seized by the state.

Opposition members in both Ecuador and Venezuela already face an electoral hurdle being in the political minority, but they face other repercussions for their dissidence. In Venezuela, leaders like Leopoldo López have been barred from running for election and
subsequently jailed without unbiased due process. The government blacklisted citizens who supported Chávez’s recall in 2004, by denying them business contracts, dismissal from employment, and even denying driver’s licenses. In Ecuador, the opposition is mostly students, teachers, and indigenous groups, who are disorganized but intentionally left out of the policy making process. Correa dismantled the party system in Ecuador, and opponents have been disqualified from running in elections on dubious grounds charged by the pro-government Electoral Council. These controls ensure any challenge to the ruling hybrid regime is contained.

As we can see, the risk with relying on one particular commodity comes with the cyclical nature of boom and bust that works well when times are great, but not well when times are hard. Venezuela was able to uphold a solid (albeit fairly corrupt) democracy for much of the 20th century using windfalls from oil revenue. But, when global oil prices fell and the coffers emptied, so too did the public’s patience. Failures not of democratic institutions, but of economic mismanagement, opened the window of opportunity for Chávez and Correa to use black gold to entrench their hybrid regimes. We can see hybrid regimes become entrenched more easily when the resource curse is present and freedom of expression is controlled. These systems have a better chance at survival if rights are curtailed and any opposition removed.

2. General Findings

One of this work’s important goals was to highlight the dangerous potentialities for states that stifle expression, allow for exceptional executive authority, or misuse resource wealth — the resulting systems can bring about long-term, undesirable consequences. Most research on democratization assumes all states exist on a unidirectional authoritarian-to-democracy path when in reality some states stay hybrid for long periods of time with no intention of moving to
either end. This study examined how state control over the economy and its commodities influences levels of *hybridity*, since most of the time the resource curse is attributed to authoritarian states. The literature on authoritarian systems argues all rights are repressed, but in hybrid regimes repression plays out differently. Only *certain* rights are repressed, for *certain* groups for *particular* time frames, thus some citizens feel the hand of repression while others enjoy full rights. A degree of openess and competitiveness in political processes signals a hybrid, not authoritarian, regime — hybrids can remain so long as their abuses are not too egregious. The elections in Venezuela in December 2015 demonstrate how the opposition was still allowed to successfully compete in the electoral arena and even gain control of the National Assembly. While the Maduro regime may still have a stranglehold on political institutions, he accepted the opposition’s win — something authoritarian leaders would not do, as they would not have even allowed for the competition to exist or be successful in the first place.

Neoliberalism, or more specifically the privatization of business/industry, and the diversification of the economy and tax bases appear to be strong influencers on levels of democracy. States that have private ownership and management of industries tend to be more democratic. Diversification of the economy is necessary for democratic entrenchment — states cannot rely on one particular revenue source for long-term stability. These economic conditions feature prominently in Costa Rica and Uruguay. A lack of diversification encourages “Dutch disease,” as economic development is only focused on the primary commodity, and other sectors are neglected — we do not see this disease afflicting Costa Rica or Uruguay.

Hybrid leaders can gain or maintain power by taking control of every available tax base. Coupled with nationalizing and confiscating resources directly, leaders who control the tax structure gain great influence over the economy. This control over the state’s natural resources
and tax structure is what leads to the “resource curse.” Natural resource revenues remove the need for taxing citizens, which in turn removes the need for a government to be responsive to its population. This “rentier effect” occurs as governments try to alleviate social pressures by using revenue from oil on social programs to appease the population and buy political support. Rent-seeking is found to have a negative correlation with both the quality of institutions in a democracy and the duration of democracy. Oil-rich states are more able to control and repress dissenters than are states that need private sector support to succeed. The appeased populations in resource-cursed states are more willing to tolerate executive power grabs and democratic retraction as a result of rents paid, known as the “repression effect.”

Today’s regional strongmen speak of “popular” or Bolivarian democracies, but rely on various constitutional changes, legal and legislative systems packed with supporters, and mass followings to “legitimately” install their versions of hybrid regimes and maintain power. Crafting the rules of the game easily cements hybrid systems. Assuming that the opposition can be controlled, the masses can be pleased with proper rhetoric and the personality cult, and money from external rents keeps flowing, the success of entrenching these hybrid regimes is feasible. The resource curse is in full swing in Venezuela and Ecuador, with its ill effects only being brought to light under recent economic distress. The resource curse and rejection of certain neoliberal principles have enabled hybrid regimes to cement themselves. With the resource curse and Dutch disease absent, and greater diversification of export industries and tax bases, countries like Costa Rica and Uruguay can sustain strong democracies.
3. The Outlook and Implications for Democracy in Latin America

Other states with higher DCI scores could greatly benefit by following the Costa Rican and Uruguayan models. Chile, Panama, Suriname, and Brazil in particular need to take action to deepen and solidify their democracies. The remaining states in the region need to take caution or risk slipping further into hybridity. The other countries not featured in this study but that appear to be hybrid regimes include Paraguay, Nicaragua, Honduras, Colombia, Guatemala, Mexico, and Bolivia. Both Bolivia (with natural gas) and Nicaragua (with gold) can be considered states with a dangerous potential for the resource curse leading to hybridity.

The challenges within these entrenched hybrid regimes in the future are many. While good economic times allowed for leaders to cement hybrid forms of government, the changing international climate poses a threat to their regime stability. However upset populations are at whatever regime comes to power in the future, the fact remains that many democratic institutions have been eroded over the last couple decades, and clean-up will not be as immediate as citizens desire. Overcoming entrenched hybrid practices and institutions will prove to be arduous and controversial.

The literature suggests that perhaps the only possibility for democratizing these resource-cursed states is through a fall in oil prices, resulting in fiscal crises that may force civil society or opposition groups to demand change in the government that can potentially fix the economy (Bejarano 2011). States will suffer economic and political turmoil in the event of commodity price collapse. If leaders are unable to successfully avoid or fix an economic crisis, the hybrid regime has a greater chance of collapse, revealing a chance for democratization. The bust cycle in the mid-1970s led to huge economic and political problems in nearly all oil exporting countries, including soaring rates and prices of imports, high exchange rates, inflation, foreign
debt, and drastic declines in public services. These problems are what forced states to attempt neoliberal reforms then, and could be what is necessary for democratization now.

It seems that a primary tenet of neoliberalism — diversification of the economy — could potentially solve many of the problems present in these states and reduce the possibility for hybrid regimes to come into existence. The dependence on extractive engines in resource-laden countries severely limits a government’s ability to address economic problems that permeate presidencies; regimes simply run out of time before the next bust hits. Presidents in the past had realized the need to limit dependence on oil and attempted neoliberal changes, but benefits from any changes had no time to come to fruition before Chávez came to power. Similarly in Ecuador, neoliberal reforms were quashed almost immediately with the removal or resignation of presidents. Publics were not willing to suffer the hardships that accompanied transitions to neoliberalism. But, as we are seeing now, the outcomes from Chávez, Maduro, and Correa’s actions have not yet solved the problem. The resource curse and inability to enact neoliberal reforms have allowed hybrid regimes the chance to make permanent and severe changes to their host countries, with consequences to be felt for years to come.

Politically, what matters in ensuring democracies survive is the effectiveness of checks and balances on elected officials, by both formal institutions and civil society. “Building these institutions, including programmatic political parties, appears to be crucial to the process of democratic consolidation” (Kapstein and Coverse 2008: 116). Opposition activism is necessary to democratize a hybrid regime. The opposition in both Venezuela and Ecuador needs to be better organized if it wants any chance to upend the entrenched systems. Opposition forces have been and would undoubtedly be met with repression, which they must surmount or subvert in order to succeed. The opposition also needs to divide the existing elite structure, which would
challenge the regime from within its own ranks. Electoral turnover alone would not be enough to bring about real democratic growth — those elected must engage in institutional change. Demand for change and state action could be strong enough to overturn some hybrid institutions. Should any pro-democracy leaders come to power, they will have to work hard to ensure democratic institutions are reinstalled.

Perhaps differences of opinion on economic management during recessions can instigate this change. Hybrid regimes cannot stay in power through institutional manipulation and repression alone — popular support must exist, with citizens believing the state offers public goods that other political regimes may not deliver. If however the opposition does gain ground, they will have to diversify and open their economies and actively take on more neoliberal practices to avoid falling into the tar pit of the resource curse and Dutch disease once again — all the while protecting the social welfare programs their citizens are so attached to. Clearly this is not an easy task. Resource-cursed states need to take a serious look at the successful examples around them, including Costa Rica, Uruguay, and Chile. Perhaps the inclusion of some neoliberal economics and re-democratization alongside continued oil/resource exports can finally fuel the growth of free markets and people, as explained next.

The resource curse is not necessarily an inevitable doom trap for all states relying on natural mineral wealth. Research shows that it is not necessarily oil or a resource itself that leads to a curse, but the reliance on rent that helps to consolidate political control and more easily entrench hybrid regimes. As evidenced, the mismanagement of the industry and profits can more easily entrench non-democracies; oil is not inherently evil. And it is not just the wealthy Scandinavian countries that have fared well with their resource reliance. As Jones Luong and Weinthal (2010) found, resource-rich states like Malaysia, Ghana, and Botswana have sustained
growth and become successful democracies. This was accomplished by mitigating Dutch disease by attracting foreign investment, avoiding wasteful spending, setting aside stability funds, and investing in infrastructure, education, and health. Also, officials were concerned with long-term economic planning and diversifying industries. Legislatures exercised control over budgeting, and institutions of private property were promoted. Thus resource wealth can be put to good use, but requires a seriously hard-to-reach set of requirements, including neoliberal policies and protection of rights, which many resource-rich states cannot seem to achieve.

4. Areas for Future Research

Several potential hybrid regimes have greater economic scores than democracy scores: Colombia, Guatemala, Honduras, Mexico, Nicaragua, and Paraguay. An interesting direction for future research could be to uncover what is occurring in those states to indicate hybrid levels, since the resource curse may not exist as fully in those states. Perhaps these states’ hybridity is temporary, unable to fully entrench for lack of a resource curse. Or, perhaps there are other variables influencing levels of hybridity in the non-resource cursed states mentioned, including some of the factors listed next.

Huber and Stephens (2012) argue that open trade with low tariffs and the increase on taxation to fund investments in human capital and redistributive social policies should be priority for Latin American states. This incorporates some neoliberal principles but understands the need, as the World Bank has more recently advocated for, of investment in human capital to reduce poverty and inequality and increase development. Future research could look more into the effects that this “new developmentalism” might have on Latin America’s democracies. The changing shift by international financial institutions — especially the World Bank and IMF —
from promoting pure neoliberalism to a mixture emphasizing free trade and human development could offer a new economic model for Latin American democracies. This model already has achieved success in many countries (Norway, Austria, Finland, Denmark, and Sweden) (Huber and Stephens 2012). Of course, there are problems with this model too, but it is worth examining for those countries that deeply value democracy and social and human development, as most Latin American states do. Perhaps adopting a new developmentalist model in weaker hybrid regimes/democracies could result in not only economic growth but stronger democratic institutions.

Persistent democratic values impact the institutionalization of democracy, as Kurtz (2013) found in Costa Rica and Uruguay. Costa Rica and Uruguay are small states, ethnically homogenous, and have proud democratic histories; maybe these factors also influence the endurance of their democracies. In contrast, it is harder for larger federalized states with diverse populations and entrenched hybridity to create such a strong culture for democracy (Isbester 2011b). Kaufman (2011) agrees, arguing that those states with institutionalized democratic systems were more likely to exercise macroeconomic caution. The ability of a state to effectively manage the economy and spread benefits matters, but more research into how democratic culture influences the strength of democracy versus hybridity could prove fruitful.

Also, historical experiences with military control of the government may also play a role in today’s hybrid regime growth. State rule and military prominence have always been uniquely tied in Latin America. Smith (2012: 101) remarks, however, that Uruguay and Costa Rica (among others) have had experience with civilian control of the military, whereas states like Venezuela, Ecuador, El Salvador, Guatemala, and other hybrids have a more active military “tutelage” system, with armed forces participating in policy processes. Perhaps historical
experience and continued prominence of stronger military participation in politics influences hybridity, or at least makes entrenching hybridity easier when the military is aligned with the heads of state. Clearly there are many variables aside from the ones examined in this research that influence levels of hybridity and democracy within Latin America. It is worth exploring these other avenues for variables that may also influence the entrenchment of hybrid regimes.

Lastly, it would be interesting to extrapolate these findings to other potential hybrid regimes in the world, especially in Africa (some of these countries have similar levels of development and histories with military involvement as states in Latin America). For instance, Nigeria’s exports are 93% oil, and while rampant with corruption it is considered partly free by Freedom House (“The Observatory of” 2013). Similarly, Mozambique’s exports are 70% petroleum (and aluminum), and Kenya’s exports involve 13% oil (Ibid.). Other resource-rich states in Africa that are considered partly free are Tanzania, with 40% of exports being in gold and ore, and Zimbabwe with 55% of exports being in gold, diamonds, and various metals (Ibid.). My findings might find further support with the hybrid regimes in Africa, regardless of the type of resource.
## Appendix A: Indices used and pertinent subscore categories

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<tr>
<th>Index Name</th>
<th>Associated Subscores</th>
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<th>Description</th>
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<td>Civil Liberties</td>
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<td></td>
<td>Scored 0-7, 7 being worst.</td>
</tr>
<tr>
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<td>Expression/Political Rights</td>
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<td>Scored 0-7, 7 being worst.</td>
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<td>Expression/Political Rights</td>
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<td>-Worth 30 of the above 100.</td>
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<td>Expression/Political Rights</td>
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<td>-Worth 40 of the above 100.</td>
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<td>Economic Freedoms</td>
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<td>-Worth 30 of the above 100.</td>
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<td>From 2014. Scored 0-100, 100 being worst.</td>
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<td>3. Corruption Perceptions Index</td>
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<td>From 2014. Scored 0-100, 0 being worst.</td>
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<td>5. Heritage Foundation (HF) Index of Economic Freedom</td>
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<td>Rule of Law: Freedom from Corruption</td>
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Appendix B: Democracy components used to create the Democracy Composite Score

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FH=Freedom House  
EIU=Economist Intelligence Unit
Appendix C: Economic components used to create the Economic Rights Composite Score

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Cato=Cato/Fraser Institute  
Heritage=Heritage Foundation
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