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A multi-layered transition of natural-resource dependent countries: the cases of Venezuela and Equatorial Guinea

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Master in Political Economy

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Abstract

Natural resource dependency has been discussed widely in relation to its direct and indirect effects on national resource-rich countries. Meanwhile, several terms have been coined to define the dependency feature of the natural resources. The effects are not only confined in economic aspect. Economy and politics are often interconnected, to which they also drive a societal change. This paper aims to analyze the effect of natural resources in the economic, political and societal changes while environmental aspect is also underlined. It begins by analyzing the effects of natural resources in underdeveloped and developing countries and underlining a wide range of short and long-term effects of natural resources in economy, politics and society in natural resource-rich countries. Furthermore, the paper makes a comparative analysis of two oil-rich countries, namely Venezuela and Equatorial Guinea. Natural resource dependency is a complex and lengthy discussion topic The paper attempts to overcome the problem of being too broad by first underlining the general effects of natural resource dependency in a separate chapter and by proceeding to make a comparative analysis between two of the same natural resource producer countries. In short, the paper is based on qualitative comparative analysis where economic, political and societal components are underlined. There are several decades of difference in the discovery of oil between Venezuela and Equatorial Guinea. Therefore, the similarities and differences were not observed at the same period due to the different economic, political and societal structure of each country and the chronological difference in the date of independence and discovery of oil.

Keywords: natural resources, dependency, transition, oil-rich countries

Resumo

A dependência dos recursos naturais tem sido amplamente discutida no que se refere aos seus efeitos diretos e indiretos nos países ricos em recursos. Entretanto, foram cunhados vários termos para caracterizar a dependência dos recursos naturais. Os efeitos não se limitam apenas ao aspeto económico. A economia e a política estão muitas vezes interligadas e impulsionam uma mudança social. Este trabalho visa analisar o efeito dos recursos naturais nas mudanças económicas, políticas e sociais, olhando ainda para a vertente ambiental. Começa por analisar os efeitos dos recursos naturais nos países subdesenvolvidos e em desenvolvimento e sublinha uma vasta gama de efeitos a curto e a longo prazo dos recursos naturais na economia, na política e na sociedade nos países ricos em recursos naturais. Além disso, faz uma análise comparativa de dois países ricos em petróleo, nomeadamente a Venezuela e a Guiné Equatorial. A dependência de recursos naturais é um tema de discussão complexo e que exige uma reflexão demorada. O trabalho tenta ultrapassar estas questões, sublinhando primeiro os efeitos gerais da dependência dos recursos naturais num capítulo separado e procedendo à análise comparativa entre dois dos mesmos países produtores de recursos naturais. Em suma, o trabalho baseia-se numa análise comparativa qualitativa em que são sublinhadas componentes económicas, políticas e sociais. Há várias décadas de diferença na descoberta do petróleo entre a Venezuela e a Guiné Equatorial. Por conseguinte, as semelhanças e diferenças não foram observadas no mesmo período devido à diferente estrutura económica, política e social de cada país e à diferença cronológica na data da independência e da descoberta do petróleo.

Palavras-chave: recursos naturais, dependência, transição, países ricos em petróleo

1. Introduction

Natural resources have been discussed widely in relation to their direct and indirect effects on national resource-rich countries (e.g. Rosser, 2006; Karl, 2007; Czech, 2018). Several terms have been coined to define the dependency feature of the natural resources, which have increased considerably during the 20th century. Natural resources have been known to dominate the economic aspect of natural resource-rich countries (e.g. Karl, 2007; Czech, 2018), however, its effects are not only confined in economic aspect. Economy and politics are often interconnected and, subsequently, economic and political factors also drive a societal change.

This dissertation aims to analyze the effect of the dependency on natural resources in a multi-layered perspective by considering the economic, political, societal aspects. Environmental aspects are also discussed, whenever possible, since they are particularly relevant for specific natural resources given the current global warming and environmental catastrophes caused by specific natural resources.

The dissertation begins by analyzing the effects of natural resources in underdeveloped and developing countries where an overwhelming majority of the world's natural resources are located (Karl, 2007). Effects of natural resource dependency underlines the natural resource-abundance was perceived to be beneficial at first, however, destructive effects of the dependency were begun to be highlighted at later stages. Economic aspects of rentier economy, low taxation burden, overreliance in international factors, such as price fluctuations rather than national factors are pointed out. However, political actors and institutions are analyzed as well. Economic outcomes are derived by political actor's interference therefore segregated analysis of economy and politics in natural resource dependency is a void attempt to understand the phenomenon. Furthermore, the paper continues by making a comparative analysis of two oil-rich countries, namely Venezuela and Equatorial Guinea. The dissertation aims to overcome the problem of being too broad by first underlining the general effects of natural resource dependency in a separate chapter and by proceeding to make a comparative analysis between the same natural resource producer countries of Venezuela and Equatorial Guinea.

The comparative analysis begins by Venezuela where the dissertation aims to give a descriptive analysis of the transition of Venezuela since they began extracting oil. Venezuela's behaviour in economic and political stage (e.g. the economic planning, trade relations, the usage of oil revenues and the political dynamics) is analyzed while several other dependency-related topics are also identified. In addition, Equatorial Guinea is chosen to be analyzed in the comparative analysis with Venezuela. There are several decades of difference in the discovery of oil between Venezuela and

Equatorial Guinea. Consequently, many similarities are observed at different eras. The similarities were not observed at the same period due to the different economic, political and societal development of each country, the country-specific attributes and the chronological difference in the date of independence and the discovery of oil. The author will point out these similarities and differences in separate chapters and will conclude the research by pointing out the main findings of the research.

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2. Effects of natural resource dependency in underdeveloped and developing countries

A country is considered natural resource dependent if export of natural resources amounts to more than 30% of total export (Czech, 2018) and the dependency in oil-dependent countries vary between 60% and 95% (Karl, 2007). Undoubtedly, we do not have to take a specific ratio as a benchmark, however, we can use it as a component when we contemplate on the dependency. The author will analyze the natural resource dependency and underline the extent a natural resource can be critical in many categories of political, economic and societal transition of natural resource dependent countries. Natural resource dependency has been a fierce discussion topic. Despite it was in early studies widely considered beneficial, its harmful effects began to be recognized at a later stage among scholars. Rosser (2006) points out natural resources were considered beneficial in improving the development levels of underdeveloped and developing countries by the majority of studies before the late 1980s. Moreover, Karl (2007: 661) points out that supporters of oil-led development argued oil-rich countries have economical advantage to fund development projects and underlines "*potential benefits of enhanced economic growth and the creation of jobs, increased government revenues to finance poverty alleviation, the transfer of technology, the improvement of infrastructure and the encouragement of related industries*" as attainable outcomes.

Relatedly, scholars stress that natural resources-led development were significantly different in previous decades. They consider that natural resources did not overwhelm the total economic output and total export and therefore did not make the economy dependent on one commodity alone in the late 19th and early 20th centuries (Karl, 2007). However, dependent development theory proposes that the natural resource dependency encourages underdevelopment by the concentrated accumulation of the capital (Yates, 2009). The accumulation of capital occurs mostly among a political minority who has a greater influence in local politics and economics. Another dimension of this accumulation is the income source rather than capital itself. In essence, the accumulation of capital from limited streams of income, namely, the natural resources.

Price (2020) states that oil as a commodity has started to be explored by Benjamin Silliman, a professor of chemistry at Yale University in the 1850s but its initial usage is much more ancient. Hammond (2011: 350) points out that oil production is essential "*to the international economy, a source of energy for electrical power, transportation and heat*", however, it does not contribute to the technical innovation for the whole economy since it is extracted rather than produced. The technical innovation is also not encouraged in underdeveloped and developing countries because the governments and interested parties in the natural resources, namely, transnational corporations are willing to rent the technical expertise and equipment to extract the natural resources as fast and efficient as possible and forgo the steadier betterment. Therefore, the phases where expertise is improved and diffused to other sectors of the economy and production are not present in these instances.

Relatedly, Karl (2007) points out that oil has several distinguishing traits, such as oil is one of the most crucial commodities in industrialization and economy, however, it is also depletable. Moreover, oil price is one of the most volatile compared to other commodities. This encourages boom–bust cycles in economies while its extraction is economically burdensome and technology-driven but it is also highly profitable. The combination of all these factors embodies "*the paradox of plenty*" or "*resource curse*" (Karl, 2007: 662). Natural resource abundance and especially, oil abundance had promised so much, however, delivered so little for many underdeveloped and developing countries. For instance, oil-poor countries quadrupled their growth rates compared to oil-rich countries between 1970 and 1993 while a similar correlation was underlined for the members of the Organization of Petroleum Exporting Countries (OPEC) that experienced a 1.3% decrease in average Gross National Production (GNP) per capita while developing countries experienced a 2.2% increase between 1965 and 1998 (Karl, 2007).

The effects are originated and felt differently in each natural resource dependent country. However, there is a notable pattern to economic underdevelopment, concentration of wealth and political authoritarianism to a various extent for each state. For example, Czech (2018) points out that oil abundant countries do not invest in longer-term and in more sustainable industries to make remaining sectors more competitive and allocating their oil revenues to technology, education and innovative programmes. At the same time, they also experience a steep decrease in their revenues and encounter economic and political turmoil at a later stage if oil revenues plummet (Czech, 2018).

It is worth noting each natural resource-rich country encounters various issues stemming from natural resource dependency and these problems may overlap in comparison to another resource-rich country. Effects are country-specific, however, natural resource dependence and its components are essential to draw a general picture on what possible outcomes can stem from the dependence. To be concise, natural resource dependence may cause a political authoritarianism and stable regime in one country, however, it may cause a political turmoil with several episodes of coup d'états in another country. The country specific analysis may be beneficial to distinguish the form of the "*curse*" while recognizing the range of issues from natural resource dependence is possible.

Moreover, Rosser (2006: 7) underlines that the tendency to analyze existence of vast natural resource reserves more critically have gained a resonance and that the harmful effects of the dependency, such as "*negative economic, political and social outcomes including poor economic performance, low levels of democracy and civil war*" began to be underlined since late 1980s. Economic aspects of resource curse underlines the "*Dutch disease, long-term trends in world prices, price volatility, crowding out of manufacturing, failures of economic policies and negligence in education*" while political aspects highlight the harmful effects of "*rent seeking, weak institutions and corruption*" (Czech, 2018: 35).

To illustrate the economic hindrances further, Dutch disease occurs when the increase of oil revenues overwhelm the economic balance, exceeds its optimum share in the economy and weaken agriculture and other industries while it also appreciates the currency. The accumulation of these factors makes the economy less diverse and competitive and highly dependent (Karl, 2007). Furthermore, it is highlighted that mineral abundant countries performed "*poorly in terms of agricultural growth, export diversification and inflation compared to non-mineral economies and were more likely to be characterized by poor savings performance, greater technological and wage dualism, high unemployment, high external indebtedness and high export earnings instability*" (Rosser, 2006: 9).

Rosser (2006) points out that a significant portion of the damage by natural resources dependency is originated from the rent-seeking behaviour of the recipient governments rather than the problematic economic structure, although this is also a factor. To clarify the statement, Rosser (2006: 11) adds rent-seeking behaviour slows development down by "*encouraging myopia and over-exuberance on the part of political elites, promoting damaging rent-seeking behaviour by political elites and/or social actors, weakening state capacity to regulate and supervise the economy, empowering social elements that are opposed to growth-promoting policies or encouraging foreign intervention*". In addition, the rentier economy is characterized by four components, which are two fifths (40%) of national income should be originated from oil revenues, oil revenues must be paid by external actors, an overwhelming minority of the population who are political elites should mostly benefit from oil rents and the government is obliged to be "*the principal recipient of the rent*" (Yates, 2015: 47). Yates (2015) points out that rentier economy enables to import products basic one as foodstuffs and advanced as technological machinery due to the high amounts of oil rents and foreign currency generated from them. Connectedly, imported goods and services render national production obsolete due to the unfavourable and harmful competition while the agricultural production and living standards are weakened further (Yates, 2015). Yates (2009) adds that natural resource dependent countries can opt to follow import-substitution policies to promote national economic independence, however, they mostly change the policy choice to export promotion.

Furthermore, Basedau and Lay (2009: 4) state that "*economic stagnation, corruption and authoritarianism*" are critical components of the rentier political economy in rentier state theory and that natural resource rich regimes use the monetary gains from this abundance to co-opt opposition. It is indicated that a natural resource dependency can be a factor in the inefficiency of democratic institutions since 1% increase of natural resource dependence in the ratio of primary exports to GDP is presumed to increase "*the probability of authoritarian government by nearly 8%*" (Rosser, 2006: 10). Relatedly, Basedau and Lay (2009) underline that political elites in natural resource rich countries allocate the revenues within a circle through clientelism while, simultaneously, they maintain economic ties with opposition members to protect the stability and status quo. To elaborate on the notion of economic means of coercion, Rosser (2006) points out that natural resource rich developing countries have more resources to invest in security apparatuses, which can lead to weaker democracy. Karl (2007) indicates that infrastructure and military spending are favoured, while health and education budgets are underfunded and, therefore the quality of public services is sluggish. Moreover, Karl (2007) underlines that oil-dependent countries often increase their military spending due to the protection of crucial oil revenues and, therefore, they often surpass the military spending of natural resource poor countries. For instance, between 1984 and 1994, OPEC countries' average on defense budget were three times higher than the ones of developed countries and varied from two to ten times higher of non-oil-dependent countries (Karl, 2007). It is a common practice to use economic means to tackle political dissatisfaction through corruption and oil-dependent countries have a significantly high capability to use this method (Karl, 2007).

In addition, natural resource abundant regimes can also choose to adopt "*large-scale distributive or populist policies*" while reduction in taxation rates can soften public criticism of the regimes even if it also weakens public institutions and damages accountability and the social contract (Basedau and Lay (2009: 10). Connectedly, Karl (2007) highlights that oil-rich countries with weak pre-oil institutions experience a detachment between the ruling institutions and society due to the weakening of the social contract. However, oil-rich countries with strong pre-oil institutions also experience a similar decrease in taxation and efficiency of governance. There is a sequence of events, in which natural resource sustains the economy and the population is not highly involved in the extraction of the natural resource, and therefore public demand from the country's regime are not often elaborated or the regimes do not pay much attention. Relatedly, natural resource revenues can be used to co-opt opposition but low taxation in change of loyalty can also be considered co-optation of the public. The population is often focused on short-term benefits, which can be understandable since survival and well-being in that specific period is the priority. However, concentration on short-term benefits and acceptance of low taxation and etc. in exchange of a rise in efficiency and improvement in public sectors, corruption and other harmful behaviour from the governments are much more harmful in comparison. Additionally, the population is often not aware of the amount of revenues that are originated from natural resources, which may be a cause in the passivity of the population. Consequently, low levels of taxation demand public loyalty in return leading to situations where societies experience political passivity (Karl, 2007). On the other hand, natural resources' negative effect is not definitive and there are various factors to highlight since natural resource abundant countries, such as Botswana, Chile, Australia and etc. have performed relatively better than other natural resource abundant countries (Rosser, 2006).

Price (2020) states that oil has two very destructive effects, which are the interdependence and resource curse. This author indicates that the interdependence is originated by the extractive character of South pole countries and by the consumerist character of North pole countries. Relatedly, Karl (2007) underlines the role of political, social and economic institutions prior to the discovery of oil and the influence of oil revenues after the discovery in these institutions in defining the gravity of social, economic and political effects of oil, stressing that 96% of world's oil reserves are in less developed and institutionally weaker countries. Karl (2007) adds that pre-oil weak institutions and lucrative export revenues from oil enable the creation of rentier states where economy is founded on the extraction of one commodity rather than the productivity of the population. Moreover, oil does not create employment opportunities while related industries are often ineffective and dependent as well (Karl, 2007). More detailedly, Karl (2007) indicates that oil-rich economies create three branches of employment, which are oil, public sector and private services and that they are particularly vulnerable due to the reliance on one commodity and industry. Furthermore, this author states that oil-dependent countries experience an economic boom at the initial stage of oil discovery where they experience a high level of oil revenues and an increase of employment due to a higher activity in spill-over industries, such as: infrastructure. However, later, oil-rich countries also encounter a decrease in economic performance due to the depletion or stagnation in oil production and reserves, which underlines boom and bust cycles. Oil resources are linked with long-lasting and authoritarian regimes, which are more inclined to be toppled at the times of economic crises. However, oil exporting countries have a more layered protection due to the financial cushion from prior oil revenues (Karl, 2007). In this way, Karl (2007) concludes, oil revenues favour a centralized governance and oil revenues do not encourage democracy.

Karl (2007) underlines that significant oil revenues lead the corrupt governments to invest in costly megaprojects where the cost calculation is harder and the ledgers can be easily manipulated therefore unique projects are even more favoured. On the other hand, oil-rich countries also experience "*unusually high poverty rates, poor health care, high rates of child mortality and poor educational performance*" despite the theorical proposition of improvement in quality of life due to oil revenues (Karl, 2007: 663). Connectedly, Karl (2007: 669) also states that localities where oil is extracted experience "*lower economic growth, lower per capita incomes, greater dislocations, higher environmental and health hazards and higher levels of conflict*" compared to the rest of the country. In terms of sustainability and public health, the environmental aspects of oil extraction are "*hazardous wastes, site contamination and the lack of sufficient protection of surface and subsurface waters, biodiversity and air quality*", which threaten the public health and safety and greatly affect farming and fishing (Karl, 2007: 670).

To illustrate the misusage of oil revenues, Karl (2007) points out economic volatility can be very significant, such as: Nigeria accumulated 300 billion dollars from oil revenues, however, Nigeria's poverty indicators where United Nation's 1 dollar/day ratio skyrocketed from an almost a quarter of the population (27%) in 1980 to two-thirds of the population (66%) by 1996. The World Governance Assessment Project (WGA) points six criteria of good governance practices, which are "*participation, fairness, decency, accountability, transparency and efficiency*" (Preez, 2015: 31). Relatedly, Yates (2009) underlines that transparency and good governance has been stated as measures against corruption while non-governmental organizations, such as: Transparency International, Global Witness and Publish What You Pay (PWYP) have put forward governance initiatives against corruption in the African oil industry. Yates (2009) adds that the extractive industries' initiatives had not been efficient enough and more drastic measures have to be promoted and maintained. These measures are transparency, the creation of independent revenue management funds, a high national savings ratio and uncorrupt management of government expenditure, fairness in the distribution of resources and structured methods for the negotiation of oil concessions (Yates, 2009).

Yates (2004) indicates that oil-producing countries production model can vary. For example, Persian Gulf states extract the oil and sell to the transnational corporations while African states give transnational oil corporations licenses for oil extraction and receive a royalty with the somewhat exception of NNPC in Nigeria and Sonangol in Angola (Yates, 2004). Connectedly, transnational corporations have increased its influence significantly in Africa and corruption in the natural resource extraction agreements have been "*a growing concern*" (Grant et al., 2015a: 278). Furthermore, Grant et al. (2015b) adds that the debate on natural resource governance in Africa has shifted from the view where state institutions are central to where transnational corporations and civil society organizations are central, and Yates (2004) underlines that the market competition of oil in Africa has changed from ex-colonial powers' influence to a bidding competition from transnational oil corporations. Nevertheless, state institutions still hold a great leverage and legitimacy on the ownership of oil. In addition, regimes in Africa are stated to hold bargaining leverage over transnational corporations and evade the pressure of reforms by supranational institutions while contemporary actors, such as China, Brazil and India do not have comparable expertise and financial capacity to compete with Western states in the region yet (Grant et al., 2015b). Connectedly, the consulting company Maplecroft's Emerging Powers Integration Index calculated 150 countries' economic integration with BRIC countries (Brazil, Russia, India and China) and found that 4 of the 10 most integrated countries were African and Angola was the most integrated country (Preez, 2015). African state institutions are described as elitist, clientelist and neo-patrimonial (Grant et al., 2015b) while it is worth noting these attributes are not only present in African countries (Preez, 2015). For example, the ex-president of the French state oil company, Elf Aquitaine has presided over the commission payments on oil agreements with African countries (Karl, 2007).

Additionally, Rosser (2006) indicates that natural resources can be a determinant of an initiation of a civil war, fact that is contextual to the country and its resource levels. For example, natural resource dependency can be analyzed as a factor in the formation and duration of civil war (Rosser, 2006). However, its effect is underwhelmingly lower if the dependency is above a certain threshold (Rosser, 2006). To be concise, natural resource dependency can be an initiator of violent conflict if the economic gains are not particularly high. Furthermore, natural resources, which are more feasible to extract, such as: diamonds increase the likelihood of a violent conflict compared to natural resources that mandates technical expertise and costly equipment to extract, such as oil (Basedau and Lay, 2009). For example, Karl (2007: 671) underlines that oil as a reason to cause civil war or conflict is not directly correlated, being, instead, linked indirectly due to "*the result of long-standing grievances* *over land expropriation, environmental damage, corruption or the maldistribution of resources*". On the other hand, it is also proposed that oil wealth is negatively correlated to the onset of civil war as well as anti-state protest and oil wealth can even be a fastening factor to end the civil war (Rosser, 2006). It is worth noting that external actors could interfere indirectly or directly to protect the continuous extraction of resources in the natural resource-producing countries (Basedau and Lay, 2009). To illustrate it further, Basedau and Lay (2009) underline that high levels of oil wealth do not contribute to the creation of internal conflict but that oil dependence increases the likelihood. In addition, it is also argued natural resource abundance is a greater determinant in the formation of non-ethnic civil wars and other forms of political violence, however, it is not correlated to the formation of ethnic civil wars (Rosser, 2006).

Summing up, there have been a number of theories on natural resource abundance, which will be considered in this study. First of all, Rosser (2006: 14) adopts a behaviouralist perspective and proposes that natural resource abundance causes political elites to behave irrationally, which is a significant factor in "*poor economic policy-making and institutional deterioration*". The origin of the behaviouralist can be the assurance of future revenues as well as the current revenues, which may be underlined in several loan agreements in natural resource-abundant countries and lavish spending of the political elites.

Second of all, Rosser (2006) highlights a state-centred perspective and proposes that natural resource abundance causes a poorer economic performance due to the state's inefficient role to encourage economic development. The state-centred perspective is plausible and relevant if we count the state as the most important and dominant actor, which is factual in many natural resource-rich countries with authoritarian rule or dominant state participation in many aspects. However, it is worth noting it is not always the case.

Third of all, Rosser (2006) highlights a historico-structuralist perspective and proposes that natural resource abundance weakens the economy due to the role of different social groups or classes. Relatedly, it is argued that natural resource abundance forms a strong relation among well-connected business groups, which contributes to the "*increasing pressure on governments to pursue economic policies that serve the interests of these groups rather than the common economic interest or the interests of the poor*" (Rosser, 2006: 16).

Fourth of all, a social capital perspective proposes that natural resource abundance dilutes social cohesion and weakens the state capacity of economic control, which can lead to the ownership of the natural resources in political and economic elite and cause social tension (Rosser, 2006). The social capital perspective somewhat underestimates the role of the state since it has already indicated that the natural resource abundance will benefit the political elite greatly and, as we have already underlined the political regime invests a great amount of government budget in military and "*stability*" while using various indirect methods, such as propaganda by the role of media and economic tools, namely taxation and etc.

Last but not least, Rosser (2006) underlines a rational actor perspective and proposes that political actors are more inclined to act in accordance with rent-seeking behaviour. For example, it is argued that natural resource abundant countries are more inclined to use the natural resources "*to pursue various programmatic and political objectives including financing controversial development programs, providing economic benefits to particular groups, capturing rents for the government treasury, creating rent-seeking opportunities in order to secure private sector cooperation in relation to other objectives, gaining control over rent allocation and evading accountability*" (Rosser, 2006: 15).

3. Methodology

Natural resource dependency is a complex and lengthy discussion topic and the discussion becomes considerably lengthier if the analysis considers several dimensions, such as economy, politics and society. The research question that guides research is “How natural resource affects underdeveloped and developing countries in economic, political and societal aspects?”.

The dissertation aims to demonstrate various direct and indirect effects of natural resources by applying a comparative analysis between two oil-abundant countries. It is based on qualitative comparative analysis where economic, political and societal components are underlined. There are a vast number of natural resources in the world and each natural resource’s effect on a country is somewhat unique. Therefore, a comparative analysis is chosen to shrink the variation, focus on countries where the same natural resource is extracted while their common and different characteristics are analyzed.

Venezuela and Equatorial Guinea were chosen to be analyzed in the qualitative comparative analysis because they share several similarities and differences to make the comparison relevant. First of all, both countries are developing countries, extract the same natural resource and both of them are also former Spanish colonies. These similarities overlap in economic terms since they are developing countries and extract oil while they also overlap in societal terms since Spanish language is spoken and Spanish culture is deeply inherited in both countries. Moreover, it is worth underlining that both countries share several other similarities in economic terms due to the dominating nature of oil revenues. On the other hand, both countries also embody several differences, especially, in political and societal terms. It should be noted that the identified similarities and differences are not always observed at the same time and this divergence originates from several factors, such as the dates of independence and oil discovery and other unique country-specific components.

Summing up, the dissertation aims to underline how natural resource dependency is experienced differently depending on the natural resource and the specific historical and institutional context of the country.

4. Transition of Venezuela as an oil-dependent country

The first commercial oil extraction in Venezuela was in Maracaibo by Royal Dutch Shell Company in 1922 and drastic changes from agrarian to industrial economy, rural to urban settlements followed since that (Angotti, 1998). Karl (1987) underlines that the start of modern Venezuelan state at the time of Juan Vicente Gomez's (1908-1935) rule overlapped with the discovery of oil in Venezuela and American multinational corporation and government showed an actively participatory attitude to the design of the newly formed state. Gomez received support from US in the coup in 1908 and delivered oil concessions and policy leniency in return (Karl, 1987). He also gained an advantage from oil rents to invest in the army, gain political loyalty, reduce tax rates and apply more efficient strategies for a repressive system (Karl, 1987). Coffee and cacao established two-thirds of the export in 1921 and the figure decreased to 3% in 1940 (Angotti, 1998) while agriculture sector held more than two thirds (71,6%) of workforce in rural activities in 1920 and it decreased almost by half (33,5%) in 1961 (Karl, 1987). Relatedly, Venezuela had a high-return from "*petroleum exports and reciprocal trade treaty with the United States*" and was distant to the economic integration policies due to the belief of being advantageous in theory but being constrained by its unique economic position in practice (Avery, 1976: 543).

Many Latin American countries devalued their currency to protect the competitiveness of export in the 1930s (Purcell, 2013). On the contrary, oil revenues appreciated the currency and this led to a significant increase in imports and decrease in the domestic production in Venezuela (Karl, 1987). Connectedly, Agnani and Iza (2011) state that Venezuela has been a major oil exporter since 1950s and compare Venezuela to other oil exporter countries, such as: Mexico. Mexico's GDP growth was an average of 3.18, which more than doubled Venezuela's (1.4%) between 1950-74 and the continuous difference between GDP growth rates caused Venezuela's more than three times higher per capita rate in 1950 to almost equal to Mexico's in 2006 (Agnani and Iza, 2011). Moreover, Venezuela's per capita income was higher than Latin American average and tripled Mexico's between 1950-70s, however, it declined to the average of Latin American countries and Mexico in 2003 (Agnani and Iza, 2011). Agnani and Iza (2011) point out Venezuela's Gross Domestic Product (GDP) per capita in 1960 (9,646$) almost equaled to the amount in 2006 (9,644 US$) and underline average growth rate of GDP for Venezuela (1.4%) performed worse than the average of Latin American countries (2.5%) between 1950-74 while the average growth fell to -0.3% for Venezuela, however, other Latin American countries exhibited an average of 1.5% growth between 1974-2006. Angotti (1998) underlines that Venezuela's dependency on oil and its importance on economic growth is inextricably linked to the oil industry due to the immensity of the industry. Brazil and Mexico where different industries, such as auto industry covered a big portion of the economy as well while Venezuela constructed its growth on oil (Angotti, 1998).

Oil revenues also built an interrelated connection among foreign and urban local capital and the state as well as hesitancy towards authoritarian system among the elite (Karl, 1987). Moreover, Karl (1987) underlines that Accion Democratica (AD) shared the governance roles with the military in 1946 and was toppled after three years, which is called the trienio. Karl (1987) also states that Marcos Perez Jimenez regime who ruled the country after the trienio ended in 1958. Lieuwen (1960) highlights that the coup in 1948 was shortly after the agrarian reform law was enacted and argues that the land owner's interest to the removal of AD. The reform would pay a certain amount to the land owners to compensate for the purchase of their poorly fertile lands to distribute to the public (Lieuwen, 1960).

Moreover, Avery (1976) states that Venezuela also had struggles to change the dynamics of its economy due to the existence of its import-substitution industries and their disadvantage to compete with industries of other Latin American countries and highlights the anti-integration side was mainly the private sector while pro-integration narrative was supported by public sector and it was based on the unreliable lifespan of an import substitution policy, which encouraged diversification to facilitate economic growth and reduce the high levels of oil dependency. Import substitution policy had benefits, however, it increased prices drastically and made Venezuela too expensive to export manufactured goods (Avery, 1976).

Natural resource based economy favours the rent from the resource than productive mechanisms to circulate the economy and Venezuelan social class became dominantly urban middle class without productivity in traditional economical sense therefore the political system evolved to favour the majority class and policies to retain the reliance on oil rents for the economy (Karl, 1987). Despite the overall constraints of oil dependency, Karl (1987) indicates that Venezuela generated the second most foreign exchange after West Germany between 1950-57, tripled the treasury reserve and more than doubled the oil exports. However, the unreliable fluctuation in oil prices is perilous when the prices plummet.

On the other hand, oil also had various effects in society and structure of settlements too. Angotti (1998) underlines the creation of oil towns since the first oil discovery and subsequent population boom in accordance with oil related economic activities in small towns like El Tigre, Cabimas, Lagunillas and Puerto La Cruz and etc. For example, Cabimas' population was 1,940 in 1920, which increased to 42,300 in 1950 and 92,700 in 1961 while La Concepcion's population amounted to 3,709 people in 1920 and it skyrocketed to 170,000 in 1961 (Angotti, 1998). However, most of the labour force in oil and its related industries (3% of total) existed in Caracas and other mid-to-large sized cities (Angotti, 1998). Moreover, Maracaibo with a population of 46,706 in 1920 had a population of 706,310 in 1971 and 1.3 million in 1991 while Maracay, Valencia and Barquisimeto grew their population drastically too (Angotti, 1998). Government allocated a considerable size of resources to improve "*basic urban infrastructure including roads, bridges, water and sewer systems, schools and health facilities*" and government initiative rather than the benefits arose from oil undertook the role to change Venezuela from a rural to urban nation (Angotti, 1998: 107). On the contrary, Tinaquillo had a different experience since the oil boom (Angotti, 1998). Its population decreased from 160,000 in 1920 to 115,000 in 1950 due to the being out of the economy of oil revenues, however, "*substantial government investments in industry and infrastructure*" reversed the trend and the population increased to 260,000 in 1981 along with the growth in local economy (Angotti, 1998: 108). Furthermore, the characteristics of foreign workforce in oil sector divided public sentiment between the local and foreign workforce in the 1920s and it magnified when South Asian and African workforce began working in oil sector too (Trinkunas, 2010).

Furthermore, Lieuwen (1960: 350) underlines that the Betancourt regime, which came to power in 1958 was cautious of its relation with the army since the army associated civilian government with "*political irresponsibility and administrative incompetence*". However, the army had fractions following the change in regime (Lieuwen, 1960). Nevertheless, Betancourt regime agreed to pay the former regime's debts, the Plan de Emergencia and the payment of 1.4 billion dollars to bankers and industrialists was a big financial undertaking (Karl, 1987). In addition, Karl (1987) adds that the militaries and the church were eager to be less active in the political sphere if they could avoid it and were given a guarantee of institutional continuity since both sides were heavily active in the military rule while the economic class had demands, such as the protection of property rights, regulated labour and economic stability.

Rómulo Betancourt, Jovito Villalba and Gustavo Machado who were leaders of major political parties, AD, URD and Communist party respectively were also student leaders during Gomez's military rule (Lieuwen, 1960). Land owners and military did not have a warm relation with any of the three dominant political parties (AD, URD and COPEI) while the church maintained dialogues with COPEI (Lieuwen, 1960). Moreover, Karl (1987) points out that an important factor of the regime change in 1948 was AD's strategy of self-govern and not to involve other parties, new Catholic-based Comite de Organizacion Electoral Independiente (COPEI) and the church. To the contrary, an initiative by the Union Republicana Democraitica (URD) and the Venezuelan Communist party to create the Junta Patriotica (organization for all parties) in 1957 was a critical step to dismantle the military rule in 1958. (Karl, 1987). Karl (1987) indicates that Romulo Betancourt (the leader of AD in exile), Rafael Caldera (the head of COPEI), Jovito Villalba (the head of the URD) and Eugenio Mendoza agreed to a certain set of conduct before the downfall of the military regime including a formula of power sharing of their design, non-compliance to a transition offer by the military and removal of the Communist party from claims to equal partnership. At the same time, there was also pressure from oil corporations for political stability and US even deployed their marine and air force units in the Caribbean "*in the event their assistance would be required*" (Karl, 1987: 81).

The Pacto de Punto Fijo and the Declaracion de Principios y Programa Minimo de Gobierno were signed before the democratic elections by all parties except the communist party as they were sidelined in 1958 and the intention was to give a prototype mode of governance with parameters, rules and limits of the system and keep the political balance to protect economic and social dimension of the society (Karl, 1987). The military were acquitted from their role and participation in the Perez Jimenez era (Karl, 1987) while the church received a similar support since AD gave church greater independence from the state and others pledged to contribute to the religious institutions more (Karl, 1987). Karl (1987: 85) states these two pacts exemplified the rhetoric for an exchange between "*the right to rule for the right to make money*". In addition, Karl (1987) states pact of Punto Fijo enabled an interrelation of interests and collaboration among the parties, the pact underlined the cooperation of political parties and the fair segmentation of the political and economic governance with public sector jobs and contracts and allocation of ministries. Punto Fijo pact was formalized in the Constitution of 1961 and the president was given a role of neutral safekeeper who could "*control the nation's defense, the monetary system, all tax and tariff policy, the exploitation of subsoil rights, the management of foreign affairs and a variety of other powers, name all cabinet ministers, state governors and state enterprise officials and to declare a state of emergency*" but could only be elected once (Karl, 1987: 83-84). Additionally, Karl (1987) underlines Betancourt followed a path to cause a dissent from the communist party and his party's youth and Betancourt and Leoni regimes were closely linked to the norms of the Punto Fijo pact and the Programa Minimo while Rafael Caldera substituted them for an internal mode of working dynamics.

In addition, Agnani and Iza (2011) consider the oil rents as the most prominent factor for the stagnant growth in the non-oil sector, which collapsed the Venezuelan economy. Venezuela had been active to diversify its industries and eliminate the dependency on oil revenues. For example, Venezuela has experienced integration agreements as early as Charter of Quito in the 1940s with Venezuela, Ecuador and Colombia (Avery, 1976). Avery (1976: 542) underlines "*a combination of caution, skepticism and ambivalence*" has been the characteristics of Venezuela towards multilateral trade agreements. Latin American Free Trade Association (LAFTA) was formed in 1960 and Venezuela joined in 1966 with a 6-year delay while Venezuela decided to join the Andean market after 4 years of the implementation of Andean Treaty (Avery, 1976). Avery (1976) highlights the opposing side against LAFTA was The Federation of Chambers and Associations of Trade and Production (FEDECAMARAS) and Minister of Finance, Jose Antonio Mayobre while President Romulo Betancourt and Venezuelan subsidiaries of North American corporations were on the supporting side.

Raul Leoni was elected president after Romulo Betancourt in 1964 and was pro-integration, however, he was also reluctant without the support from FEDECAMARAS (Avery, 1976). FEDECAMARAS had an internal divide but it was an important institution, combining of 146 different organizations in 1969 (Avery, 1976). Avery (1976: 546) underlines that Leoni was eager to facilitate the process, signed the Declaration of Bogota to "*set forth the objectives of the Andean Common Market*" in 1966 and was advised "*the best route to industrial diversification was through development of large-scale industry*", however, he could not resist the pressure from private sector demands and Rafael Caldera was elected in 1968. Moreover, Venezuela was given "*a special protocol*" to join the Andean Common Market, could join until the end of 1970 as a charter member and continue attending the meetings as an observer (Avery, 1976: 550). Meanwhile Venezuela hoped to continue to be a part of industrial complementation agreements drawn up under "*the Andean Development Corporation, the regional lending agency, which Venezuela continued to participate as a founding member*" (Avery, 1976: 550). Connectedly, Avery (1976) indicates that the disagreement arose from Venezuela's decision to ask for 700 items from the list of products for exemption from tariff reductions compared to 600 for Ecuador, 450 for Peru, 400 for Bolivia and 250 for Chile and Colombia from the list of products for exemption from tariff reductions. However, the member countries made "*certain adjustments in the Cartagena Agreement*" and facilitated the admission of Venezuela on 13 February

1973 (Avery, 1976: 557). Consequently, Venezuela was given an exemption on 450 items, not 700, 250 items was across-the-board exemptions and 200 exemptions was against imports only from Chile, Colombia and Peru (Avery, 1976).

Angotti (1998) underlines that Venezuela is a founding member of OPEC and nationalized the petroleum industry in 1976. PDVSA owned 24 refineries in the world, 6 and 10 in United States and Europe respectively (Angotti, 1998). However, the income generated by oil production is highly dependent on international prices and added value by labour are insignificant while consumption is comparable to the developed countries, production is too one-sided and does not show a diversity (Angotti, 1998). Import substitution became more and more favoured as the oil production continuously increased since the 1960s (Angotti, 1998). Moreover, Angotti (1998) recognizes the significant role of oil policy in political and economical sphere and that the government is instrumental in both production and distribution, which led to a public pressure or support originated by oil revenues, prices and various other sources, such as infrastructure. For example, East and Southeast parts of the country took half of the national public infrastructure budget (20% and 30% respectively) due to the highway infrastructure spending, which covered "*housing, water, sewer and the organization of urban space around auto use*" (Angotti, 1998: 100).

On the other hand, Abente (1987) underlines that socioeconomic elites, i.e. the dominant class in the economic terms are not always the ruling class in the political stage. However, the socioeconomic elites made a high amount of profits by using the advantage of the capital flight before the devaluation of the bolivar, which the World Bank estimated in 22 billion dollars between 1979 and 1982 (Abente, 1987), while the Morgan Guaranty Trust estimated in 31 billion dollars between 1976 and 1985 (Abente, 1987). Relatedly, the Morgan Guaranty Trust figures predicted 12.5 billion dollars were held by Venezuelan nationals in overseas banks (Abente, 1987). This figure was equal to or greater than the official number of private debt where the holdings, which were not under Venezuelan addresses or using intermediaries in third countries were not counted as well as assets other than bank deposits, such as securities, stocks, currency and real estate (Abente, 1987). Abente (1987: 118) underlines that the socioeconomic elites could hardly suffer a loss since their losses were cushioned by the devaluation of bolivares while giving "*subsidized bolivares to repay the principal and semi-subsidized bolivares to pay the interest*" has been instrumental to cover a financial loss and PDVSA followed practices, such as tax evasion through accounting, secrecy on revenues generated from the Venezuelan treasury (Hammond, 2011). Meanwhile, the poverty rate doubled from a third of the population in

1975 to two-thirds in 1997 (Muhr and Verger, 2006). Furthermore, Angotti (1998) points out that 3% of the labour force worked in the oil and complementary industries while projects and industries to bring diversification to the economy, such as a steel complex at Ciudad Guayana and a hydroelectric dam did not stabilize the shift from heavily dependent oil industry to a diversified economy. Venezuelan economy relied on "*the extraction of natural resources rather than the production of value*" (Angotti, 1998: 13). Relatedly, increase in domestic prices to reduce the state deficit confronted a public pressure therefore price increases have been incremental and with a prior dialogue (Angotti, 1998).

Rodriguez (2000) points out the budget of the Ministry of Environment and National Parks were decreased by half from 1988 to mid-1990s, which led to a significant decrease in the protection and sustainability of renewable natural resources after the implementation of structural adjustment policies in 1989. In addition, only 1% of all investments were spent for the development for the low-income barrios and 8% of water and sewer expenditures were for the barrios (Angotti, 1998). Environmental effects of oil production were felt in urban areas in a different way too. Angotti (1998: 112) points out that average temperature increased significantly "*due to auto use, the use of concrete for highway and building construction and the disappearance of green areas*" in Venezuela. However, Angotti (1998) underlines the production of oil is for the international and domestic consumption is minimal compared to the total production. Relatedly, Angotti (1998) states that transnational corporations dominated the auto industry in Latin America as well as in Venezuela and that most vehicles were imported while local auto industry was too small. More than four-fifths of the cars in Venezuela are imported while less than 1% of production of Venezuelan auto industry was exported in 1998 (Angotti, 1998). Connectedly, three-fifths and more than a quarter of the sold cars in Venezuela were from USA (General Motors, Chrysler and Ford) and Japan while 43% and 44% of 114,000 imported cars was from North America (USA and Canada) and Asia (Japan and South Korea) respectively in 1998 (Angotti, 1998). Angotti (1998) underlines the car ownership in Caracas was greater than Latin American average. However, around 65% of the population did not have a car in Caracas while upper class households own more than one car (Angotti, 1998). Angotti (1998) also highlights that the environmental hazards affect the poorest group who has the least access to private cars. Angotti (1998: 98) adds that the poorer segment of the population who were also majority were exposed to "*poor street-level air quality, high levels of carbon monoxide, lead, ozone and particulate matter*" more and underlines that the oil sold in Venezuela were leaded gasoline while unleaded gasoline were exported. Relatedly, 65-70% the refined oil products were exported to the United States in 1998 (Angotti, 1998) while oil and complementary industries covered more than two-thirds of GDP and four-fifths of the exports (Angotti, 1998). In short, Angotti (1998) points out the interrelated relationship among government spending, urbanization and oil and auto dependency and indicates that the second most influenced sector by oil revenues was real estate due to the increased demand in new office and apartment buildings. However, Angotti (1998) underlines that more than two-fifths of the population were residents in barrios in Caracas.

Additionally, Muhr and Verger (2006) point out that education programmes have been continuously underfunded and structural adjustment policies have magnified the underfunding further, which contributed to the public education investment in Latin American countries to be eight times less than OECD countries. Higher education admission applications increased by 56% while the admissions increased by 30% from 1984 to 1998 and this increase was significantly in private universities between 1984 and 1998, 29% and 60% of all admissions in 1984 and 1998 respectively (Muhr and Verger, 2006). Muhr and Verger (2006: 179) underline methodological and structural revisions were performed depending on student performance and flexible timetables were offered with evening and weekend classes to allow student with family and work constraints to attend while they also add public investment in higher education increased, "*new contents, methodologies and pedagogies have been introduced*".

On the other hand, several sociopolitical uprisings have emerged as well, such as "*the cultural congress of Cabimas in 1973, introduction of a vision of cultural resistance, the experiences of workers councils and revolutionary syndicalism in the 1980s, the national student congress in Merida in 1985, the rebirth of the peasant movement and land occupations in Yaracuy in 1987, the neighborhood councils of Caracas from 1991 to 1993, the libertarian pedagogical movement of the 1990s based on the democracy of knowledge, the development of the constituent powers of the people from 1995 onwards, the electoral victory of Chávez in 1998 and the widespread experience of self-organization during the entrepreneurs' lock out and oil sabotage in 2002–03*" (Azzellini, 2009: 414). Relatedly, erosion of the Punjo-Fijo agreement fastened between 1990 and 1998 (Sanoja, 2009). Moreover, Azzellini (2009) points out MBR-200, which Hugo Chavez was a founding member became a supported group among the poor and revolutionary segment after an unsuccessful coup attempt on 4 February 1992. However, it ceased to exist in 1998 before Chavez was elected as a president in 1999 (Azzellini, 2009).

Hugo Chávez was influenced by Karl Marx, Antonio Gramsci, Leon Trotsky, Mao Zedong, the Italian philosopher Antonio Negri and even Jesus Christ in his ideology of Bolivarianism (Azzellini, 2009) and Chávez once referred to Jesus as "*original comandante*" (Leon and Smilde, 2009: 4). Ellner (2013) divides the Chávez regime into 5 continuous parts, the first stage of modest economic policies between 1999–2000, the second stage of anti-neoliberal policies between 2001–04, the third stage of reinterpretation of private property in the economy and a stronger inclination towards socialism between 2005–06, the fourth stage of nationalization of certain industries between 2007–08 and the fifth stage of expropriation of a considerable amount of companies between 2009–11 respectively. Furthermore, Bull and Rosales (2020: 4) indicate "*Bolivarian Revolution through the Constitution of 1999 supported the principles of liberal representative democracy*" and it also increased certain aspects of presidential powers. Canache (2012) points out that participatory democracy is a form of democracy when citizens are more vocal in the decision-making than representative democracy and underlines Hugo Chávez's presidency has been a supporter of a change from the liberal democratic model to a participatory framework. He was committed to materialize a new constitution, which was approved by Venezuelan population in December 1999 referendum and led to significant political and societal changes (Canache, 2012). There were significant economical changes too. Take the example of industries, such as steel, electricity and telecommunication that were nationalized and other industries, such as banking that were in competition with the private sector at the stage of nationalization of industries and expropriation of companies (Ellner, 2013). The Chavez regime also expropriated multinational companies, such as Owens-Illinois Glass Company, Monaca and Fertinitro due to price speculation, contraband, disruptive environmental practices and non-compliance of health and safety standards (Ellner, 2013). Consequently, Ellner (2013) indicates that the strategy of expropriation and the related responsibility to pay off the former owners created a huge economic loss while it enabled the working class to add worker input into decision-making, increase worker benefits and strengthen the labor movement.

The share of manufacturing industries stagnated and signaled the significant dependency on oil in Venezuelan economy, export of public sector goods decreased from 84.3% in 1997 to 77.5% in 2006 while the export of private oil increased from 0.2% in 1997 to 15.0% in 2006 (Nakatani and Herrera, 2008). However, Nakatani and Herrera (2008: 293) point out that the share of public services, such as: "*electricity and water supply, communications and community services*" increased. For example, Nakatani and Herrera (2008) underline that illiteracy and infant mortality rates plummeted and the public spending on such services increased from 23.7% of GDP in 1998 to 31.0% in 2006 while social expenditure increased from 8.2% to 13.6% of GDP. Connectedly, the illiteracy rate was at 6.12% in 2001 and it was eradicated in 2005 (Muhr and Verger, 2006). Chavez regime invested in social programs heavily, social spending grew 170% from 1998 to 2006, PDVSA alone invested almost tenth (7.3%) of GDP in social spending in 2006, which made total social spending more than a fifth (20.9%) of GDP in 2006 (Hammond, 2011). Chavez installed various initiatives, "*such as Bolivarian Circles, cooperatives, socialist enterprises and communal councils*" in his first presidential term (Canache, 2012: 100). Venezuela's GDP was 88th out of 174 countries, however, life expectancy and school enrollment was 61st of 177 and 76th of 172 countries during Chavez era (Hammond, 2011). Muhr and Verger (2006) point out the education system had been a controversial theme as well where Chavez regime increased the education budget by 288% and equaled 15% of total government spending for education. Chavez presidency delivered "*notebooks, textbooks and computers for students, housing and certain merchandise for hurricane victims, metro tickets for those over 60 and books of classic literature for the general population as an expression of humanistic socialism*" (Ellner, 2013: 76). Other aspects of public services were funded too. Unemployment and inflation rates was 15% and 60% respectively in 1997 (Orhangazi, 2014) and almost 5 million people lived under poverty and more than half a million of them were under extreme poverty in 1998 (Garcia-Rodriguez et al., 2019) while population under poverty decreased from 43.9% in 1998 to 23.8% in 2009 and population under extreme poverty decreased to 5.9% in 2009 (Orhangazi, 2014).

Other initiatives covered microcredit project, the Poor Rural Communities Development Project (Proyecto de Desarrollo de Comunidades Rurales Pobres, PRODECOP), which was sponsored by the Foundation for Training and Applied Research in Agrarian Reform (Fundación de Capacitación e Innovación para Apoyar la Revolución Agraria, CIARA) in the 1990s implemented by the Chavez presidency, however, it created a conflict among local parties due to unaligned views and "*clientelist control by the government*" and it led the government to assign the local administration to self-govern, in other words, abandon the programme in 2007 (Garcia-Rodriguez et al., 2019: 787). Additionally, the Constitution of the Bolivarian Republic of Venezuela established the Microfinance System Stimulation, Promotion and Development Law and the Special Law on Cooperative Associations, which enabled the installation of the Microfinance System, the People's Bank (Banco del Pueblo) and it was the Chavez regime's first microfinance undertaking while BANMUJER was "*the first social bank for women in Venezuela*" (Garcia-Rodriguez et al., 2019: 796).

The Chavez government also established community councils as well as social programs, Barrio Adentro for medical service, Mercal for food outlets, Misión Ribas and Sucre for high school and university education to serve the poor segment of the population and installed the institutions with a decision-making role of the local community (Ellner, 2013). Orhangazi (2014) indicates that 25 missions were introduced, the majority in social areas, such as health, education and food missions in 2009 and missions ranged from pre-school education (Mision Simoncito) and vocational training and job creation programs (Mision Vuelvan Caras) to food distribution (Mision Mercal). Mision Mercal supplied almost half of the population with 41% to 44% cheaper prices than market prices (Orhangazi, 2014). To be concise, Bolivarianism served Venezuelans' previously unattended material necessities, however, made it a political instrument too (Sanoja, 2009).

Despite the public support, the relationship between Chavez regime and private institutions has been conflictive since the beginning of Chavez presidency. Chavez regime enacted agrarian reform and hydrocarbons laws to increase the royalties for PDVSA and transnational corporations, which led to a coup attempt and strike in April and December 2002 respectively (Hammond, 2011). For example, more than four fifths of the population were in urban areas in 2001 and Juan Carlos Lovo (the former director of the National Land Institute) stated that the 2001 Land Law was to reduce the second-highest land density in the continent after Brazil (Purcell, 2013). According to the National Land Institute, 4,380,147 hectares of land were distributed to create 101,594 family or cooperative-owned farms (Purcell, 2013). Moreover, Orhangazi (2014: 223) underlines Chavez regime enacted 49 special laws on "*cooperatives, microfinance, land reforms, fisheries and oil*". At the same time, oil royalties almost doubled from 16.6% to 30% in 2001 and PDVSA strengthened its authority on oil sector following 2002 coup and 2002-03 oil industry lockout (Orhangazi, 2014). Transnational oil companies with operation agreements with PDVSA were turned into joint ventures except Exxon Mobil, which their oil fields were added to the ownership of PDVSA (Orhangazi, 2014). Ellner (2013: 67) points out the relationship between the Chavez regime and private sector grew more and more distant as the nationalization of private companies increase more and more and the cold-footed relationship between two parties led two strikes in 2002–03 as well as in December 2007 due to four significant elements, "*scarcity, price speculation, government economic controls and expropriation*". The private sector responded by decreasing production and changing the distribution model, namely by exporting to neighbour states, to which the government response was the expropriation of more companies to caution the private sector and balance the production (Ellner, 2013). The disagreement between the public and private sector was so significant to cause a strike by FEDECAMARAS, which was never attempted in its more than half a century history (Ellner, 2013).

On the other hand, Venezuela was the fifth largest net oil exporter, ninth oil producer and the only OPEC member from Latin America in 2006 (Agnani and Iza, 2011) while Venezuela was also a significant producer of hydroelectric power (Pietrosemoli and Rodriguez-Monroy, 2013). Connectedly, Hammond (2011) states that Venezuela held 77 billion dollars at national and international banks (40 and 33 billion dollar respectively) for cash reserves in 2008. However, Agnani and Iza (2011: 71) point out that oil production is reliant "*on OPEC quotas and on oil discoveries*" and that the net profit fluctuates due to the external factors instead of market conditions. Furthermore, tax revenues in GDP increased from 10.33% in 1998 to 14.63% in 2005 while income tax on citizens and companies in GDP increased 2% in 1999 to 3.2% in 2006 (Orhangazi, 2014). However, public sector grew little, from 12.5% in 2004 and 2.9% in 2006 while financial sector grew by 37.0% in 2004 and 39.2% in 2006 (Orhangazi, 2014). Private sector activity generated more than two thirds (71%) of GDP while the overwhelming amount (96%) of foreign exchange were generated by PDVSA in 2010 (Purcell, 2013).

Venezuela used its oil reserves and high oil prices to borrow from capital markets between 2004 and 2012 (Rosales and Sanchez, 2020). However, capital markets stopped lending when Venezuela's fiscal deficit continuously increased since 2013 (Rosales and Sanchez, 2020). Orhangazi (2014) highlights that commercial banks had to distribute income to specific sectors (21% of their gross portfolio to the agricultural sector, 3% to microcredit and tourism sector separately) and that National Assembly enacted a law to allow the central bank to supply finance to government prioritized programs in 2009 (Orhangazi, 2014). Relatedly, Nakatani and Herrera (2008) indicate that Banco Central de Venezuela (BCV) was an autonomous institution and protected by the Constitution of 1999. However, Chávez offered "*to remove the BCV autonomy to strengthen the control of the State on the exchange market, to avoid capital flight and, on the international reserves, to finance governmental expenditure*" (Nakatani and Herrera, 2008: 296). Furthermore, Orhangazi (2014) states companies had to give the government a proof that either there was no domestic production or the production was insufficient to obtain foreign currency for imports.

Rodriguez (2000) points out that the exchange rate was also at a fixed rate of 4.30 bolivares for a dollar until 1983 and reached 610 bolivares for a dollar at a floating rate in 1998. Exchange rate stayed stable throughout Chavez presidency (Orhangazi, 2014). However, dual exchange rate system was placed in 2010, 2.60 bolivares for a dollar for public expenditure, such as imports of food and medicines and technological equipment for industrial and agricultural production, and 4.30 bolivares for a dollar for private expenditure, such as imports of automobiles and beverages (Orhangazi, 2014). Relatedly, Purcell (2017) points out that the official exchange rate was 6.30 bolivares for a dollar after five devaluations since 2003 while the real exchange rate was 8,000 bolivares for a dollar in the parallel economy in 2015 and this led the currency to be overvalued 127 times more in the parallel market and making equally more profitable for importers and more expensive for consumers. The great discrepancy in prices between parallel and official market showed its effect in all sectors. For example, Venezuelan Central Bank (BCV) stated that the coffee scarcity was at 94% despite 8,200% increase in coffee imports in 2014 while meat consumption decreased 22% when meat import increased 17,000% between 2003-13 (Purcell, 2017). Pietrosemoli and Rodriguez-Monroy (2019) underline the severity of shortages, such as shortages in food, medicines, the closure of industries, schools and hospitals, routine blackouts while the energy industry experienced difficulties due to low hydrocarbon and electricity prices, delays in infrastructure projects, the insufficient controls in production and distribution, operational shutdowns and incidents, inefficiencies and technical losses in Venezuela. In addition, there was a black market for almost every commodity from the currency and steel to cement and food products (Ellner, 2013).

The economy worsened when Venezuela's oil exports decreased to less than a million barrel per day in 2019 (Rosales and Sanchez, 2020). Bull and Rosales (2020: 3) add the drastic deterioration began in 2010s when Venezuela's GDP decreased by 62% while the political aspect shifted from "*a limited democracy to an authoritarian regime*". Multiple sanctions and embargos deteriorated Venezuelan economy further. United States raised a vocal criticism and implemented sanctions against Venezuela while China and Russia maintained an open communication (Bull and Rosales, 2020). Bull and Rosales (2020) point out that the turmoil started due to the difficulty of protection of internal fuel subsidies and distorted currency market in 2013 and it weakened further with a decrease in the oil prices and peaked with the financial sanctions. There were positively impacted areas as well but these areas were severely hurt since the economic crisis became greater and greater. Take the example, the Sowing Light, environmentally sustainable electrification program with a participatory model where program developers and the local community undertook in the maintenance and management of the electrification systems (Lopez-Gonzalez, Domenech and Ferrer-Marti, 2018). Pietrosemoli and Rodriguez-Monroy (2019) point out that Venezuela distributed electricity to more than 90% of its territory, however, insufficient regulatory support and policies caused detrimental disadvantage in the planning of projects and collaboration among institutions. It is worth noting that elected governments invested 48,254 million dollars in the electricity sector between 1950 and 1998 while the following regimes invested 96,128 million dollars between 1999 and 2014 (Pietrosemoli and Rodriguez-Monroy, 2019).

Venezuela changed its policies in international financial agreements as well. Orhangazi (2014) highlights Venezuela retracted from the Free Trade Agreement of the Americas (FTAA) and aimed to solidify integration in the region and international arena. For example, Venezuela instituted a barter alike trade relation with Cuba, offering oil in exchange of medical services (Orhangazi, 2014). Relatedly, Chávez regime purchased Argentinean and Bolivian States' bonds to show solidarity for the autonomy to their own internal policies, supported the Bolivarian Alternative for Americas (ALBA) and Petrocaribe to decrease the dependency of national markets against transnational companies and the Free Trade Area of the Americas (Nakatani and Herrera, 2008). Nakatani and Herrera (2008) add that Chavez regime was also eager to form PetroSur (a continentilized public oil company) and BancoSur (a multilateral institution) to decrease foreign and international economic pressure. However, continental solidarity initiatives could only be effective if internal economy was strong enough and not significantly detached from international actors. There is a reasoning and belief in the projected idealism by Chavez regime, however, these ideas and their implementation would condition collaboration to succeed.

Consequently, Chávez regime aimed a socialist system within the capitalist system to begin the evolution of societal change in Venezuela when he stated "*our project is neither statist nor neoliberal, we are exploring the middle ground where the invisible hand of the market joins up with the visible hand of the state: as much state as necessary and as much market as possible*" (Orhangazi, 2014: 229) and he intensified the notion of change in 2005 by stating "*it is impossible for capitalism to achieve our goals, nor is it possible to search for an intermediate way… I invite all Venezuelans to march together on the path of socialism of the new century*" (Orhangazi, 2014: 230). Relatedly, Lean and Smilde (2009: 4) point out that Chavez used participatory democracy as a political path and promised "*21st century socialism*" in his reelection campaign, which found a resonance in the public. He also changed the basis of the regime principals from the pact of Punto Fijo to the socialist Fifth Republic (Leon and Smilde, 2009). However, there were fractions within the movement. Hernaiz and Antonio (2008: 717) indicate the revolutionary forces described as "*division of powers, independent checks and balances, independent media and etc*." as the constraints to the revolution. Meanwhile, Ellner

(2013: 79) underlines that the groups within the movement were divided into 3 groups: i) middle-class bureaucrats who were perceived as doubtful to "*the participatory ideals of the Bolivarian Revolution*": ii) militant Chavista trade unionists who were perceived as "*using disruptive tactics to achieve infeasible material benefits and promoting workers' control*" and iii) members of the unincorporated sectors who were perceived either as the essential pillar to create worker cooperatives and community councils at the irresponsible expenditure of public money or as the vocal opposition of state bureaucrats to institute "*participatory democracy embodied in the 1999 constitution*".

Chavez era encountered stern opposition from international and national actors while the movement had internal division. The polarization between Chavez supporters and opposition grew significantly bigger and bigger during his presidency. Connectedly, Leon and Smilde (2009) indicate the constitutional reform in 2007 faced an opposition from political or public figures, namely: the former Minister of Defense Raúl Baduel, former coalition parties and the church while Hernaiz and Antonio (2008) state that Chavez did not acknowledge the legitimacy of the opposition candidate, Manuel Rosales and considered the political fight between himself and imperialism as well as neo-liberalism in 2006 presidential election campaign. Moreover, Hernaiz and Antonio (2008) highlight that Chavez regime used political speculation while the opposition reciprocated to conspiracy theories with conspiracy theories, such as Fidel Castro and the Cuban secret service were very influential in the control of the government and Cuban doctors came to participate in the health care program, Mision Barrio Adentro were Cuban secret service agents.

To summarize the transition of Venezuela in three main eras since the discovery of oil. We can underline the transition of the first era of military regimes and leaders between 1921 and 1958, the second era of liberal regimes and market-oriented leaders between 1958 and 1999 and the third era of Bolivarian revolution between 1999 and 2022. It is worth noting that the end of the third era is up to debate. The end of the era could be with the death of Chavez, the economic meltdown in the 2010s or any other significant event where one would consider relevant. However, it will be counted as the year the research is concluded in this paper. A summary table can be drawn to observe the differences in the transition of Venezuela in economic, political and societal change among all three eras.

Feature in the Transition	1921-1958	1958-1999	1999-2022
Firm ties with Western countries	High	High	Low

Feature in the Transition	1921-1958	1958-1999	1999-2022
Economic integration policies and industry diversification	Low	Low	Comparably higher, however, still low
Economic growth	High	High	Comparably lower
Sentiment towards authoritarianism	Negative and Neutral at times	Negative	Negative
Welfare spending	Low	Low	High
Attentiveness to rural class	Low	Low	High
Infrastructure spending	Neutral	High	High
Political tension among institutional and individual actors	Neutral	High	High
Influence of military	High	Neutral	Neutral
Political packs	Non-existent	Existent	Existent
Participation in multilateral agreements	Non-existent	Existent	Existent
Economic activity of PDVSA	Low	High	High
Existence of socioeconomic elites	High	High	Comparably lower
Activity in other energy industries except oil	Low	Low	High
Economic and political embargos	Non-existent	Non-existent	Existent
Political reforms	Non-existent	Existent	Existent
Expropriation of corporations	Non-existent	Non-existent	Existent
Poverty alleviation programmes	Non-existent	Non-existent	Existent
Establishment of community councils and alike initiatives	Non-existent	Non-existent	Existent

Feature in the Transition	1921-1958	1958-1999	1999-2022
Relationship with private institutions	Positive	Positive	Negative

Source: The author’s elaboration based on the literature review.

The political spite between opposition and regime was very strong and showed itself in every political or economical crisis. The examples are several from coup attempts and lock-out to market manipulation by private and individual actors during economic collapse. Relatedly, Bull and Rosales (2020) underline that the opposition gained a majority in the National Assembly in 2015 and planned a strategy, which would lead to a recall referendum. However, the government formed a supra-constitutional entity, the National Constituent Assembly in 2017 as a reaction (Bull and Rosales, 2020). Consequently, Venezuela’s turmoil was rooted in the political and economic factors but the country was affected socially and culturally too (Bull and Rosales, 2020) while local and foreign organizations described the crisis as “*a complex humanitarian crisis*” (Bull and Rosales, 2020: 2). A number of scholars and analysts underline the interest in the country and manipulation from various actors, such as USA (Bull and Rosales, 2020) or dependence on oil and the financial gains they bring, which also attract interests from foreign actors (Bull and Rosales, 2020), scholars also point out the deterioration of governance mechanisms and checks and balances (Bull and Rosales, 2020).

5. Transition of Equatorial Guinea as an oil-dependent country

Campos-Serrano (2013) states that military rule was established on the entire main island in 1900s and in the mainland part in 1920s by the Spanish rule. In that time, cocoa, coffee and timber were the most important economic sources (Campos-Serrano, 2013). National and imported products were controlled by the Spanish Junta Reguladora de Importación y Exportación, which had a total control on prices in colonial Equatorial Guinea (Valenciano-Mane, 2019).

During the process of independence, United Nations advocated a negotiated detachment from the colonial power and promoted a unified independence of the two parts of the territory (Bioko Island and Río Muni in the mainland) in Equatorial Guinea (Campos-Serrano, 2005). Okenve (2009) points out that colonialism has become illegitimate following the World War II and right to self-determination has gained public resonance. Relatedly, Equatorial Guinea gained independence after 10 years of existence of the Equatorial-Guinean nationalist movement (Okenve, 2009). The population did not have an affiliation with the movement that "*had an elitist character*" and could not reach its intellectual and organizational maturity by having the right to self-determination as its only defining reason to exist (Okenve, 2009: 148).

Equatorial Guinea became independent in 1968 and the first president, Macias Nguema who was known for extreme brutality was toppled by his nephew and chief of security, Obiang Nguema Mbasogo in a coup d'état in 1979 (Appel, 2012). Okenve (2009) argues that Obiang Nguema has made patrimonialism very central and relied on his family circle to rule due to the overwhelmingly dire economy and shortage of resources and products. However, Okenve (2009) also underlines the ruling model has not changed significantly since the discovery of oil and inflow of exceedingly high oil revenues. Repression and installation of fear was made the main methods to hold power and Equatorial Guinea was transformed into a family rule by Nguema family while little dissent was silenced abruptly and opposition, such as ANDR (a movement in exile) received little support (Campos-Serrano, 2005).

Moreover, Toto Same (2008) points out that cocoa, coffee and timber were Equatorial Guinea's biggest source of income after the independence in 1968 but a steep decrease in agricultural sector led GDP per capita to drop significantly. Cocoa and coffee production plummeted when Spain withdrew the differentiated conditions for Equatoguinean products after the independence in 1968 (Campos-Serrano, 2013). Equatorial Guinea dominantly produced cocoa for export and it amounted three quarters of GDP after the independence (Frynas, 2004). However, the cocoa production halted significantly from 28,000 tonnes in 1969–70 to 4,000 tonnes in 1979-80 during Francisco Macias

Nguema regime (Frynas, 2004). Toto Same (2008) adds Macias Nguema regime introduced the nationalization of cocoa plantations, made labour mandatory and transferred labour from countryside to the plantations to increase the workforce for agricultural production. However, efforts to increase the share of cocoa sector did not change the situation and the regime depended on foreign aids and loans, unsustainable logging activities and other illicit practices until the oil discovery (Frynas, 2004). Exports plummeted to the lowest levels of 5,200 tons in 1980 and the ruling regime appropriated the harvest without reimbursement while "*barter trade became the dominant form of exchange*" (Toto Same, 2008: 5). Relatedly, Toto Same (2008) underlines timber production decreased 36-fold from 360,000 cubic meters in 1968 to an average of 6,000 cubic meters in the late 1970s, coffee and palm oil production nearly vanished and public services, namely health, education and utilities were affected greatly.

On the other hand, Spanish oil firm Hispanoil and Guineo-Espanola de Petroleos S.A. (GEPSA) formed a joint venture in 1980 and GEPSA signed a production-sharing contract for the Alba acreage to drill a successful gas appraisal well in Alba in 1985 (Frynas, 2004). Sa and Rodrigues (2021) state the economy was consistently weak in the early 1980s but economic assistance was continuously received by the interest of finding oil. For example, supranational entities, such as the IMF and the World Bank showed their presence in Africa in the 1980s and promised a financial support in exchange of diminished role of state and promotion of market economy to pacify crises and show substantial development (Campos-Serrano, 2005). Obiang Nguema regime formulated the first formal budget in 1980 with the intervention and guidance from the IMF since 1974 (Toto Same, 2008). Furthermore, Campos-Serrano (2005) indicates Equatorial Guinea signed a cooperation agreement with Spain to receive Spanish technicians in Equatorial Guinea and held two United Nations conferences in 1982 and 1988 with a Round Table of Donor Countries to set economic development objective. In addition, Equatorial Guinea joined "*the Franco CFA zone in 1988 and the multilateral agreements between EU and ACP countries*" and adopted an IMF proposal of Structural Adjustment Plan in 1988 since aid was a major source of income for Equatorial Guinea (Campos-Serrano, 2005: 4).

Campos-Serrano (2005) adds international aid programs were aimed at a better governance of democratic institutions and protection of human rights, however, they made no to little change in society and politics. Conditional aid programs were ineffective in natural resource poor countries too and had an additional side effect of weakening already weak public institutions. Campos-Serrano (2005) gives the example of Mozambique that agreed to a program of structural adjustment in 1987 too. This structural adjustment program did not show any development in Mozambique either (Campos-Serrano, 2005). Campos-Serrano (2005: 5) concludes that "*liberal economic policies did not promote a significance growth whereas inflation and reduction of social services affected gravely to the population*" and aid programs decreased the government role to enact their own economic and development policies.

Relatedly, economic performance was less efficient than anticipated between 1988-89 in Equatorial Guinea too and Equatorial Guinea implemented an IDA-sponsored project to strengthen agriculture to boost food crops and non-traditional exports and agreed on an exploration between with a transnational oil corporation to extract country's oil resources between 1990-91 (Toto Same, 2008). Toto Same (2008) adds that Equatorial Guinea announced a three year reconstruction program 1982-84 to accumulate interest from foreign investors at the International Donor conference in 1982 where agriculture and infrastructure were prioritized. However, the concentration of power were maintained further when oil and forestry industries were gathered under the president's grasp and decision-making were further centralized on the president (Toto Same, 2008).

Furthermore, democratic practices and institutions, such as multiparty elections, partisan legislatures and strong parties are equally relevant to sustain autocracies as it is central in democracy too (Sa and Rodrigues, 2021). Sa and Rodrigues (2021) point out that Obiang formed PDGE in 1986 after 7 years in power in a single-party system and adopted a new constitution and the multi-party system in 1991. Multi-party system was installed due to the external pressure, a new constitution was drawn and "*political parties' activities were regulated under the 1991 constitution, the 1992 electoral law and later by the 1995 party finance law*" (Sa and Rodrigues, 2021: 87). Moreover, the interior ministry and national election board are responsible for the administration of political parties, including registration, dissolution and banning, which are controlled by PDGE and this indicates the regime can control the opposition political parties (Sa and Rodrigues, 2021). Nevertheless, Campos-Serrano (2013) underlines that political parties were founded during the constitutional reforms of the early 1990s and CPDS were formed by a group of young students while Movimiento Para la Autodeterminación de la Isla de Bioko (MAIB) gained popularity among Bubi people due to usage of the language of self-determination for indigenous people on behalf of the Bubi population. Campos-Serrano (2013) adds that other political parties were formed, such as Partido Nacionalista Vasco, Partido del Progreso de Guinea Ecuatorial (PPGE), Unión Popular (UP), Alianza Popular de Guinea Ecuatorial (APGE) and Frente Demócrata Republicano (FDR). Consequently, most parties, such as Convergencia Social Democrática y Popular (CSDP) and Unión Democrática Social (UDS) have begun forming coalitions to run together with the governing party while Convergencia Para la Democracia Social (CPDS) and Ciudadanos por la Innovación de Guinea Ecuatorial (CI) run independently and elect one or two candidates in the polls (Sa and Rodrigues, 2021).

International actors reacted to the authoritarian political climate in Equatorial Guinea, such as Spain froze aid programs in 1994, US embassy was closed and Peace Corps programmes were halted by Clinton administration in 1995 while IMF programmes were suspended too (Campos-Serrano, 2005). Campos-Serrano (2005) points out that the devaluation of franc CFA in August 1993 affected Equatorial Guinea significantly and Equatorial Guinea showed an effort in political fairness to obtain economic support again, which made September 1995 local elections the fairest election in Equatorial Guinean history where opposition joint list (Plataforma de Oposición Conjunta - POC) won 19 out of 27 town councils, however, only 9 were recognized.

In economic terms, the first offshore oil extraction in Equatorial Guinea was conducted by Walter International Inc., which was owned by the former US ambassador to Equatorial Guinea (Colom-Jaen and Campos-Serrano, 2013). Other American oil companies, such as Marathon, Exxon-Mobil and Hess Corporation began oil extraction after establishing oil sharing agreements with Nguema regime and several other transnational oil corporations, namely Energy Africa (United Kingdom), Sasol (South Africa), Petronas (Malaysia), Roc Oil (Australia), CNOOC and CNPC (China) and Repsol (Spain) agreed to extract oil as joint ventures with the national oil company of GEPetrol (Colom-Jaen and Campos-Serrano, 2013). Frynas (2004) underlines that Mobil extracted oil in Zafiro field in 1995 and the production rose from 40,000 bpd in 1996 to 190,000 bpd in the following years. Moreover, Toto Same (2008) states that foreign investment in Zafiro oil field amounted to approximately four fifths (79%) of GDP from 1994 to 1998 while the external current account deficit almost doubled from 56% of GDP in 1994 to 103.5% in 1996 and decreased to 82% later in 1998. Toto Same (2008: 9) points out that the minimal realization of oil revenues was due to the nature of agreements based on 1981 petroleum law "*to attract investors to an underdeveloped area with uncertain oil prospects*", however, oil revenues still skyrocketed from almost 2 billion CFA francs (12% of oil export) in 1994 to 31 billion CFA francs (13% of oil export) in 1998. Equatorial Guinea contracted UK based oil consultancy firm ECL for consultancy services in the Ministry of Mines and Energy, de facto oil ministry to renegotiate the terms with transnational corporations (Frynas, 2004). However, the renegotiated production-sharing contracts did not improve the terms notably in 1998 (Frynas, 2004). The regime renegotiated the agreement with one of the transnational oil corporations, Mobil, which increased the royalty from constant rate of 10% to a progressive rate of between 12-16% and mandated a limit on cost deductions with 80% of gross exports while the renegotiation enabled Equatorial Guinea a 5% share in equity (Toto Same, 2008).

In addition, Frynas (2004) underlines that transnational oil corporations favour to cooperate with Equatorial Guinea since political stability is rooted and the counterparty is cooperative. Investors have also underlined the informal nature of business negotiations and the role of corruption in Equatorial Guinea (Goldman, 2011). Negotiations and agreements on oil extraction between transnational oil companies and Equatorial Guinea have been in personal settings by close associates and family members of the president and informal clauses have been added to be a presumable trade-off between very lucrative oil concessions for the companies and personal gains for the ruling family (Campos, 2008). Take the example, ExxonMobil enabled Obiang regime to build relations with the Bush Administration and employed lobby and consultancy firms to change the country's image (Sa and Rodrigues, 2021) while The Riggs Bank opened accounts for different members of the Obiang family (Sa and Rodrigues, 2021). Frynas (2004) adds that there has been ineffective and symbolical philanthropic efforts with clientelist ties too, such as ExxonMobil had donated mosquito nets to the health ministry to prevent malaria but the ministry sold the nets later. York and Zhan (2009) point out that Equatorial Guinea has a Fund for Future Generations, however, there are no rules concerning withdrawals from Equatorial Guinea's fund and deposits can also be held offshore. On the other hand, Campos (2008) underlines that opposition parties, namely Convergencia Para la Democracia Social (CPDS) and international organizations have stated their concern of the appropriation of oil revenues by the ruling family and underlined the prevalent poverty of the population despite the significant economic growth. Relatedly, the United States Senate Permanent Sub Committee on Investigations prepared a report to state the Riggs Bank did not conform to the anti-money laundering standards and opened more than 50 accounts for senior government officials of Equatorial Guinea and their family members while the bank also gave loans and managed scholarships after the Global Witness report in July 2004 (Campos, 2008). Campos-Serrano (2005) adds that it was found 700 million dollars from oil revenues were placed in Riggs Bank under the account of Obiang Nguema. Connectedly, Okenve (2009) states that Obiang Nguema and his family have managed the country's national resources as private ownership and the oil revenues have fastened the level of clientelism and personal claim to public goods.

Sa and Rodrigues (2021) state that autocratic regimes interact and build relations with democratic regimes and the presence of oil and oil revenues make Equatorial Guinea better-equipped and more prone to take an active role in cooperation with other countries and international institutions. Frynas

(2004) points out that revenues from natural resources are more favoured than foreign aids and loans because the regime is independent to allocate the amount where it deems relevant and oil revenues also give a leverage to receive oil-backed loans, such as GEPetrol's 400 million dollars oil-backed loan. Campos-Serrano (2005) adds that oil revenues helped Nguema family to pursue their interests without the restrictive conditions on economic support and new multilateral and bilateral agreements were reached, however, none were conditioned to improvement in politics and governance. For example, Equatorial Guinea and Spain reached an aid and cooperation agreement (IX Comisión Mixta) to improve education and health without any political conditionality in 1999 after the discovery of oil (Campos-Serrano, 2005). Additionally, Spain agreed to cancel and renegotiate Equatorial Guinea's debt and closed a radio program dedicated to Equatorial Guinea by the pressure of Obiang regime while Repsol signed a contract to co-exploit an oilfield in 2003 (Campos-Serrano, 2005).

Campos-Serrano (2013) indicates that oil production and significant revenues from it enabled the use of cooptation of opposition too. This author points out that companies, which offer their services to oil companies, such as Sociedad Nacional de Vigilancia (SONAVI) are owned by the President's brother and administration. Oil and construction industries offer the highest paying jobs, yet are characterized by precarity, informality and deregulation (Campos-Serrano, 2013). Campos (2008) adds that since the ruling family also owned the private entities to give services to the transnational oil companies, oil agreements enabled the ruling family to use various political and economic repression methods, such as not hiring dissidents of the regime and expropriating land from the local population to be used by the oil companies. Moreover, job agencies mandate PDGE party membership to be employed and deduct a notable share of a salary for income tax and other deductions (Frynas, 2004). Campos-Serrano (2013) adds that opposition members attempt to run their own businesses due to the limitation in employment opportunities, however, the pressure can be overwhelming, such as a pharmacy owner who was also a former CPDS candidate for presidency joined PDGE in January 2011. Sa and Rodrigues (2021) underline that Obiang regime benefits from offering roles in cabinet and high-ranked posts to opposition members and enriches his family and circle by distributing portfolios within the government and ministries. Gabriel Mbega Obiang Lima, president's son became deputy oil minister while his other son Teodorin was given the infrastructure and forestry portfolios in a reshuffle in 2003 (Frynas, 2004). Sa and Rodrigues (2021) point out that opposition parties were represented in several cabinets as ministers or vice-ministers in the areas of health, transport, justice and economy. The authors add that Fang is the dominant ethnicity in the cabinet and there is informal rule to appoint prime minister from Bubi ethnicity, the second most represented ethnic group while other ethnicities (Ndowé, Bisió, Fernandino and Annobon) are represented under PDGE.

On the other hand, non-conformists tried to create NGOs based on "*the law on Non-Governmental Organizations of 1999 and the European Union programmes of civil society capacity building*", however, Nguema rule and the prohibitive clause on assistance from international organizations in the law halted the efforts (Campos-Serrano, 2013: 330). Campos-Serrano (2013) underlines that international organizations (e.g. Global Witness, Human Rights Watch, Centre for Economic and Social Rights, Revenue Watch Institute, CCFD-Terre Solidaire, Amnesty International and the Spanish Asociación para la Solidaridad Democrática con Guinea Ecuatorial (ASODEGUE)) have criticized the Equatorial Guinean government separately or collectively. Furthermore, the NGO EG Justice have led a campaign to stop the creation of a UNESCO Prize funded by and named after Obiang Nguema Mbasogo (Campos-Serrano, 2013). Critical voices have also emerged when Equatorial Guinea asked to join Comunidade dos Países de Língua Portuguesa (CPLP) in 2010 to which Equatorial Guinea became a full member in 2014 (Sa and Rodrigues, 2021).

Sa and Rodrigues (2021) indicate that Obiang has been able to earn international credibility from autocratic and democratic regimes in the world and Frynas (2004) points out that despite Obiang Nguema does not seek financial collaboration with Western and supranational institutions, his regime seeks political recognition. For instance, Obiang Nguema had asked for closer diplomatic relations with UK when he called for an establishment of a British embassy and asked for British technical assistance to improve the efficiency and know-how of government ministries and other bodies of the state administration (Frynas, 2004). Connectedly, Equatorial Guinea also asked for a technical assistance from the World Bank to improve "*the management of the oil sector for public investment planning and the creation of a poverty reduction strategy*" and the World Bank has agreed to conduct trainings for the officials of the Ministry of Mines and Energy and GEPetrol in 2003 (Frynas, 2004: 538). Furthermore, Equatorial Guinea and IMF held a "*Article IV consultation*" in 2003 too, in which the IMF was less vocally critical of Equatorial Guinea (Frynas, 2004: 538). Equatorial Guinea joined the Franc CFA zone and the Customs union of Central Africa (CEMAC) (Valenciano-Mane, 2019) while Spain erased 60% of Equatorial Guinea's 134 million dollars debt, in 2003, backed Equatorial Guinea in a land dispute with Gabon and reacted mildly to the death of a Spanish national by an Equatoguinean soldier (Frynas, 2004). Meanwhile, Sa and Rodrigues (2021) highlight that Obiang Nguema was the president of African Union, in 2011 that Equatorial Guinea hosted African

Development Bank (AfDB) Malabo Meeting, in June 2019, and the country was a member state in United Nations Security Council, between 2018 and 2019.

Additionally, Sa and Rodrigues (2021) also point out that Teodoro Obiang Nguema Mbasogo became the longest service leader in Africa with his re-election in 2016 while Equatorial Guinea has never had a transfer of power with an election at the presidency level in its political history. Campos-Serrano (2005) highlights that elections from 1996 onwards had been conveniently manipulated from 2000 presidential elections where Obiang Nguema had 97.7% of votes to 2004 local and legislative elections while opposition did not participate in 2000 local elections. Relatedly, Campos (2008) states the ruling party constantly receives more than 95% of the votes in elections and encounters very little criticism by international actors since the mid-1990s.

Meanwhile, Equatorial Guinea’s military expenditure has increased from 0.39% in 1994 to 5.90% in 2018 due to the increase in revenues by oil extraction and a number of attempted coups (Sa and Rodrigues, 2021). For example, the 1998 coup attempt is linked to Martin Puye, the leader of the illegal Bubi political party, Movimiento para la Autodeterminación de la Isla de Bioko (MAIB), which led to a violent repercussion against the Bubi ethnic minority (Sa and Rodrigues, 2021). Sa and Rodrigues (2021) add that there were other coup attempts in 2002, 2003, 2004 and 2017. Contrarily, Equatorial Guinea has made very little progress on health and education where life expectancy has increased only 2 years and pupil-teacher ratio and adult illiteracy rate has decreased between 1995 and 2001 (Frynas, 2004). Equatorial Guinea spent an average of 1.23% of government expenditure on health while Nigeria and South Africa spent 5.95% and 12.1% respectively between 1997 and 2002 (Frynas, 2004). Moreover, Equatorial Guinea spent an average of 1.67% of government expenditure on education while Nigeria and South Africa spent 12.1% and 21.9% respectively between 1997-2002 (Frynas, 2004). Equatorial Guinea allocates the least percentage of GDP to education among countries in the United Nations Development Programme's Human Development Report, however, it is still a significant increase due to increased oil and gas revenues (Goldman, 2011). Equatorial Guinea has worsened in public health area: infant and child mortality rates increased from around 10% and 12% in 1990 to around 17% and 20% in 2007 respectively (Shah, 2013). Furthermore, Toto Same (2008) underlines that GDP per capita increased almost 10-fold from 346 dollars in 1995 to 3,391 dollars in 2004, however, the population did not benefit from this economic boost, since two thirds of the population do not have an access to clean water and illiteracy rate is 60%. Goldman (2011) highlights that there had been reports where the origin of Teodoro Nguema Obiang’s financial gains were from corrupt activities and he has channeled 75 million dollars into USA between 2005-07, which was almost twice more than Equatorial Guinea's annual national education budget at the time. Meanwhile, the estimations indicate that in 2006, almost four fifths (77%) of the population were living under poverty in Equatorial Guinea (Colom-Jaen and Campos-Serrano, 2013). International Budget Partnership has a publication of Open Budget Index, which ranks governments on the disclosure of their budgeting process and Equatorial Guinea was scored at 0% in 2008 and 2010 reports (Goldman, 2011). Inflation rate had been officially less than 10% in the early 2000s, however, the real rate can be as high as 50% (Frynas, 2004). Consequently, the living conditions worsened while foreign aids have reduced from 30.8 million dollars in 1996 to 21.3 million dollars in 2000 due to the oil revenues (Frynas, 2004).

On the other hand, Frynas (2004) points out that Equatorial Guinea experienced the highest growth in GDP from 1997 to 2001 by an average of 41.6% and nearly 5 billion dollars were invested into the country between 1998 and 2003. The oil production began growing exponentially and the productions increased from 17,000 bpd in 1996 to 371,700 bpd in 2004 (Campos-Serrano, 2005). Connectedly, Equatorial Guinea was ranked fourth oil producer by 403,600 barrel per day in sub-Saharan Africa following Nigeria, Angola and Sudan in 2005 (Campos, 2008). In addition, oil and methanol amounted to 92% and 6% of the export earnings in 2002 respectively while wood and cocoa exports amounted 2% and less than 0.1% respectively (Frynas, 2004). Hydrocarbon production constituted 99.3% and 98% in exports and government revenues respectively and oil industry is the mere industry to create employment except public employment (Appel, 2012). However, Frynas (2004) states that the industry is not prone to create many employment opportunities and hires less than 10,000 people in total. Relatedly, Goldman (2011) points out hydrocarbon production of Zafiro field has reached its peak in 2008 by 488,000 barrels of oil equivalent per day (boepd) in 2008.

Frynas (2004) highlights that the regime does not attempt to modernize agricultural sector and create employment opportunities, as oil revenues are more attractive in the short term. Equatorial Guinea was the richest African country by GDP per capita (11,033 dollars) in April 2010 (Goldman, 2011). Appel (2012) adds that Equatorial Guinea was paid more than 50 billion dollars in capital deployment from American transnational oil and gas companies, until 2012, since the first commercially viable oil extraction while Colom-Jaen and Campos-Serrano (2013) underline that oil revenues paid by transnational oil companies amounted to 92.4% of the government's budget in 2009. Moreover, oil is dominantly extracted by American transnational oil companies (ExxonMobil, Amerada Hess and Marathon Oil) and Chinese, Spanish or South African companies have shown an interest in oil extraction in Equatorial Guinea since 2006 (Campos, 2008). Relatedly, according to Toto Same

(2008), National Oil Company of the Republic of Equatorial Guinea (GEPETROL) was founded by Presidential Decree in February 2001 and began its operations in 2002. Toto Same (2008) adds that GEPETROL is regulated and controlled by the Ministry of Mines and Energy. GEPETROL negotiates and finalizes petroleum contracts and sales of Equatorial Guinea’s hydrocarbons, gives licenses for oil extraction in Equatorial Guinea and takes an active role in commercial ventures whether it is sole participation or partnership with national or foreign companies in Equatorial Guinea and other countries (Toto Same, 2008). Frynas (2004) states that GEPETROL obtained ownership stakes in every oil field (e.g. a 5% ownership of Block B in the Zafiro field and a 3% ownership in the Alba oil concession) and also negotiated a higher share in the oil fields (e.g. a 15% share in the Petronas-operated Block N, a 25% in Marathon’s LNG plant and a 30% in Block O operated by Noble Energy and Glencore in 2004). Equatorial Guinea offered more lucrative terms on other clauses too, such as low signature bonuses of 500,000 dollars to 1 million dollars and low operational costs, however, the World Bank audits in 2001 highlighted discrepancies between paid and payable amounts while the 2003 IMF report indicated that 88 million dollars were to be paid by oil corporations to Equatorial Guinea for the period 1996–2001 (Frynas, 2004). Furthermore, Frynas (2004) highlights that the average share of oil revenue from production-sharing contracts was 39% for Equatorial Guinea while Gabon and DRC received 78.4% and 76% in 2004 respectively. On the other hand, as Valenciano-Mane (2019) points out the overwhelming majority of products and services supplied to oil industry are imported from workforce to electricity generators and foodstuffs. Relatedly, the disparity between Equatoguinean and foreign workforce is stark too because Equatoguinean workers receive much less benefits and often hold low level positions (Appel, 2012). In addition, Campos-Serrano (2013) underlines that oil industry increased the privatization in different industries due to the emergence of affluent minority. Take this example: a residential area, Malabo II is built (Campos-Serrano, 2013) while NGOs have criticized the mass construction projects for being an apparatus of “*forced expropriations and evictions without fair compensation and the accumulation of land by a small minority*” (Campos-Serrano, 2013: 316).

Consequently, Goldman (2011) states that Equatorial Guinea’s economy does not rely on taxation and the economy is highly dependent on oil and gas revenue since non-tax revenues of royalties, profit-sharing agreement income and hydrocarbon sector income amounted to 1.4 trillion CFA francs of 1.5 trillion CFA francs of government revenue in 2010. Goldman (2011) also stresses that tax revenue only amounted 7.5% of GDP, in 2010 and that corporate tax rate is 35% and companies domiciled in Equatorial Guinea are taxed on their global earnings while companies domiciled in other countries are taxed at 10% withholding tax on income earned in Equatorial Guinea. However, payments made by companies are subject to differentiated withholding rules in the oil and gas industries (Goldman, 2011). Moreover, Goldman (2011) points out that taxation legislation has identified the rules and regulations for operating in Equatorial Guinea, however, the oil industry has a parallel system and the regime agrees on production-sharing contracts based on tailored specifications with transnational corporations, which cover the specific tax and royalty arrangements and are not accessible to public knowledge. Furthermore, Equatorial Guinea announced its candidacy for Extractive Industries Transparency Initiative (EITI) in 2007 to demonstrate willingness to improve its governance since corruption have become rampant (Goldman, 2011). However, there had been no meaningful progress (Goldman, 2011).

Meanwhile, Goldman (2011) indicates Nguema regime created Social Development Fund (SDF) in 2005 and signed a memorandum of understanding with the US government aid agency USAID to have an overview of the establishment and to give technical expertise for the fund. However, the agreement only lasted until December 2010, and it was not renewed (Goldman, 2011). SDF is argued to be under Nguema regime control and President Obiang Nguema is the head of the board to moderate SDF's operations (Goldman, 2011). Goldman (2011) adds that SDF struggles with its transparency as well as its related projects, such as the regime promised to fund for 18 projects in activities related to fishing and environment, internal affairs and local cooperation departments in 2010, however, investment values were not announced. Despite these, IMF agreed to a 282.8 million dollars loan "*to promote economic growth and stability and governance and transparency in December 2019*" (Sa and Rodrigues, 2021: 100). Furthermore, Goldman (2011) states that Nguema regime has announced a National Development Plan 2020 to diversify economic activity and offset the declining oil revenue, however, it was an empty plan without real commitment, political will and economic oversight.

Equatorial Guinea's GDP grew at 8.3% rate in 2012 and a continuous decline had followed since 2012 (World Bank, 2022a). Equatorial Guinea's GDP growth rate decreased to an average of -4.9% between 2013-2021 (World Bank, 2022a). World Bank (2022b) estimates oil rents captured 51.3% and 52.8% of GDP in 1999 and 2002 respectively, however, the percentage decreased drastically to 33.5% in 2010 and 15.6% in 2020 in Equatorial Guinea. Moreover, Foreign Direct Investment (FDI) has been a volatile feature of the economy. For example, FDI net inflows amounted to 161% of GDP in 1996, however, plummeted to 12.1% in 1997 and increased to 74.1% in 1998 again World Bank, 2022c). FDI net inflows have not amounted to more 10% of GDP since 2010 when the rate stood at 16.8% (World Bank, 2022c). Furthermore, World Bank (2022d) estimates FDI inflow amounted to 376 million dollars in 1996 and increased 941 million dollars in 2001. The amount increased to 1.24 billion dollars in 2007 and reached the peak by 2.73 billion dollars in 2010 (World Bank, 2022d). However, FDI net inflows amount to 233 million dollars in 2015 and 530 million dollars in 2020 (World Bank, 2022d). At the same time, World Bank (2022e) indicates that Equatorial Guinea's GDP exceeded 1 billion dollars in 2000 for the first time and it increased to 8.22 billion dollars in 2005, 16.31 billion dollars in 2010 and 21.77 billion dollars in 2014. However, the trend became downward and it amounted to 12.27 billion dollars in 2021 (World, 2022e). Equatorial Guinea's exports to GDP ratio decreased from 85.8% in 2010 to 56.7% in 2015 and to 43.5% in 2020 (World Bank , 2022f). On the other hand, United States Energy Information Administration (2017) states that oil and gas industry covered three fifths of GDP and four fifths of fiscal revenue in 2015.

On the other hand, formal political institutions exist, however, they are changeable at the leader's will who also exercise informal tools, such as: "*clientelism, family ties and small-scale rent distribution*" to maintain his rule while the president has been given a wide range of constitutional power and is believed to be in contact with God (Sa and Rodrigues, 2021: 83). A new constitution was approved after 13 November 2011 referendum, which states presidency and vice-presidency cannot be upheld with more than two 7-year terms while a 100-member Chamber of Deputies substituted House of Peoples' representatives of the same size and a 70-member senate were installed (Sa and Rodrigues, 2021). However, these changes do not indicate a difference in the clientelist network and political system. According to Okenve (2009), repression is not functional due to efficiency and complexity of repressive tools and methods as in many other authoritarian countries but there are other factors. Okenve (2009) adds that Equatorial Guinea contains cultural dualism as other countries with colonial history and Obiang Nguema carries African (Fang) and European (Spanish) political cultures in one leader therefore he can deploy the characteristics of either one in his ruling of Equatorial Guinea. Consequently, Okenve (2009) underlines he has used this dualism to rule and maintain legitimacy and fear very effectively. Connectedly, elimination of "*disloyalty among those at the bottom or periphery of the clientelist network*" has two methods in Equatorial Guinea (Okenve, 2009: 151). One is virtual representation where corporate and regional representations have been appointed to influential positions on purpose (Okenve, 2009). The second method is self-repression due to the fear of being complained to the authorities by a family member, a neighbour or a member of society (Okenve, 2009). Therefore, districts and families express loyalty and do not act and speak in a criticizing manner while the multiparty system has led electoral campaigns to make electorates make promises to the leader of the PDGE rather than the opposite (Okenve, 2009). Okenve (2009) highlights that extreme patrimonialism make the leader and state undistinguishable, the pledge of loyalty goes towards the leader rather than the state and Obiang Nguema has been much better at it than his predecessor as he has exceeded the amount of control and power compared to Macias Nguema, such as the overwhelming majority of the population is an official PDGE member.

6. Similarities of political and economic transition and sustainability between Venezuela and Equatorial Guinea

When Venezuela and Equatorial Guinea were chosen to analyze the transition of natural resource-dependent countries, a number of factors were considered to make the comparison relevant in terms of similarities between them. However, a number of factors were also considered to make the distinction between the countries. In essence, the comparison had to be with enough similarities, however, certain differences had to be observed to make a relevant comparison too. Consequently, two countries where their dependence originated from the same commodity was the most suitable approach of comparison for the author. Therefore oil dependent countries were selected. To further the statement on the similarities, it is also worth noting both countries are former Spanish colonies and Spanish language and inheritance are rooted in both of them before we begin underlining the similarities in political and economic structures.

Several similarities as well as differences in both countries were observed in different periods rather than at the same time. However, we can notice the pattern if we also consider the chronological difference in the date of independence for the institutional maturity and the discovery of oil for the evolution of economy. For example, Venezuela gained its independence and discovered oil reserves much earlier than Equatorial. Connectedly, a similar component between both countries in the discovery of oil was that both countries discovered oil reserves during a military rule. Venezuela discovered its oil reserves during Juan Vicente Gomez rule (1908-35) who came to power with USA assisted coup (Karl, 1987) while Equatorial Guinea discovered the oil reserves in 1980s during Obiang Nguema rule who is still the authoritarian leader of Equatorial Guinea (Frynas, 2004).

Another similarity in political terms is that both countries became a closer ally with Western countries, in other word, consumer countries after the discovery of oil. Venezuela built a closer relationship with the USA and trade relations between Venezuela and USA were a major economic partnership. The alliance broke down during Chavez presidency, decades after the first oil discovery in 1920s. On the other hand, Equatorial Guinea had been a country of interest by consumer countries and supranational institutions in 1980s due to the oil interest (Sa and Rodrigues, 2021). However, international actors have reacted to the authoritarianism in Equatorial Guinea before the consistent oil extraction in mid-90s. Take the following examples, Spain froze aid programs in 1994, US embassy was closed and Peace Corps programmes were halted by Clinton administration in 1995 while IMF programmes were also suspended (Campos-Serrano, 2005). The tide shifted drastically when Equatorial Guinea began extracting oil in large quantities and consumer countries and supranational institutions began becoming much less vocal about the political authoritarianism in Equatorial Guinea. For instance, Spain reached an aid and cooperation agreement (IX Comisión Mixta) to improve education and health without any political conditionality in 1999 after the discovery of oil, agreed to cancel and renegotiate Equatorial Guinea's debt and closed a radio program dedicated to Equatorial Guinea by the pressure of Obiang regime while Repsol signed a contract to co-exploit an oilfield in 2003 (Campos-Serrano, 2005). Meanwhile, ExxonMobil enabled Obiang regime to build relations with the Bush Administration and employed lobby and consultancy firms to change the country's image (Sa and Rodrigues, 2021) while supranational institutions had a drastic change in their attitude towards Equatorial Guinea too.

Another similarity is an economic embargo and political isolation in Venezuela and Equatorial Guinea. It is worth underlining the embargos against Venezuela were implemented during Chavez presidency and originated from differences in political motives and ideologies rather than genuine concern in Venezuela's circumstances. Chavez ideology was an opposite of Western allies and economic and political changes were not welcomed, and therefore economic and political embargos followed with stern statements of disagreement. The atmosphere did not become milder after Chavez's death. On the other hand, economic and political embargos against Equatorial Guinea were just before the start of oil production and it originated from discomfort how the country was ruled. To be concise, Equatorial Guinea never had a democratic rule and was always under a strict military rule of one family. However, previously ignored happenings, such as the political atmosphere in Equatorial Guinea received recognition and faced discontent when human rights became more vocalized and liberal ideologies became more dominant in early 1990s. Consequently, the more oil production increased in Equatorial Guinea and the less relevant political concerns became for consumer countries.

On the other hand, both countries have encountered similarities in economic parameters too where oil dominated the economy, shaped economic policies, trade relations and agreements as well as several other components of the economy. First of all, both countries were reluctant to changes in economic policies to reduce the dependence on oil by forgoing immediate gains from oil revenues. Venezuela established economic policies to focus on oil production since the initial belief was integration policies had been advantageous in theory but constraining in practice (Avery, 1976). Venezuela have considered to join several bilateral and multilateral trade agreements and diversify the economy at different stages. On the contrary, we do not observe attempts to weaken oil dependency in Equatorial Guinea where oil revenues are prioritized and the methods of the accrual of these revenues are not focus of much contemplation either. For example, Equatorial Guinea relies on royalties on oil production and does not even extract its own oil but allows transnational corporations to do so. Moreover, both countries constructed the economy and relied on oil production and revenues for economic sustainability.

Both countries have joined several multilateral trade agreements and regional and international organizations. Although motives can be different, it does not waver the fact of the participation in these arrangements by both countries. Venezuela began integration process by Charter of Quito in the 1940s and followed by LAFTA, Andean Common Market and FTAA in 1960s (Avery, 1976; Orhangazi, 2014). The participation continued during Chavez regime as well, including a barter alike trade relation between Venezuela and Cuba, ALBA, Petrocaribe and PetroSur (Orhangazi, 2014; Nakatani and Herrera, 2008). In short, Venezuelan participation arose from the recognition of the need to diversify the economy in 1960s while being hesitant to economic diversification at the same time and to form a continental alliance among Latin American countries in 2000s during Chavez regime. Equatorial Guinean participation in trade agreements and regional and international organizations arose from the need of political legitimacy by the authoritarian rule. For instance, Equatorial Guinea announced its candidacy for Extractive Industries Transparency Initiative in 2007, however, no meaningful progress was observed while Equatorial Guinea joined the Franc CFA zone and the Customs union of Central Africa (Goldman, 2011; Valenciano-Mane, 2019). Furthermore, Obiang Nguema was the president of African Union in 2011, Equatorial Guinea hosted African Development Bank (AfDB) Malabo Meeting in June 2019 and became a member state in United Nations Security Council between 2018 and 2019 (Sa and Rodrigues, 2021).

Furthermore, oil as a commodity has an intrinsic effect of pushing out other industries in production since its value is much more expensive. Therefore, both countries have experienced a great increase on reliance on oil production and revenues. For instance, coffee and cacao established two-thirds of the export in 1921 and the figures decreased to 3% in 1940 in Venezuela (Angotti, 1998) while agriculture sector held more than two thirds (71,6%) of workforce in rural activities in 1920 and it decreased almost by half (33,5%) in 1961 (Karl, 1987). On the other hand, cocoa, coffee and timber were Equatorial Guinea’s biggest source of income after the independence in 1968 too (Toto Same, 2008). However, a steep decrease in agricultural sector led GDP per capita to drop significantly (Toto Same, 2008). Cocoa and coffee production plummeted when Spain withdrew the differentiated conditions for Equatoguinean products after the independence (Campos-Serrano, 2013). Frynas (2004) points out Mobil extracted oil in Zafiro field in 1995 and the production rose from 40,000 bpd in 1996 to 190,000 bpd in the following years while Toto Same (2008) states foreign investment in Zafiro oil field amounted to approximately four fifths (79%) of GDP from 1994 to 1998. Moreover, Venezuela also had struggles to change the dynamics of its economy due to the existence of its import-substitution industries and their disadvantage to compete with industries of other Latin American countries (Avery, 1976). Import substitution policy had benefits, however, it skyrocketed prices and made Venezuela too expensive for the export of manufactured goods (Avery, 1976). Natural resource based economy favours the rent from the resource than productive mechanisms to circulate the economy and Venezuelan social class became dominantly urban middle class without productivity in traditional economical sense therefore the political system evolved to favour the majority class and policies to retain the reliance on oil rents for the economy (Karl, 1987). Consequently, the share of manufacturing industries stagnated and signaled the significant dependency on oil in Venezuelan economy therefore export of public sector goods decreased from 84.3% in 1997 to 77.5% in 2006 while the export of private oil increased from 0.2% in 1997 to 15.0% in 2006 (Nakatani and Herrera, 2008). On the other hand, Equatorial Guinea experienced the highest growth rate in GDP from 1997 to 2001 by an average of 41.6% and nearly 5 billion dollars were invested into the country between 1998 and 2003 (Frynas, 2004). Equatorial Guinea was ranked fourth oil producer by 403,600 barrel per day in sub-Saharan Africa following Nigeria, Angola and Sudan in 2005 (Campos, 2008). However, the increase in the oil revenues also indicates a similar increase in the degree of reliance on one commodity for the economy. Relatedly, oil and methanol amounted to 92% and 6% of the export earnings in 2002 respectively while wood and cocoa exports amounted 2% and less than 0.1% (Frynas, 2004). In addition, hydrocarbon production constituted 99.3% and 98% in exports and government revenues respectively (\Appel, 2012). Subsequently, Nguema regime announced a National Development Plan 2020 to diversify economic activity and offset the declining oil revenues (Goldman, 2011). However, it was an empty plan without real commitment, political will and economic oversight (Goldman, 2011). Additionally, oil dominance stagnated other industries as highlighted or made a synthetic increase, which would vanish if oil revenues vanished. Take the example, automotive industry had an increase in its share in Venezuela. Angotti (1998) indicates the second most influenced sector by oil revenues was real estate due to the increased demand in new office and apartment buildings, however, he underlines more than two-fifths of the population were residents in barrios in Caracas. We can observe an increase in infrastructure industry in both countries too, however, it is mostly due to the available funds to spend for the projects, which indicates a superficial activity or corruption as it is in Equatorial Guinea.

In addition, foreign workforce in oil industry and its role can be a discomforting attribute for the public, which both countries share this similarity in different eras. Venezuela has been producing oil for a century and does not rely on foreign workforce since the industry matured and local workforce came into equation. However, characteristics of foreign workforce in oil sector divided public in the 1920s and it magnified when South Asian and African workforce began working in oil sector (Trinkunas, 2010). Similarly, Equatorial Guinea relied on foreign workforce when oil production began and it still persists after more than 2 decades of continuous oil production. Relatedly, the disparity between Equatoguinean and foreign workforce is stark because Equatoguinean workers receive much less benefits and often hold low level positions (Appel, 2012).

Excessive oil revenues indicated that excessive capital flight took place in both countries. However, how it is done and who has done it differed. It was mostly by economic elites in Venezuela and political leaders were not much involved, at least, explicitly. However, capital flight is conducted by political elites in Equatorial Guinea since political ruling elite is also the economic elite in the country. Connectedly, the World Bank figures estimated 22 billion dollars of capital flight between 1979 and 1982 while Morgan Guaranty Trust figures estimated 31 billion dollars between 1976 and 1985 in Venezuela (Abente, 1987). Furthermore, Morgan Guaranty Trust figures predicted 12.5 billion dollars were held by Venezuelan nationals in overseas banks and this figure was equal to or more than the official figures of private debt while the holdings, which were not under Venezuelan addresses or using intermediaries in third countries were not counted as well as assets other than bank deposits, such as securities, stocks, currency and real estate (Abente, 1987). In the Equatorial Guinean case, negotiations and agreements on oil extraction between transnational oil companies and Equatorial Guinea have been in personal settings by close associates and family members of the president and informal clauses have been added to be a presumable trade-off between very lucrative oil concessions for the companies and personal gains for the ruling family (Campos, 2008).

Additionally, both countries have experienced a deterioration in environment due to oil production, which is a causal circumstance. Moreover, both countries have also experienced a decrease or stagnation in the quality of public services, which is contradictory of the richness from oil revenues. Nevertheless, this phenomenon can be explained by improper practices, such as corruption. It is also worth noting that Venezuela have made a considerable progress in sustainability and quality of public services after Chavez came into power. Initially, the poverty rate doubled from a third of the population in 1975 to two-thirds in 1997 in Venezuela (Muhr and Verger, 2006). Muhr and Verger (2006) add education programmes had been continuously underfunded and structural adjustment policies had magnified the underfunding further, which contributed to the public education investment in Latin American countries to be eight times less than OECD countries. Meanwhile, the budget of the Ministry of Environment and National Parks were decreased by half from 1988 to mid-1990s, which led to a significant decrease in the protection and sustainability of renewable natural resources after the implementation of structural adjustment policies in 1989 (Rodriguez, 2000). Average temperature also increased significantly "*due to auto use, the use of concrete for highway and building construction and the disappearance of green areas*" in Venezuela (Angotti, 1998: 112). To the contrary, illiteracy and infant mortality rates plummeted and the public spending on such services increased from 23.7% of GDP in 1998 to 31.0% in 2006 while social expenditure increased from 8.2% to 13.6% of GDP (Nakatani and Herrera, 2008). Connectedly, the illiteracy rate was at 6.12% in 2001 and it was eradicated in 2005 (Muhr and Verger, 2006). Chavez regime invested in social programs heavily, social spending grew 170% from 1998 to 2006 while PDVSA alone invested almost tenth (7.3%) of GDP in social spending in 2006, which made total social spending more than a fifth (20.9%) of GDP in 2006 (Hammond, 2011). Furthermore, Muhr and Verger (2006) point out that the education system had been a controversial theme as well where Chavez regime increased the education budget by 288% and equaled 15% of total government spending for education. Almost 5 million people lived under poverty and more than half a million of them were under extreme poverty in 1998 (Garcia-Rodriguez, 2019) while population under poverty decreased from 43.9% in 1998 to 23.8% in 2009 and population under extreme poverty decreased to 5.9% in 2009 (Orhangazi, 2014). On the other hand, Equatorial Guinea has made very little progress on health and education where life expectancy has increased only 2 years between 1995 and 2001 (Frynas, 2004). Equatorial Guinea spent an average of 1.23% and 1.67% of government expenditure on health and education between 1997-2002 respectively (Frynas, 2004). In short, Equatorial Guinea allocates the least percentage of GDP to education among countries in the United Nations Development Programme's Human Development Report (Goldman, 2011). Consequently, Equatorial Guinea has worsened in public health area, such as infant and child mortality rates increased from around 10% and 12% in 1990 to around 17% and 20% in 2007 respectively (Shah, 2013).

Last but not least, oil exporting countries establish their institutions to control oil production, which handles oil extraction if the country extracts the oil itself as well as oil negotiations and other aspects related to the activity in oil sector. This institution is PDVSA in Venezuela and PDVSA holds economic and political significance in Venezuela. Chavez regime enacted agrarian reform and hydrocarbons laws to increase the royalties for PDVSA and transnational corporations, which led to a coup attempt and strike in April and December 2002 respectively (Hammond, 2011). Later on, transnational oil companies with operation agreements with PDVSA were turned into joint ventures except Exxon Mobil, which their oil fields were added to the ownership of PDVSA (Orhangazi, 2014). On the other hand, National Oil Company of the Republic of Equatorial Guinea (GEPETROL) was founded by Presidential Decree in February 2001 and began its operations in 2002 (Toto Same, 2008). Toto Same (2008) adds GEPetrol is regulated and controlled by the Ministry of Mines and Energy while GEPetrol negotiates and finalizes petroleum contracts and sales of Equatorial Guinea's hydrocarbons, gives licenses for oil extraction in Equatorial Guinea and takes an active role in commercial ventures whether it is sole participation or partnership with national or foreign companies in Equatorial Guinea and other countries.

7. Differences of political and economic transition and sustainability between Venezuela and Equatorial Guinea

One of the most fundamental difference between Venezuela and Equatorial Guinea is the public perception towards authoritarian rule. Venezuela has experienced authoritarian military rules throughout its post-colonial history. However, Venezuela consistently had had a vocal criticism and demonstrations in its history to dispute the military and democratic regimes. Therefore political passivity was not a reality. For example, the first democratic government was when Accion Democratica shared the governance roles with the military in 1946 and was toppled after three years, which is called the trienio (Karl, 1987). Lieuwen (1960) underlines that the coup in 1948 was shortly after the enacted agrarian reform law and adds the next democratic regime by Betancourt came to power in 1958. Moreover, Rómulo Betancourt, Jovito Villalba and Gustavo Machado were leaders of major political parties of AD, URD and Communist party respectively who were also student leaders during Gomez’s military rule (Lieuwen, 1960). As Karl (1987) indicates, Romulo Betancourt (the leader of AD in exile), Rafael Caldera (the head of COPEI), Jovito Villalba (the head of the URD) and Eugenio Mendoza agreed to a certain set of conduct before the downfall of the military regime, such as a formula of power sharing of their design, non-compliance to a transition offer by the military and removal of the Communist party from claims to equal partnership. The Pacto de Punto Fijo and the Declaracion de Principios y Programa Minimo de Gobierno were signed before the democratic elections by all parties except the communist party as they were sidelined in 1958 and the intention was to give a prototype mode of governance with parameters, rules and limits of the system and keep the political balance to protect economic and social norms of the society (Karl, 1987). Karl (1987: 85) states that these two pacts exemplified the rhetoric for an exchange between "*the right to rule for the right to make money*". Consequently, oil revenues built an interrelated connection among foreign and urban local capital and the state as well as hesitancy towards authoritarian system among the elite (Karl, 1987). We can discuss whether these occurrences and political schemes were beneficial to the country and ponder on the benefits and harms they have caused. However, we can agree on the fundamental notions, such as that Venezuela had political mechanisms, which prevented total authoritarianism and there was public demand for democratic practices and a right to choose elected governments by democratic means. These notions are non-existent in Equatorial Guinea, which we will underline below. It is also worth noting that Venezuela did not only have a political contestation of political personas towards military rule and there were also plenty social uprisings and demonstrations. Take the examples of several sociopolitical uprisings, which have emerged, such as "*the cultural congress of Cabimas in 1973, introduction of a vision of cultural resistance, the experiences of workers councils and revolutionary syndicalism in the 1980s, the national student congress in Merida in 1985, the rebirth of the peasant movement and land occupations in Yaracuy in 1987, the neighborhood councils of Caracas from 1991 to 1993, the libertarian pedagogical movement of the 1990s based on the democracy of knowledge, the development of the constituent powers of the people from 1995 onwards, the electoral victory of Chávez in 1998 and the widespread experience of self-organization during the entrepreneurs' lock out and oil sabotage in 2002–03*" (Azzellini, 2009: 414). On the other hand, Equatorial Guinea had a passive political history where a president has changed only once and by means of coup d'état. According to Okenve (2009), colonialism has become illegitimate following the World War II and right to self-determination has gained public resonance, and therefore, Equatorial Guinea gained independence after 10 years of existence of Equatorial-Guinean nationalist movement. The population did not have an active affiliation with the movement and the movement could not reach its intellectual and organizational maturity by having the right to self-determination as its only defining reason to exist (Okenve, 2009). Equatorial Guinea became independent in 1968 and the first president, Macias Nguema was overthrown by his nephew and chief of security, Obiang Nguema Mbasogo in a coup d'état in 1979 (Appel, 2012). Obiang Nguema is still the leader and has rarely been challenged. It is worth underlining there had been political activism and coup attempts, however, the efforts had been surpassed. For instance, the 1998 coup attempt is linked to Martin Puye, leader of the illegal Bubi political party, Movimiento para la Autodeterminación de la Isla de Bioko (MAIB), which led to a violent repercussion against the Bubi ethnic minority while there were other coup attempts in 2002, 2003, 2004 and 2017 (Sa and Rodrigues, 2021). Furthermore, democratic elections, public participation in societal topics, public demonstrations and other relevant societal mechanisms to express discontent had not been unknown in Venezuela but were feared and avoided in Equatorial Guinea. Voicing your criticism is an existential threat in Equatorial Guinea. Relatedly, repression and installation of fear was made the main methods to hold power and Equatorial Guinea was transformed into a family rule by Nguema family (Campos-Serrano, 2005). Obiang formed PDGE after 7 years in power in a single-party system in 1986 and adopted a new constitution and the multi-party system in 1991 (Sa and Rodrigues, 2021). Multi-partyism was implemented but it became quite obvious the implemented system was symbolic and ineffective in practice. For example, the interior ministry and national election board are responsible for the administration of political parties, such as registration, dissolution and banning, which are controlled by PDGE and this indicates the regime can control the opposition political parties (Sa and Rodrigues, 2021). Consequently, Teodoro Obiang Nguema

Mbasogo became the longest service leader in Africa with his re-election in 2016 (Sa and Rodrigues, 2021).

Moreover, Venezuela had been a more established country in the modern political history where the economic participation and significance in several multilateral agreements have been a critical factor. Another component of comparable difference is an institutional maturity in Venezuela where it has not been reached in Equatorial Guinea. Take the example, Venezuela is a founding member of OPEC and PDVSA owned 24 refineries in the world, 6 and 10 in United States and Europe respectively (Angotti, 1998). Meanwhile, Venezuelan participation in multilateral agreements held a significant value for partner countries. On the other hand, we do not have many examples where Equatorial Guinea had been a key player in any multilateral agreement or supranational institution. Undoubtedly, we have to take into account country-specific background. However, we can underline Equatorial Guinea had used the oil reserves for a limited number of motives and the leading motive is self-enrichment of Nguema family.

Another fundamental difference between Venezuela and Equatorial Guinea is government attention to public needs, which can be connected to institutional maturity as well. Venezuela had not been an exemplary country in public service criterion prior to Chavez regime, however, the circumstances had not been extremely dire. Relatedly, government allocated a considerable size of resources to improve "*basic urban infrastructure including roads, bridges, water and sewer systems, schools and health facilities*" and government initiatives rather than the benefits arose from oil revenues undertook the role to change Venezuela from a rural to urban nation (Angotti, 1998: 107). Other initiatives, such as the Poor Rural Communities Development Project, which was sponsored by the Foundation for Training and Applied Research in Agrarian Reform in the 1990s was implemented by the Chavez presidency (Garcia-Rodriguez et al., 2019). However, it created a conflict among local parties due to unaligned views and it led the government to assign the local administration to self-govern, in other words, abandon the programme in 2007 (Garcia-Rodriguez et al., 2019). In addition, the Constitution of the Bolivarian Republic of Venezuela established the Microfinance System Stimulation, Promotion and Development Law and the Special Law on Cooperative Associations, which enabled the installation of the Microfinance System and the People's Bank while BANMUJER was "*the first social bank for women in Venezuela*" (Garcia-Rodriguez et al., 2019: 796). The Chavez government also established community councils as well as social programs, Barrio Adentro for medical service, Mercal for food outlets, Misión Ribas and Sucre for high school and university education to serve the poor segment of the population and installed the institutions with a decision-making role of the local community (Ellner, 2013). Orhangazi (2014) indicates 25 missions were introduced with the majority in areas, such as health, education and food missions in 2009 and missions ranged from pre-school education (Mision Simoncito) and vocational training and job creation programs (Mision Vuelvan Caras) to food distribution (Mision Mercal). Additionally, Tinaquillo had a declining population after the oil boom (Angotti, 1998). Its population decreased from 160,000 in 1920 to 115,000 in 1950 due to the being out of the economy of oil revenues, however, "*substantial government investments in industry and infrastructure*" reversed the trend and the population increased to 260,000 in 1981 along with the growth in the local economy (Angotti, 1998: 108). On the other hand, we do not have any example of public initiatives in Equatorial Guinea. The mere examples were corrupt humanitarian aid projects, public infrastructure projects, mega projects, which do not bring any substantial value to the population.

Furthermore, another difference between Venezuela and Equatorial Guinea is the existence of oil towns, which also signifies another difference in oil extraction. Venezuela extracts oil both onshore and offshore, however, Equatorial Guinea relies on offshore oil activity. Onshore oil activity creates oil towns, which can be destructive but can bring momentary benefits too. On the other hand, offshore oil activity detaches the economic activity of oil production from the society. Therefore, oil extraction and public involvement in oil sector is minimal in Equatorial Guinea. In Venezuela, oil towns were a significant societal element, especially, during the oil boom. The creation of oil towns came after the first oil discovery and subsequent population boom followed in accordance with oil related economic activities in small towns like El Tigre, Cabimas, Lagunillas and Puerto La Cruz and etc. (Angotti, 1998). For example, Cabimas' population was 1,940 in 1920, which increased to 42,300 in 1950 and 92,700 in 1961 while La Concepcion's population amounted to 3,709 people in 1920 and it skyrocketed to 170,000 in 1961 (Angotti, 1998). However, most of the labour force in oil and its related industries (3% of total) existed in Caracas and other mid-to-large sized cities (Angotti, 1998). On the other hand, the increase in population in these oil towns is not comparable in Equatorial Guinea because location of oil extraction formed the societal tendency to populate the settlements differently. In other words, it did not create oil towns because oil extraction was carried offshore.

National and international actors in oil extraction is a crucial difference between Venezuela and Equatorial Guinea. In Venezuela, PDVSA had a greater responsibility and was not reliant on transnational corporations as in Equatorial Guinea with GEPETROL. We have underlined institutional maturity earlier, which had an indirect effect on the reliability on international actors for both countries. To be concise, international partnerships are very important as it has shown its effects during economic and political embargos towards Venezuela. However, being dependent on outsiders just to extract the oil is a different type of dependency. In Equatorial, the first offshore oil extraction was conducted by Walter International Inc., which was owned by the former US ambassador and other American oil companies, such as Marathon, Exxon-Mobil and Hess Corporation followed. Energy Africa (United Kingdom), Sasol (South Africa), Petronas (Malaysia), Roc Oil (Australia), CNOOC, CNPC (China), Repsol (Spain) agreed to extract oil as joint ventures with the national oil company of GEPETROL (Colom-Jaen and Campos-Serrano, 2013). As Toto Same (2008: 9) underlines, Equatorial Guinea did not realize a compatible amount of revenues, which Equatorial Guinea was due because of the nature of agreements based on 1981 petroleum law "*to attract investors to an underdeveloped area with uncertain oil prospects*". However, oil revenues still skyrocketed from almost 2 billion CFA francs (12% of oil export) in 1994 to 31 billion CFA francs (13% of oil export) in 1998 (Toto Same, 2008). Equatorial Guinea contracted UK based oil consultancy firm ECL for consultancy services in the Ministry of Mines and Energy, de facto oil ministry to renegotiate the terms with transnational corporations (Frynas, 2004). However, the renegotiated production-sharing contracts did not improve the terms notably in 1998 (Frynas, 2004).

In addition, another key difference between Venezuela and Equatorial Guinea was how public employment was incorporated into political system. Undoubtedly, Venezuelan elites took advantage of oil production to use for their own advantage. However, the drastic politicization of public employment in oil sector in Equatorial Guinea was much more relentless. For example, an important company, which offers its services to oil companies, such as Sociedad Nacional de Vigilancia (SONAVI), is owned by the President's brother while administration, oil and construction industries offer the highest paying jobs (Campos-Serrano, 2013). However, those jobs are characterized by precarity, informality and deregulation (Campos-Serrano, 2013). Campos (2008) adds that oil agreements enabled the ruling family to use various political and economic repression methods such as not hiring dissidents of the regime and expropriating land from the local population to be used by the oil companies. Additionally, job agencies mandate PDGE party membership to be employed and deduct a notable share of a salary for income tax and other deductions (Frynas, 2004).

8. Conclusion

Throughout the dissertation, several components of natural resources dependency were underlined. Two countries were chosen to articulate on the effects further by focusing on economic, political and societal changes derived from natural resource dependency. Initially, natural resources were considered beneficial in improving the development levels of underdeveloped and developing countries by the majority of scholars before the late 1980s (Rosser, 2006). For example, Karl (2007: 661) points out that supporters of oil-led development argued that oil-rich countries have economical advantage to fund development projects and underlines its positive impacts on growth.

However, despite the huge promise of natural resource abundance and especially, oil abundance promised, it delivered so little for many underdeveloped and developing countries. Relatedly, the tendency to analyze existence of vast natural resource reserves more critically have gained a resonance and harmful effects of the dependency from economic aspects to social aspects began to be underlined since late 1980s (Rosser, 2006: 7).

Economic aspect of resource curse underlines several major obstacles in economic performance, such as a deterioration in manufacturing industry, price fluctuations and a decay in public services while political aspect also highlights the harmful effects of corrupt practices (Czech, 2018). To illustrate the damage in economic terms, oil-poor countries quadrupled their growth rates compared to oil-rich countries between 1970 and 1993 (Karl, 2007).

The effects are originated and felt differently in each natural resource dependent country. However, there is a notable pattern to economic underdevelopment, concentration of wealth and political authoritarianism to a various extent for each state. Czech (2018) adds that oil abundant countries do not invest in longer-term and more sustainable industries and experience a steep decrease in their revenues and encounter economic and political turmoil at a later stage if oil revenues plummet. Connectedly, dependent development theory proposes the natural resource dependency encourages underdevelopment by the concentrated accumulation of the capital too (Yates, 2009). The accumulation of capital is mostly among a political minority who has a greater influence in local politics and economics. However, another dimension of this accumulation is the income source rather than capital itself. Moreover, the technical innovation is also not encouraged in underdeveloped and developing countries because the governments and interested parties in the natural resources, namely, transnational corporations are willing to rent the technical expertise and equipment to extract the natural resources as fast and efficient as possible and forgo the steadier betterment. Therefore, the phases where expertise is improved and diffused to other sectors of the economy and production are not present in these instances.

Moreover, Rosser (2006) points out that a significant portion of the damage by natural resources dependency is originated from the rent-seeking behaviour of the recipient governments rather than the problematic economic structure, which is also a factor. Rent-seeking behaviour slows development down by "*encouraging myopia and over-exuberance on the part of political elites, promoting damaging rent-seeking behaviour by political elites and/or social actors, weakening state capacity to regulate and supervise the economy, empowering social elements that are opposed to growth-promoting policies or encouraging foreign intervention*" (Rosser, 2006: 11). In accordance with this, Yates (2015) points out that the rentier economy enables to import products basic one as foodstuffs and advanced as technological machinery due to the high amounts of oil rents and foreign currency generated from them. Subsequently, imported goods and services render national production obsolete due to the unfavourable and harmful competition while the agricultural production and living standards are weakened further (Yates, 2015).

In political terms, it is indicated a natural resource dependency can be a factor in the inefficiency of democratic institutions since 1% increase of natural resource dependence in the ratio of primary exports to GDP is presumed to increase "*the probability of authoritarian government by nearly 8%*" (Rosser, 2006: 10). Relatedly, Basedau and Lay (2009) underline political elites in natural resource rich countries allocate the revenues within a circle through clientelism, however, they also maintain economic ties with opposition members to protect the stability and status quo.

In societal and environmental terms, oil-rich countries with weak pre-oil institutions experience a detachment between the ruling institutions and society due to the weakening of social contract (Karl, 2007). However, oil-rich countries with strong pre-oil institutions also experience a similar decrease in taxation and efficiency of governance (Karl, 2007). Localities where oil is extracted experience disadvantaged economic effects and confront health and safety risks due to environmental reasons and conflict among armed groups compared to the rest of the country (Karl, 2007). To illustrate the problems further, the environmental aspects of oil extraction are "*hazardous wastes, site contamination and the lack of sufficient protection of surface and subsurface waters, biodiversity and air quality*", which threaten the public health and greatly affect farming and fishing (Karl, 2007: 670).

The dissertation has analyzed the transition of two oil-rich countries to project the theories of natural resource dependency into factual examples: Venezuela and Equatorial Guinea. The first commercial oil extraction in Venezuela was in Maracaibo by Royal Dutch Shell Company in 1922 (Angotti, 1998) while Spanish oil firm Hispanoil and Guineo-Espanola de Petroleos S.A. (GEPSA) formed a joint venture in Equatorial Guinea in 1980 and GEPSA signed a production-sharing contract for the Alba acreage to drill a successful gas appraisal well in 1985 (Frynas, 2004).

Venezuela had a high-return from trade agreements with USA and was distant to the economic integration policies due to the belief of being advantageous in theory but being constrained by its unique economic position in practice (Avery, 1976). Oil revenues also built an interrelated connection among foreign and urban local capital and state while it has caused hesitancy towards authoritarian system among the elite (Karl, 1987). On the other hand, Equatorial Guinea became independent in 1968 and the first president, Macias Nguema who was known for extreme brutality was toppled by his nephew and chief of security, Obiang Nguema Mbasogo in a coup d'état in 1979 (Appel, 2012). Obiang Nguema has made patrimonialism very central and relied on his family circle to rule due to the overwhelmingly dire economy and shortage of resources and products, however, he also underlines the ruling model has not changed significantly since the discovery of oil and inflow of exceedingly high oil revenues (Okenve, 2009). Repression and installation of fear was made the main methods to hold power and Equatorial Guinea was transformed into a family rule by Nguema family (Campos-Serrano, 2005).

In addition, in Venezuela, Accion Democratica (AD) shared the governance roles with the military in 1946 and was toppled after three years, which is called the trienio and Marcos Perez Jimenez regime who ruled the country after the trienio ended in Venezuela in 1958 (Karl, 1987). Lieuwen (1960: 350) underlines the next democratic regime was Betancourt regime, which came to power in 1958. Relatedly, Rómulo Betancourt, Jovito Villalba and Gustavo Machado who were leaders of major political parties, AD, URD and Communist party respectively were also student leaders during Gomez's military rule. Moreover, formation of an initiative by the Union Republicana Democraitica (URD) and the Venezuelan Communist party to create the Junta Patriotica (organization for all parties) in 1957 was a critical step to dismantle the military rule in 1958. (Karl, 1987). On the other hand, the Pacto de Punto Fijo and the Declaracion de Principios y Programa Minimo de Gobierno were signed before the democratic elections by all parties except the communist party as they were sidelined in 1958 and the intention was to give a prototype mode of governance with parameters, rules and limits of the system and keep the political balance to protect economic and social dimension of the society (Karl, 1987). Punto Fijo pact was formalized in the Constitution of 1961 and the president was given a role of neutral safekeeper and could only be elected once (Karl, 1987). It is worth noting that erosion of the Punjo-Fijo agreement began to be outdated for Venezuelan society between 1990 and 1998 (Sanoja, 2009) while it overlapped with the existence of the MBR-200, to which Hugo Chavez was a founding member (Azzellini, 2009). Azzellini (2009) underlines MBR-200 ceased to exist in 1998 before Chavez was elected as a president in 1999.

In Equatorial Guinea, economy was consistently weak in the early 1980s, however, economic assistance was continuously received by the interest of finding oil (Sa and Rodrigues, 2021). The first offshore oil extraction in Equatorial Guinea were conducted by Walter International Inc., which was owned by the former US ambassador to Equatorial Guinea and other American oil companies, such as Marathon, Exxon-Mobil and Hess Corporation began oil extraction following oil sharing agreements with Nguema regime (Colom-Jaen and Campos-Serrano, 2013). Relatedly, investors have also underlined the informal nature of business negotiations and role of corruption in Equatorial Guinea (Goldman, 2011). To illustrate the economic and political corruption further, opposition parties, such as Convergencia Para la Democracia Social (CPDS) and international organizations have stated their concern of the appropriation of oil revenues by the ruling family and underlined the prevalent poverty of the population despite the significant economic growth (Campos, 2008). Connectedly, Campos (2008) adds that oil agreements enabled the ruling family to use various political and economic repression methods by not hiring dissidents of the regime and expropriating land from the local population to be used by the oil companies since the ruling family also owned the private entities to give services to the transnational oil companies. Consequently, job agencies also mandate PDGE party membership to be employed and deduct a notable share of a salary for income tax and other deductions (Frynas, 2004).

Additionally, it was possible to find several similarities and differences between Venezuela and Equatorial Guinea to illustrate destructive nature of natural resource dependency and various outcomes originated from it. It was analyzed further to point out natural resource dependency causes different outcomes and country-specific dynamics alter the outcomes. However, it also leads to several similarities while a number of differences are also observed. First of all, Venezuela and Equatorial are former Spanish colonies and Spanish language and inheritance are rooted in both countries. Both countries also discovered their oil reserves during a military rule.

Venezuela and Equatorial Guinea became a closer ally with Western countries, in other words, consumer countries after the discovery of oil. Another similarity is an economic embargo and political isolation in Venezuela and Equatorial Guinea. It is worth underlining that the embargos against

Venezuela were implemented during Chavez presidency and it originated from differences in political motives and ideologies rather than genuine concern in Venezuela's circumstances. Meanwhile, economic and political embargos against Equatorial Guinea was just before the start of oil production and it originated from discomfort how the country was ruled. Moreover, both countries have encountered similarities in economic parameters too where oil dominated the economy, shaped economic policies, trade relations and agreements as well as several other components of the economy. Contrarily, both countries have also joined several multilateral trade agreements and regional and international organizations.

On the other hand, excessive oil revenues also indicated excessive capital flight took place in both countries. Both countries have suffered from it, however, the country dynamics differed the way of its implementation. For example, it was mostly by economic elites in Venezuela and political leaders were not much involved, at least, explicitly. However, capital flight is conducted by political elites in Equatorial Guinea since political ruling elite is also the economic elite in the country. In addition, Venezuela and Equatorial Guinea have also experienced a decrease or stagnation in the quality of public services, which is contradictory of the richness from oil revenues. Nevertheless, this phenomenon can be explained by improper practices, such as corruption. It would also be worth noting that Venezuela had made a considerable progress in sustainability and quality of public services after Chavez came into power.

Venezuela and Equatorial Guinea have several differences as well. For example, one of the most fundamental difference between Venezuela and Equatorial Guinea is the public perception towards authoritarian rule. Venezuela has experienced authoritarian military rules throughout its post-colonial history but Venezuela consistently had had a vocal criticism in the history to dispute against the regimes. Therefore political passivity was not a reality. However, these circumstances are non-existent in Equatorial Guinea. Equatorial Guinea have a passive political history where a president has changed only once and by means of coup d'état. Relatedly, another component of comparable difference is an institutional maturity between Venezuela and Equatorial Guinea. We can observe the drastic difference between Venezuela and Equatorial Guinea by underlining the functioning of government institutions. Venezuela has not been an elite country in this parameter, however, Equatorial Guinean institutions have been significantly ineffective. Another fundamental difference between Venezuela and Equatorial Guinea is government attention to public needs, which can be connected to institutional maturity as well. Venezuela had not been an exemplary country in public service criterion prior to Chavez regime, however, the circumstances had not been extremely dire. Government allocated a considerable size of resources to improve basic infrastructure facilities and government initiatives rather than the benefits arose from oil revenues undertook the role to change Venezuela from a rural to urban nation (Angotti, 1998). Subsequently, the Constitution of the Bolivarian Republic of Venezuela established the Microfinance System Stimulation, Promotion and Development Law and the Special Law on Cooperative Associations, which enabled the installation of the Microfinance System and the People's Bank while BANMUJER was "*the first social bank for women in Venezuela*" (Garcia-Rodriguez et al., 2019: 796). However, we do not have any example of public initiatives in Equatorial Guinea. The mere examples were corrupt humanitarian aid projects, public infrastructure projects and mega projects, which do not bring any substantial value to the population.

Another difference between Venezuela and Equatorial Guinea is the existence of oil towns, which also signifies another difference in oil extraction. Venezuela extracts oil both onshore and offshore, however, Equatorial Guinea relies on offshore oil activity. Additionally, another key difference between Venezuela and Equatorial Guinea was how public employment was incorporated into political system. Certainly, Venezuelan elites took advantage of oil production to use for their own advantage. However, the drastic politicization of public employment in oil sector in Equatorial Guinea was much more relentless. For example, companies, which offer their services to oil companies, such as Sociedad Nacional de Vigilancia (SONAVI) is owned by the President's brother and job agencies mandate PDGE party membership to be employed (Frynas, 2004).

Last but not least, there are a number of limitations to the dissertation. First of all, the complexity of the natural resource dependency is a difficult obstacle since each natural resource and each natural resource-abundant country will reflect the harmful and beneficial effects, if there is any, of the natural resource dependency differently. The dissertation analyzed the same natural resource producer counties of Venezuela and Equatorial Guinea. However, it would be possible to find an unique characteristic in each natural resource-rich country. The difference originates from several reasons, such as the type of natural resource, the date of the discovery, the date of independence and economic, political and societal parameters in the country. Moreover, the dissertation has analyzed the transition of Venezuela and Equatorial Guinea by dividing the transition into eras and the economic and political developments have been addressed. However, the recent developments have not been given special attention due to the focusing on the transition period as a whole. Therefore, a lack of highlight in recent occurrences throughout the dissertation can be considered another limitation. Furthermore, the dissertation has not used the author's own economic, political and societal parameters, statistical data or fieldwork findings therefore other authors' work and World Bank data have been used, which can also be considered as a limitation.

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