THE INSTITUTIONAL IMPACT OF LEFT-LEANING POPULISM IN LATIN AMERICA

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| **Nicolás Cachanosky**  Center for Free Enterprise  University of Texas at El Paso  [ncachanosky@utep.edu](mailto:ncachanosky@utep.edu) | **Alexandre Padilla**  Department of Economics  Metropolitan State University of Denver  [padilale@msudenver.edu](mailto:padilale@msudenver.edu) |
| **João Pedro Bastos**  Free Market Institute  Texas Tech University  [joao-pedro-bastos@ttu.edu](mailto:joao-pedro-bastos@ttu.edu) | **Karla Hernández**  Department of Economics and Finance  The University of Texas at El Paso  [kchernandez1@miners.utep.edu](mailto:kchernandez1@miners.utep.edu) |

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**Abstract**

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# Introduction

In this paper, we investigate the impact of left-leaning durable populism in Latin America on liberal democracy institutions. We define liberal democracy as a system of institutions that safeguard individual and minority rights against state tyranny or majority rule. The media, policy networks, and academic literature have argued that populism poses a threat to liberal democracy institutions (Casas-Zamora, 2023; Houle & Kenny, 2018; Ludwig, 2022). Our focus is on left-leaning populist regimes, as they have been more prevalent in the region during the early 21st century compared to right-wing populism.

For instance, in Venezuela, Hugo Chávez gained nearly absolute power through two constitutional reforms, abolished term limits, and increased the number of Supreme Court judges from 20 to 32. Canova Gonzáles et al. (2014) analyzed approximately 45,000 court sentences, revealing an absence of government losses in virtually all cases. In Bolivia, the electoral court issued controversial rulings that enabled Evo Morales to run for a fourth term, despite facing term limits. Morales also excluded opposition participation in the constitutional drafting process and resorted to arresting, intimidating, or exiling other opponents based on fabricated allegations of fraud, corruption, or even genocide (Weyland, 2013). In Nicaragua, Daniel Ortega's government came to power by manipulating electoral rules (Pallais, 2009) and subsequently engaged in human rights violations during the repression of protests in 2018, as reported by the Inter-American Commission on Human Rights (*Nicaragua: Concentración Del Poder y Debilitamiento Del Estado de Derecho*, 2013).

These examples make it evident why populism is perceived as a threat to the republican institutions that serve as checks on democratically elected officials. However, institutional decay in Latin America is not exclusive to populist governments. Coup d’états, persecution of opposition leaders, and the control of state bureaucracy through patronage and corruption have been prevalent throughout Latin American history. This raises the question: would countries prone to electing populist leaders have experienced institutional decay even in the absence of a populist regime?

It is possible that the same underlying characteristics that attract populists are confounding factors influencing institutional decay. Although previous studies have addressed the impact of populism on institutions (Cachanosky & Padilla, 2020; Houle & Kenny, 2018), a potential concern is the lack of control for the fact that populists are more likely to emerge in countries with already weak institutions (Riker, 1982). Indeed, populists do not come to power randomly; they are drawn to notoriously weak institutional environments, enabling them to evade constraints and prolong their stay in power (Kaufman & Stallings, 1991). Therefore, to disentangle these effects and answer our question, we need to examine what would have occurred in each country if a populist leader had not ascended to power.

To identify the causal effect of populism on institutions, we rely on the synthetic control method (SCM) (Abadie, 2021; Abadie et al., 2015; Abadie & Gardeazabal, 2003). This method involves constructing a plausible counterfactual scenario, which is a weighted average of countries sharing similar characteristics to the treated country. Our synthetic counterfactual reflects the weak institutional environment that attracts populists, but none of the donor countries included in the counterfactual actually experienced a populist episode like the ones observed in the treated countries. Consequently, we can estimate the causal effect of populism on liberal democracy institutions by calculating the difference between the synthetic counterfactual and the actual treated country following the populist episode.

Drawing on previous studies (Absher et al., 2020; Bastos et al., 2023; Cachanosky & Padilla, 2020), we focus on five representative episodes of populism: Néstor and Cristina Kirchner's tenure in Argentina (2003-2015); Evo Morales in Bolivia (2006-2019); Rafael Correa's presidency in Ecuador (2007-2016); Daniel Ortega's regime in Nicaragua (2007-present); and Hugo Chávez and Nicolás Maduro's leadership in Venezuela (1999-present). For each of these countries, we estimate a synthetic counterfactual for various indicators of institutional quality.

DISCUSS RESULTS

The structure of this article is as follows. Section II provides an overview of the literature on populism, with a particular emphasis on Latin America. Section III outlines our data and empirical strategy. Section IV presents our findings, while Section V discusses the robustness of our results. Finally, Section VI concludes.

# Causes and Effects of Populism

Our study examines left populism in 21st-century Latin America, adopting the definition proposed by Seligson (2007). According to Seligson, populism in the region involves the belief that institutions of classical liberal democracy, particularly legislatures and courts, are outdated, inefficient, and inconsistent with the true expression of “the people’s will” as interpreted by populist leaders. Populists often claim to represent the people and promise to carry out their will while isolating those who reject it. However, in practice, populism often disregards democratic guarantees such as civil liberties, free expression, and due process.[[1]](#footnote-2)

Contrary to a simplistic interpretation of populist discourse, which suggests that democracy improves by aligning with the will of the people, the reality is quite different. As Seligson (2007) emphasizes, the danger of populism lies in bypassing institutional check and balances. De la Torre (2016) argues that in an environment where institutions are discredited, populist leaders claim to embody the will of the people and override due process and democratic procedures. For instance, Chavez famously stated, “You are not going to reelect Chavez really, you are going to reelect yourselves. The people will reelect the people. Chavez is nothing but an instrument of the people” (quoted in Friedman, 2017). Despite their rhetorical promises, populists ultimately prioritize their own agendas – these regimes are also known for their extreme rent extraction.

However, the ability of Latin American populists to bypass the constraints of liberal democracy can be attributed to the weak institutional environment, which provides fertile ground for populism to thrive. Kaufman and Stallings (1991) argue that the rise of populism is associated with unstable coalitions that are characteristic of emerging democracies in Latin America. Moreover, besides coalition fragility, the institutional environment in the region promotes social conflict. Sachs (1990) posits that high inequality generates a demand for change, and populists capitalize on this by promising redistribution for the poor. This observation has led to various avenues of research. Sachs (1990) and Dornbusch and Edwards (1990) elucidate the macroeconomic policies of populists, which often lead to detrimental consequences at the end of the “populist cycle.” By neglecting the adverse effects of fiscal deficits and expansionary monetary policy, populists prioritize income redistribution at any cost, ultimately causing inflation and reducing real wages. As a result, Rodrik (2018, p. 196) contends that populism consists of “irresponsible, unsustainable policies that often end in disaster and hurt most the ordinary people they purportedly aim to help.”

Recent studies have attempted to quantify the effects of populist policies. Houle and Kenny (2018) analyze changes in post-tax Gini coefficients to investigate the impact of populism on income inequality, but find no evidence of greater redistribution efforts under populist governments compared to non-populist ones. Strobl et al. (2023) obtain similar results using a different empirical strategy. Funke et al. (2020) find that countries experience a 10 percent lower income per capita relative to the counterfactual in the 15 years following a populist government. This finding aligns with the results of Cachanosky and Padilla (2020).

Our study is similar in nature to the works of Grier and Maynard (2016) and Absher et al. (2020), as we examine the effects of populist governments in Latin America using a synthetic control approach. While the former study focuses solely on the impact of Hugo Chavez’s regime in Venezuela, the latter expands the analysis to include Bolivia, Ecuador, and Nicaragua. Both studies find that, on average, populist governments significantly impact income levels (except for dollarized Ecuador). They also explore potential effects on child mortality and inequality, as populists tend to prioritize these “social” outcomes over economic growth. However, neither study investigates the effects on institutional outcomes.

In contrast, Houle and Kenny (2018) explore the impact of populism on democratic institutions using various measures. Their sample includes 19 Latin American countries from 1982 to 2012, comprising 15 populist governments of both left- and right-wing orientations. Their findings indicate that populist governments are associated with a reduction in all measures of democratic constraints, while having no effect on voter turnout. Cachanosky and Padilla (2019) also observe institutional and economic decline following left-leaning populist governments in the 21st century, focusing on indicators such as GDP per capita, economic freedom, freedom of the press, and governance. However, these studies do not fully address the endogeneity problem discussed earlier.

Our study addresses these gaps in the existing literature and offers important contributions. While previous studies predominantly focus on economic outcomes, our research explores the institutional impact of populism. Considering that institutions play a crucial role in long-term growth (Rodrik et al., 2004), our study provides potential mechanisms to explain the poor economic outcomes during populist regimes and it long-run negative effects on economic activity. Furthermore, since constitutional-level institutions are more resistant to change, we can better understand why these effects endure following populist regimes.

# Selection of Left-Leaning Populist Regimes

As mentioned above, we look at five iconic and representative cases of Latin American left-leaning populist regimes. Our selection of populist regimes is consistent with recent literature. Some studies may focus on some countries and other studies on other countries. Yet, these five cases are commonly identified as populist regimes in the literature. Our selection is also consistent with V-Dem’s populism index as well as typical policies carried by these political movements (Table 1).

Table 1. Left-Leaning Populist regimes in Latin America

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Argentina | Bolivia | Ecuador | Nicaragua | Venezuela |
| Presidential terms | 2003-2015 | 2006-2019 | 2007-2017 | 2007-2020 | 1999-2020 |
| V-Party populism index (avg.) | 0.83 | 0.89 | 0.95 | 0.69 | 0.99 |
| Constitutional reforms | No | Yes | Yes | Yes | Yes |
| Attacks on judicial independence | Yes | Yes | Yes | Yes | Yes |
| Expropriation / Nationalization | Yes | Yes | Yes | Yes | Yes |
| Sources: V-Dem and Absher, Grier, and Grier (2020, p. 789). | | | | | |

Additionally, these countries represent long-lasting regimes (at least a decade), which includes enough time to capture institutional effects of populist governments. These are also politically powerful regimes. Except for Argentina, all other four regimes were able to reform their national constitutions.[[2]](#footnote-3) All of them carried on expropriations or nationalizations as well as attacks on judiciary independence.

# Empirical Method and Results

## Empirical Strategy

Our empirical methodology follows the approach used by Absher, et al. (2020). Firstly, we conduct a SCM for each country. We utilize the same donor pool in each SCM. However, we select the predictor variables to minimize the pre-treatment root mean square prediction error (RMSPE) for each country. For each country we look at 10 years before and after the left-leaning populist regime takes office.

To mitigate potential overfitting, we limit our donor pool to 27 countries. Our donor pool is similar to previous SCM studies conducted in Latin America (Absher et al., 2020; Cachanosky et al., 2023; Grier & Maynard, 2016; Spruk, 2019). The donor pool includes Latin American countries that are comparable to the countries with a populist regime but have not experienced a populist shock. Additionally, we include comparable countries from other regions to account for potential spill-over and loop effects from the populist regimes to other Latin American countries. It is important to note that, in all five SCM estimations, Latin American countries are given higher weighting than non-Latin American countries (see Table 2).

Table 2. Synthetic weights for each country

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Donor | Argentina | Bolivia | Ecuador | Nicaragua | Venezuela |
| Algeria | - | - | 0.027 | 0.119 | - |
| Australia | - | - | - | - | - |
| Austria | 0.238 | - | - | - | - |
| Belgium | - | - | - | - | - |
| Brazil | 0.546 | - | 0.072 | - | 0.147 |
| Canada | - | 0.158 | - | - | - |
| Chile | - | - | - | - | - |
| Colombia | 0.073 | - | 0.519 | 0.881 | - |
| Costa Rica | - | - | - | - | 0.448 |
| Denmark | - | - | - | - | - |
| France | - | - | - | - | - |
| Germany | - | - | - | - | - |
| Guatemala | - | - | - | - | - |
| Italy | - | 0.199 | 0.015 | - | - |
| Japan | - | - | - | - | - |
| Mexico | - | - | - | - | - |
| Netherlands | - | - | 0.091 | - | - |
| Nigeria | 0.144 | - | - | - | 0.196 |
| Paraguay | - | 0.644 | 0.169 | - | - |
| Peru | - | - | - | - | 0.089 |
| Portugal | - | - | - | - | - |
| Spain | - | - | - | - | - |
| Sweden | - | - | - | - | - |
| Thailand | - | - | 0.106 | - | - |
| Turkey | - | - | - | - | - |
| United Kingdom | - | - | - | - | - |
| Uruguay | - | - | - | - | 0.121 |
| Latin America | 0.619 | 0.644 | 0.760 | 0.881 | 0.805 |
| Non-Latin America | 0.381 | 0.356 | 0.240 | 0.119 | 0.195 |
| RMSPE | 0.774 |  |  |  |  |

Our independent variable is the Liberal Democracy index provided by V-Dem, which ranges from 0 (low) to 1 (high). A lower value indicates weak protection of individual and minority rights against an authoritarian state, as well as a lack of limits on executive power. Similarly, a low index signifies weak constitutional protection of civil liberties, absence of the rule of law, and a lack of judicial independence.[[3]](#footnote-4) We posit that changes in the V-Dem index not only serve as a reliable measure of the institutional impact of populism but also reflect the desired institutional qualities necessary for achieving a prosperous civil society and sustainable long-term economic development.

To assess the statistical significance of our results, we employ standardized *p-values*. These *p-values* are calculated by conducting an in-place placebo tests and estimating the proportion of effects that are greater than or equal to the effect of the treated unit (Abadie et al., 2015, p. 500). To obtain a standardized *p-value*, we divide each country's treatment effect by its pre-treatment RMSPE (Galiani & Quistorff, 2017). A standardized *p-value* assigns different weights to donors based on the quality of their fit. Intuitively, countries with poor fits are expected to yield larger effects than those with a good fit, which would amplify *p-value* estimation making them too conservative. Furthermore, we rescale all V-Dem indices from a range of 0-to-1 to a range of 0-to-100.

Our donor variables are predictors of the V-Dem Liberal Democracy Index, either because they are one of their components or because they correlate due to measuring related qualities.

Table 3. Predictor variables and sources

|  |  |
| --- | --- |
| Predictor variable | Source |
| Electoral democracy index | V-Dem |
| Freedom of expression | V-Dem |
| Public sector corrupt charges | V-Dem |
| Government attack on the judiciary | V-Dem |
| Clientelism index | V-Dem |
| Presidentialism index | V-Dem |
| Voice and accountability | World Governance Indicators |
| Rule of law | World Governance Indicators |
| Control of corruption | World Governance Indicators |
| Corruption | International Country Risk Guide |
| Economic freedom of the world (EFW) | Fraser Institute |
| PolityV | Center for Systemic Peace |

## Average Results

We will first present our average results. To obtain these results, we begin by centering all independent SCM findings on the year when a populist regime assumes government. Next, we calculate the average SCM estimation and the average V-Dem Liberal Democracy Index. The difference between these two averages represents the average effect.

The average results are of significant institutional importance. In the range of 0 to 100, the difference between the average V-Dem Liberal Democracy Index and its synthetic counterfactual amounts to 25. This indicates a substantial impact of left-leaning populism on liberal democracy institutions. Notably, this impact is not only significant but also long-lasting. Over a span of nine consecutive years, the institutions of a liberal democracy experience a rapid deterioration.

There are two noteworthy characteristics to highlight. Firstly, on average, populist regimes emerge in countries with a value just below 54, exhibiting a slight upward trend. Secondly, the SCM estimates indicate an increase in the index, approaching a value of 60. Instead of witnessing a sharp decline in their liberal democracy institutions, our left-leaning populist countries should have experienced a positive effect with a 10-point increase in the V-Dem Liberal Democracy Index.

Figure 1. Institutional impact of Left-Leaning populism, average results

## Individual Results

### Argentina

BRIEF DISCUSSION ABOUT POPULIST GOVERNMENT IN ARGENTINA

Table 4. Predictor balance: Argentina

|  |  |  |
| --- | --- | --- |
| Predictors | Treated | Synthetic |
| WGI: Voice and Accountability | 0.35 | 0.34 |
| WGI: Rule of Law | -0.25 | 0.06 |
| V-Dem: Electoral Democracy Index | 0.83 | 0.75 |
| V-Dem: Freedom of Expression | 0.94 | 0.89 |
| V-Dem: Clientelism Index | 0.46 | 0.43 |
| EFW | 6.84 | 6.16 |
| Liberal democracy index (1994) | 63.00 | 62.76 |
| Liberal democracy index (1997) | 62.50 | 62.76 |
| Liberal democracy index (1998) | 62.80 | 62.91 |
| Liberal democracy index (2002) | 65.90 | 66.67 |

Figure 2. Synthetic control: Argentina

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Table 5. Post-treatment effects and standardized p-values: Argentina

|  |  |  |
| --- | --- | --- |
|  | Effect | Standardized p-value |
| 2003 | -1.1229 | .3704 |
| 2004 | -0.9602 | .4074 |
| 2005 | -1.7520 | .3333 |
| 2006 | -3.4377 | .2222 |
| 2007 | -4.0200 | .1111 |
| 2008 | -5.2922 | .0740 |
| 2009 | -6.5380 | .0740 |
| 2010 | -7.5213 | .0740 |
| 2011 | -10.0502 | .0000 |
| 2012 | -9.8959 | .0000 |

### Bolivia

Evo Morales was sworn in for his first term as president of Bolivia in 2006 and immediately pushed for major interventions. On May 1st , he issued a Supreme Decree that granted the government “property, possession, and absolute control” over the country’s hydrocarbons. Nationalizing the natural gas industry was part of a broader anti-imperialist plan. On April 29th, Morales also made Bolivia join the Bolivarian Alliance for the Peoples of Our America (ALBA), a trade initiative, proposed by Fidel Castro and Hugo Chávez. Its intention is to oppose United States own trade agreement for the Americas, the ALCA.

During the constitutional convention, Morales’ party, the *Movimiento al Socialismo* (MAS, Movement Towards Socialism) challenged the guidelines approved by Congress on March 6th. The bylaws required a two-thirds vote to approve the new constitution. Members of MAS instead proposed that most matters could be decided by a simple majority. *Departamentos* (provinces) of the eastern part of the country that were seeking greater autonomy threated to not abide the new constitution if a simple majority rule was used.

Activist from these eastern provinces launched strikes, protests, and seized government infrastructure. The protests eventually led to the explosion of a gas pipeline, and armed conflicts that resulted in 30 deaths (Sivak, 2010, p. 210-22). Citing safety concerns, Morales’ allies also moved the constitutional assembly away from the capital.

The new constitution, which came into effect on February 2009, implemented significant changes to the country. It recognized Bolivia as a Plurinational State, giving greater autonomy to each *departamento*. It also established a mixed economy regime, restricting private land ownership to a maximum of 5,000 hectares. Crucial for Morales’ eventual attempts of reelection, it elevated the electoral commission to a fourth constitutional power, now called the Plurinational Electoral Organ, headed by the Supreme Electoral Court.

Over the next 13 years, Morales would extensively use the powers of the Supreme Electoral Court to escape term limits. Against Morales’ will, the 2009 constitution allowed a single reelection. After his second term (2009-2014), he appealed to the court arguing that his first term did not count, because it preceded the new constitution. The court granted him the right to run for a third term.

In seeking approval to run for a fourth time, Morales called for a referendum on the matter. Results were announced in February 2016, when 51.3% of voters rejected Morales’ attempt to run for a fourth term. However, in September, Morales filled a lawsuit in the Plurinational Constitutional Tribunal arguing that term limits violated his political rights under the American Convention on Human Rights. The clause, of course, is intended to prevent autocrats from barring the opposition to participate in elections, not to allow unlimited power to those that already have it. The court sided with Morales, allowing him to run for a fourth term.

In October 2019, presidential elections were held. With more than 80% of voters verified, it became clear that Morales would not be able to win on the first round, leaving him for a second with Carlos Mesa. The legitimacy of the election was first called into question when the result count was incomprehensibly paused for 24 hours. When results came back, Morales was declared winner with 47% of votes.

However, the Organization of American States (OAS) issued a report in November 2019 that found evidence of election fraud, including falsified signatures of poll officials and redirecting data to two hidden servers outside of the Supreme Electoral Tribunal control. In the aftermath, protests around the country led to at least 30 casualties. Morales resigned 10 days later and sought asylum in Mexico, while new elections were called.

Table 6. Predictor balance: Bolivia

|  |  |  |
| --- | --- | --- |
| Predictors | Treated | Synthetic |
| V-Dem: Electoral democracy index | 0.75 | 0.65 |
| V-Dem: Presidentialism index | 0.31 | 0.23 |
| ICRG: Corruption | 2.69 | 2.56 |
| PolityV | 8.80 | 8.14 |
| Liberal democracy index (1998) | 52.60 | 52.40 |
| Liberal democracy index (2000) | 53.00 | 52.68 |
| Liberal democracy index (2002) | 51.50 | 52.37 |
| Liberal democracy index (2004) | 54.90 | 55.09 |

Figure 3. Synthetic control: Bolivia

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Table 7. Post-treatment effects and standardized p-values: Bolivia

|  |  |  |
| --- | --- | --- |
|  | Effect | Standardized p-value |
| 2005 | -0.6112 | .6296 |
| 2006 | -8.3304 | .0370 |
| 2007 | -9.6000 | .0370 |
| 2008 | -12.6708 | .0000 |
| 2009 | -15.0504 | .0000 |
| 2010 | -18.2648 | .0000 |
| 2011 | -17.9904 | .0000 |
| 2012 | -17.3004 | .0000 |
| 2013 | -13.1412 | .0370 |
| 2014 | -14.6372 | .0370 |

### Ecuador

Rafael Correa came into power in 2007, claiming to be the head of a citizen’s revolution against corrupt political elites (Philip and Panizza, 2011). Correa’s party, the PAIS Alliance, headed a coalition that included the Ecuadorian Socialist Party and the Communist Party of Ecuador. His platform intended to put an end to the “long neoliberal night” in Ecuador (De La Torre, 2021, p. 155). In February 2007, Correa’s push for a new constitution was approved by Congress, and a referendum was scheduled for April.

However, Correa attempted to make last-minute changes to the referendum text, granting more powers to the constituent assembly by dismissing Congress, then controlled by the opposition. This initiated a clash between the opposition-controlled Congress and the Electoral Tribunal which approved Correa’s revisions. The Electoral Tribunal removed 57 members of Congress from office, allowing Correa to form a majority. When the Constitutional Court found the removal to be unconstitutional and tried to reinstate the congressmen, Congress voted to fire all nine judges of the court[[4]](#footnote-5).

Table 8. Predictor balance: Ecuador

|  |  |  |
| --- | --- | --- |
| Predictors | Treated | Synthetic |
| V-Dem: Government attacks on the judiciary | 0.61 | 0.66 |
| ICRG: Corruption | 2.88 | 2.46 |
| PolityV | 7.00 | 7.27 |
| EFW | 6.09 | 6.56 |
| Liberal democracy index (1997) | 47.20 | 46.86 |
| Liberal democracy index (2002) | 46.80 | 47.07 |
| Liberal democracy index (2003) | 47.90 | 47.57 |
| Liberal democracy index (2006) | 46.60 | 47.10 |

The constituent assembly started with plenty of powers and a majority of seats supporting Correa was elected. Congress was dismissed and the constituent assembly gained full legislative powers[[5]](#footnote-6). Correa and his allies tried to rush the constitutional process. Even the head of the assembly, once Correa’s ally, had to resign due to his opposition to speed up the debate. Further, the assembly used its unlimited powers to anticipate the referendum over the constitutional draft, circumvented the Electoral Tribunal prerogative and limiting the voters’ ability to acquire information about the draft.

The new constitution, approved by 63.9% of votes, was enacted in October 2008. It brought radical changes to the organization of the Ecuadorian state. Apart of three tradition powers, it created the Electoral Power and a fifth power headed by the Council of Citizen Participation and Social Control (*Consejo de Participacíon Ciudadana y Control Social*). The council was criticized for giving its seven members excessive power over public policy by being able to nominate important official such as the Attorney General, the General Comptroller, and members of the National Electoral Council and the National Justice Council (Pachano, 2010).

As emphasized by de la Torre (2012) and Conaghan and de la Torre (2008), Correa used the frequent votes he faced (his election and reelection, the multiple referenda, and the constituent elections) to enter a state of “permanent campaigning.”[[6]](#footnote-7) During 2009, the year of his reelection, Ecuador became the country with the largest number of national presidential broadcasts in Latin America, and Correa’s government became the largest advertiser of the country, spending more than US$40 million in propaganda. In total, Correa’s government aired 721 hours of presidential speeches and propaganda over 233 official broadcasts in radio and television[[7]](#footnote-8).

Correa’s propaganda machine was launched amid a war with independent media outlets, including the country’s largest newspapers. Correa’s secretary of communications said that this was necessary to clarify “errors made by the national press”[[8]](#footnote-9), which Correa called “mafias”[[9]](#footnote-10), as well as “mediocre, corrupt and mendacious.”[[10]](#footnote-11) Still in 2009, the Superintendent of Communications took the television channel Teleamazonas off the air for allegedly spreading false information.[[11]](#footnote-12) In 2013, Correa enacted the Organic Law on Communications, which has been used to “justify dismissals, defamation suits and fines imposed on reporters.”[[12]](#footnote-13)

In 2015, Rafael Correa issued a packet of constitutional amendments, including a proposition to repeal of term limits. Giving the substantial scope of the amendments, a debate was initiated with regards to whether the proposition was a mere amendment (which could be approved by Congress), or a constitutional reform (which should be approved by referendum). As his party controlled two-thirds of Congress, Correa denied that a referendum was necessary, and the Constitutional Court sided with him, sparking protests around the country.[[13]](#footnote-14)

Confident that another member of his party could win the upcoming elections, he attempted to deescalate the protests by promising not to run again in 2017. PAIS Alliance ended up nominating Lenin Moreno, then vice-president, who won with 39.3% of votes. Moreno quickly diverged from the party’s platform and turned into Correa’s opposition. In 2018, he successfully pushed for a another constitutional reform to reinstate term limits, in order to prevent Correa from returning to power in the future.

Figure 4. Synthetic control: Ecuador

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Table 9. Post-treatment effects and standardized p-values: Ecuador

|  |  |  |
| --- | --- | --- |
|  | Effect | Standardized p-value |
| 2007 | -6.0345 | 0.0000 |
| 2008 | -15.5436 | 0.0000 |
| 2009 | -17.7037 | 0.0000 |
| 2010 | -20.9570 | 0.0000 |
| 2011 | -23.4837 | 0.0000 |
| 2012 | -23.7772 | 0.0000 |
| 2013 | -25.6975 | 0.0000 |
| 2014 | -24.2148 | 0.0000 |
| 2015 | -23.9617 | 0.0000 |
| 2016 | -23.3454 | 0.0000 |

### Nicaragua

The institutional decay in Nicaragua begun even before Daniel Ortega returned to power in 2006. Indeed, after running in every election following his revolutionary rule from 1985 to 1990, Ortega realized he had reached an electoral ceiling at around 40% of votes. Ortega and his party then struck a deal (known as *El Pacto*) with the Constitutionalist Liberal Party (PLC) of Arnoldo Alemán, former Nicaraguan president (1997-2002).

In sum, the PLC offered their votes to change the electoral rules. The aim was to reduce the percentage of votes required to win in the first round, from 50 to 40%, or 35% provided there is at least a 5% margin over the second candidate. In exchange, Ortega’s Sandinist National Liberation Front (FSLN) would help Alemán to get immunity from prosecution in corruption charges. Ortega won the election with 38% of votes, and Alemán was offered a seat in the National Assembly[[14]](#footnote-15).

At the beginning of its government, Ortega strengthened relationships with Hugo Chávez. First, as did Bolivia and Ecuador, Nicaragua joined the ALBA. On the table for Nicaragua was a very convenient oil deal to supply $10 million barrels of oil a year at preferable ratings (McKinley, 2008)[[15]](#footnote-16). Further, the agreement allowed Venezuela to send aid to Nicaragua in the form of “deferred payments.” On average, Ortega received US$470 million a year from 2008 to 2014, or 3.6 billion dollars cumulative up to 2017 (Cruz, 2018).

Although the agreement declared the funds would go to social programs, aid disbursements were made through a private company named Albanisa, keeping all funds out of the official government budget. Albanisa is a joint subsidiary of PDVSA, the Venezuelan state-owned oil company, and Petronic, its Nicaraguan counterpart. As a private company, Albanisa is not required to disclose its financials to the public, preventing any sort of transparency over the funds. Further, Albanisa’s vice-president, who is also the head of Petronic, is the treasurer of FSLN, Ortega’s party (McKinley, 2008).

The money is supposedly transferred to the *Consejos del Poder Ciudadano* (Citizens Power Councils, CPC), created at the same time by Ortega. While the government narrative is that this is done so that the people have ultimate power to decide how they want the money spent, the CPC’s are controlled by the Sandinistas as centers for patronage. Councils can concede loans to allies, decide which streets will be paved, which stores will participate in the government-subsidized food program, and which farmers will get free seeds, cattle, and pigs. All councils are overseen by Daniel Ortega’s wife, Rosario Murillo (McKinley, 2008).

In 2011, national elections were held. The Supreme Electoral Court and the Supreme Court, both controlled by Ortega, allowed him to run despite the constitution prohibiting reelections. His party also got 62 out 90 seats in the national assembly, a majority that would allow constitutional reforms to be approved (Colburn & Cruz S., 2012). Indeed, in 2014, he was able to approve a constitutional amendment formally repealing term limits[[16]](#footnote-17).

During his run for a third term, Ortega banned all domestic and international oversight of the electoral process, while also blocking access to vote counting and preventing opposition candidates from running (Sánchez, 2019). By the next election, more than 30 people have been arbitrarily detained, including 7 presidential candidates, and the Supreme Electoral Council cancelled the legal personality of three opposition parties.

All actions considered, Ortega was able to eliminate all opposition candidates that were able to register as a candidate for the presidential election (CIDH, 2021). Consequently, Ortega jumped from having received 38.07% of the votes in his first term, to 62.46% in 2011, 72.44% in 2016, and 75.87% in 2021 – not to mention having a whopping 83.3% of the seats in Congress for 2021.

Misguided by his crafted electoral popularity, in 2018 Ortega attempted to reform the social security system without proper legislative debate. The move sparked protests by the elderly around the country, which were violently repressed. In following months, more than 300 people were killed by militias and government forces, and reports indicate instances of rape, torture, and extra-judicial executions (Cruz, 2018; Sánchez, 2019; Buben and Kouba 2020).

Table 10. Predictor balance: Nicaragua

|  |  |  |
| --- | --- | --- |
| Predictors | Treated | Synthetic |
| WGI: Voice and accountability | -0.02 | -0.47 |
| WGI: Control of corruption | -0.65 | -0.37 |
| V-Dem: Freedom of expression | 0.88 | 0.73 |
| V-Dem: Government attacks on the judiciary | -0.63 | -0.59 |
| PolityV | 8.00 | 5.93 |
| Liberal democracy index (1996) | 45.80 | 39.94 |
| Liberal democracy index (2001) | 37.70 | 39.11 |
| Liberal democracy index (2002) | 38.20 | 38.84 |
| Liberal democracy index (2004) | 37.80 | 39.41 |

Figure 5. Synthetic control: Nicaragua

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Table 11. Post-treatment effects and standardized p-values: Nicaragua

|  |  |  |
| --- | --- | --- |
|  | Effect | Standardized p-value |
| 2006 | -7.8672 | .1481 |
| 2007 | -19.4264 | .0000 |
| 2008 | -21.2368 | .0370 |
| 2009 | -22.1240 | .0370 |
| 2010 | -25.5888 | .0370 |
| 2011 | -29.4280 | .0370 |
| 2012 | -32.9152 | .0370 |
| 2013 | -36.1152 | .0370 |
| 2014 | -36.8384 | .0370 |
| 2015 | -37.0512 | .0370 |

### Venezuela

Hugo Chávez rose to power in 1999 leading his party, the Fifth Republic Movement (*Movimiento V [Quinta] República*). Immediately after he called a referendum for a constituent assembly. Chávez’s victory was monumental, with the opposition winning only 6 out 131 seats (Marcano and Tayszka, 2007, p. 130)[[17]](#footnote-18), amid a abstention of 62.35%.

With such a huge majority, the whole constitutional process barely had any debates. Indeed, it used its first weeks to grant itself power over other government institutions. It dismissed Congress and started to restructure the judiciary, accusing almost half of Venezuela’s 4,700 judges, clerks, and bailiffs of corruption, and dismissing nearly sixty judges outright[[18]](#footnote-19) . The draft itself was born from a pamphlet by Chávez[[19]](#footnote-20), and was done in roughly six weeks. Then, on December 15th, the new Constitution was approved.

The new constitution changed the name of country to *Bolivarian* Republic of Venezuela, permanently closed the Chamber of Deputies and the Senate to create a unicameral National Assembly, and (as in Ecuador) added two constitutional powers, the Electoral Branch and the Citizen’s Branch. It also extended the presidential term from 5 to 6 years and allowed two consecutive terms. Crucially, the new constitution weakened the Legislative and concentrated powers on the hands of the Executive. It allows the president to dissolve the parliament under certain conditions, and unique to Latin American countries, there is no possibility of presidential impeachment by the national parliament[[20]](#footnote-21).

The new constitution also called for a general election to all public offices (García Soto, 2019). The mega-election took place in 200 and Chávez was then reelected from a six-year term and his supporters gained 101 out of 165 seats in the National Assembly. The new majority in parliament quickly granted Chávez the right to rule by decree, under article 203 of the new constitution. Chávez used the *Ley Habilitante* (enabling law) to publish 49 decrees implementing his vision of a socialist economy for Venezuela[[21]](#footnote-22).

Among those decrees, the Law of Land expropriated large agricultural states, and the Hydrocarbon Law nationalized the country’s oil industry under the state-oil company PDVSA.

As Grier and Maynard (2016) argued, the PDVSA served as the “piggy bank” for the regime. In his political use of the company, more than 15,000 PDSVA employees were fired after a strike at the turn of the year 2002 to 2003. Many job posts were given to political supporters to extend its control over the company. This large increase in oil revenues funded social programs, as PDVSA at some point “spent twice as much on off-budget government programs as it did on taxes, royalties and dividends”[[22]](#footnote-23). Chávez also used the company to subsidize friendly regimes by selling oil at cut-rate and gain influence over the Caribbean through the *Petrocaribe* program, in which oil was exchanged by local goods such as bananas or sugar[[23]](#footnote-24).

The *Ley Habilitante* would be used twice again by Chávez. More importantly, in 2007, for 18 months, to legislate over economic, social, territorial, scientific and defense measures, as well as control of transportation, mechanisms of popular participation and rules for government institutions. These included the creation of the Bolivarian militias, a body of civilian militias armed by the government that should complement the Venezuelan Armed Forces.

These militias are better understood in the light of the Law of Communal Councils (*consejos comunales*), approved in 2006, that created mechanisms of participatory democracy, inspired by the soviet councils of USSR. Councils could opine and oversee local policies and 19,500 of them were registered. Merging with armed militias, many communal councils became *colectivos*, armed groups that defend the interests of the government[[24]](#footnote-25).

In 2007, Chávez attempted a final blow for his hegemonic power and complete transition to a “socialist republic.”[[25]](#footnote-26) The proposal included extending the presidential to seven years, allowing the president to declared unlimited state of emergency, ending Central Bank autonomy and putting the president in charge of international reserves, while repealing the term limits for the president (but not for other offices). Although the project was very narrowly rejected, in 2009 was able to repeal term limits, but in this case for all public offices (governors, members of parliament, and mayors).

Table 12. Predictor balance: Venezuela

|  |  |  |
| --- | --- | --- |
| Predictors | Treated | Synthetic |
| WGI: Voice and accountability | 0.01 | 0.34 |
| V-Dem: Freedom of expression | 0.90 | 0.85 |
| V-Dem: Public sector corrupt charges | -5.53 | 0.06 |
| ICRG: Corruption | 3.00 | 3.77 |
| PolityV | 8.36 | 5.95 |
| EFW | 5.15 | 5.79 |
| Liberal democracy index (1988) | 59.10 | 58.61 |
| Liberal democracy index (1991) | 62.60 | 62.86 |
| Liberal democracy index (1994) | 60.70 | 60.66 |
| Liberal democracy index (1997) | 60.90 | 61.11 |

Figure 6. Synthetic control: Venezuela

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Table 13. Post-treatment effects and standardized p-values: Venezuela

|  |  |  |
| --- | --- | --- |
|  | Effect | Standardized p-value |
| 1998 | -18.5353 | .0000 |
| 1999 | -35.1260 | .0000 |
| 2000 | -40.6369 | .0000 |
| 2001 | -44.3190 | .0000 |
| 2002 | -44.7635 | .0000 |
| 2003 | -47.3576 | .0000 |
| 2004 | -51.2047 | .0000 |
| 2005 | -52.3614 | .0000 |
| 2006 | -52.7712 | .0000 |
| 2007 | -53.7754 | .0000 |

# Conclusions

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1. Other definitions certainly exist, but they tend to focus on specific features of populists, such as their rhetoric (de la Torre, 2013; Laclau, 2005), its economic paradigm (Dornbusch & Edwards, 1992; Edwards, 2010; Ocampo, 2019; Rode & Revuelta, 2015; Sachs, 1990), or its political and ideological features (Abts & Rummens, 2007; de la Torre, 2016, 2017; Doyle, 2011). In special, the economic definitions are certainly complementary as the populists in our sample could easily be defined as “macroeconomic populists" as well (Bastos et al., 2023; Dornbusch & Edwards, 1990). We follow Seligson (2007) because it focuses on the institutional effects of populists. Another broader definition (though not necessarily intended for Latin America) is that of Mudde (2004, 2007). [↑](#footnote-ref-2)
2. Cristina Kirchner failed to reform the constitution since she did not have enough representation in Cogress to move forward a proposal. [↑](#footnote-ref-3)
3. V-Dem’s codebook (v13 – March 2023), defines its liberal democracy index as follows: “The liberal principle of democracy emphasizes the importance of protecting individual and minority rights against the tyranny of the state and the tyranny of the majority. The liberal model takes a "negative" view of political power insofar as it judges the quality of democracy by the limits placed on government. This is achieved by constitutionally protected civil liberties, strong rule of law, an independent judiciary, and effective checks and balances that, together, limit the exercise of executive power” (p. 45). [↑](#footnote-ref-4)
4. See <http://news.bbc.co.uk/2/hi/americas/6590245.stm> [↑](#footnote-ref-5)
5. The head of Congress accepted the dismissal because congressmen were not willing to “risk our lives over this”. See <https://www.reuters.com/article/bondsNews/idUSN3030791120071130>. [↑](#footnote-ref-6)
6. In this state, “the processes of governing and campaining lose its differences” (Ornstein and Mann, 2007, p. 57). [↑](#footnote-ref-7)
7. The number is greater than that of Hugo Chávez, who made 195 broadcasts, on average. See *BBC* (https://www.bbc.com/mundo/america\_latina/2010/01/100115\_0115\_ecuador\_cadenas\_jaw). [↑](#footnote-ref-8)
8. See *BBC* (https://www.bbc.com/mundo/america\_latina/2010/01/100115\_0115\_ecuador\_cadenas\_jaw). [↑](#footnote-ref-9)
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10. https://rsf.org/en/president-correa-urged-reconsider-decision-not-give-any-more-news-conferences [↑](#footnote-ref-11)
11. https://globalvoices.org/2009/12/23/ecuador-government-suspends-television-channel-teleamazonas/ [↑](#footnote-ref-12)
12. See <https://rsf.org/en/country/ecuador>. *Reporters without Borders* also argued that “President Rafael Correa’s three successive terms, from 2007 to 2017, have been dire for press freedom”, and that Correa “has constantly tried to control the media’s agenda and transform the public media into state media, never hesitating to publicly and personally attack his critics in the press, and starting countless conflicts between the government and the independent press”. See also: <https://www.hrw.org/es/news/2016/07/11/correa-asfixia-la-prensa> [↑](#footnote-ref-13)
13. For a detailed explanation, see <https://constitutionnet.org/news/chronicle-amendment-foretold-eliminating-presidential-term-limits-ecuador> [↑](#footnote-ref-14)
14. For more details about *El Pacto*, see McKinley (2008), Torres-Rivas (2007), Pallais (2009), and Purcell (2021). [↑](#footnote-ref-15)
15. Chávez also offered the Venezuelan army to build a highway that would connect Nicaragua’s Pacific and Atlantic coasts, although that never happended. The mere promise was meaningful, though, as Nicaragua is the only country in Central America that does not have its Pacific and Caribbean coasts connected by roads, and has no ports on the Caribbean side (Grigsby, 2010). [↑](#footnote-ref-16)
16. See the report by the Interamerican Human Rights Commission, Organization of American States (CIDH, 2021). [↑](#footnote-ref-17)
17. This happened mostly due to the voting rules chosen by Chávez, because his allies won 65% of the votes, but 95.4% of seats (García Soto, 2019; Marcano and Tyszka, 2007). [↑](#footnote-ref-18)
18. See Jones (2007, p. 245) and https://www.nytimes.com/1999/08/27/world/venezuelan-congress-fights-loss-of-power.html [↑](#footnote-ref-19)
19. The document was called *Fundamental Ideas for the Bolivarian Constitution of the Fifth Republic*. See García Soto (2019). [↑](#footnote-ref-20)
20. According to Article 233, the president can only be removed by recall referendum or by the Supreme Tribunal of Justice (which was soon controlled by Chávez). [↑](#footnote-ref-21)
21. [↑](#footnote-ref-22)
22. See “Venezuela’s oil industry. Up in smoke”, *The Economist*, August 27, 2012. [↑](#footnote-ref-23)
23. See “A Timeline of Venezuela’s Economic Rise and Fall”. *Bloomberg*, February 16, 2019. https://www.bloomberg.com/graphics/2019-venezuela-key-events [↑](#footnote-ref-24)
24. See “Venezuela: A Mafia State?” *InSight Crime.* https://es.insightcrime.org/wp-content/  
    uploads/2018/05/Venezuela-a-Mafia-State-InSight-Crime-2018.pdf [↑](#footnote-ref-25)
25. See http://news.bbc.co.uk/2/hi/americas/7119371.stm [↑](#footnote-ref-26)