

The Long Trace of Oil Money:
A Social Network Analysis of
Corruption during the
Bolivarian Revolution in Venezuela

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BACKGROUND: The aim of this research is to investigate the corruption networks in Venezuela, identify their main actors and the overall resilience of such networks. Providing knowledge on how these connections are formed will inform policy reform that may hinder the likelihood of them growing. Additionally, this work will elucidate the type of approach needed by international agencies to disrupt such complex corruption networks.

THEORY

- Clientelism can take different forms, from to the traditional *patron-client* pattern (Medina & Stokes, 2007) to *pork-barrel* policies (Levitt & Snyder, 1997).
- Venezuela is a Petro-State, with a weak authority, incoherent bureaucracy and lacks a fully functioning civil service which could be a barrier for corruption (Karl, 1997).
- Everton and Murphy (2016) offer a methodology capable of identifying important actors within a network in terms of their capabilities, leadership, and organizational roles.

DATA

- The *Chavismo Inc.* report crafted by Transparencia Venezuela (2020) which includes 86 cases of investigation in 61 countries.
- The social network generated from this report has 751 agents (persons of interest), 239 institutions, and over 3,900 relationships between them.

METHODS

1. Collapsed the type of ties into 3 main categories: (i) political; (ii) economical; and (iii) social.
2. Ran logistic regression models to contrast the importance of centrality vis-à-vis brokerage level.
3. Implemented network logistic regression models using Quadratic Analytic Procedure (QAP) to determine which ties will increase the likelihood of being prosecuted in a trial for corruption.



Agencies follow a **non-kinetic approach**, when dealing with Venezuela’s transnational **corruption network**.

Having **oil ties** and **high level of brokerage** will increase the probability of being prosecuted.

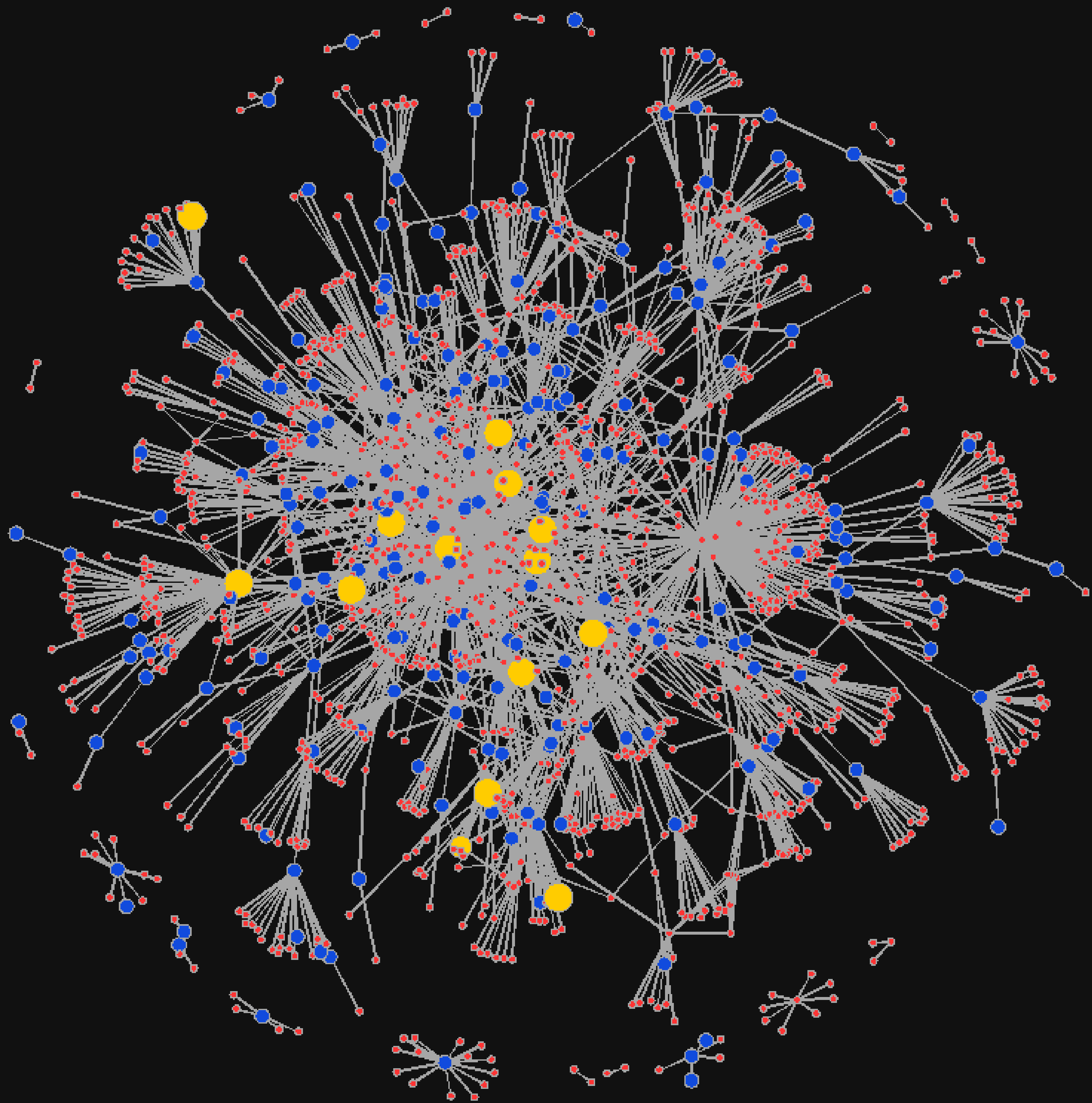


Figure 1. Venezuela’s transnational corruption network by cutpoint strength: (i) yellow nodes are strong cutpoints; (ii) blue nodes are weak cutpoints; and (iii) red nodes are not cutpoints.

RESULTS

Independent Variables	Dependent Variables:			
	Int'l Trial (5)		Trial in the US (6)	
	Coef.	(S.E.)	Coef.	(S.E.)
<i>Nationality</i>				
Transnational (1,0)	0.475	(1.22)	1.903*	(1.85)
Venezuelan (1,0)	0.192	(1.01)	2.753**	(3.47)
<i>Network ties</i>				
Family Ties (1,0)	0.009	(0.03)	0.210	(0.46)
Public Sector (1,0)	-1.461**	(-5.85)	-0.667	(-1.58)
Oil Ties (1,0)	2.898**	(15.84)	1.398**	(3.33)
Lavajato Ties (1,0)	-1.163	(-1.55)	0.485	(0.64)
<i>Sanctions</i>				
Sanctioned (1,0)	-0.866**	(-2.61)	0.728	(1.60)
HR Violation (1,0)	-0.00213	(-0.00)	0.768	(0.71)
<i>Role</i>				
Cutpoint Level				
Weak	-0.327	(-1.26)	0.509	(1.12)
Strong	1.300	(1.49)	1.477	(1.45)
Brokerage Level				
Medium	3.155**	(8.09)	2.323**	(4.61)
High	4.781**	(3.68)	3.669**	(4.01)
Centrality	0.069	(0.74)	-0.028	(-0.20)
Constant	-1.771**	(-15.31)	-6.831**	(-8.67)
Observations	1522		1522	
Pseudo R ²	0.311		0.354	
χ ²	508.2		133.5	
Log-likelihood	-564.2		-121.9	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 1. Logistic regressions of network ties, position role, and centrality on International and US trials.

CONCLUSIONS

- The behavior of law enforcement agencies from the international community and the United States when disrupting dark networks follows a non-kinetic approach.
- Measuring prestige using cutpoint strength and brokerage level on top of centrality, offered a more accurate approach to signal who are the most important actors within the network.

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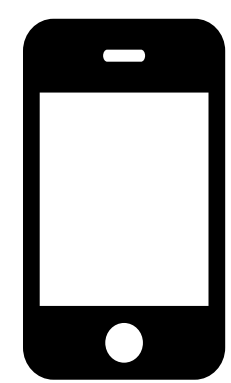
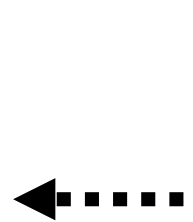
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