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Explaining hydrocarbon nationalization in Latin America: Economics and political ideology

Ruben Berrios, Andrae Marak & Scott Morgenstern

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in bunches, the hydrocarbon policy and economic circumstances that presidents inherit are more likely to determine the policy that they pursue.

KEYWORDS:

- Latin America
- oil
- gas
- hydrocarbons
- nationalization
- populism
- petroleum

Notes

*Numbers in boxes refer to the nationalization typology listed in [Table 4](#). When there are more than three examples in a box, we list the type of nationalization followed by an x and the number of occurrences; 7×5 implies five examples of nationalization type seven (leave nationalized).

1. Bolivia did take control, with compensation, of two small oil refineries owned by Petrobras in addition to renegotiating operating contracts with some foreign investors. See Business Latin America (2007: 5).
2. Others have also adopted the “two lefts” argument. See, for example, Shifter ([2006](#)) and Mohr (2007: 17–19).
3. See K
4. See G
5. Kobrin
6. Taxes

7. We have also placed Uruguay in this box, but ANCAP (Administración Nacional de Combustibles, Alcohol y Portland) was given a monopoly on importation, production, and distribution of gas and oil (but not extraction); it lacked the refining capacity to meet this mandate until 1937.
8. The 1930 reform went further, giving the state full control of the industry. Parts of that reform were repealed by the military that ousted Yrigoyen in 1930.
9. The 2006 “nationalization” of Occidental was in actuality a court ordered cancellation of a single agreement for exploration coupled with a newly established windfall tax on oil and gas profits. (Business Latin America, 2009, 1).
10. Though Chile's 1968 copper nationalization process would fit here, it would better fit in the monopoly box after 1970.
11. There is some dispute about compensation for the nationalization of US firms in Peru. In 1974 Peru and the US government agreed to an overall compensation of \$76 million, but some sources indicate that some of the money (\$23 million) likely went to the oil company. See Sigmund (1980) and Schwalb Lopez-Aldama ([1979](#)).
12. Even under Allende, however, a constitutional amendment was passed to provide some compensation for nationalized firms. See Sigumnd (1980).
13. For a discussion of the circumstances surrounding the nationalization of the oil industry in Mexico, see the [rather] [rather] paper, h [rather] hypothe [rather] the
14. See [rather] in Latin
15. Rob [rather] es to the will [rather] Our [rather] rties.
16. A ter [rather] d another [rather] between [rather] d more than [rather] one observation for that president. Those with more than one observation are:



Alessandri (Chile 2), Banzer (Bolivia 2), Barrientos Ortuno (Bolivia 2), Belaunde (Peru 2), Betancourt (Venezuela 2), Caldera (Venezuela 2), Fujimori (Peru 2), Lleras Camargo (Colombia 2), Paz Estenssoro (Bolivia 2), Peron (Argentina 2), Perez (Venezuela 2), Siles Suazo (Bolivia 2), Sanchez de Losada (Bolivia 2), Velasco Ibarra (Ecuador 4). The Argentine generals from 1966–73 and 1976–83 are entered once each.

17. International loans are not usually forthcoming to support nationalizations, but Mexico, for example, did receive credit guarantees in the amount of its payouts to the US companies (Sigmund, [1980](#)).

18. In some cases (e.g. Peru, Ecuador, and Chile) the state has successfully maintained investment flows by encouraging private firms to work in particular sectors of an industry.

19. Statistics from Bloomberg.com “Chile Copper Windfall Makes Bachelet Unable to Placate Laborers,” <<http://www.bloomberg.com/apps/news?pid=20601086&sid=aKuaKcxM9gHc&refer=news>> (accessed on 21 July 2010).

20. Cited at <http://www.petroleumworld.com/SF07112501.htm>, but similar figures given elsewhere (accessed on 21 July 2010).

21. Information about the tax increase comes from two BBC reports, “Venezuela raises oil drilling tax,” [http://news.bbc.co.uk/1/hi/business/31112501.stm](#), October 11, 2004.

<http://news.bbc.co.uk/1/hi/business/31112501.stm> for oil firms,” [http://news.bbc.co.uk/1/hi/business/31112501.stm](#). The latter article announced a tax increase from 34 to 50 percent.



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