Reflecting on Political and Economic Models

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1. Introduction

We live in an age full of paradoxes. One of the most striking lies in the fact that, while we face complex problems whose solutions are primarily political, the quality of public debate is alarmingly low. In this context, we must make an effort, among other things, to sketch three images, even if only in broad strokes: that of the society we currently inhabit, the one we could become, and the one we wish to be a part of. This task is essential to revitalize politics in a time when freedom, peace, and well-being are at stake. In an effort to contribute to this undertaking, through this article I would like to offer, in a very schematic way, four economic and political models that I consider useful as analytical tools.

First and foremost, it is important to highlight that a model is a theoretical construct that helps us identify the most relevant causal mechanisms present in the portion of reality we are trying to understand. We can think of a model as a script that allows us to tell a plausible and comprehensible story about the object of our study. However, we must be cautious not to confuse the theoretical representation with reality itself. A model should always be used carefully and not applied mechanically to the analysis of real facts and processes, avoiding any attempt to force them to fit the model.

In this essay, I present four models derived from considering two fundamental pairs of categories for analyzing political and economic reality. On one hand, we have the dichotomy between *autocracy* and *democracy*; on the other, the tension between *market processes* and *interventionism*. While the meanings of these notions can certainly be debated, for the purposes of this text, it is sufficient to adopt their most general usage: in the first case, referring to the degree of concentration of political power, and in the second, to the extent of freedom in the economic sphere. The intersection of these categories generates four domains of possibility, within which I outline the following models: *patrimonialist autocratic, market autocratic, interventionist democratic,* and *popular liberal*. The following graph summarizes this theoretical proposal.

Four political and economic models		
	AUTOCRACY	DEMOCRACY
INTERVENTIONISM	PATRIMONIALIST AUTOCRATIC	INTERVENTIONIST DEMOCRATIC
MARKET PROCESSES	MARKET AUTOCRATIC	POPULAR LIBERAL

Each of these models has its own internal logic, which is expressed through structures that encourage or discourage certain behaviors and through specific causal mechanisms. While they are not, of course, the only possible models, I believe they are particularly useful for understanding our current reality, identifying our future possibilities, and strategically guiding our political action.

2. The patrimonialist autocratic model

This model is based on the seizure of state power by an ambitious and determined minority. Such a capture can occur in various ways, though in contemporary times, the rise of populist phenomena is particularly relevant. The populist leader comes to power through elections, capitalizing on a crisis of political representation, and then works to centralize power in himself and the groups that support him. Among these groups, a significant role is played by segments of the armed forces and the police, since an authoritarian regime —which, though it may not admit it openly, denies the possibility of alternation in power— must be prepared to confront any adversary, even peaceful and democratic ones, potentially through the use of force.

Under these circumstances, the minority in power can administer state resources and instruments at its own discretion. In the statist and socialist version of the model, it seeks to subordinate the economic system to government plans and controls. This takes shape through extensive interventionist legislation, which creates opportunities for corruption and privilege, while also producing various distortions in market processes. For those who hold power, the line between state property and personal income tends to blur —hence the term patrimonialist. This process of appropriation, backed by the state, can even extend to private assets through a perversion of the concept of expropriation, which effectively becomes a form of plunder..

We are thus dealing with an autocratic sector —both civilian and military— that carries out a process of primitive capital accumulation and gradually transforms into a new privileged social class. Despite this, the regime, if it seeks to preserve a degree

of legitimacy, cannot remain entirely indifferent to the support or rejection of various social sectors, especially among the popular classes. It must therefore rely on clientelist mechanisms, which, if necessary, can be turned into instruments of coercion to ensure obedience.

The model's inherent weakness lies in two fundamental aspects. First, there is the insatiable ambition of the dominant minority and of the *enchufados* —those well-connected to the regime— who take advantage of the opportunities created by state interventionism. Second, there is the destruction of incentives for entrepreneurship and wealth creation. This manifests primarily in a chronic fiscal deficit, resulting from increased public spending (driven by a statist economic vision and rampant corruption) and low tax revenues (reflecting a weak and unproductive economy). Debt accumulation and monetary financing —which translates into the corrosive inflation tax— are options available to the regime, though they are not sustainable over time. Ultimately, this model inexorably tends to produce rising prices, shortages, unemployment, and impoverishment, provoking growing frustration and social discontent.

The regime's response to this economic and social decline will be, in accordance with its nature, repression and its progressive transformation into a police apparatus. This, in turn, will signify the definitive loss of its legitimacy. The plundering of public coffers, so to speak, will become inevitable, driving some form of purge and unleashing distributive conflicts, distrust, and defections within the patrimonialist minority. This minority —or a faction of it— transformed into a corrupt and ostentatious oligarchy, may continue to exert its dominance for some time over a decimated, impoverished, and scattered population. However,

the model is almost inevitably destined to collapse by its own logic, and its transformation into another model, such as the market autocratic, is foreseeable —especially since this will be the most convenient option for part of the dominant minority..

3. The market autocratic model

This model combines the authoritarian exercise of state power by a dominant minority with a market economy based on private property. The primary source of wealth for those in power does not come from the appropriation of public resources, but rather from their participation in business activities under favorable conditions that they themselves can secure. This is especially true if that minority, both in its civilian and military components, possesses capital accumulated, for example, within the framework of a prior patrimonialist dynamic. In this regard, one possibility is that a rigged process of privatizing state-owned enterprises can serve as a means for the powerful minority and their associates to conveniently insert themselves into the business sphere.

Although in this model the market process tends to be free, the autocratic nature of the regime facilitates the implementation of interventionist policies favoring certain influential sectors —such as protectionist measures against foreign competition. Since this is an autocracy, the rule of law does not fully exist, and discretion in the exercise of power is omnipresent. Therefore, private investors are usually part of the dominant minority or, at best, must not be perceived by it as a threat to its power. Nevertheless, this does not eliminate the risk of arbitrary actions that violate property rights. The autocratic minority can always appropriate the assets of others, especially if its prospects of remaining in power are threatened or shortened.

In any case, if that minority decides to refrain from plundering public finances or limits such plundering, the market autocratic model could offer some fiscal and macroeconomic stability. Furthermore, thanks to the presence of a more or less active business dynamic, the economy could experience growth, generating jobs and generally improving living conditions. However, the subordination of business activity to the autocratic minority acts as an obstacle that will restrict the entry of investors and, consequently, limit growth.

The stability of the model faces various political challenges. The absence of democratic rules makes the succession of the ruling leader a delicate issue that can trigger conflicts within the autocratic elite. Additionally, international trade and financial relations with democratic countries may be negatively affected. Possible demands for democratization from a more prosperous and dynamic society could also put pressure on the regime, generating political difficulties with economic and social consequences. Ultimately, the model is unstable due to the inherent contradiction between economic freedom and political domination.

4. The interventionist democratic model

This model starts from the premise that democracy is the best way to solve collective problems, especially the question of who should govern. In this political regime, those aspiring to exercise public representation compete for the electoral support of the majority and often need the backing of economically and socially powerful groups to succeed.

In this case, property rights are respected, though not absolutely. Property is assigned an imprecise social function,

which can manifest in various regulations limiting its use, usufruct, and disposal. Moreover, although the market dynamic is assumed necessary to ensure the functioning of a modern economy, it is also recognized as generating various problems that require state intervention. One of these problems is inequality, which justifies the redistributive emphasis of public policies and the characteristic fiscal structure of this model.

In theory, this model could generate a "virtuous cycle" of economic growth: increased public spending, higher income, greater consumption capacity, creation of business opportunities, increased private investment, growth in production, expansion of employment sources, higher tax revenue, and a renewed expansion of public spending. However, this expansion dynamic, largely driven by public expenditure, has its limits.

The competition among political actors, and their willingness to intervene actively in the economic process, combined with the demands for state support from various groups and sectors, results in an increasingly dense and complex web of laws, regulations, and policies. The image of a state with countless "power outlets" that enables the proliferation of "*enchufe*" practices aptly illustrates this point. This proliferation of interventions progressively hinders genuine entrepreneurial activity, which becomes less attractive compared to the alternative of rent-seeking through access to centers of state decision-making. As a result, public spending and state intervention continue to expand —not only for reasons of economic and social strategy, but also as an expression of a state captured by interest groups and sectors, including a vast bureaucracy.

The state thus faces an increasingly severe financing problem, and the fiscal deficit becomes structural. Although borrowing may provide the government with some room to maneuver, sooner or later an adjustment will be required, one that entails reducing public spending and increasing the tax burden on economic activity. This, in turn, will discourage private investment and generate discontent across various sectors. One option for raising revenue would be monetary issuance, but the resulting inflation would have harmful distributive effects, impoverishing broad segments of the population. Fiscal adjustments will also affect different sectors unevenly, and ultimately, the state will become a source of inequality.

Social expectations regarding the state's ability to guarantee well-being will thus come into question, and the legitimacy of political actors, and of the democratic system itself, will be eroded. This could pave the way for a populist phenomenon of one kind or another. The breakdown of the model, at least in terms of its democratic character, will become highly likely.

5. The popular liberal model

The popular liberal model regards freedom as the foundation of the social order. Consequently, it sets limits on power in all its forms. First, although the state must be strong, it must also be limited in scope and in the management of public resources. Its primary goal should be to guarantee a framework of justice in which respect for liberty and property rights is fundamental. Second, public representatives must be elected democratically and subject to effective systems of transparent management and accountability. And third, business activity must be free and not subject to arbitrary state intervention, though it must still follow

rules that prevent monopolistic practices and protect the rights of users and consumers.

In this model, solidarity is also an essential value. It is expressed primarily through a subsidiary social policy focused on developing individual capabilities. This enables people to take responsibility for their freely chosen life projects. In this way, harmony is achieved between a framework of justice that respects human dignity and an economic dynamic based on competition and innovation.

For this model to function, it is crucial to focus less on wealth redistribution and more on increasing productivity. Only an economy that grows sustainably through rising productivity can guarantee the expansion of income (both profits and wages) and the tax revenue needed to fund an enabling —but not interventionist— state.

The existence of a limited —though not minimal— state implies disciplined management of public finances and monetary policy. Limits on public spending and debt, along with central bank independence, are essential components of this model. Equally crucial is preventing interest groups and political actors from shaping laws and public policies for their own benefit, thereby harming the common good. In this regard, political competition within the framework of a limited state makes it harder for political power to become concentrated, which in turn hinders its use by economic actors to avoid competition by securing privileges. Furthermore, one could argue that competition, by obstructing the concentration of economic power, reduces the risk of disproportionate influence by interest groups in the political

process. Ultimately, all of this helps preserve both economic stability and the fairness of institutions.

This model also emphasizes that the mere existence of formal institutions does not guarantee the sustainability of a liberal and democratic order. Its viability ultimately depends on popular support. This involves three key elements: liberal values and practices deeply rooted in a significant portion of the citizenry; civil initiatives independent of the state and aimed at addressing collective problems in a spirit of solidarity; and a citizenry willing to mobilize in defense of justice. It is important to note that the "people" referred to in this model is not a mass of undifferentiated, atomized individuals, but rather a political people: a plurality of citizens aware of their condition as a political and historical community, willing to unite in defense of a shared conception of justice. To be clear, this is not merely a matter of public morality, since a just institutional order is, in fact, an indispensable framework for the progress of most people, considered individually.

The main weakness of this model lies in the fact that it is easier for small groups to solve their collective action problems in order to satisfy their particular interests than it is for broad sectors of the citizenry to defend the general interest. Although certain historical junctures, such as the fall of a tyranny, may present opportunities for the emergence of the people in the sense previously described, the challenge lies in ensuring that this people mobilizes whenever liberty and justice are under threat. In this context, it is almost unnecessary to underscore the importance of having leaders genuinely committed to the creation of a liberal order grounded in popular support.

6. Additional comments

These are the four political and economic models that I have briefly outlined here for reflection. However, we could imagine other approaches. For example, hybrid models that result from combining aspects of two or more of the models discussed above. We could also examine more complex models that incorporate dimensions not addressed here, such as culture, wealth distribution, or territorial dynamics. Another interesting line of inquiry would be to outline the mechanisms by which one model might evolve into another. Nevertheless, in this essay, I have limited myself to presenting the four aforementioned models, treating them as theoretical tools rather than descriptions of any specific reality.

I want to emphasize that, in the social and historical sciences, the true intellectual challenge lies in understanding reality, not in validating theoretical models. We should not seek to identify the one model to which a particular reality would neatly correspond. Instead, we must assess which model —or combination of models— allows us to construct a reasonable narrative about the circumstances we are studying, while keeping in mind that none of those models may be entirely satisfactory. Theoretical models are, I insist, tools for understanding reality. They are both necessary and insufficient, as we cannot engage with the infinite complexity of reality without relying on the simplifications that models provide.

In any case, it does not take great insight to recognize the usefulness of each of the models outlined above in interpreting particular periods of Venezuela's contemporary historical trajectory. For instance, the patrimonial autocratic model helps us

broadly understand the order that emerged with the Chavista-Madurista revolution. Similarly, the market autocratic model outlines a potential path for that revolution, one that certain political and business actors may have attempted to pursue, albeit without success thus far. These two models, then, help illuminate some of the contradictions within the ruling regime.

On the other hand, the interventionist democratic model not only helps us understand the pre-Chavista reality, but also what could emerge once the current autocratic regime comes to an end. The popular liberal model, for its part, outlines the functioning of a political and economic order that has become conceivable after the destructive years of socialist revolution. For now, it prefigures a desirable reality and serves as a reference point for transformative political action. The differences and points of convergence between this model and the interventionist democratic model will, I hope, become a central topic in the public debate that will be reborn with our democracy.

However, the analysis of Venezuelan reality and the possibilities it contains, considered through the lens of the models presented, remains a subject for another essay.