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Pathways to instability: How decreasing oil prices impact political stability in petrostates – Lessons from the 1980s oil glut

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ABSTRACT

Existing research has shown a correlation between lower oil prices and political instability in oil-rich countries. This paper examines the conditions under which declining oil revenues can contribute to political instability in such countries, with a focus on the impact of the 1980s oil glut on 29 oil-rich countries. Employing Qualitative Comparative Analysis (QCA), the study identifies three distinct pathways to political instability during this period. Each instance of political instability corresponded to a distinct causal configuration bringing together low oil abundance and high oil dependence with one specific political condition: either high clientelism, relatively high public service provision, or significant political freedom. The findings illustrate the complex interplay of factors that influence the relationship between declining oil revenues and political stability. While rooted in a historical context, the results offer insights for the future, as the global transition to renewable energy may similarly affect oil revenues, posing potential risks to political stability in oil-rich countries.

1. Introduction

Global oil prices have shown significant volatility over the past decades. Between 2015 and early 2025, the average crude oil price fluctuated in a range of approximately USD 40 to USD 100 per barrel, even excluding the anomalous price crash at the onset of the COVID-19 pandemic [1]. Price fluctuations are not exceptions but rather characteristic of global oil markets. As the global energy transition towards renewable energy sources gains traction, experts such as Bordoff and O'Sullivan, anticipate even greater price volatility in what has been termed a new "age of energy insecurity" [2].

Periods of low oil prices can be a serious concern for so-called petrostates, whose economies rely heavily on oil exports. The possible repercussions extend beyond economic well-being to political stability. Many oil-rich regimes use these revenues to provide economic welfare for a significant portion of the population, to maintain an effective political repression apparatus, or for both ends at the same time [3]. The impact of low oil prices on political stability, however, is not uniform. While in some of these countries political stability has fluctuated with the availability of oil revenues, in other petrostates periods of low oil prices have had only a marginal impact on stability. [4,5].

Motivated by this puzzle, this paper addresses the following question: Under what conditions do negative oil price shocks impact the political stability of oil-rich countries? Political stability is defined as the robustness of authority, resilience, legitimacy, and orderly leadership succession within a political entity [6]. A stable regime is characterized by its ability to enforce rules, adapt to change, maintain legitimacy, and facilitate peaceful and orderly leadership transitions. The absence of one or more of these elements can lead to political instability, evidenced by a tendency for chaotic regime changes, political violence, or sudden and erratic policy shifts.

To identify broader patterns, the paper studies a historical case and analyzes how the 1980s oil glut affected political stability in oil-rich countries. Following the 1973 oil crisis, global oil prices climbed to an all-time high of USD 36.87 a barrel (nominal) in 1980 following the Iranian Revolution and the onset of the Iraq-Iran war [1]. However, increased production from non-OPEC countries, energy conservation measures, and a global economic downturn led to an oversupply, causing prices to plummet [7]. By 1985, the global oil price had dropped to USD 27.18 per barrel [1]. Until that moment, Saudi Arabia had sought to stabilize the price by cutting its own production. In the fall of 1985, however, Saudi Arabia abandoned its role as OPEC's "swing producer" and adopted a volume-based strategy, significantly increasing production to recapture market share [7]. This led to a further price drop, with costs hovering under USD 20 per barrel until the Iraqi invasion of Kuwait in 1990 [1]. The combination of lower oil demand (at least in the early

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1980s) and lower oil prices significantly decreased the state revenues of most oil-rich countries compared to the late 1970s. Yet, as this article will discuss, while some countries experienced significant political instability as a result of these price developments, others were only marginally affected. This variation makes the period a valuable object of study for examining the conditions under which falling oil revenues can impact the political stability of oil-dependent states. Empirically, this paper is the first attempt at a comprehensive analysis of this period from this angle.

In addition to its empirical contribution, this study also offers a methodological novelty. While existing research relies primarily on large-N quantitative analyses or single-case studies to examine the relationship between oil prices and political stability, this paper applies Qualitative Comparative Analysis (QCA) to explain the variation in the impact of a specific event. QCA is a methodological approach that combines qualitative and quantitative approaches to systematically compare multiple cases using set theory and Boolean logic [8,9]. Its main advantage is that it identifies complex causal patterns, showing how different combinations of conditions lead to an outcome, rather than isolating the effect of single variables as is usually done in quantitative studies (see for example Basedau and Richter's QCA about the conditions for oil exporters to experience civil war [10]). Using this methodological approach allowed the identification of multiple pathways linking declining oil prices to political instability, showing that it was not individual factors but specific combinations of conditions that led to instability in oil-dependent countries in the studied period. Each instance of political instability corresponded to a distinct causal configuration bringing together low oil abundance and high oil dependence with one specific political condition: either high clientelism, expansive public service provision, or significant political freedom. The methods section will explain the reasoning behind opting for a QCA in more detail.

The paper is structured as follows. The next section outlines existing research on changes in oil prices and their impact on political stability; based on the literature review, a series of four conditions for the QCA will be established. Section 3 describes the QCA methodological approach and what data was used for the analysis. The fourth section presents the results of the QCA. Section 5 discusses the different pathways that the QCA delivers. The final section concludes the paper and considers its implications for the future.

2. Oil prices and political stability

Existing research has shown that the relationship between natural resources and different forms of political instability is strongly conditioned, for example, by the strength of existing institutions [11–14], local scope conditions [15], the international context [16], or the location of the natural resource [17,18]. It is unlikely that lower oil prices would lead to a military coup in country like Norway, for example. However in already unstable countries, less oil revenues can deteriorate the situation even further [19].

The political stability of many fossil fuel-rich rentier states, for example among the Gulf states, is to a considerable extent built on resource revenues [20]. Oil abundance has often been associated with regime stability [21,22]. Existing studies have shown that oil-rich autocracies are more stable than their non-oil counterparts, including during periods of lower prices [23–25]. Many oil-rich countries can still be characterized as rentier economies "where the creation of wealth is centered around a small fraction of the society; the rest of the society is only engaged in the distribution and utilization of this wealth" [26]. To ensure stability, a combination of the stick and carrot is often employed. On the one hand, the revenues are used to enforce state authority through effective security forces that deter and stop any form of violent, and often also non-violent, opposition [27]. But on the other hand, the regime can also seek internal legitimacy by providing stability, free public services, and a certain standard of living for its citizens [3]. When the rentier economy in question does not have the required financial reserves to weather a phase of low fossil fuel prices, it may have to cut its security apparatus, public services, subsidies, and clientelist networks. These cuts can severely affect the regime's authority, resilience, and legitimacy [28]. Unhappy military or alienated political leaders may stage a coup d'état or a violent uprising against a seemingly weak regime [29]. Disgruntled citizens may take protests against the cuts to the street, directing their anger against the state or against collectives associated with the state [23,30]. In particular, when there are already pre-existing collective grievances, a negative price shock can trigger mobilization [31]. Some authors have argued that decreasing oil revenues can open a window of opportunity for the democratization of oil-rich countries [28,32]. The moment of weakness can allow the toppling of authoritarian rulers but can also create potentially dangerous power vacuums. Other authors, however, state that authoritarian regimes in oil-rich countries usually remain in power in times of oil busts, and if oil-catalyzed authoritarian breakdown takes place it tends to generate new authoritarian regimes [24].

In summary, the political stability of oil-rich countries appears to depend, at least in part, on the regime's ability to distribute oil revenues to key actors or factions. When this distribution breaks down, it can lead to political instability. This premise underlies the four conditions selected for this QCA. While other factors undoubtedly also played a role in the cases in this study, such as the broader geopolitical context or the degree of external regime support, the analysis focuses on these four in order to keep the number of configurations in the QCA manageable while still capturing key causal patterns. The conditions reflect the significance of oil revenue streams, distribution mechanisms, and the nature of the political regime.

QCA has some key differences in terminology compared to statistical research: the term *"condition"* is used instead of *"independent variable";* the phenomenon being explained is referred to as the *"outcome"* rather than the *"dependent variable";* and the results of a QCA are presented as a *"solution formula"* or *"solution term"* rather than an *"equation"* [33].

The first condition I anticipated as significant for the outcome, the onset of political instability, was the economic importance of oil for the country. Very broadly speaking, the resource curse theory suggests that countries reliant on natural resources tend to experience slower economic growth, less democracy, and poorer development outcomes compared to those with fewer natural resources [34]. According to the Dutch disease theory, natural resource exports cause a country to become increasingly dependent on this source of revenue [35]. Here, a distinction can be made between resource abundance and resource dependence. According to Basedau and Lay's understanding, "dependence means that rents from resources are the most important source of income relative to other value adding activities, while abundance or wealth refers to the absolute amount of resource rents available in per capita terms" [11]. The expectation in the QCA, based on existing work by Basedau and Richter [10], was that countries with limited oil abundance but high dependence on oil exports were particularly susceptible to political instability during periods of declining oil prices. These countries would be more vulnerable because the substantial portion of their gross domestic product (GDP) tied to oil exports left them exposed to price fluctuations, which would undermine economic stability and, in turn, fuel political unrest. The first condition for political instability was, therefore, a combination of *low oil abundance and high dependence on oil exports* (in the remainder of the text referred to as LAHD).

While this condition is related to the economic importance of oil for the included cases, the other three conditions are related to the political scope conditions in the 29 countries. Based on the aforementioned characterization of rentier states, the expectation was that the level of *political clientelism* would influence the stability of an oil-rich country during periods of decreasing oil prices [29]. Relying only on patronage or clientelism is often not the most effective way to maintain peace in a country [11]. When a regime's stability is built on buying the loyalty of key groups, a reduction in revenue can be expected to lead to instability.

Competition for scarce resources would intensify under such conditions, leading to intra-elite conflicts. Dissatisfaction would grow among those expecting benefits, eroding support for the government and its legitimacy. Thus, a high level of clientelism was expected to have been a possible condition for political instability after the drop in oil prices in the 1980s.

The third condition was a *high level of public goods provisions*. While some oil-rich states opt for a clientelist model, where only a relatively small share of the population benefits economically from the country's wealth in natural resources, other countries expand the public sector and provide generous public services to the (autochthonous) population [34]. Such patterns can be identified both in democratic and autocratic regimes, which seek output legitimacy by providing public goods. Studies have shown that more spending on welfare and public goods can indeed decrease the likelihood of violent conflicts [36,37]. My expectation was that during the 1980s governments had to curtail these services, which contributed to public unrest in some cases. A high level of public goods provision was therefore seen as another possible condition for political instability in the studied countries.

The fourth condition concerned the type of political regime. I expected that, in combination with other conditions, a *high degree of political freedom* would be part of a pathway to political instability during periods of low oil prices. Political instability, as this paper understands it, does not necessarily entail violence; it can also take the form of mass protests, civil unrest, or frequent changes in government [6]. Studies have shown that democracies are more likely to experience (non-)violent protests than authoritarian regimes [38]. In regimes with greater political openness, there is more room for public mobilization and expression of discontent [39]. In other words, more politically free regimes pacify dissent by allowing protest and reducing the need for violent resistance [40]. In contrast, repressive regimes impose a high cost on dissent and typically possess stronger mechanisms to suppress public opposition, thereby reducing the likelihood of visible instability, at least until it erupts in more drastic forms. In sum, political freedom was expected to contribute to a configuration explaining (usually non-violent) political instability in some of the studied cases.

3. Methodological approach and data selection

3.1. Methodological approach

QCA is defined as "a comparative method that regards cases as combinations of conditions and that aims for the identification of conditions that are necessary and/or sufficient for an outcome" [8]. It is designed to identify certain types of set relations but is not suitable for detecting others, such as correlations [9,33]. As a methodology, it enables a comparative analysis of a larger number of cases than is feasible for traditional comparative studies yet is more focused than large-N quantitative approaches.

Most QCAs have between 20 and 50 cases, however, there are also QCAs with less or more cases [8]. The number of cases in this paper – 29 – fell within the scope of a QCA. Given the multifaceted nature of the phenomenon under scrutiny, QCA offered several advantages to identify the (combination of) conditions that were sufficient and/or necessary for political instability in oil-rich countries during the 1980s oil glut [41].

Firstly, it facilitated the identification of "conjunctural causation", where "single conditions do not individually suffice to generate the phenomenon of interest but where specific combinations of conditions are jointly sufficient for the outcome" [8]. Political instability can stem from various conditions, and QCA allows for the detection of INUS conditions (an insufficient but necessary part of an unnecessary but sufficient condition). By examining combinations of economic and political conditions, QCA could capture the interplay of these factors in shaping outcomes.

Secondly, QCA accommodates cases of equifinality, which are common in studies of political instability. Equifinality refers to the phenomenon where "multiple paths made up of individual conditions or combinations of conditions independently lead to the same outcome" [8]. There is not just one pathway to political instability, and QCA facilitates the identification of multiple pathways, each characterized by distinct configurations of economic and political conditions.

Thirdly, QCA enables the integration of quantitative and qualitative data in a single analysis. This is achieved through a calibration procedure to determine whether a case is in [1] or out (0) of the set of cases to which a certain condition applies (for example, whether a country suffered political instability or not). While some QCA methods utilize fuzzy-set analysis, for this study a crisp-set QCA was preferred. A crisp set assigns cases a binary membership score (0 or 1) indicating full exclusion or inclusion in a set, whereas a fuzzy set allows for partial membership with scores ranging between 0 and 1 to reflect varying degrees of set inclusion [8]. This paper opted for a crisp set, following a similar approach taken by papers that studied the link between natural resources and conflicts [10,41]. As these authors did, I considered the outcome and conditions under investigation were best represented as dichotomous rather than gradational phenomena.

3.2. Case selection

To determine the composition of the sample, I used data on average oil rents from the first half of the 1980s, preceding the 1986 oil price crash. The World Bank defines oil-rich countries as those whose oil revenues constitute at least 10 % of GDP and/or 20 % of total exports [42]. Utilizing World Bank data, I included countries in my sample of oil-rich nations whose average value for the years 1980 through 1985 complied with one of these two criteria [43]. Countries where oil constituted over 20 % of total exports but less than 5 % of GDP were excluded from the sample. These countries primarily served as trade hubs or centers for oil refinement. For instance, nearly 96 % of the exports of the Bahamas were oil, despite the fact that the country had almost no oil reserves.

I made one exception to this rule for Norway. While oil revenues far exceeded 20 % of total exports in the early 1980s and 5 % of GDP in many years, the average value was just below the threshold. As Norway is generally perceived to be an oil-rich country I included it in the sample anyway. While specific data regarding the size of the oil industries of Libya and the Soviet Union was unavailable in the World Bank datasets, I also included these two countries in the sample based on estimations suggesting they surpassed the designated threshold [44,45]. Brunei had to be omitted from the sample due to practical constraints, as the Varieties of Democracy dataset (V-DEM) which I used for this analysis did not cover the country [46].

These criteria yielded a sample comprising 29 countries: Albania, Algeria, Angola, Bahrain, Cameroon, China (People's Republic), Congo (Republic), Ecuador, Egypt, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Malaysia, Mexico, Nigeria, Norway, Oman, Peru, Qatar, Saudi Arabia, the Soviet Union, Syria, Trinidad and Tobago, Tunisia, the United Arab Emirates, and Venezuela.

Notably absent from this list are countries currently recognized as important oil producers, such as Equatorial Guinea, Guyana, or (South) Sudan. This absence reflects the fact that significant oil exploration had yet to commence at the time of the study. While all included countries met the criteria for being considered major oil producers, there was a wide range of oil dependence, from countries where oil rents accounted for around 70 % of GDP in the early 1980s (e.g., Kuwait and Saudi Arabia) to those where this share was less than 10 % (e.g., Cameroon) [43].

3.3. Data and calibration

There is an ongoing debate regarding the optimal number of conditions to use in QCA. Generally, it is seen as good practice to keep the number of conditions at a moderate level [33]. According to Mello, with a sample size of 29 cases, employing up to five conditions is considered reasonable [8]. Including too many conditions can lead to overfitting, where the model fits the data too closely, capturing noise rather than genuine relationships. On the other hand, too few conditions may result in oversimplified causal explanations that fail to capture the complexity of the cases.

When collecting and calibrating the data for the conditions, I relied on external datasets, which are described below. For the data for the outcome, whether a country experienced political instability, each country was individually assessed (see the detailed assessments in the appendix).

In QCA, cases are assigned set membership based on calibrated thresholds that reflect theoretically and empirically grounded criteria. It is important to note that in this methodological approach, the selection and definition of conditions and outcomes often evolve in response to preliminary findings during the research process. This re-specification of cases, conditions, or even the values assigned to cases contrasts with common practices in statistical research, where data are usually considered fixed once collected. In QCA, iterative refinement of the dataset is the norm rather than the exception [33].

Firstly, I combined the degree of oil abundance and dependence on oil exports to establish the LAHD condition. Generally, if the per capita oil income was below USD 2000 and the value of oil exports was higher than 10 % of the country's GDP during the early 1980s, the country was included in the set (LAHD = 1); otherwise, it was not (LAHD = 0) [47–50]. In cases in which some years exceeded these thresholds and others did not, I used the years before the 1986 oil crash to decide whether I would include the country in the set or not. Furthermore, I also kept in mind the natural gas revenues in this assessment. For most oil-rich countries, gas revenues were comparably small in the 1980s. Yet there were a few countries, such as Algeria, Bahrain, or Norway, where gas was also a substantial source of revenues. As the natural gas price in the 1980s followed a similar pattern to the oil price, I also took these revenues into account when deciding whether a country met this condition. Eighteen out of the 29 countries were included in the set (Algeria, Angola, Bahrain, Cameroon, Congo (Republic), Ecuador, Egypt, Gabon, Indonesia, Iran, Iraq, Malaysia, Mexico, Nigeria, the Soviet Union, Trinidad and Tobago, Tunisia, and Venezuela).

Second, to evaluate the level of clientelism, I used data from the V-DEM dataset [46]. This dataset, recognized as one of the most comprehensive for political regimes, incorporates evaluations from a global network of approximately 4000 country experts. Each observation is by country and by year. The country experts were asked "to what extent are politics based on clientelistic relationships?" This encompassed the targeted, contingent distribution of resources in exchange for political support [51]. The value was on an interval, from low to high (0–1). To put these numbers in context, in 1985 Norway had a value of 0.027, whereas Nigeria, at the other end of the spectrum, had a value of 0.904. I used a threshold value of 0.75 to identify the countries at the high end of the clientelism spectrum. As noted earlier, in QCAs it is acceptable – and methodologically appropriate – to examine whether there is a natural break in the distribution of a condition between cases that are in and out of the outcome set. In this case, there was a gap in the data around this value, and four out of five countries above the threshold had experienced political instability. Five countries were identified as meeting this criterion: Cameroon, Congo (Republic), Mexico, Nigeria, and Qatar (high level of clientelism = 1) [46].

Third, to measure the size of public goods, I used the variable "particularistic or public goods" from the V-DEM dataset. Here the country experts were asked "considering the profile of social and infrastructural spending in the national budget, how 'particularistic' or 'public goods' are most expenditures?" [46]. According to the definition for the experts, "public-goods spending is intended to benefit all communities within a society, though it may be means-tested so as to target poor, needy, or otherwise underprivileged constituents". Countries received values between 0 (almost completely particularistic) and 4 (almost completely public) in the V-DEM dataset. I included all countries in the set which had a value higher than 1 ("Most social and infrastructure expenditures are particularistic, but a significant portion (e.g., 1/4 or 1/3 is public-goods")). This applied to seven countries from my sample (Algeria, China, Iran, Norway, Soviet Union, Tunisia, and United Arab Emirates (high level of public goods = 1)).

Finally, I utilized scores from the Freedom House report to assess each country's level of political freedom. Countries scoring between 1 and 2.5 are considered to be "free" by Freedom House, indicating robust protections for political rights and civil liberties. Those scoring between 3 and 5 are categorized as "partly free", signifying some degree of political rights and civil liberties with notable limitations or restrictions. Conversely, countries scoring between 5.5 and 7 are labeled as "not free", indicating severe restrictions on political rights and civil liberties. During the 1980s, five of the sample's countries met the criteria for being classified as "free": Ecuador, Norway, Peru, Trinidad and Tobago, and Venezuela. Nigeria was "free" at the beginning of the decade, but was reclassified as "not free" after a non-oil-related military coup in 1983 [52].

3.4. Outcome (Political instability)

To determine if a country experienced political instability due to the 1980s oil glut, I analyzed each of the 29 countries individually. For this analysis, I examined the entire 1980s, as existing studies on the impact of low oil prices on political instability suggest that these effects may take several years to materialize [53]. I looked at indicators such as organized political violence, significant unrest (including violence), institutional instability, and abrupt institutional changes to see if they aligned with the aforementioned definition. When assessing a country's political stability, I considered it relative to the beginning of the 1980s. For instance, Angola, while in the throes of a civil war since 1975, did not experience any significant changes in its political stability due to decreasing oil prices [54]. Furthermore, I explored whether there was any correlation between episodes of political instability and oil. To give another example, China experienced one of its most unstable periods since the Cultural Revolution with the 1989 Tiananmen Square protests, yet I did not find any link with the country's oil industry [55]. Using these criteria, an increase in political instability compared to the early 1980s and a role of decreasing oil prices in this process, 11 countries were included in the set (see Table 1.). In the appendix, I explain the reasoning of the calibration of each case in more detail.

4. Results

For the QCA in this text, I used the parsimonious solution, which uses all truth table rows with logical remainders. As a result, it works with the broadest pool of configurations and delivers the least complex solution terms [8]. Table 2 below shows the truth table that was used for the QCA.

As expected, and illustrated in Fig. 1 and Table 3, all pathways were combinations of economic and political conditions. All consistency values were above 0.75, which is typically considered the minimum threshold for a meaningful set-theoretic relationship [33].

The first pathway combined LAHD and a high level of clientelism ("pathway 1"), the second LAHD and a high level of public goods provisions ("pathway 2"), and the third a high level of LAHD and a high level of political freedom ("pathway 3"). Pathway 1 and pathway 3 had an inclusion score (inclS) of 1, indicating that in all cases where this particular set of causal conditions was present, the outcome (*political instability*) occurred. This score reflects how reliably the condition leads to the outcome. In the case of pathway 2, there was one case that did not experience political instability according to my coding (Iran). However, as will be explained below, this case can be explained by the particularities of the case. The proportional reduction in inconsistency (PRI)

Table 1
Political Instability due to 1980s Oil Glut.

In	Out
• Algeria (institutional changes, civil war) • Cameroon (violent protests, institutional changes) • Congo Rep. (institutional changes, civil war) • Ecuador (violent protests, institutional instability) • Gabon (violent protests, failed coups d'état, institutional changes) • Mexico (violent protests, institutional instability) • Nigeria (violent protests, failed coups d'état, institutional changes) • Soviet Union (institutional changes, country dissolution) • Trinidad and Tobago (violent protests, failed coup d'état) • Tunisia (violent protests, coup d'état) • Venezuela (violent protests, failed coups d'état)	• Albania (no major instability) • Angola (continuation of existing civil war) • Bahrain (protests, but limited scope) • China (protests, but not related to oil) • Egypt (assassination of president, but not related to oil) • Indonesia (no major instability) • Iran (instability, but not related to oil) • Iraq (violent unrest, but not related to oil) • Kuwait (institutional instability, but not related to oil) • Libya (no major instability) • Malaysia (no major instability) • Norway (no major instability) • Oman (no major instability) • Peru (civil war, but not related to oil) • Qatar (no major instability) • Saudi Arabia (protests, but not related to oil) • Syria (protests, but not related to oil). • United Arab Emirates (no major instability)

was the same value as the inclS in all cases. The PRI is a refined measure of sufficiency consistency, distinguishing cases where a condition is sufficient for the outcome from cases where it is merely present in both the presence and absence of the outcome.

The coverage of sufficiency (covS) measures the proportion of the outcome explained by a particular causal condition or configuration. Pathway 1, which combined low oil abundance and high oil dependence (LAHD) with a high level of clientelism, had a covS of 0.364, meaning that 36.4 % of the cases of political instability could be explained by this combination. The second pathway, a combination of LAHD and a high level of public goods provision, had a covS of 0.273. Similarly, the third pathway, which combined LAHD with a high level of political freedom, also had a covS of 0.273. In each case, the covS was identical to the unique coverage (covU), which measures the unique contribution of a particular configuration to explaining the outcome, excluding overlap with other configurations. Notably, none of the four conditions were

Table 3
Results of the QCA.

	inclS	PRI	covS	covU	cases
LAHD * Clientelism	1	1	0.364	0.364	Cameroon, Congo (Republic), Mexico, Nigeria
LAHD * Public Goods	0.75	0.75	0.273	0.273	Algeria, *Iran*, Soviet Union, Tunisia
LAHD * Political Freedom	1	1	0.273	0.273	Ecuador, Trinidad and Tobago, Venezuela
M1	1	1	0.909		

Table 2
Truth Table for QCA.

LAHD	Clientelism	Public Goods	Political Freedom	OUT	n	incl	PRI	cases
1	1	0	0	1	4	1	1	Cameroon, Congo (Republic), Mexico, Nigeria
1	0	0	1	1	3	1	1	Ecuador, Trinidad and Tobago, Venezuela
1	0	1	0	1	3	1	1	Iran, *Soviet* Union, Tunisia
0	0	1	0	0	3	0	0	Algeria, China, *United* Arab Emirates
1	0	0	0	0	7	0	0	Angola, Bahrain, Egypt, Gabon, Indonesia, Iraq, Malaysia
0	0	0	0	0	6	0	0	Albania, Kuwait, Libya, Oman, Saudi Arabia, Syria
0	0	0	1	0	1	0	0	Peru
0	0	1	1	0	1	0	0	Norway
0	1	0	0	0	1	0	0	Qatar

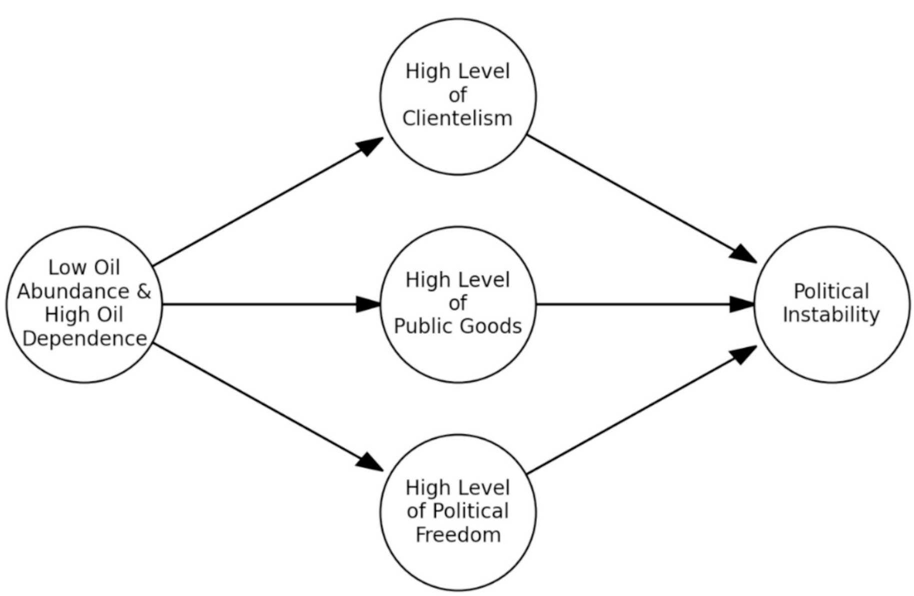

Fig. 1. Pathways to Political Instability.

necessary or sufficient on their own to explain political instability.

The resulting solution formula was:

$$\text{Outcome (Political instability)} = (\text{LAHD}^{*}\ \text{High Level of Clientelism})$$
$$+ (\text{LAHD}^{*}\ \text{High Level of Public Goods})$$
$$+ (\text{LAHD}^{*}\ \text{High Level of Political Freedom})$$

This solution explained 10 out of the 11 cases with instances of political instability (90.9 %). The deviant case, which was not explained by any of these pathways – Gabon – will be discussed in more detail in the following section. As this discussion will show, the outlier did not contradict the results and is mainly explained by the dataset used.

5. Discussion

In this section, I will go through the pathways that the QCA has identified and illustrate them with empirical examples.

5.1. Pathway 1: LAHD and a high level of clientelism

The combination of LAHD and a high level of clientelism could be observed in four countries: Cameroon, the Republic of the Congo, Mexico, and Nigeria. While each of these countries had their own characteristics, there are some shared patterns. In the case of the three sub-Saharan African countries, the pathway cannot be analyzed without taking into account broader considerations of neopatrimonialism, which can be understood as a political structure marked by the coexistence of traditional patrimonial systems and modern bureaucratic institutions. Political leaders or parties wield power through patron-client networks, exchanging resources and favors for political allegiance [56]. The concept has often been used to describe the postcolonial state in sub-Saharan Africa and helps to understand the pathway of these three countries.

In Cameroon, President Paul Biya perpetuated the patron-client system of his predecessor, consolidating power through his party the Cameroon People's Democratic Movement (Rassemblement Démocratique du Peuple Camerounais – RDPC) [57]. In Congo, Denis Sassou-Nguesso ruled through patronage of the political class and the educated elites with government jobs and subsidies [58,59]. And in Nigeria too, clientelism and corruption were so endemic that they were the pretext for a military overthrow of the democratic government in 1983 [60]. The new military government promised strict policies to restore order and fight corruption, without much success [61].

Mexico had elections but the system was famously dubbed by the Peruvian writer Mario Vargas Llosa as the "perfect dictatorship" of the Institutional Revolutionary Party (Partido Revolucionario Institucional – PRI) [62]. All presidents since 1929 had been PRI members; until 1976, every member of the Senate belonged to the PRI; and until 1989, all state governors were also from the PRI. While there were elections, throughout its seven decades of rule the PRI maintained control through corporatism, co-option, electoral fraud, and political repression [63]. In sum, in the four cases the political system was marked by clientelist structures, where loyalty was often based on financial support.

The deviant case, Gabon, also fits this description, and it is somewhat surprising that V-DEM did not score it higher on clientelism, as it has usually been described as an extremely clientelist system [64]. Gabon had been relatively stable under the long-standing rule of President Omar Bongo, who had consolidated power since 1967 through a combination of force, co-optation, and strategic alliances, particularly with France. In the 1980s, it followed a very similar pattern to the other African countries in the sample.

Cameroon, Congo (Republic), Nigeria, and Gabon too had entered the 1980s with a positive economic outlook due to the oil price boom around that time. To speed up economic growth, they started to take out ever increasing loans, expecting to repay them with future oil revenues. Likewise, the countries doubled down on their patronage systems and bought political stability with oil revenues [57,58].

With the beginning of the oil glut in the early 1980s, and even more so after the 1986 oil price crash, the three countries suffered enormous fiscal problems: they had to cut public spending and were unable to repay their debts anymore [58]. With more or less hesitance, in the second half of the 1980s the governments of the three countries all agreed to IMF structural adjustment programs in order to receive loans. While the individual applications in each country varied, they all included strict austerity policies to reduce public spending and the privatization of state-owned enterprises. The latter offered powerful actors within the system the opportunity to expand their economic influence by taking over former state-owned enterprises. Most of the population, however, suffered from these austerity measures: public workers were fired (many but not all of whom had been hired as part of patrimonial structures), public service quality declined, and revenue-generating measures were introduced [57]. At the same time, many of these policies spared the political elite and those in the upper echelons of government, whose privileges remained intact and whose positions the governments did not dare to touch.

Unsurprisingly, in all three countries public protests became more frequent and pressure on the political leadership increased. The most extreme form of this unrest occurred in Nigeria, with violent protests and two failed coup attempts [61]. Also in Gabon, the economic hardships of the 1980s led to social unrest and increased opposition to Bongo's regime that also culminated in a series of coup attempts in the late 1980s [65].

The end of the Cold War proved to be a spark in the powder keg of domestic frustration in these countries [57]. Against a backdrop of democratization all over the globe and the end of Soviet support for some regimes, the one-time mother country France started to be more permissive of political reforms in its former colonies. Democratic elections took place in the four countries in the early 1990s, albeit with underwhelming long-term results.

In Cameroon, President Biya was narrowly re-elected in relatively free and fair elections in 1992 in a context of a divided opposition [57]. He used this newfound democratic legitimacy to stabilize his position and to rebuild an authoritarian state. As of early 2025, he was still the President of Cameroon.

In the Republic of the Congo, the winner of the elections, Pascal Lissouba, had to learn that "possession of Congo's presidential palace did not guarantee ownership over Sassou's former networks of allies, patrons, and clients" [59]. The following years would see a number of brief civil wars and eventually Sassou-Nguesso would return to power in 1998. As of early 2025, he was also still the President of the Republic of the Congo.

In Nigeria, the results of the 1993 presidential elections were annulled by the incumbent President Babangida due to alleged electoral fraud. This step sparked protests and political unrest, resulting in Babangida's resignation and the establishment of a weak interim civilian government. The turmoil eventually led to the continuation of military rule when Sani Abacha seized power as the military head of state in a bloodless coup later that year [66].

Finally, in Gabon, in the 1990 parliamentary elections, Bongo's Gabonese Democratic Party (Parti Démocratique Gabonais) won by a landslide, keeping him in power. Despite the economic challenges, Bongo had managed to maintain his grip on power by relying on a strong clientelist network, funded by oil revenues, and supported by external aid from France. Also, he would remain in charge until his death in 2009, making him Africa's longest-ruling non-royal leader at the time, with 42 years in power. His son, Ali Bongo, was only ousted in 2023 in a military coup [65].

While the process in the four sub-Saharan countries in the sample followed a relatively similar pattern, the case of Mexico was somewhat different as the crisis had already started earlier in the 1980s. Largely due to decreasing oil prices, Mexico had to default on its loans in 1982 and adopted a US-assembled rescue package that included layoffs in the public sector and austerity measures [67]. Initially, this crisis only led to a modest political response from the population, as the PRI controlled organized labor and the political left was fragmented. Where necessary, the PRI used electoral fraud in the municipal elections to stay in power on the local level [67]. In the 1988 presidential election, to ensure that the PRI candidate, Carlos Salinas de Gortari, passed at least the 50 % threshold, already a historical low point, it (most probably) used outright election result manipulation. The opposition protested the results, tarnishing the PRI's reputation for invincibility [67].

In 1989, the PRI lost its first state government in Baja California. Over the following decade, the PRI would lose more state governments until it eventually lost power in 2000, when Vicente Fox was elected as the first non-PRI president for over 70 years. While the 1986 oil crash did not immediately end the rule of the PRI, it contributed to a broader context that ultimately weakened its hegemonic grip on Mexican politics, alongside other factors such as the botched response to the 1985 Mexico City earthquake.

Overall, in all cases, a similar pattern emerges. Governments utilized the increasing oil resources in the 1970s to invest in the public sector and bolster their power through patronage networks. However, when oil revenues decreased in the 1980s and particularly after the 1986 oil shock, conflicts arose regarding the preservation of these networks. Faced with the necessity for painful economic measures and structural adjustment programs, governments faced the challenge of sustaining their client networks while also addressing public protests against austerity measures. These protests would open a window for democratic transitions that in most cases proved short-lived, as the previous regimes used their networks to stay in power.

5.2. Pathway 2: LAHD and a high level of public goods provisions

The second pathway combined LAHD with a high level of public goods provisions and could be observed in three cases (Algeria, the Soviet Union, and Tunisia). Iran is a deviant case here.

Algeria is often named as one of the most prominent victims of the 1980s oil glut and the brutal civil war in the 1990s is traced back to it. Following Algeria's independence in 1962, the ruling National Liberation Front (Front de Libération Nationale – FLN) pursued a statist-socialist approach, using oil revenues to fund expansive social programs and expand employment in the public sector [68]. However, the 1980s oil glut drastically reduced revenues, leading to austerity measures, privatization, and mass layoffs, which exacerbated social tensions in a rapidly growing population [69]. Initial protests against economic conditions quickly evolved into calls for political change, leading to a democratic opening in 1988. However, the rise of the Islamist party Islamic Salvation Front (Front Islamique du Salut – FIS), which won significant electoral victories, alarmed the military and ruling elites, who staged a coup in 1992 to prevent an Islamist takeover. This coup sparked a decade-long civil war, during which the state halted political reforms but continued some economic liberalization, further deepening the disconnect between the elites and the wider population [68].

The events in Tunisia took a similar path, without culminating in mass violence. The sharp decline in oil prices also strained the country's public finances and led to a mounting debt crisis in the early 1980s. To address the situation, the government was forced to adopt structural adjustment programs from the IMF and World Bank [70]. One of the most unpopular measures was increasing the price of bread, which sparked the 1984 food riots, nearly leading to a nationwide uprising and prompting the imposition of curfews and martial law. Efforts to reform the economy, such as reducing the oversized public sector, were strongly opposed by the influential Tunisian General Labor Union (Union Générale Tunisienne du Travail – UGTT), resulting in delays to essential reforms [70].

As oil prices continued to fall, Tunisia's debt worsened, with the debt service ratio skyrocketing by 1986. Meanwhile, the government grew more repressive, targeting both the UGTT and political Islamists. Amid these economic and political challenges, President Bourguiba, who was then 83 years old, became increasingly erratic and unable to manage the crisis effectively. This situation culminated in a bloodless palace coup in 1987, when Prime Minister Zine El Abidine Ben Ali declared Bourguiba unfit to govern due to his declining mental health. Ben Ali initially succeeded in stabilizing the economy and introducing some political reforms [71]. However, over time, his regime grew more authoritarian, ultimately leading to his ousting during the Tunisian revolution in 2011.

While the factors leading to the Soviet Union's collapse are multifaceted, the 1980s oil glut has been named as one of the main causes, for example by Yegor Gaidar [72], Russia's first democratic prime minister. In his analysis, he emphasized the Soviet Union's heavy reliance on grain and oil, identifying these commodities as critical to its economic challenges. The inability to produce sufficient grain led the Soviet Union to allocate a substantial portion of its oil revenues to grain imports. According to Gaidar [73], "the timeline of the collapse of the Soviet Union can be traced to September 13, 1985" when Saudi Arabia decided to increase oil production dramatically. This decision placed immense economic strain on the Soviet Union, exacerbating the inherent rigidity of its political system and the lack of viable solutions to its economic woes.

Soviet leader Mikhail Gorbachev decided to not cut public goods expenditure and tried to maintain living standards, as he wanted to avoid public protests over economic grievances that would have required a violent response. With decreasing income and hesitance to cut expenditures, the Soviet government resorted to borrowing. By the late 1980s and early 1990s, the once powerful Soviet Union was virtually bankrupt and on the drip of Western loans, which severely constrained its room for maneuver in the face of domestic challenges, such as increasing nationalist movements within various republics. Although the oil price collapse was not the sole reason for the Soviet Union's fall, it was an important nail in the coffin of a flawed economic system [74].

In Algeria, Tunisia, and the Soviet Union, governments faced a shared challenge: declining oil revenues necessitated painful public sector cuts, but fear of popular backlash led them to delaying these measures. The outcomes of these processes, however, differed: Tunisia saw regime renewal; Algeria's regime clung to power through a brutal civil war; and in the Soviet Union, these problems contributed to the country's dissolution.

Iran also met the conditions of LAHD in combination with a high level of public spending. However, it was coded as not experiencing political instability due to decreasing oil prices. This case was particularly challenging to calibrate in the QCA due to Iran's overall instability throughout the 1980s, driven by the aftermath of the Islamic Revolution and the war with Iraq. In addition to declining global oil prices, Iran's oil industry was also hit by U.S. sanctions and Iraqi attacks on its tankers [75–77].

Unlike the other three cases in this pathway, political instability in Iran began prior to the oil glut, culminating in the fall of the Shah in 1979. The initial years following the overthrow of the monarchy were a period of significant domestic instability with the country's economy, government apparatus, and military and security forces in disarray. By 1982, however, the Islamist faction led by Ayatollah Khomeini had crushed rival groups – including communists and the liberal opposition – defeated local rebellions, and consolidated domestic power. This crackdown had left the domestic opposition in Iran in a weaker state than in Algeria, Tunisia and – in the second half of the 1980s – the Soviet Union, with less space to voice discontent. The new regime used Iran's oil revenues not only for the war effort but also for populist spending programs and the expansion of the public sector to consolidate its power base.

Despite internal and external challenges, the regime under Ayatollah Khomeini managed to stabilize its position, partly by violently suppressing opposition and partly by forging a political alliance between religious conservatives and merchants. By the end of the decade, Iran was more politically stable than at its onset, and it was therefore not classified in this study as a country whose overall stability had been negatively impacted by the oil glut. Amidst broader volatility, the government responded to all emerging opposition with an iron hand, ultimately maintaining its hold on power. [76].

5.3. Pathway 3: LAHD and a high level of political freedom

The third pathway was a combination of LAHD and a high level of political freedom. In the three countries with these conditions – Ecuador, Trinidad and Tobago, and Venezuela – political instability intensified, particularly following the 1986 oil price collapse.

After 17 years of military dictatorship, Ecuador transitioned to democracy in 1979. However, the new governments quickly encountered economic challenges in the early 1980s due to falling oil prices. Their attempts to stabilize the economy without necessary fiscal corrections led to extensive foreign borrowing and rising inflation, worsening the financial situation [78]. President León Febres Cordero sought to address these issues through economic liberalization, but his efforts were hindered by economic and political constraints [79].

Following the 1986 oil price crash, he abandoned his neoliberal policies in favor of emergency measures, including currency devaluation and multiple fixed exchange rates [79]. Deteriorating economic conditions fueled political opposition from labor groups, business elites, and military factions. In March 1986, elements of the air force revolted against the secretary of defense [78]. Although Congress passed a resolution granting amnesty to General Vargas Pazzos, the revolt's mastermind, Febres Cordero initially refused to sign it. After being kidnapped for 11 h by air force members demanding the general's release in January 1987, he eventually signed the amnesty, further undermining his authority [78]. To make things worse, the economy was also severely affected by a 1987 earthquake that disrupted oil production [78]. Despite this political and economic instability, democracy would survive the oil shock in Ecuador.

While Ecuador was still a young democracy in the 1980s, Venezuela at that point boasted South America's most stable democracy, with a strong two-party system. However, during the first half of the 1980s, Venezuela muddled through the first years of the oil glut without addressing many of the country's problems, such as a bloated public sector, overspending, and corruption. Economic reforms were delayed due to opposition from labor unions and economic elites. Also here, declining oil revenues led to mounting foreign debt, inflation, and unemployment. The situation decreased rapidly with the launch of a radical austerity program in 1988 after the 1986 oil price crash had made things even worse. The 1989 Caracazo riots, triggered by the announcement of a new economic package, resulted in hundreds, possibly thousands, of deaths. Subsequently, Venezuela witnessed two failed coup attempts in 1992, one led by then Lieutenant Colonel Hugo Chávez, reflecting widespread dissatisfaction with the government's handling of the crisis and eroding trust in the political elite to solve the country's problems. This period culminated in the impeachment of President Carlos Andrés Pérez in 1993. Five years later, Hugo Chávez would be elected President of Venezuela and commence with the profound transformation of the country [80].

In neighboring Trinidad and Tobago, the political system did not collapse despite similar conditions. As in Venezuela, the government also faced instability due to austerity measures that led to social discontent and unrest [81]. Against a backdrop of economic crisis, the opposition won 33 of the 36 seats in parliament in 1986 on the promise to reverse economic decline [81]. However, it had only limited success in achieving these objectives, which contributed to further disenchantment with the political class. In 1990, the country experienced a coup attempt by Jamaat al Muslimeen, a small Islamist group, which held the prime minister and other members of parliament hostage [82]. While this coup attempt was driven by a relatively marginal group and poorly planned and executed, it caused massive looting and disturbances in the capital, demonstrating the fragility of the government's authority at that time [81].

In spite of these difficulties, the political situation would stabilize in the early 1990s and Trinidad and Tobago is to this day a comparatively stable and fully democratic country. Explaining the different outcomes between Venezuela and Trinidad and Tobago would require more space, but, in a nutshell, the main explanation is probably the degree to which the coalition supporting the regime maintained their faith in the democratic order. Whereas in Venezuela parts of the elites and the military lost trust in the government's ability to handle the economic crisis, in Trinidad and Tobago the entire political system was not called into question by the elites.

The two other countries that qualified as free in the dataset, Peru and Norway, did not suffer similar consequences from the 1980s oil glut. Peru had severe political problems during the 1980s related to the armed conflict with the Sendero Luminoso movement, but there was no connection to oil prices [83]. The country did not have abundant oil, but its degree of dependence was also relatively low. In Norway, decreasing government revenues due to the 1986 oil price shock contributed to the end of Conservative Prime Minister Kåre Willoch's government. In May 1986, the cabinet lost a vote of no-confidence over his austerity plans, and a minority government led by Labor leader Gro Harlem Brundtland took over for the rest of the parliamentary period until 1989 [84]. However, as this is a normal process in a democracy, these events have not been coded as political instability in the dataset.

6. Conclusion

Analyzing the impact of the 1980s oil glut through the lens of a QCA, the research has identified three different pathways that linked declining oil prices to political instability in that period. The main takeaway is that each case of political instability was a combination of LAHD and one political condition (a high level of clientelism, public goods, or political freedom). When LAHD and clientelism came together, the political regimes often shied away from necessary reforms out of fear of a backlash from their backers, until the situation became completely unsustainable. While the 1986 oil price collapse contributed to democratization processes in these countries, in most cases these processes were short-lived and the previous authoritarian leaders stayed or returned to power using their clientelist networks. In cases of LAHD and a comparably high level of public goods, policymakers either shied away from cutting public expenditures and increased public debt out of fear of a public backlash until a complete state collapse; or they took this step and faced sometimes even violent protests against these austerity measures. Finally, in the cases of LAHD and a high level of political freedom, democracy came under pressure. Austerity measures were met with organized public protests and even coup attempts.

The findings illustrate that the link between declining oil revenues and political instability in the 1980s was not a monocausal mechanism, but a combination of political and economic factors. For example, while all countries that suffered instability were LAHD, there were also numerous LAHD countries that did not experience similar problems.

Admittedly, the results of this study were conditioned by the specific scope conditions of the period, such as the final years of the Cold War and the collapse of the Soviet Union. That said, more recent case studies, for example on Iraq's political stability in phases of low oil prices, show similar patterns [4]. Future research can apply a similar methodological approach as this paper to other periods of low oil prices – such as the 2014–2016 oil glut – to see whether the variation in political instability at that time can be explained with the same combinations of conditions. Yet the oil bust of the 1980s already offers two important lessons worth revisiting in a time of changing global energy systems.

First, avoiding becoming a LAHD country is essential. In all pathways to political instability identified in this study, this condition was a consistent starting point. The evidence highlights the importance of proactive economic planning in the face of declining oil revenues. Economic diversification and prudent fiscal management may be clichés, but they remain the best insurance against the whims of global energy markets.

Second, the timing of policy responses is crucial.[1] Common prescriptions – reducing clientelism, rationalizing public expenditure, and strengthening institutional capacity –are difficult to implement in already fragile contexts. In several of the studied cases, reform efforts initiated during periods of instability either failed or contributed to further political unrest. These findings underscore the importance of initiating structural reforms during periods of relative stability. Promoting inclusive growth, investing in institutional quality, and expanding opportunities for political participation are far more effective when pursued before crisis conditions take hold.

As the energy transition accelerates, the window for preemptive action is narrowing. Oil-rich states that fail to adapt in time risk repeating the political and economic dislocations of the past, only this time with far fewer lifelines, as the changes are likely to be more structural and permanent than those of the 1980s.

CRediT authorship contribution statement

Martijn C. Vlaskamp: Writing – original draft, Visualization, Validation, Supervision, Software, Resources, Project administration, Methodology, Investigation, Funding acquisition, Formal analysis, Data curation, Conceptualization.

Declaration of Generative Ai and Ai-assisted technologies in the writing process

During the preparation of this work the author used ChatGPT 4o to edit and proofread the text. After using this tool, the author reviewed and edited the content as needed and takes full responsibility for the content of the publication.

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Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Appendix A. Case studies

1. Albania

Albania became a communist autocracy at the end of World War II, initially forging close ties with the Soviet Union and subsequently with China. When China emerged from its isolation in the 1970s, the relationship with Albania soured, eventually leading to the Sino-Albanian rift. The 1976 Albanian Constitution enshrined the idea of autarky and self-sufficiency in law and prohibited the government from seeking financial aid or credits, or from forming joint companies with partners from capitalist or communist countries perceived to be "revisionist" [85]. This restriction became a significant obstacle to the development of Albania's oil industry in the 1980s. Albania's oil output had been shrinking since the mid-1970s, as the production from existing wells decreased [85]. Roughly 40 % of the investments made by the Ministry of Mines, Heavy Industry, and Energy in the 1980s were allocated to new explorations without discovering any substantial additional commercially viable reserves [85]. Most of Albania's remaining oil was used domestically, either for consumption or industry, with only a small amount being exported. Consequently, the 1986 oil price crash had only a small impact on the country's economy, as its market interactions with the outside world were very limited. Broader economic problems, such as the self-imposed lack of foreign investment, poor agricultural output due to periods of drought, and the collapse of markets in Central and Eastern Europe, would eventually contribute to political and economic reforms and the end of the socialist regime in the early 1990s [85].

2. Algeria

Following Algeria's independence from France in 1962, the country had been ruled by the sole legal party, the National Liberation Front (Front de Libération Nationale – FLN), which followed a statist-socialist political course. The first two decades of independence were periods of rapid economic development thanks to the country's oil revenues. Due to the nationalization of the national oil company, the state could heavily invest in social welfare, free education and health services, and most Algerians worked in the public sector [68]. At the same time, the political system was also marked by clientelist and corrupt structures, with large shares of the country's wealth ending up in the pockets of a political-financial elite [69]. However, the expansion of social programs and state-led industrialization reached their limits in the context of the 1980s oil glut. Austerity measures, mass layoffs due to privatization (where the new private companies ended up in the hands of the elite), and a young and growing population increased social tensions [69]. While social mobilization started against austerity measures, it rapidly took on a political tone, demanding the end of the state-party regime of the FLN [68]. Faced with uncontrollable dissent, the regime adopted an accommodation strategy and initiated a democratic transition in October 1988, hoping for electoral support for the FLN in the forthcoming free and fair elections. Political and economic reforms were initiated to address the country's fundamental problems [68]. However, the democratic opening led to the Islamic Salvation Front (Front Islamique du Salut – FIS) party winning significant victories in the 1990 local elections and the 1991 legislative elections, which alarmed the military and ruling elites. Fearing an Islamist takeover, the military intervened in 1992, halting the democratic process with a coup and instigating a civil war between Islamists and the military that would continue until 2002. While the civil war stopped any political reforms and brought a return to political repression, the state continued its economic liberalization program during that time [68].

3. Angola

Since 1975, Angola had been suffering a civil war between the government of the People's Movement for the Liberation of Angola (Movimento Popular de Libertação de Angola – MPLA), the Union for the Total Independence of Angola (União Nacional para a Independência Total de Angola – UNITA) and the National Liberation Front of Angola (Frente Nacional de Libertação de Angola – FNLA). While the insurgents controlled most of the country's diamond resources, the country's oil was almost exclusively extracted offshore and remained in the hands of

[1] I am grateful to an anonymous reviewer for encouraging a more detailed discussion of the timing of reforms in this section.

the government. Generally, the oil sector constituted an enclave economy with little connection to most Angolans except via revenues directed to public expenditure. Most of the oil rent was used for the war effort, debt servicing, and to subsidize the lifestyle of a small elite [86]. Decreasing oil prices in the 1980s affected the Angolan economy, as it reduced its import capacity and made it harder to repay debts [54]. While external actors such as the Soviet Union kept the Angolan economy from completely collapsing, the overall balance of payments shifted into deficit in the latter half of the 1980s, to a point that the government had to turn towards creditors such as the Paris Club to vouch for additional loans [54]. Imports of many essential goods were drastically reduced in the late 1980s, and large parts of the urban population had to engage in the informal economy and parallel markets to survive. Despite these severe economic problems, the MPLA did not experience any serious opposition in the territories it controlled, partly due to an effective security apparatus that intimidated critics and locked them up, and partly thanks to fear tactics [54]. As a popular slogan during the 1992 election campaign summed it up, "MPLA steals, UNITA kills" [86]: people in government-controlled areas often thought that they were still better off with "the devil they knew". The 1992 elections were the result of the 1991 Bicesse Accords between the warring parties, which had been mediated by the United States, the Soviet Union, and the former mother country Portugal in the context of the end of the Cold War. After the MPLA won these elections, UNITA and other opposition parties accused the MPLA of rigging the ballot and the civil war returned. It would only end in 2002 with an MPLA victory.

4. Bahrain

Bahrain was the first place where oil was discovered on the western side of the Persian Gulf, and production had already started in the early 1930s. After independence in 1971, these revenues facilitated economic development and modernization efforts. The government invested in infrastructure, education, and healthcare, which contributed to political and economic stability. However, economic progress did not go hand in hand with political reforms, and the political system remained highly centralized, with limited political freedoms and no elected parliament [87]. A key factor in understanding Bahrain's political stability was the sectarian divide: the majority of the population is Shia Muslim, while the ruling Al Khalifa family and much of the political elite are Sunni. This divide has been a continuous source of underlying tension, as many Shia Bahrainis felt marginalized and underrepresented. The state maintained tight control over political activities and dissent [87]. After the 1979 Islamic Revolution in Iran, some Shia groups in Bahrain felt emboldened, leading to various moments of popular mobilization against the regime during the 1980s and early 1990s, including a coup attempt in 1981 by the Iranian-backed Islamic Front for the Liberation of Bahrain. These events would lead to the establishment of the Gulf Cooperation Council as a joint front against Iranian incursions in the region.

Compared to many other Gulf states, Bahrain had few oil reserves and began diversifying its economy relatively early by developing an aluminum industry and a banking sector. While decreasing oil prices during the 1980s and the 1986 oil price shock affected Bahrain's economy, thanks to the more diversified nature of its economy the impact was less severe than in other countries in the region. The regime responded not with increased state interventions but with economic liberalization that benefited the powerful merchant class, likely to prevent a potential alliance between politically alienated Shia and economically alienated merchants [88]. Bahrain would experience an armed uprising from 1994 to 1998; however, this was less a result of decreasing oil prices but primarily rooted in the perceived political and economic discrimination against Shia in the country [89].

5. Cameroon

During the 1970s, Cameroon enjoyed relative political stability under President Ahmadou Ahidjo, who centralized power through the Cameroon National Union (Union Nationale Camérounaise – UNC) and maintained control via patronage and security forces. However, Ahidjo's unexpected resignation in 1982 and the transfer of power to Paul Biya marked the start of a more turbulent era. Initially, Cameroon's budding oil sector bolstered its economy in the late 1970s and early 1980s, earning praise from the World Bank for its "prudent" oil management, setting it apart from other oil-producing nations trapped in economic pitfalls [90]. In 1977, Ahidjo created an extra-budgetary account abroad to manage oil revenues, aiming to avoid the Dutch disease and maintaining a reserve for special projects. However, the management of this fund was shrouded in opacity, and estimates suggest that more than half of Cameroon's oil revenues between 1977 and 2006 are unaccounted for [91].

As global oil prices plummeted in the second half of the 1980s, the government faced severe economic challenges, forcing it to accept painful budget cuts. Biya, who had consolidated power through clientelist structures and expanded the public sector, was compelled to accept an IMF aid package in 1988 and a structural adjustment program loan from the World Bank. These austerity measures fueled public discontent and violent protests, eventually leading to elections. In 1992, in a context of a divided opposition, Biya was narrowly re-elected in relatively free and fair elections [57]. He leveraged this democratic legitimacy to stabilize his position and rebuild an authoritarian regime. As of early 2025, Paul Biya remained the President of Cameroon, demonstrating his enduring grip on power.

6. China (People's Republic)

In 1986, China was the world's fourth-largest producer of crude oil, with oil accounting for one-fifth to one-quarter of the country's total annual exports [55]. However, the 1986 oil crash significantly impacted this dynamic, leading to a shift in China's oil trade policy. Prior to the crash, the Chinese government had prioritized export maximization as a strategy to generate significant revenue, especially when its manufactured products were less competitive internationally. The oil crash halted the policy of maximizing oil exports, as internal advocates for greater domestic allocation of crude and oil products gained influence due to the collapsing international oil markets. Consequently, China's approach evolved from focusing solely on maximizing exports to implementing a more balanced program of oil imports and exports [92]. This shift did not destabilize China politically; rather the 1980s were characterized by significant economic reforms under Deng Xiaoping's leadership. These reforms transitioned China from a centrally planned economy to a more market-oriented one. Domestic oil production and low oil prices stimulated foreign investment and industrialization in China [92]. Consequently, fewer revenues from oil exports had only a marginal influence on the country's broader economic development and in the following years most of China's production would be domestically absorbed. Episodes of political instability, such as the 1989 Tiananmen Square protests, were more influenced by domestic political issues and frustration with corruption than by global oil price fluctuations.

7. Congo (Republic)

The 1986 oil crisis had profound implications for political stability in the Republic of the Congo (also known as Congo-Brazzaville). Initially, the government of Denis Sassou-Nguesso, already facing massive external debts, had ambitiously increased spending through a "five-year plan". However, the collapse of oil prices in 1985 revealed the regime's inability to manage its debts or fund its internal programs, leading to an unpopular structural adjustment agreement with the World Bank [93]. This agreement mandated harsh economic measures such as halving the national budget, privatizing state-owned enterprises, and focusing on agricultural production. Decreasing oil revenues also made it harder for Sassou-Nguesso's government to maintain political support and finance its patronage networks. This economic strain sparked widespread discontent, culminating in popular protests and strikes when the government proposed cuts in education stipends and civil service salaries. The collapse of Eastern European communism "proved to be a spark in the powder keg of Congo's domestic frustration" [93]. In a desperate bid to quell unrest in 1991, despite being financially crippled, the regime promised salary increases and job opportunities for unemployed graduates. These efforts were insufficient, and the regime's control weakened. Ultimately, a National Conference in 1991 initiated a transition that led to a new constitution and multiparty elections that ended the regime of Sassou-Nguesso. The winner of the elections, Pascal Lissouba, however, had to learn that "possession of Congo's presidential palace did not guarantee ownership over Sassou's former networks of allies, patrons, and clients" [59]. The following years would see a number of brief civil wars and eventually Sassou-Nguesso would return to power in 1998. As of early 2025, he was also still the President of the Republic of the Congo.

8. Ecuador

Ecuador had transitioned from a military regime to democratic governance in 1979, but is political landscape was still very unstable. The death of President Jaime Roldós in 1981, rumored coup attempts, and other political disruptions highlighted the fragility of the new democratic system. Roldós' successor, Osvaldo Hurtado, immediately faced an economic crisis brought on by the end of the petroleum boom. Massive foreign borrowing resulted in a foreign debt of nearly USD 8.3 billion by 1987 [78]. Declining petroleum prices and the rising burden of debt service payments weakened the state, allowing economic elites to influence public policy. In 1984, these elites promoted the election of León Febres Cordero as president, hoping for economic liberalization [79]. However, due to political and economic constraints he could only partly advance this agenda. After the 1986 oil price crash, Febres Cordero retreated from his neoliberal program with emergency economic measures, including a 14 % currency devaluation and the introduction of multiple fixed exchange rates [79]. Deteriorating economic conditions strengthened political opposition, including labor organizations and business elites. Military support for Febres Cordero was questioned following an unsuccessful revolt by Air Force Commander General Frank Vargas in March 1986, who was subsequently arrested [78]. In January 1987, Febres Cordero was kidnapped for 11 h by air force members demanding freedom for General Vargas. After this incident, Febres Cordero signed a resolution granting amnesty to the general, which further weakened his domestic standing [78]. Febres Cordero's strategy to sustain support involved public works expenditures and political maneuvers, including a national plebiscite. Facing defeat and an opposition majority in Congress, his administration pushed through austerity policies, deepening economic hardships and political dissatisfaction. A severe earthquake in 1987 that hurt the oil infrastructure further impacted the economy [78]. In summary, the 1980s oil glut was a catalyst for political instability in Ecuador. The country's reliance on oil revenue, depleted financial reserves, and a fragile political system created a perfect storm of economic hardship and political unrest.

9. Egypt

In the 1980s, Egypt experienced a more stable period compared to the tumultuous 1970s, which had been shaped by the 1973 Arab–Israeli War and the 1978 Camp David Accords. Under President Hosni Mubarak, who took power after Anwar Sadat's assassination in 1981, Egypt's economy was heavily reliant on oil revenues, foreign aid, and the Suez Canal. The oil crisis of 1986, with a sharp decline in oil prices, severely impacted Egypt's economy. The value of petroleum sales fell from USD 2.9 billion in 1983 to USD 1.36 billion in 1987 [94]. This decline in oil income hit the country hard, affecting energy consumption, industrial output, and exports. The government, dependent on oil revenues for its budget, faced reduced fiscal capacity, leading to some cuts in public spending, particularly on social services and subsidies. These subsidies had long been used to mitigate the cost of living and maintain social stability, especially for the lower and middle classes [94]. As revenues shrank, maintaining these subsidies became more difficult, leading to increased public discontent. The drop in oil revenues also strained Egypt's clientelist system, which Mubarak's government relied on to secure political loyalty from elites and key social groups. Additionally, the oil crisis exacerbated Egypt's debt problems and by 1990 the country had the highest debt to GDP ratio in the world [94]. Despite these economic setbacks, Egypt's political stability remained largely intact due to foreign aid, particularly from the United States. Following the 1979 Egypt–Israel Peace Treaty, the United States significantly increased military and economic aid to Egypt to ensure regional stability. Mubarak was able to leverage this relationship to secure lenient debt terms from international financial institutions. In 1991, the United States and its allies forgave half of Egypt's debt, partly in gratitude for Egypt's support in the Gulf War, helping Mubarak maintain his grip on power despite the economic challenges [95,96].

10. Gabon

Gabon entered the 1980s relatively stable under the long-standing rule of President Omar Bongo, who had consolidated power since 1967 through a mix of force, co-optation, and strategic alliances, particularly with France [97]. During this period, oil became Gabon's primary export and a critical source of state revenue. However, this dependence on oil led to the neglect of other sectors such as agriculture and timber, whose contributions to the economy diminished significantly. The 1986 oil crisis severely impacted Gabon's economy. Oil rents, which had been a major source of government revenue, dropped sharply, leading to significant fiscal deficits. By 1987, the country's financial reserves were almost depleted [98]. This economic strain was worsened by Gabon's growing external debt, incurred from large-scale infrastructure projects like the Trans-Gabon railway. Initiated during the oil boom, the project nearly bankrupted the country when oil prices crashed. The economic hardships of the 1980s fueled social unrest and increased opposition to Bongo's regime. These pressures culminated in a series of coup attempts in the late 1980s [65]. As domestic discontent grew, international pressure pushed Bongo to allow multi-party parliamentary elections in 1990. In these elections, Bongo's Gabonese Democratic Party (Parti Démocratique Gabonais) secured a landslide victory, allowing him to maintain power. Despite the severe economic challenges, Bongo managed to stay in control by leveraging his clientelist network, sustained by oil revenues, and relying on French support [65]. Bongo remained in office until his death in 2009, making him Africa's longest-ruling non-royal leader at that time, with 42 years in power. His son, Ali Bongo, succeeded him but was ousted in a military coup in 2023.

11. Indonesia

In the 1980s, Indonesia was under the New Order regime of President Suharto, who had taken power in 1967. The decade witnessed a consolidation of Suharto's power, characterized by military-backed governance, brutal suppression of political opposition, and a focus on economic development. Political stability was maintained through authoritarian means, limiting freedom of expression and assembly. When oil prices started to decrease in the early 1980s, the government moved quickly to restructure the tax system, levying more taxes on the domestic and foreign business communities and making collection more efficient. It also imposed austerity measures, such as freezing wages, reducing imports, and cutting subsidies, particularly for oil and energy-dependent products. Additionally, the government devalued the rupiah and turned it into a floating currency, which initially increased debt servicing costs but further helped to stabilize the economy. When the large oil bust came in 1986, the regime responded to crisis by implementing a series of economic reforms aimed at reducing dependency on oil revenues. This reform program generated vastly increased foreign direct investment (FDI) in the Indonesian economy. Here, one major change in the state's revenue base occurred. During the prosperous years of the oil boom, the regime enjoyed abundant discretionary revenues. However, it now relied more heavily on FDI revenues and the sale of debt equity. These sources of income, in turn, depended on maintaining a stable investment environment and a relatively transparent state economic policy. These changes made the rampant corruption and clientelism of the system more evident and contributed to its delegitimization in the 1990s. That would culminate in Suharto's toppling in 1998 in the context of the Asian financial crisis.

During this entire period, President Suharto's regime faced opposition from various groups, such as Muslim organizations, student movements, and separatist groups in regions like Aceh and East Timor. The regime's response to these challenges was usually harsh, involving suppression and violence, which further strained its legitimacy and stability. However, overall, the oil crisis had only a limited impact on the political stability of Indonesia, as the country was able to adapt its economic system to the new situation [77,99,100].

12. Iran

In 1979, the monarchy in Iran was overthrown, and Ayatollah Ruhollah Khomeini established the Islamic Republic of Iran. The early period of the new regime was marked by vast political upheavals and civil unrest as the uneasy anti-Shah alliance quickly fell apart. Khomeini and his followers therefore had to devote significant efforts in domestic political battles to transform the state to their liking. To make matters worse, the Iraqi invasion in 1980 that would lead to the devastating Iran–Iraq War (1980–1988) caused significant casualties and economic hardship for the country. In its early days, the regime had only limited access to oil revenues, as the country was under U.S. sanctions as a response to the 1979 U.S. Embassy hostage crisis. Moreover, oil exploitation and transit were also strongly affected by the war. Because it was both domestically and externally threatened, the regime was in desperate need of alternative revenues and expanded its tax base: "between 1976 and 1985, tax incomes increased by 95 percent whereas oil incomes declined by 42 percent" [75]. As the Khomeini regime could not buy the loyalty of potential coalition partners with oil wealth, it made major concessions to other social actors. It gave control of much of the seized property to businessmen from the bazaar in the form of directorships of newly established religious foundations. The regime also devoted a great deal of energy to building the Islamic Republican Party throughout the early and mid-1980s. Although the party was disbanded in 1987, the mosque- and foundation-based networks that provided the party's power remained in place. By the late 1980s, Khomeini had succeeded in building a powerful coalition of bazaar merchants and religious scholars to stabilize his position. In sum, under Khomeini's leadership, the Islamic Republic managed to maintain its grip on power despite these adversities. While the oil glut exacerbated Iran's economic woes, the regime's political control remained firm, driven by a combination of ideological fervor, coalition-building, and suppression of dissent [75–77].

13. Iraq

Iraq had been ruled by the Ba'ath Party since 1968. Initially, the country was under the presidency of Ahmed Hassan al-Bakr, but by the late 1970s real power was increasingly concentrated in the hands of his deputy, Saddam Hussein. Saddam's influence culminated in 1979 when he formally took over the presidency after forcing al-Bakr to resign. This transition was accompanied by a purge of perceived political rivals, solidifying Saddam's autocratic control. The 1980s was a decade of immense turmoil for Iraq, dominated by the initiation of the Iran–Iraq War in 1980. This conflict, driven by territorial disputes and ideological differences, lasted until 1988 and caused extensive human and economic losses for both sides. The two warring parties targeted each other's oil export capacities. In the final stages of the war, mutual attacks on merchant vessels, known as the "tanker war", escalated to the point that the United States deployed military forces in the region to protect these ships.

When Saudi Arabia pushed for lower oil prices in 1986, they also hoped to deplete Iran's war chest. However, these lower oil revenues at the same time adversely affected Iraq's finances, further deepening the country's economic woes. By the end of the war in 1988, Iraq's oil revenues amounted to only USD 11 billion, half of what they had been in 1980. At the same time, the country faced enormous economic problems. The combined cost of damage to infrastructure, foreign debt, lost oil revenues, and GNP losses was estimated at a staggering USD 452.6 billion, which was 254 % of all the oil revenue Iraq had received in the 57 years it had been an oil producer [101]. During the Iran–Iraq War, Saudi Arabia and other Gulf states had provided financial support to Iraq to counter Iran's influence. More than half of Iraq's foreign debt was owed to Kuwait and Saudi Arabia, who began demanding repayment when the war was over. These mounting financial pressures became a significant factor in Iraq's decision to invade its oil-rich neighbor Kuwait in 1990. Despite these external challenges, Saddam Hussein's regime remained internally stable, primarily through his harsh repression of dissent and opposition. While declining oil prices exacerbated Iraq's financial woes, they were not the primary cause of the country's difficulties at the time [101–103].

14. Kuwait

Since the 18th century, Kuwait has been ruled by the House of Al-Sabah, with the primary political structure founded on an elite agreement between Sunni merchants and the royal family. With the discovery of oil, Kuwait became the quintessential petrostate in the 1970s. The general populace, elevated to a state-dependent middle class, did not challenge the privileges of the political and economic elites, while enjoying some civil liberties (e.g., elections for a parliament with some powers). While declining oil prices in the 1980s created economic difficulties, Kuwait managed to avoid the severe impacts faced by other oil-reliant countries for a number of reasons. Financial reserves, foreign assets, and prior investments provided a financial cushion. Moreover, having some of the world's lowest oil production costs, Kuwait's oil industry was less sensitive to lower prices. Furthermore, Kuwait had completed its basic infrastructure development by the 1980s and had fewer ongoing expensive projects than many other oil-rich countries. Finally, Kuwait increased oil production to offset revenue losses and targeted spending cuts at non-nationals rather than citizens, avoiding widespread domestic discontent. Efforts to boost non-oil income had only limited success and plans to impose charges and taxes were quickly abandoned due to public pressure.

Nevertheless, Kuwait experienced political instability during the latter half of the decade. The 1982 Souk Al-Manakh stock market crash devastated the savings of many middle-class Kuwaitis, fueling criticism of the government's lack of accountability. Additionally, terrorist attacks linked to Iran, including a failed assassination attempt on the Emir in 1985, raised concerns about security. These issues, along with allegations of ministerial corruption and unconstitutional appointments, led to unprecedented parliamentary actions. The government resigned in 1986 in response to pressure from parliament, and the Emir dissolved parliament without calling new elections, sparking public unrest and political activism. While the 1980s ended with internal instability, the root causes lay more in political mismanagement and security concerns than in falling oil prices. Broader regional tensions culminated in Iraq's invasion of Kuwait in 1990, arguably the country's most significant crisis [88,104,105].

15. Libya

In the 1980s, Libya, under Muammar Gaddafi's rule, faced significant economic and political challenges. Gaddafi, who came to power in 1969, had established a regime grounded in his "Third International Theory", promoting direct democracy and socialism through his Green Book. Relying on oil revenues to fund his government, Gaddafi's regime used wealth to maintain control through patronage and clientelism. However, the global decline in oil prices from 1981 to 1986, which reduced Libya's annual oil revenues from USD 21 billion to USD 5.4 billion, heavily impacted the country [106]. The loss of oil income forced Gaddafi to reconsider his economic strategies. Though Libya had reserves to withstand a period of austerity, the regime introduced economic reforms, including liberalization and privatization, to counter mounting domestic criticism of state-led economic failures. While these reforms temporarily alleviated some issues, such as scarcities and long lines, they introduced new problems like inflation, growing corruption, and black market activities.

Internationally, the drop in oil revenues limited Gaddafi's foreign policy initiatives, including Libya's military involvement in Chad, which ended with a ceasefire in 1987. Despite economic constraints, Gaddafi continued to support international terrorism, leading to U.S. air strikes on Benghazi and Tripoli in 1986 after the Libyan bombing of a Berlin nightclub. U.S. sanctions, including a freeze on Libyan assets and a ban on American oil companies operating in the country, further damaged the economy.

Despite these pressures, Gaddafi maintained relative political stability. His control over key institutions – the military, congress-committee system, and revolutionary committees – combined with tribal alliances, helped him suppress opposition and retain power throughout the 1980s [44,106].

16. Malaysia

Decreasing oil prices and the 1986 oil crash had a relatively limited impact on Malaysia's political stability. From the 1970s onwards, Malaysia had strategically expanded its oil sector. The government enacted the Petroleum Development Act in mid-1974 to exert more control over the exploitation of oil resources, leading to the establishment of the national petroleum company, PETRONAS. By 1984, PETRONAS, along with its seven wholly owned subsidiaries, had created an integrated petroleum industry in Malaysia [107]. While oil was Malaysia's primary export product, the country's economy remained relatively diversified, as the government proactively stimulated the development of manufacturing industries and cash crops to avoid excessive dependence on oil. Prime Minister Mahathir's policies aimed to emulate the industrial successes of countries like Japan and South Korea, promoting domestic industries and reducing reliance on imports. Concurrently, Malaysia attracted foreign investment, particularly in the manufacturing sector, boosting its position as a significant electronics exporter by the end of the decade. Malaysia suffered economic difficulties in the mid-1980s, but they were only partly the result of low oil prices and also caused by the broader global decrease in demand for manufactured goods [108]. The degree of economic diversification was evident, as Malaysia maintained a trade surplus even in 1986, the year of the oil price crash [108]. The benefits of oil during the early 1980s were not funneled entirely into the economy, avoiding the so-called "Dutch disease", but were instead largely saved as reserves [108]. Consequently, reduced oil revenues did not significantly affect the state budget since the government did not rely heavily on oil income for its running expenses. Although there were internal political tensions in Malaysia, primarily centered around ethnic tensions and civil rights issues, the oil glut was not a direct catalyst for major political upheaval. In summary, Malaysia's diversified economy and strategic government policies helped shield it from the worst impacts of the 1980s oil glut, ensuring relative political and economic stability.

17. Mexico

In the 1980s, Mexico was governed by the Institutional Revolutionary Party (Partido Revolucionario Institucional – PRI), which Peruvian writer Mario Vargas Llosa famously dubbed the "perfect dictatorship" [62]. The PRI had held power since 1929. All presidents had been PRI members, until 1976 every member of the Senate belonged to the PRI, and until 1989 all state governors were also from the PRI. The party maintained its dominance through corporatism, co-option, electoral fraud, and political repression [63]. Decreasing oil prices played a significant role in the gradual decline of PRI rule. In the late 1970s, Mexico faced financial difficulties and considered an IMF-inspired stabilization program. However, with newly discovered oil resources, policymakers believed they could avoid austerity by borrowing heavily to finance domestic development and repay these external debts with the future oil revenues. This led to massive loans, creating an illusion of prosperity. President López Portillo declared that Mexico's future challenge would be the "management of abundance" [67].

However, falling oil prices in the early 1980s worsened Mexico's financial situation, leading to a loan default in 1982. At that point, interest payments constituted nearly one-third of government expenditures [63]. Fearing a collapse of U.S. banks with Mexican loans, the U.S. Federal Reserve assembled a rescue package. This included layoffs in the public sector and austerity measures. Confronted with economic crisis, the PRI relied heavily on electoral fraud to retain control, especially in municipal elections. The 1986 oil price crash further strained Mexico's economy, worsening public discontent. In the 1988 general elections, the PRI faced significant opposition. The official results showed PRI candidate Carlos Salinas de Gortari barely passing the 50 % mark, the party's worst result in decades, amidst accusations of election fraud following a suspicious crash of the central computer system to collect the votes. Public protests against the results were held and the PRI's reputation of invincibility was severely tarnished. In 1989, the PRI lost its first state government, marking the beginning of a decline that would culminate in losing the presidency in 2000. While decreasing oil prices did not directly end the PRI's dominance, they triggered economic crises that eroded its legitimacy. This set the stage for political reforms, eventually leading to the end of the PRI's hegemonic position in Mexican politics [63,67].

18. Nigeria

In the 1980s, the decline in oil prices significantly impacted Nigeria's political stability, exacerbating existing tensions and corruption within the country. During the oil boom of the 1970s, Nigeria's oil industry thrived, leading to the establishment of clientelist networks by individuals benefiting from the substantial revenues. However, when oil prices plummeted in the early 1980s, the struggle for control over the state's dwindling resources intensified. High-ranking officials engaged in extensive bribery to secure their positions and outmaneuver rivals, while those lower in the hierarchy resorted to corrupt practices to compensate for their diminishing earnings. Widespread corruption became the catalyst for political upheaval, culminating in the military coup led by Major General Muhammadu Buhari in 1983, which overthrew the democratic government. Buhari's regime initiated a "War Against Indiscipline" campaign, curtailing civil liberties and freedoms without achieving significant success in combating corruption. In 1985, General Ibrahim Babangida seized power, promising a return to civilian rule while implementing austerity measures and an ambitious structural adjustment plan aimed at addressing decreasing state revenues and reducing debt service costs. The economic strain, compounded by ethnic and religious divides, fueled internal unrest and dissatisfaction with the ruling regimes. Although the government attempted to address these challenges, public trust eroded, leading to increased tensions, particularly in the north and the Niger Delta region. While political instability cannot be attributed to decreasing oil prices alone, this development aggravated the existing issues within the country. Instability was further highlighted by the annulment of the 1993 presidential elections by

Babangida, sparking widespread protests and political unrest. His resignation led to the establishment of a weak interim civilian government, which struggled to maintain order, ultimately resulting in the return to military rule when Sani Abacha seized power later that year, starting the most brutal dictatorship in Nigeria's history [61,109,110].

19. Norway

Although the 1986 oil crash did not cause significant political instability in Norway, it did contribute to the fall of Conservative Prime Minister Kåre Willoch's government. After the 1985 parliamentary elections, his administration depended on the support of the right-wing Progress Party. Faced with declining state revenues due to falling oil prices, Willoch's government introduced austerity measures that ultimately led to its collapse. In May 1986, the cabinet lost a no-confidence vote over a proposal to raise gasoline surcharges when the Progress Party allied with the Labor Party and Socialist Left. As a result, a minority government led by Labor leader Gro Harlem Brundtland took over, governing until the end of the parliamentary term in 1989 [84].

20. Oman

The 1980s oil shock had a significant impact on Oman's political and economic landscape, though it did not destabilize the country politically. The country's leadership, under Sultan Qaboos, managed to maintain political stability by adopting a series of economic and political reforms. Economically, Oman responded by running large fiscal deficits, financed through external borrowing and drawing down reserves. Expansionary fiscal policies helped to cushion the domestic economy from the shock, sustaining high non-oil GDP growth despite the drop in oil revenues. Politically, the government was able to prevent unrest or instability by continuing its development programs and maintaining generous public sector employment. The public sector, including infrastructure projects, played a major role in absorbing labor and maintaining social stability during this period of economic uncertainty. This was supplemented by gradual political reforms that allowed limited political participation. Sultan Qaboos introduced advisory bodies like the Consultative Council (Majlis al-Shura), which allowed Omanis a degree of representation, though political power remained centralized. In sum, the ability to sustain social welfare and developmental programs, along with cautious political reforms, helped maintain the social contract between the ruler and the people, ensuring the regime's stability [111,112].

21. Peru

In 1980, democracy returned to Peru with President Fernando Belaúnde Terry at the helm. However, the country's internal stability was soon severely challenged by economic difficulties and the rise of insurgent groups, most notably Shining Path (Sendero Luminoso) and the Túpac Amaru Revolutionary Movement. These groups launched violent campaigns against the state, leading to widespread chaos and resulting in thousands of deaths and displacements. Additionally, a foreign debt crisis, austerity measures, and hyperinflation exacerbated severe economic problems and social unrest. While the lower oil prices certainly did not help, the low commodity prices of copper and silver – Peru's main export products – and economic mismanagement played more significant roles in Peru's instability in this period [83,113].

22. Qatar

Throughout the 1970s, Qatar had seen rapid growth due to high oil prices, which fueled substantial government spending on infrastructure, welfare, and employment. However, as oil prices collapsed in the 1980s, Qatar's economic situation deteriorated, leading to a drastic reduction in oil revenues, which fell from over 84 % of GDP in 1979 to around 22.9 % by 1986 [43]. This decrease was partly due to the oil shock, partly due to increased natural gas exports.

Despite this economic shock, Qatar remained politically stable, primarily due to its strong clientelist structures and authoritarian governance. Sheikh Khalifa bin Hamad Al Thani, who had seized power in a bloodless coup in 1972, had consolidated control over both the economy and government. His personalist rule ensured that decision-making remained centralized, with power concentrated within the ruling Al Thani family and a close network of merchants who benefited from government contracts and economic protection. This arrangement created a system of mutual dependence, where economic elites were bound to the regime, mitigating potential unrest during times of economic hardship. Furthermore, although the state faced financial pressure, Qatar had accumulated some financial reserves, which helped cushion the impact of the oil crisis. By 1987, the country had about USD 1 billion in reserves, allowing the government to maintain essential services and continue its patronage networks [98]. This, combined with the absence of significant internal opposition or civil society movements, ensured that the ruling family remained firmly in power, even as the economy contracted [114–116].

23. Saudi Arabia

During the 1970s, Saudi Arabia experienced a period of relative political stability. The monarchy maintained a close alliance with religious authorities, ensuring a governance model that fused religious conservatism, traditional norms, and dynastic rule. Rooted in Islamic governance, the Saudi monarchy ruled through consensus (*ijma*) and consultation (*shura*), balancing traditional authority with practical governance. The oil boom of the 1970s brought vast revenues, which facilitated ambitious infrastructure projects and solidified the monarchy's patronage system, allowing the government to distribute wealth widely through subsidies and state-funded projects and maintain public satisfaction.

However, the 1980s presented more complex challenges for the Saudi state. The 1979 seizure of the Grand Mosque in Mecca by Islamist militants highlighted internal tensions between the state's modernization efforts and radical religious factions. While the rebellion was eventually quelled, it underscored the delicate balancing act the monarchy faced in maintaining its religious credentials while pursuing modernizing aspirations. The rise of political Islam after the Iranian Revolution presented a challenge to the political system, as Saudi rulers had built their legitimacy on the interpretation of Wahhabism, a strict form of Islam.

As the world's largest oil producer, Saudi Arabia played a crucial role in the global oil market during the 1980s. Acting as the "swing producer" within OPEC, the kingdom initially reduced its production to stabilize prices amid decreasing demand. However, when other countries began exceeding their production quotas, Saudi Arabia increased its own production in 1986 to regain market share. This decision contributed to an oil glut, causing prices to crash to around USD 10 per barrel. Consequently, Saudi oil revenues plummeted from USD 102 billion in 1980 to just USD 28.5 billion by 1986 [117]. This steep decline in oil revenues strained the Saudi economy, forcing the government to implement cautious austerity measures. Some development projects were abandoned or delayed, and debts were rescheduled, but the government avoided excessively stringent measures to prevent political unrest. By carefully managing fiscal pressures without disrupting the welfare of its citizens and addressing the concerns of religious conservatives, Saudi Arabia remained largely stable throughout the 1980s, weathering both economic and political challenges [117–119].

24. Soviet Union

In the late 1970s and early 1980s, under Leonid Brezhnev, the Soviet Union experienced the "Era of Stagnation", marked by economic slowdowns, technological lag, and the costs of the war in Afghanistan. Despite these challenges, the Communist Party maintained a firm grip on power, suppressing dissent through a robust security apparatus. The transformative 1980s, however, began with Mikhail Gorbachev's rise to power in 1985, introducing policies of *glasnost* (openness) and *perestroika* (restructuring). These reforms aimed to modernize the Soviet system but inadvertently exposed deep-rooted problems and stoked nationalist sentiments among various Soviet republics, leading to growing internal instability.

Compounding these challenges was the 1980s oil glut, which severely impacted the Soviet economy. Oil and gas exports were vital sources of revenue, and the sharp decline in oil prices significantly strained an already faltering economy. Yegor Gaidar, Russia's first democratic prime minister, highlighted the Soviet Union's heavy reliance on grain and oil as critical to its economic struggles. The inability to produce sufficient grain forced the USSR to allocate a substantial portion of its oil revenues to imports, further straining its economy. According to Gaidar [73], "the timeline of the collapse of the Soviet Union can be traced to September 13, 1985", when Saudi Arabia decided to increase oil production dramatically, causing the 1986 oil shock. In a bid to maintain living standards and avoid public protests, Gorbachev refrained from cutting public expenditures, leading the Soviet government to borrow heavily. By the late 1980s, the once-powerful Soviet Union was virtually bankrupt and dependent on Western loans, severely limiting its ability to address domestic challenges, including rising nationalist movements. While the oil price collapse was not the sole reason for the Soviet Union's fall, it was a significant factor that contributed to the unraveling of a flawed economic system [72,74].

25. Syria

During the 1980s, Syria faced significant economic challenges, including economic stagnation and a decline in citizens' purchasing power under President Hafiz al-Assad's regime. The country was marked by his authoritarian governance, which suppressed political dissent and pursued a foreign policy aimed at positioning Syria as a dominant force in the region. The government's brutal crackdown on an Islamist uprising in 1982, including the Hama massacre, effectively quelled any future revolts but also deepened sectarian divisions and mistrust towards the Alawite-led regime. Most of Syria's oil reserves were used for domestic consumption in the first half of the 1980s. Amidst economic difficulties, the oil industry emerged as a pivotal component of Syria's economic strategy, particularly through the exploration and exploitation of new oil fields, such as those in the Dayr al-Zur area along the Euphrates. This focus on oil was part of a broader effort to stabilize and grow the economy by enhancing Syria's self-sufficiency in energy and increasing export revenues. From 1985 onward, Syria was again a net exporter of oil and increasing oil exports became a key component of a wider campaign to improve Syria's foreign currency reserves and reduce dependency on external financial aid. However, as it had not been a major source of revenues for the Syrian state before 1986, the effect of the oil crisis on the country's finances was limited [120].

26. Trinidad and Tobago

In the late 1970s, Trinidad and Tobago experienced economic growth fueled by high oil prices, as the nation is rich in oil and gas reserves. Under Prime Minister Eric Williams, leader of the People's National Movement (PNM) until his death in 1981, the government invested heavily in public sector projects and social programs. This period was politically stable, with the PNM enjoying a strong mandate. The 1980s, however, brought a sharp contrast due to the global oil glut. As oil prices plummeted, Trinidad and Tobago's revenues declined significantly. This economic downturn led to rising unemployment, cuts in public spending, and increased national debt. George Chambers, Williams' successor, faced growing public discontent over economic hardships and accusations of mismanagement. Social tensions escalated, crime rates surged, and protests against austerity measures became more frequent. By the late 1980s, the National Alliance for Reconstruction (NAR) capitalized on the PNM's declining popularity and won the 1986 elections by a landslide, securing 33 of the 36 seats in parliament. However, the NAR struggled to meet public expectations, leading to further disenchantment with the political class. In 1990, a coup attempt by Jamaat al Muslimeen, a small Islamist group, mainly supported by poor black Trinidadians and Tobagonians, shook the country. The group held the prime minister and other members of parliament hostage. Though poorly planned and executed, the coup caused widespread looting and unrest in the capital, exposing the fragility of the government's authority. Despite these challenges, the political situation stabilized in the early 1990s. Trinidad and Tobago remains a comparatively stable and fully democratic country to this day [81,82,121].

27. Tunisia

The 1980s oil glut had significant repercussions for Tunisia, leading to economic hardship and political instability that eventually contributed to a bloodless palace coup. Tunisia, like many other oil-exporting countries, faced severe economic challenges as oil prices plummeted during the decade. The resulting decline in revenues severely strained public finances, exacerbating the country's mounting debt crisis. To stabilize the economy, the government, led by President Habib Bourguiba, sought financial assistance from the IMF and the World Bank. These institutions mandated structural adjustment programs that aimed to reduce public spending and implement economic reforms. One of the most contentious reforms was the government's decision to increase bread prices, part of broader austerity measures. This led to the 1984 food riots, a significant uprising that nearly paralyzed the country. The protests spread rapidly, prompting the government to impose curfews and martial law to regain control. The economic strain caused by falling oil prices also fueled tensions with Tunisia's powerful labor union, the Union Générale Tunisienne du Travail (UGTT), which opposed efforts to downsize the bloated public sector. This opposition delayed key reforms that were critical to stabilizing Tunisia's economy. By the mid-1980s, Tunisia's debt crisis worsened as oil prices remained low, and the country's debt service ratio soared. Faced with increasing public discontent, the government resorted to more repressive measures, targeting both labor unions and political Islamists. President Bourguiba, who was 83 years old and in declining health, struggled to manage the escalating crisis. In 1987, Prime Minister Zine El Abidine Ben Ali staged a bloodless coup, citing Bourguiba's inability to govern due to his deteriorating mental state. While Ben Ali initially introduced reforms that stabilized the economy and provided some political freedoms, his regime would turn more repressive over time, culminating in his ousting during the Tunisian revolution in 2011 [70,71].

28. United Arab Emirates

In the 1970s, the United Arab Emirates (UAE) was in its formative years, having achieved independence in 1971. Benefiting from significant oil revenues, the UAE embarked on rapid infrastructural development, transforming its cities and improving the quality of life for its citizens. This period was marked by a sense of optimism, cohesion, and political stability, with internal disputes, such as territorial claims, largely resolved. The drastic reduction in oil revenue in the 1980s put immense pressure on the UAE's economy, as the country was highly dependent on oil exports. Abu Dhabi, the largest and wealthiest emirate, bore the brunt of the impact due to its overwhelming reliance on crude oil production. The UAE government responded with austerity measures directed largely towards capital expenditures to manage the budget deficits that arose from the sharp decline in revenues. The political stability of the UAE during this period can largely be attributed to the steady leadership of Sheikh Zayed bin Sultan Al Nahyan and the country's cohesive federal structure. The distribution of oil wealth across the emirates, particularly from Abu Dhabi, played a key role in maintaining political unity. The federal government, supported by Abu Dhabi's oil wealth, invested heavily in infrastructure and social services, which alleviated some of the socio-economic pressures resulting from the oil crisis. Furthermore, the UAE's long-term economic vision, which emphasized diversification away from oil, was catalyzed by the 1986 crisis. Initiatives to promote industries such as manufacturing, construction, and services were accelerated during this period. The Federal Industrial Law of 1986, for example, aimed to reduce the country's dependence on oil through industrialization and economic diversification. Although the process of diversification was slow, these efforts laid the groundwork for future economic resilience [122–124].

29. Venezuela

The 1980s oil glut had a profound impact on Venezuela's political stability, setting the stage for the eventual rise of Hugo Chávez. During the 1970s, Venezuela enjoyed economic prosperity due to high oil prices, which allowed the government to implement large-scale infrastructure projects and expansive social welfare programs. President Carlos Andrés Pérez oversaw this period of boom, and the country's political system, dominated by two major parties – Acción Democrática and COPEI (Comité de Organización Política Electoral Independiente) – appeared stable. However, the 1980s oil glut caused a dramatic collapse in oil prices, leading to a sharp decline in Venezuela's revenues. The country's oil-dependent economy was hit hard, forcing the government to adopt austerity measures, devalue the currency, and borrow extensively from foreign lenders. This economic downturn triggered rising unemployment, inflation, and widespread poverty. The inability of the traditional political establishment to address these issues led to mounting public frustration. The most significant outburst of discontent occurred during the "Caracazo" in 1989, a series of violent protests and riots sparked by increased fuel and transportation prices after the government implemented a harsh economic adjustment plan. The brutal government response to the unrest, which resulted in hundreds, possibly thousands, of deaths, deeply eroded trust in the political elite and intensified social divisions. By the early 1990s, the economic crisis and public disillusionment with the two-party system resulted in two failed coup attempts in 1992, one led by then Lieutenant Colonel Hugo Chávez. These uprisings reflected widespread dissatisfaction with the government's handling of the crisis. While Chávez was imprisoned after the failed coup, his anti-establishment rhetoric resonated with the public. The political turmoil of the 1980s and early 1990s, exacerbated by the oil glut, discredited the traditional political parties and paved the way for Chávez's eventual election as president in 1998, marking the beginning of a new era in Venezuelan politics [80,125].

Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.erss.2025.104265.

Data availability

I have attached the data as supplementary material.

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