

Jacob Kozisek
Northwest High School
Grand Island, NE
Venezuela, Factor 17: Good Governance

Venezuela: Oil-Rich or Oil Poor?

When Venezuela gained their independence over 150 years ago they, like most nations, were essentially self-sufficient. They were not dependent on other countries for food and basic needs. After their war for independence was over, land was awarded to a handful of Caudillos who were recognized as war heroes. This uneven distribution of land led to popular uprisings and civil wars, the most notable of which was led by Ezequiel Zamora who rallied people under, "Land and free men, respect for the peasant." Juan Vincent Gomez who was in power from 1908 through 1935, appropriated a great deal of land to himself. During his rule the Venezuelan economy shifted from a predominantly agriculture based economy to one based on oil and mineral exploitation. By 1935 Venezuela had become one of the world's largest oil exporters and agriculture comprised only 22% of the country's gross domestic product (GDP) (Wilpert 1). Today, Venezuela is far from self-sufficient, depending on imports for over 70% of its food supply. The country is experiencing an economic and political crisis of epic proportions.

Disparity in land ownership and devaluation of agriculture did not end with Juan Vincent Gomez. When he was overthrown his property was given to the state (Wilpert 1). As elite landowners and the government stopped investing in agriculture and land, the peasant farmers and rural workers, campesinos, flocked to urban areas like Caracas. Poverty and food security was a growing issue, culminating in an uprising, known as the Caracazo in 1989. By 1999 Venezuela was importing 70% of its food, and 75% of its farmland was owned by 5% of the country's largest land owners (Schiavoni 48).

The Bolivarian Revolution led to the election of Hugo Chavez Frias and reform of the Venezuelan constitution. The Constitution of the Bolivarian Republic of Venezuela, included a land reform process that redistributed large landholdings amongst 200,000 farming families (Schiavoni 48). Article 305 of the reformed constitution stated, "The state shall promote sustainable agriculture as the strategic basis for overall rural development, and consequently shall guarantee the population a secure food supply, defined as the sufficient and stable availability of food within the national sphere and timely and uninterrupted access to the same for its consumers...Food production is in the national interest and is fundamental to the economic and social development of the Nation." (Schiavoni 49). While this appeared to be a return to an emphasis on agriculture and return of land to farmers, oil remains Venezuela's primary export and 92% of Venezuelans are urban dwellers.

The Typical Venezuelan Family

The typical family in Venezuela lives in an urban environment with an average family size of 2.35 children per household (CIA World Factbook 5). Children usually live with their parents until they are in their mid-twenties or until they are married, some go to college. Extended family members live nearby and play large roles in the children's lives. There are free and compulsory schools for children and youth in kindergarten through twelfth grade ("Venezuela" 6). While Venezuela has a literacy rate of 96% (CIA World Factbook 6), only 20-30% of Venezuelans get a college degree ("Venezuela" 6).

The typical diet of Venezuelans is a large breakfast and dinner, and then a small supper. Dietary staples include pork, beef, eggs, beans, rice, corn, and fruit juices (“Venezuela” 3). In the past three years, access to many products has been limited. Despite the presence of government subsidized supermarkets, shelves are often lacking in commonly used products. A poll in November 2016 reported that one in five Venezuelans now eat only one meal a day (“Venezuela’s Manmade Disaster” 61).

Approximately 7% of the labor force is employed in agriculture, 20.9% in industry, and 70.9% in services. The unemployment rate is 10.5 % (CIA World Factbook 8).

Venezuela has a large array of clinics and hospitals. Public clinics are plagued with long lines and are often understaffed. Private clinics are up to standards and are considered to be the best source of treatment if one can afford it. Western medicine and medical practices are most common, but some herbal remedies are used in remote areas (“Venezuela” 7). Medications are primarily imported and Venezuelans are experiencing shortages of needed medications. Average life expectancy is 75.8 years (CIA World Factbook 5).

Sixty-one percent of the total population uses the internet and there are 99 subscriptions for cell phones per 100 people (CIA World Factbook 18). Most citizens have access to electricity, but there are frequent power outages.

Urban Life in Venezuela

Despite the fact that the Venezuelan government has increased the minimum wage five times in the past year, the value of their currency has fallen, making the average minimum wage of urban workers around 40,638 bolivars per month. This wage is supplemented by government issued food stamps. With minimum wage and food stamps combined, the average monthly wage is only \$31.17 usd (Mullen et al. 2). Professionals make little more than minimum wage. For example, a teacher with 25 years of experience made only 9,776 bolivars per month in 2014, compared to the minimum wage at the time of 5,600 bolivars. Enough food to feed a typical family for a month cost 6,382 bolivars in 2015 (1.5 times the minimum wage). In 2015, a new car could cost as much as 24 years of work at minimum wage. The bolivar has dropped 97% in the past three years (Crooks et al. 2). The value of Venezuela’s largest bill, the 100 bolivar was worth only 36 cents in U.S. currency in 2015, prompting the Venezuelan government to issue a 20,000 bolivar note in 2017 (Mullen et al. 2). By May 2017 the government has increased the minimum wage 3 more times the monthly minimum wage was 200,000 Bolivars equal to approximately \$45 usd.(Pozzebon et al. 1)

Urban dwellers typically access food through government subsidized supermarkets known as mercados. In recent years, the government has encouraged urban gardens on roof tops and open spaces. They have even suggested raising poultry in rooftop chicken coops (Barbarini 1). In 2016, the government issued a decree stating that public and private sector employees could be forced to work as farm laborers for 2 month periods (Gillespie et al. 1).

Farm Life in Venezuela

The average family farm in Venezuela ranges in size from 40 to 150 acres (Encyclopedia of the Nations 1). The government has encouraged rural Venezuelans to participate in comunas (communes). In November 2016, a comuna of 2,100 farmers reported a record harvest of 220 million pounds (about 4 million bushels) of corn grown on their combined 55 thousand acres (approximately 70 bushels per acre). (Telesur 1) The government provides registered comunas with a clinic and a school, and family farmers with housing and small plots of land for their own use (Livingstone 3).

Venezuela used to rely on independent farmers who have more land, these independent farmers who are not part of comunas, identify that tight controls on imports have made it impossible obtain seed and fertilizer. Imported government subsidized food makes it difficult for livestock farmers to compete (Livingstone 3). Prior to 1935 coffee was the main crop and comprised 40-60% of income from exports. Current crops include field crops of sugarcane, rice, corn, and sorghum; fruits including bananas, plantains, oranges, coconuts, mangos; and industrial used agricultural products like cotton, tobacco, and sisal. Venezuela's livestock population includes cattle, hogs, sheep, goats, horses, burros, and mules (Encyclopedia of the Nations 1). Under an agrarian reform law of 1960 uncultivated land that had been used for livestock grazing, became subject to expropriation by the government.

Governance and Food Security

Under Hugo Chavez Venezuela was basically a socialist democracy. Under the current leader Nicolas Maduro the government appears to be moving towards a socialist dictatorship. There are signs that the government is weakening some of the democratic checks and balances ("6 Things You Need to Know" 3). Thirteen new Supreme Court Judges were appointed by the ruling party in 2015. The court has reportedly "rejected as unconstitutional every politically significant piece of legislation passed by the assembly in 2016." ("Venezuela's Manmade Disaster" 66). Maduro reportedly accepted bribes for construction projects and became indebted to other countries (Gillespie, et al. 2-3). He has been hostile to foreign business and tends to blame his opponents and other countries for Venezuela's economic problems. The International Fund for Agricultural Development lists key elements of good governance as identified by other institutions, three elements these institutions all consider key to good governance are accountability, participation, and transparency. (Good Governance: an overview 2-6). Venezuela's current government does not appear to do well in any of these three elements.

The political and economic system is in crisis. Venezuelan's are experiencing shortages of basic goods and medical care. The average household is impacted greatly by this crisis. Shoppers typically wait hours in line at their local Mercado, only to find that basic staples like, corn meal, wheat flour, pasta, rice, milk, eggs, sugar, coffee, chicken, margarine, cooking oil, and beef are not available. Items that are for sale are inflated in price. In the words of one resident, "The only meat is sausage; there are three kinds of cheese. The only problem: a kilo of each costs more than a fourth of our minimum wage of 15,050 bolivars." (Wilson 1) Medicine and other products like toilet paper, shampoo, toothpaste, deodorant, and hand soap, are also in short supply. "In the face of such shortages, the only option for many is to eat less. Making matters worse is the fact that all the country, save Caracas, has three hour power cuts to prevent a nationwide blackout." (Wilson 1). One Venezuelan mother sums things up well, "We're waiting without even knowing what they will bring today, or if they will bring anything...Your kids are crying, 'I'm hungry', and you have to tell them, 'I have nothing.'" (Partlow et al. 4). Food shortages are

so severe that the average Venezuelan living in extreme poverty lost 19 pounds according to a national poll (Gillespie, et al. 4)

These shortages have led to riots and increasing violence. Violence has been so out of hand the United States government has issued a travel warning, due to the “violent crime, social unrest, and pervasive food and medicine shortages” (US Department of State 1). In 2016 president Nicolas Maduro, put the military in control of the food supply, due to frequent riots and looting. It has been suggested that there is corruption in the military, including extortion and accepting bribes, as well as profiting from black market sales of food (NPR 1). Riots and looting have occurred frequently over the past three years (Brodzinsky 1). In February 2016, protests including opponents of the current government and thousands of students turned violent, leaving 21 people dead. (“Economic Woes, Violence” 1). The overall crime rate in Venezuela has gone up, as the government has failed to prosecute violent crimes. The murder rate is extremely high at 67 murders per 100,000 people and with only 8% of crimes prosecuted many criminals aren’t afraid of the police (Rueda 3), the police in their undermanned fight against crime shot dead 3,800 people last year. (Grillo et al. 6). In response to riots Maduro restricted Venezuelans right to carry firearms, another loss to their freedoms (Pozzebon et al. 2). In some cases, humanitarian efforts have stopped due to the violence (“Economic Woes, Violence” 2).

According to Gillespie et al. 2 the socialist government, “far overspent on welfare programs, and fixed prices for everything. It declared farm land state property and then abandoned them and instead made them dependent on selling oil abroad.” Venezuela doesn’t have enough sustainable agriculture to feed its own people who are dependent on government subsidies and imported goods. Since 1999 approximately 2 million of Venezuela’s 30 million people have left the country, most of which were primarily mid to upper class, leaving the once oil rich Venezuela with a poverty level of 82% (Will Venezuela’s Dictatorship survive? 2)

Recommendations

The current food crisis in Venezuela stems from decades of government focus on oil production and exportation to the neglect of agriculture. The government used oil money to pay for programs that were successful in decreasing poverty and improving food access, but this created a dependency on imported food. In the long run, this reliance on oil money and imports has prevented Venezuela from developing self-sufficiency and food security.

When oil prices dropped in 2014, the government spiraled into debt. Imports have been limited and political unrest has contributed to the current lack of access to food. Public press reports that the military was assigned to distribution of food and reported corruption in this organization has resulted in food trafficking and blocked imports due to extortion at the ports. Others claim that the opposing political party is hoarding needed products in an attempt to overthrow the current government. Corruption and violence has hurt the local economy by interfering with production and development of new business. It has prevented humanitarian efforts to help people through this crisis. Good governance is needed to fight corruption and calm the violence.

Venezuela was a democracy, but the current government has not supported some of the key aspects of democracy, like checks and balances and many of the basic rights that we depend on for success in the US, like freedom to own land, free enterprise, and even freedom of speech. In a true democracy the

people, play the biggest role in securing good governance for their country through their vote and continued involvement in the political process. Unfortunately the people of Venezuela have been unable to exercise their democratic right, it is likely that any change in governance will occur without any external pressure or an act of violence. Diplomatic pressure from other Latin countries and the U.S. may be helpful (Will Venezuela's Dictatorship Survive? 3).

Current agricultural efforts, like comunas and urban gardens have provided some help, but are not able to generate enough food to feed the nation. Farmers in one comuna set a national record of 73 bushels of corn per acre in 2016, which would be less than half the U.S. average (Venezuela Corn Harvest to Reach All-Time High in November, 1). It could be argued that the government's ban on agricultural chemicals and genetically modified seed, and their unwillingness to work with international agriculture companies deprives them of the benefits of new technology. The Food and Agriculture Organization of United Nations is working with the Venezuelan government to develop seeds suited to their climate and countries with similar climates (FAO 3). Such programs have promise, but may not be immediate enough to meet the needs of the current crisis. Government policy and specific programs targeted at creating self-sufficiency are needed.

The government has done little to promote private industry and farming operations that may have been capable of producing the basic goods needed. In the past, the government allowed industries and land to be expropriated. Subsidized imports and fixed prices have prevented small farms and businesses from making a profit and eliminated demand for their goods. Using money previously spent on imports to promote small farms and industries that make use of local resources may fill current needs. Such efforts might include providing basic supplies to farms and industry, and offering incentives for production.

Unfortunately, considering the current crisis, it is unlikely that the government will take the initiative to implement such programs. Alternative solutions that empower individual citizens may be necessary. Programs such as the Grameen Foundation may be of some assistance. The foundation uses digital technology to assist poor farmers through micro loans and other resources. Linking with individual citizens through digital media may be the best hope to reach those in need in the midst of current violence and unrest. Foreign-based businesses who have interests in Venezuela (Gillespie, 1-2), as well as upper and middle class Venezuelans who fled the political unrest may be able to assist Venezuelans left behind through micro-loans and other support.

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