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Economic Crisis in Venezuela

Throughout the latter half of the 1900s, Venezuela, a country with plentiful oil deposits, grew to be the richest nation in South America. However, the wealth of that era is all but nonexistent in the country today. When Hugo Chávez turned this once-booming nation into a socialist welfare state, it spelled ruin for the country's reputation, economy, and most unfortunately, its people. The policies of Chávez and his authoritarian successor, Nicolás Maduro, have relegated Venezuelans to dumpster-diving for meals, with the country-wide crisis worsening every day. It is imperative for measures to be presented that may mitigate key aspects of the Venezuelan economic crisis in order to subsequently address its citizens' widespread hunger.

A country of 28 million people currently controlled by authoritarian leader Nicolás Maduro, Venezuela is split into four diverse regions: the highlands, the mountains, the lowlands, and the central plains. With 88.3% of the population living in an urban setting, 11.7% of the population is rural and cumulatively farms 3.1% of the land ("The World Factbook: Venezuela"). The average farm size is 10.8 hectares, or about fifteen soccer fields ("World Census of Agriculture"). Major crops grown on these farms include corn, sorghum, sugarcane, rice, bananas, vegetables, and coffee. Additionally, goods such as bauxite, aluminum, minerals, chemicals, and agricultural products are produced to be sold internationally, with petroleum being its biggest export. ("The World Factbook: Venezuela").

The average size of a Venezuelan household is 4.3 people, but residences for these families vary across the nation ("Household Size and Composition"). Urban homes everywhere, once caribbean-style and built for comfort, have become fortresses against the unchecked crime that destroys cities night and day. The wealthy live in gated communities, high-rise apartments, and lavish residences, protected by barbed wire and high walls. The city poor are relegated to crumpled clusters of redbrick or even makeshift homes, with their only defense being homemade cement-and-glass structures (Barbarani). Similarly, many once-bustling rural villages are abandoned, filled with dilapidated farms and looted houses, with those that remain being few and far between (Freisler). Even the wooden Yanomami *shabono* ("Shabono: Circular Communal Dwellings in Venezuela") and the stilted houses of Lake Maracaibo are uniquely affected by the crisis (Maddicks).

Like homes, diets are extremely diverse, but differ by region rather than urban-rural delineation. On the coast, fish, shellfish, and dishes with coconut are common; in the mountains, wheat, cured meats, sausages, and freshwater trout; and in the tropics, yucca, corn, beans, bananas, turtles, tapirs, and birds.

These ingredients are often fried, boiled, stewed, or baked to make meals with strong African, Italian, Spanish, French, and indigenous influence (Blazes).

Unfortunately, anything of quality, including food, is extremely hard to come by. The monthly minimum wage of eight dollars a month is nowhere near sustainable, only able to purchase around four kilograms of meat (Vasquez). Those that cannot afford the little food available in supermarkets are forced to turn to an unreliable government handout program called “CLAPS,” and even with this assistance program, malnutrition for children under five went up from 10% to 17% between 2017 and 2018 (Taladrid; Schreiber). Electricity is strictly rationed and unexpected nationwide blackouts are common occurrences

Poag

2

(Romo). Nearly eight out of every ten Venezuelans do not have access to clean water or sanitation, and in a market where a bottle of water costs three dollars, they are forced to rely on sources whose water purity is unknown or clearly very unsanitary (Rendon, Schneider, & Kohan). The state mandated telecommunications firm, Cantv, is poorly run and phone lines have stopped working in many locations, with some residents depending on Chinese-run firms such as Huawei and ZTE (Berwick). Maternal mortality rate, new cases of HIV, and preventable diseases have spiked, but the healthcare system is in no position to treat the ill and infirm. Patients must bring their own food, soap, water, and medical tools to hospitals, reminiscent of the 19th century (Schreiber). Price increases and rationing all around have made living unaffordable, and the vast majority are suffering because of it (Sanchez).

Even worse is the condition of the education system. Though basic education is free and compulsory, schools are struggling from a mass exodus of both teachers and students (“Venezuela: Education in Crisis”). What was once a life-changing opportunity for lower-class children to move up the social ladder is disappearing because children are needing to drop out to help their families survive. At some schools, kids ask the teachers if food is being served that day before deciding whether to come in or not, and children fainting from hunger while trying to learn is a common occurrence (Kurmanaev & Herrera).

As can be seen from the condition of Venezuela right now, the economic crisis is extremely severe, and it is worsening due to slow government action. President Nicolás Maduro denied the existence of Venezuela’s humanitarian crisis and even turned away much-needed aid (“Venezuela Ready to Receive Aid”). Maduro’s favored few officials may be living in the lap of luxury, but otherwise this crisis affects everyone, no matter where they live or who they are. Men and women cannot get work or food, children cannot learn or eat, and when the elderly fall ill, there is nowhere to go that can help them get better. Additionally, the crisis-caused rise in preventable diseases such as zika, polio, diphtheria, and measles disproportionately affects indigenous populations, exacerbating the spread of these diseases (Escobari).

However, in order to understand what policies must be implemented to alleviate hunger in Venezuela, one must first look at how it came to be and what remedies have already been attempted. During the Chávez administration, emphasis on oil production began to substitute emphasis on agricultural and industrial production, a phenomenon known as “Dutch disease.” This, compounded with an increased

reliance on oil-funded food imports, vulnerability to oil price variability, and price controls set Venezuela up for a food supply disaster. It did not take long to occur, either—directly following the death of Hugo Chávez and the election of Nicolás Maduro, oil prices plummeted and the country’s true fragility was revealed. Instead of restoring order to the country, though, the Maduro administration continued down the road of denial and ultimately contributed to the current humanitarian crisis (Venezuelan & Ausman).

Up until this past year not much was being done to fix the situation. Thankfully, recently in Venezuela there were three main developments that were steps in the right direction. In April of 2019 Nicolás Maduro announced that he would officially begin accepting international aid (“Venezuela Ready to Receive Aid”). The next month he allowed local banks to start exchanging foreign currency within specific limits (Cohen). Finally, four months later it also became apparent that he had started easing up on price controls, though this was never officially announced (Bristow).

My proposal mirrors several broad aspects of “Plan País,” developed by the National Assembly of Venezuela and disputed interim President Juan Guáido, and both expands upon and focuses them in respect to food and hunger (“Plan País Venezuela”). Cooperation between Venezuela’s government and international aid organizations is paramount for both short-term and long-term sustainability, as well as the magnitude of its impact on Venezuelans themselves. For these aid organizations it is especially

Poag
3

important for them to consider the cultural differences between urban, rural, and indigenous populations, as these groups’ varying lifestyles will need different types and amounts of aid. Finally, this endeavor would have to be funded mostly by the international community, and requires many internationally-friendly policies to be in place.

The first step for Venezuela is to establish a long-term relationship with international aid organizations where it is mutually understood that they will need a significant amount of aid in the near future, and some aid farther forward. It is very good that they are currently accepting aid at all but a tight-knit relationship between the government and these organizations has yet to be seen. Using these connections, the government would be able to provide regular updates to these organizations on their progress, and the organizations would then be able to give supplies or manpower depending on what the Venezuelan community decides they need at that point. This way, Venezuelans would be able to focus on rebuilding their country without having to worry so much about food or other supplies in the short term. Overall, the goal for both parties here is self-sufficiency—the Venezuelans should accept these life-sustaining offerings to support them while they cannot do it themselves, and the international organizations should not overstay their welcome when it is clear that they are able to become independent of this assistance. Implementing a strong connection like this would help to facilitate the sustainability of Venezuela’s countrywide recovery.

The second step after aid establishment would be to officially recognize the abolishment of both currency

controls and price controls. Price controls may be unofficially gone, but to give all Venezuelan businesses the right to competitively price their products means officially announcing their annulment (Bristow). Currency controls would also follow an analogous path, having recently been loosened but not completely eliminated, and would no longer be a barrier to recovery (Cohen). Removing price controls would allow for food and product shortages to lessen, and removing currency controls would encourage economic liberalization, both of which would widely help to alleviate possible long-term food supply issues in Venezuela.

With restrictions being lifted, further action is necessary for goods to once more be stocked on store shelves. Both the agricultural and industrial sectors in Venezuela would need to be revitalised, and government control over what was private land and industry should gradually be diminished. Foreign companies whose holdings were taken without appropriate compensation should be offered their holdings back (at no cost) and landowners whose land was taken without appropriate compensation should be appropriately compensated. Furthermore, agricultural supplies should be specially requested from aid organizations so that healthy crops can be produced. There is currently an epidemic of crop diseases affecting all sorts of produce vital to the Venezuelan diet, and without the proper chemicals to treat these, Venezuelan farmers will struggle no matter how long they have been in the business (Sequera).

In addition to all of these measures, there are a couple things further out that would benefit the country's future prospects. Firstly, it would be prudent for the Venezuelan government to implement policies that could help to stabilize its economy in times of commodity downturns. As a petrostate it is extremely vulnerable to fluctuations in oil prices, and unfortunately, the Chávez administration amplified this vulnerability (Hausmann & Rodríguez). When there is an oil or natural resource boom, some of the profit being made should be stored away for later busts in order to lessen its impact on the country as a whole. Secondly, eventual economic diversification away from heavy oil reliance would be a good goal for Venezuelan policymakers and citizens alike. A possible route of diversification for Venezuela is agriculture—after all, the country used to produce 70% of its food, and that fertile soil still has the potential to produce valuable cash crops for export along with the oil it has used as a crutch in the past

Poag
4

(Watson)

Despite the poor leadership and subsequent economic crisis that has cast Venezuela into shadows, there is hope for eventual recovery. Rich in culture and diversity, Venezuelans have proved that even in the darkest of times, they are capable of staying strong and retaining hope. It will take many years and a monumental, worldwide effort to restore the country to health, but with a receptive government and the right policies, it can and must be done. For the sake of all Venezuelans, young and old, male and female, the severe food shortage and broader emergency cannot go on any longer. Immediate restoration of order to the country is imperative—so that maybe, fortune will smile upon the Bolivarian Republic of

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Poag
6

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