

Alexandria Lock
Carrollton High School
Carrollton, MO
Venezuela, Factor 17: Good Governance

Food for Thought: The Venezuelan Government and Food Scarcity

The Bolivarian Republic of Venezuela, is located on the northern coast of the South American Continent. Its territory encompasses roughly 354,000 square miles, on which lives the country's estimated population of 29.1 million inhabitants. In Venezuela and countries all over the world, the government's duty is to make sure that their people's physiological and safety needs are met. But this is not the case in Venezuela. With inflation soaring and basic goods becoming scarce, how is an average family living in Venezuela going to be able to provide for themselves? The Venezuelan government is at fault for the climbing poverty rates and the growing problem of food scarcity. To address this growing issue we need to look at the economy, the agricultural sector of Venezuela, the Venezuelan Government, and the possible solutions to this crisis.

It is estimated that in Venezuela, about 50 percent of households still live in poverty, which affects mainly smallholder farmers, landless families, communities and indigenous peoples living in semi-arid areas. ["Rural Poverty Portal" 2] The average rural family of four children is overwhelmingly the product of informal unions, and many of the children are not recognized by their fathers. ["Venezuela-Population" 3] The average diet is heavy in carbohydrates and low in overall quality; the majority buy flour, rice, and pastas as the staple of their diet, given that these foodstuffs are the cheapest and least scarce in the country. Mortadella, a smoked sausage made out of pork cuts, is one of those items eaten most by the poorest, as a substitute for red meat.[Martin 4] Education in Venezuela is compulsory up to the beginning of high school. Classes are conducted in Spanish in non-sectarian schools. Education is free for all, and every citizen has the right to attend public schools. The educational system in Venezuela is highly centralized As for Venezuela's health care system, it is in deep crisis. Thousands of patients cannot get essential medical treatments, and thousands more have been wait-listed for potentially life-saving surgery because doctors do not have the materials they need to operate. [Lohman 6] The farmers of Venezuela are not any better.

According to the 1998 census, the average farm size was around 60 hectares per farm. The main crops grown for consumption are fruits, vegetables, corn, and beans. Livestock activities include cattle and poultry. Productivity levels are low in relation to the potential of the agricultural sector. Furthermore, most smallholder production usually meets the family's own food needs and thus no surplus is available to earn cash income. ["Rural Poverty Portal" 2] The government has devalued its primary exchange rate once and introduced three weaker alternative rates. Using the weakest legal exchange rate, the minimum wage has tumbled from about \$360 a month in 2012 to \$31 a month today. [Crooks 15]

Venezuela's main problem is the lack of good governance in the Maduro administration. The Venezuelan people have endured a catastrophic economic collapse that is sure to grow worse in the months ahead. Inflation has risen 159% and it's expected to rise 204% next year, according to International Monetary Fund. Its currency, the bolivar, is worth less than a penny on the black market exchange rate, after having lost 81% of its value against the dollar this year.[Gillespie 12] The Venezuelan government has nationalized the electricity sectors, telecommunications, media, cement and steel producers, many milk and meat sectors, chemicals, agribusiness, and oil assets. The state oil company, PDVSA, controls the petroleum sector. Threats of continuing nationalizations, as well as other threats to property rights and an uncertain macroeconomic environment characterized by high inflation and foreign exchange controls, have led to reduced space for the private sector and low levels of private investment [Central Intelligence Agency, World Wildlife Fund, Conservation International, and U.S. State Department 11] The

unemployment rate is expected to be 14% this year and 18% next, according to the IMF.[Gillespie 12] And this isn't even looking at how Venezuela lacks imports.

Maduro's government cannot pay for basic imports, which is leading to food scarcity. That leaves many Venezuelans waiting in line for several hours outside grocery stores with empty shelves. [Gillespie 12] There are shortages of practically every conceivable consumer product, from toilet paper to antibiotics.[Ghitis 14] In a national survey, the pollster Consultores 21 found 30 percent of Venezuelans eating two or fewer meals a day during the second quarter of this year, up from 20 percent in the first quarter. Around 70 percent of people in the study also said they had stopped buying some basic food item because it had become unavailable or too expensive. "What's certain is that we are going very hungry here and the children are suffering a lot," said María Palma, a 55-year-old grandmother who on a recent blistering hot day had been standing in line at the grocery store since 3 a.m. before walking away empty-handed at midday. ["Hunger and Looting" 16] Resident Yusleidy Márquez said she too fears the worst. The basket of subsidized food the government gives her mother every 15 days only feeds her family for two days. Lately, she only eats a cornmeal patty for lunch because she cannot afford more. "I think we're going to die of hunger," she said. With the government now struggling to pay for imports, there is less inventory to go around. In recent days, Mr. Maduro upped the ante by ordering troops along the border to seize contraband, deporting hundreds of Colombians whom the government blames for smuggling and shortages. ["Venezuela's Food Shortages" 1]

Colombians are not the ones at fault in this situation. Agriculture only accounts for about 5% of GDP, 10% of the labor force, and at least one-fourth of Venezuela's land area. The country is not self-sufficient in most areas of agriculture. Venezuela imports about two-thirds of its food needs. In 2009, U.S. firms exported \$967 million worth of agricultural products, including wheat, corn, soybeans, soybean meal, cotton, and other items to make Venezuela one of the top two U.S. markets in South America. [Central Intelligence Agency, World Wildlife Fund, Conservation International, and U.S. State Department 11] Agricultural production has declined continuously in recent years, despite the country's enormous agricultural potential. One of the problems are the huge plantations, many of them are feudal remnants of Spanish colonialism. Other large estates were purchased more recently by wealthy immigrant families from Cuba, Spain, and Portugal. These plantations create problems related to food shortages. They encourage one-crop agriculture, and they let good farmland lie fallow for decades. [Ireland 16] The previous Chavez administration had started land expropriations to help this situation. Which meant that any Venezuelan citizen who is either the head of a family household or is single and between 18 and 25 years old may apply for a parcel of land. Once the land has been productively cultivated for three years, the applicant may acquire full ownership title to it. However, even the full title does not mean that the owner can sell the land, only that it can be passed on to his or her descendants. The prohibition against selling titles acquired through the land reform is another issue that land reform critics find fault with because it can lead to a black market in land titles. And, just as with all black markets, because the trade in titles is not legal, the titles end up being traded below their true value and thus can lead to making poor farmers even poorer than they otherwise would be. [Wilpert 24] Land expropriations, which were to be the basis of a new socialist agriculture, declined in 2013. [Gonzalez 13] And now, a good portion of Venezuelan land is used for oil.

Venezuela is an important player in the global oil market. For Chávez, who was beloved by many, popularity was often tied closely to the country's economic landscape, which in turn was invariably tied to oil. [Veuger and Lansberg-Rodriguez 7] The problem with oil dependent countries is that when oil demand is high, all other aspects of the country's GDP seem much less profitable. This leads countries into taking advantage of their other sectors. The next problem, is that these countries are not saving for a rainy day; they believe that because oil prices are high now, they will stay high. Venezuela remains highly dependent on oil revenues, which account for roughly 96% of export earnings and about 40% of government revenues. [The World Factbook 9] Food prices rose faster than overall inflation, increasing

by 102% in 2014. The economic conditions resulted in significant reductions in agricultural production and disruptions in trade. According to the Venezuelan Agricultural Producers Federation, in 2014, of the 12 agricultural sectors making up 80 percent of agriculture value, eight of them experienced declines in production. [Nunez 23] Because of the Venezuelan government's high dependency on oil for their economy, the government has left little room for the expansion of industries like agriculture. This is something the Venezuelan government is starting to regret, because when oil prices drop, like they're doing now, the economy is left in shambles, and soon the Venezuelan government will be to. I believe that the economic collapse and food scarcity in Venezuela is directly due to their government.

With the Venezuelan economy in a delicate balance, the threats of climate change, water scarcity, and pollution could completely destroy it. Venezuela, due to its geographical situation is likely to suffer negative impacts from climate change as it has a wide variety of highly vulnerable ecosystems. ["Impacts of Climate Change" 17] "Venezuela sees the global climate regime as a threat to its national interests," Guy Edwards at Brown University's Climate and Development Lab said. Beyond big hydropower it has little intention to shift to cleaner forms of energy or stem oil exports which fuels its economy, he added. ["Climate Paradox" 19] Pollution is a major environmental concern in Venezuela. Rivers, lakes, and underground aquifers are becoming increasingly polluted due to oil development, untreated sewage wastes, and fertilizer run-off. Lake Maracaibo, Venezuela's largest lake, suffers from increased pollution, and the resort island of Margarita suffers from frequent water shortages as the island's population exceeds its infrastructure's ability to provide water. ["Corrosion in Venezuela" 18]

To fix the turmoil that is in Venezuela, we need to come together as an international community and relieve some of the pressure of their economic crisis. As an international community, we would also need to send in reinforcements to maintain peace and build relations. I recommend the United States' National Guard and their foreign equivalents. These organizations have a successful record of peacekeeping and are viewed as less intrusive than entities such as the U.S. Air Force or Army. These forces would also lay down a channel for the political opposition in Venezuela to communicate with the current administration. The Venezuelan government needs to put aside political opposition and come to an agreement. This agreement would have to address their economic and governmental policies on some of the most basic levels. Though this type of assistance may be unwanted, due to strained international relations between Venezuela and many foreign countries. There is also a major need to diversify the economy. This is possible by creating more jobs in the growing agriculture sector and strengthening their sustainability practices. I believe if we could build up their agricultural sector through steady incomes, more land, and more efficient applications, we would have a foundation to reconstruct many other problems. The Food and Agriculture Organization of the United Nations has done a good job of expanding research projects into Venezuela, but I believe it is time to put our research into practice. Venezuela needs to come together under central ideologies and commit to rebuilding their infrastructure. One crucial tool is the combination of tax collection and fiscal policy. Improved tax collection raises revenues without raising rates, and those revenues enable investments in health care, early childhood education, primary and secondary education, job training and agricultural education programs that offer the poor a chance to improve their lives. Another tool is direct support, which often takes the form of increases in funding and improvements in the reach of traditional, long-established programs like pensions for the elderly and unemployment insurance. But newer, more innovative approaches also show great promise. One is conditional cash transfers: payments made directly to poor families so long as they meet certain conditions, such as keeping their teenage children in school. [Toledo 20] There is no one way to improve the situation in Venezuela and to solve one aspect, we would need to solve others as well. But if we do not help to fix the problems in Venezuela, other countries heavily based in oil may start to follow the same path. It won't be easy, but I believe that the people of Venezuela need and deserve a government that will provide for them. If we do not step up, who will?

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