

Why Venezuela Is The 'Most Miserable' Country In The World, Again

By Linette Lopez

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Venezuela is the most miserable country in the world. And it's because the country's situation is declining at such breathtaking speed.

For the second year in a row Venezuela has topped the "Misery Index," an annual list compiled by The Cato Institute. The list combines data about a country's inflation rate, interest rates, and unemployment. It also factors any slides in GDP growth.

In short, the reason Venezuela has held its position is that a bad situation has turned into a dire one over the past year — even in the past few months.

Oil makes up 95% of the country's exports, and the price of the commodity has fallen by more than half since the last time Cato calculated "misery." Now the government is simply running out of money.

For years, the legacy of late dictator Hugo Chavez has made it politically impossible for his successor, Nicolas Maduro, to change track on expensive social programs. The country was already deeply in debt. The oil crash has made things incredibly worse incredibly fast.

Venezuela garnered 106.3 points on the Misery Index. Behind it, Argentina took the No. 2 spot with an even 68 points. Quite the difference.

What makes them similar, though, is that both are plagued with the same main problem, according to Cato: consumer price inflation. Venezuela's inflation rate sits at over 60% while Argentina's comes in at about 40%.

This isn't new. Venezuela's inflation rate has been high for some time. At this time last year people were filing into long lines to enter government grocery stores where items might not even be on the shelf. These days they can wait for up to six days to enter a store.

On that issue, the government has been in total denial.

In February 2014 there were massive demonstrations with hundreds of thousands of people taking to the streets. Political opposition leaders, like Harvard-educated Leopoldo Lopez, were jailed. Others, like Maria Corina Machado, are wanted for treason.

So the situation has been perilous for some time. Oil falling off a cliff was the last thing the country needed. Creditors are watching. When they look at the situation this is what they see: the likelihood of a default and total restructuring of the country's debt increasing by the day.