



Venezuela gone wrong

By [Douglass Cassel](#), Friday, March 7, 2014

What went wrong in Venezuela? The country should be prosperous and secure. It sits atop the world's largest proven oil reserves. Its nearly \$100 billion in annual oil exports rank it among the world's top 10 oil exporters.

But Venezuela also leads the planet in price inflation. Even its official inflation rate – 56% annually – is the highest in the world. More realistically, after factoring in the black market, economist Steve Hanke of John Hopkins University and the Cato Institute calculates Venezuela's real rate of inflation at more than 300%.

For anyone who professes to care about the poor – including former Venezuelan President Hugo Chávez, who died last year, and his handpicked successor, President Nicolás Maduro – these inflation rates are crushing. No worker or peasant can earn enough to keep up with prices soaring out of reach.

Maduro has imposed price controls on some basic goods, but the result has been severe shortages of staples like corn, flour, butter, eggs, and even toilet paper.

The country simply produces too little food and too few goods (understandably, given the pace of land expropriations under Chávez and Maduro). So, Venezuela is forced to import about two-thirds of its food (wheat from the United States, chickens from Brazil), as well as many consumer goods. However, since Maduro took power in March 2013, the value of the national currency has sunk by nearly two-thirds against the dollar. As a result, imports are now far less affordable.

In a failing effort to make up the difference, Venezuela has been running down its foreign currency reserves. In the last year, they have dropped by \$8 billion – more than a quarter of their total a year ago.

The country's economic crisis is aggravated by a fearsome crime rate. A 2011 United Nations study found that Venezuela had the fourth-highest homicide rate in the world. There were 23,000 homicides in Venezuela in 2013. Yet few murderers are brought to justice: The impunity rate for murder is 97%.

Both the economy and the insecurity are made worse by rampant corruption. Of the 177 countries that Transparency International ranked in its 2013 Corruption Perceptions Index, Venezuela is the worst in Latin America and among the worst (160th) in the world.

No wonder, then, that tens of thousands of Venezuelan university students have taken to the streets in protest. They are supported by anti-Maduro majorities in most of the nation's largest cities.

The country is sharply polarized, but contrary to claims by Chavistas, the political fault lines are drawn between the cities and the countryside, not between the middle class and the poor. If not for voters in rural areas (where voter fraud is easier to pull off), Maduro's thin official margin of victory last year (1.5%) would instead have been a win for the opposition.

Government security forces and paramilitary thugs have responded to the protests with violent repression. Even the Chavista chief prosecutor concedes that in the last month of protests, 17 people have been killed, hundreds have been wounded, and around 500 have been arrested.

Dozens of human-rights and civil-society groups in Venezuela and throughout the hemisphere have denounced the reported torture and cruel and degrading treatment of arrested protesters. They demand proper investigations and genuine criminal prosecutions of those responsible for the human-rights violations.

Maduro's regime responds by labeling the domestic human-rights groups as traitors and the foreign groups as imperialist dupes. The regime had opposition leader Leopoldo López arrested and charged with murder for two of the deaths. Since then, prosecutors have somewhat backed off, reducing the charges to property crimes, arson, conspiracy, and incitement. López remains behind bars, awaiting trial.

The repressive response should surprise no one. Ever since Chávez took office in 1998, and continuing under Maduro, the government has systematically dismantled the checks and balances necessary to safeguard human rights.

Chávez packed the Supreme Court with his own supporters. He fired – and even imprisoned – judges who ruled against the government in politically sensitive cases. He violated election regulations by maintaining computerized records of who voted for and against him, and then denied government jobs and benefits to people who voted for the opposition. He put out of business or took over every major opposition television and radio network. Maduro still restricts the supply of newsprint to major independent newspapers, and orders cable TV providers to take international news networks covering the street protests off-line.

Venezuelans are deprived of almost all institutional protections against their government's economic imprudence, inability to control crime, pervasive corruption, and gross violations of human rights. No government with such flaws has ever bettered the welfare of its people. It is past time to recognize that the fundamental problem in Venezuela is not momentary police excesses, but a misguided and dysfunctional system of government.