

Venezuela and Panama: now foes?

By Olga Yazhgunovich

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 – Dr. Douglas Cassel, Professor of Law at Norte Dame Law School about Venezuela.

However, the country is gripped by poverty and protests as it also leads in price inflation. Its official inflation rate of 56 percent 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 has calculated Venezuela's real rate of inflation at more than 300 percent, Dr. Cassel says.

Though President Maduro has imposed price controls on some basic goods, it made things worse resulting in severe shortages of vital necessities like corn, flour, butter, eggs, and even toilet paper. 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. And since Maduro took power in March 2013, the value of the national currency has sunk by nearly two-thirds against the dollar.

So no wonder that tens of thousands of Venezuelan university students have taken to the streets in protest. They are supported by anti-Maduro opposition in most of the largest cities. The regime already had opposition leader Leopoldo López arrested and charged with murder. López remains behind bars, awaiting trial.

Maduro's regime, however, responds not by reforms but by labeling domestic human-rights groups as traitors and accusing its neighbors of plotting the attacks.

Among those "traitors" appeared Panama – Venezuela's President severed diplomatic relations with the country Wednesday, accusing the Central American nation of being a "lackey" for the United States in a conspiracy plot against his government, CNN reports. He accused Panama of pushing for regional organizations to intervene in Venezuela. As a result, Maduro said he was cutting off diplomatic and political ties and freezing trade relations with Panama's current government "in defense of the homeland's sovereignty."

"There are maneuvers by the US government plotting with a lackey government that has a right-wing president who is leaving in the next few months, who is not worthy of his people, who has been working actively against Venezuela," President Nicolas Maduro said in televised remarks.

Panamanian President Ricardo Martinelli wrote on Twitter that he was surprised by Venezuela's decision.

"Panama only longs for its brother country to find peace and strengthen its democracy," he said.

In a statement late Wednesday, Panama's government denied Maduro's accusations and said it had tried to encourage action by the Organization of American States to help promote dialogue, democracy and human rights in Venezuela.

"We reject as unacceptable the insults uttered by President Nicolas Maduro against our country and its highest authority. The foul language used is inappropriate for the president of a brother country," the statement said.

Last month Maduro expelled three US diplomats from Venezuela, accusing them of conspiring against his government.

The United States expelled three Venezuelan diplomats last week in retaliation.

The State Department has repeatedly denied Venezuela's accusations that it's funding opposition efforts to topple Maduro's government or involved in other conspiracy plots, CNN writes.

"Venezuela, rather than trying to distract from its own failings by making up false accusations against diplomats from the United States, the government ought to focus on addressing the legitimate grievances of the Venezuelan people," US President Barack Obama told reporters last month.