
The divided Venezuela

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Abstract: Venezuela is one of the biggest oil producers in the world. This seems, however, to have brought Venezuela much more trouble than it has helped the country to solve problems. With the discovery of oil in Venezuelan territory, the country developed and industrialised; nevertheless, it too became a focus of international interest. This brought to Venezuela a period of political stability with wealth for some and poverty for the majority. As popular unrest rose, Hugo Chávez came to power, a politician who declared war on capitalism and left a divided society and a country currently afflicted by a deep economic crisis. The main actors in this conflict and their interest were the subjects of our analysis.

Keywords: oil; Hugo Chávez; Nicolas Madura; economic crisis; capitalism; socialism; Venezuela; poverty.

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1 Introduction

According to the Organization of the Petroleum Exporting Countries (OPEC, 2016), Venezuela holds with an amount of about 300,000 million barrels the world's largest proven crude oil reserves. Apart from oil, Venezuela has gas and extensive mineral deposits such as iron (Nohlen, 2002). Despite this wealth of natural resources, the country is currently experiencing one of the most serious crises of its history: extremely high inflation, economic recession and energy crisis. In 2016, all these circumstances have led President Nicolas Maduro to proclaim an economic state of emergency for the second time that year. The opposition has been trying for months to dethrone the socialist president as they claim him responsible for this severe crisis (Der Standard, 2016). Since the beginning of the decline of oil prices, politics and society in Venezuela have been extremely polarised, each of the sides defending different interests. Especially since the coming to power of the socialist Hugo Chávez, 17 years ago, the situation has increasingly polarised the country. However, not only within Venezuela but also at an international level opinion differs.

During the 1970s, Venezuela experienced an economic boom with the help of oil and gas exports. As a consequence, problems in other critical sectors such as agriculture have been neglected. Since 1983, the oil-dependent development is in a crisis, which affects all areas of everyday life in Venezuela. As a result, the country has plunged increasingly into debt and cannot find a way out of the crisis (Nohlen, 2002) although the regime change of Chávez in 1999 led to improvements in some areas, some others have stagnated.

However, parts of the Venezuelan population still support President Nicolas Maduro, as they were in favour of the vast criticised ex-president Hugo Chávez. The struggle seems to be a conflict of interests, a conflict between rich and poor, privileged and unprivileged sectors of society. Maduro, as Hugo Chávez before him, states that it is a battle with capitalism, in many occasions he said that he is dealing with an 'international capitalist conspiracy' led by an 'imperialist' in the USA. Our analysis attempts to explain how this situation came to be and at the same time gives a glimpse of the positions on both sides of the conflict.

This paper was written by students of global studies which is an internationally unique Master's program at the University of Graz.

2 Petroleum and Venezuela

2.1 Oil

Oil is the most important energy source in the world. Around 36% of the world's energy supply is based on the resource (IEA, 2014). It is used as fuel, as raw material for

industrial products as well as for the generation of electricity, among other vital uses. In 1945, 6 million barrels of oil were consumed daily; today there are nearly 90 million barrels of oil per day worldwide; a barrel is approximately 159 liters (Eich and Leonhard, 2013). How many reserves exist, however, remain unclear. The International Energy Agency (IEA) claims that peak oil was achieved in 2006, which means half of the recoverable amount of oil has already been extracted. However, there are several theories on when the peak oil was reached or will be achieved, and they all largely depend on which interests companies and nations follow (Eich and Leonhard, 2013). What is certain is that the oil reserves are not infinite and will run out sooner or later. Eich and Leonhard (2013) wrote in their book *Contested Raw Materials*, that the earth would have to prepare energy change that takes, according to experts, at least 20 years to complete. They claim that “using raw-material means to waste them. There is no inexhaustible raw material, none of them are growing again. Natural resources are nonrecurring. That means that the stocks are continuously shrinking” (Eich and Leonhard, 2013). However, the actors who benefit from oil maintain extreme lobbying against alternative energy sources and are against the state funding this sector. According to the IEC in the year 2030 up to 106 million barrels oil per day will be consumed, especially from the growing consumption of the Brazil, Russia, India, China, South Africa (BRICS) countries. In contrast, the consumption of industrialised nations will remain constant or rise only slightly (Eich and Leonhard, 2013.).

If countries on earth fail to adapt to an energy transition and do not take the necessary actions to decrease the amount of oil use, conflicts over the last remaining reserves are to be expected. In addition, the sudden hypothetical transformation towards a life without oil would produce extreme crisis and conflicts at all levels. Nevertheless, the shift to alternative energy sources should be questioned. The production of biofuel for example, which is celebrated as a clean fuel alternative, brings negative consequences. The extraction of energy from biomass is space consuming and often associated with significant social and environmental problems. In many cases, social injustice, hunger, and poverty of the population will increase in the producing countries (Misereor, 2007).

However, taking Venezuela as an example, it could be assumed that resource wealth rarely brings any country prosperity and sustainable development.

2.2 *Venezuela*

To understand the present situation in Venezuela, an analysis of the historical development is necessary. The Bolivarian Republic of Venezuela (Spanish: *República Bolivariana de Venezuela*) is placed on the Caribbean coast of South America. After gaining independence from the colonial power Spain in 1821 by Simon Bolivar, a Latin American liberation hero, Venezuela suffered an extended period of political unrest. Civil wars and dictatorships prevented Venezuela’s development.

The first productive oil wells were discovered in Venezuela in the 1920s, and during these early decades of oil production and extraction, the country did not have the industrial infrastructure or economic power to manage its oil supplies. For this reason, foreign companies took control over the Venezuelan oil business. They brought the necessary expertise and technology, as well as an extensive business network. The predominance of oil companies was in the hands of the USA through the North American Standard Oil, a company that practically controlled the oil industry worldwide (Darwich,

2014). It was this foreign investment in the oil industry that allowed the country to achieve industrialisation and modernisation, turning into one of the wealthiest countries in Latin America (López Maya, 2011).

Venezuela became rapidly one of the largest oil exporters worldwide. Social and economic structures changed fundamentally; as a consequence, the society began to polarise. Venezuela suffered from a ten-year military dictatorship of Marco Pérez Jiménez. It was through the 'Pact of Punto Fijo' in 1958 that a stable presidential democracy could be obtained (Boeckh et al., 2011). This was a self-appointed power of order supported by the USA. The US Government wanted to make Venezuela economically and militarily dependent to guard their interests over the Venezuelan oil fields (Cwik, 2010)

It was not until 1976 that the exploration, exploitation, transportation, refining, and commercialisation of oil were nationalised. *Petroleos de Venezuela, SA* (PDVSA), the national oil company, was created (Grau, 1988). From this date onwards, oil production and commercialisation has been in the hands of the Venezuelan state as well as its revenues. Nevertheless, this was not enough to solve the social and structural problems in Venezuela. During the next decades, poverty, economic and political crisis, and debt burden were constant issues in the country. At the end of the 1970s, poverty and inefficient industrialisation could still not be overcome (López Maya, 2011).

Throughout the 1970s, Venezuela experienced an enormous economic boom thanks to oil exports and its remittances. This came to an end in the 1980s with the global oil price crises. In 1983 the Venezuelan currency *Bolívar* plunged, the national debt increased enormously, poverty worsened, and oil price decline accelerated this plight. Venezuela's gross domestic product (GDP) decreased dramatically, moderate and extreme rates of poverty increased. The share of households in poverty conditions by the end of the century rose to 57.6% and extreme poverty rate to 28.8% (Penfold-Becerra, 2006). From anger and frustration towards the politicians and the government, civil movements developed as opposition against the prevailing system.

In 1989 the so-called national uprising *Caracazo* claimed more than 3,000 deaths, but the resistance force of the civil society confirmed the feeling of political cohesion (Cwik, 2010). Three years later young officers attempted together with the former lieutenant colonel Hugo Chávez a coup against the government. The coup was unsuccessful, and Chávez was imprisoned and released three days later. He was then elected new Venezuelan president in 1998.

By the time Hugo Chávez took power in February 1999, Venezuela was facing a severe economic crisis. Therefore, to confront this crisis, he made a series of reformations attempting to cut with the old ways and increase democratic participation (López Maya, 2011). Chávez announced a transformation of the country with an ideology of anti-imperialism. He pursued the concept of a '21st Century Socialism' wanting to follow his idol, Simon Bolívar. Chávez wanted to create a policy, which should be a model of participatory and direct democracy that allows the participation in the decision-making of as many as possible within the country (Boeckh et al., 2011).

The *Chavismo*, as the new ideological trend was called, polarised the nation. Many have seen his policies as hope for Venezuela. Others have accused Chávez of following authoritarian and clientelistic patterns. Chávez's first term was characterised as a positive, participatory development, the second, however, from not good and personalistic governance, as further described in the next chapter (Boeckh et al., 2011).

After the death of Chávez in 2013, Nicolas Maduro was elected as the subsequent president. But his political leadership was criticised from the beginning. The low oil price led Venezuela more and more into the crisis. The inflation is higher than ever before; the economic boom is in a depression, there is a lack of necessary food, medicine, and consumer goods, and, additionally, the lack of power and a severe drought weakens the land. Currently, around 68% of the Venezuelans support the quickest possible end of Maduro's term of office and claim new elections (Der Standard, 2016). However, it remains questionable whether the opposition, which is composed of different organisations, can design a severe government program to solve the current problems.

3 The socialist Venezuela

The political stability of Venezuela, across its youngest history, is closely linked to the decline or increase of oil prices. During the 1960's until the end of the 1980's Venezuela was considered as one of the most stable democratic regimes in Latin America. However, from the beginning of the 90's Venezuela turned out to be one of the least stable and most polarised political systems in the region (Penfold-Becerra, 2006).

Oil is probably the most valuable non-renewable resource in the world, and the business with it concerns the world's biggest economies. The USA is the major oil consumer worldwide and depends significantly on its oil imports. With the discovery and later extraction of oil, Venezuela became politically attractive to the USA. In this context, decisions concerning oil are not reached by producing countries individually but are taken collectively by all oil exporting countries, and as a result, they are not made entirely autonomously (compare Darwich, 2014). From the first half of the 21st century, the primary purpose of the USA was to gain as much control as possible over most of the foreign oil flow through major private corporations, since it was believed that their oil reserves were about to come to an end (Darwich, 2014).

From the 1960s until 1998, the year when Hugo Chávez was elected president, the Social Christians (COPEI) and the Democratic Action (AD), both centre-right parties, were governing the country and the USA actively supported them. During their regime they nearly privatised large sectors of the oil industry, inflation rates were very high, and unemployment increased resulting in a rise of economic inequality (Lecuna, 2013).

As Chávez came to power, he transformed the political institutions of the country. He aimed to reduce social inequality by creating social, political, economic policies that benefit the poorer classes (Lecuna, 2013). The Venezuelan constitution, established under the Chávez regime, has as primary goal to build a participative, supporting and democratic society in an economic setting (Giri, 2012). The large increments of real social spending per person made the reduction of poverty possible. The government increased the spending to about one-fourth of the federal budget. This also allowed significant improvements in education and healthcare. He created new participatory institutions like communal councils (Spanish: *consejos comunales*) and partly state-owned companies (Spanish: *empresas mixtas*) to benefit workers, to create new jobs and to reduce unemployment (Lecuna, 2013).

In addition, he committed himself to create new jobs and decrease unemployment rates which were made possible through cooperatives. In 2005, more than 5 billion dollars were invested in this project. That is the equivalent to almost 4.5% of the

country's GDP. These programs or *Misiones*, as they are called in Venezuela, allowed the direct redistribution of oil profits to the weakest part of the populations [Penfold-Becerra (2006), p.65] For example, the Social Plan or *Plan Bolívar 2000*, which was managed by the arm forces, was implemented in order to improve infrastructure in poor areas (Penfold-Becerra, 2006).

3.1 *The Misiones*

Hugo Chávez adopted different programs of social funds to target the extreme poor; for this purposes, he created the 'Unified Social Funds' (FUS). To finance his social programs, which he called 'missions to save the people' he employed the resources from *Petróleos Venezuela* (PDVSA) Venezuela's state-owned oil company. These missions provided a wide range of social services, from healthcare to teaching literacy, provided citizens with an identification card and he created a program to distribute subsidised food the poor and particular stores where people could buy food and discount prices (Penfold-Becerra, 2006).

In the period between 2003 and 2004, more than 29 of these *Misiones* were created to address different social issues in Venezuela. There are various programs or missions, each one with a different focus and aim, having the poorest and marginalised sector of society as the primary target group. The following are some of the most significant and successful ones.

The *Mision Barrio Adentro* started in 2003, and it has the goal to secure free access to healthcare at a national level. Healthcare facilities were built, first in poor urban areas and later it was expanded to the rural areas, and people began receiving medical attention from Cuban doctors. In a setting of a non-functioning healthcare system in Venezuela, the program was a complete success. It became very popular, especially among the poor. Persistent critics claimed that the Cuban doctors were, on the one hand, illegally practicing medicine and on the other, was a demonstration of Fidel Castro's communist influence in Venezuela. However, even if this is true, the program, in 2004, had benefited more than 4 million people and about 13,586 doctors were participating in it (Penfold-Becerra, 2006).

The *Misión Robinson: Yo si puedo* (English: Mission Robinson: Yes, I can) program initiated in 2003 with the objective to alphabetise the country. It uses the method *Yo si puedo* (English: Yes, I can), a technique developed in Cuba to achieve this purpose. The program is divided into two parts, the first aims to teach people to read and write and in the second phase to finish primary school. In just one year, the program had 110,000 facilitators working to erase illiteracy, and more than one million people had completed the program (Penfold-Becerra, 2006). For this purpose, the government invested 72 million dollars. The results were perceptible as in 2005 the UNESCO declares Venezuela 'country free from illiteracy' (PDVSA, 2005).

Another important program is the *Misión Ribas* (named after the Venezuelan independence leader and military hero José Félix Ribas). The slogan for this mission is 'must win', and it was launched in 2003. The aim is to benefit poor adults who have been unable to finish high school. The idea was not to build new schools but to use existing schools on the weekends for adult students. Until the year 2009 more than 2 million dollars had been invested in the program. According to a publication from the government, more than one million people obtained a high school degree in Venezuela in 2015. An extension of this program is the *Mision Sucre* (named after the Venezuelan

independence leader Antonio José de Sucre), which enables people access to higher education by distributing scholarships among the poorest (Penfold-Becerra, 2006).

The *Misión Identidad* (English: mission identity) is a civil and electoral registration program that issues identity cards for all Venezuelan citizens. This program benefits and is strongly supported by the marginalised sector of the population, who through this mission had access for the first time to social services and to the right to vote. During the first year, the program provided more than 8 million people with identity cards, some of them for the first time, and some who renewed their old document. In addition, by 2006, about 270 thousand indigenous acquired an identity card for the very first time. (Embajada de la República Bolivariana de Venezuela, 2006)

The next mission is probably one of the most important regarding its dimension and impact in the Venezuelan society. The *Misión Mercal* (named after Venezuela's supermarkets) has the aim to guarantee essential goods for everyone by subsidising food. The government created discount stores all over the country. One year after *Mercal* starts operations these discount stores distributed more than 40% of the food in Venezuela. More than 9.3 million people benefited from this (Penfold-Becerra, 2006).

The results of these missions can be seen clearly in the developing indices: illiteracy decreased to 4.5 in 2009, life expectancy increased by more than two years, narrowing the income gap in the process. Today, Venezuela has one of the lowest rates of inequality in the world (Lecuna, 2013). These are only some examples of how the socialist government has succeeded in improving the living standards of the population, and of how it has provided them with opportunities and given them a real chance to avoid the poverty trap.

3.2 *Politics and the private sector*

In the economic sector, one of the necessary reformations was the nationalisation of strategic industries and the services sector, which during a series of neoliberal policies during the 1980s and 1990s, were privatised. He nationalised oil-related companies and began charging higher royalties. Chávez also started the expansion of its markets and developed joint exploration agreements with Russia, Brazil, and China (Lecuna, 2013). His objective was to finish the long dependency of oil exports to the USA. In 1997 the USA accounted for 67% of Venezuela's oil exports and decreased during the Chávez administration up to 8% between 2005 and 2006 (Ellner, 2009).

Thanks to oil revenues invested in the different missions, in almost one a half-decade of the Chávez administration, poverty rates declined up to 24% in 2012, with an extreme poverty rate of 7% in that same year. Unemployment also decreased to 6% in 2012; the biggest employer is PDVSA, the state-owned oil company (Lecuna, 2013). According to a protocol published by the CEPAL 2014, Venezuela was expected to have achieved by 2015 almost all goals established in the Millennium Development Goals of the UN [Jäger et al., (2014), p.18].

Social conflicts and polarisation of the society started as a result of economic and social legislation that Chávez passed in 2000. Especially the business sector saw property-rights in the agricultural and hydrocarbon area threatened (Penfold-Becerra, 2006). As a consequence, at the end of 2002, sabotage of the oil industry took place in Venezuela. It began with weekly protests, organised by the opposition forces. Their central demand was the resignation of President Hugo Chávez and a review of the new

legislation. Nonetheless, the government refused to back down and instead decided to remove the board and high-level managers of PDVSA who cooperated with the opposition. Consequently, the opposition reacted by calling out a general strike in April 2002. Fedecámaras (2016) organised it (Fedecámaras is a civil association formed by private economic trade unions. It intends to act as a cartel to control different sectors of the Venezuelan economy such as banking, agriculture, commerce, construction, energy, manufacturing, media, mining, ranching, insurance, transportation, and tourism under the principles of liberty and democracy) and supported by political parties such as *AD*, *Proyecto Venezuela* (English: Project Venezuela), and *Primero Justicia* (English: Justice First), several NGO's such as *Asamblea de Educación* (English: Assembly for Education) and *Queremos Elegir* (English: We Want to Choose), and the Confederation of Workers (CTV). The protests developed into a coup d'état, and Hugo Chávez was removed from office and imprisoned. The military forces refused to approve or support the new government led by the president of *Fedecámaras* Pedro Carmona and Hugo Chávez was restored to power three days later (Penfold-Becerra, 2006).

Since then, the struggle between the government of Hugo Chávez, and since 2013, of Nicolas Maduro, and the business sector has been a permanent issue in the political context of Venezuela. The private sector has been using all means possible to regain the lost profits due to reformations made by Hugo Chávez. They have caused inflation to redistribute wealth by raising prices and creating goods shortages. They claim, by the neoliberal theory, that the economic problems of Venezuela, for example, high inflation, are the consequences of state intervention, of policies such as state control of prices, increasing salaries, subsidising goods and 'giving away' money to the poor. The business sector, represented by organisations like *Fedecámaras* (2016), is aiming to destabilise the government and regain the political power of the country. They want to stop the redistribution of wealth among the poorest and keep all the profits to themselves as they used to (Salas Rodríguez, 2015)

As a result, this constant political struggle has weakened the political power of the country and has left the country in a state of political, social and economic distress.

4 Venezuela and its economy as the main source of the development

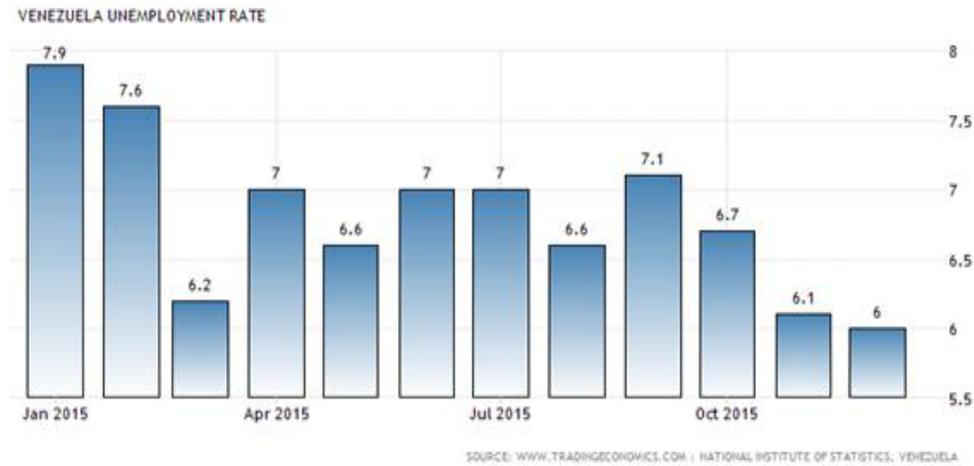
The GDP in Venezuela was worth 509.97 billion US dollars in 2014. The GDP value of Venezuela represents 0.82% of the world economy (Trading Economics, 2016).

Venezuela most definitely has a comparative advantage when it comes to the amount of oil. However, it is all up to use it efficiently. In addition to this, gas is a significant resource in Venezuela. Until the year 1970, Venezuela was the country with the most significant amount of export of oil in the world. For this, contributed to the fact that Venezuela is also one of the nations that take credit for the founding of OPEC. Venezuela has a very developed industry, based on home resources, as well as the production of consumption goods, both for the domestic market. Opposite to that, the agricultural sector is not developed (Trading Economics, 2016).

As the graphic above shows, the unemployment is an acute problem in Venezuela. It fluctuates throughout the year, and in the year 2015, it has ranged between 6% and 8%. This means that people, who are not able to find a regular job, tend to turn to season jobs to acquire as much income as possible (Trading Economics, 2016).

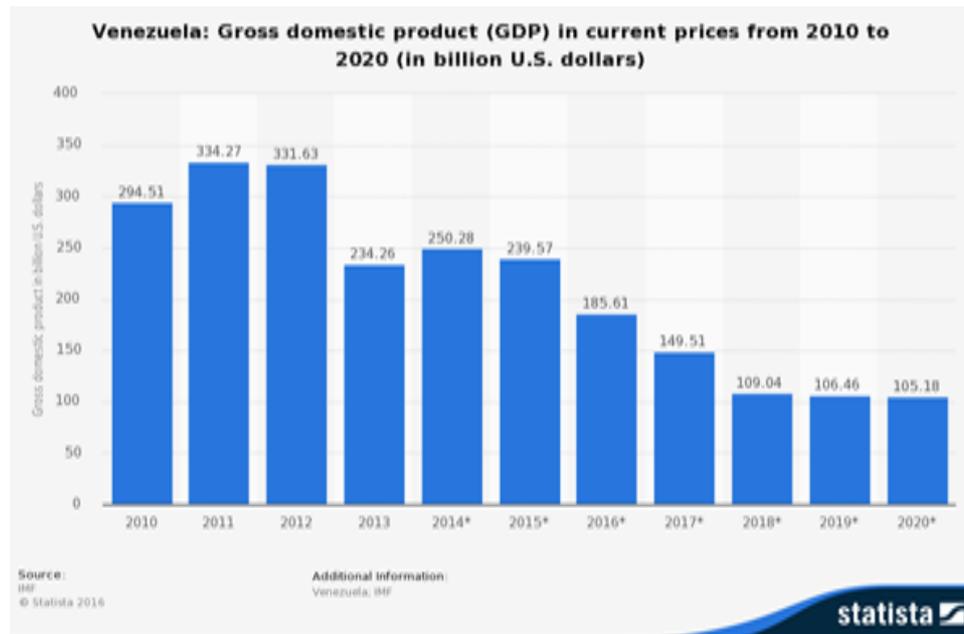
All employed people in Venezuela generate the GDP in Figure 2.

Figure 1 Venezuela, unemployment rate (see online version for colours)



Source: <http://www.tradingeconomics.com>

Figure 2 GDP from 2010 to 2020 (see online version for colours)



Source: <http://www.statista.com>

Years 2011 and 2012 were the years of significant progress and economic development. The GDP produced during these years is by far higher than GDP in previous years. The expected and forecasted GDP is much lower than the amount that has been produced in the above mentioned two years. Even though this is a problem, at first sight, the more profound problem lies in the core of these forecasts and expectations – the resources,

which represent the basis of Venezuela's economy, are not renewable. It means that every year, every month and every day, there are fewer and fewer resources, fewer and fewer employees and fewer and fewer income. How to solve this? An alternative must be found.

In addition to this, Venezuela is one of the rare countries with a trade surplus. Its export amount is higher than the import. For example, in 2014 the export of Venezuela was 63 billion dollars, whereas the import was 36.6 billion dollars. The conclusion that can be derived is that the domestic market in Venezuela does not play the critical role when it comes to consumption. This is the difference between Venezuela, and for example, China which can consume its goods when there is a crisis in other countries. China has a very developed domestic market. Venezuela should work on strengthening its domestic market by raising the standard and purchasing power of its people. This could lower the dependence from other countries, especially from the USA, China, Netherlands and other relevant trade partners.

5 Society

As already mentioned above, Venezuela is a country located at the northern coast of the South American continent. Venezuela has about 30 million inhabitants. 50% of the population are 'Mestizos', a term which is used for people of both European and indigenous descent, while 42% of the inhabitants are of European, 3% of African and 3% of indigenous origin (Federal Foreign Office, 2016).

5.1 *Venezuela, oil, and its people*

In general, oil means for a state on a national and international level power and influence, as well as a risk of conflict. Pollution from direct contamination or by industrial accidents, or by time-delayed CO₂ emissions from the burning of the raw material, as well as human rights violations is concomitants of this economy (Misereor, 2007). At the regional level, crude oil production harms the people living there due to water and soil pollution. Further, industrial accidents occur during the extraction of the raw material. In Venezuela; this situation has deteriorated since the takeover of Chávez. It is assumed that Chávez employed less high-trained workers after the workers strike in 2002 when he fired a high number of employees of PDVSA and hired loyal but less high-trained people (The Economist, 2012).

Oil wealth in Venezuela has never influenced the improvement of living conditions of the weakest sector of the population. Since the beginning of the oil production, the Venezuelan society has been divided, while only the political elite benefited from it. The reinvestment of the generated capital failed. Eventually, the ones who suffered were and have always been the poorest and the environment (Zehetmayer, 2007).

PDVSA is the largest oil company in Latin America and the largest exporter. Low prices of oil have led the state to a permanent crisis, economic inequality, political instability, crime, and murders. As mentioned above, crude oil makes up 95% of exports from Venezuela. Thus a significant number of people are employed in PDVSA. When talking about the people in Venezuela, it is essential to mention President Chávez, since he had the most considerable influence on masses. President Chávez brought a new spirit and carried out many changes. During the Chávez administration, opponents persisted in

disempowering Chávez. A general strike was declared, and the oil policy was sabotaged. The raid led by senior staff and management took two months and led to the most massive oil crisis in the Venezuelan history. After the strike, the state has dismissed 18,000 employees of PDVSA (compare Bruce, 2009). The production collapsed, unemployment increased by 20% and the result was poverty. After several months of lockouts, the oil industry experienced another boom (Venezuelanalysis, 2003).

As a result, the government started humanitarian missions called *Misiones*, as already mentioned above. Due to concluded agreements with Cuba, Cuban doctors and Cuban personnel were brought to Venezuela in exchange for oil at a meagre price, which resulted in an improvement of medical healthcare (Bruce, 2009). Based on the oil revenues, the state managed to finance social programs. Within three years, the oil prices of crude oil doubled which also led to free education for everyone. Subsequently, illiteracy has dropped by 40%. A significant number of underprivileged people obtained a job. Thus unemployment and inflation were widely defeated (Bruce, 2009). Furthermore, Chávez hosted a radio program called 'Alo Presidente', to spread the socialist idea. The popularity of his policies increased, however, the tension between supporters and opponents of Chávez developed as well. People developed radical political attitudes, resulting in assassinations even within families because of political disagreement. In addition to this, as Crooker explains, tensions with Colombia, Peru, and other Latin American countries grew:

"Venezuela is active in the international community. It is a founding member of the United Nations, the main world body of international diplomacy [...] Venezuela has border disputes with all its neighbors [...] The disputes with Colombia are more diverse. Venezuela's north coast location makes it a major transit country for cocaine and heroin shipments from South America to North America. The country's dear neighbors (Colombia, Peru, and Bolivia) produce the drugs. The drugs are brought to Venezuela overland and by airplane, usually from Colombia [...] the laundering of drug money and its use to be Venezuelan judges are major concerns." (Crooker, 2006)

5.2 *Crime and corruption*

Since 2014, Venezuela's crime rate has increased significantly. According to a crime and safety report (OSAC, 2016), every second person in Venezuela is armed. This report states that the population seems to have lost confidence in the police since a high number of police officers are corrupt. Furthermore, 90% of committed homicides remain unsolved, 40% to 60% of the police officers are murdered each year, and the homicide rate is steadily rising. Due to these facts, Caracas is considered the most dangerous city in the world (OSAC, 2016).

The circumstances in prisons build a further aspect of Venezuela's crime situation. Due to a lack of staff, prisons can be described as lawless. The inmates lead themselves and have created their hierarchy. However, Venezuela's biggest prison, which is located in Caracas, holds about 4,200 prisoners. They claim to feel safer detained, as there was a total of 17,000 murders on the streets during the year 2015 (Lopez, 2013).

To sum up, Venezuela is suffering a constant increase of criminality and thus of insecurity among the population. While a high number of people immigrated to Venezuela, for instance from Colombia Spain, Italy, in the 1970s, today many Venezuelans have fled to the USA in search of a better life.

5.3 *Electricity crisis*

In Venezuela, there are shortages of many goods, especially electricity. Acute water shortage in the Guri Dam is claimed to be the reason for electricity shortages since the power plant provides up to 70% of energy in Venezuela. Thus, the current production is threatened. Due to this, the Venezuelan president Maduro has implemented measures to reduce power consumption drastically. In April 2016, the government decided to allow electricity for only four working days per week in the public sector to save power. As a result, each power consumers should be four hours per day without electricity. Further, the government told women to make less usage of hair dryers. In addition to this, since May 1 clocks have been put forward by one hour to benefit longer from daylight. However, these measures have led to anger among the people, which has resulted in protests (Heute, 2016).

5.4 *Sustainable perspectives*

As recent events in Venezuela have shown, the socialist path of Chávez and Maduro has not led to the expected even distribution of the oil income and equality of all Venezuelans. As long as the state is dependent on oil revenues and does not build up sustainable structures, it will go from one crisis to another. Which sustainable outlook remains the Venezuelan state? Seifert and Werner (2005) see as the possible way out of corruption in the oil industry is transparency. The initiative for transparency in the extractive industries (EITI), for example, works for more transparent payments. Corrupt actors seem for investors unproductive and unattractive. The EITI is a global standard trying to promote the open and accountable management of oil, gas, and minerals. The initiative attempts to address the critical governance issues of natural resource sectors. The EITI (2016) progress report states that:

“A country’s natural resources, such as oil, gas, metals, and minerals, belong to its citizens. Extraction of these resources can lead to economic growth and social development. However, poor natural resource governance has often led to corruption and conflict. More openness and public scrutiny of how wealth from a country’s extractive sector is used and managed is necessary to ensure the natural resources benefit all.”

The elaborated standard of the EITI requires information along the extractive industry value chain, from the point of extraction, to how the revenue makes its way through the government, to how it benefits the public. Through that process the whole value chain is transparent. That is an opportunity to strengthen governments and companies and inform the public debate about the extraction industry. Every member country, which is implementing the EITI rules, got a coalition of governments, companies and civil society, who supports the EITI. At the moment, there are 51 implementing member countries. The members have to accept the EITI principles; like that, they are aware that the use of natural resource wealth should be an essential engine for sustainable economic growth that contributes to sustainable development and poverty reduction. If not managed properly, it can create negative economic and social impacts. Another principle says that the members see, that a public understanding of the government’s revenues and expenditure over time could help public debate and inform the choice of appropriate and realistic options for sustainable development. The next principle is an essential one for the trust-building work process: it underlines the importance of transparency by

governments and companies in the extractive industries and the need to enhance public financial management and accountability. Also, the greater transparency in the context of respect for contracts and laws must be set (EITI, 2016).

6 Conclusions

The fight against corruption can make an essential contribution to poverty alleviation efforts. However, it remains questionable if Venezuela would collaborate with such an initiative as the EITIs proposes. The EITIs headquarter is located in Norway and may represent a Eurocentric point of view about how the oil industry has to be managed. The other question is if the joining of Venezuela in the initiative in the current crisis would have short-term changes for the country.

Furthermore, the conflict in Venezuela is complex and challenging to solve. The history of corruption and improper use of resources makes even more complicated. There is no right or wrong answer, what seemed to be a positive approach towards a socialist Venezuela throughout the government of Hugo Chávez where his policies and government programs attempted to distribute wealth evenly, was based on a volatile and internationally controlled natural resource: oil. Like oil prices fluctuation, the Venezuelan economy fluctuates, from a very wealthy period during the regime of Hugo Chávez, to a period of crisis and stagnation during the present government of Nicolas Maduro.

It can only be hoped that the government, representing the society and the entrepreneurs get together a find a common solution. However, this perspective is unlikely ever to happen, as the history of Latin America has shown, politicians commonly seek to keep power and capitalist entrepreneurs mainly want to make profits, and none of this parties has as number one priority to protect the interest and need of the rest of the population.

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