

INTERNATIONAL

THE CRISIS IN Venezuela

Despite vast oil resources, this South American nation is facing economic, social, and possibly political collapse BY PATRICIA SMITH

ANALYZE THE ARTICLE



Yenerly Niño, 18, had been standing in line outside a big-box store in Caracas for more than five hours. Inside, the shelves were mostly empty, but she waited anyway, hoping to buy corn flour, vegetable oil, and laundry detergent. Soldiers patrolled the line, ready to arrest anyone who tried to cut.

"This is pathetic," Niño said.

Venezuela's problems are evident in its **chronic** shortages of all kinds of basic goods. Diapers are in such short supply that some shoppers carry their babies' birth certificates in case stores demand them before letting them buy. In January,

Not a rock concert: A crowd waits to enter a government-run supermarket in Caracas; empty shelves in another Caracas market (right).

McDonald's ran out of potatoes and had to replace french fries with yucca fries. Social media is full of urgent pleas from people trying to find prescription medications. Even hospitals are **scrounging** for medical supplies.

"I've seen people die on the operating table because we didn't have the basic tools for surgeries," says Valentina Herrera, 35, a pediatrician at a public hospital in Maracay, a city near Caracas.

Faced with an economy in ruins,



President Nicolás Maduro has responded by cracking down on protesters and opponents and by blaming Venezuela's problems on a familiar target: the U.S.

"In Venezuela we are **thwarting** a coup supported and promoted from the north," Maduro tweeted recently. "The aggression of power from the United

 Watch a video about Hugo Chávez's legacy

MEREDITH KNUDSEN/THE NEW YORK TIMES/REUTERS; GOUTSIORU/SIPA/MARKET; JORGE SILVA/REUTERS/CORBIS MARKET



A student hit with tear gas at a protest in Caracas last year; President Maduro (below).



States is total and on a daily basis.”

How did things get this way? And what does it have to do with the U.S.?

For more than a decade, Venezuela’s socialist-run economy has been kept afloat by oil exports—the nation is the fourth-largest supplier of oil to the U.S.—which funds nearly half of Venezuela’s budget. But the price of crude oil has dropped more than 50 percent since last summer, and the Venezuelan government is effectively broke.

‘They’ve Killed a 14-Year-Old’

Even before the drop in oil prices, Venezuela’s economy was in deep trouble, largely because of a system of government-imposed price controls. The policy was meant to keep Venezuelans happy by requiring that certain goods, such as cooking oil, milk, and toilet paper, be sold at low prices. The problem is that most importers have stopped bringing goods into the country since they can’t make a profit, and there’s no incentive for local producers to fill the gap. That means empty store shelves and long lines for whatever is available.

Meanwhile, the goods that aren’t subject to price controls—and those on the black

market—are skyrocketing in price.

The result of all this is an economy in crisis: It’s expected to shrink by 7 percent this year, and inflation—the rate at which prices are increasing—has soared to 68 percent, the highest in the world.

Discontent is spreading, with anti-government protests erupting across the country. In February, police allegedly shot and killed a 14-year-old boy during a demonstration in San Cristóbal.

“There are no words to transmit my pain and indignation,” María Corina Machado, an opposition leader, tweeted. “They’ve killed a 14-year-old child. A kid who was protesting with his classmates.”

In response to the unrest, Maduro has become increasingly authoritarian. He’s jailed politicians and ordinary citizens who protest his policies. He’s shut down almost all TV stations and newspapers that don’t support his regime, essentially eliminating free speech.

He also claims that the U.S. intends to invade Venezuela, and he’s mobilized troops. But critics say the military exercise is just to distract Venezuelans from the economic mess.

For most of the 20th century, Venezuela had good relations with the U.S. But the charismatic and controversial Hugo Chávez, who came to power in 1998, took the country down a socialist and anti-American path. He nationalized many parts of the country’s economy, seizing the assets of American agricultural, oil, and power companies.

When Maduro became president in 2013 after Chávez died of cancer, some hoped that relations with the U.S. might improve. But Maduro has followed faithfully in his predecessor’s footsteps. And the situation in Venezuela has gone from bad to worse.

Now a Dictatorship?

The U.S., which remains Venezuela’s largest trading partner, has begun taking a harder line: In March, President Obama froze U.S. assets of some top Venezuelan officials, accusing them of human-rights violations and corruption.

But Venezuela’s problems are much deeper than a political dispute with the U.S. Crime is out of control. In 2014, almost 25,000 people were killed in Venezuela, which has a population of 29 million. That’s the second-highest murder rate in the world (after Honduras). And the nation’s democratic institutions are crumbling: The congress, the court system, the military, and the central bank are all in disarray under Maduro’s rule.

‘Things are only going to get worse.’

“Even though it pretends to be a democracy, Venezuela is now a dictatorship,” says Ian Vásquez, a Latin America expert at the Cato Institute in Washington, D.C.

Despite Maduro’s attempts to deflect blame, it’s unclear whether his government will be able to hang on. Either way, the situation looks grim for Venezuelans.

“Things are only going to get worse,” says Vásquez. “Their policies are unsustainable, and you can’t evade reality forever.” •

With reporting by Simon Romero, Girish Gupta, and William Neuman of The Times.