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VENEZUELA'S ECONOMY AFTER PRESIDENT HUGO CHAVEZ

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1.IMPORT

Venezuela (Venezuela pronounced in American Spanish: Benesuela, but in Spanish benethuella) or officially Bolivarian Republic of Venezuela (Spanish: República Bolivariana de Venezuela) is a South American country, formerly Spanish. It borders Colombia to the west, Brazil to the south and Guyana to the east. To the north it is bordered by the Caribbean Sea and is bordered by the territorial waters of: Dominican Republic, Antigua and Barbuda, Trinidad and Tobago, Grenada, the Netherlands Antilles and Barbados. The capital is Caracas. Former President Hugo Chavez was known for promoting democratic socialism in the country, for his good relationship with Fidel Castro and his initiatives to create a counterweight to American influence in Latin America. The country's economy relies heavily on its large oil reserves, the largest in the world. The oil sector accounts for about one-third of the country's GDP and generates about 80% of exports. The dominant company is Petroleos de Venezuela, PDVSA. Venezuela is one of the five founding countries of OPEC. The idea of OPEC itself was proposed by Venezuelan Juan Pablo Peres Alfonso in response to low oil prices in August 1960. Venezuela also produces significant quantities of coffee and cocoa. In 1970, it was close to Colombia in coffee production, but today the oil sector has greatly affected agricultural production. It is also the first country in the world to abolish the death penalty for all crimes in 1863.

2.ECONOMY

Venezuela's central bank is responsible for Bolivar's monetary policy. Venezuela has a mixed market-based market economy dominated by the oil sector, which accounts for about one-third of GDP, 80% of exports and more than half of government revenue. GDP per capita in 2009 was \$ 13,000 (85th).

The construction sector contributed 17% of GDP in 2006. Venezuela manufactures and exports heavy industry products, such as steel, aluminum and cement, with production centered around Ciudad Guyana, one of the largest in the world, which provides about three-quarters of the country's electricity. Also manufactured electronics and cars as well as food items. Agriculture contributes about 3% of the country's GDP, and exports rice, corn, fish, tropical fruits, coffee, beef and pork. The country is not self-sufficient in most areas of agriculture. In 2012, total food consumption was 26 million tonnes, 94.8% higher than in 2003. [32]

Venezuelan shortages of goods are common following the triggering of price controls and other policies by Hugo Chavez's government. [33] [34] Defective goods are those that are controlled, such

as milk, various meats, coffee, rice, oil, flour, luxury products such as breast implants, as well as toilet paper, hygiene products and even drugs. [33] [35] [36]

3.Oil

Venezuela has the world's largest oil reserves and the eighth largest gas reserves and is consistently among the ten largest crude oil producers. [37] In 2010, 40.4% of oil stocks were found to be in place, with Venezuela surpassing Saudi Arabia as the country with the largest reserves of this type. [38] The main oil reserves are located around and below Lake Maracaibo, the Gulf of Venezuela and the Orinoco Valley, where the country's largest reserves are located. In addition to conventional reserves and the second largest reserves of gas in the Western Hemisphere, Venezuela also has non-conventional reserves of oil (such as oil sands and asphalt) which are equal to the world reserves of conventional oil. [40] But Venezuela is one of the few countries that rely on hydroelectric power to generate electricity.

In the first half of the 20th century, US companies were involved in oil production, initially only interested in purchasing concessions. In 1943, the new government introduced the 50/50 profit sharing between the government and the oil industry. In 1960, with a new democratic government, Hydrocarbon Minister Juan Pablo Peres Alfonso led the creation of OPEC. In 1973, Venezuela voted for the nationalization of the oil industry, which was implemented in 1976 with the company Petróleos de Venezuela (PDVSA). In the following years, Venezuela established a huge system of refineries and markets in the US and Europe.

Venezuela has the cheapest oil in the world.

4.GOVERNANCE

The government of the country is a Federal Republic. Since March 5, 2013, the President of Venezuela is Nicolas Maduro (serving until April 19, 2013, following the death of Hugo Chavez). Aristoboulos Istouris has been appointed Vice President from Maduro (since January 6, 2016). Henry Ramos Alup has been President of the House since January 5, 2016. There are two dominant formations of political parties in Venezuela. The ruling leftist formation of the Venezuelan United Socialist Party (PSUV) and the opposition, which has formed the Bank for Democratic Unity constituency.

The Venezuelan president is directly elected by the people and is both the head of government and the country. The term of office of the President is six years, and (as of 2009) may be re-elected indefinitely. The president appoints the vice-president and decides on the size and composition of the government and arranges boards with the involvement of the legislature. The president may ask the legislature to review laws he deems inappropriate, but a simple parliamentary majority is enough to lift those objections. Venezuela has one parliament, the National Assembly (Asamblea Nacional). The number of members varies - each state and capital city elect three representatives plus the result of dividing the state population by 1.1% of the country's total population. [8] Three seats are

occupied by representatives of Venezuelan natives. During the period 2011-2016, the number of seats was 165. [9] All Members have five-year terms.

4.1.Elections



The most recent parliamentary elections were held on 6 December 2015. The opposition won a historic victory and for the first time since 1999 the ruling party lost the majority of seats in parliament. [10] Presidential elections were held on April 14, 2013 to elect his successor, the deceased Hugo Chavez. [11] Nicholas Maduro, who was re-elected on May 20, 2018, was re-elected President. Those who are 18 or older have the right to vote. Voting is not mandatory.

4.1.1. SEASON OF HUGE CHAVEZ



One of the key factors in the Chavez government's popularity and its overwhelming victory in the October 2012 election process is the reduction in poverty, made possible by the government taking

control of the national oil company PDVSA and using it in that direction. the huge revenue from the oil trade. Not by benefiting a small class of employees, as previous governments did, but by building the infrastructure they needed and building social services that Venezuela so desperately needed. Over the past 10 years, the government has increased its social spending by 60.6%, to \$ 772 billion.

Poverty is not exclusively defined by a lack of income, just as health is not exclusively defined by a lack of illness. The correlation is multi-factor, that is, it is determined by a number of social processes. To make a more objective assessment of the real progress made by the Bolivarian revolution in Venezuela over the last 13 years, it is necessary to examine the existing data on the key social determinants of health and poverty: education, employment inequality and poverty. income, healthcare, food security and community support from public services.

In terms of these social determinants of health, Venezuela is now the region with the lowest level of inequality (measured by the Gini coefficient), having reduced inequality by 54% and poverty by 44%. Poverty has fallen from 70.8% (1996) to 21% (2010) while extreme poverty has fallen from 40% (1996) to a very low level of 7.3% (2010). About 20 million people have benefited from poverty programs called "Missions". So far, 2.1 million seniors have received an old-age pension - that is, 66% of the population, while only 387,000 had retired from previous governments.

Education is a key determinant of both health and poverty, and the Bolivarian government has placed special emphasis on education by investing more than 6% of GDP in it. UNESCO has acknowledged that illiteracy has been eliminated, in addition, Venezuela is the 3rd state in the region in terms of hours spent reading. Tuition fees are free from kindergarten to university and 72% of children attend public day schools while 85% of children of appropriate age go to school. There are thousands of new or refurbished schools, including 10 new universities. The country is now second in Latin America and fifth in the world in terms of student rates. In fact, one out of every three Venezuelans is enrolled in a training program. It is also a great achievement that Venezuela is now in fifth place with Finland in terms of population happiness.

Before the Chavez government in 1998, 21% of the population was malnourished. Venezuela has now set up a subsidized food distribution network involving grocery stores and supermarkets. While 90% of food was imported in 1980, today it is less than 30%. Mission Slow has provided 454,238 credits for rural development. 39,000 agricultural producers received credit in 2012 alone. Five million citizens received free food, four million of them children in schools and 6,000 food kitchens catering to another 900,000 people. Rural reform and policies to boost agricultural production have increased domestic food supply. The results of all these measures are that malnutrition is now at 5%, while

malnutrition, which was at 7.7% in 1990, has now dropped to 2.9%. This is one of the most impressive achievements in the field of health to date.

Some of the most important data available on healthcare and public health are as follows:

- * Child mortality dropped from 25 deaths per 1,000 children in 1990 to 13 in 2010.
- * 96% of the population now has access to clean water (one of the goals of the revolution).
- * In 1998 there were 18 doctors per 10,000 inhabitants, today there are 58. The public health system has about 95,000 physicians.
- * It took four decades for previous governments to build 5,081 clinics, but in just 13 years the Bolivarian government built 13,721 (an increase of 169.6%).

* Barrio Adentro (the primary care program with the help of more than 8,300 Cuban doctors) has saved about 1.4 million lives in 7,000 clinics.

* In 2011 alone, 67,000 Venezuelans received free high-cost medicines for 139 diseases such as cancer, hepatitis, osteoporosis, schizophrenia, and more. There are 34 detention centers in operation today.

* In 6 years, 19,840 homeless have been housed through a special program. Today there are hardly any children living on the streets.

* Venezuela now has most of the intensive care units in South America.

* A network of 127 public pharmacies sell subsidized drugs providing citizens with a 34-40% discount.

* 51,000 people have been transferred to Cuba for specialized eye treatment through the Milagro Mission care program. This program has restored sight to 1.5 million Venezuelans.

An example of how the government tried to respond in a timely manner to the real needs of its citizens is to address the problem created in 2011, when heavy tropical storms left 100,000 people homeless. Public buildings and hotels opened their doors immediately and within a year and a half the government built 250,000 homes.

Of course the Venezuelan government has not eliminated social problems, but its people recognize that despite all the weaknesses and mistakes made by the government they are on their side, trying to use its resources to meet their needs. Part of this equation is the intense political involvement in Venezuela. The system includes 30,000 community councils, which determine local social needs and allow residents to be the leaders of the changes they require.

Venezuela's economy has low debt, high oil reserves and high savings. Western economists who opposed Chavez's program have repeatedly reiterated that Venezuela's economy is not "viable" and predict its death when oil revenue stops. The irony is that they do not make the same devastating

forecasts for other oil-based economies, such as Canada or Saudi Arabia. They easily forget that Venezuelan extractive reserves exceeding 500 billion barrels of oil are the largest in the world. However, over the past 13 years, the Bolivarian government has created an industrial and agricultural infrastructure that 40 years ago the previous governments had overlooked, and its economy remains strong even at the time of the global economic crisis.

One indication of the growing diversification of the economy is the fact that the state now receives almost all its revenue from oil sales as it has increased its ability to collect taxes and redistribute wealth. In just a decade, the state has collected \$ 251,694 million in taxes, more than it receives from selling oil annually. These economic milestones over the last ten years also include reducing unemployment from 11.3% to 7.7%, doubling the proportion of people receiving social security benefits, and reducing public debt from 20.7% to 14.3% of GDP, boosting co-operatives and boosting the local endogenous economy. Overall, Venezuela's economy has grown by 47.4% over ten years, or 4.3% annually. Many European countries today would envy this growth rate. Economists studying the Venezuelan economy in detail for the next few years say that "forecasts of the balance of payments or the emergence of a debt crisis and other bad forecasts have repeatedly proved wrong [...]" Venezuela's current economic growth could and will be Venezuela's continue at current rates or even higher for many years. »(Mark Weisbrot).

According to the CIA's Global Finance and World Factbook, Venezuela's economy has the following indicators: Unemployment rate 8%, government debt as a percentage of GDP 45.5% (in contrast EU average debt is 82.5% of GDP), real GDP growth per capita \$ 13,070. In 2011, Venezuela's economy defied most forecasts and achieved 4.2% growth. In the first half of 2012, the same index was found at 5.6%. Its government debt to GDP ratio is relatively higher than that of the US and Great Britain and lower than in European countries. Inflation, an endemic problem for decades, has fallen to a four-year low of 13.7%, according to data from the last four months of 2012. Even the Wall Street Journal reports that the Venezuelan stock exchange is by far the most profitable in the world. The General Index hit an all-time high in October 2012. Venezuelan bonds are considered one of the best performing in emerging markets.

Hugo Chavez's victory has had a major impact worldwide, bringing radical changes not only in his country but throughout Latin America (where progressive governments have also been elected), resulting in a worldwide reshuffle. His victory was all the more significant given the enormous financial and strategic assistance provided by the US intelligence and allies to opposition parties and the media. Since 2002, Washington has donated \$ 100 million to opposition groups in Venezuela, with \$ 40- \$ 50 million being donated only during election year. The people of Venezuela, however, have ignored the media's propaganda barrage against the president, which is 95% private and opposition. The tide of progressive change in the region began with the building of infrastructure for

a truly independent South America with political economic integration organizations such as the Bank of the South, as well as CELAC, ALBA, Petrosur, Petrocaribe, UNASUR, MERCOSUR, and Telesur. This is how it became clear to the rest of the world that there are economic and social alternatives to the 21st century, despite the contrary evidence. Following a pattern of growth different from that of global capitalism, which is in stark contrast to Europe, debt levels across Latin America are low and still falling.

The changes in Venezuela are far from clear. President Chavez's government has significantly improved the living conditions of Venezuelans by promoting their strong political involvement in achieving change. This new model of socialist development has had a shocking impact across Latin America, including Colombia in recent years, and on the progressive leftist governments that constitute the majority in the region. For these countries, Venezuela has been the catalyst for more democracy, national sovereignty and economic and social progress in the region. No aspect of neoliberal rhetoric can dispute these facts. Dozens of dogmatic experts may continue to wonder whether the Bolivarian Revolution is or is not socialist, whether it is revolutionary or reformist (most likely both), but at the end of the day what remains and matters are the important ones accomplishments. This is what enrages his rivals, both within Venezuela and in neo-colonial countries.

4.1.2. SEASON OF NICOLAS MADURO



Nicolás Maduro Moros (Nicolás Maduro Moros, November 23, 1962) is a Venezuelan politician who has served as the country's 63rd President since 2013. From 2006 to 2013 he served as Foreign

Minister and from 2012 to 2013 as Vice President of Venezuela under the government of Hugo Chavez.

Starting as a bus driver, Maduro became the head of a trade union before being elected to the Venezuelan National Assembly in 2000. He was appointed to various posts within the Venezuelan government under Hugo Chavez and eventually became Foreign Minister in 2006. During this time, he was described as "the most capable commander and politician in the narrow circle of Chavez" [1] After Chavez's death on March 5, 2013, Maduro took over the powers and responsibilities of the President. On April 14, 2013, a new Presidential election was announced, which Maduro won as the candidate of the United Socialist Party of Venezuela Enrique Capriles, with 50.62%. Appointed President of Venezuela on April 19, 2013.

Maduro has ruled Venezuela since November 19, 2013. Has his government co-existed with a decline in Venezuelan socio-economic situation, with crime, inflation, poverty, hunger increasing? Critics have attributed this fact to the economic policies of Chavez and Maduro, while Maduro has attributed this to the speculation and "economic warfare" waged by his political opponents. The shortages in Venezuela and the decline in living standards have led to protests that began in 2014 and have escalated to daily marches inside the country, resulting in 43 deaths and a decline in Maduro's popularity. This loss to Maduro's popularity has highlighted the need for a National Assembly to be elected in 2015 under the leadership of the opposition and a movement in 2016,

although Maduro still retains power through political bodies such as the Supreme Court, the electoral authority and the military.

With the onset of the constitutional crisis in the country where the Supreme Court suspended the power of the National Assembly, many months of protests have prompted Maduro to demand a review of the constitution. On July 30, 2017, the Constitutional Assembly of Venezuela was elected, with the majority of its members in favor of Maduro. On May 20, 2018, Maduro was re-elected President of Venezuela with the Atlantic Council and the Financial Times describing the outcome as an electoral process that had the lowest turnout of voters in modern Venezuelan history.

Like Chavez, Maduro is accused of authoritarian leadership by the media describing him as a dictator, especially after the suspension of the movement aimed at him. Following the 2017 election, the United States imposed sanctions on Maduro, freezing his assets in the US and banning him from entering the country, declaring him a dictator. The majority of the American and Western world states have refused to recognize the Constituent Assembly and the validity of its re-election in the 2018 elections.

5. THE ECONOMIC DESTRUCTION OF TODAY

Humanitarian socialism went bankrupt in Venezuela, which was once referred to as a model country by European socialists.

From the standpoint of Austrian economic theory, an event of hyperinflation essentially represents an extremely compressed, extreme version of the growth-recession and failure cycle, referred to as "rapid growth" (note: the original German term coined by Ludwoph von Miseswastr ie catastrophic explosion).

Note that the Weimar case after World War I was one of the most famous events of hyperinflation in history.

The phenomenon of catastrophic explosion was noted.

Recent developments in Venezuela are similar.

There was certainly a rapid development, but of course it differed in a number of details from the Weimar case.

Each piece of economic history is ultimately unique, but the basic economic laws that guide economic history still apply.

In Venezuela the quantitative theory of money partly explains the devastating inflation of 1,000.0000%.

As you know, the purchasing power of money is not really measurable as there is no fixed criterion for measuring it.

In Venezuela it is not only the printing of new money that has caused the decline in purchasing power but also a collapse in production.

As the Socialists have repeatedly asserted, what they have in Venezuela is fortunately not "real socialism".

The Socialists, of course, praised "Chavismo" as high oil prices continued to help cover the collapse of Venezuela's economy that had begun much earlier than anyone had realized.

Some people, such as Jeremy Corbyn in England, no longer mention Venezuela as they have often told us about Chavez's wonderful socialism in the past.

In Venezuela, production collapsed very quickly after Chavez's (and later Maduro's) socialist dictatorship weakened property rights to such an extent that no reasonable person was ready to take business risks with his capital. All of the interventions from the imposition of price controls to the final confiscation of businesses were implemented with the aim of transforming Venezuela into a fully regulated bureaucratic economy.

In the midst of massive money printing and the ensuing decline in production and imports, demand for money has finally collapsed - triggering the hyperinflationary phase.

It should be noted that capital consumption had preceded the Venezuelan socialist governments, as their predecessors had gradually undermined the market economy for decades.

All government intervention considers that lowering interest rates is a cure and of course it can address structural financial problems.

Empty shelves at the supermarket in Caracas, Venezuela's capital, have been "new normal" for four years.

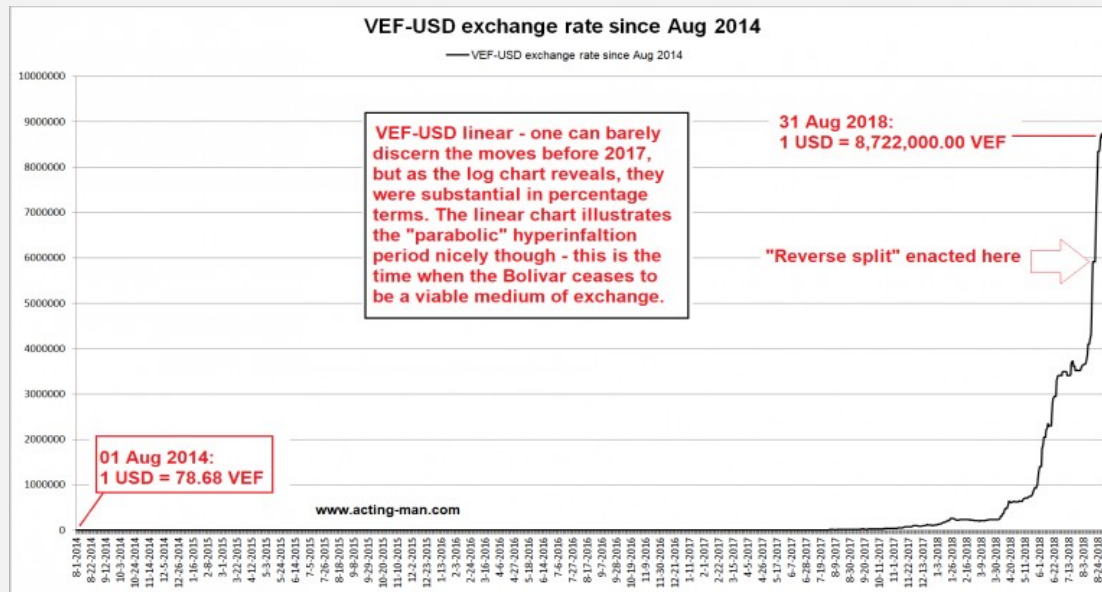
Not only has domestic production collapsed, but imports have also fallen sharply.

In Venezuela, there is a hyper-inflationary outburst.

Recently the government decided to remove five zeros from its currency (on August 18, 2018), it was the reverse split applied to the IBC stock market index in Caracas a few years ago

The collapse of Venezuelan Bolivar's value accelerated immediately after the "currency devaluation games".

Probably this is mainly a psychological result. In 2010, \$ 1 was equivalent to 8 bolivars on the black market. The exchange rate today stands at 8.7 million bolivar per dollar.



Venezuela's alleged annual inflation rate through Professor Hanke - on August 30, 2018, reached 61.760%. Venezuela's money supply has risen to 46.800.000.0000% since the early 1960s.

As the Venezuelan economy collapses, the stock market shows high returns.

There is only one problem:

As the inflation phase comes to an end, the "stabilization crisis" will follow, leading to a violent fall in stock prices. , 11 billion% is nothing after the collapse of bolivar.

6.EPILOGUE

The problems that started with Chavez exacerbated with Nicolas Maduro. The regime began to have more and more dictatorial characteristics with dramatic developments in the economy and systematic efforts to suppress the press.

Venezuela's economy reaches today's dire state of affairs years of wasting public money. The country faces a serious liquidity problem as its cash is insufficient to pay its liabilities. Recent mass demonstrations are a painful reminder that Venezuela runs out of time, money and opportunities. And in the tunnel there is no light at present.

Nevertheless, the support of the people in this government is a question mark!?

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