

Resource Curse in Venezuela

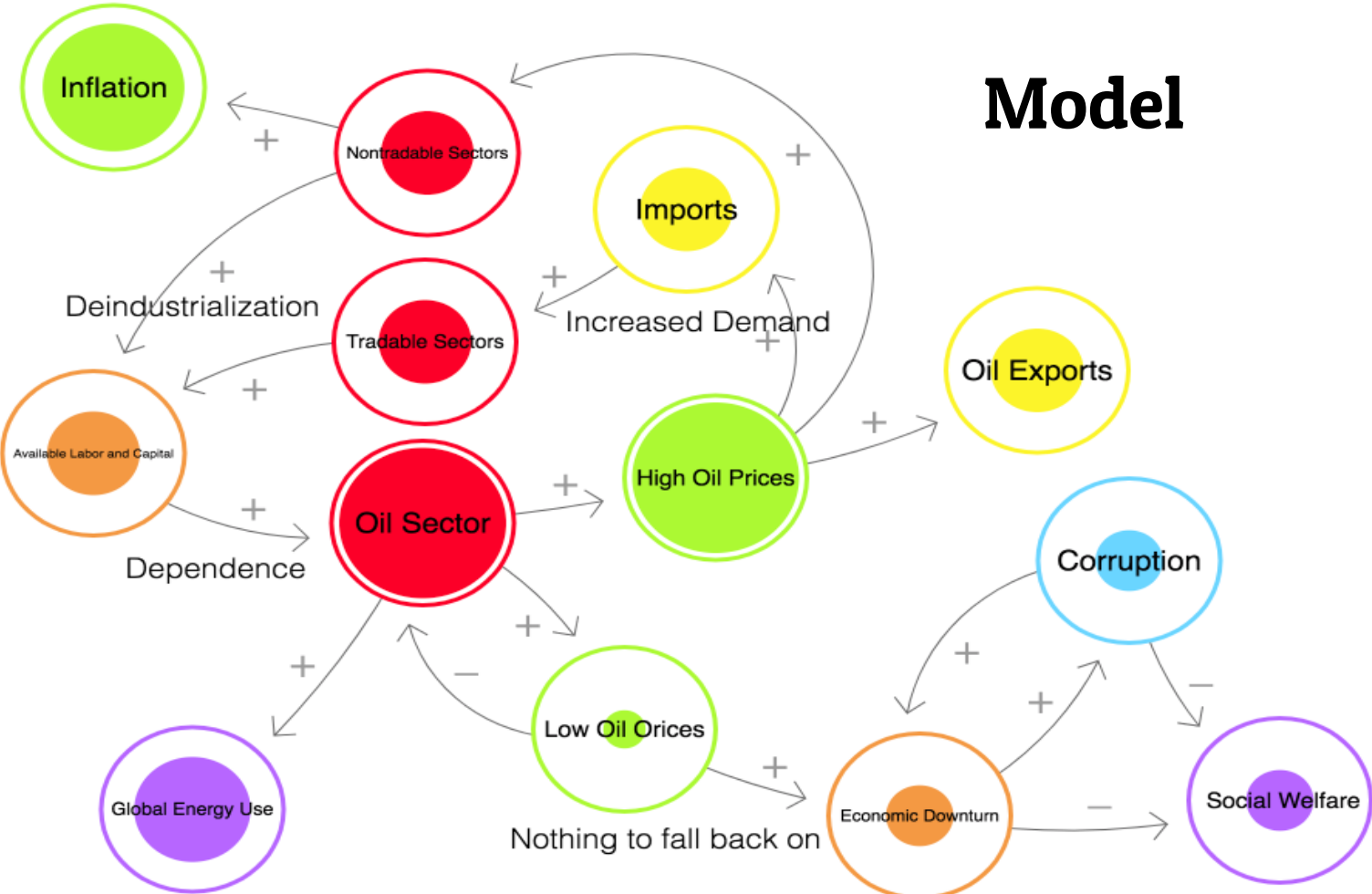


What is it?

- Resource Curse/ Dutch disease
 - Deindustrialization
 - Atrophy of other industries
 - Corruption/ Rent Seeking
- Venezuela has huge oil reserves (approx 20% of world's estimate)
 - Dependence
 - >50% GDP, 95% exports



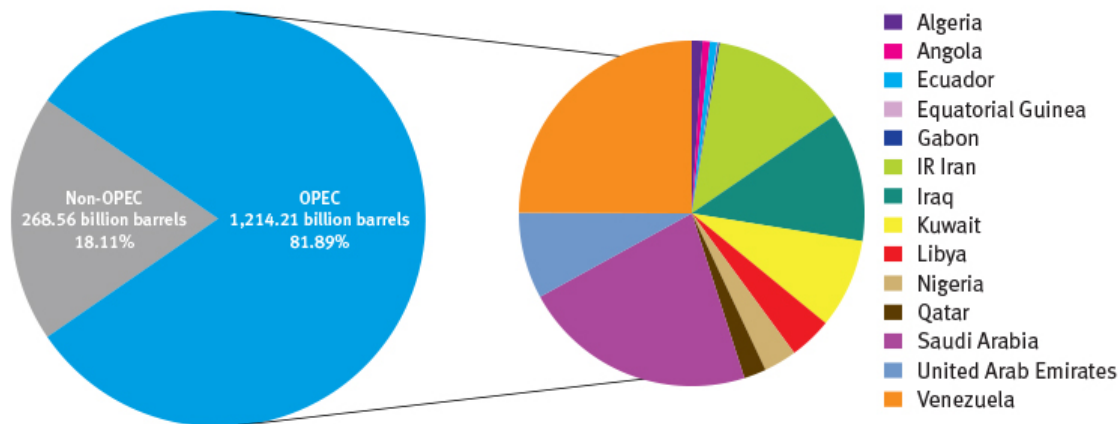
Model



Boundaries and Alternatives

- Geographic
 - Venezuela
- Time
 - 2014
- Alternatives
 - Past cases
 - Biggest Trading Partners
 - OPEC

OPEC share of world crude oil reserves, 2017



OPEC proven crude oil reserves , at end 2017 (billion barrels , OPEC share)

Venezuela	302,81	24,9%	Kuwait	101,50	8,4%	Qatar	25,24	2,1%	Gabon	2,00	0,2%
Saudi Arabia	266,26	21,9%	UAE	97,80	8,1%	Algeria	12,20	1,0%	Equat. Guinea	1,10	0,1%
IR Iran	155,60	12,8%	Libya	48,36	4,0%	Angola	8,38	0,7%			
Iraq	147,22	12,1%	Nigeria	37,45	3,1%	Ecuador	8,27	0,7%			

Source: OPEC Annual Statistical Bulletin 2018.

Purpose and Limitations



- Does
 - Provide explanation for much of the economic turmoil
 - Accentuate potentially unknown relationships
 - Show connections to other major systems
- Does not address much social and political unrest
 - Scarcity of food, medicine and other basic necessities
 - Violence
 - Emigration

Interventions

- Investment from foreign companies
- Economic policy shift
 - Control inflation
 - Stabilize exchange rate
- Political change
 - Stronger Institutions
 - Honest Government



Sources

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