The state of food security in Venezuela: an evaluation of 1989-2007 period

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1. Introduction:

Venezuela, a country with around of 91,000 km², has an almost 28 million of inhabitants experiencing deep changes in the territorial, political, social and economical scope due to the XX Century. Since a single and colorful economic cycle that started in 1980 and peaked in 1990, Venezuela went to a hard recession and a hyperinflationary process, with the major macroeconomic variables of GDP, inflation and unemployment rising significantly. To throw up this recession, the decrease in the oil price on the international market and the resulting deterioration in the terms of trade. However, there were some slight improvements in the food situation at the beginning of 1990’s decade, as consequence of the implementation of the Structural Changes Program mainly in control inflation and trade opening.

5. Main effects on economic, food and nutritional indicators:

5.1. Concerning to the main macroeconomics-social indicators:

Due to severe increases in relative prices of food since 1980, to a consumer level, when food prices are higher than prices of rest of goods. Inflation, Consumer real income tends to decline. For instance, in 2001 IPC was 12.5, while In 2007, while IPC grew at 18.7%, IPC increased at 20% (similar results can be found between both years). As a consequence, those results have been reassignment in the final expenditure of Venezuelan consumer on food. However, in recent year such trend seems to reverse: between 2005-2007, real income increased at 9.9% (after the strong fall of 2002-2003 period).

5.2. Concerning to the main variables of food availability:

In all variables shown in Table 1, it can see similar behavior as in usual “U” curve. They describe a increasing trend until 2001 in harvested surface and domestic food production (in aggregate values and also by sub-sectors: Vegetal, Animal or Fishery). Between 2002 and 2004, such variables begun to decrease, and then they take up again the increasing path. At the end of 1990’s decade, such behavior could be explained based on policies adopted. Probably the elimination of the prohibitions and import licensing, together with two strong devaluations during the free-year period (1994-1999) and the inflationary process persistent in this period, favored food imports; at the same time there was an increase in internal production costs, and severe differences between internal and international prices. In recent years, even domestic production (according to official figures) is increasing, imports are also arising spectacularly (e.g. maize since 1.995 1,931 million tons in 2001 to 3,566 in 2006, i.e. 184% in 5 years, with increasing trend except for 2002). Part of such augmentation can be explained by the improvement reached a food polluting process, and also due to higher prices in international markets.

4. Main policies, according presidencial period:

4.1. Structural adjustments (1989-1992) Carlos Andrés Pérez’s Plan: In focusing system of social security, increasing tax revenues, social security and health, including labor market reforms. The increase of the minimum wage, the increase of the social security payments, and the decrease in the number of unemployed people.

4.2. Non-Orthodox and Orthodox adjustments (1994-1996 and 1996, Rafael Caldera’s): Eradicating the drug war, increasing the social spending, improving the reform of the tax system, increasing the productivity of the public sector. The decrease of the inflation rate, the increase of the real per capita income, and the decrease of the unemployment rate.

4.3. The Bolivarian Revolution (first stage, 1999-2003): Institutional reform (constituent process and New Constitution, 1999-2000) to achieve sustainable and diversified economic growth, reduce inflation and increase the employment level through fiscal and monetary policies. The National Economic and Social Development Plan 2001-2007 (to achieve 6 main goals): The missions (or “Mineros”), in Spanish, Robinson, Sucus, Bum, Audo, Lider, MERCAL, “Nga Hipilcica”, “Compos Comum”, Endogenous Development Modules, “Ras de vida y Bienestar” (Day and Health Support, respectively). The increase of the social spending, the decrease of the inflation rate, the increase of the real per capita income, and the decrease of the unemployment rate.

4.4. The “21 Century Socialism” (second stage, 2003-2007): Price control in agricultural and transformed goods, and foreign exchange control. Creation of MERCAL, a network to trade and to market food products and basic products at low prices (as a subsidy policy geographically focused), together with the Corporación de Abastecimiento y Servicios Agropecuarios (CASA), National Plan of Sovereignty, Increasing role of State in the economy, especially in producing goods and services; severe increase in debt, especially domestic debt, despite of the increasing level of oil prices and State’s income; tax reduction (VAT), Sign of the Agrodecree to MERCAL (2003); and also reassigning to the Amazon Community of Nations (2006), Land and Agricultural Development Law institution, through land expropriation or compulsory purchase-statization of production units; unsuccessful attempt to Constitutional Reforms (2007).

5.3. Concerning to the childhood nutritional situation:

As shown in Table 4, the three indicators pointed out that there was a clear decreasing trend in the percentage of children in situations of malnutrition (2001-2004, during the first years of the new decade and their severe effects on domestic economy, these indicators moved back. Since 2005 the increasing trend was mainly due to the social changes through the missions, extended price’s control and governmental informations as mechanisms for assure food availability and food access in the poorest strata of Venezuelan population (see Table 3, that shows smooth improvements in the income distribution).

6. Conclusions:

1. Three different kind of policies can be distinguished along the studied period: Structural adjustment or orthodox policies (1989-1992), non-orthodox and orthodox measures (1994-1996), and “socialist” at politics (1999 until present).

2. There were a strong decreasing trend in GDP, as well as in private investment, in per capita real income in contrast, an increasing trend in the public debt.

3. During 1989-1993 and 1994-1996, there was a strong link between “food import” and “food availability”. It changed in the 1999-2004 (agro-food GDP is now very correlated), but food import still increasing every year to compensate the losses in domestic production of food.

4. Irregular behavior in the FCA along de 1989-1996 period, however during FCA grew up in the 1990-1992; drop in 1993-1995 and 1996-1998. As a consequence of the oil production and their severe effects on domestic economy, these indicators moved back. Since 2005 the increasing trends was mainly due to the social changes through the missions, extended price’s control and governmental informations as mechanisms for assure food availability and food access in the poorest strata of Venezuelan population (see Table 3, that shows smooth improvements in the income distribution).