FEATURED Q&A

Can Venezuela’s Military Alleviate Food Shortages?

Earlier this month, Venezuelan President Nicolás Maduro put Defense Minister Vladimir Padrino López (pictured) in charge of the “Great Mission of Sovereign Supplying,” which will oversee food distribution. / File Photo: Venezuelan Government.

Venezuelan President Nicolás Maduro on July 12 ordered the country’s armed forces to take charge of a new food supply system designed to alleviate crippling food shortages. In past weeks, tens of thousands of Venezuelans have streamed into Colombia to buy food and medicine during temporary border openings allowed by Maduro’s government. As Venezuela’s government continues to grapple with its economic crisis and political unrest, what is the best way to get basic supplies to Venezuelans in need? How might regional migration patterns and relations shift in light of rampant shortages? Is it likely that multilateral institutions or international aid organizations will begin to take on a larger role in the South American country?

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Charles Shapiro, president of the World Affairs Council of Atlanta: “The humanitarian crisis in Venezuela is caused by bad governance, not natural disaster or low commodity prices, and certainly not by economic sabotage, as the government alleges. Former President Hugo Chávez replaced ‘neo-liberal’ economics with neo-stupid economics: price controls, unlimited government expenditures, reckless printing of money, restricted access to hard currency and, as a result, 700 percent inflation and 10 percent economic contraction in 2016. President Nicolás Maduro is reaping the consequences of Chávez’s policies and is incapable of changing course. The Venezuelan military will be no more successful at managing food supply than Bolivarian bureaucrats were; the military will prove to be no more efficient or less corrupt. The answer is to reverse course: remove

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Mexican Mayors Demand Extra Security After Killings

Mexico’s National Association of Mayors has demanded that the country’s federal government provide extra security to mayors whose lives are “at risk,” BBC News reported today. The plea comes after two mayors were killed over the weekend. On Saturday, the mayor of the town of Pungarabato in Guerrero State was shot and killed. Hours earlier, the mayor of San Juan Chamula in Chiapas State was killed. The mayors’ association called on the government “to prepare and put in place security protocols for mayors” and to investigate the killings, BBC News reported. In the first attack on Saturday, San Juan Chamula Mayor Domingo López and his deputy, Narciso Lunes, were holding a meeting in the town square with residents who had been protesting when gunmen began shooting. Four people, including López and Lunes, were killed, and a dozen others were wounded. The motive remains unclear. In the second attack, an armed gang ambushed the car that Pungarabato Mayor Ambrosio Soto was traveling in along a main highway, killing him and his driver. Two weeks ago, Soto posted a message on Twitter, saying that he had been threatened by an armed group. The posting called for the government to act, Mr. President @EPN,” Soto said in the tweet, addressing Mexican President Enrique Peña Nieto. Soto had received threats after he refused to hand over part of his municipal budget to a drug gang, local press reported.

Soto had requested extra security for himself and his family as early as January, Guerrero Governor Héctor Astudillo Flores told reporters on Saturday, CNN reported. “#TerraCaliente needs you,” Soto added in a Twitter posting, referring to a region that includes parts of Mexico State, Guerrero and Michoacán, BBC News reported. Terra Caliente, which is known for its hot temperatures, has seen a surge in violence as drug gangs and vigilantes fight for control. Peña Nieto has said security in the area is “one of the greatest challenges.” Many businesses in the area face extortion by drug gangs or vigilantes and are forces to pay for “protection.”

Maduro’s Relatives Accused of Planning to Get Drugs From Colombian Guerrillas

Prosecutors allege that two nephews of Venezuelan President Nicolás Maduro’s wife, Cilia Flores, who are awaiting trial on charges of trafficking hundreds of kilograms of cocaine to the United States, had confessed to planning to get the drugs from Colombian guerrillas, newly filed court documents say, The Wall Street Journal reported Saturday. The two nephews, Efraín Campo Flores and Franqui Francisco Flores de Freitas, were arrested in Haiti last year. They are facing possible life sentences in prison if convicted in the Southern District of New York. Though both defendants have pleaded not guilty, the court filings say the two confessed to the crime following their arrests last year. The pair’s attorneys have argued that the post-arrest statements should be suppressed, saying that they had not been properly advised of their rights, and that they had been “coerced” into making the statements. The court documents include photographs allegedly showing Campo holding a brick of cocaine with Flores de Freitas present. Campo allegedly brought the cocaine to a meeting in Caracas in October with DEA informants. The two also said they would acquire the cocaine from a drug dealer known as “El Gocho,” who was handling the drugs for Colombia’s FARC rebel group.

NEWS BRIEFS

Obama, Peña Nieto Tout U.S.–Mexico Relationship

U.S. President Barack Obama and Mexican President Enrique Peña Nieto stressed the importance of trade and other bilateral ties between the United States and Mexico, the Associated Press reported. “We’re not just strategic and economic partners, we’re also neighbors and we’re friends,” said Obama. The meeting came the day after Republicans ended their convention in Cleveland, at which they nominated Donald Trump for president.

Brazilian Authorities Make 12th Arrest in Rio Terror Plot Case

Brazilian authorities have arrested a 12th suspect in the group that allegedly had been planning to execute a terrorist attack in Rio de Janeiro during the Olympic Games next month. The Wall Street Journal reported today. In a statement, the federal police said late Sunday that the suspect had been arrested in the city of Comodoro in Mato Grosso state. He will be questioned and then sent to federal prison. The man in question is Leonid el Kadre de Melo, a 32-year-old mechanic, according to a person familiar with the matter.

Argentina’s Fernández Says She’s Unafraid of Going to Prison

Former Argentine President Cristina Fernández de Kirchner said she is not afraid of going to prison for the corruption charges she faces, BBC News reported Sunday. Fernández is accused of making fraudulent currency transactions during her term in office, which she denies. In an interview, she said the allegations were politically motivated, and that she is now paying the price for her welfare and nationalist policies. “When you make decisions like these, it’s clear that you risk going to jail and being politically persecuted,” she told journalists.
price controls, let the currency float, open Venezuela’s borders and seek international humanitarian assistance. One Venezuelan organization is extremely adept at efficiently producing, packaging and distributing huge quantities of food products across Venezuela: Empresas Polar, the country’s largest private company. Maduro should (but won’t) ask Polar CEO Lorenzo Mendoza to form a crisis task force to develop and implement a plan to alleviate the humanitarian crisis. Simultaneously, the Maduro government should proceed with serious negotiations with its opposition. Following the constitution and initiating the recall referendum process is the political counterpart to the new (but highly problematic) military-led Great Mission of Sovereign Supplying. This military initiative has to be put on technologically competent footing or it will compound supply distortions and related problems of corruption, exclusion and locational disadvantage. There needs to be a short-term and long-term response. Identifying and meeting immediate need—be this for medicines, food or raw materials—has to be a priority, but sustainable reductions of economic and food insecurity will not be possible without a transformation of economic policy. Maintaining subsidies as well as price and exchange controls perpetuates the dysfunctions that are not only causing shortages, but also the embedding of large criminal networks. No dramatic migration movements are anticipated at this time, although that could quickly change. Those with the inclination and resources to leave the country have already done so.”

Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest: “The current challenge is knowing the spread and depth of need, and differentiating ‘need’ from shortage and fear of shortage. The government and its opponents are waging a media war that obscures the extent of the deprivation that is being suffered and skews the priorities that should be addressed. There needs to be an externally-led, independent needs assessment by ‘neutral’ international aid organizations that will provide meaningful quantitative and qualitative data to support tardy government efforts to mitigate shortages. This should be negotiated in the current Unasur dialogue efforts and used as a mechanism to bring all Venezuelan officials together to accelerate production and distribution efforts. An external needs assessment could even support the new (but highly problematic) military-led Great Mission of Sovereign Supplying. This military initiative has to be put on technologically competent footing or it will compound

Gustavo Coronel, Venezuela-based petroleum and political consultant: “President Nicolás Maduro has put Defense Minister Vladimir Padrino López in charge of a new food supply system, giving Padrino López authority over all other ministers. For all practical purposes, Maduro has elevated him to prime minister, a status which does not exist in Venezuela. In doing this Maduro, has openly violated the Constitution and surrendered many of his duties to the military. We are now in a thinly disguised, fascist, military dictatorship. Earlier this month, more than 120,000 Venezuelans crossed the border into Colombia to get much needed food and other basic supplies, an event that amounted to a clear anti-government referendum. The country is imploding. There are only two quick solutions to increasing food supplies to Venezuelans: one, more food imports, which is unlikely since financial resources are largely dedicated to paying debt in order to avoid default; the other, to put in place radically new economic policies and political attitudes including a bailout by the International Monetary Fund. This would require a change in government that can be generated by a combination of increasing

Brazilian Banks Seek to Stem Flood of Bankruptcy Filings

Some Brazilian banks, including Itaú Unibanco, Banco do Brasil and Banco Santander Brasil, are bracing as bankruptcy filings soar in the South American country, Bloomberg News reported today. In the past year, the three banks have created special divisions assigned to help companies restructure their debts so that they don’t have to seek protection from creditors via bankruptcy filings. Banco Bradesco is also considering creating a similar unit, according to a company official. Brazil’s longest recession in more than a century, as well as high interest rates, have made it difficult for Brazilian companies to repay their debts. In the first half of this year, bankruptcy filings jumped by 88 percent to a 10-year high, according to Serasa Experian. As a result, Brazilian lenders have had to strengthen their bad-loan provisions for three quarters in a row. The provisions now equal 6.2 percent of the banks’ total lending in May, the highest level in nearly six years, Brazil’s central bank said. The banks have assigned some of its staff to deal primarily with businesses that have been identified as more likely to become delinquent on paying their debts, and according to the company, the extra attention has paid off. “We noted there were more clients with struggling finances, and we decided it was necessary to have deeper talks with them,” said Walter Malieni, head of risk management at Banco do Brasil. “This has helped reduce delinquency rates and provisions.” Press officials from the banks have declined to comment on the size of their debt-restructuring units.
domestic civic protests and strong political and diplomatic pressures exerted by the international community, a course of action the United States has been reluctant to take. Meanwhile, Venezuela is heading into open violence.”

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**John F. Maisto, member of the Advisor board, former U.S. ambassador to Venezuela and former senior director for the Western Hemisphere at the National Security Council:** “Allowing Venezuelans to cross into Colombia, or not, to purchase food and medicines, prospects of population exodus to escape Venezuela and prohibiting foreign entities from providing needed medicines and foodstuffs are the latest examples of the current government’s dilemma, almost inability to govern. These hardships are unprecedented in a country with the world’s largest proven energy reserves.

The ongoing, worsening crises—economic (food shortages, 700 percent inflation, 7-10 percent GDP decline), political (deadlock with a democratically elected legislative opposition), public security (world’s second largest homicide rate), and public health (90 percent of medicines unobtainable in hospitals) are intertwined, and defy easy resolution. But Venezuelans, with political will, can yet resolve them. For starters, on the humanitarian side, leadership must keep borders open to allow movement, seek international assistance to deal with flows, and allow international entities such as Caritas to distribute foodstuffs and medicines freely and without political controls. On the political side, to avoid conflict, leadership must permit a referendum—constitutional, legal, truly democratic and a key legacy of President Hugo Chávez—to go forward this year. The economic road back will depend upon the stability an acceptable political resolution—constitutional, democratic and peaceful—can provide. Leadership is critical. Not to deal frontally with these issues can only lead to chaos and conflict. The situation is that dire. It goes to the heart of the 2001 Inter-American Democratic Charter, which begins: ‘The people of the Americas have a right to democracy and their governments have an obligation to promote and defend it.’

**Carlos Miguel Álvarez, senior economist at Econanalítica in Caracas:** “It is important to mention that when President Maduro named General Padrino López as a ‘super minister,’ it was just an official announcement of what was already happening in the food and medicine market. Hence, I am not optimistic about this announcement; on the other hand, I think this mechanism is related to introducing even more controls to a collapsed economy that got that way because of controls. Therefore, it is clear to me that the best way to get basic supplies for Venezuelans is to eliminate price and exchange market controls together with social policies with the aim of helping people to recover purchasing power. This is necessary to enhance local production and supply. Since Chávez took power, Venezuelans have been migrating, and two million Venezuelans are estimated to have moved abroad since then. Thus, if there is no change in the economic model, I expect even more Venezuelans will move abroad due to the deterioration of the economy. Venezuela’s economy is in need. No matter if there is a political change or not, we will need aid. Not only from multilateral or international organizations, but also from countries that are willing to help Venezuelans. However, this should not be seen as a negative option. There is evidence that shows how multilateral organizations have helped economies to stabilize, and I think it would not be harmful if Venezuela gets assistance from those that are able to help.”

**The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.**