



Written by [Michael Tennant](#) on January 12, 2015

Venezuelan Military Occupies Stores; Customers Seize Scarce Groceries

Food shortages in formerly prosperous Venezuela — a direct and predictable result of the country's descent into socialism — have become so severe that the government has put the country's "food distribution under military protection," [Bloomberg](#) reported January 9.

Inflation, rigged foreign-exchange rates, and price controls, along with outright government takeovers of some stores, have caused supplies of basic necessities to dry up. Venezuelans have been forced to go from store to store and stand in long lines — "some stretching for blocks," according to Bloomberg — in hopes of getting even small amounts of some foods and household products, many of which are being rationed.



"I've visited six stores already today looking for detergent — I can't find it anywhere," Lisbeth Elsa, a 27-year-old janitor waiting in line outside a supermarket in eastern Caracas, told Bloomberg. "We're wearing our dirty clothes again because we can't find it. At this point I'll buy whatever I can find."

Even if she finds it, she'll have to use it sparingly: At least one store, Plan Suarez, was selling only two bags of detergent to a customer.

"You can't find anything, I've spent 15 days looking for diapers," Jean Paul Mate, a meat vendor, said outside the Luvebras store. "You have to take off work to look for products. I go to at least five stores a day."

Having destroyed the nation's economy via the nationalization of major industries, the government in Caracas, now led by President Nicolas Maduro, turned to the printing press to finance its social-welfare schemes, causing inflation to skyrocket. The annual inflation rate in November was 64 percent. Such massive currency production has, naturally, led to vastly higher prices.

As good Marxists, Maduro and his predecessor, the late Hugo Chávez, blamed greedy capitalists for the price hikes and imposed price controls in a futile effort to overrule the laws of economics. The price controls "are intended to make a range of foods and other goods more affordable for the poor," the [New York Times](#) noted in 2012. "They are often the very products that are hardest to find." That, of course, is because forcing prices below what they would be in a free market causes consumers, who are getting a bargain, to buy more and producers, who may not be able to turn a profit at the mandated prices, to sell less than they otherwise would, creating shortages. And with their money losing value every minute, Venezuelans have every incentive to spend it as quickly as possible, exacerbating the problem.

Another cause of shortages is the government's fixed foreign-exchange rates. Despite the volume of



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currency that is being turned out daily, Caracas has set an official exchange rate of 6.3 bolivars to one U.S. dollar. The true exchange rate, as reflected by the black market, is “as much as 187 per dollar,” according to Bloomberg. Few foreigners want to buy from Venezuela at the official rate, and the dearth of foreign currency has made it nearly impossible for the country to import products, including toilet paper and car batteries. Even Venezuela’s petroleum industry, which accounts for 95 percent of the country’s exports, isn’t much help when oil prices are falling, as they have been in recent weeks.

“What we’re seeing is worse than usual, it’s not only a seasonal problem,” Luis Vicente Leon, director of Caracas-based polling firm Datanalisis, told *Bloomberg*. “Companies are not sure how they will restock their inventories or find merchandise, with a looming fear of a devaluation.”

Like most other governments throughout history, Maduro’s refuses to admit that its policies are the cause of the problem. Instead, it piles on further interventions in hopes of fixing what previous interventions have caused. Thus, rather than stop inflating the currency and repeal price controls, Maduro is attempting to achieve free-market results by command-and-control. First, wrote *Bloomberg*, “government officials met with representatives from supermarket chains today to guarantee supplies,” something that cannot be accomplished by fiat, especially where imports are concerned. Then, having already [occupied some businesses](#) and jailed store managers to force them to charge the “correct” prices, the government announced Friday that “security forces would be sent to food stores and distribution centers to protect shoppers,” wrote *Bloomberg*, noting that customers were fighting over the scarce supplies in some grocery stores.

In addition, the government tried to solve the problem of shortages by simply declaring that they did not exist. *Bloomberg* reported that in the Plan Suarez store, “shelves were mostly bare” and “a security guard asked that photos of empty shelves not be taken” — a directive that the news agency’s photographer proceeded to ignore. Meanwhile, on state television, interior minister Carmen Melendez told Venezuelans, “Don’t fall into desperation — we have the capacity and products for everyone, with calmness and patience. The stores are full.” Clearly, Maduro’s government, having already tried following Karl Marx, is now taking its cues from Chico Marx, who once inquired, “Well, who you gonna believe, me or your own eyes?”

Greisly Jarpe, a 42-year-old data analyst, told *Bloomberg* as she waited outside a store for dish soap, “This is the worst it has ever been — I’ve seen lines thousands of people long. People are so desperate they’re sleeping in the lines.”

It may be the “worst it has ever been,” but it could get even worse as long as Maduro continues down the socialist road. “The only way to truly prevent soaring prices is to stop the printing press and give the reins of the economy over to the market by eliminating price controls,” Matt McCaffrey and Carmen Elena Dorobat observed in a [column](#) for the Ludwig von Mises Institute. “The nationalization of private businesses and establishment of total price controls will not cover up disastrous monetary policies, but only prolong and aggravate their effects.”

Venezuela may still be salvageable, but only if its government musters the gumption to do what few governments in history have ever done: relinquish power and give freedom a chance.

Photo of shoppers waiting in line outside a supermarket in Caracas, Venezuela: AP Images



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