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## *The Sad Legacy of Corruption in Venezuela*

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“Corruption” among nations is a malady that can be acute or chronic—or in the case of Venezuela, *both*. The recent presidential election in that country was the apex of corruption in a nation with a pathetic legacy of corruption. The bonafide landslide victory of Edmundo González over the incumbent president, Marxist dictator Nicolás Maduro, was reported by the National Electoral Council as a huge victory *for* Maduro.

The origin of corruption in Venezuela is deeply rooted in its political and economic history, dating back to the early 20th century when the country began to exploit its vast oil reserves. The discovery of oil in the 1920s fostered a culture of corruption as the state became increasingly involved in the economy, managing vast oil revenues without strong institutional checks and balances.

Since Maduro’s ascension to power following the death of Hugo Chávez, the former bus driver has taken corruption to greater heights (or rather lower depths).

To begin with, it is indisputable that corruption has had a profound and crippling impact on the Venezuelan economy. The state oil company, PDVSA, which was once the backbone of the Venezuelan economy, has been severely affected by corruption. According to some estimates, between \$300 billion and \$500 billion has been lost due to corruption, mismanagement, and the decline in production over the past two decades. This figure includes embezzlement, fraudulent contracts, and other forms of corruption within the company. Billions of dollars have reportedly been embezzled through schemes involving over-invoicing, kickbacks, and fraudulent contracts. The Petrocaribe program, which provided Venezuelan oil to Caribbean nations on favorable terms, has also been marred by corruption allegations.

Beyond the oil sector, as Venezuela's economic crisis deepened, corruption in the distribution of food and medicine became rampant. The government’s CLAP program, intended to provide subsidized food to the poor, has been criticized for corruption, with reports of officials skimming profits, diverting supplies, and selling food at inflated prices.

While exact figures are difficult to pinpoint, the cumulative cost of corruption in Venezuela likely amounts to hundreds of billions of dollars over the past two decades. In terms of estimated costs, the mismanagement and corruption within the government and state-owned enterprises have contributed significantly to hyperinflation, which reached millions of percent at its peak. In fact, the economic contraction, exacerbated by corruption, has led to a cumulative GDP decline of over 75% between 2014 and 2020, making it one of the worst economic collapses in history.

As for capital flight, corruption and the resulting economic instability have led to massive capital flight. Between 2000 and 2018, it is estimated that over \$150 billion left Venezuela as businesses and individuals moved their money abroad to avoid expropriation, inflation, and other risks associated with the corrupt environment.

One should also note that foreign nations such as Russia, China, Cuba, and Iran have contributed to the persistence of corruption in Venezuela through their economic, military, and intelligence support. Their involvement has bolstered the Venezuelan regime, allowing it to continue its corrupt practices with impunity. The lack of transparency in their dealings with Venezuela, combined with the support they provide to the government's repressive apparatus, has helped shield corrupt officials from accountability and maintain the status quo.

In a nutshell, the oil boom, political patronage and weak institutions collectively catalyzed the bonfire of corruption that has engulfed Venezuela for over the last 60 years. To do its part to support democracy and the rule of law in Venezuela and to combat corruption, the U.S. needs to step up to the plate and do a lot more. This includes expanding sanctions, enhancing anti-money laundering efforts, supporting pro-democracy movements, providing humanitarian aid, assisting with legal reforms, and raising public awareness. By combining diplomatic, financial, and legal tools, the U.S. can increase pressure on the Maduro regime while supporting the Venezuelan people in their struggle for a more democratic and transparent government.

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