



Weekly Report

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The cost of crime

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The increase in criminal and violent behavior in recent years has become a major concern in all parts of the world. From Eastern Europe to Latin America, violence and crime are threatening social stability and becoming a huge obstacle to sustainable development. This concern over crime is more than justified as it has harmful effects on economic activity and, above all, because it has a negative impact on the quality of life as people lose all sense of safety, both personal and with regard to their property.

One outstanding concept in economic literature on crime is Becker's paradigm¹, according to which a criminal act stems from a rational decision based on a cost-benefit analysis, where expected benefits are the difference between the haul and the opportunity cost of the crime and where, on the other hand, the costs are established by the penalties imposed for punishing criminals. Other studies, such as Levitt's (1996-1997), find that police surveillance and punishment have a significant

¹ 1992 Nobel Prize in Economic Sciences



impact on reducing crime. There are also sociological aspects that have an impact on crime. DiJulio makes the link between the lack of social capital and the increase in crime in the United States (EE.UU.).

There are not only economic aspects. Some more recent research highlights demographic and social factors, studies done by Case and Katz (1991) for example, which concluded that an individual is more likely to commit a crime when his friends and associates are also involved in criminal activities. As to whether education is effective in reducing crime, this is a controversial issue, even though many studies consider that this is an area of key importance for achieving this.

How much does crime cost?

The phenomenon of crime generates significant costs in terms of social well-being. In this case, while consideration is given to all these costs because of their negative impact on society, that impact can manifest itself in different ways. In the first place, there is the potential impact of a high crime rate on a country's economic development. This makes itself felt in the effect crime has on gross fixed capital formation and productivity. An InterAmerican Development Bank (IDB) study² noted a reduction in investment as a consequence of violence of 1.3% for Mexico, 2.0% for Colombia, 2.2% for Brazil, and 2.4% for Venezuela.

Similarly, it not only affects fixed capital, but also the accumulation of human and social capital, where crime causes relationships of trust among the members of a community to deteriorate. Investment in human capital may be reduced insofar as greater socially visibility of criminal activity has repercussions for the perception of the return on investment in education being lower when compared to the rate of return on investment in criminal activities³

Another type of cost is the cost of items on the government's spending budget specifically allocated to covering different crime-related areas, such as spending on maintaining the prison system, judicial services, the police, and so on. Note that in the case of Venezuela, it was decided to increase security spending in the 2014 budget, but in this game but what is intended to fewer resources and equipment allocation and adequacy of supervision and law enforcement agencies, in particular the second screeed which decreased 40.4% in nominal terms.

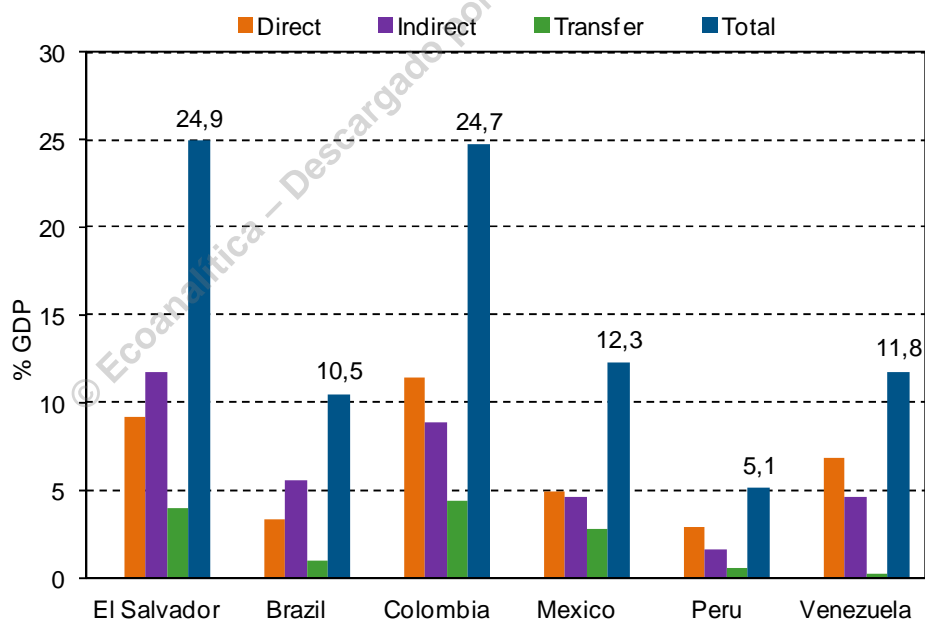
² Londoño and Guerrero, *Violencia en América Latina: epidemiología y costos*, 1999.

³ Arraigada and Godoy, *Prevention or repression? The false dilemma of citizen security*, ECLAC, 2000.



For Latin America as a whole, some estimates put the cost of violence at about 12.1% of regional Gross Domestic Product GDP⁴. These estimates include different types of costs, which, in the case of the IDB study, are divided up into so-called direct costs (material losses, impact on health, public and private spending on policing, judicial services and security systems) and transfers (value of goods lost during robberies and bribes and ransoms paid to kidnappers). In the case of Venezuela, the total cost of violence at the time the study was conducted was 11.8% of GDP and, given that the lack of security in Venezuela has increased, we at Ecoanalítica consider that, today, that cost could easily be more than 12.0%.

The Cost of Violence in Latin American Countries



Sources: IDB and Ecoanalítica

Moreover, a study conducted by the Dispute Analysis Resource Center (CERAC) reveals that, in 2009, the region lost 331 million life years based on loss of life expectancy and the size of the population, where Colombia, El Salvador, Guatemala, and Venezuela were the countries with the highest losses in life expectancy attributable to the high number of

⁴ Londoño y Guerrero, *Violencia en América Latina: epidemiología y costos*, BID, 1999.



homicides. GDP per capita forfeited as a result of homicides in Latin America was 0.5%. Had it not been for the excess of deaths from homicides, the countries of Latin America would have achieved a GDP per capita gain of US\$51 on average, and in countries such as El Salvador, Guatemala, and Venezuela, this figure would have been a GDP per capita gain of more than US\$70.

What has Venezuela done?

So, since crime has a negative impact on social well-being and has high tangible and intangible costs, why is Venezuela one of the world's five most violent countries? One important variable is impunity. In Venezuela, there are few arrests in homicide cases. According to the Venezuelan Violence Observatory (OVV) an arrest is made in only eight homicide cases out of a 100. It is clear, then, that there is no credible punishment, which creates a tremendous incentive for committing any type of offense, whether it is one committed by a criminal or a traffic offense committed by a normally law-abiding citizen, as there are no consequences. All of this points to the quality of our institutions, which are noted for their weakness and scant credibility.

On the matter of incentives, it is worth pointing out that, given today's low wages, there is no incentive to enforce the law. Before November last year, a policeman in Miranda state earned VEB 3,200, hardly VEB 227 more than the minimum wage, and only now earns VEB 5,880.

So it is that, after 20 security plans implemented over the course of 14 years, in 2013 there was an increase in the number of homicides. According to the OVV, in Venezuela there were 24,763 violent deaths in 2013 and the rate of violent deaths was 79 for every 100,000 inhabitants, much higher than the 11,342 homicides recorded in 2003, the last year for which official figures for this indicator were published. While these are merely statistics, these figures should be cause for public debate and prompt public policymakers, in particular, to give serious thought to the problem. As we have mentioned before, the problems Venezuela faces are not limited to the manifold imbalances in our economy. Like the economic problems, the social problems are becoming daily more acute. It is not surprising, therefore, that, in the opinion polls, the lack of security figures as the main problem facing Venezuelans.

Unfortunately politics also plays a part here, as the tendency is for the authorities to simply put out fires as they flare up. The presence of the military in citizen security activities is limited and may only have an impact in the short term. Reducing crime requires the efforts of and cooperation



between central government and municipal government as well as the designing of new public policies that will make committing a crime more costly and that are -most important of all- credible.



Economic Tips

Now not all costs are costs. Sundde has established the criteria for setting prices in accordance with the Fair Prices Act. According to the new law, the cost of production is to be defined based on various criteria: the costs of acquiring inputs and raw materials and the costs of converting or transforming those inputs and raw materials into their final form. Excluded from costs of production, however, are: abnormal quantities of wastage of materials, storage costs (unless they are necessary for the production process), financing costs, and indirect costs that do not contribute to the transformation of the good or the provision of the service.

Deflation by decree. The Fair Costs, Profits, and Prices Superintendent, Karlin Granadillo, has given assurances that, with the application of a maximum profit margin of 30.0%, “we’ll start to notice a reduction in prices in the next few days.” She explained that this margin is “a ceiling” and that not all sectors should achieve this limit because, as she put it, “some already have the income necessary for their economic activity with less than that.” Granadillo announced that they will publish a “profit margin and cost structure analysis” so that businessmen will have the criteria for complying with the adjustment.

Less for doing more. The President of the Republic, Nicolás Maduro, announced that, in January, the authorities disbursed US\$1.3 billion at the official exchange rate (VEB 6.3/US\$) to meet the needs of the economy. Maduro did not specify if that amount included the public sector or if it covered the private sector of the economy only. This figure would mean that there was a reduction of 32.2% compared to the US\$1.92 billion disbursed in January 2012 (assuming that all those resources were for the private sector and did not include imports via ALADI).

Swap market to start up in February. Vice President for the Economy Rafael Ramírez has given assurances that the swap market for trading foreign currency will start operating in February without fail. He also confirmed that foreign currency on that market will be traded at a different exchange rate to the SICAD rate. According to Ramírez, the new swap system “will be more transparent and will permit the different public and private actors to take part and bring foreign currency into the country.” At Ecoanalítica we consider that the positive impact of opening a swap market will depend on PDVSA’s participation in that new market.

Risky business. At the close of last week, Venezuela had the highest country risk rating in the world. As a result, the interest rate applicable to any new debt issue will



be 14.4% above the rate paid by the United States, which is the nation that obtains financing at the lowest cost. This means that Venezuela poses a higher risk than Argentina and Belarus, which pay rates of 7.3% and 9.7% above the zero risk rate, and a much higher risk than Latin American countries, which pay 4.6% on average.

Not one dollar. President Nicolás Maduro stated emphatically that his administration would not give “the bourgeoisie one dollar more” and that it would be the state-owned companies that would produce in Venezuela. “It’s not going to be the bourgeoisie who are going to come and develop the fatherland’s productive base; what they’re on the lookout for is dollars,” he added. Maduro also said that in 2Q2014, they would manage to stabilize the economy with the Fair Prices Act, the objective of which is to reorganize the economy in accordance with a new scheme of production, establishing “real” costs.

It’s no longer amusing. In a communiqué entitled “The economic situation is not a laughing matter,” Fedecámaras rejected recent statements by Fair Prices Superintendent Andreína Tarazón, who described the legal actions taken by the business association to request the annulment of the recently passed Fair Costs and Prices Law as “laughable.” “At a time when the country has been plunged into a situation of extreme shortages (...), we fail to understand why the superintendent finds it “amusing” that we are requesting the annulment of the Fair Prices Act, a law that, far from helping to solving the problems, will continue to make them worse,” reads the communiqué.

More than enough. In the opinion of National Assembly (NA) Deputy Hugo Faría, the Fair Costs and Prices Act attempts to forestall the “economic war” being waged in Venezuela. Faría claimed that the ceiling set on profits (30.0%) in the new law is “high” as, in his opinion, “Venezuelan businessmen obtain the highest profit levels in the entire planet.”

We’re not in crisis. National Assembly Deputy Jesús Faría criticized people who say that Venezuela’s is an economy in crisis. That the country is bankrupt “is nothing further from the truth.” According to Faría, if that were so, “we would be in an unsustainable turmoil of protests, and that isn’t happening, apart from those capricious few who are trying to push the country into chaos.” In the deputy’s opinion, the country is facing ethical problems as proved by the thousands of tons of products that are hoarded and being smuggled out of the country by the private sector.

Interest rates. The lending rate for the second week of January was at 15.4%, up by 1.3 percentage points (pp) compared to the previous week. The time deposit rate was at 14.5%, down by 0,5pp compared to previous week, while the passive rate, placed at 14.0%, without variation compared to previous week.



International reserves. International reserves decreased by 2.4%, going from US\$21.32 billion during the fifth week of January to US\$20.81 billion during the first week of February. Compared to the same period last year, international reserves have decreased by 27.7%.

Central government expenditure. On Friday February 07th according to figures from the ONT primary spending was VEB 5.72 billion, which means an decrease of 69.8% when compared to the previous week when it was VEB 18.96 billion; when compared to the same period last year we observe a decrease of 13.5%.

Monetary liquidity. Money liquidity (M2) increased in the first week of February from the week prior, to settle at VEB 1.25 trillion. The M2 has increased 80.7% in relation with the same period last year.

Oil Tips

Millionaire subsidy. According to “*Centro Internacional de Energia y Ambiente (CIEA)*” IESA, the fact that the domestic price of gasoline has been regulated since the end of the 1990s while the reference price of export gasoline has increased by 269.0% (in real terms), has caused the opportunity cost of selling gasoline inside the country and, therefore the economic subsidy of gasoline consumption, shoot up to US\$13.1 billion a year, which in 2012 represented 3.5% of GDP.

Exacerbated demand. According to studies conducted by CIEA, the greater the difference between actual domestic consumption and what consumption would be if domestic prices were on a par with international prices, the bigger the subsidy. CIEA estimates that, at international prices, current gasoline consumption would drop by 90.0% to 1,831 million liters a year from the present figure of 18.74 billion liters a year.

Loss of efficiency isn't the only cost. According to CIEA, the loss of efficiency in the domestic market generated by the gasoline subsidy is not its only economic cost. There are also the negative externalities caused by the excessive consumption of fuel, such as vehicle traffic and pollution, which is equivalent to US\$0.29/liter. Taking excess consumption of 16.91 billion liters, the cost of externalities would come to US\$4.96 billion.



Gasoline subsidy, a costly gift. José Morales, an economist and research fellow at the Center for International Development at Harvard University, proposed a reform of Venezuela's energy policy at a seminar entitled "Fuel subsidy: a costly gift." According to Morales, 50.0% of the resources generated by gasoline sales (if it is sold at international prices) could be used as direct transfers for all Venezuelans to offset the increase in fuel prices.

Cuba's oil production will increase. Cuba could raise its oil production by 50.0% in the short term with the use of modern technologies. These technologies, known as "improved recovery," reduce the viscosity of crude. It is expected that the use of these technologies will result in an increase in production of between 20,000 and 25,000 barrels a day, which is 50.0% more than is being produced at the moment.

A glance at energy. According to the report "BP energy outlook 2035", world energy demand is expected to increase by 41.0% by 2035, with half that increase being generated by China and India. By type of use, it is expected that inputs for energy generation will account for nearly 60.0% of the growth in demand. BP also estimates that, in 2035, energy intensity worldwide will be 48.0% less than it was in 1995 and 36.0% less than in 2012.

Russia will continue in the lead. Also BP forecasts that Russia will continue to be the largest net exporter of energy in 2035, accounting for 4.2% of total energy produced worldwide. It also forecasts that Europe will continue to be the world's biggest importer of natural gas, whereas China will become the world's biggest importer of oil.

Oil will maintain its position as the lead energy. According to forecasts by BP, oil will continue to be the most used fuel in 2035, accounting for 28.0%. Coal will come in second place, with 27.0%, followed by natural gas with 26.0%, and renewable energies with 7.0%. The increase in the demand for coal will be due to China and India, which together will account for 64.0% of total demand in 2035.

Slow growth for oil. BP predicts that, by 2035, oil will post the slowest growth of all fuels. Even so, the demand for oil will increase to 109 mb/d, driven by production of countries outside the OECD.

International oil baskets. At closing time on February 07th in the New York Stock Exchange, the price of the WTI was US\$97.2/bl, increasing by 0.2% when compared to the reported the previous week. The Brent decreased by 1.1% when compared to the previous week, to reach US\$106.3/bl.



Local oil basket price. The Venezuelan oil basket price closed at US\$96.0/bl on Friday February 07th, a 1.2% increase compared to the US\$97.1/bl of the previous week. The annual average price of the Venezuelan oil basket is US\$95.8/bl.

Business Sector Tips

Seizure-fest. Minister for Food Félix Osorio said that the government is combating smuggling and that more than 3,500 tons of food and 200,000 liters of fuel have been seized following the “*economic offensive*” that was started last year. “*This has been the call that the President of the Republic, Nicolás Maduro, has made; that we fight against corruption. And here there’s something specific that we’re going to address with precision,*” maintained Osorio.

The Chinese are still happy. Minister for Overland Transport Haiman El Troudi announced that the President of the Republic had authorized the importing of 5,000 cargo vehicles from China. The minister explained that some of these imported vehicles will be for the new National Logistics and Cargo Transport Corporation and that the rest will be sold to the private sector. The corporation will be in charge of “uniting all the state-owned companies that, up until now, have worked in the area of transporting merchandise by different means,” explained El Troudi.

We’re continuing to centralize. Minister for Aquatic and Air Transport Hebert García Plaza said that Central Government will determine at which port the vessels bringing merchandise to Venezuela should put in, which means greater centralization of imports. “*We’re going to centralize the process. At the National Foreign Trade Center (CENCOEX), we’re going to see who’s been approved foreign currency, what they bring in, when they’re going to bring it, where they’re going to bring it so that we can plan with them and tell them, based on the port’s draft and the characteristics, which port they should use,*” added García.

GM doesn’t see any solution. The executive vice president and financial director of General Motors (GM), Chuck Stevens, expressed his concern over the present economic situation in Venezuela saying that they “*don’t see a solution to business operations in Venezuela in the foreseeable future.*” Stevens indicated that Venezuela was to blame for the results in South America in 1Q2014 being possibly weaker than in the previous quarter.



Trade balance continues to decline. The Venezuelan-American Chamber of Commerce and Industry (VenAmCham) announced in its last monthly report that the trade balance figures between Venezuela and the United States continued their downward trend. As at the close of 2013, the trade balance came to US\$18.78 billion in Venezuela's favor, down 10.9% from the close of 2012, when it came to US\$21.1 billion. This drop was explained by the reduction in oil exports (a trend that has been apparent since 2011), which went from US\$41.96 billion at the close of 2012 to US\$30.89 billion at the close of 2013.

80,000 jobs at risk. It was the lack of materials that caused the automotive company Toyota to suspend its operations in Venezuela indefinitely. This prompted the Unitary Federation of Automotive, Auto Parts and Associated Workers to issue a communiqué in which they ask to be heard by President Nicolás Maduro and the ministers of industry and commerce before they continue to implement policies that could leave more than 80,000 Venezuelans without a job.

Conviasa plans to expand in the Caribbean. Representatives of the Ministry for Aquatic and Air Transport, the state-owned airline Conviasa, and the National Civil Aeronautics Institute (INAC) met with high-level officials at the Ministry for Oil and Mining to firm up a work and investment plan, the purpose of which is to reinforce integration plans by means of sea and air transport, as part of the agreements reached at the ALBA-Petrocaribe Summit. It is hoped that, following the meetings, Conviasa will be able to start up routes to countries in the Caribbean such as Surinam, the Dominican Republic, and the Caribbean islands.

Reselling could turn out expensive. The Superintendent of Fair Costs, Profits and Prices, Karlin Granadillo, ratified that the Fair Prices Act establishes sanctions for the resale of prioritized products. Granadillo also mentioned specifically that informal vendors are also subject to the Fair Prices Act, but clarified that if they *"comply with the maximum price set, they will be able to sell, as selling the product isn't a crime, but profiteering with the product is."*

No more oranges. Venezuelan orange growers have given the industry an ultimatum regarding the price it pays per kilo and, unless the industry accepts their demands, they will stop deliveries starting next week, according to Marcos León Guinand, the president of the National Federation of Fruit Growers. León explained that the processing companies pay the kilo of oranges at VEB 2.1, but that, according to a cost study by the Universidad Centroccidental Lisandro Alvarado, the price producers should get in order to cover costs is VEB 3.1 per kilo.

Inspections are back. The deadline announced by President Nicolás Maduro for the private sector to comply with the Fair Prices Act has expired and the inspections of



stores to ensure that they are complying with the law have started up again. Maduro warned, *“Wherever we go and (find) they’re hoarding and profiteering, we’ll enforce the law. No one will have any excuse.”*

World Economy Tips

Change of chairperson, but not of style. The new chairperson of the Fed, Janet Yellen, guaranteed the continuity the monetary policy implemented by her predecessor, Ben Bernanke. Yellen also mentioned the possibility of a moderate slowing down in the purchasing of bonds if they see an improvement in employment and if inflation returns to the long-term objective of 2.0%. Yellen confirmed the continuity of the old policy saying that, since she took part in the Open Market Committee when the present policy strategy was formulated, she strongly backs it.

Déjà vu. The Barack Obama administration has warned the US Congress that it could start to fail to meet its debts shortly after February 27 if legislators do not raise the federal government’s indebtedness ceiling. The government estimates that it will have only US\$50 billion in cash by the end of February, a time when tax refunds start to be made, which means that funds could be used up more quickly than at other times of the year.

Lower than expected. According to US Department of Labor figures, only 113,000 new jobs were created in January in the world’s largest economy, bringing the unemployment rate to 6.6%. Job creation fell short of the 185,000 new jobs expected by US economic analysts. It should be remembered that the evolution of the labor market will set the pace for the reduction of monetary stimuli by the Fed.

Stable monetary policy. The People’s Bank of China reiterated its position of maintaining a stable monetary policy this year and its commitment to containing credit risks, highlighting that the world’s second largest economy still has to find a stable base for growth. In its quarterly monetary policy report, the bank also indicated that it would reinforce supervision of credit in areas of risk, such as industries that are dealing with overcapacity of production.

No change, for now. The European Central Bank (ECB) has kept its reference interest rate unchanged at an historic low of 0.25%, but said that it was prepared to act if the economic outlook were to deteriorate. The bank also maintained the interest



rate it pays on bank deposits at 0.0% and left the lender of last resort rate at 0.75%. *“The reason for the decision to not act really has to do with the complexity of the situation (...) and the need to obtain more information,”* said the ECB’s president, Mario Draghi.

From bank to superintendent. This year the ECB will become a supervisory agency with the power to withdraw banking licenses and evaluate acquisitions. Starting in November, the ECB will supervise around 130 of Europe’s main banks directly, whereas the other banks in the region (nearly 5,900) will continue to be supervised nationally. The ECB will decide in September which banks will come under its direct supervision and the list will be revised each year.

Bank of England maintains interest rates the same. The Bank of England decided to maintain the interest rates in the British economy at the record low of 0.5% and make no changes to its £375 billion (US\$610.91 billion) financial stimulus package to inject liquidity into the market. Bank of England Governor Mark Carney stated that interest rates will remain unchanged until the unemployment index falls below 7.0% (currently at 7.1%).

Consolidating the alliance. The Pacific Alliance’s four founder countries (Chile, Peru, Mexico, and Colombia) are to sign a Free Trade Agreement (FTA) at the trade bloc’s eighth summit, according to an announcement by Chile’s minister for foreign affairs, Alfredo Moreno. Moreno stated that they are going to sign a trade agreement *“that establishes the lifting of barriers for goods and services,”* a *“very extensive and far-reaching FTA between the four countries, which is going to be very good news.”*

More of the same medicine. The Argentinean Government is going to implement price controls once again as a strategy for fighting inflation. *“Precios Cuidados”* (Watched Prices) is the name of the program that the government launched at the end of January in an attempt to curb spiraling prices, which President Cristina Fernández attributed to the *“avarice of businessmen and big supermarket chains.”* The program, agreed upon with the supermarkets’ association, covers nearly 80 products that can be obtained throughout the country at pre-established fixed prices.



Political Tips

The same formula. The President of the Republic, Nicolas Maduro spoke Wednesday night about the student march that reached the Republic General Attorney and said that "a similar blow" was activated in the April 11, 2002. Also lamented the death of young Venezuelans, while reported to be investigate the incident because "both have headshots as April 11 (2002), snipers killed Venezuelans to justify a coup. Today a plan with the same features activated, but in today's Venezuela could do what they did to the people of Venezuela 11 years ago".

Another plan. The President of the Republic, Nicolas Maduro said on Friday that he was going to launch the National Plan of Pacification and reported that the Venezuelan youth have an important role in it. As part of their participation in the commemoration Day of Youth, he said the ministers will visit all universities in the country "to listen to requests and proposals of the university".

Things heat up in San Cristóbal. The residents of San Cristóbal turned out on the streets to demonstrate and demand the release of five people who were arrested following incidents at the residence of José Vielma Mora, the governor of Táchira state. The detainees have been sent the prison in Coro while the Public Prosecutor's Office completes its investigations. Opposition spokespersons have said that Justice Richard Cañas (the judge who is hearing the case) is "*political*," alleging that he was a militant of the Fifth Republic Movement (MVR) and has ties with the PSUV.

They're not the problem. Miranda State Governor Henrique Capriles reminded the government that it will not be possible to solve the lack of security and the economic problems that are affecting the country by depriving the students arrested during the demonstrations in Táchira and Mérida states of their freedom. He also stressed that protesting peacefully is a right, although he called on people "*not to become the cannon fodder of personal ambitions*."

We're "heading for trouble." Primero Justicia leader Julio Borges said that, according to an opinion poll, 71.0% of Venezuelans think that "*Venezuela is heading for trouble*." The same opinion poll reveals that 65.9% of those interviewed consider that the economic crisis is the government's fault. Finally, Julio Borges said that 50.8% of Venezuelans have a negative opinion of President Nicolás Maduro.



Strength is in unity. While Caracas Metropolitan Mayor Antonio Ledezma admitted that there were differences among the members of the Democratic Unity Alliance, he described them as *“natural and even necessary.”* Referring to this very issue, he noted that President Nicolás Maduro would be the main one to benefit were this opposition group to break up.

Another April 11? President Nicolás Maduro described the street protests in Táchira state as an attempt to start another April 11. He also warned that people involved in violent protests would be caught one by one. Maduro also asked people who were caught not to claim to be political prisoners in a bid to get released. Finally, he said that the people guilty of the attack on the residence of Táchira State Governor José Vielma Mora would be punished.

How ironic. President Nicolás Maduro said that he would avail himself of the Special Powers Act to decree the political disqualification of those who take part in *“coupster exploits.”* He also said that the calls by the opposition for people to take action on February 12 were *“against the country and the people.”* Furthermore, he pointed out that those who are trying to get people to take those actions are opposition minorities.

Don't get all dressed up, you're not going anywhere. Opposition leader Leopoldo López denounced that both the National Civil Aeronautics Institute (INAC) and the National Guard held up the takeoff of the aircraft he was intending to take to Táchira state to attend a meeting with students. López said that, after going through the check-in, INAC officials tried to prevent him from boarding the aircraft and that, after he managed to board, thanks to protests by fellow passengers, the officials announced that the flight had been cancelled.

So, where do I go to apply for dollars? The president of the National Assembly, Diosdado Cabello, called the owners of newspapers in Venezuela *“parasites.”* He also said that, whenever the government grants dollars for importing newsprint, the media do not use it properly. Finally, he announced that the government does not owe anyone dollars and that people should not rely on the government when setting up a business, as they did in the Fourth Republic.

Reconciliation is the key. Opposition leader Henrique Capriles called on students not to deviate from their objectives and to avoid loss of life during their demonstrations, stressing that *“chaos is not solved with chaos.”* He also reminded people of the importance of reconciliation in the country's search for a change in its political-economic model.



Revolution on the alert. The President of the Republic, Nicolás Maduro, invited Henrique Capriles and the executive secretary of the Democratic Unity Alliance, Ramón Guillermo Aveledo, to “pitch in” and help avoid violence. He also said that he had reactivated the “anti-coup plan” to prevent them from destabilizing the country.

Capital for a day. During the registration of the team of athletes that is to represent Venezuela at the 2014 South American Games in Chile, President Nicolás Maduro announced that La Victoria would be declared the capital of Venezuela for 24 hours on February 12, in celebration of the bicentennial of the Battle of La Victoria.

Counterattacking the economic war. Vice President Jorge Arreaza announced that he would meet with “Bolivarian” governors and mayors to establish a “national economic offensive plan” to combat profiteering, hoarding, usury, smuggling of goods out of the country, and other crimes established in the Fair Prices Act.

Legislatives Tips

New faces at the helm of state-owned banks. According to *Gaceta Oficial* No. 40,349, the appointments of Simón Alejandro Zerpa and Jamez Rafael Hernández as the presidents of Banco de Desarrollo Económico y Social de Venezuela (Bandes) and Banco Bicentenario, Banco Universal, C.A, respectively, are now official. The order was also given to the Ministry of Economy, Finance and Public Sector Banking to proceed with the necessary formalities in order to implement the decreed appointments.

Marco Torres is Venezuela. Rodolfo Marco Torres, the Minister of Economy, Finance and Public Sector Banking, has been appointed as Venezuela’s regular member on the board of the Corporación Andina de Fomento, Venezuela’s representative to sit on the Ministerial Council of the OPEC Fund for International Development, and Venezuela’s governor to the World Bank.

Procedures for clearing customs must be speeded up. According to *Gaceta Oficial* No. 40,349, the procedures for clearing merchandise through customs should not take more than five days. Furthermore, the *Gaceta* publishes the order to speed up the granting of the registrations, licenses and requirements specified in the schedule of customs duties and makes it clear that the competent agencies may require importers to submit only those documents that are strictly necessary.



ECONOMIC OVERVIEW

