

The Miami Herald

January 22, 2015

Bad to Worse in Caracas

By Editorial Board

Venezuela's Nicolás Maduro went on a beggar's tour of the world this month, pleading for handouts in places like Tehran and Moscow and desperately trying to bolster the international price of oil to help his collapsing economy. In his absence, Venezuela continued to implode.

- The price of crude fell by a few more dollars. From a peak of \$100 in late June, Venezuelan oil hit \$42.44 a barrel. Mr. Maduro's pleas to Saudi Arabia's leaders to cut production in order to stabilize the market fell on deaf ears in Riyadh. The result has been disastrous for Venezuela, which relies on oil for 95 percent of its foreign currency earnings. (On Wednesday, in a state of the union speech, Mr. Maduro proposed raising domestic fuel prices, currently at 5 cents a gallon, but that won't avert an economic crisis.)
- Moody's downgraded the debt rating of the state-owned oil company — the nation's biggest revenue-producer — to Caa3, basically junk status. For good measure, it also downgraded the debt rating of the state-owned oil company's primary U.S. holding, Citgo Petroleum. Both actions are closely related to the price of oil, signaling growing fears that Venezuela might be unable to meet the \$11 billion in debt payments due this year.
- Lines longer than ever appeared at supermarkets and grocery stores as basic commodities like toilet paper and toothpaste became scarcer, if that's possible. Even McDonald's ran out of potatoes; no fries for customers. The government tried to blame a strike by U.S. dock workers on the West Coast for the potato shortage, but that fails to explain why milk, flour, sugar, cooking oil, meat and so many other items have vanished from the shelves.
- A leading opposition figure who once counseled against street demonstrations called for open protests, a signal that even moderates are utterly fed up. "We are in a state of emergency," said

Henrique Capriles, who almost defeated Mr. Maduro in the 2013 presidential election. “This is the time to mobilize in the streets.”

Mr. Maduro claims he secured a \$20-billion investment from China — to whom Venezuela is deeply in hock, forcing it to give Beijing millions of barrels just to repay what it already owes instead of earning foreign exchange. That’s a big reason Venezuela can’t pay its bills. He also touted other deals with Russia and Qatar. But he offered no details on anything, leaving skeptics to question whether the government will receive disposable funds to cope with its immediate problems.

Bottom line: The president’s been looking for love in all the wrong places. China can’t rescue him. Neither can Vladimir Putin nor Iran’s Ayatollah Ali Khamenei; they have their own problems at home.

The only solution lies on the path of political rapprochement. If Mr. Maduro can sit down to negotiate differences with democratic adversaries like Mr. Capriles, jailed opposition leader Leopoldo López and former legislator María Corina Machado, he might yet steer the country away from the brink of calamity.

First, he must drop the trumped-up charges that have turned Mr. López into South America’s most prominent political prisoner, and also reject the ridiculous accusation that Ms. Machado was involved in a plot to kill him, which led to her being stripped of her legislative job.

With the opposition gearing up for new demonstrations starting Friday, Mr. Maduro faces a choice: Restore civility and democracy to a battered country by way of political reconciliation, or ensure worse times ahead for Venezuela’s 30 million people.