

Venezuelans scramble for food amid oil opulence

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CARACAS (Reuters) - Venezuelan construction worker Gustavo Arteaga has no trouble finding jobs in this OPEC nation's booming economy, but on a recent Monday morning he skipped work as part of a more complicated search -- for milk.

The 37-year-old father-of-two has for months scrambled to find basic products like cooking oil, beef and milk, despite leftist President Hugo Chavez's social program that promises to provide low-cost groceries to the majority poor.

"It takes a miracle to find milk," said Arteaga, who spent two hours in line outside a store in the poor Caracas neighborhood of Eucaliptus. "Don't you see I'm here slaving away to see if I can get even one or two of those (containers)?"

Venezuelan consumers are increasingly facing periodic shortages of basic food products as the economy shows signs of overheating amid record revenues from an oil boom.

The shortages have increased skepticism of Chavez's economic policies and provided a political backdrop to campaigning this month for a referendum on a new constitution that he says is needed to make [Venezuela](#) a socialist state.

Businesses say price controls on staple foods are so low they discourage investment and force stores to sell at a loss.

The government says the problem is caused by growing demand by poor citizens who benefit from social programs, exaggerated media hype and food hoarding by unscrupulous businesses.

Supermarket shelves remain stocked with aged whiskey and imported wine, but for up to 25 percent of staple food products this year supplies have been irregular, according to public opinion and economic research group Datanalisis.

The group says Venezuelans waste several hours a week trawling for food. Retailers ration their supplies, and some even stamp customers' hands so they do not line up twice.

Friendships are won with a text message tip that a store has just put milk on the shelves.

CHAVEZ CONTROLS

Opposition comparisons to bare shelves in Chavez's ally [Cuba](#) are still greatly exaggerated, but even poor Venezuelans who back the anti-U.S. president complain of being stuck in long lines or having to visit several stores to get groceries.

"We've warned about this from the beginning -- all of these price controls in the long run end up producing shortages," said Ismael Perez of the industry group Conindustria.

Perez said businesses fear holding sufficient inventories due to an anti-hoarding law -- a problem highlighted by a seizure this month of 125 tonnes of powdered milk from Switzerland's Nestle, the world's largest food company.

Chavez remains widely popular after winning a landslide re-election last year and pollsters say he will win approval in a December referendum for a constitutional overhaul that will let him run for re-election indefinitely.

The former soldier this year nationalized swaths of the economy and stepped up enforcement of price controls the state decreed in 2003 but that businesses had largely ignored.

Now the combination of the controls and unprecedented consumer spending has left businesses like Cueva de Iria, a typical bakery that sells coffee, pastries and fresh-baked bread, struggling to find ingredients it needs.

"Everything relating to flour and sugar is a problem. We call our providers and they say they don't have any," manager Lino Alves said. "We only have enough milk to put in coffee."

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TRAFFICKING POWDERED MILK

A black market has sprung up where informal vendors illegally peddle bags of sugar, beans and precious powdered milk -- for as much as double the regulated price.

The state's consumer protection agency, backed by military reserves, often shuts supermarkets for selling above the fixed price, but vendors offer their goods from makeshift stands in downtown Caracas in plain view of authorities.

"This is an insult, but I can't find it anywhere," said Jose Ferrer, paying nearly \$12 for a can of powdered milk regulated at \$6. "I have to buy it for my kids, there is no other way."

The economy grew by a record 10 percent in 2006, and millions of Venezuelans receive government stipends to participate in education and community development programs.

One of Chavez's most popular programs is a chain of subsidized supermarkets scattered across rural areas and in hillside slums that sells food at fixed prices unaffected by rampant inflation -- though it too has been hit by shortages.

"I like everything the president is doing, he's helping poor people," said Maria Pena, 48, a homemaker waiting in line for milk. "The only thing I do not like is waiting in line."