VENEZUELA ECONOMIC CRISIS IN 2008

EE463 GLOBALIZATION AND INTERNATIONAL DEVELOPMENT

AGENDA

BRANDING

Given the user personas identified for the campaign, elaborate on the branding identity that the campaign will project.

Write identity or value here.

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USER/ BUYER PERSONA

Write identity or value here.

Write identity or value here.

Write identity or value here.

Write identity or value here.

CAUSE OF THE CRISIS

EXCESSIVE FOREIGN BORROWINGS AND SUBSIDIES

Venezuela's policies of excessive foreign borrowing and subsidies caused shortages, long lines, and a black market, contributing to its economic crisis.

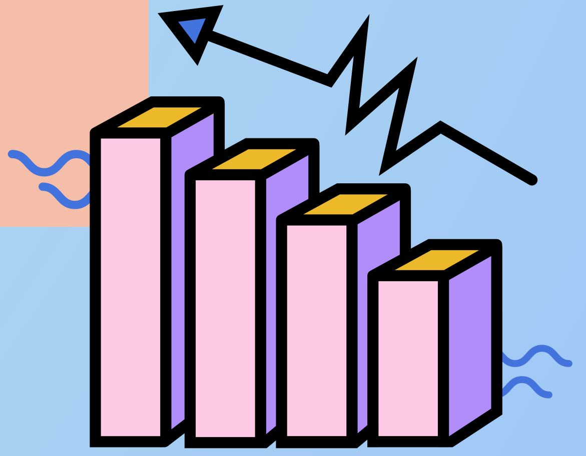
OIL CRISIS AND INCOME REDUCTION

Venezuela's economic crisis was exacerbated by a drop in oil prices and a shortage of foreign currency reserves, leading to loan defaults and a downgrade in its credit rating.

CAUSE OF THE CRISIS

HIGH INFLATION

High inflation has caused a shortage of basic goods, leading to long lines and empty shelves in supermarkets, and a black market for goods.
To combat inflation, the Venezuelan government devalued the Bolvar, further reducing living standards.



EFFECT

BEFORE THE CRISIS

- High levels of oil exports
- Period of economic expansion
- Free healthcare and education
- Offer its inhabitants housing and food subsidies

EFFECT

AFTER THE CRISIS

EFFECT ON GDP

GDP per capita and oil prices increased in the 2000s

Economy contracted by 18.6% in 2016

IMF predicted that Venezuela's GDP would shrink by 22.5 % by 2019.

EFFECT ON INFLATION

At the beginning of the crisis, inflation is 28.19%

At the end of 2018, the rate of inflation was 929%

Value of the Venezuelan bolivar has decreased

Savings have lost value

EFFECT ON INFLATION

Menu cost

Confidence falls

Lack of investment

POVERTY

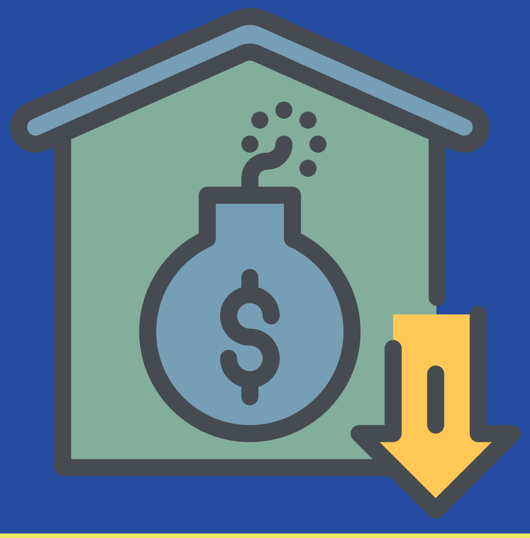
Cause is the excessive foreign borrowing and subsidies

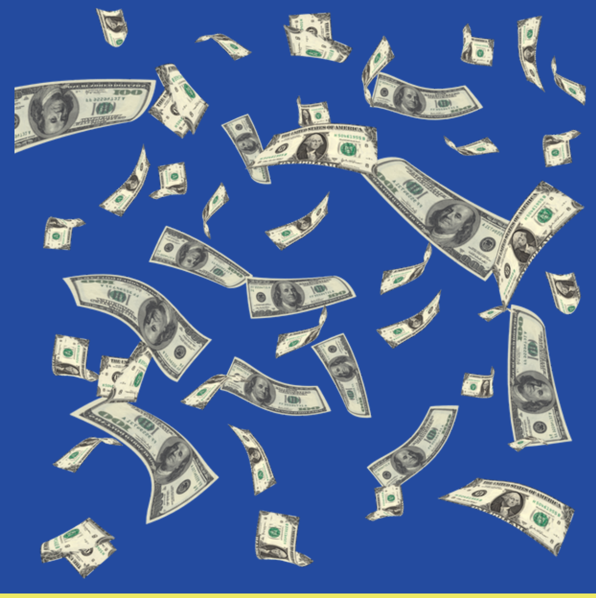
The borrowing were being mistargeted and undermined.

In 2017, 87% of Venezuela's population lives in poverty

In 2019, Venezuelans earned an average of $0.72 US cents per day

POLICIES & ACTIONS

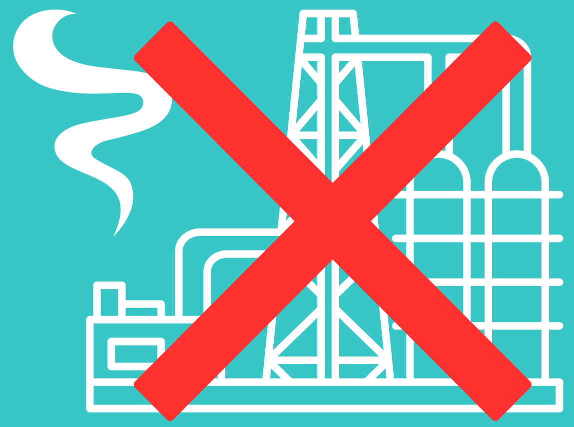


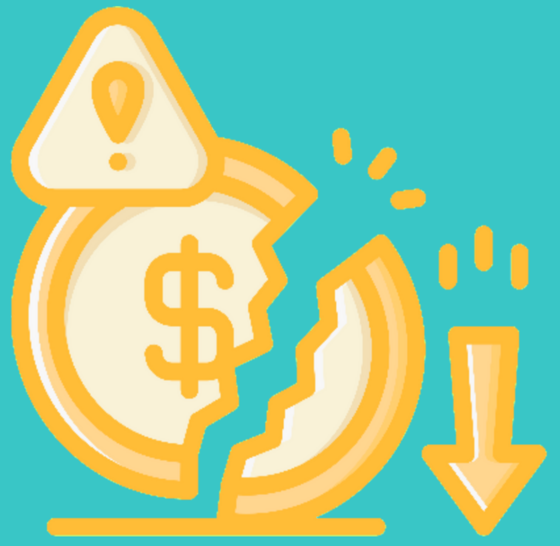


	FOREIGN DEBT LOADS	OIL PRICE	HYPERINFLATION
GOVERNMENT ACTIONS	• **No changing** management plan in particular • Continued to **over spend** to subsidize people	• Continued to **over-relying** on oil export	• **Printed more banknotes** • Still **did not reduce** government expenditure

OUTCOMES

NOT EFFECTIVE





	FOREIGN DEBT LOADS	OIL PRICE	HYPERINFLATION
RESULTS	• very high default debts • loss financial credit • higher poverty rate	• country's income largely dropped even more • reduction in oil production capacity	• money balance continued to be in long deficit • skyrocketing resource shortages

SUMMARY

1 Cause

- 90% of all exports from Venezuela are made up of oil
- High inflation

2 Effect

- Venezuela's GDP decreased
- Dramatic decline in oil prices
- Venezuelan inflation

3 Policies

- The foreign borrowing
- No longer able to address the issue through political or economical channels