

Venezuela

OIL POWERS THE ECONOMY

BEFORE YOU READ

Reach Into Your Background

There are some things in life that people can control and others that they cannot. Think

of at least one thing in your life that you can control. Think of another thing that is beyond your control.

Questions to Explore

1. How was Venezuela affected by the oil boom?
2. How is Venezuela trying to change its economy for the future?

Key Terms

boom
privatization

Key Places

Caracas
Lake Maracaibo

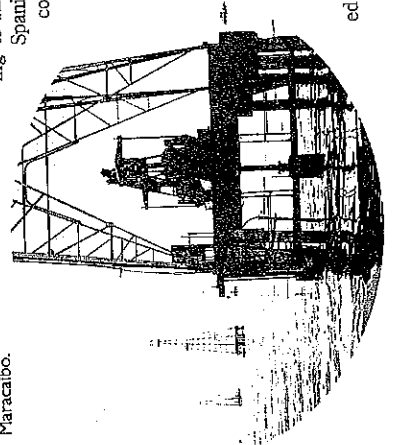
Welcome to Caracas (kuh RAHK us), population about 3.3 million. The view from a high-rise apartment can be breathtaking. At night, thousands of lights dot the surrounding hills. Below, on the street, fashionable-looking people walk by on their way to dinner or a movie.

Outside, the air is balmy. You won't find much pollution in the air, either. The city is in a valley that runs from east to west. Winds blow through it. They sweep the exhaust of the many cars out of the city.

Why not visit one of the cafes? Or if you're lucky, you might find a party for teenagers going on right in the street. They may be listening to American-style rap music. But the words will be in Spanish. If you have the time, take the Caracas subway. It cost the government millions to build, more than any other subway in the world. You can get almost anywhere in the city on it, and the fare is only about 25 cents.

A Land Made Wealthy by Oil

Venezuela's government could pay for the subways because of money it made from the sale of oil. Venezuela has vast supplies of oil. The Country Profile map shows where Venezuela's oil is located. Venezuela's oil has earned millions of dollars on the world market. People migrated from the countryside to work for the oil companies.



Many of Venezuela's largest petroleum deposits lie beneath the floor of Lake Maracaibo.

Country Profile: Venezuela

Location: Caribbean coast of South America

Climate: Tropical, highland, and in coastal region

Terrain: Flat coastal plain bordered by mountains and hills

Population: 22.8 million

Major Religions: Christianity

Government: Republic

Economy: Agriculture: coffee, rice, corn

Major Industries: steel, oil products, textiles

Exports: Petroleum, bauxite, aluminum, steel, chemicals

Imports: Industrial machinery and equipment, manufactured goods, chemicals, food

KEY

- Petroleum
- Sheep
- Gold
- Cocoa
- Coffee
- Fruit

Venezuela: Economic Activity

Map Study: This map shows the natural resources of Venezuela. Venezuela is famous for its deposits of petroleum. However, Venezuela also has many other resources, including soil that is good for farming and raising livestock. Interaction: What part of Venezuela has the most natural resources? What area do you think has the most cities?

Age Structure (in years)

Under 15	15-64	65 and over
41	58	1

Ethnic Groups

Hispanic	European	African	Native
67	10	10	2

REMEMBER ACTIVELY

Predict Do you think that one resource, such as oil, can support a country forever? Why or why not?

of money. Many people were hired to run government agencies and government-owned businesses. The government built expensive highways and high-quality roads. The government began to borrow money so that it could spend even more.

In the mid-1980s, too much oil was produced in the world. The price of oil started to fall, but millions of people were still employed by the government. They ran the many government offices. Or they worked in government industries. Finally, the government was spending much more than it could earn. As the price of oil continued to drop, many people lost their jobs.

The New Poverty Poor people from the country were hit the hardest by the drop in oil sales. They had come to Caracas and other cities to work in the growing industries. When the oil industries cut back, many of these people were left without jobs.

Venezuelan Culture

During the oil boom, Venezuela changed from a traditional culture based on agriculture to a modern urban country. Now about 80 percent of the population lives in cities.

A Venezuelan Life Juan Varderi (huh-n var DEER ee) is about 28 years old. He is a good example of the new Venezuelan. Juan grew up in a densely populated coastal area north of Caracas.



▽ Caracas is the largest city in Venezuela. It is also the country's capital.

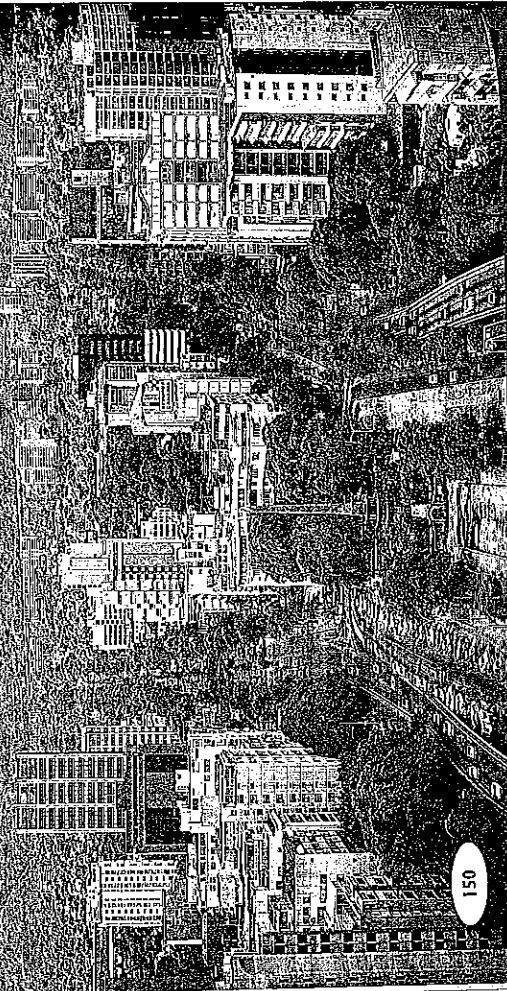
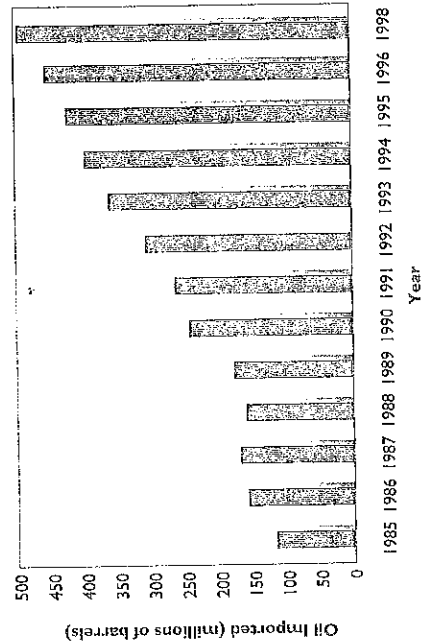


Chart Study The United States has several major petroleum deposits, but still uses more petroleum than it produces. The United States imports petroleum from Canada, Mexico, Nigeria, Saudi Arabia, and Venezuela.

Critical Thinking When did the United States import the least amount of petroleum from Venezuela? When did it import the most?



ACROSS THE WORLD

Germany in Venezuela in 1943, the Venezuelan government recruited almost 400 Germans to live in the mountains west of Caracas. For over 100 years their colony, Colonia Tovar, was isolated. The people spoke German, ate German food, and married only Germans. The town is still so different from the rest of the country that it deserves its nickname, "Germany in Venezuela."

Juan's grandfather raised sheep on a ranch east of Lake Maracaibo. He made a fairly good living selling wool and meat to people in Caracas. He fully expected that his son, Juan's father, would work with him, so he never encouraged him to go to school. But in the 1970s, Juan's father was lured by the oil industry, which was beginning to boom.

Varderi's father left the ranch at age 16. He went to work on an oil rig that was owned by the government. By the time Juan was born, the family was living in Caracas in a small apartment. They had a radio but no telephone. Juan Varderi grew up playing baseball on the streets of Caracas. Baseball is very popular in Venezuela.

By the early 1980s, Juan's father was making more money. The family bought a television. Televisions had become popular. Varderi remembers those years as the most exciting time of his life.

“There were American programs you could watch on television, dubbed into Spanish. My friends and I paid attention to the clothes that the Americans wore. We tried to dress like them. We thought their music was the coolest in the world. We used to watch rock videos and try to learn the words of songs. In the early 1980s, we thought we could live just like rich Americans seemed to live. We didn't understand it was only taking place on TV. We didn't know what was going to happen to us in just a few years.”

READ ACTIVELY

Ask Questions if you had a chance to meet Juan Varderi, what questions would you ask? What questions do you think that Juan would ask you?

A few years later, when Juan Varderi turned 15, oil prices fell. His father lost his job. Three years after that, the family was in danger of losing its apartment. Varderi thought his family would have to move. But his father found another solution.

Government Businesses Go Public The solution Juan's father found lay in a new government policy of privatization. Privatization (pry vuh tih zay shun) occurs when the government sells its industries to individuals or private companies. In the late 1980s and the 1990s, the government decided to sell some of its businesses to private corporations. It hoped that the corporations would make big profits. The profits would help workers. When the government turned over an oil refinery to a private company, Varderi's father applied for a job there. He was hired. The salary was less than he had earned working for the government, but it was enough to keep his family in their apartment.

Finding Other Ways to Make Money Venezuela started new industries in an attempt to make its economy less dependent on oil. The country is producing goods such as steel, gold, cocoa, coffee, and tropical fruits. Varderi's oldest brother, Julio, received money from the government to start a small fruit orchard. This year he made enough money to support his family and help pay for a ticket for Juan to visit New York City. It was a trip Juan had always dreamed of.



Many Venezuelans like to wear fashions from the United States, especially jeans. They also like to meet each other in plazas, or public squares. In fact, addresses in Caracas are given by plazas and corners, not streets.

Painting: Going to Venezuela



The Piarao, one of Venezuela's Native American groups, farm on land they have cleared in Amazonas Territory. Critical Thinking What details from this photograph provide clues that these men are planting?

A Changed Venezuela Whatever Venezuela's economic future is, one thing is certain. The oil boom brought Venezuela into the modern world. When televisions, cellular phones, and other conveniences came into Venezuelan homes, life changed permanently. Juan Varderi dreams of having these things again in the future. And he is willing to work as hard as necessary to get them.

SECTION 4 REVIEW

1. Define (a) boom, (b) privatization.
2. Identify (a) Caracas, (b) Lake Maracaibo.
3. (a) What happened to many Venezuelans during the oil boom? (b) What happened to them after?

4. Explain how Venezuela is trying to improve its economy.

Critical Thinking
5. **Drawing Conclusions**
(a) Why did the drop in oil prices affect Venezuela so much? (b) What do you think Venezuela should do to avoid economic problems in the future?

Activity
6. **Writing Activity** Juan Varderi learned about United States culture from television programs. Describe America as shown on television.