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LATIN AMERICA

Venezuelan Crisis Escalates as President's Economic Plans Fuel Tensions

Worries grow that Maduro's measures—including a higher minimum wage and currency devaluation—will paralyze the economy and drive more people to flee



A Venezuelan migrant waits in line to register entry into Ecuador, at the Rumichaca International Bridge, in Tulcan, Ecuador, on Aug. 19. PHOTO: LUISA GONZALEZ/REUTERS

By *Kejal Vyas and Ryan Dube*

Aug. 19, 2018 8:01 p.m. ET

CARACAS, Venezuela—The exodus of Venezuelans gained pace as the government's plans to address the collapsing economy fueled anxiety, while tensions grew in neighboring countries that have strained to absorb refugees.

Over the weekend, Venezuela's battered business sector warned that President Nicolás Maduro's plans—including a leap in the minimum wage, new taxes and a currency devaluation—would paralyze the economy and drive more people out. About 2.3 million have fled since 2014, according to United Nations estimates.

Meanwhile, a mob burned a refugee camp in Brazil on Saturday in retaliation for a robbery purportedly committed by four Venezuelans, prompting that country's president, Michel Temer, to order 120 troops to the troubled border. In Ecuador, the government on Saturday began requiring Venezuelans to have a passport, which are nearly impossible to obtain. Peru said it would follow suit after police arrested five Venezuelan men accused of planning a bank robbery.

Colombia, which has taken in about one million Venezuelans, is awaiting the arrival of a U.S. Navy hospital ship, the *Comfort*, to provide Venezuelans medical treatment.

For many who remain, it seems as if Venezuela is splitting at the seams. Rolling blackouts have crimped oil output, energy consultants said. Heavy rains, meanwhile, have devastated the south and west near Colombia, leaving some villages under water and residents pleading with government officials for help.

Venezuela's opposition, its leaders at odds over how to deal with the crisis, joined with representatives of some oil workers' unions to call for a national strike on Tuesday, the day Mr. Maduro's economic measures are to take effect.

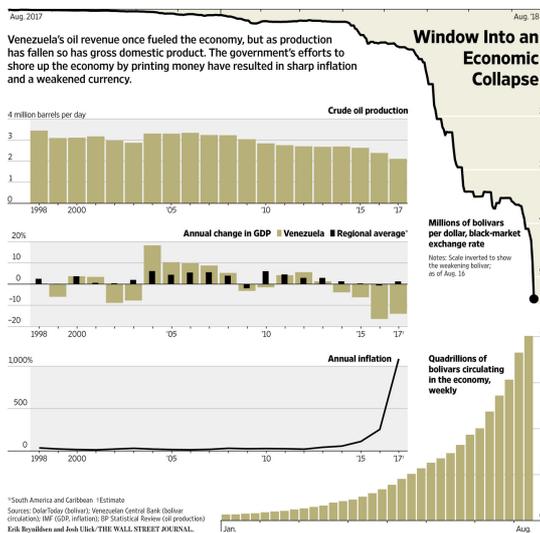
"Tuesday's call is the first step to unify the people in the struggle," Andres Velasquez, a prominent opposition politician, said on Sunday. "Maduro's measures are not meant to improve the economy but instead represent more hunger and poverty."



People line up to withdraw cash from an automated-teller machine in Caracas, Venezuela, on Aug. 17. PHOTO: MARCO BELLO/REUTERS

Another opposition politician, Maria Corina Machado, said in an interview that Venezuelans and regional governments needed to step up the pressure on Mr. Maduro. If nothing is done, she said of the government: “They can annihilate us and impose their mafia state.”

Still, Mr. Maduro has weathered protests in his tumultuous five years in power, cracking down on demonstrators with such fury that few now dare to protest.



The president's new measures include a new currency called the sovereign bolivar, which will lop five zeros off the existing tender. Many economists said the move fails to address the real cause of inflation: uncontrolled printing of money.

The rollout comes as Mr. Maduro plans to raise the minimum wage to about \$30 a month from less than \$1.

Economists warn the measures will drive inflation even higher than the 1,000,000% the International Monetary Fund projects this year. The

government, which is in default on \$6 billion in debt, is expected to print more bank notes to make up for a loss of export earnings that has come with the drop in oil production.

The president has also pledged to raise the price of subsidized gasoline, which in the past has sparked riots. The plan is for subsidies to be maintained with the national identification Fatherland Card, which critics said is used for social control. Information Minister Jorge Rodriguez said new gasoline prices wouldn't be announced before late September.

For ordinary people, Mr. Maduro's measures mean more anguish and uncertainty.

Those trying to stick it out here said Mr. Maduro's proposals would destroy what was left of the economy. Those Venezuelans considering fleeing worried about the growing backlash against hundreds of thousands of Venezuelans who have already left.

“Everything is chaos,” said Nelly Baric, an employee at a public hospital who once supported the so-called revolutionary government that, upon taking power 19 years ago, promised to upend the old economic and social order. “I'm afraid they will close more small businesses and, if you consider the [low] production today, which is very insufficient, then you can imagine the situation we're in.”

Randú Carvajal plans to close his Caracas restaurant and hasn't ruled out migrating. “We don't know what to do. All the prices are going to go up.”

Mr. Maduro on Friday night asked Venezuelans to trust his economic measures.

A former bus driver and union activist, Mr. Maduro trained in Communist Cuba as a young man but never received an education in economics; his primary economic adviser has been Alfredo Serrano, a Spanish leftist who adheres to the theory that the U.S., angry about a socialist

government in its hemisphere, is orchestrating the disaster that has befallen this country of 30 million.

“Let’s have faith,” Mr. Maduro said as he unveiled details of his plan. “Rest assured that sooner or later, we, in economic matters, will be harvesting victories....I trust in you and I ask for your support.”

In Caracas, large parts of the capital don’t have running water, and some wealthy residential complexes are drilling their own wells.

On Sunday, Caracas and many other cities were like ghost towns. Stores that normally open were mostly closed, their owners afraid they would be swamped by panicked shoppers. Gas stations, in contrast, did a brisk business as people rushed to fill their tanks, fearing a price increase. Some stores selling perishables, like meat, opened with hopes of unloading their stock.

José Ramón Pérez, a vegetable dealer, was open but said suppliers hadn’t sent produce. “There are almost no goods, look at the empty stalls,” he said, adding that some were hoarding, awaiting the new currency and new prices.

María de Figueira, who also sells produce, predicted chaos as Mr. Maduro’s new measures are felt. “We’ll probably be insulted by clients who are as confused as I am,” she said. “When something costs 3.4 million bolivars and I tell people it’s now 34 bolivars they’ll look at me and say they cost three or four.”

The outflow of people from what was once Latin America’s richest nation has exacerbated tensions in neighboring countries, particularly with poorer classes who have had to compete with Venezuelans desperate for any kind of job.

In Brazil on Sunday, Mr. Temer held an emergency cabinet meeting a day after a mob of Brazilians upset by news reports that four Venezuelans had beaten up a storekeeper during a robbery burned a refugee shelter. The Brazilians chased some desperate Venezuelans back across the border.

“They burned everything. Brazilians took it all, our bags, everything,” an unidentified Venezuelan woman told Brazil’s GloboTV. Scores of Brazilians sang the national anthem while police escorted refugees out of Paracaima, a town located on the border with Venezuela.

One Brazilian in a video said war had been declared with the robbery by the Venezuelans. “God only knows what may happen,” he said.

The news from abroad made Luis Lorenzo, 34 years old, who is considering leaving, think twice. “I feel fear to be rejected upon arrival,” he said, “and that will make finding a job harder.”

—*Maolis Castro in Caracas and Paulo Trevisani in Brasília, Brazil, contributed to this article.*

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