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An Overview of Venezuela's Educational Policies

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Contribution/Originality:
The article's primary contribution to the existing literature on education in Venezuela is it delves into the nation's educations policies, compares relevant economic indicators with the aggregate trends of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Honduras, Mexico, Nicaragua, Panama, Peru, El Salvador, Uruguay, and Venezuela. The study is among a few studies that have examined Venezuela's educational policies and compared them to the stated countries, making the paper unique and of great value to economists, educationalists, and the economic development department in Venezuela.

Relevant Comment:
The empirical and literature findings supporting the topic's assertions can be found in (Osiobe, 2019; 2020a; 2020b; 2020c). This is not a self-citation but an empirical and theoretical defense for the recommendations made in this paper. Hence, making the study an informative project.

Country:
Venezuela

JFL Classification
E10, I21, I24, I25, I28, O11, O12, O15

Keywords:
Education,
Human capital,
Growth

For questions, comments, and suggestions, please get in touch with Dr. Jiji E. U. Osiobe (jiji@aneosiobe.ngo)

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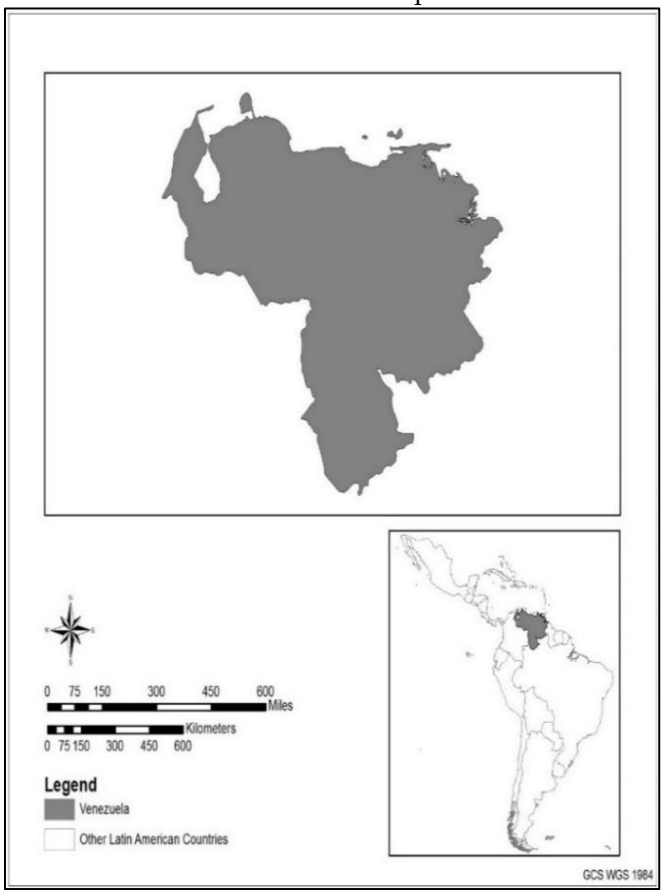
Overview:

Officially known as the Bolivarian Republic of Venezuela, Venezuela is located at the top northern end of South America. The country is the 32nd largest country globally, the 6th largest country in South America (Google Earth (GE), 2019). With 28.9 million people in 2018, the nation ranks 50th in the world by population (World Development Index (WDI), 2019). In terms of the Global Competitive Index (GCI), Venezuela ranks 127th out of 140 countries. Venezuela is ranked 51st in the world and 4th in Latin America in the 2018 Environmental Performance Index (EPI) (Yale Center for Environmental Law & Policy (YCELP), 2018).

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Figure 1:
Venezuela on the continental map of Latin America



Author's creation (GE, 2019)
*Gray specific country of interest

The nation has the world's largest oil reserves, and the oil industry accounts for a majority of all exports and accounts for more than half of state revenues. Today, production in the oil industry is down because the federal government mismanages the state-owned Petróleos de Venezuela, S.A. (PDVSA) oil company. In the study, the Selected Latin America and the Caribbean (SLAC) countries that will be studied as a comparison benchmark are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica,

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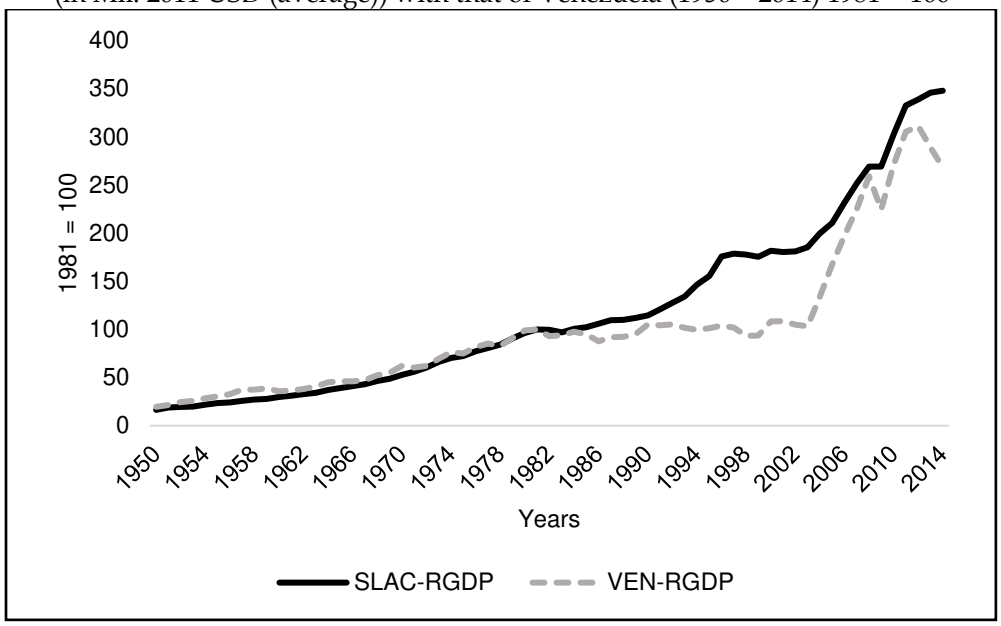
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Honduras, Mexico, Nicaragua, Panama, Peru, El Salvador, Uruguay, and Venezuela (excluded).

Venezuela's primary economic sectors are commerce, tourism, and education. In the 20th century, the nation of Venezuela grew from a relatively poor agricultural community to an urbanized one. This urbanization shift was possible by the country exploiting its petroleum reserves. However, these changes have led to an imbalance among the nation's socioeconomic, regions, and groups. Also, the big cities in Venezuela have seen massive uncontrolled migration from rural communities and mass international immigration from neighboring nations. Many SLAC, including Venezuela, have urban poverty, widespread governmental patronage, corruption, and massive foreign debt. The country's political and social ills have been met by natural disasters such as the great floods of 1999.

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Figure 2:
A comparison of our SLAC $RGDP_{ppp}$ at chained
(in Mil. 2011 USD (average)) with that of Venezuela (1950 – 2014) 1981 = 100



Source: (Penn World Tables (PWT), 2019).
Author's creation

Figure 2 shows Venezuela's Real Gross Domestic Product purchasing power parity ($RGDP_{ppp}$) 1981 = 100 from 1950–2014 as it compares to that of the SLAC moving average. Figure 2 depicts Venezuela marginally at par with the SLAC moving average from 1950–1982, and it underperformed the benchmark moving average from 1983–2014, which trends are similar to that of Figure 3. This implies when the numbers in Figure 2 are converted to an index of 1981 = 100to measure the change in the value of their $RGDP_{ppp}$To see the direction of production in the economy, Venezuela underperformed the SLAC by a significant margin.

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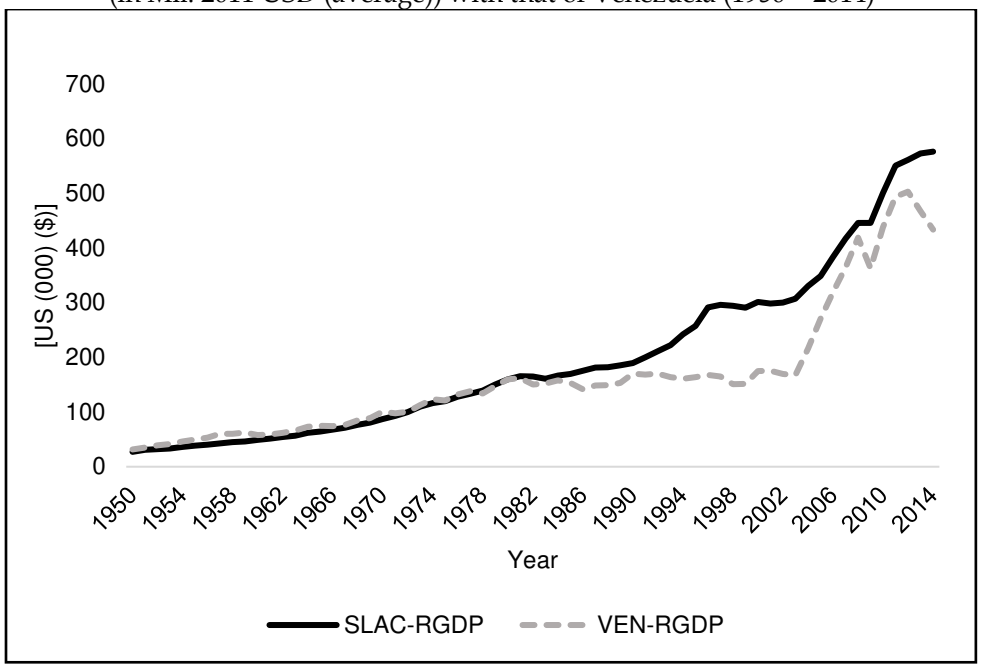
Venezuela's economy is based primarily on the production, exploitation, and exportation of petroleum. Between the years 1940–1970, the nation was the world's largest petroleum exporter. Today, the country remains one of the principal players in the oil export market and one of its primary partners in the United States (US). For many decades, the Venezuelan economy has relied on revenue from the petroleum industry to diversify and modernize other sectors of its economy. As a result of the slogan, "*sembrando el petróleo*" ("sowing the oil") has been used in the country since the 1940s. The deposits of nickel, iron ore, coal, bauxite (the ore of aluminum), and hydroelectric power have also helped expand the nation's economy.

In the 1960s, the Venezuelan governments implemented import-substitution economic policies that increased tariffs on international products to limit its importation of manufactured goods while subsidizing domestic products to grow its local manufacturing industry. In the 1970s, the Venezuelan government shifted its economic policies to socialism oriented one and, when fully socialism in 2006 during the Hugo Chávez administration. The government nationalized the oil, gas, and iron ore industries.

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Figure 3:
A Comparison of our SLAC $RGDP_{ppp}$ at chained
(in Mil. 2011 USD (average)) with that of Venezuela (1950 – 2014)



Source: (PWT, 2019).
Author's creation

Figure 3 shows the trends as Figure 2, with Venezuela's $RGDP_{ppp}$ actual numbers being at par with our SLAC from 1950–1982 and underperforming from 1983–2014. By the 21st century, the nation's economy was pressured by massive foreign debt, high unemployment, rapid population growth, and illegal immigration. However, today, the economic situation has improved; around 2007, the nation had paid off some of its foreign debt. Primary and secondary education in Venezuela is free and compulsory between the ages of 6–15. This educational policy has led to more than nine-tenths of the Venezuelan population, age 15 and older to be literate. Recent economic urbanization and modernization that started in the 20th century brought about a

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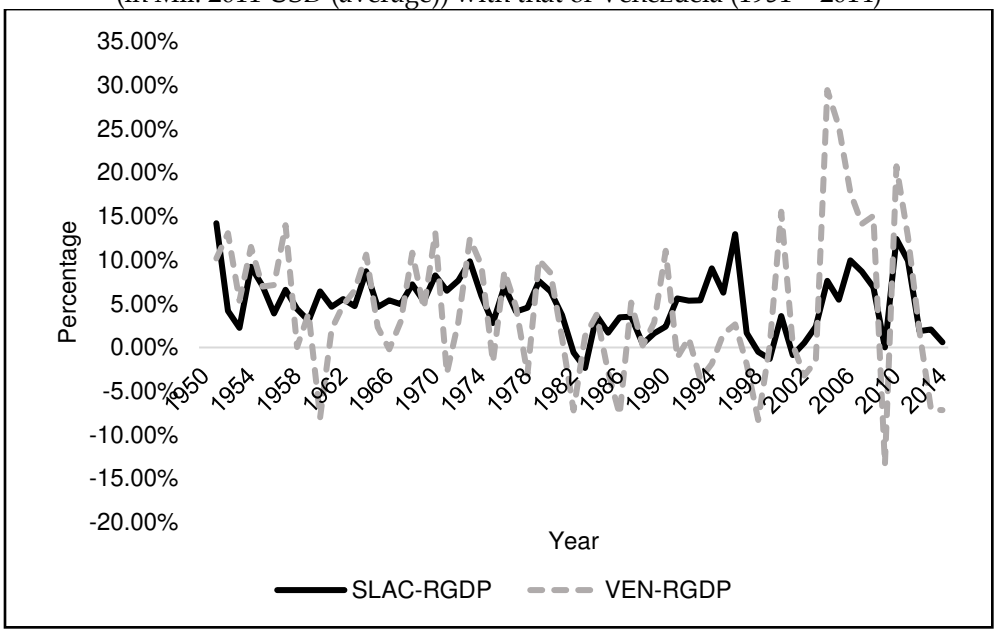
remarkable improvement in Venezuela's socioeconomic structure and educational system. The economic difficulties of the 1980s and 1990s governmental mismanagement are still affecting the system.

Although Venezuela significantly increased the states' educational expenditure in the 20th century, almost half the money allocated for education was spent on the universities, while the primary and the secondary educational levels suffered from low-quality equipment, unqualified teachers, and high student dropout rates. In other to solve this problem, the Venezuelan government began to restructure the educational system in the late 1990s. Today, the country is faced with many current socioeconomic concerns, including, but are not limited to, violence on the streets, hyperinflation, an increasingly politicized military, and shortages of essential consumer goods and medical supplies. The overdependence on the petroleum industry and the mining industry's irresponsible mining operations has endangered the rainforest and indigenous peoples in the rural areas.

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Figure 4:
A comparison of our SLAC % change of $RGDP_{ppp}$ at chained
(in Mil. 2011 USD (average)) with that of Venezuela (1951 – 2014)



Source: (PWT, 2019).
Author's creation

Figure 4 shows Venezuela to be more negative volatile than our SLAC from 1950–2014. This implies that the nation's economy has experienced more negative economic shocks between 1950–2002 and a few positive ones between 2003–2010. According to the *Wall Street Journal* and *Heritage Foundation*, the nation has the weakest property rights laws in the world, scoring only 5.0 out of 100. Venezuela operates a command system economy, and its primary source of revenue is the petroleum sector, accounting for a third of the nation's GDP, the oil industry also accounts for 80% of the nation's net exports and more than half of the federal government revenues. Venezuela sells the least expensive petrol in the national market world due to the subsidization of

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the product to its consumer. Since the early 20th century, Venezuela has played a significant role in the trade of natural resources, and the nation is one of the founding members of The Organization of the Petroleum Exporting Countries (OPEC). Due to the 1980s oil glut, the nation's external debt and economic crisis increased, leading to a 100% peak in inflation rate in 1996 and a 66% rise in the poverty rates.

Due to the Bolivarian Missions program, the nation of Venezuela made some socioeconomic progress in its communities in the 2000s, especially in the education, health, poverty alleviation issues. The government was jumpstart by some of the United Nations Millennium Development Goals (UN-MDG), agreed upon by 188 countries worldwide in September 2000. A new economic development plan launched in August 2018 proposed economic policies that will remove five zeroes and considerable devaluation of the nation's currency, an increase in the nation's minimum, massive state control of the economy, and blatant disregard for the rule of law.

The current law governing the Venezuelan higher educational system dates back to the 1970s, and while all stakeholders involved in the debate over higher education agree that the educational requirements of the nation need to be updated. In 2007, then-President Chavez introduced the new Bolivarian curriculum for both privately run and publicly run schools in the country. A new law was passed in 2009 that granted more control to the country's communal councils over curriculum development. The universities operate independently of the government but are publicly funded by the

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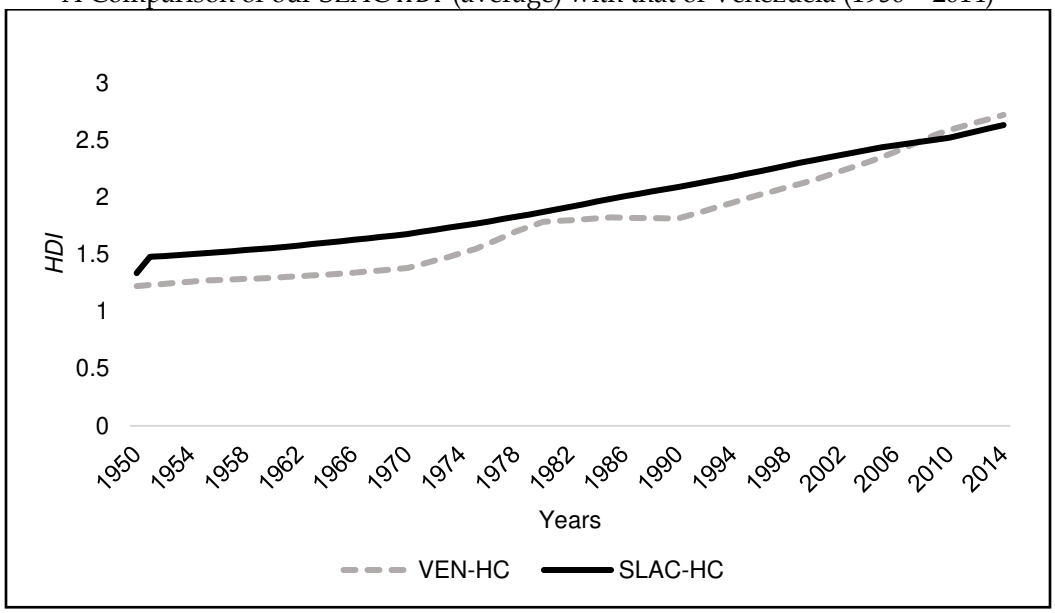
government. However, the universities sovereign administrating rights ended in 2009 when a new amendment to the educational law was passed. Since 2009, when the new educational law was passed, many university stakeholders in Venezuela have been fighting to avoid further erosion of their autonomy. However, with the establishment and expansion of new publicly run universities, the six state universities have been severely underfunded in line with new laws passed on federal funding policies.

The 21st-century educational reforms and outreach programs have improved the Venezuelan literacy rate, increased the number of children between the ages of 1–9 enrolled in primary school, and increased secondary school enrollments. These enrollment increases have led to a rise in the enrollment rate at the tertiary level. However, the government administration made little policies to support this enrollment growth and have left the universities and its students in a precarious position.

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Figure 51:
A Comparison of our SLAC *HDI* (average) with that of Venezuela (1950 – 2014)



Source: (PWT, 2019).
Author's creation

Figure 5 shows Venezuela's Human Development Index (*HDI*), as it compares to that of the SLAC moving average from 1950–2014. Figure 5 depicts Venezuela underperforming the benchmark moving average from 1950–2014.

Summary:

Education Policy Orientation Main Findings:

- Primary and secondary education in Venezuela is free and compulsory between the ages of 6–15.
- Public education from preschool to university is free.
- The ME governs the nation's education system.

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- In addition to the country's free basic and university education law, policies and services guarantee continuing education are heavily promoted in Venezuela.

Policies that Moved the Country Forward:

- The country passed a 2009 education reform law.
- About 20% of the national budget is assigned to the education sector.
- As of 1995, the nation allocated about 5% of its GDP on public education.
- The 1980 law of organic education *Ley Organica de Educacion was* established in article 14 *(Ley de Educacion 1940)*, 15, 16, and 23 to promote and improve that standard of education in the nation.
- In 1969 the government entered a revision process of the whole educational system called *La Reforma educative*.

Policies Implication and Recommendation:

When the lights went out in the nation of Venezuela's schools, this was one of the hardest blows for the countries education systems, and schools were shut down for several days as it brought the system to darkness and desperation.

- The economic crisis and the nation's educational policies have made the Venezuelan government force both public and private university professors,

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(non)academic works, and students to either search for new jobs outside the country or leave the country.

Most, if not all, of the Venezuelan education issues and policy implications revolve around the nation's political stability. To move forward, it is advised that a more economical scalable structure be adopted.

Contribution to Venezuela Literature on Human Capital and Economic Growth:

This study contributes to the literature on the role of Human Capital (HC) in economic growth and development by highlighting the critical educational policies passed by the Venezuelan government and how these policies affected the HDI level of the Venezuelan economy. Studies that have delved into Venezuela's economy include (Corrales & Penfold, 2011; Salas, 2005; Manzano & Monaldi, 2010; Purcell, 2013; Hassan, 1975; Nakatani & Herrera, 2008; Motta, 2010). The theoretical formulation of the relationship between HC and economic growth in Venezuela has been studied by (Bello et al., 2011; Hausmann, 2001; Zimmerman & Chu, 2013; Agnani & Iza, 2009; Brown & Lawson, 1989; Aitken et al., 1996). The theoretical formulation of the relationship between HC and economic growth consistently predicts that knowledge embodied in humans is essential for innovation, productivity, and economic growth. However, this relationship was not consistent in some studies; for example, (Benhabib & Spiegel, 1994 & 2005; Quiggin, 1999 & 2002).

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Further Study:

Further studies need to be done that focus mainly on the Venezuelan economy and the relationship between HC and economic growth to understand the nation's economy better.

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