Venezuela: How a country can be rich and poor at the same time.

It is January 3, 2026, and breaking news dominates headlines around the world. U.S. President Donald Trump announces that Venezuelan President Nicolás Maduro has been captured during an American military operation. According to Trump, the operation was the culmination of a long-running conflict with Maduro, whom he accuses of involvement in international drug trafficking.

Many analysts, however, believe there is more to the story. Venezuela possesses the largest proven oil reserves in the world, and for decades, oil has been the country's primary source of income.

This raises an important question: if Venezuela is so rich in oil, why does such a large share of its population live in poverty?

The country's economic situation is nothing short of catastrophic. In recent years, Venezuela has endured one of the worst economic crises in modern history. Its economy has long been overwhelmingly dependent on oil, with crude exports accounting for more than 90% of the country's export revenue. When global oil prices collapsed in 2014, Venezuela's economy was hit especially hard.

To finance its growing budget deficit, the government resorted to printing increasing amounts of money. As a result, the Venezuelan currency, the bolívar, rapidly lost its value, triggering a period of hyperinflation in which prices rose at an extraordinary pace. At the peak of the crisis, Venezuelans sometimes needed millions of bolívars to purchase everyday necessities such as food.

In practical terms, money began to lose its function as a reliable store of value. In some cases, ordinary household items—including toilet paper—became worth more than the cash used to buy them.

In this article, we explore how one of the world's richest oil-producing nations descended into an economic collapse that left millions of people struggling to afford food, medicine, and other basic necessities.


Flag Venezuela. Source: wikipedia.org

Country destroyed by ignorance

Venezuela is located in northern South America, bordered by Guyana to the east and Colombia to the west, with the Caribbean island of Aruba lying just off its northern coast. Like many other South American countries, it is renowned for its breathtaking landscapes, towering mountain ranges, and beautiful beaches. In many ways, it seems like the perfect holiday destination. Yet millions of Venezuelans have fled their homeland, seeking refuge in Colombia and other neighboring countries. But why?

On paper, Venezuela is one of the richest countries in the world. It possesses enormous reserves of natural resources, particularly oil and gold—assets that would normally generate prosperity and sustained economic growth. However, much like the myth of Icarus, Venezuela ultimately flew too close to the sun.

For decades, the country earned vast sums of money from its oil industry, but invested relatively little of that wealth in long-term economic development. Only limited resources were allocated to areas such as healthcare, infrastructure, and economic diversification. Instead, the government spent large amounts on social programs, subsidies, and financial support for allied nations.

As a result, Venezuela's economy rested on a strong but extremely narrow foundation: almost everything depended on oil. Between 80 and 90 percent of the country's export revenue came from the petroleum industry.

Because so little was invested in other sectors of the economy, it was only a matter of time before the system began to unravel.

And eventually, it did. As global oil prices began to fluctuate and political tensions intensified, Venezuela's economy came under immense pressure. Under President Hugo Chávez, the government steadily increased its control over the oil industry. Through the *Ley Orgánica de Hidrocarburos* (*Hydrocarbons Law*), foreign oil companies were required to surrender larger stakes in their operations to the Venezuelan state. As a result, several international energy companies withdrew from the country.

The consequences were severe. Foreign investment, expertise, and modern technology gradually disappeared, making it increasingly difficult to maintain oil production.

To keep the economy afloat, the government resorted to printing ever-increasing amounts of money. This ultimately triggered hyperinflation, causing the Venezuelan currency to lose its value at an astonishing rate. For millions of Venezuelans, basic necessities such as food, medicine, and even toilet paper became unaffordable.

The worth of toilet paper in Bolivar, hyperinflation in practisation. Source: rtlnieuws.nl

Bad succesor

Shortly before Venezuela's economic crisis reached its breaking point, Hugo Chávez passed away. He was succeeded by Nicolás Maduro, who inherited an enormous challenge: a country in economic ruin, a deeply dissatisfied population, and one of the worst economic crises of the twenty-first century.

As many photographs from that period illustrate, the bolívar, Venezuela's national currency, had become virtually worthless. Hyperinflation caused the currency to lose its value at an astonishing rate. In some years, the inflation rate climbed into the hundreds of thousands of percent.

In practice, this meant that Venezuelans needed enormous stacks of banknotes to pay for even the most basic groceries. Purchasing everyday necessities sometimes required millions of bolívars.

The situation became so absurd that people began finding alternative uses for their money. Numerous photographs and reports showed Venezuelans using banknotes for arts and crafts, or even as a substitute for toilet paper. Quite simply, the paper the money was printed on was sometimes worth more than the purchasing power of the currency itself.

Hyperinflation wiped out personal savings, rendered salaries virtually worthless, and forced millions of Venezuelans to leave their homeland in search of a better future.


Nicolas Maduro before the national flag. Source: Brittanica.com

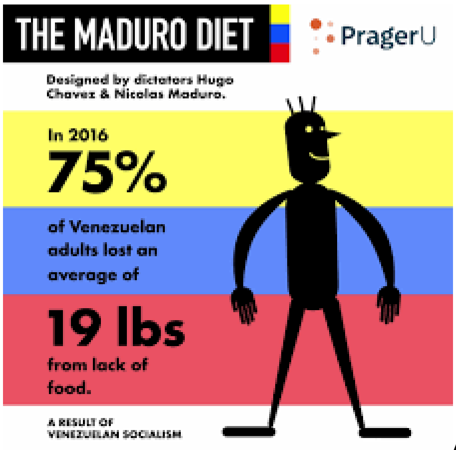
But what exactly was Nicolás Maduro's role in this crisis?

Although many of Venezuela's economic problems began under his predecessor, Hugo Chávez, Maduro is widely regarded by economists and political analysts as having significantly worsened the crisis. Rather than implementing major economic reforms, he largely maintained Chávez's economic model, characterized by extensive state control, price controls, and a limited role for foreign companies.

Maduro also faced widespread international criticism over his style of governance. He was repeatedly accused of concentrating increasing amounts of power in his own hands. In 2016, for example, Venezuela's Supreme Court authorized him to approve the national budget without the consent of the opposition-controlled National Assembly.

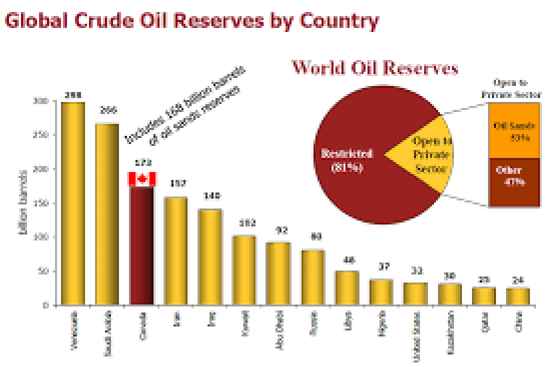
In the years that followed, the National Assembly was effectively sidelined after the creation of a new Constituent Assembly, which was granted broad political powers. Critics viewed this as a significant step toward authoritarian rule.

Meanwhile, living conditions for ordinary Venezuelans deteriorated dramatically. Hyperinflation, widespread food shortages, and the collapse of the economy pushed millions of people into poverty. The country's severe food crisis even gave rise to the term "the Maduro Diet," a phrase used to describe the involuntary weight loss experienced by many Venezuelans as food became increasingly scarce. Millions eventually fled the country in search of a better life in neighboring nations such as Colombia and Brazil.



Aftermath Maduro Diet. Source: facebook.com

Why Venezuela?



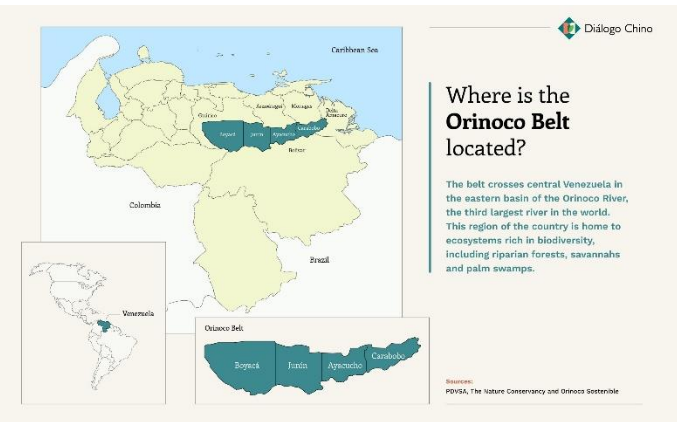
Oil reserves. Source: researchgate.net

As we can see, Venezuela possesses the largest proven oil reserves in the world—even larger than those of Saudi Arabia, a country whose economy is almost synonymous with oil production. Venezuela is estimated to hold around 300 billion barrels of proven oil reserves, officially giving it the largest oil reserves on Earth.

The reason Venezuela possesses such vast quantities of oil and gold, especially compared to other South American countries, lies primarily in its unique geological setting. Beneath Venezuelan territory are several sedimentary basins, including the Maracaibo Basin and the Orinoco Oil Belt, where ancient rock formations and tectonic structures created ideal conditions for the formation of fossil fuels.

Over millions of years, layers of sand, mud, and organic material accumulated in these basins. Subjected to immense pressure and heat deep beneath the Earth's surface, the remains of ancient plants and microscopic organisms were gradually transformed into crude oil.

These exceptional geological conditions allowed Venezuela to accumulate enormous quantities of petroleum within its underground rock formations. While many South American countries possess significant deposits of gold and other natural resources, none can match Venezuela's vast oil reserves. The majority of these reserves are concentrated in the Orinoco Oil Belt, a region that contains a substantial share of the country's total petroleum resources.



Orinoco Oil Belt in Venezuela, the biggest concentration of raw oil in the whole world. Source: dialogue.earth

Conclusion

We began this article with the reported abduction of Nicolás Maduro, a leader who has also been widely criticized for his handling of Venezuela's extraordinary natural wealth. Few countries illustrate the gap between theoretical wealth and economic reality as starkly as Venezuela. The country possesses an estimated 300 billion barrels of proven oil reserves—the largest in the world—most of which are located in the Orinoco Oil Belt.

These vast oil reserves and Venezuela's unique geological conditions make the country truly exceptional. Yet decades of poor governance, economic mismanagement, and corruption have plunged the nation into a deep and prolonged crisis. Venezuela had the potential to become a South American success story—perhaps even one of the wealthiest countries in the world. Instead, it is now one of the poorest nations on the continent. Hyperinflation, food shortages, and mass emigration have left deep scars on Venezuelan society. Millions of Venezuelans have fled to neighboring countries, such as Colombia, in search of a better life.

The reported abduction of Maduro has been viewed by many as a moral and legal gray area. Should the leader of a sovereign nation ever be abducted? Most would argue no. But what if that leader has governed the country poorly and others believe they could do better? Even then, such an action would remain a violation of international law. Nevertheless, some Venezuelans reportedly reacted with relief to the events of January 3, 2026.

Whether Donald Trump truly ordered Maduro's abduction because of Venezuela's vast oil reserves remains unclear, although some observers consider it a plausible explanation. What is clear, however, is that Venezuela stands at a crossroads. The country needs leadership capable of rebuilding its economy and restoring confidence in its institutions. Despite all its challenges, one fact remains unchanged: Venezuela possesses extraordinary natural wealth and immense potential, and a nation with so many resources should never have had to endure such widespread poverty.

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