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Título: A Tale of Oil Production Collapse

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Abstract: Lack of and delayed investment in high capital-intensive industries along with mismanagement can lead to collapse in output. This article focuses on the recent Venezuelan experience, a country with an oil-based rentier economy whose oil industry collapsed. We use synthetic control methods to compare actual oil production performance in Venezuela with a counterfactual scenario since the beginning of Hugo Chavez's presidency in 1999. Our findings indicate that the synthetic Venezuela outperforms the actual Venezuelan oil production, with the gap increasing notably since the late 2000s. On average, actual oil production in Venezuela was approximately 1 million barrels per day lower than the synthetic scenario during the 1999-2021 period. The results are robust to including additional predictors and a battery of placebo test.

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