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On Oct. 7, Juan Stredel, head of the Senate finance committee, said the government could opt for a "maxi-devaluation" if the Congress fails to approve new taxes to reduce the fiscal deficit. Stredel, a member of the ruling Accion Democratica party, pointed out that in the absence of new tax revenue, the deficit is expected to reach US$2.142 billion by year-end and between US$4.285 billion and US$5 billion in 1993. According to Stredel, the proposed legislation would raise tax revenue by US$2.857 billion in 1993, and the budget deficit could be reduced by US$1.428 billion worth of spending cutbacks and privatization revenue. On the following day, a report by the Planning Ministry (CORDIPLAN) recommended that the bolivar be devalued to 80 per US dollar. On Oct. 9, the dollar traded for a record 70.29 bolivars, up from 69.8 on Wednesday (Oct. 7). Over the past six months, the bolivar has been devalued by 10.6%. The dollar price hit the 70-bolivar barrier on Sept. 30, but declined thereafter. For two decades, the exchange rate was stable at 4.3 bolivars per dollar. Since 1983, currency devaluation has averaged 25% per year. (Sources: Agence France-Presse, 10/07/92, 10/09/92; Spanish news service EFE, 10/09/92)

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