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Erika Harding

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Venezuela: Government Rejects Exchange Rate Controls

by Erika Harding

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According to media reports on Oct. 20, cabinet members and central bank officials have rejected the option of exchange rate controls as a means of forestalling rapid devaluation of the bolivar. As of Tuesday, the price on the US dollar had reached a record 75.9 bolivars. In public statements on Oct. 19, business community leaders suggested that a return to controls on prices and exchange rates and regulation of financial and labor markets might be warranted to forestall an inflationary spiral. In Maracaibo (500 km. west of Caracas), spokespersons for the Zulia Industrial Chamber said bolivar devaluation 9.6% over the previous 10 days had paralyzed trade with Colombia. (Source: Agence France-Presse, 10/20/92)