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Venezuela’s Economic Woes Continue as Parties Gear Up For Assembly Elections

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This month’s return to Caracas of US diplomat Thomas Shannon following an initial visit in April has offered some sense of relief to Venezuelans as they wait for key developments to play out on both the economic front, in the form of promised reforms that could deliver "a wallop to the enemies of the people," and in politics, which are being shaped right now by internal party elections. The party primaries are a first step in a democratic process that will conclude, at the end of the year, with legislative elections.

Shannon made the trip at the behest of President Nicolás Maduro to continue a dialogue that will hopefully lead to lasting improvements in bilateral relations, which are even more strained than usual right now because of US President Barack Obama’s decision in March to sign an executive order defining Venezuela as an "extraordinary threat" to US security (NotiSur, March 27, 2015, and May 1, 2015).

Venezuela is also facing outside pressure from Spain, which has become particularly hostile since the conservative Partido Popular returned to power in 2011. This time around, however, it isn’t Spanish Prime Minister Mariano Rajoy crusading on behalf of the Venezuelan opposition but former leader Felipe González (1982-1996) of the Partido Socialista Obrero Español (PSOE), a party founded, in 1879, on Marxist principles but now socialist in name only. González agreed to come out in defense of two opposition figures detained in Caracas on charges that they participated in violent acts and in a frustrated coup attempt. In doing so the Spanish ex-prime minister, known for his lobbying skills, has allied himself with more than 20 right-wing leaders from Latin America and the Iberian Peninsula.

Things have changed in Venezuela since the opposition, concentrated mostly within the Mesa de Unidad Democrática (MUD), managed with the help of outside allies to bring the country’s political situation to the international forefront and paint a picture of the government as being anti-democratic and responsible for human rights violations. The government admits serious problems, especially with the economy, which has become unmanageable within the parameters established by Maduro and the governing Partido Socialista Unido de Venezuela (PSUV) [NotiSur, Feb. 21, 2014].

There is nothing particularly problematic, however, about the country’s approach to elections, a fundamental component of western republican democracies with which Venezuela religiously complies. It is at the very least erroneous, therefore, to attack the government along those lines, according to Luis Vicente León, director of the polling firm Datanálisis. It is also a mistake, he told the Associated Press (AP) agency earlier this month, to assume that voter frustration with the government will necessarily translate into votes for the opposition.
"A sense of entitlement"

Venezuela has held 13 elections (presidential, constitutional, and recall) since the late President Hugo Chávez (1999-2013) launched the Bolivarian Revolution in 1999. The next election will take place toward the end of the year, when voters go to the polls to choose all 165 deputies for the Asamblea Nacional, the country’s unicameral legislature. On May 17, MUD held internal elections to select its district candidates. The PSUV will do the same on June 21.

These internal elections are being organized and largely financed by the Consejo Nacional Electoral (CNE), a state body that has overseen—without objections and even earning praise from international observers—all of the past 13 elections. The parties, on the other hand, are responsible for covering logistical, transportation, and communication costs for the estimated 19,000 polling-station staff members and other personnel involved in the primaries. For last Sunday’s contests, the aforementioned costs were tallied at roughly US$82,000, the AP reported. To pay it, the opposition’s 109 candidates were each supposed to pony up US$754.50. The MUD, considering that amount to be too high, decided to limit voting to just 33 of the country’s 87 electoral districts, a significant infringement on citizen participation rights that generated strong internal criticisms.

"They say the government imposes itself on us, that it is authoritarian and distances itself more and more from democratic practices, but our own leaders are really the ones standing in the way of full participation in the primaries," a resident in the state of Zulía told the German news agency Deutsche Presse-Agentur (DPA).

The move also drew complaints from outside observers. "They could have said, ‘We’re going to go to full primaries across the country, we want to bring in students who were fighting for democracy last year.’ But they didn’t do that," David Smilde, a senior fellow at the Washington Office on Latin America (WOLA), was quoted as saying in a recent AP article. "It’s because they have a lot of politicians there who have a sense of entitlement. There are a couple dozen parties in the [MUD] coalition, and they all have leaders and some want to be candidates."

Constructive criticism

As the parties gear up for the legislative elections, the government is looking to introduce yet another mechanism to better manage the economy, which has struggled throughout the past two years and has been deeply affected by an ongoing slump on oil prices (NotiSur, March 20, 2015). During a May 13 broadcast of the radio and television program En contact with Maduro, the president said that in the coming weeks the government will propose strict measures to control the private sector. He said the idea behind the package of measures is to "tackle basic-goods shortages that have resulted from hoarding, speculation, and price gouging."

Maduro and the PSUV accuse the political right and its business-sector allies of waging "an economic war to destroy the Revolución Bolivariana." One manifestation of the war, says the government, is that prices are being set based on false exchange rates in order "to better rob the people." The president has said on a number of occasions that the upcoming measures will "give the bourgeoisie and the oligarchy a wallop."

"Since last September, with the fall in the price of oil, the economic situation seems to require surgical interventions as opposed to blunt blows," political scientist and journalist Ayelén Oliva wrote May 3 in the Argentine daily Tiempo. Oliva’s "constructive criticism" holds special weight
considering that it comes from an Argentine professional living in Caracas, where she serves as a permanent staff member in the regional television network teleSUR, based in the Venezuelan capital.

The Tiempo article recalled that during his speech at the start of the current legislative session in January, Maduro acknowledged that oil prices would not return to the US$100-per-barrel level. "The inevitable question that arises, therefore, is what the PSUV will do to govern with just half its hard-currency income," Oliva wrote. "The president urged the Venezuelan people to resist ‘the dissatisfaction, irritation, frustration, and anger’ caused by speculative maneuvers by people bent on blocking the distribution of basic goods such as milk, sugar, and ham, and by the longer and longer supermarket lines and constant price adjustments, which make people’s salaries evaporate like water."

**Feeding the people**

The teleSUR journalist said it is widely known that neither the country nor the economy will be able to hold out much longer against the sharp drop in the purchasing power of people’s incomes. "It’s also clear that this decline isn’t being caused by a schizophrenic turn in government policy but is rather the inevitable result of speculation and the drop in dollar revenue going to the treasury."

Oliva then quoted a homemaker named Yesenia Garcia. "The economy has gotten very speculative the past two years," Garcia, a member of the PSUV, said on May 1, International Workers’ Day. "The people with the power to import goods have ruined our salaries. We can’t get any supplies. Buying food has become an odyssey. In all of the links of the state food network, such as the PDVAL (Productora y Distribuidora Venezolana de Alimentos), the Abastos del Bicentenario, or the MERCAL (Mercado de Alimentos), there’s food. But those places are saturated by people who don’t need to buy products at subsidized prices but do so to get things to smuggle to Colombia or resell here at much higher costs."

In her article, written in a didactic tone, Oliva explained how the complex dollar market, with its three official rates, operates. One rate applies to imported food and medical supplies; another for tourism expenses and luxury goods; and the third, a marginal rate, set at 50 times the value of the first rate. Given this situation, the journalist argued, it is impossible to stop the local currency from devaluing. That devaluation, in turn, has caused unprecedented inflation, which stood at 68.5% by the end of 2014, according to the Banco Central de Venezuela’s annual report.

"While the complications affecting Venezuelans are huge, so, too, is the state’s effort to keep its network of price-regulated food active," Oliva concluded. "MERCAL, the PDVAL, and Abastos del Bicentenario extend their tentacles to all of the country’s neighborhoods. And even if they attract opportunists like flies, they’re also managing to keep the people fed."

-- End --