

Ahead of legislative elections

Support for ruling Chavistas evaporates as living standards collapse in Venezuela

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5 December 2015

As Venezuela prepares to hold National Assembly elections on Sunday, December 6, the ruling United Socialist Party of Venezuela (PSUV) faces a collapse in working class support driven by the relentless assault on living standards that has accompanied Venezuela's ongoing economic crisis. It may well result in a loss of the *chavista* parliamentary majority for the first time in 16 years.

The PSUV currently holds 99 out of 165 seats in the single-chamber National Assembly, in which most seats are elected by constituencies and a smaller number (roughly 30 percent) through party-list votes. Some recent polls show the Democratic Unity Roundtable (MUD) leading the PSUV by double-digits. While the polls are not a reliable indicator, particularly because the popular vote does not correlate to number of seats won or lost, there are increasing indications that the government of President Nicolás Maduro—who is not up for election—is preparing for the eventuality that the PSUV may lose the vote for control of the legislature.

Economic conditions in the country have become increasingly dire following the drop in the price of crude oil over the past year from over \$100 per barrel to under \$46. The collapse in oil prices—resulting from the slowdown in the global economy—has wreaked havoc on Venezuela, which relies on sales of oil for 96 percent of its foreign currency earnings, which it uses to pay for a wide variety of imports. The International Monetary Fund estimates that Venezuela currently requires oil to be priced at \$125 barrel in order to balance its own budget. Both of these factors have caused the country to burn through \$8 billion of its foreign reserves in the past year, roughly a third of the

total it possessed in 2014.

Before the precipitous fall in oil prices, Venezuelan oil production had already been decreasing, partly due to lack of investment and maintenance, reducing its foreign currency earnings. This, in turn, put pressure on the government to further restrict access to increasingly scarce foreign currency on the part of importers, which it has done, to the tune of 50 percent for private companies. This dual pressure fueled an increase in the black market value of the dollar and contributed to double-digit inflation.

However, the attempt to deal with the rising demand and dwindling supply of dollars through an increasingly byzantine system of currency exchange rates has proved to be an utter failure, with the black market value of the bolívar falling from 170 bolívars to the dollar in January of this year to over 900 bolívars, still rising at present.

Because so many goods are imported and thus require dollars to procure, the fall in the value of the bolívar against the dollar has been accompanied by tremendous inflation as prices have risen in response. The IMF expects inflation to hit 159 percent this year and 204 percent next year. This has eroded the purchasing power of workers, and Bank of America estimates that real wages have fallen 36 percent over the past two years. The IMF expects the economy to contract 10 percent this year and 6 percent the year after, the biggest contraction occurring in the world.

With imports falling, workers are also facing severe shortages of a variety of goods. The minimum wage of 9,649 bolívars per month amounts to only \$48 at the weakest of the legal exchange rates, and around \$10 per month at the black market rate, making many goods not

sold in price-controlled government-run stores inaccessible. These shortages have even been affecting areas of the economy that are supposed to receive preferential allocations of dollars for imports such as the food and medical sectors, which have received 32 percent fewer dollars than last year. Hospitals lack basic supplies and medical devices.

A BBC report interviewed doctors at the University Hospital of Caracas, with Dr. Ivan Machado, the head of cardiology, stating. “We have gone from 450 open heart surgeries a year to 20. And from 1,200 cardiac catheterizations per year, it’s now at most 300.” He further expressed, “I’m almost at the point where I have to say we need to close our department of cardiology, because it’s not fair to make us just look at our patients, and see which way they are going to die.”

The erosion of stable opportunities in the regular economy has also fueled an enormous growth in crime among youth. According to a children’s rights group, the number of crimes committed by minors rose 70 percent in 2014, and one child or adolescent was murdered approximately every 10 hours, most of them dying from gunshot wounds. Armed gangs have also taken to looting and robbing at worksites of the state oil company, PDVSA.

All of this has exposed the ruling *chavistas* as thoroughly conventional politicians in charge of a bourgeois government in crisis, who have made it their business to keep the working class from seeking their own independent way out. Their real constituency is the so-called *boliburguesía*, functionaries, officials, and military personnel primarily, who have become exceedingly wealthy through their connections, and who have ample access to foreign currency reserves in order to cushion the blow of the present crisis.

This class character of the ruling party and its government was proven amply during a recent strike at Sidor, a state-owned steel company that is a subsidiary of the military-dominated and controlled Corporacion Venezolana de Guayana. When workers complained about the company’s calculation of money owed due to a pay dispute, Maduro responded, “There will be no weakness in the face of labor criminals, anarcho-syndicalists,” threatening, “I hope they rectify their position immediately or soon. If not, we’ll recover Sidor with the entire people of Venezuela, with all types of workers.”



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