

Economic crisis heightens social tensions in Venezuela

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The fall in oil prices resulting from the deepening recessionary trends in the world economy has driven Venezuela into a deep crisis, creating an increasingly explosive political situation. As workers are being thrown into poverty by inflation and seeing a deep erosion in their living standards, the US-backed right wing, which is now in control of the National Assembly, is plotting to remove the government of President Nicolás Maduro.

From over \$100 per barrel in June of 2014, the price of Venezuelan oil has fallen to about \$30 per barrel, about \$5 per barrel under the OPEC basket price, reflecting increased refining and blending costs that Venezuela's "heavy" crude requires in order to be sold on the global market.

This has sharply reduced government revenue, approximately 45 percent of which is derived from oil exports. Because oil—amounting to 96 percent of total exports—is the main source of the US dollars used for foreign exchange in Venezuela, the government no longer has the funds to continue financing imports of a wide variety of products. This has led to severe shortages of all kinds of goods, ranging from food and personal care products, to necessary medicines and industrial supplies.

Food scarcity has become much more common throughout the country, with surveys estimating scarcity of 50 to 80 percent of the food products, and 87 percent of Venezuelans saying they are buying less food. The availability of pasteurized milk is down 95 percent, while powdered milk is down 80 percent. Venezuela only produces 35 percent of the milk and meat it consumes, and food imports in general have tripled over the past ten years over previous levels.

Aside from food, the health care system is in a state of near collapse from a lack of drugs and supplies. It is

estimated that 80 percent of all medicine is scarce or unavailable, with Venezuelans now taking to Twitter and other social media sites to make requests for specific needed drugs. Others are attempting to cross the now-closed border into neighboring Colombia for treatment. It is also reported that 80 percent of first aid centers have shut down. The availability of condoms is also down 90 percent. When they are found, prices have inflated beyond affordability.

Inflation, already significantly eroding working class living standards, is set to reach levels that will likely throw even wider layers into poverty. The Venezuelan Central Bank's own estimates put inflation at around 140 percent for 2015, about 40 percent less than the International Monetary Fund's (IMF) estimate. An estimate of inflation conducted by *Bloomberg*, based on the opinion of 12 economists, suggested 184 percent inflation for the current year, while the IMF's Western Hemisphere Director Alejandro Werner, and some other analysts, think the number may reach as high as 720 percent.

The IMF also estimates that the economy contracted 10 percent in 2015, and expects a similar contraction for 2016. This would be the worst economic contraction suffered by any country, with the next two worse economic contractions being Brazil and Greece at 3.8 percent and 2.3 percent, respectively. Though the IMF's estimates are worse than those of the World Bank and the Economic Commission for Latin America and the Caribbean of 7 percent decreases for both 2015 and 2016, either figure speaks to a startling decrease in economic activity.

To make matters worse, Venezuela, including the capital Caracas, have been hit recently with regular power outages. Venezuela derives 65 percent of its electricity from the Guri Dam, but low water levels

resulting from the El Niño weather pattern have lowered production levels. In response to protests following recurrent blackouts, Maduro extended the Easter holiday last week to five days in order to conserve power.

This has also affected the availability of running water, as the water pumps necessary for water flow to homes and businesses are also dependent on electricity. This in turn has exacerbated a Zika virus outbreak in the country. Zika has already infected around 400,000 people, as Venezuelans have resorted to storing water in buckets and canisters, creating breeding grounds for mosquitos.

The response by the Maduro government to the crisis has been to continually lay the entirety of the blame on the right-wing, US-backed opposition. This position, which was recently defended in an essay by Peter Bolton of the Council on Hemispheric Affairs (COHA), is summarized as the “economic war thesis,” or the idea that “business sectors friendly to the opposition are waging an aggressive and protracted campaign of economic sabotage to deliberately stir up social unrest to destabilize and discredit the governing Chavista bloc and in the ensuing chaos bring about an end to the PSUV government and the installation of a new one made up of opposition parties.”

It is certainly true that the parties of the opposition Democratic Unity Roundtable (MUD) are working closely with the US government to destabilize the Maduro government. In fact, following legislative elections in which the MUD gained a majority in the National Assembly, leaders indicated they would give themselves six months to find a “democratic, peaceful, and electoral solution” but threatened that the government was “doing everything possible to give itself a coup.”

Given the history of the United States in backing coups by extreme right-wing governments throughout Latin America, there is a grave danger to the working class represented by recent political developments.

However, the meddling of the MUD and US government is not the main source of the crisis, which is not unique to Venezuela. Other countries in Latin America have also been engulfed by crisis—Brazil, Argentina, and a host of other countries throughout the world, including the United States itself. Rather, it is the economic crisis itself which is driving the United

States to reassert its dominion over Latin America as part of its “pivot to Asia,” in a bid to drive out what it sees as substantial incursions into the hemisphere by China.

The crisis has completely exposed the socialist pretensions of the bourgeois nationalist government of Maduro and his predecessor Hugo Chávez. Sixteen years of “Bolivarian socialism” have left Venezuela completely dependent on the gyrations of the capitalist market. Moreover, the government’s response to the deepening crisis is to intensify the attacks on the living standards of the Venezuelan working class.

A defense of democratic and social rights in the face of both the attacks of the government and the very real danger of a coup attempt by the right requires the independent mobilization of the working class, separate from the PSUV and the bourgeois opposition parties.



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