

Venezuela's Maduro government imposes capitalist shock therapy

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Venezuela remained in a state of chaos Tuesday, four days after President Nicolas Maduro announced a series of economic measures, including a 95 percent currency devaluation and a conversion of the country's old currency "the strong bolivar" to a new one, the "sovereign bolivar," by lopping off five zeros from the new banknotes.

The country's fractured right-wing opposition claimed credit for reduced economic activity after an end to a long holiday weekend, but the closure of businesses and reduced public transportation appeared to have more to do with confusion over the new currency regime than the "general strike" called by the collection of discredited US-backed right-wing parties that make up the so-called Broad Front (Frente Amplio) previously known as the MUD (United Democratic Roundtable).

While the Venezuelan right cast its call for a general strike as an action in defense of the country's impoverished and exploited working class, one of the principal objections of the Fedecamaras, the business association that is a pillar of the right-wing opposition, was to Maduros' inclusion of a 3,000 percent increase in the country's minimum wage, which it claimed would bankrupt Venezuelan businesses.

The increase, which raises the Venezuelan minimum wage from \$1 a month to \$30 a month, is an accommodation by the government to the wave of strikes involving nurses, electrical workers, textile workers, public school teachers, university lecturers and various other sectors of the workforce.

The new \$30 is still a starvation wage amounting to less than half the amount needed to meet essential monthly necessities. It less than a third of the official monthly wage of Haiti, the poorest country in the Americas, and less than a tenth of the prevailing

minimum wage in most of Latin America's major economies.

In a statement issued on Monday, Maduro claimed that his new plan would usher in an "economic miracle" and represented a "revolutionary formula ... unique in the world."

The derisory minimum wage hike aside, the plan introduced by Maduro has all the earmarks of capitalist shock therapy, in which the full weight of Venezuela's profound economic crisis is to be placed on the backs of the country's working class.

In addition to the massive devaluation, the plan includes an increase in the country's value-added tax (VAT) from 12 percent to 16 percent, which will be translated into across-the-board consumer price hikes. Subsidies on gasoline prices are also being lifted in a bid to raise them from what had been among the lowest in the world to prevailing international rates. Previous attempts to impose such increases had led to riots in Venezuela.

This has been accompanied by tax exemptions for capitalist corporations, including energy transnationals seeking to exploit the country's oil wealth, as well as the lifting of currency exchange controls introduced in 2003 in an attempt to control capital flight.

The Maduro government has promoted its measures as the path to a "zero deficit," the same goal enunciated by right-wing capitalist governments throughout Latin America.

While the government and its supporters claimed that the roll-out of the new currency regime was a success, average Venezuelans saw it as just a further aggravation of the protracted crisis. Withdrawals of the new "sovereign bolivar" were limited to 10 (1,000,000 of the old "strong bolivar") at ATMs — the equivalent of 17 US cents. Bank tellers were allowed to give out

only 50 of the new bolivars.

The government has affirmed that it will pay the increased costs of the new minimum wage for small and medium-sized capitalist enterprises for the first 90 days, but no clear provisions have been introduced for it to do so.

The immediate effect of the new measures was a sharp rise in prices following Maduro's announcement on Friday, further intensifying the hyperinflation that the IMF has projected will reach 1,000,000 percent for the whole of 2018. Rising prices have been accompanied by severe shortages in basic food and medical supplies.

The increasingly intolerable conditions for Venezuelan working people have led to a wave of economic migrants fleeing the country in seek of work elsewhere in Latin America or farther abroad. The flow of Venezuelan migrants has led to a violent reaction in northern Brazil, where mobs attacked a migrant camp, as well as official restriction being placed upon their entry by both Ecuador and Peru, which are now demanding passports from Venezuelans passing south through Colombia.

US Vice President Mike Pence issued a denunciation of the Maduro government's new economic measures, declaring that they "will only worsen the lives of the Venezuelans."

Washington has imposed a series of increasingly punishing sanctions aimed at creating the maximum economic turmoil in the country, with the aim of preparing conditions for regime change. These have included a ban on Venezuela's borrowing or selling assets in the US financial system, making it impossible to restructure its \$60 billion debt. There are increasing threats that the Trump administration may escalate these measures with a ban on the import of Venezuela oil.

US government strategists are banking on the increasingly intolerable economic and social conditions triggering a coup by the Venezuelan military bringing to power a more pliant regime.

The military has been a central pillar of the Venezuelan government since the coming to power of Maduro's predecessor, the late Hugo Chavez, a former career army officer and coup leader, in 1999. His "Bolivarian socialism" rested heavily on the military command, which filled many of the top posts in the

government and profited immensely off of its control of government contracts, key economic sectors and illicit activities.

The arrests of two senior military officers in the wake of the August 4 attempted drone assassination of Maduro during a speech before troops in Caracas indicates the potential for fissures within the military command under the combined pressure of US imperialism and the growth of extreme class tensions within Venezuela itself.

Venezuela's workers and oppressed masses confront immense dangers under conditions of a growing threat of violent conflict between two reactionary and repressive factions of the country's ruling class, as well as that of a military intervention by US imperialism. These threats can be answered only by means of the mobilization of the working class independently of both the government and the right-wing opposition, as well as their respective trade union affiliates, in a political struggle to put an end to capitalism as part of a socialist revolution throughout the Americas and internationally.



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