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How do those who don't have dollars live in Venezuela?

Caracas

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There is more and more talk about how dollars circulate in certain parts of Caracas. But what happens to those who don't have access to the U.S. currency or have it only sporadically? How do they come to grips with that daily reality?

It's night in Caracas and the soccer tournament continues, with team after team taking the field, which is located on the heights of the neighborhood, among modest houses and buildings, in a fog hanging over the El Ávila hilltop. Each team registration costs 10 U.S. dollars in cash; the prize for the winner will also be in dollars: 60 percent of what is collected.



Not surprisingly, prices in an appliance store are directly displayed in dollars, as are rentals, vehicles and likewise at supermarkets or hot dog stands where you can pay in dollars and almost always get change.

“Boy, they’re all in a fever about the dollar,” a motorcycle parts saleswoman tells Sputnik — in Venezuelan Spanish — on Avenida Baralt in the popular West Side of Caracas.

The trend expanded during 2019. Once used primarily by the upper-middle class — entry to a discotheque in wealthy Caracas areas was paid for in dollars — in the last few months there has been a spreading presence and necessity to use U.S. currency.

The [Venezuelan] central exchange was not [intended] to hold the dollar as a currency of reference and savings — something that is common in Latin American countries like Argentina. The transformation occurred as dollars began to circulate for everyday expenses: Bills began to multiply on the streets, particularly \$1, \$5, \$10 and \$20 bills.

Society, the everyday economy, was apparently split by a dividing line: whether you had access to dollars and how much. For those who could have income in dollars, earnings and bank accounts were safe from economic hardship. What would happen, on the other hand, to those who were left out of that process or were on the fringes?

Economy and resilience in Venezuela: What about those excluded?

In the last five years, the Venezuelan economy has gone through situations as complex as the shortage of basic necessities, inflation and hyperinflation, including the absence and resale of cash. The so-called dollarization is one of the new phenomena within the broad panorama of different hardships.

Given these scenarios, numerous forms of resistance and restructuring have emerged. Mariana García and Hernán Vargas, Venezuelan researchers, have studied how these mutations have occurred during the last three years, particularly in the popular sectors, but also in the middle classes.

Theirs is a field of research into what they call “social reproduction and popular economies,” in a context where, as Vargas says, “In three years things have changed

tremendously.” The Venezuelan dynamic, economic as well as political — two inseparable dimensions – is dizzying.

Despite the changes, some key elements of the mutation, both in urban and rural areas, have been maintained. Garcia and Vargas point to four central issues “to reconcile a response to the question of how people survive.”

1. Labor migration

First of all, “The reconfiguration of labor that forces you [the working class] to shift from formal to informal work, for your own survival, to do [precarious] work inside or outside the country, because the search is for the greatest amount of foreign currency.”

That’s how the informal work initiatives such as selling and reselling flourished or how those already characteristic images of hairdressers appeared on the streets.

That has been one of the mechanisms in the face of price increases, currency depreciation and the resulting dilution of wages. Wages stopped rising, many workers left their salaried jobs, and as Vargas says, a characteristic of the previous Chavismo [the revolutionary process begun by the late President Hugo Chávez] years unravelled [which was a time] when “Everyone wanted to work permanently, under contract, in some public institution or perhaps in a private one.”

2. Subsidies

Second, Garcia says that one of the “determining factors as a matter of daily routine are the policies of direct monetary transfer or of subsidies for consumption provided by the Committees of Local Supply and Production (CLAP) or the bonds.”

This “has a tremendous impact on the survival of people who lives depend on their work,” says Vargas. To these policies should be added the invisible subsidy “that you see when you compare it with the services in other countries,” such as water, electricity, gasoline and some transportation.

3. Changes in consumption

Third, the researchers point to the scale of the shift in consumption, where consumption plunged in comparison to the way of life that had been in place in the previous years of Chavismo.

“The way of life in those years was like at the end of the year you went out to drink beer with your friends, those of us who worked for a salary could have lunch in the street every day, all of that went down the drain, and that’s important in terms of how life is being restructured in Venezuela,” says Vargas.

That created a mirror people hold up to compare their current mode of consumption with the previous one — something that has affected migration because “One of the things you see is that you hit that mirror and you leave the country seeking a lifestyle that you’re not going to find here.”

4. Collective resistances

Fourth, [Vargas notes], “The reconfigurations have led to a growing number of collective forms, which can be organized, including communal markets, peasant farmers, systems of exchange between organized communities, cooperativism.”

These collective forms, described by Vargas, are linked with what he calls the “growth of the small,” such as family farming, mutual support between families, direct exchange between neighbors and between Whatsapp groups. The “small,” multiplied on a national scale, has a massive impact.

Access to dollars

The four elements described above have been maintained throughout the last few years and during the recent development of what is commonly called dollarization, in which García says that “A vast majority of the population, both urban and rural, has little or sporadic access to dollars.”

The strategies to get income in dollars depend on possibilities, skills and historical reflexes. Thus, for example, for the middle classes, accustomed to established professions, such as teachers, “They are forced to emigrate because they do not know how to do anything other than work for a salary doing what they know how to do.”

That out-migration, which is pervasive in society, generates money transfers or remittances and redefines spaces. In some middle-class areas [according to the researchers], “You see more and more really old people walking around, figuring out how to solve problems, elderly citizens who sometimes stay with the little kids.” In some of

those places, many of the youth have had to emigrate to find jobs and send money home to their families.

That series of dynamics has redrawn the map of the economy of daily life, of streets, shops and consumption, creating splits around access to dollars and the [obtainable] quantity of dollars. [obtainable]. It is a visible dynamic that has widened inequalities, generating stability for a small fraction of society who have managed to guarantee sufficient income in dollars for themselves.

“You have sectors that from upwards of \$1,000 [a month] begin to operate differently. [They] even begin to have money to be able to buy things, another car, a business. They import and export because they come and go. They come here to have cosmetic surgery, dental work, things that elsewhere are more expensive,” says Vargas.

Economic ‘self-regulation’

The uneven expansion of dollars in the economy is growing month by month. The government has claimed that this is a “self-regulation of a resilient economy,” which seems to imply that this is a situation that was allowed to happen and encouraged in the context of siege.

This is not a normal scenario, but rather [one imposed] on an economy facing an economic and financial blockade led by the United States. For example, the U.S. has sanctioned the national aviation company, Conviasa, since the beginning of 2020, and the Russian oil company, Rosneft Trading, for trading with the sanctioned Venezuelan oil company, PDVSA.

The trend indicates that the dollarization process will continue and, with it, economic, social and political transformations. This is apparently the demand of big capital, national businessmen, big banks and — coping with all this in a scenario of blockade — the government will continue to open the doors to “self-regulation,” maintaining the social policies that have been key to confronting the [murderous sanctions] during the last few years.

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