

## The *economic thing*

The Marxism, in its several meanings (extreme or moderate) always professed the "historical materialism", according to which the economic factors of a society (the production relationships) are those that determine, in last term, the other social factors. Without arriving to this reduction, already overcome in social sciences, we have however to recognize the enormous weight that has the economic thing in the destination of the polis, ending up in occasions to not only transform into the factor condition but dominant. The case of Venezuela is an example. Here the gigantic rent oil has allowed for many years a social good investment and the expansion from certain level of well-being to the population's many sectors. It induced, at the same time, a model of hiperactiv, discretionary, very centralist and visible State. It has driven to a gigantic administration with high inefficiency and corruption.

Serious studies statistically documented show how it was -with the arrival and peak of the petroleum- the transformation of Venezuela (1920-1980), to urban country, of economic high growth, social mutation with good handling of conflicts, and political stability. With the application of three simple rules, the macroeconomic politics worked and the country also: the government spent what entered; the exchange rate stayed fixed and only regarding the dollar (to the change of 1 dollar 4,30 Bs.); the interest rates also stayed fixed.

"Venezuela 1920 was not only the poorest, she was an immobile society, lacking detainee, stagnated, of the necessary vitality to face the great task of making the material and economic progress. The petroleum arrives. The oil entrance, rolling for their enormous quantity, step-by-step it goes filling all the interstices of the national life. The contemporary history of Venezuela is the history of a continuous imbalance, of a sudden one to crumble of social old relationships, of an incessant and quick transformation"

(Asdrúbal Baptista).

The lived history of Venezuela that continues at 1920 is full with exceptional conditions of economic privilege that it has offered the petroleum and that they have satisfied with abundance the requirements of the social process.

(Bernard Mommer)

It happens then the "*black Friday*" (February 1983) with the drastic devaluation of the 'bolívar' (money), and unchained important modifications in the socioeconomic panorama. Starting from there they begin to show up severe inflation indexes for the Venezuelan standards; hog processes and speculation of products of first necessity and of consumption; the impairment of the purchasing power and of the conditions of the medium and first floor sectors; a foreign heavy debt whose service goes consuming every year more resources of the revenue; frustration of the expectations of the majority population's socioeconomic improvement; exaggerated enrichment of the sectors linked with the exchange intermediation and other very negative effects.

### **Rentism of the economic pattern and effects**

From 1917 until our days you should speak of a 'Rentism', with their periods of peak, of crisis and different exit intents to the bottom problem. The phenomenon has been persistent during the whole Fourth Republic and it has been increased in the current joint of Fifth Republic. The socio-economic evolution and politics of Venezuela cannot even be understood, explained and projected without making clarity on the topic. We base ourselves mainly on a serious and recent study of 10 specialists that conforms GIEV (Interdisciplinary Group of Study of Venezuela) in the Faculty of Economic and Social Sciences of the University of Andes who they contributed to the National Constituent Assembly with their study inside a volume published by the Academic Vicepresident of ULA (1999, pages 117-163).

According to them, this economic form adopted by Venezuela is characterized as a special type of development, based on a rent injected from the exterior. They have denominated it *rentistic capitalism* or to abbreviate, simply *rentism*. The system is based on the private property of the production means, but *financier*, that

is to say that works due to revenues that it receives from the exterior but not generated by their productive own activity.

- The rentism settles in Venezuela among the years 1917 and 1935. There are an entire economy financier and distribution between 1936 and 1958.
- A stage of peacefulness is achieved with a partisan centralized distribution among the years 1958-1981 that economic and socially it serves from cement to period politically called 'puntofixist'. It was been of the pact or agreement among the main political parties of then: AD (social Democratic), COPEI (social Christian) and URD (center-left). It was a democratic classification that has been defined as populist "system of reconciliation of elites." This stage, with their achievements, it has been very summarized by Kornblith, already mentioned previously.

The legitimate principle of this distributive society was sustained about the idea that the petroleum is a wealth of collective property administered by the State. The group of authors GIEV underlines (p.128-129) that this 'rentistic' capitalism propitiated and it was bolstering economic groups and companies of great production diversity and of relative character (the groups Boulton, Eugenio Mendoza, Mendoza Fleury, Vollmer-Zuloaga, Cisneros and other national important although smaller groups and of many transnational).

The economic main aspects of this distribution type are the enormous dependence of the sector petroleum, the increase in the public expense and in the indirect transfers. As economic more important negatives consequences, these specialists enumerate: - a public sector and private clerk of the oil export; - a very dependent private sector of the government's decisions; - difficulty of controlling the inflation; - formation of a powerful company (PDVSA) whose development project spreads to maintain the dependence of the petroleum; - low efficiency and low competitiveness among managers and internationally; - public companies of low profitability; - accumulation of wealth in hands of a small sector; - it lacks of values related with the industrial society.

## **Crisis of the rentism and of the distribution (1982-1998)**

The distributive previous system enters in crisis when it stagnates the internal accumulation with employment creation and it spends to the external accumulation (the possessors of resources in bolivars change them in dollars and they deposit them in banks of the exterior). The rent began to descend and it got lost the trust in the internal business. The crisis was worsened by the elimination on the part of the State in the non economic ways of the distribution and with the increase of the benefit to the bank sector, with the measures of monetary stabilization. The social open exclusion began and was increasing the scandalous breach of a growing poverty that affects the population's big sectors opening up.

The group of specialists of the University of Andes, at the end of their study, picks up some conclusions and they suggest lines to the 1999 National Assembly constituents who didn't keep them in mind for some new project of reformation of the Venezuelan State (p. 160):

"As it demonstrates the historical analysis of the process of development of Venezuela during the XX century, the dependence of a rent generated by a single resource doesn't allow to carry out a true development of the country. It is for that reason necessary to look for new solutions. It is necessary to elaborate a long term new project, of structural, participatory change that is about leaving the dependence of the petroleum, using an economy of general well-being that is regulated mainly by the market and based about technological flexibility to adapt to the future changes. The project needs conviction and will to be carried out, pluralistic and diversified participation, trust and changes of patterns as the one of believing that having petroleum means to be rich. Examples of some of their tactics are: to recover the control of the oil resource on the part of the State and an exploitation non monopolist; to foment the international competitiveness especially in the sectors non oil tankers and to integrate to the informal sector; to generate an education toward the work, to attract investments guided toward the main

objectives of the project; to apply, as starting point, a distribution with demanding compensations".

To the Venezuelan population -that accumulated frustrations from 1983 and sharp nuisances from the electoral process of 1988-, they only had enough an incidental pretext to express their tensions and restlessness, in violent form and not controlled. "After the explosion of February 27 of 1989, Venezuela was another". (M.Kornblith)

"The year 1989 will remember, undoubtedly, in any economic future history on Venezuela of the XX century. It is in 1989 when the Venezuelan public opinion noticed of the definitive collapse of a development model [oil rentist], in which the petroleum played a domineering role and, stiller, silencing" (B. Mommer).

In partial synthesis, the economic pattern and its handling they generated a social tremendous injustice in Venezuela that persists still, since the economic factor crawls with the social factor inevitably.