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Venezuela expands crackdown on prices

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The Venezuelan government has expanded the scope of a crackdown on soaring inflation after sending troops into appliance stores over the weekend to slash prices.

Large, sometimes unruly crowds massed outside such chain stores, hoping to take advantage of huge markdowns mandated by the government.

President Nicolas Maduro said Sunday he was extending the crackdown, which so far has focused on appliance stores, to textiles, footwear, toys, hardware and automobiles.

He also said he would use special powers that he is seeking from the National Assembly to impose caps on private sector profits.

"I am going to ask for norms and the maximum penalty allowed under the constitution for these types of crimes because we have to stabilize the functioning of the economy," he said.

The government intervention comes less than a month before municipal elections that are seen as a key test of strength six

months after Maduro's contested election to replace the late Hugo Chavez.

Under Maduro, inflation has spiked to more than 54 percent annually, shortages of basic goods are widespread, and frequent power outages have drawn attention to the oil-rich country's fraying infrastructure.

Rampant crime and corruption also have eroded a social fabric already stressed by Venezuela's deep social and political divisions.

The leftist government's latest confrontation with the private sector began Friday with Maduro's announcement that he had ordered "the occupation" of the Daka chain of electronics and appliance stores, and the sale of all its inventory to the public "at a fair price."

"Let nothing be left on the shelves, and nothing in the warehouses," he said.

Crowds quickly formed outside stores around the country, as word spread.

National Guard troops were posted at the doors to control the crowds, but in Valencia, the country's third largest city, people smashed windows and tried to make off with goods.

Maduro appealed for calm Saturday night, noting the incident in Valencia and urging the public not to be provoked by "infiltrators."

At other stores, people formed long lines and slept in the streets to keep their places as troops took names and allowed people in to shop in small groups.

"Maduro's measure is good for us, but I suppose its bad for the businesses," said Ana Garcia, a young office worker who had spent two hours in a line Monday morning outside a store in eastern Caracas.

"If store owners really did import their products with dollars bought at the official rate, and then priced their goods at the parallel rate, then they are making a mockery of the people," she said.

As she spoke, shoppers passed carrying plasma TVs, microwaves and washing machines purchased at less than half price.

"This is legalized looting," said a man as he walked out of a store toting a television set that he bought for 18,000 bolivars, down from 37,000 bolivars last week.

At least seven store managers were arrested, and the attorney

general's office said Sunday five would be charged with "usury."

Maduro blames the soaring inflation on the opposition and the private sector, which he accuses of waging an "economic war" against his government.

In the case of Daka, he has said that it was overcharging by as much as 1,000 percent on some products.

But many analysts say shortages, price gouging and corruption are stoked by Venezuela's foreign exchange controls.

The government makes a limited number of dollars available for imports at 6.3 bolivars to the dollar, eight times less than a parallel gray market rate.

On Saturday, Maduro ordered that Internet sites that quote the unofficial dollar rate be blocked, and on Sunday opened proceedings against six Internet providers for having allowed the sites to operate.

Jorge Roig, head of a national business federation, Fedecamaras, acknowledged that cost of imported goods are overpriced, but said the focus should be on those with preferential access to dollars at the official rate.

"Those who overprice are those who have the luck to be given

dollars. They have to look at who the lucky ones are," he said on Televen.

Most businesses can't get dollars through official channels, and have supply problems as a result, he said.

Luis Vicente Leon, a pollster, noted that when the inventory of appliances is gone there will be none to replace them.

But he said that populist measures like these "work over the short term in an election campaign."