



Written by [Michael Tennant](#) on February 5, 2018

Thanks to Hyperinflation, Eggs Aren't Cheaper in This Country

Hyperinflation is the order of the day in socialist Venezuela, a country still trying to maintain a lavish welfare state despite the government's clear inability to pay for it. "Prices here are doubling every few weeks," reported the [Wall Street Journal](#), "confounding cash-strapped Venezuelans who are scrambling to find a way to pay for basic transactions."



Johns Hopkins University economics professor Steve Hanke told the *Journal* that Venezuela is now the 57th recorded instance of hyperinflation in history. "The International Monetary Fund estimates an economic contraction of 15%, which means that by the end of 2018 the economy will be half of what it was in 2013," wrote the paper. "And inflation will hit 13,000%."

There are 14 times as many bolivars, Venezuela's unit of currency, as there were a year ago, greatly reducing their value. In fact, the "near worthless 'strong bolivar'... has lost 98% of its value against the dollar in the past year," penned the *Journal*.

"The authorities have lost control, they can't stop creating bolivars even if they wanted to," Omar Zambrano, a former economist for the Inter-American Development Bank, told the newspaper. "This ends in two ways: Either we adopt the dollar or we go back to bartering."

Bartering is already becoming a way of life. Marina Fernandez, an architecture professor at a Caracas university, told the *Journal* she recently paid two eggs, rather than cash, to cover parking, and her department paid a computer programmer with a carton of them.

Eggs are fast becoming a valuable commodity. Father Alfredo Infante, a Jesuit priest in Caracas, told the paper that while six months ago, the donations from one Sunday mass could buy 30 eggs, today he'd have to use nearly a year's worth of collections to make the same purchase. At one recent service he collected a whopping seven cents' worth of bolivars, which he considered a blessing, saying, "This is more than I can expect because you know how much the cash means to everyone."

Cash is in such short supply that customers have to wait hours at banks in hopes of getting even small amounts, and even then they are likely to walk away emptyhanded, at which point they may be forced to get cash from bodegas, which charge exorbitant fees that are paid by credit card or bank transfer. When Venezuelans do get their hands on some money, they spend it so fast — because it is losing value rapidly — that the lifespan of the average bolivar bill is seven to nine months; a U.S. dollar bill, by contrast, usually lasts six years.



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Venezuelan President Nicolás Maduro is taking typical steps to cover up the effects of his inflationary policies: price controls on necessities and wage hikes for government workers and pensioners. Government loyalists may soon be able to buy state-subsidized goods — if they can find any — using a “digital wallet” based on the current identification card.

Maduro is also introducing an alleged cryptocurrency, the “petro,” which, according to the *Journal*, “will be backed with five billion barrels of oil, as well as diamonds and gold. In its first auction, petro ‘tokens’ will be sold in either dollars or euros, each pegged to the price of a barrel of crude — about \$60, according to an official white paper released this week.”

The petro, however, appears to be a way for Maduro to [attract dollars](#) to shore up the government for a little while, not a genuine attempt to replace the collapsing bolivar. Investors [can’t demand physical delivery of oil](#) in exchange for their tokens. Even if they could, there’s no telling whether they would get any since Venezuela’s oil production is too low to meet existing demands, let alone new ones. And, of course, the whole point of cryptocurrencies is their independence from government.

The only solution to Venezuela’s problems is to stop printing money, drastically cut back the state, and allow the free market to flourish. Unfortunately, such an approach is anathema to a dyed-in-the-wool Marxist such as Maduro, who would rather blame outsiders and “traitors” for his government’s failings than do what is necessary to help the people he was elected to serve.

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