

CIRIEC-Venezuela, activities 2016-2018

Executive Summary

The report of activities carried out by CIRIEC Venezuela members is presented and the general socio-economic trends in the country are described as a context and particularly in relation to the social economy. The main trends on the perception of the negative behavior of the economy are maintained, highlighting the decrease of the gross domestic product and the accelerated growth of hyperinflation. Regarding the functioning of institutions and social interactions, there is a strong anomie in the institutions and in the fulfillment of norms by the people, which is observed in both urban and rural areas, which is occurring in parallel with increasing authoritarian tendencies and intolerance. In this context, the praxis of social economy organizations and the living conditions of the population are affected, especially among the most vulnerable segments, such as the alarming deterioration in the conditions of children that has been denounced by UNICEF (<https://prodavinci.com/unicef-ninos-en-venezuela-sufren-desnutricion-como-consecuencia-de-la-prolongada-crisis-economica-y-financiera/>). This has also negatively affected the activities carried out by CIRIEC Venezuela's associates.

In Venezuela, closures of formal companies are occurring and, as a consequence, the sources of salaried employment are reduced. At the same time, business ventures on their own account and microenterprises with strong family ties are growing. There is a flourishing of varied entrepreneurial practices that are perceived mainly as survival strategies, moving from dependent work to independent work in the informal economy. In this context, efforts are also emerging to learn more about regional entrepreneurship ecosystems and to promote the formalization of informal enterprises and self-employment, or working on your own. There is an increase in entrepreneurship with meetings in the homes of friends and family, similar to the "Tuperware" business model, with the strengthening of independent lucrative ventures, such as the "Amway" business model that promotes the concept of "prosumers" for its associates.

There is a severe and growing shortage of cash in the hands of the public and strong restrictions on the use of banking products, with changes in the monetary cone and the issuance of banknotes, which have encountered operational difficulties to circulate. However, at the same time, the bankization of the population and of SMEs is growing, due to public policies for social inclusion and for greater control of the population. Individuals are opening accounts in several banks at once, to try to get cash, because there are restrictions on the maximum amount to withdraw per day per person, although the cash that can be withdrawn per day per person is equivalent to the amount to cover the urban passage to go and return from home to work. Thus, natural persons and legal entities are exploring alternative forms of transactions to pay their consumption of goods and services, with high intermediation and barter costs, as well as risks of increasing tax evasion and

money laundering. Proposals for cryptocurrencies, electronic currencies and supplementary means of payment are appearing.

In the midst of these trends, changes have appeared in the use of time and priorities for consumption. The time now devoted to finding food and finding cash is driving people away from their usual occupations for production and recreation. In this difficult socioeconomic situation, people are emigrating. Nearly two million people or 10% of the population have left the country. From the universities are departing abroad the students, qualified teachers and technicians, who are in search of better living conditions. Similarly, it occurs in hospitals and in all public administration. Half of blind referees and members of the Editorial Committee of our scientific journal CAYAPA have left the country and others are looking for how to go abroad.

Related to this, it is much slower to perform procedures at institutions and deliver results of tasks. For example, it is increasingly difficult to find blind referees for the work that is received with a view to review for publication in the CAYAPA journal, and both the peer review reports and the layout of the publications take much longer. We have fallen behind in the editions and that negatively affected the regularity of our publication.

Principal activities of CIRIEC Venezuela's partners in the period:

In order to contribute to the knowledge of their situation and to the accompaniment of the cooperatives and associative ventures that have been promoted through public policy instruments of the Bolivarian Government, a cooperation project between CIRIEC-Venezuela and the Mission Knowledge and Work was started in 2017 for the Bolivarian Government. But after three months of work on the formulation, it was rejected without explanation. At the end of 2017, we submitted a proposal to the National Constituent Assembly, which was formally sent again in early 2018, in order to facilitate projects to strengthen the social and solidarity economy, but the Bolivarian Government did not accept it either. Meanwhile, the absolute majority of such associative organizations related to state promotion have failed or have precarious existence, although there are few successful examples.

Principal institutional working links of CIRIEC partners

The official headquarters of the CIRIEC-Venezuela are located within the University of the Andes (ULA) in the Postgraduate Building of the Carmona sector of the city of Trujillo, in the University Nucleus "Rafael Rangel"; specifically in the Research Center for Sustainable Integral Development - CIDIS, directed by Professor Emilio Tariffi. There is also a website (www.saber.ula.ve/ciriec), an institutional email account (ciriec@ula.ve), and the hosting of our publication *Cayapa Revista Venezolana de Economía Social* (<http://www.saber.ula.ve/cayapa>), for over 16 years.

In the Universidad de Oriente, in its campus of Sucre State, in the city of Cumaná, under the leadership of Professor Mario Fagiolo, the chair of "Social

Economy” is active in the School of Social Sciences. Several products of those efforts have already been published.

At the Simón Rodríguez National Experimental University (UNESR), Professor Dorkis Shephard, after presenting her doctoral thesis on new modalities of exchange with the use of complementary currencies for payments, elaborated a project to create the institutional research line on “Finances and Financial and Socio-Community Organizations”, which was approved in the Campus of “Advanced Education” in the UNESR at Caracas city. Professor Shephard assumed the position of Coordinator of the Line of Research in Finance and Financial and Socio-Community Organizations at UNESR. From this institutional position, the study of financial organizations in general and particularly of the productive units of popular power is promoted, as well as researching the challenges of the P2P Financial System (Peer to Peer) as a new alternative means of payment.

Situation of academic research in the national context

In the period 2016-2018, in Venezuela the difficulties to carry out scientific research work have grown. There is a lot of disinformation and anomie. The state has stopped publishing official statistics, such as the annual reports on prices, Human Development, the Annual Report of the Central Bank, the Epidemiological Bulletins, the Bulletins of Conjuncture Indicators, the Reports of the company Petróleos de Venezuela, the Reports Management of the Superintendence of Cooperatives. They have stopped publishing or have a significant delay in its official publication. Funding has been restricted to the research and publication institutes of the autonomous public universities. The criterion of granting very scarce resources for research has been imposed only on organizations that endorse the practices and visions of the governing party, especially in regard to the Social Economy, citizen participation and sustainable development. The previous Directive of the National Assembly, chaired by the Bolivarian government party, prohibited access to funds from foreign institutions for financing research projects if they did not have their prior approval. The current directive of the National Assembly has tried to revert that situation, but its legitimate authority has been ignored by a parallel “National Constituent Assembly” that currently exercises a supra-power. The recruitment of personnel is limited and a very low remuneration is established for academic staff in universities, which has reduced academic production and has stimulated the tendency to emigrate abroad.

In view of this negative situation, in 2017 we made a proposal to the National Constituent Assembly to reform the Science, Technology and Innovation Law (LOCTI), in order to facilitate access to financing for projects from the National Fund created with tax contributions of large companies. But that proposal was not accepted. That same proposal was presented again in a national consultation in 2018, without results so far. At the same time, the inflation of the economy, which became hyperinflation, reduced the budget of public universities, which has almost paralyzed research in universities. Research and scientific publications now are very weak.

Previously CIRIEC held an annual symposium in the middle of the Convention of the Venezuelan Association for the Advancement of Science (ASOVAC), which had an average of 9,000 participants with academic work annually for more than fifty years. However, we have stopped carrying out these events due to lack of resources and because now it is not allowed to charge for the scientific associations to participate in this type of academic initiatives. The ASOVAC now became a virtual meeting on the Internet with little participation of scientific workers.

Edition of *CAYAPA Venezuelan Journal of the Social Economy*

We have fallen behind with the regular publication of CAYAPA. Publication No. 31, and 32 of 2016 (<http://www.saber.ula.ve/cayapa>) is about to be published. Due to our delay and lack of resources, we have not been able to access financing as before, and now we have had to cover the costs of editing by ourselves. But this situation is not sustainable, considering that the salaries of professors is less than seven dollars (7 US\$) per month. We also wish to highlight that since 2015 we are receiving institutional support and participation in the academic network of the Editorial Fund Mario Briceño Iragorry at the University of Los Andes in Trujillo, being actively represented by Professor Leonardo Argüello, who is the Secretary of the Editorial Committee of CAYAPA.

Research in universities

The main limitation to carrying out the broadest national or sectoral scientific research is the lack of funds, however some colleagues have been able to get some small donations or grants from their universities. For example, Prof. Mario Fagiolo from the Chair of Social Economy – who directs in the School of Social Sciences of the Nucleus of Sucre of the UDO – managed in 2016 and 2017, to carry out local studies of communities applying the tool of Institutional Analysis for Development (IAD-FRAMEWORK) designed by the Nobel Prize in Economics (2009) Elinor Ostrom and his team. Also Prof. Emilio Chirinos and colleagues at the Bolivarian University are currently working on a research Project about how it is perceived by Communal Councils the local management of public services at Maracaibo city.

Participation in AGORA - CIRIEC Kiosk Project

It is undoubtedly an important way to exchange with colleagues and disseminate results. Currently are enrolled: Benito Díaz, Ángel Higuerey and Mario Fagiolo.

Participation in the Working group 'Social and Solidarity Economy (SSE) and Territories: between interaction and co-construction'. The working team made by Ángel Higuerey, Mario Fagiolo, Leonardo Argüello, Fernando Aponte and Benito Díaz, participated in the preparation of a chapter of the book of this working group with the title "*Venezuela: An Outlook on SSE, Water for People and Related Public Policies*". This work, edited by Xabier Itçaina and Nadine Richez-Battesti, was published in June 2018 by Peter Lang.

Financial Situation

CIRIEC-Venezuela paid the corresponding annual contribution of the membership until 2012 (2,000 USD per year). Since 2013, CIRIEC International has raised the annual amount to 3,000 Euros; which is unpayable due to the situation of the country.

There are two type of currency exchange. But since the year 2015 the Venezuelan government has restricted, even null and void, the possibility for the common citizen to access an annual quota of foreign exchange at a preferential exchange rate. To illustrate the situation: in 2016, the participation of our delegate, Professor Mario Fagiolo, was possible due to the CIRIEC Solidarity Fund, because at the market price it would have cost more than 20 months of salary. While now, to participate in the 32nd Congress in Belgium, the cost of the ticket, not including accommodation, of our delegate, Professor Benito Díaz, is almost 1,500 Euros, or equivalent to almost 20 years of salary, with a salary of almost 7 dollars per month. Therefore, we acknowledge and thank CIRIEC International for having activated the Solidarity Fund to participate in this Congress.

CIRIEC-Venezuela, like other scientific societies, that want to remain independent - like the ASOVAC - are suffering the impossibility of generating their own income through the collection of memberships or of inscriptions to scientific events that could be organized; the low salaries of university professors and researchers do not allow thinking about the extension of subscriptions to magazines, book acquisition, participation in national or international congresses, whose registration fee is equivalent in income to one year and more.

Then, under these perspectives, it is easy to see that CIRIEC-Venezuela does not have the possibility - in the short term - to gather enough income to honor the commitments it has with CIRIEC International. However, we want to pay the debt and contribute in kind to CIRIEC: through hiring of our academic and / or secretarial work that we can execute remotely; that is, by means of translations, peer reviews, arbitrations, execution of research field tasks, or for tutoring activities, conducting courses, or remote or on-site consultancies, or for promotion, marketing and event organizing with academics and actors of the social economy.

We hope that we can continue to work together for a better world, with the flourishing of social economy organizations and collaborative projects within CIRIEC International.