



Obituary for a Banknote

This past week we said goodbye to the 50,000 *bolívar* banknote. We mourn the death of the bill that made its first appearance on the Venezuelan monetary scene in June of 2019 as not just 50,000 *bolívares* but 50,000 *bolívares soberanos* (*sovereign bolivars*), the top and most valuable banknote printed in Venezuela at the time.

Its grandparent, the original *bolívar*, was born in 1879 and lived a long and glorious life as the most respected and stable currency in Latin America. For more than 100 years it held its value strong against the U.S. dollar. Around 1983, however, it began to suffer the vicissitudes of old age, finding itself less and less resistant to the country's faltering monetary policies. The once proud *bolívar* was placed on life supports, but eventually these proved ineffective. Its strength depleted, the *bolívar* passed away due to inflation on January 1, 2008.

With the death of the *bolívar*, the *bolívar fuerte* (*Strong Bolivar*) took on the monetary leadership of Venezuela amidst great fanfare and hope for the future. More streamlined than its predecessor, the new currency dropped three zeros, making one *bolívar fuerte* equal to 1,000 *bolívares*. It was soon discovered, however, that it had been born with the same health issues which had led to the death of the aged *bolívar*. The poor infant declined from 5 to 70 *bolívares fuertes* to the dollar by its sixth birthday at which time it took a distinct turn for the worst with the beginning of a three-year drought that brought the nation's already crippled economy to its knees. As some of you know, caring for a critically-ill family member can be financially devastating, consuming all the family's reserves. Such was the case with the *bolívar fuerte*. Funds needed to maintain hydroelectric power plants, the power grid, oil production, gasoline refining, and steel and aluminum fabrication were diverted to prop up the health of the *bolívar fuerte*. Private companies were taken over and bled for needed transfusions. Bills mounted. The government couldn't repay loans. At only ten years and seven months, the *bolívar fuerte* died from hyperinflation and cardiac arrest with an exchange rate of 5.9 million to the dollar at the very end.



On August 20, 2018, the *bolívar soberano* (*Sovereign Bolivar*) was born. Five zeros were eliminated, making the new currency equal to 100,000 *bolívares fuertes*. It initially appeared in denominations ranging from two to five hundred. The following June, banknotes of ten, twenty and fifty thousand were added. In that short time the rate had risen from 59 to 7,000 *bolívares soberanos* to the dollar. When I arrived shortly after in July of 2019, the rate was 12,000 and the 50,000 bill was worth \$4.17.

About five months ago I stopped at a roadside stand to buy bananas and handed the fellow some 10,000 *bolívar soberano* banknotes. "Sorry," he said. "We no longer take bills that small." Lesser denominations had previously become obsolete. Last week it was the turn for the 50,000 banknote, its face value hovering around one and a half cents with an exchange rate of over 3 million *bolívares soberanos* to the dollar. Food vendors and the buses people depend on for getting back and forth to work simply quit accepting them.

There is more to this than the devaluation of the Venezuelan currency, as bad as that truly is. The government has begun printing banknotes in denominations of 200,000, 500,000, and a million, but there is simply not enough paper money to go around. Salaries are deposited directly into employees' bank accounts, and people make their purchases with electronic money transfers. All the stores and many street stands are enrolled. There is a charge for such transfers, the only way banks can survive, so people prefer to use cash. They wait in long lines at banks to draw money out, but even banks have a cash shortage. I wonder about those who fall through the cracks...the industrious ones who, until now, have carved out their niche in the economy...the street vendors without cell phones, the fellows plying the neighborhood with their wheelbarrows hauling away garbage. How they will survive I have no idea, but they have managed so far. Perhaps they will find a way.

We haven't scheduled funeral services yet for those 50,000 *bolívar soberano* banknotes since I am sure they will keep showing up at church for some time in the collection basket, borne in the pockets of those who have nowhere else to use them. It's appropriate. God always finds worth in what the world rejects as of little value.

Points to ponder

How do you make purchases? What would you do if the dollar suffered inflation like Venezuelan currency?

These "Did you know?" papers are designed to give you a better understanding of life in Venezuela and to strengthen connections between the parishes of the Archdiocese and their archdiocesan mission during our 50th anniversary year. Please direct any comments or suggestions for future papers to Fr. Denny Dempsey at ddempsey@churchofstdominic.org or 651-368-7324.