



Written by [William P. Hoar](#) on September 3, 2018

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Correction Please

Venezuela Writhes Under Pains of “21st-century Socialism”

Item: *“Under-fire Venezuela President Nicolas Maduro admitted his economic model has ‘failed’ in the wake of food and medicine shortages and public service paralysis, such as Tuesday’s power failure that affected 80 percent of Caracas,” reported Agence France-Presse on July 31. “The production models we’ve tried so far have failed and the responsibility is ours, mine and yours,” Maduro told his ruling PSUV party congress.”*



The Venezuelan leader said: “No more whining, I want solutions, comrades!”

AFP also noted on August 1 that the president “vowed to quadruple oil production, which has dropped from a high of 3.2 million barrels a day 10 years ago to a 30-year low of 1.5 million in 2018, but predicted it would take two years to see ‘the first symptoms’ of ‘economic prosperity.’”

Item: *The New York Times for July 24 carried one excuse that has been used for years by Maduro. Venezuela’s government, noted the paper, “says the woes are a result of an ‘economic war’ waged on it by the United States and wealthy businessmen hoarding supplies and raising prices.”*

Item: *Nathan Robinson, the editor of Current Affairs, argued in that left-wing magazine that the situation of Venezuela can teach us relatively nothing about “socialism.” Indeed, he wrote (on May 29), “I am not sure what it would mean to call Venezuela’s government left-wing, if it did not follow any of the principles that I consider central to being on the left. (Emphasis in original.) For example, it has been accused of being anti-labor.”*

Item: *A BBC account (July 3, 2018) of the economic disaster in Venezuela did not even include the word “socialism” in its reporting about that nation that has been ruled for two decades by the United Socialist Party of Venezuela (Partido Socialista Unido de Venezuela, or PSUV). This report covered how President Nicolás Maduro had promoted 16,900 soldiers as a reward for their “loyalty.”*

Defense Minister Vladimir Padrino, a military general, “said those members of the armed forces who had been promoted had played a key role in securing ‘the institutional stability in the country and the safeguarding of Venezuelan democracy and peace.’” Several months earlier, Maduro had “demanded that members of the armed forces sign a document declaring their loyalty.”

Correction: Apologists for socialism have a favorite excuse when their panacea inevitably fails. They claim it wasn’t done correctly. Somehow, it never is.

Former Venezuelan strongman Hugo Chávez called his supposedly transformative and revolutionary



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program “21st-century socialism,” (or sometimes “Bolivarian socialism”), as does his personally selected successor Nicolás Maduro. But it has not worked any better this century than socialism did in the last one. This always seems to surprise left-wingers.

For example, the financial reporter for Yahoo.com maintained (May 19, 2018) that it is a “common misconception, reinforced recently by U.S. President Donald Trump,” that the economic “crisis in Venezuela is the natural result of a socialist system of government.” Here is how he defined socialism: “At its core, socialism means the government disseminates a country’s wealth among people.” Meanwhile, “citizens, rather than companies or wealthy individuals, control production and the distribution of goods.”

That’s sucker-bait language. Socialism is more accurately identified as a system based on the abolition of private property and the alleged right of the government to take from individuals whatever it claims is necessary to serve the needs of the state and its programs. It is theft.

Chávez himself (though he initially denied it) eventually admitted that he was a Marxist. And Karl Marx was explicit about what he advocated, writing that “the theory of the Communists may be summed up in the single sentence: abolition of private property.” The Venezuelan movement, under Chávez and Maduro, has also been termed *Chavismo*. Leftists, both abroad and in the United States, hope we will forget how they enthusiastically hailed that movement.

Statist defenders more recently have moved to a fallback position, asserting that the abysmal results of Venezuelan socialism can be attributed to “mismanagement.” Yet it was the state that directed the economy so that 96 percent of the country’s export earnings and perhaps half the government’s revenue came from oil. Yes, when oil prices plunged in 2014, it did hurt. But it was under the rule of Chávez — who talked (but did little more in that regard) about diversifying Venezuela’s economy even as the nation’s earnings from oil increased from 68.7 percent in 1998 to 96 percent.

That was the price for bankrolling a welfare state — with teeth.

That is also why — though a poster outside the metro in Caracas may declare “Revolution Is Efficiency” — the metro ticket machines carry out-of-order signs and no longer dispense tickets: There is no paper for the tickets.

On the other hand, Venezuelans do have their Fatherland’s Card, an electronic identity card needed for certain welfare programs. The card, the *Wall Street Journal* reported in March, uses “technology from Chinese telecom giant ZTE Corp.,” and “allows the government to keep track of who has voted.” This spring, essentially bribing voters, Maduro publicly told his supporters that all those who voted and showed that card probably would receive “a really good prize.” Still, large numbers abstained.

Columnist Jeff Jacoby, a lonely conservative at the *Boston Globe*, was on target in writing about how Chávez, a “protégé of Fidel Castro, gradually seized control of every lever of state power in Venezuela. The constitution was rewritten to strip the legislature and judiciary of their independence, authorize censorship of the press, and allow Chávez to legislate by decree. Before long, the government acquired a stranglehold over the economy, including the huge and profitable energy sector.”

This was once the richest country of Latin America; Venezuela has the largest oil reserves in the world. Yet, after socialist “solutions” were force-fed to the nation, the government found itself unable to print bolívar notes fast enough to keep up with the hyperinflation.



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Here is part of what socialists did, in the words of Agence France-Presse: The Venezuelan government “nationalized various industry sectors such as cement and steel, expropriated hundreds of businesses, including supermarket chains, and lately brought in the army to control street markets to guard against rising prices. It has also fixed prices on various goods and imposed a monopoly on foreign exchange.”

To be sure, the imposition of controls on prices and currency, along with the nationalization of businesses, did lead to mismanagement and corruption. That should be no surprise. After all, as financial writer Daniel Di Martino has observed, Venezuelan government officials oversee “imports, food distribution, oil shipments, and all major aspects of the economy.” And as the Economics21 writer also noted in June, the

widespread mismanagement and corruption of a whole industry and country are only possible within socialism. Only an economy that lacks free prices and competition, with high levels of government involvement and tight regulations can harbor government mismanagement and corruption that lead to shortages and hyperinflation.

Even as all these predictably disastrous policies were being instituted, the cheers were roaring internationally, led by those whom Lenin once called “useful idiots.” Here’s a summary (from late 2016) by columnist Jacoby:

In a Salon piece titled “Hugo Chavez’s economic miracle,” David Sirota declared that the Venezuelan ruler, with his “full-throated advocacy of socialism,” had “racked up an economic record that ... American president[s] could only dream of achieving.” The Guardian offered “Three cheers for Chavez.” Moviemaker Oliver Stone filmed a documentary gushing over “the positive changes that have happened economically in all of South America” because of Venezuela’s socialist government. And when Chavez died in 2013, Jimmy Carter extolled the strongman for “improving the lives of millions of his fellow countrymen.”

The Venezuelan currency is now all but worthless. In July, the International Monetary Fund projected that Venezuela’s hyperinflation will reach one million percent by the end of the year, with the government cranking up the printing presses (when paper can be found) to try to cover the hole in its budget.

The Maduro government in Caracas, which has destroyed a once-prosperous oil industry, is still on the road to failure.

The support of communist Cuba is vital. Indeed, while oil production in Venezuela has almost completely collapsed, it still is supplying oil to Havana. This is how the Cubans have been reimbursed for their various services, in particular assistance with intelligence and national security. In July, Reuters reported that Venezuelan state-owned oil company PDVSA had bought almost \$440 million of crude in foreign markets this year and delivered it to Cuba on favorable credit terms. This was done “often at a loss, according to internal company documents,” noted the wire service.

Juan Fernandez, former PDVSA executive director of planning, told the Florida-based *El Nuevo Herald* that that is extremely expensive, “but Maduro’s commitment to the Cuban regime is indestructible. Venezuela goes hungry before he stops sending barrels to Cuba.”

As Anastasia O’Grady put it in the *Wall Street Journal* in May, when Maduro was about to get another term via a sham election, Venezuelans were “outgunned and, perhaps as important, out-surveilled by



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Cuban intelligence.” The dissent among mid-level members of the military, she went on, is “no secret, but the top brass has so far quashed rebellion. Cuban-coached repression has done its job. There were more than 12,180 political arrests between January 2014 and early April this year, according to the Venezuelan human-rights group Foro Penal. Jails and detention centers are unsafe and unsanitary and offer little or no food. Torture is common; legal representation is not. Prisoners can linger for years with no trial.

As the country has grown poorer and three million have fled [other estimates are higher, four million or more, up to 10 percent of the population], the regime’s power has increased.

How is Caracas responding to this suffering it is causing? The Maduro regime will be knocking off five zeros from the bolívar. This is the feckless tactic formerly used in Zimbabwe, to no good end. It is also a step-up of sorts of the Chávez remedy deployed in 2008, when that strongman lopped three zeros from the national currency.

In a similar vein, because of the currency debacle, according to *Bloomberg*, Venezuelan parking lot attendants have been accepting baguettes as payment. The barter system is prevalent. Various accounts relate how some Venezuelan women have been forced into prostitution, with payments rendered in food.

Water shortages and power cuts are widespread. Maracaibo, known as the capital of the oil industry, suffered power cuts five to seven times daily this spring. “Without refrigeration, ingredients [at a bakery] spoil,” noted the *Economist*. Meanwhile, “electronic payment systems don’t work so customers can’t pay (there is a shortage of cash too).”

As it happens, some in Venezuela have been protected by the worst of the suffering because they receive foreign remittances, or their salaries or savings are paid in U.S. dollars.

But Venezuela’s horrors are not the fault of an “economic war” by the United States. Although one supposes that avowed socialist Vermont Senator Bernie Sanders might argue otherwise. After all, it was not too long ago (see, for example, his press release on August 5, 2011) that the senator insisted that “the American dream is more apt to be realized” in places such as Venezuela, “where incomes are actually more equal” than in this country. One might better argue that socialism has distributed suffering more equally in Venezuela.

So what has socialism wrought in Venezuela? Well, consider the experiences of Rafael Acevedo and Luis Cirocco, leading members with the Venezuelan Freedom Movement. The two men described hyperinflation, firsthand, in the *Austrian* (as reprinted by the Mises Institute). As they put it:

We have people eating garbage, schools that do not teach, hospitals that do not heal, long and humiliating lines to buy flour, bread, and basic medicines. We endure the militarization of practically every aspect of life.

They are unequivocal: “Socialism is the cause of the Venezuelan misery.”

They sounded off on the true fruits of socialism: “Anyone in Venezuela would be happy to eat out of America’s trashcans. It would be considered gourmet.”

— William P. Hoar

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