



Written by [Bob Adelman](#) on September 20, 2017

If Socialism Is the Problem in Venezuela, More Sanctions Are Not the Solution

Overshadowed by his remarks concerning North Korea's "Rocket Man" and the "worst ever" Iranian nuclear deal, President Donald Trump's [views on Venezuela](#) in his speech at the United Nations on Tuesday were soft-pedalled by the mainstream media.



But they were spot on:

The problem in Venezuela is not that socialism has been poorly implemented but that socialism has been faithfully implemented. From the Soviet Union to Cuba, Venezuela — wherever socialism or communism has been adopted, it has delivered anguish, devastation and failure.

Those who preach the tenets of these discredited ideologies only contribute to the continued suffering of the people who live under these cruel systems

Trump then added, without being explicit:

We are prepared to take further action if the government of Venezuela persists on its path to impose its authoritarian rule on the Venezuelan people. Venezuelan people are starving and the country is collapsing ... and we cannot stand by and watch.

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Nitpickers would ask: If the country is collapsing, why not just stand aside and let it happen? And then, assuming that new leadership arises with the ideology of freedom, President Trump would offer congratulations and support for it. This would lend credibility to the new leaders and open the floodgates of private entrepreneurial capital that Maduro has chased away. Trump might make granting his imprimatur conditional, including perhaps requiring that the new pro-freedom government 1) allows new and honest elections; 2) ensures that the criminals presently infesting the Maduro dictatorship are removed and brought to justice; and 3) replaces Maduro's cronies running the country's oil company with technicians and experts who know what they are doing. Trump might require assurances that the destructive Marxist policies that have been strangling the country be removed. Trump could encourage private companies to open relationships with the new regime and American oil refiners to continue and expand their purchase of the heavy Venezuelan crude for which those refineries were specifically built to handle. It wouldn't take long for the economy of the country to begin to revive, once it is allowed to breathe freely again. One thing happily missing from President Trump's comments was any suggestion that he would take military action to remove Maduro and his Marxist regime if it didn't give up its totalitarian ways.

There are already in place various sanctions on Nicolas Maduro and more than two dozen of his henchmen, freezing what assets they might have under U.S. jurisdiction. Limitations have been placed on Americans and American companies seeking to do business and provide financial services and new loans to the regime.



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More could be done, of course, but to what end? More sanctions on more of Maduro's people has been suggested, along with criminal investigations into Maduro's theft of \$10 million from the country's treasury and ties to the illicit drug industry by some of his top military people. Those investigations could extend to the widespread corrupt food import scheme that has left nearly the entire country starving. But again, to what end? As Michael Shifter, president of the Washington-based think tank Inter-American Dialogue, observed: "There is no sign [the present sanctions] are succeeding in the way that the U.S. had hoped."

Socialism sows the seeds of its own destruction. Its deliberate murder of the free market through price controls has reduced the regime's cash flow to the point where it must either borrow from abroad, or print new money. Venezuela has been doing both. Inflation is estimated to approach 2,000 percent this year, rendering the country's bolivar currency essentially worthless. And it has borrowed an estimated \$150 billion from lenders including China and Russia.

Now those seeds are sprouting: Maduro's government has drained its cash reserves but owes its lenders \$5 billion in principal and interest before the end of the year. Despite the \$1 billion a month flowing into PDVSA, Maduro's state-owned oil company, from American refiners (one area which the Trump regime has been reluctant to sanction), it's mathematics that will sink Maduro, and accomplish Trump's objective without firing a shot or adding one more Maduro crony to his sanctions list. Defaults will lead to seizures of his oil company's assets, thus ending his regime through financial asphyxiation.

Trump's ace, once Maduro is gone, is his ability and willingness to grant political and economic credibility to the new government but only after it has provided him with assurances that the country wouldn't be ruled by another Marxist tyrant taking Maduro's place.

Trump has already tried the "stick" approach and all it has done is stiffen resistance by Maduro. The "carrot" approach just might be more successful after Maduro makes his exit.

Venezuela sits atop the world's largest proven oil reserves. A new regime, managed carefully and prudently, using tried-and-true free-market principles (i.e., rule of law, support of private property and contracts, government limited to its proper role, etc.) would return Venezuela to its rightful position as the leading economic powerhouse it once was prior to the arrival of Marxists Hugo Chávez and his protégé Nicolas Maduro.

Photo of government supporters in Venezuela: AP Images

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

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