



Written by [Michael Tennant](#) on September 5, 2010

## Venezuela's "Good Life Card" Comes at a Great Price

Chavez was forced to deny that his card is intended to promote communism because the card, says the *Herald*, "is making various segments of the population wary because they see it as a furtive attempt to introduce a rationing card similar to the one in Cuba."

Rationing certainly would not come as a shock to anyone familiar with the results of socialism. Socialism suffers from what economist Ludwig von Mises called the [calculation problem](#). Market prices, said Mises, are necessary to determine the best use of scarce resources. These prices ultimately translate into profits and losses. Profits encourage businesses to keep doing what they are doing because it is satisfying customers, while losses tell them to stop wasting resources on unwanted production.

In a socialist economy, however, there are no genuine market prices because all production, distribution, and purchasing decisions are made on political, rather than economic, terms. Socialists, therefore, have no market signals of profit and loss to guide them; all they have is the personal desire of those wielding power at any given moment. The results are, inevitably, shortages of desired goods and services and surpluses of undesired ones. With shortages comes rationing as the government tries to deal with the chaos it has created by allotting each person a bare minimum of those things everyone desires.

In Cuba the expected food shortages — food is a desired good, after all — led Fidel Castro to introduce a rationing card for groceries. Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies, described to the *Herald* what happened:

"The card emerged when goods began to become scarce. The government had seized many companies that did not work because the government managed them poorly. Then they decided to distribute groceries through those cards."

And although the cards were introduced as a mechanism to deal with scarcities, Suchlicki said, they later became an instrument of control.

"People depended on the government to eat, and nothing gives you more power than having people depend on you to get their food quota," he said.

With Venezuela now encountering similar food shortages, it's no wonder people are concerned about the Chavez regime's Good Life Card. The *Herald* again:

"We see that in short-term this could become a rationing card probably similar to the one used in Cuba," Roberto Len Parilli, president of the National Association of Users and Consumers, told *El Nuevo Herald*. "It would use more advanced technological means [than those used in Cuba], but when they tell you where to buy and what the limits of what you can buy are, they are conditioning your purchases."

The former director of Venezuela's central bank, Domingo Maza Zavala, said the Good Life Card "could become a rationing card that would limit your purchases in light of the country's recurring problems with supplies," writes the *Herald*. In order to improve the food supply, he said, "you need to encourage local production with the help of the private sector.... The government cannot become the ultimate food distributor." (The current bank director, naturally, parrots the government line.)

The *Herald* points out that "critics ... insist that the government control over the supply chain is too



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broad and depends greatly on imports the government authorizes through its currency exchange system.”

“In theory,” says the paper, “the government could begin to favor the import of products to be sold through the government chains and have more control over the type of products purchased and the people buying them.”

That is almost certainly where this is headed. Governments are loath to admit their mistakes, and Chavez is no exception. Rather than confess that socialism has failed everywhere else it has been tried and is failing again in Venezuela, he will likely pursue it to the bitter end, with rationing and other [painful consequences](#) for the Venezuelan people.

Chavez’s critics have very well-founded fears about the direction his regime is taking the country. Americans would do well to heed their warnings when it comes to healthcare. Under [ObamaCare](#), after all, the federal government can, to quote Parilli, “tell you where to buy and what the limits of what you can buy are.” Rationing, as desired by, e.g., [Donald Berwick](#), is the next logical step. Can our Washington-issued “Good Health Cards” be far away?



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