



# Mindszenty Report

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## Venezuela: The Tragedy of Socialism Hunger, Rationing, Shortages, Helpless Hospitals, Looting, Corruption

**S**omebody should tell American millennials and Bernie Sanders supporters to take a trip to Venezuela to see the tragedy that socialism inflicts on average people. Young Americans are not learning in their classrooms about the horrific devastation brought by communism to people in Stalin's Soviet Union or Mao's China, but Venezuela today provides a first-hand experience of what socialism means in reality. Venezuela is now a failed state. Inflation is rampant; water, food and electricity are rationed; hospitals are without basic medical supplies, including soap, medicines and even gloves. This is what socialism brings: sharper social and economic inequality, hunger and death. How did Venezuela, a formerly thriving country, rich in oil and gold, collapse so completely?

### Hugo Chavez: The False Prophet

**I**n the late 1980s, declining oil prices put Venezuelan society under increasing stress. The decline of state revenues and royalties meant that the government had less money to spend on social welfare. Particularly hurt were the urban poor, many of them rural immigrants who had arrived in larger cities in the previous two decades looking for work. Major cities such as Caracas were filled with sprawling shanty towns. The shanty-dwellers had little access to welfare benefits, which went largely to well-organized urban workers. Proposed rises in domestic gasoline and diesel prices led to massive rioting and dozens of deaths in early 1980. Into this crisis stepped Hugo Chavez, a military officer, who tapped into the discontent of the rural and urban poor.<sup>1</sup>

Chavez had joined the army in 1971 as a 17-year-old officer cadet. Unlike many other Latin American countries, Venezuela recruited its officer corps largely from the lower middle class rather than from the upper class. Chavez was deeply influenced by Castro's Cuban revolution. By his late 30s Chavez had risen to become a lieutenant colonel in a paratroop regiment. A dedicated left-wing activist, he

began conspiring with other radicals within the military and outside for a military coup d'état. In February 1992, they attempted a coup, but it failed. He gained national fame, however, as a result of a speech he made shortly following his arrest.

He spent the next two years in prison, where he developed his radical agenda. He was aided by Jorge Giordani, a University of Sussex-educated Marxist economist, and Luis Milquilen, a veteran socialist activist. They advised Chavez to pursue his political ambitions and radical economic program through the electoral process.

The oil crisis of the 1990s continued to depress Venezuela's economy. In this worsening climate, Chavez emerged as a major critic of the two major parties in Venezuela. Although only 35 percent of the registered electorate turned out to vote in the 1998 presidential election, Chavez won a comfortable majority of these voters on a campaign to eliminate corruption and clean up politics through constitutional reform. He presented himself as an anti-corruption, reform-minded populist.

### Chavez in Power

**A**lthough he won election in 1998, Chavez faced continued opposition within the two-chamber congress, the judiciary and the press. Once in power, Chavez used a series of referendums and elections to change the country's constitution. These measures allowed him to strengthen his hold on the congress and the judiciary. In early 2001 he was able to push through bills that were not even presented to legislators.

He targeted the independence of the judiciary. Under new constitutional provisions, judicial appointments became political appointments. In 2004, the supreme court was increased from 20 to 32 judges. The new president of the supreme court announced that he was a "revolutionary," whose job was "to implement revolutionary justice."<sup>2</sup>

Chavez extended his control over the military after a failed military coup in April 2002. In the nation's capital, there were riots and running gun battles between opposition supporters and government supporters. The failed coup allowed Chavez to purge political opponents in the armed forces. Chavez mobilized popular support by accusing the United States of instigating the coup. A later U.S. congressional investigation found that the American embassy in Caracas had played no role in the attempted coup.

Chavez's desperate opponents launched a general strike in late 2002. Oil production shut down for two months, but eventually the strike was broken by unskilled workers and technical assistance from Iran and China. Emergency oil supplies were provided by the newly elected left-wing government of Luis Inacio Lula da Silva of Brazil. The failed coup and general strike set the stage for Chavez's next extension of power. The United States, as well as the governments of Brazil, Chile, Mexico, Portugal and Spain, tried pressuring Chavez and opposition parties to resolve the crisis through the democratic process, in a recall referendum.

Chavez agreed to the recall referendum because he knew that he had already institutionalized the revolution. Using the proceeds of oil revenues, he had created a set of social programs known as *misiones*, which were revolutionary communes. Staffed by thousands of Cuban doctors, teachers, paramedics and sports instructors, these *misiones* provided free primary medical care for the poor and collectivized rural agriculture, education and youth programs.<sup>3</sup> He won the referendum 59 percent (5.8 million votes) to 41 percent (3.9 million votes). After the opposition claimed that the election was a fraud, the Organization for American States and the Carter Center at Emory University ruled that the referendum had been won fairly.

### **Revolution Enters a Radical Phase**

Chavez's victory was followed by more decisive triumphs in state elections in November 2004 in which government candidates won control of 21 of 23 governorships. Political opponents were arrested, censorship of newspapers imposed, and social programs for the poor advanced. In December 2006, Chavez won reelection for a six-year term, capturing 63 percent of the vote. Emboldened by the victory, Chavez announced that he was going to transform Venezuela into a revolutionary socialist state.

Radical economic measures were introduced that allowed agricultural land to be appropriated and distributed to local agricultural communes. Venezuela's electrical and telecommunications companies were nationalized. Chavez forced the country's oldest private television network to go

off the air. The nation's cement industry was nationalized. Control over oil production tightened, allowing Chavez to extend his influence throughout Latin America.

He purchased Argentina bonds, gave financial support to Ecuador, and provided Cuba with cheap oil in return for medical and other services. Cuban doctors flooded into Venezuela. Chavez began selling oil to China and invited state-owned companies from Russia, Iran, China and India to invest in the oil sector. He forged links with Columbia's left-wing guerrilla movement, the Revolutionary Armed Forces of Columbia (FARC).

### **Maduro: Heir to a Failed State**

In 2011, Chavez appeared on state-owned television to confirm that he had had a cancerous tumor removed. His claim that he was cancer-free after chemotherapy treatment in Cuba enabled him to win another six-year term in October 2012, defeating his opponent by an 11-point margin. Two months later, in December, Chavez was forced to announce that the cancer had returned and his vice president, Nicolas Maduro, would take his place. On March 5, 2013, Chavez died. The revolution that he had begun a decade earlier was firmly entrenched.<sup>4</sup>

Maduro, a former bus driver and true believer, came into the presidency. A short time later, Maduro won the presidency in his own right in a close election. Maduro inherited an economy in a death spiral. Chavez had turned an economy that was muddling along into a basket case. The revolution had been based on revenues from oil, but the collapse of oil prices in the global economy following the 2009 Great Recession brought ruin to Venezuela's experiment in what Chavez had described as "Socialism for the 21st Century."

The fiscal profligacy of the Chavez-Maduro regime through its socialist programs faced the reality of a global economy. By the time of Chavez's death, Venezuela was running chronic budget deficits. To pay its bills, the government borrowed \$45 billion from China, and it began printing money. Inflation was the inevitable result.<sup>5</sup> The Maduro government began selling gold reserves to make payments on its foreign debts.<sup>6</sup> High oil prices had made Venezuela into one of Latin America's richest countries. With the collapse of oil prices, Venezuela fell into a state of chaos. Venezuela today is one of the worst-performing economies in the world.

Hyperinflation and shortages of basic goods brought devastation to the Venezuelan people. Consumer price growth reached 152 percent and unemployment shot up. Although

Maduro's government won handily the National Assembly elections in 2015, many average Venezuelans have become disenchanted with the revolution, as well as they should. As the government juggles foreign reserves to make its debt payments, the economy has entered into a meltdown.

Government-imposed electric blackouts are now a feature of everyday life in Venezuela. Flour is in such short supply that bread is difficult to find. Milk is a scarcity. Such common items as deodorant have disappeared from the shelves. Toilet paper has become a luxury item. There are reports of widespread looting of grocery stores and the eating of dogs, cats and pigeons to assuage hunger.

### Babies Dying Daily

In Venezuela's hospitals, there are chronic shortages of antibiotics, intravenous solutions and even food. Rolling blackouts have shut down respirators in maternity wards. Medical staff personnel have kept ailing infants alive by pumping air into their lungs by hand for hours, often to no avail. "The death of a baby is our daily bread," said Dr. Osleidy Camejo, a surgeon in a Caracas hospital recently.<sup>7</sup> It was reported that, at the University of the Andes Hospital in the city of Merida, a mountain city, there is not even enough water in some hospitals to wash blood from the operating tables. Doctors are washing their hands with bottled seltzer water before surgery.

Infant death rates have soared in government-run hospitals, reaching 2 percent in 2015 from .02 percent in 2012, based on the government's own reports. The death rate among new mothers has increased nearly five times in this same period. Ambulances lack functioning oxygen tanks. Hospitals are without functioning X-ray machines or kidney dialysis machines because they broke long ago.

The shortage of beds has led to some patients having to lie on the floor in pools of blood. Dr. Leandro Perez, an emergency care doctor at Luis Razetti Hospital in the port city of Barcelona, summed up the situation grimly, "Some come here healthy, and they leave dead."<sup>8</sup> Chronic conditions once treated by modern medicine now go untreated. Anti-convulsion drugs used for treating epilepsy cannot be found. Other vital medicines, prescription and over-the-counter, have all but disappeared. Even diapers cannot be found.

### 'An Egg Is Like Gold'

The *New York Times* observed that "Venezuela is convulsing from hunger" in a June 19 article on the eruption of food riots and looting in the country with the largest oil reserves in the world. The article quoted a 24-year-old Venezuelan: "During Carnival, we used to

throw eggs at each other just to have some fun," he said. "Now an egg is like gold."

Shortages of basic foodstuffs and everyday items have spawned a black market. Even if items are available on a supermarket shelf, the government limits each shopper to the purchase of only two of any item in a week. As one female shopper explained to a reporter, "The problem is our family has 12 people. So two bags of rice lasts one day. So we go to other supermarkets and shop all day." If they cannot find rice, they know it might be available on the black market. A bag of rice on the black market, though, costs the equivalent of two days of pay. A large can of milk costs one full week's salary.<sup>9</sup>

Because the government nationalized the majority of sugar companies, sugar cannot be found. The majority of coffee companies were expropriated by the government, so coffee cannot be found. The government expropriated Owens-Illinois, so packages cannot be found. Bootleg sales take place with buyers finding sellers through friends, often through illegal closed chat groups on Facebook and WhatsApp. Open chatrooms for shopping have been declared illegal by the government.

### Black Markets and Corruption

The demand for U.S. and foreign currency has created a huge black market. Corruption is the inevitable result. Government officials with access to dollars will sell their cash to black market dealers, who in turn sell these dollars to other traders. In this way, the black market is created and then protected by corrupt government officials. Corruption is rife throughout the system, one of the great ironies of the Chavez-Maduro government which came into office and won elections on anti-corruption rhetoric.<sup>10</sup>

Government corruption has led to criminal corruption. Crime is rampant in Caracas. Armed robbery, car thievery, kidnapping and street crime are common occurrences in the city. Nobody goes out unless they have to at night. One survey showed that 60 percent of Venezuelans have been victims of crime in the last year.<sup>11</sup> Such is the experience of Alejandro Martinez, an entrepreneur who has a small manufacturing plant in Caracas. He has been unable to visit his plant for five months because a local armed gang insists that he has to pay a "tax" if he wants to stay in business. He has decided to shut down the plant. The gang does not care that Martinez is in a wheelchair after being paralyzed in a surfing accident when he was younger. Nor do they care that his business is Discapaland, the only company in Venezuela that designs products for disabled people.<sup>12</sup>

## Lessons Learned?

The Venezuelan experience imparts two major lessons every American should take to heart: Socialism does not work, has never worked, and will never work; and socialism can come to a country through the democratic process. (See also March 2016 *Mindzenty Report*, "The Ascendancy of Radical Socialism.")

A functional government needs to be restored in Venezuela.<sup>13</sup> How this will occur in a socialist dictatorship willing to use the army, police and vigilantes against opposition street protesters and political dissenters is the question facing Venezuelans and world leaders today. It's an important question for American leaders as well, because Venezuela still provides about 10 to 12 percent of U.S. oil supply and New York banks remain major creditors to the country.

The more disturbing lesson from Venezuela is that people can elect dictators such as Chavez and Maduro to power. Chavez and Maduro rallied the people through a cry for social justice, anti-corruption, and economic equality. Many of the people went for it. They had been softened already by a welfare system. This was the road to serfdom. It's a road any nation can travel. Beware, American youth. Beware, all Americans.

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7 Matt Vespa, "Disaster: Venezuelan Hospitals Lack Basic Medical Supplies, Soap, and Even Gloves—Babies Dying are Common," *Hot Air*, posted May 20, 2016.

8 Ibid.

9 "A Day Out at the Black Market in Venezuela," *Marketplace*, April 3, 2016.

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11 Christopher Reeve, "Goodbye, Venezuela," *World Policy Journal*, Winter 2015/16; and "Justice Decayed: Crime in Venezuela," *The Economist*, May 21, 2016.

12 Marian Zuniga, "The Perils of Doing Business in Venezuela," *BBC*, May 26, 2016.

13 Paul Bonicilli, "Venezuela's Problems Are Political, Not Economic," *Foreign Policy*, May 28, 2016.

## Our Republic...Where is it?

### *Could it be hiding in our Declaration of Independence?*

Yes, the source of legal authority and the philosophical underpinnings for the Constitution is the DECLARATION OF INDEPENDENCE.

At the outset, the Declaration states that we trace our independence to Almighty God; thus the Declaration was—and remains today—one of the most profound acts of religious faith in all history.

Let us all resolve to re-read and re-examine this marvelous document. Perhaps it is the key to revitalization of the Republic and a victory for the reunion of God and Country.

(based on a 1999 article by Dean Clarence Manion)

## Mindzenty Report Reprints

**HOW SCIENTIFIC DISHONESTY AND POLITICAL CORRECTNESS COST WOMEN'S LIVES.** Facts about abortion and the Pill raising the risk of breast cancer have been concealed from women and their physicians.

Ask for 6/16

**RECLAIMING CHRISTIAN HUMAN RIGHTS.** The left has appropriated the language of human rights for its own purposes, including the supposed right of men to use women's restrooms and the right to force bakers to make cakes for same-sex wedding receptions. But Christian thinkers throughout history have supplied a deeper theory of human rights.

Ask for 5/16

**THE RISE AND ECLIPSE OF RELIGIOUS LIBERTY IN AMERICA.** Toleration hard-earned over centuries is threatened by new 'rights' colliding with Christian beliefs. The ACLU is on the forefront, now opposing even the Religious Freedom Restoration Act which it once supported.

Ask for 4/16

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