



## **Kenya: In Today's Kenya, You Can See Venezuela's Path to Ruin**

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Populism is the most common sin committed by shallow, artificial political systems, systems that redistribute the wealth and riches someone else has made to others.

Populism is a self-destructive system, where "identification" is not a means to the betterment of society or to the common good but an end in itself.

Populist leaders buy identification at the expense of anything, at any cost. They are exceedingly generous with what doesn't belong to them. It's like the man who mortgages his family's home and savings just to keep the celebration going on.

Populists are electric and attractive; they enthuse the people and keep the music playing until the power is gone. Much like drinking and gambling, populism is a difficult vice to admit to and stop.

Governments that subscribe to populism often play dangerous cards because they must identify themselves with the masses.

They must also focus everyone's attention on one single enemy, within or without, which they do through manipulation, as George Orwell brought out brilliantly in his book *Animal Farm*.

Last week I wrote about identification and explained that there were three levels of identification, which I called the three 'Es' - ethnicity, economy and empathy. I explained that these three 'Es' were indicators of how identification is achieved in a given democracy.

Well, populist leaders who attempt to achieve identification by placing the enemy on the first 'E' (ethnicity) cause massacres and genocides, as happened in Rwanda, or in Germany under Hitler.

Populist leaders who attempt to achieve identification by placing the enemy on the second 'E' (economy) cause revolutions that degenerate to widespread social violence, disregard for the rule of law and, eventually, economic collapse.

Placing the poor against the rich usually begins with what looks like fast redistribution or quick justice, but the money soon falls through the cracks because what is easily got is easily wasted. The consequences of this populist game cannot be measured or contained.

I just spent a month in Venezuela, an amazingly beautiful country made up of beautiful people, all mixed up: White, Black, Asian, Native Indian. An incredible potpourri of joyous people.

### **Young Professional Yuppies**

This country, of one million square kilometres and a little more than 23 million inhabitants, was blessed by God with the largest oil reserves in the world, plus gold, iron, all the minerals you could think of, fertile soil and perfect weather.

It was also cursed, like many African countries, by easy riches and poor governance. The Venezuelan economy has gone absolutely berserk. Food shortages have become a problem and 80 per cent of the private sector has shut down. How could this have happened?

Thirty years ago, the local currency (the bolívar) was at 4.30 to the dollar, and Venezuelans travelled all over the world, shopping with petrodollars.

When oil prices plummeted in the 80s, a deep crisis hit the country. Venezuela went through a deep recession, which left a bitter taste in the mouths of a large part of the population.

The social gap widened and it became rather evident that many politically connected officers in the public sector, and their relatives, had amassed incredible fortunes with total impunity while squandering the country's fortune. People called them "Nuevos Ricos," meaning the "new rich people".

These "Nuevos Ricos" were a vulgar, loud and boisterous class that made it a point to show off their riches, and had no social sensitivity and interest.

They were similar to what we can see in some parts of our upcoming middle class, made up of young professional yuppies in Nairobi, who spend their small fortunes in senseless clubbing and party hopping.

In the 90s, the social gap grew deeper and more bitter, and inflation reached 99 per cent. This, coupled with poorly distributed and loudly spent riches, with no social concern or proper social policies, was the perfect recipe for a revolution.

### **One Trillion Dollars**

Hugo Chavez jumped onto the political stage, first through a failed coup d'état. Eventually, he took office in 1999, capitalising on this artificial, absurdly constructed social fabric.

Chavez's appeal and charisma brought the masses together and he invited the people to govern with him. Expectations were high and his speech was timely and appealing.

His appearance coincided with a second oil boom. Prices soon shot through the roof, to an all-time record peak of \$145 per barrel in July 2008.

Hugo Chavez could not resist the temptation that any leader with huge amounts of cash showering in faces. He went on a spending spree, spending on short-term social programmes, mass expropriations, encouraging invasions and corporate nationalisation.

This implied humongous compensation packages, but with such oil revenues the government could afford anything.

The situation brought the private sector to its knees. Eighty per cent of its operations shut down and the economy outside the public sector collapsed.

Now, in Venezuela, for all intents and purposes, the government was the sole owner and breadwinner, but it really did not matter.

The government could pay for this and much more, with oil prices at \$100 and more per barrel. The country pocketed oil revenues of almost one trillion dollars over 15 years, similar to what the United Arab Emirates (UAE) received over the same period.

### **Queuing For Milk**

This approach caused three unexpected and unwanted effects. First, it made the government solely dependent on oil revenues, which account for 95 per cent of its exports.

Second, it deepened the social gap between the poor and the rich. What was just an economic difference now also became emotional and cultural. It became hatred.

Third, the hatred degenerated into violence. In 2015 there were more than 27,000 violent deaths, mostly from gun-point robberies and kidnappings.

Now, in such a rich country, with the largest proven oil reserves in the world and exceptional natural beauty, everyone, rich and the poor alike, has to queue in supermarkets to buy basic commodities, from toilet paper to milk to bread to soap.

The Cato Institute and Johns Hopkins University say that inflation is now at 808 per cent, and a complete economic collapse cannot be ruled out.

Medicines are not available and shopping for basic commodities is only allowed on specific days, depending on the last numbers of your ID.

In Kenya, we need to learn from this experience. We have a huge economic gap between the rich and the poor and a deep divide in our social and ethnic fabric.

Our growing middle class, mostly composed of young professionals, has a casual approach to expenditure, to what's happening in the country. It has a sort of "don't care" attitude for the poor, coupled with an unmeasured desire for showing off whatever money it has.

Something has to change. I hope the change starts inside us, before it is imposed from outside at a cost we cannot afford, and brings with it the misery of queuing for food, medicine or toilet paper.