



Hey, Bernie Sanders Supporters -- All Roads Lead to Venezuela

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When socialist Hugo Chavez became president of Venezuela after the 1998 election, he promised a path he described as "revolutionary," the same word Bernie Sanders uses for his "movement" to fight "income inequality."

Useful American idiots like actors Sean Penn and Danny Glover, who got rich making movies for capitalist Hollywood, sang Chavez's praises. Penn described him as "one of the most important forces we have had on this planet."

Glover praised Chavez as "a social champion of democracy, material development, and spiritual well-being." Chavez promised to help finance films for Glover. The Venezuelan National Assembly even reportedly gave Glover \$18 million to make a film about Toussaint L'Ouverture, the Haitian slave who led a revolt against the French.

Former congressman Joseph P. Kennedy II participated in a Chavez influence-buying scheme to "sell" Venezuelan oil at below fair market prices to provide low-income families *in America* -- families richer than most Venezuelans -- with cheaper heating oil. Beginning in 2005, Chavez, through the state-owned petroleum company he controlled, Citgo, gave about 40 million gallons of crude per year -- for free -- to an affiliate of Kennedy's nonprofit Citizens Energy. The crude was sold and the profits used to fund free and steeply discounted deliveries of heating oil to low-income households in 23 states. Kennedy spent \$16 million of that profit in two years on advertising for Citizens Energy, including TV ads that credited Kennedy with delivering heating oil to needy Americans at a 40 percent discount, thanks to "our friends in Venezuela and Citgo."

Pre-Chavez, Venezuela was certainly no economic paradise. In 1998, the unemployment rate was 11.8 percent. Inflation, which had topped 100 percent in 1996, was at 35.8 percent in 1998. Its gross domestic product per capita was \$3,221. By contrast, other countries in Latin America were not faring any better. As Justin Fox wrote in Bloomberg nine months ago: "When Hugo Chavez first took office as Venezuela's president in 1999, the country wasn't exactly anybody's economic model. Great oil riches had been squandered, repeatedly. Inflation was a recurrent problem. ... The economy wasn't growing much. Almost half the population was below the

country's poverty line. ... Still, Venezuela was Latin America's most affluent country, thanks to all that oil. Its government finances were in tolerably good shape, also thanks to oil."

Today, three years after Chavez died from cancer, and with the country run by his handpicked successor, unemployment for 2015 is officially at 6.8 percent, the inflation rate is running at 181 percent (officially, although unofficial estimates place it much higher) and GDP per capita in 2014 was \$6,057.

"Now, of course, Venezuela's economy is a disaster," wrote Fox in Bloomberg. "The latest estimate from the Troubled Currencies Project run by Steve H. Hanke of the Cato Institute and Johns Hopkins, meanwhile, is that inflation is really 808 percent. Food shortages have become a problem, a debt default seems almost certain, and a complete economic collapse isn't out of the question. By 2014 Venezuela had, by the World Bank's PPP-adjusted accounting, slid to fifth place in per-capita GDP in Latin America, behind Chile, Cuba (!), Uruguay and Panama. Mexico and Brazil may pass it this year, despite their own economic troubles. Even next-door neighbor Colombia is getting within striking distance."

What "revolutionary" measures did Chavez undertake in his 14 years in charge? He nationalized much of his country's commerce, particularly "strategic sectors" such as energy, telecommunications and oil-rich Venezuela's vital petroleum industry. Portraying himself a champion of the poor, Chavez demonized the country's middle and upper classes as "Los Escualidos" -- "the squalid ones." To redistribute wealth, he seized more than 1,000 businesses, farms and urban properties, insisting that the government takeovers were justified because the owners were corrupt, or that the seizures would improve the lots of the poor. The previous private owners were usually uncompensated when their assets and properties were appropriated.

With then-historically high oil revenues and income streams from the other nationalized industries -- combined with a massive increase in national external debt -- Chavez poured government spending into subsidized food, housing, health, education and other welfare programs. His government spending spree fueled rampant inflation, which averaged an annual 22 percent under his 14-year reign. Instead of creating a paradise, his policies reduced private sector investment and productivity, and price caps and other interventionist policies have caused shortages of food and basic necessities. Venezuelans suffer through electricity brownouts and blackouts. Crime has skyrocketed.

The late British Prime Minister Margaret Thatcher said: "Socialist governments traditionally do make a financial mess. They always run out of other people's money." True, unless, as was the case with Chavez, the socialist has the good fortune to die first. The worst thing that could happen to Bernie Sanders supporters is not for their man to lose. The worst thing that could happen is for their man to win. Viva la revolution!