

The Washington Times

Lights out in Venezuela

Disastrous economic policies keep everyone in the dark

December 8, 2013

The lights are out in Caracas, and “right-wing sabotage” is to blame, according to Venezuelan President Nicolas Maduro. That’s the socialist leader’s version of saying it’s George W. Bush’s fault — a favorite tactic of our own president.

Waves of power outages throughout Venezuela have triggered massive protests with outraged citizens banging pots and pans together. A massive blackout in September left 70 percent of the nation in the dark. Such problems are the fruit of the Bolivarian revolution led by Hugo Chavez. The movement’s motto is: “Socialist motherland and victory, we will live, and we will come out victorious.”

The victory over capitalism has sapped away the abundant nation’s energy. Given Venezuela’s oil resources, the country ought to be rich. Instead, ordinary citizens face a daily hunt for things that are taken for granted in developed nations, from food to toilet paper. Even if a rare roll of Charmin can be located, few are able to afford what has become the ultimate status symbol.

That’s because inflation is off the charts. Some estimates see the price of goods rising in excess of 54 percent annually, but hyperinflation could be looming around the corner. The Cato Institute’s Steve Hanke, who tracks global inflation hot spots, recently estimated Venezuela’s annual inflation at 320 percent, or about 13 percent monthly, heading into the danger zone.

Shortages and inflation are the direct result of putting government bureaucrats in charge of running businesses. Mr. Maduro can’t admit that the price controls have been a failure, so he shows he’s “doing something” by intervening more heavily into the marketplace. Recently, the government sent troops into electronic stores, ordering retailers to lower prices. It was government-sanctioned looting.

The policy has rendered Venezuela’s currency, the bolivar, basically worthless. Officially, the exchange rate is 6.3 bolivars to a U.S. dollar, but in a dark alley, a greenback scores 64 bolivars. The Venezuelan government can’t stand the black market, so it has been going after Twitter and related websites to block citizen efforts to evade Mr. Maduro’s economic controls.

Mr. Maduro might want to compare notes with his Argentinean colleague, President Cristina Kirchner, whose dabbling in tight price and currency controls has resulted in 25 percent inflation in a country that used to be one of the wealthiest in Latin America.

No matter how wealthy a nation might be in terms of natural resources, those inherent advantages do no good under socialism. This is a lesson the United States must heed as President Obama and his allies

in Congress continue to introduce policies that transfer control away from consumers in favor of bureaucrats in Washington.

Obamacare is a health plan that the late Hugo Chavez would have heartily endorsed. It's no wonder that it brings the same shortages and increased costs to health care. It's time to turn out the lights on all such socialist policies before they turn out the lights on all of us.