

# NEW YORK POST

## Chavez's grim legacy

*Nation in ruins, region in crisis*

By: Juan Carlos Hidalgo - March 5, 2013

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Hugo Chavez's legacy of economic nationalism and authoritarian rule will haunt Venezuela and its neighbors for years to come.

A country that was once one of the few democracies — albeit an imperfect one — in a region plagued by military dictatorships, Venezuela now lies at the bottom of hemispheric rankings on institutional quality and political and civil liberties.

Ironically, Chavez used elections, referenda and legal technicalities to destroy vital democratic institutions, such as the separation of powers and the independence of media — a model later replicated in Ecuador, Bolivia and Nicaragua.

Chavez called it “Socialism of the 21st century,” but its main features — messianic leadership, state control of key industries and political repression — more closely resemble the fascism that marred some South American countries in the past.

Venezuela's social fabric will take years, if not decades, to mend. According to Transparency International, it's now the most corrupt nation in Latin America. It's also one of the most violent, with a staggering murder rate of 73 homicides per 100,000 inhabitants.

And it's easy to see the situation deteriorating further in the wake of Chavez's death. The government armed and trained at least 25,000 civilians for a militia bent on “defending the revolution.” None of Chavez's likely successors seems to command the loyalty (or even the sympathy) of these die-hard chavistas.

Disgruntled radical elements armed with Russian rifles could perpetrate even more violence in the months ahead. At the least, the deep hatred and mistrust that has divided Venezuelan society between followers and opponents of Hugo Chavez will outlive him.

Venezuela's economy is one of his greatest casualties. The Fraser Institute's latest Economic Freedom of the World report ranks Venezuela as the least free economy of 144 nations studied. The inflation rate is among the highest in the world.

The concrete facts are grimmer still: The country suffers from chronic shortages of electricity and basic goods. Its roads, bridges and other infrastructure are literally falling apart after years of neglect, while Venezuela's industrial and agricultural capacity has been decimated by repeated expropriations and nationalizations.

The country now imports 70 percent of its food, while oil accounts for 95 percent of its export revenues. The currency was devalued by 32 percent after a government spending spree leading up to last October's presidential election left a staggering fiscal deficit of 8.5 percent of GDP.

And that might not be enough: On the black market, the currency is trading at a third the new official rate against the dollar, so an even larger devaluation may come soon.

Chavez wouldn't have been able to pursue his populist agenda if it weren't for oil, which some estimate accounted for \$980 billion in revenues during his tenure. About a third went for social programs — hence his popularity among the poor. But the rest was squandered in dubious investments or went to swell the bank accounts of a new privileged class called the “boligarchs” — so named because they've prospered tremendously under Chavez's so-called Bolivarian revolution.

Tens of billions also went to foster his regional ambitions — financing extreme left-wing political parties, governments and even armed insurgencies in Latin America.

Venezuela's client states will surely feel Chavez's departure. Without the massive oil subsidy and other handouts it gets from Venezuela, Cuba's highly vulnerable economy would probably collapse. Since this would jeopardize the Castro dictatorship, Havana is playing an active role in deciding who will replace Chavez and how the succession will play out.

Other regional allies such as Argentina, Nicaragua, Ecuador and Bolivia will likely also face cutbacks in economic assistance, although not significant enough to threaten their leaders' hold on power.

Still, the menace of leftist populism in Latin America will be greatly contained by the absence of Chavez's wallet and charisma and by the visible mess he left behind. After all, the group of nations aligned with Venezuela — the “Bolivarian Alliance for the Americas” plus Argentina — represent only 20 percent of the region's GDP. Other countries such as Chile, Peru and Mexico that have chosen democratic capitalism are faring much better and represent a far more attractive model.

In the final analysis, history will remember Hugo Chavez as an authoritarian caudillo whose policies set back Venezuela's development and institutions by decades. The faster Venezuela and Latin America turn the page, the better.