



The Continued Appeal of Statism

Ideas, good and bad, have consequences

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Learning from other people's successes and failures can take time. Consider the examples of Argentina and Venezuela. The voters in both countries have recently rejected statist economic policies by voting for a market-friendly presidential candidate (in Argentina) and non-socialist parliamentary majority (in Venezuela). The electoral outcomes in the two Latin American countries were not completely unexpected, considering that Argentina and Venezuela have both suffered serious economic reversals in recent years.

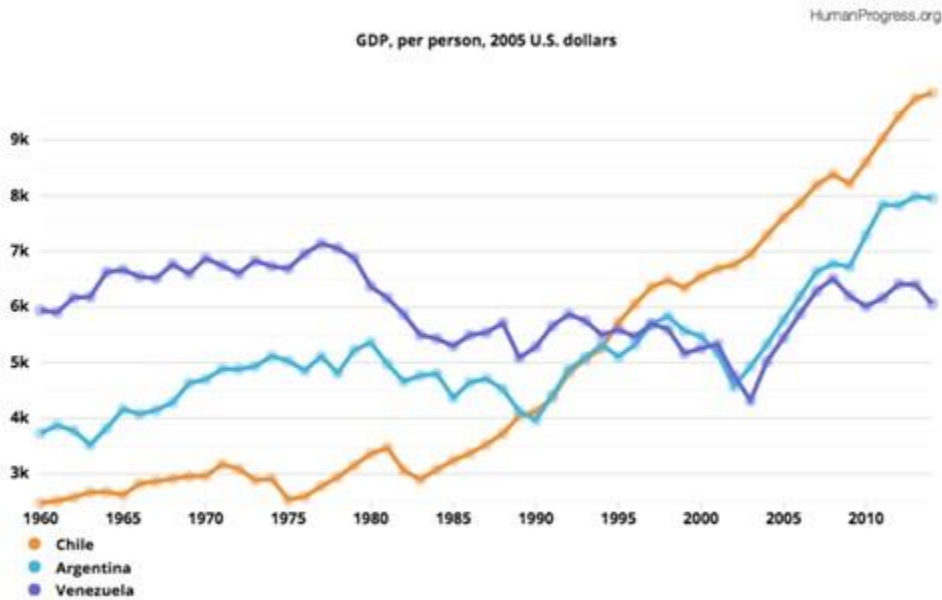
The continued appeal of statism is undeniable. It keeps on reappearing—in different forms, but with similarly disastrous consequences.

Remarkably, the latest bouts of Peronism in Argentina (2001-2015) and socialist policies in Venezuela (1999-2015) came *after* the success of the Chilean economic model of development became apparent. Beginning in the 1970s, Chile has introduced many market-friendly policies, becoming the economically freest country in Latin America. As a consequence, its per capita income grew. Consider that in 1960, Chilean per capita income was 66 percent that of Argentina and 42 percent that of Venezuela. In 2014, the Chileans were 24 percent richer than the Argentines and 63 percent richer than the Venezuelans.

Put differently, the Argentine and Venezuelan voters have been, at least for some time, impervious to the obvious example of good economic policy resulting in good economic outcomes in their own region.

A similar story can be told of Botswana, and South Africa and Zimbabwe. For decades, Botswana had been economically freer than other African countries and became relatively wealthy as a consequence. Yet voters in the neighboring South Africa have been growing increasingly supportive of far-left politicians, while in Zimbabwe, Robert Mugabe's catastrophic rule continues to enjoy considerable minority support if not an outright democratic legitimacy.

For decades, free market policies have been vilified and statist policies promoted by parts of the media and intelligentsia, and many politicians, in Argentina, Venezuela, South Africa and Zimbabwe. Ideas have consequences. One of the most consequential outcomes of the anti-free market propaganda seems to be the willingness of some people to ignore reality, at least for a time.



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