



## Venezuela Reminds Us That Socialism Frequently Leads to Dictatorship

*Nicolas Maduro's Venezuela is one place where Friedrich Hayek's most dire warnings remain relevant.*

Marian Tupy

April 4, 2017

On March 29, the Supreme Court of Venezuela dissolved the country's elected legislature, allowing Venezuela's top court to write future laws. The court is filled with allies of Venezuela's socialist president, Nicolas Maduro, while the legislature is dominated by Maduro's opponents, and the court's ruling was seen as the latest step on Venezuela's descent into a full-fledged dictatorship. But following international outcry—as well as the appearance of cracks within Maduro's own party—the court reversed itself just a few days later, on April 1.

Thus, the uneasy standoff between Venezuela's legislature and executive is set to continue. Last week's episode is only the latest reminder of the tendency of socialism to lead to dictatorship, as identified by the Nobel Prize-winning economist Friedrich Hayek in *The Road to Serfdom*.

In 1944, when he wrote his book, Hayek noted that the crimes of the German National Socialists and Soviet Communists were, in great part, the result of growing state control over the economy. As he explained, growing state interference in the economy leads to massive inefficiencies and long queues outside empty shops. A state of perpetual economic crisis then leads to calls for more planning.

But economic planning is inimical to freedom. As there can be no agreement on a single plan in a free society, the centralization of economic decision-making has to be accompanied by centralization of political power in the hands of a small elite. When, in the end, the failure of central planning becomes undeniable, totalitarian regimes tend to silence the dissenters—sometimes through mass murder.

Hayek was fortunate enough to live to see the defeat of both the Nazi and Soviet totalitarian regimes. Unfortunately, there are still places where Hayek's most dire warnings remain relevant. Nicolas Maduro's Venezuela is one such place.

Beginning in 1999, when Maduro's predecessor, the late Hugo Chavez, became President, the government has played an ever-increasing role in the Venezuelan economy. Price and wage controls were put in place, trade was restricted, and private property was expropriated—often without compensation. Partly as a result of those economically illiterate actions (the fall in the price of oil, which Venezuela depends on, did not have such dire consequences in any other oil-rich country), Venezuela's economy tanked and public opposition to the ruling regime increased. Thus, the 2015 parliamentary election saw the opposition to Maduro's leftist policies capture a super-majority in the country's National Assembly.

Unfortunately, socialism, in spite of its manifest failings and Hayek's warnings, refuses to go away. Wannabe socialists are thus destined to learn not from history, but from their own mistakes. In the meantime, ordinary people suffer.

To give just one example, between 1999, when Hugo Chavez took over as President, and 2016, average per capita income in Venezuela rose by 2 percent. In the rest of Latin America and the Caribbean, it rose by 41 percent. A similar story can be observed in Zimbabwe. Robert Mugabe, Chavez's erstwhile friend, has been in charge of his unfortunate country since 1980. Since then, Africa's income per person rose by 48 percent. In Zimbabwe, a socialist dictatorship, it has declined by 25 percent. *Plus ça change, plus c'est la même chose.*

*Marian L. Tupy is a policy analyst at the Cato Institute's Center for Global Liberty and Prosperity and editor of [www.humanprogress.org](http://www.humanprogress.org).*