

3 Socialism Myths Debunked by Venezuela's Nightmare

History provides endless examples of vicious despots ruling under various collectivist ideologies. Hitler, Mao, Stalin, Pol Pot, and—today—Kim Jong-un and Nicolás Maduro may have had different names for their collectivist ideologies, but they have resulted in the deaths of countless [millions of people](#) and endless misery for the survivors.

Alarmingly, a majority of millennials [would prefer to live under socialism](#) or communism. Economically illiterate and ahistorical, they cling to the fantasy that if the right people came to power, they would live in their imagined utopia where society would be ordered according to their whims and wishes.

Reporter Anatoly Kurmanaev has lived in and covered Venezuela for the past five years. He describes his experience of the Venezuelan meltdown in a recent essay for the Wall Street Journal, "[The Tragedy of Venezuela](#)."

Kurmanaev grew up in Russia in the 1990s and witnessed "corruption, violence and degradation." "Venezuela's collapse has been far worse than the chaos" he experienced in Russia.

In my FEE essay, "[Venezuela's Road to Literal Serfdom](#)," I cover delusions people have about socialism. Through the eyes of Kurmanaev's reporting, we can further explore myths about socialism still embraced by many.

Myth 1: Collectivists Care More About the Poor

No magic wand can ever transform the most wonderful intentions of collectivists into good results. Milton Friedman [observed](#),

“Concentrated power is not rendered harmless by the good intentions of those who create it.”

We can't measure intentions, but we can see results. Capitalists have brought billions of human beings [out of poverty](#) while collectivists have starved to death millions. Freedom enriches; force impoverishes. “A society that puts freedom first,” wrote Friedman in [Free to Choose](#), “will, as a happy byproduct, end up with both greater freedom and greater equality.”

In Venezuela, Kurmanaev observes how the façade of good intentions has dissolved:

What struck me on arriving was how little the Socialist leaders cared about even the appearances of equality. They showed up at press conferences in shantytowns in motorcades of brand new armored SUVs. They toured tumbledown factories on live state TV wearing Rolexes and carrying Chanel handbags. They shuttled journalists to decaying state-run oil fields on private jets with gilded toilet paper dispensers...

In Venezuela, I saw children abandon schools that had stopped serving meals and teachers trade their lesson books for pickaxes to work in dangerous mines. I saw pictures of horse carcasses on the grounds of the top university's veterinary school—killed and eaten because of the lack of food.

Kurmanaev reports, “[T]he so-called Socialist government made no attempt to shield [from cutbacks] health care and education, the two supposed pillars of its program.” As if there could be a benign form of socialism, Kurmanaev adds, “This wasn't Socialism. It was kleptocracy—the rule of thieves.”

There is no such thing as benign socialism; it is always “the rule of [violent] thieves.” Law professor [Ilya Somin observes](#),

'[S]trongman bullying' and 'mismanagement' are typical of socialist states around the world. The Scandinavian nations—sometimes cited as examples of successful socialism—are not actually socialist at all, because they do not feature government ownership of the means of production, and in many ways have freer markets than most other western nations.

Myth 2: Those with Good Intentions Solve Problems the Market Can't

We get the leaders our beliefs have called forth. In [*The Road to Serfdom*](#), Hayek points out how people blame “the system” for their troubles and “wish to be relieved of the bitter choice which hard facts often impose upon them.” Thus they “are only too ready to believe that the choice is not really necessary, that it is imposed upon them merely by the particular economic system under which [they] live.”

In his book [*The Essential Hayek*](#), the great economic educator Don Boudreaux writes,

If government remains committed to protecting from the downside of economic change all who clamour for such protection, the powers of government must necessarily expand until little freedom of action is left to individuals.

Boudreaux explains how blocking change creates poverty:

Unfortunately, because economic growth is economic change that requires the temporarily painful shifting of resources and workers from older industries that are no longer profitable to newer industries, the prevention of all declines in incomes cannot help but also prevent economic growth. The economy becomes ossified, static, and moribund. So achieving complete protection of all citizens at all times

from the risk of falling incomes means not only being ruled by an immensely powerful government with virtually no checks on its discretion, but also the eradication of all prospects of economic growth. Inevitably, at the end of this road paved with the good intention of protecting all producers from loss lies not only serfdom but also widespread poverty.

Is it flippant to argue the market will sort out our problems? [Boudreaux explains why](#), rather than being flippant, those who promote the entrepreneurial discovery process are placing society on the superhighway to easing hardship:

“Let the market handle it” is to reject a one-size-fits-all, centralized rule of experts. It is to endorse an unfathomably complex arrangement for dealing with the issue at hand. Recommending the market over government intervention is to recognize that neither he who recommends the market nor anyone else possesses sufficient information and knowledge to determine, or even to foresee, what particular methods are best for dealing with the problem.

To recommend the market, in fact, is to recommend letting millions of creative people, each with different perspectives and different bits of knowledge and insights, each voluntarily contribute his own ideas and efforts toward dealing with the problem. It is to recommend not a single solution but, instead, a decentralized process that calls forth many competing experiments and, then, discovers the solutions that work best under the circumstances.

Kurmanaev went to an event held by the Central Bank of Venezuela. He expected to learn how the bank planned to improve the economy. Instead, at 10 am, he found himself at a beach party where vodka and rum flowed. Nelson Merentes, the head of the Bank, was there. Kurmanaev found Merentes “waving maracas and dancing with a bevy of young women in tight denim shorts.”

One anecdote proves little, but in *The Road to Serfdom* [Friedrich Hayek shows](#) why under collectivism the “[worst get on top.](#)”

What bigger recipe for disaster could you want? The “worst” planning the lives of other people.

Myth 3: The Economy Prospers Under Socialism

Kurmanaev observes this about the Venezuelan economy:

By the end of 2018, it will have shrunk by an estimated 35% since 2013, the steepest contraction in the country's 200-year history and the deepest recession anywhere in the world in decades. From 2014 to 2017, the poverty rate rose from 48% to 87%, according to a survey by the country's top universities. Some nine out of 10 Venezuelans don't earn enough to meet basic needs. Children die from malnutrition and medicine shortages...

Caracas has long been a dangerous yet vibrant city, but the crisis has transformed it into a zombie movie set. When I moved into my neighborhood of Chacao, in the eastern part of the city, the streets were full of food stalls, cafes and shops run by Portuguese, Italian and Syrian immigrants. Groups of young and old stayed in the streets drinking beer or chatting into the small hours.

But Chacao's streets are now empty after dark. Most of the streetlights no longer work, and the only people outside after 8 p.m. are homeless kids rummaging through garbage bags.

Initially, socialism seemed to produce a free lunch.

[T]he poor got subsidized food and free housing. The middle

class got up to \$8,000 of almost-free credit card allowances a year for travel and shopping. And the rich and politically connected siphoned off up to \$30 billion a year of heavily subsidized dollars through shell companies.

Professor Boudreaux explains the inevitable collapse of an economy without “private property rights, freedom of contract, the rule of law, and consumer sovereignty”:

Indispensable to the creation, maintenance, and growth of widespread prosperity is an economic system that uses scarce resources as efficiently as possible to create goods and services that satisfy as many consumer demands as possible. To the extent that the economic system encourages, or even permits, productive resources to be wasted, that system fails to achieve maximum possible prosperity. If, say, large deposits of petroleum beneath the earth’s surface remain undetected because the economic system doesn’t adequately reward the human effort required to find and extract such deposits, then people will go without the fuel, lubricants, plastics, medicines, and other useful products that could have been—but are not—produced from this petroleum.

Out of the Ashes

[Churchill had it right](#): “Socialism is a philosophy of failure, the creed of ignorance and the gospel of envy. Its inherent virtue is the equal sharing of misery except for those running the government.”

Kurmanaev reports on how the impact of socialism on the Venezuelan psyche is visible all around him, “in the sagging skin of neighbors, the dimming eyes of janitors and security guards, the children’s scuffles for mangos from a nearby tree.” He continues,

It is profoundly depressing to watch people you know grow

thinner and more dejected day by day, year after year. When I look back at my five years in Venezuela, it's not the time I spent covering riots, violent street protests or armed gangs that stirs the most feeling. It's the slow decay of the people I encountered every day.

Yet, Kurmanaev shares this heartbreaking but hopeful story:

One day, I saw an emaciated middle-aged construction worker on a beat-up moped pull up to a kid who was rummaging through a garbage sack on the street. The man said, 'Young man!' in a raspy working-class accent, opened his fraying backpack, took out the only thing there—a plastic container of pasta and beans—and handed it to the kid. It was likely the only thing the construction worker himself had to eat for dinner.

In Kurmanaev's tale, I was reminded of Viktor Frankl's [Man's Search For Meaning](#). Frankl tells of concentration camp inmates still having the power to “choose one's own way” by “giving away their last piece of bread.”

Frankl taught, there is always a choice to make. Venezuelans seem to be inmates of Maduro's kleptocracy. The politics of envy has enabled their long decline, and they alone have the power to abandon their socialist mindset. As they do, they will come out of their national nightmare.

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