

# The collapse of Venezuela

Socialism is paved with some good intentions but can so often end in disaster. I share the wish of socialists to eradicate poverty and hunger, and to create the circumstances where people can live better lives. I agree the state needs to redistribute some income, but it also needs to encourage people to work and to support their own families. The problem is if you try to do this the socialist way, like Venezuela, you end up with far more people in poverty, with people hungry, too many empty shelves in shops and with a need to repress normal democratic politics to prevent a change of government.

Jeremy Corbyn famously told us that Chavez was inspirational. He said that Venezuela's policy of "fighting back against austerity and neo liberal economics" as we have in Europe showed there was a "better way of doing things. It is called socialism". So they tried it on a grand scale in Venezuela. They nationalised the oil industry and much else, introduced strict price controls, intervened across the board in business, and sought to make payments to the poor to boost their incomes. They spent well beyond the country's means and watched as the country's output sank. They triggered a collapse of output, and a hyperinflation. 2.3m Venezuelans have fled the country seeking a better life elsewhere. Those who remain face daily shortages, rampant price rises, and an increasingly tough government trying to control a people who are far from happy with what has happened.

There are many shortages. These result from too many controls on private business and too much interference from the state. Venezuela has the largest oil reserves of any country in the world. It should be a fabulously rich country, with access to so much oil wealth and revenue relative to its population. Instead the nationalised industry could not keep output up. Today the government is having to look at letting the private sector back in to try to recover damaged wells and increase output from run down fields.

If you introduce price controls you end up with less output. If you print too much money to give to the poor you end up robbing them through a massive inflation. If you borrow abroad against your country's assets in foreign currencies, you struggle to honour your debts when your own currency collapses. This is the price of socialism. What does Jeremy Corbyn think now about the inspiration of Venezuela, the better way he was looking for? The USSR "better way" required border guards to shoot people who tried to leave. Venezuela now depends on the goodwill of its neighbours to take in the hundreds of thousands crossing the border to find some food.