

The Hugo Chavez factor

Others have reminded us that Jeremy Corbyn is an admirer of the late Hugo Chavez, the author of Venezuela's current economic and social misfortunes. Mr Corbyn praised his socialism and singled out for favourable comment the way Mr Chavez shared wealth and changed Venezuela's society. He has been quieter about all this over the last couple of years, as Venezuela has slipped into deep recession, hyperinflation, and social disorder. There are no official economic numbers because they are too embarrassing, but the IMF and others think GDP fell by more than 10% last year and continues to fall. Imports halved and supermarket shelves are often empty.

Mr Chavez nationalised a large number of businesses, including the all important oil industry. Venezuela used to be a relatively well off economy, based on huge oil reserves exploited by commercial companies and taxed by the state. As nationalisation tightened its grip on Venezuela's oil they fell behind in paying contractors, in getting work done to expand and replace, and in pumping enough oil for Venezuela's financial needs. This week they are in the news because a government which has run out of foreign exchange has had to sell deeply discounted bonds to Goldman Sachs to raise some dollars, bonds issued by the nationalised oil company backed by the very oil revenues that are needed for the future bills of the Venezuelan state. There are regular reports of massive food shortages with people going hungry. Now we are told of state violence on the streets against the opposition who seek a change of President and policy.

Mr Chavez gave large sums to the poor by borrowing and by taxing others more heavily. Today this generosity has been badly eroded by rapid inflation, and made worse by the physical scarcity of basic goods to carry on a normal life. Is this really the better way, the socialist dream, that Mr Corbyn recommends? Surely it should be a warning to us all. Nationalising might end up with bad malfunction, as with Venezuela's crucial oil industry. Too much generosity with printed money may just destroy the many through hyperinflation. If people go hungry and are unable to change their government by normal democratic means you do not get an egalitarian paradise, but an authoritarian government trying to stop a civil war born of desperation.

Perhaps Mr Corbyn would like to revisit his enthusiasm for Mr Maduro, the heir to Mr Chavez, and tell us what he has now learned about socialist policies. They were as well intentioned as his, but they have miscarried mightily. Venezuela shows you cannot make the poor rich by making the rich poor. You end up making the whole society poorer, whilst the very rich and the large companies simply leave or stop investing.

Published and promoted by Fraser Mc Farland on behalf of John Redwood, both at 30 Rose Street Wokingham RG40 1XU