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MONOGRAPH

“Socialism’s influence in the last two decades: case Venezuela”

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Gratitude

I want to thank God. Also, to my teachers, all of them, because all of them taught me everything I know

And specially, to my mom, because she gave me the opportunity to study and be someone in life; for every little effort and every sacrifice she made so that I can be here, finishing high school.

Summary

Socialism is an economic-political system, where everybody that forms or is part of the society has equal ownership in factors of production.

Socialism focuses on teamwork and cooperation, whereas other economic system like capitalism has everybody competing against each other. Socialism says that everybody in the society receives a certain amount or share of the production depending on how much everybody has been able to contribute to the society.

That means that Socialism motivates everybody to strive for more; because if everybody works more, then everybody is going to receive more. Nevertheless, applying all this theory to an everyday life is not as easy as it seems; due to the fact that for this to happen, government needs to step into economic and social decisions, and if all power is concentrated in few people something can go wrong and nobody could be able to be prepared against it.

In addition, Socialism can have positive or negative consequences depending on the country in which this system was applied. Most of the times, positive outcomes come in the short run; nevertheless, negative consequences could be seen happening in the long run.

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Introduction

The following paper explains the different political systems in the world with a special focus on Socialism, where is explained how Socialism should work, how it actually works out and how it has worked in the past. Moreover, the advantages and disadvantages of using this system and its differences with other political systems.

This paper details all the insights of this special political system and how many Latin American countries opted to use this system thinking that it would change their country in many ways, creating political, social and economic changes along time. It is important to recall the importance of this political system since is one of the most used political systems in Latin America.

This paper also contains information of how countries prepared for the arrival of Socialism, showed by Michael Freeden in his book *“Ideologies and Political Theory”* or Giovanni Sartori, with his book named *“Politics, Ideology, and Belief Systems”*. In addition to showing all the primary and secondary consequences this system left behind in the countries that have actually tried to use this system, such as Ecuador, Bolivia and, especially Venezuela.



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Giving a special analysis to Venezuela, it shows all the details of how it turned Venezuela into a whole different country, changing their political system in many different ways and shifting their country's economy upside down, leaving them in a current economic crisis, with a massive teen unemployment and a long list of debts waiting to be paid at some time.

Chapter I

Socialism as a Political Idea

1. 21st century Political Ideologies

1.1. Political idea definition.

The words 'idea' has a wide variety of definitions. The word itself could be used in fields like Philosophy or even Psychology, but the one we are interested about is Politics. First, we need to understand the difference between one definition and the other; and although they might be similar, they end up explaining two different things.

In Psychology, it means a complex group of emotions that surround you at different times of your life. In Philosophy, idea means being right and wrong, means being intelligent and being ignorant, but all at the same time. Nevertheless, a "Political idea" is the one that is not concerned with the "truth-value but with the functional value, so to speak, of idea...is the one that ultimately points to an ideological mentality" (Sartori, 1969, p.68).

There were countless political ideas in the world; a lot of them were invented a long time ago but are no longer functional, others were used at the moment of their creation but were slowly forgotten. Because of this, few political mentalities still remain in the world; and are the ones that influence the economic and social system of the remaining countries. These are Capitalism, Socialism and Communism.

Capitalism is a political system in which the industry, and hence the capital, is controlled by private owners rather than the government; this action ends up letting that a small group of people being capable of accumulating larger amounts of capital, leaving the rest of the people (the majority) working more than they should, be subject to exploitation or in the need to take more than one job to satisfy their needs. In short words, inequality of income.

Socialism and Communism may seem the same, but they are not. Communism is referred as many people as ‘the final goal’. It was envisioned as a place where there is no government, no money and no private property, where everybody could work at factories that produce goods and at the end gave them to whomever needs it. In less words, a utopia.

Instead, people classify Socialism as a system that tries to eliminate all sort of private property, and by doing that in theory, that should prevent the accumulation of wealth in the hands of a small group of people, and leaders could able to spread it to the ones that need it the most. Nevertheless, examples show that this system doesn’t work the way it promises.

Freedden (1996) said “every place has their own qualities, their own mindset and their own ideas; nevertheless, their political ideologies are not new, they were thought hundreds of years ago” (p.59). At the end, every political idea is different from each other and each one of

them has a different goal, they have its own characteristics and a unique way to see the world. However, conceptual tensions make them crash against each other, as they develop in order to fit to our new world standards.

1.2. Definition of Socialism.

Freeden (1996) said “Society does not consist of individuals; it expresses the sum of connections and relationships in which individuals find themselves” (p. 426). Socialism represents the idea of a whole group of people, it collects every idea, every thought and every intention from every single person and makes it one. The goal of Socialism is to benefit the majority of the population, not a single group of them. And the final goal is to take all the accumulated wealth from the fewer percentage of people and divide it in a way that not only the hierarchy can take advantage of it but also the rest of the society.

Newer tendencies show that socialists encourage people with lower income to slowly get to know the system they have never got a chance to understand, which is managing business (and even their own) as stakeholders, which is known as cooperative management. Additionally, they say changes shouldn't be radically taken because it is not about overthrowing capitalism in one single day; it is about introducing it into society, so they can see which the advantages are and disadvantages they will have with this economic system.

Nevertheless, every country or population should be prepared to this type of changes because if they aren't done in the right way they would crash the whole economic system of the population.

1.3. Socialism: characteristics.

As mentioned before, Socialism consists mainly in the idea of developing an economic system in which the government has the whole ownership of resources. Furthermore, it wants the private property to be taken away from the fewer percentage of people and be used to satisfy the necessity of the majority. This would mean taking away private property, so all the means of production are owned by the state and every order would be taken by a specific group that would manage all plans regarding economic activities.

It seeks to give the same opportunity to everybody without any judging. As Albert Einstein said "Everybody is a genius. But if you judge a fish by its ability to climb a tree, it will live its whole life believing that it is stupid". In a few words, he said what can be a big motto for Socialism, giving everyone the same opportunity so they can do what they do best.

Socialism by itself, and like every other major political idea, has several advantages and disadvantages that everybody should be able to recognize. To be able to spot the "good and bad" is really an important thing when we are talking about a system that could rule the entire

economy of a big number of countries, so it is worth to take the time to check every characteristic carefully and understand everything about Socialism.

1.3.1. Advantages of Socialism.

Socialism represents the idea of planning, of taking thoughtful control of profit in the economy and coordinating every step and taking in consideration every option before realizing it.

A good motto for Socialism could be sometimes “benefit for the whole rather than personal” since the intention is to use goods or production in benefit of the people instead of using them for personal interest (profit). This would end up in less inequality in terms of income because of the absence of private ownership in the means of production, and everybody would get paid by their ability and effort that was put into work.

Another advantage we can put into list is that economy in Socialism would be more effective and would remain stable. The central government would have the authority to administer every step in the economy, and by doing this, they would ensure that every resource is used in the best way possible, and by doing that efficiency would be at its maximum. Martin Luther King said, “Call it democracy or democratic socialism, but there must be a better distribution of wealth within this country for all God’s children”.

Additionally, an economy that is administered by few people will always function according to a plan that was previously made and studied to maximize profit. That would mean not only rapid economic growth but absence of fluctuation in the market.

The last but one of the most important advantage from Socialism, is that it creates a peaceful increase of government control over the society rather than doing it harshly.

1.3.2. Disadvantages of Socialism.

“Capitalism works better than it sounds, while socialism sounds better than it works” (Nixon, 1990, p. 127). Although full employment, rapid growth and absence of exploitation at work sounds like a dream, there are several reasons why Socialism isn’t always the best option.

This system at the beginning, gives the country a rapid economic growth by maximizing efficiency and the use of resource, but in the long run, that efficiency will end up turning around and becoming loss of efficiency. As well, incentives that motivate people to work, become better and surpassing themselves every day are missing completely, this would mean a decrease in work and in effort.

Besides, since all the resources are managed by the government, consumers would have no way of indicating what they would like and how would they like it, meaning that their

preferences would be ignored and would make them mad over time. Instead, government would find itself against another problem. There are going to be some goods people won't buy because they don't need them or are simply unnecessary, and that would leave other goods which will be needed in excess, and demand would surpass supply leaving a shortage. If they adjust the market and the supply, that would be a change in the plan they made and would lead to irregular movements in the economy.

One of the biggest defects of socialism is the amount of control and power that is concentrated in the hands of a group of people. Leaving that much power and responsibility could be more than they could handle, and if the government fails in planning, the whole country will suffer the consequences.

1.3.3. Differences between Socialism and other political ideologies.

By now, knowing what socialism is, what it represents and what it means is completely understood; nevertheless, this is where Capitalism and Communism come into place. By evaluating Capitalism, Communism and Socialism we could be able to separate one from the other, their advantages, disadvantages and possibilities. Moreover, doing that with the three of them would tell which is the most effective, the most productive or the most useful in terms of economy and politics.

The most particular differences between the three of them are private property. Capitalism lets private owners control capital and offers freedom in the economic market. Communism is the complete opposite, where there is no money, no private property and no market. Finally, Socialism stands in the middle, where there is no private property, but there is money and market controlled by a central government.

In terms of production, the most useful one would be Communism since everybody would work for each other and nobody should be left alone.

In terms of effectiveness, Capitalism would be the path to follow since nations that have this system (like United States) have grown massively over a short period of time.

But, ¿why Socialism never shows up as the best system for a country? Because it doesn't work as expected, it doesn't take into consideration multiple variables that end up affecting the system and breaking it down; and as an example, we are going to talk about one of the biggest examples in the failure of Socialism, Venezuela's case.

Chapter II

Socialism in Latin America

2. The beginning of Socialism in Latin American countries

2.1. Influence of Socialism in Latin America.

Socialism in Latin America was called “Socialism of the 21st century” by powerful Latin American leaders, such as Hugo Chávez, Rafael Correa, Evo Morales and Luiz Ignacio Lula da Silva, representatives from Venezuela, Ecuador, Bolivia and Brazil, respectively.

The countries that chose to support this political idea claimed that free market capitalism and 20th century capitalism failed in solving major problems such as poverty, hunger, exploitation, racism and many other important problems that our society is currently having right now. This “type” of socialism aims for a planning process that is not fully centralized, one that could be controlled by many people and not just a few. Nevertheless, it is still incomplete and not fully developed, and that is the main reason why it doesn’t work.

As Ayn Rand (1961) stated, “The alleged goals of socialism were: the abolition of poverty, the achievement of general prosperity, progress, peace and human brotherhood. The results have been a terrifying failure—terrifying, that is, if one’s motive is men’s welfare” (p. 48). There was always a debate in why this new political idea of socialism would work and why the last one failed.

Sociologists said that the 21st century socialism was made based on the errors of 20th socialism, and that if it was applied correctly in each and every country, it would be a total succeed.

However, scientists and some politicians knew that nothing had changed from before, as Ayn Rand (1964) said:

There is no difference between the principles, policies and practical results of socialism—and those of any historical or prehistorical tyranny. Socialism is merely democratic absolute monarchy—that is, a system of absolutism without a fixed head, open to seizure of power by all corners, by any ruthless climber, opportunist, adventurer, demagogue or thug. (p. 76)

This was the point of view that a lot of politicians and scientists agreed on, because Socialism always had and always will have the same final idea, the same ultimate goal, and no matter how many times you try to change the way in doing things, they will end the same way.

2.1.1. Inclusion of Socialism in Latin American countries.

Over the last 20 years, the most instructive evidence about socialism transformation has been from Latin American countries and not from European or Scandinavian countries. This movement has been backed up by mainly, 3 countries, that are Bolivia, Ecuador y Venezuela. Brazil also supported Socialism but wasn't as included as the three countries mentioned before.

By far, the first country to ever use a Socialist system was Cuba, which right now has a really interesting situation regarding the market, the education and the way of living. In 2017, the film of the award-winning journalist Jon Alpert premiered on Netflix and select theaters; the

film was called “Cuba and the Cameraman”. Since 1972, he visited Cuba to learn about the people and culture of Cuba, and obviously, to see for himself if the revolution was working.

Jon Alpert first went to Cuba as a community activist, he was fighting for better housing, education and for better jobs at the lower east side of Manhattan, but they were failing. The reason for him traveling to Cuba was simple, “A lot of the things we were fighting for, we heard were being implemented in Cuba; but we also heard that people were unhappy about what was going on. We decided we wanted to see for ourselves” (Alpert, 2017). He documented approximately 45 years of Cuban development, and how its culture changed as the years went on.

2.1.2. Consequences of Socialism in Latin American countries.

The results shown in Latin American countries were not the ones expected, Socialism promised a lot more than what actually happened. Problem came and went longer than expected and people started to get angry at the government for implementing a system that only ended up messing the country’s economy and culture.

The first example is Cuba. In the 1965 PCC was founded by the union of various parties and several revolutionary groups under Fidel Castro’s leadership. Besides that, all other parties were banned and if they continued, they would face charges like “enemy propaganda”. Moreover, PCC held congress every five years, in which they set political and economic strategies.

Alpert also talked to numerous Cubans and the way they know civilization is pretty different as Americans or Europeans know it. Every Cuban gets the same salary independently on their job, that means, a doctor's income is the same as an artist's income; this was made in order that everybody can study the things they are passionate about without worrying about how much they are going to get paid. Nevertheless, they don't have the type of freedom that Americans and Europeans have; people need to survive on less than \$1 a day whereas gardeners in Miami can make \$10 or \$12 an hour; homosexuals are severely harassed; and if it wouldn't be enough, Cubans have notorious restrictions in movement, travel and freedom of speech.

Although Cuba is the best example why Socialism is falling apart, not all the countries that used Socialism as a system are this bad, some are worse.

2.1.2.1. Ecuador.

Rafael Correa, Ecuador's last president, assures that socialism development in his country has its own characteristics, by giving the state the leading role to support economy, and not following the steps of traditional socialism. Affirming that capital and means of production should be available to anybody that wants to be a part of the market, in addition to the fact that people should control the market so that it doesn't control the people.

Nevertheless, persecution to the media, restrictions on freedom of speech and constitutional reforms that focus and gather all the power in a small group of people ended up taking the country in a different direction, in which an obsessive public spending and subsidies trick people into thinking the government is doing something actually for the society's well-

being.

2.1.2.2. Bolivia.

The president of Bolivia, Evo Morales, declared that he was also in favor of using 21st century socialism in order to change the economy and its culture of its country by accepting private property and adding social programs.

Bolivia didn't start well, since ideologies from the old socialism were still in use. Nevertheless, before falling to deep, they started to make changes in order to change their economy, and in October of 2013, a law was approved that allows workers to pick up private businesses that are broke and turn them into social businesses, making them in "recovered businesses".

2.1.2.3. Venezuela.

Venezuela is the worst case in Socialism we can possible address. Socialism in Venezuela started as early as 1999 when Hugo Chavez began his presidency, where he said they were taking Venezuela "one step forward" without leaving their principles behind. Besides, he said socialism in Venezuela was also inspired in Christianity, referring to Jesus as a "socialist". Moreover, in 2007, Hugo Chavez proposed a change to 69 articles of the Venezuelan Constitution, where he proposed a state mainly socialist, full of economic, structural, institutional and political changes. This proposal was rejected in a democratic way.

Since 2010, Venezuela started suffering the worst crisis in Venezuela's history and one of the worst crises in the Americas. It was the result of policies that were imposed under Chavez administration before his death in 2013. In June of 2010, Chavez declared an economic war due to the increasing shortages in Venezuela. After his death, Nicolas Maduro took over the power but didn't help at all, only intensifying the crisis as the result of low oil prices in early 2015.

This contraction of national and per capita GDPs (Gross Domestic Product: market value of all final goods and services in a year) between 2013 and 2017 has been worse than the one that the United States suffered in the Great depression, or worse than Russia, Cuba and Albania after communism fell.

Chapter III

Socialism in Venezuela

3. Socialism in Venezuela

3.1. Arrangements made for the inclusion of Socialism in Venezuela.

Hugo Chavez was elected president in the February 2nd of 1999. Since that day, Venezuela was going to suffer several changes, political, social and culturally. He planned the “Bolivarian Revolution”, which was a project based on “bolivarianism” a political idea that was originally created by Simon Bolívar. Bolívar wanted Latin America to have their own social and political system, which had the goal of growing Hispanic patriotism along the countries of Latin America.

3.1.1 “The Bolivarian Revolution”.

Before Hugo Chavez was elected, Rafael Caldera was the president of Venezuela. He represented democracy during both of his term as president which were from 1969 to 1974 and from 1994 to 1999.

The Bolivarian Revolution caught the eye of many when Hugo Chavez said it was based on bolivarianism. Nevertheless, as time passed he decided to change the ultimate goal of his “revolution” from bolivarianism to their own kind of socialism. A kind of socialism inspired in Christianity, in which Hugo Chavez even called Jesus as a socialist. In 2007, Chavez tried to modify the Venezuelan Constitution in order that it favors him for future elections, in which he proposed a Socialist state with several changes. Luckily, that proposal was rejected in a democratic way.

3.2. Consequences of Socialism in Venezuela.

Hugo Chavez affirmed that his 21st century Socialism accepted private property only if they don't end up in selfish accumulation of resources. Besides, he said that his socialism accepted the state intervention in economy so that it doesn't fail (which was the total opposite of what happened).

Chavez died in March 5th of 2013 and left a country fractured, scattered and in pieces. His successor, also from his socialist party, Nicolás Maduro decided to continue his idea and ended giving the final blow to this broken Venezuela.

During the last semester of 2012, teen unemployment grew up 10%, food started to become scarce, and basic needs got extremely expensive. This was all caused 3 specific things: by the high and irresponsible government spending in unnecessary things, the devaluation of the Venezuelan local currency (Bolívar), and the continuous increase of prices. All of this led to one thing, Venezuelan Economic Crisis.

3.2.1. *Venezuelan Economic Crisis.*

Several experts stated that the Crisis actually started in 2012, but this economic crisis (also called “Venezuelan Economic Depression”) refers to Venezuelan financial crisis, food scarcity, inflation and the continuous increase in unemployment since 2013.

There are some moments during this economic crisis that left the whole world shocking, some of them are the manifestation made in 2014 by teenagers due to the fact that the teen

unemployment Index had reached its highest level in their local history. Another moment was shown is that in 2016, when Maduro declared in Venezuela a status of “economic emergency” when their local currency was as low as less than one cent.

For the first time since 2014, Venezuela was showing economic information about their country, and data that shocked everybody was that inflation went up to an amazing 141% in September of 2015, expecting an increase of 204% for 2016 and even higher for 2017 and 2018.

All of this caused Venezuelans to have two choices, staying in their country waiting in never-ending lines just to get bread and milk so they can feed their kids, or to escape their own country and try to find shelter in near countries like Perú, Ecuador, Colombia, Brazil and almost every country in South America. This literally have caused families to break up, all of them trying to find a way to survive doing the worst jobs possible only for a place to live or to have something to eat.

This is how Socialism destroyed a country, destroyed dreams, families and lives. This is the clear example of how Socialism failed and put Venezuela in the worst possible position, where the people that stay in their country die or the ones that go don't want to come back. Venezuela is slowly dying, and now the only hope for their people is to hope that they can create a new reality, in which they overcome the system they are having right now and turn it upside down, where they slowly recover, step by step.

Conclusions

At the end of this monographic work it is concluded that:

- There are several political ideas and political systems, which are extremely different to one another; nevertheless, choosing one over the other could dramatically change the way a country is affected, since is either exponential growth or a downfall.
- There are three main political ideas and political systems, that are Capitalism, Socialism and Communism.
- Capitalism is based on capital and private property, challenging each other every day in order to get and earn more. Communism is based on the elimination of private property and money, in a society where everybody works together in order to be able to sustain life. Socialism is based also on the elimination of private property, but only to prevent the accumulation of wealth in a small group of people.
- The most used political system in the world is Capitalism, followed by Socialism, leaving Communism as the least used political system preferred by countries.
- Socialism in theory is not a bad political system, since all the ideas it presents are capable of supporting growth in a country; however, the problem comes when is time to take actions into place, because not every country is ready for the massive change that socialism needs in order for it to work.
- There are many Latin American countries that have applied socialism as their first political system, examples are Bolivia, Ecuador, Venezuela, among others. Nonetheless,

the one who has suffered the greatest economic impact is Venezuela, getting to the point where it is officially in a state of economic crisis.

- Although there are a lot of Latin American countries that have applied Socialism as their primary political system, socialism was not created in Latin or South America. It was originally created in Europe around the end of the 19th century.
- There is a difference between Socialism applied in the Latin American countries and the Socialism applied in Europe in the last 19th century. The Socialism that was used in Latin America was often called “The Socialism of the 21st century”, stating that it was originally taking the ideas of the Socialism of the 19th century, but improving them in a way that it could help more their specific country.

Recommendations

At the end of this work it is recommended that:

- When analyzing the economical or social situation of a country, is better to first understand which political system they are using at the moment, since it would make the analyzing of data easier by knowing what idea the country is currently following.
- Before making assumptions about the situation of a country is better to study their past first, to see if they had failed political systems that led to a current bad situation in the country.
- Before choosing another president or voting for a candidate, understand what is the political system that he is promoting. Because if that candidate is chosen to lead the country, it could change the political system that the country is familiar with.

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