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**Venezuela's Economic Regulations through
John Locke's Eyes**

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Hugo Chavez, Venezuela's current president has interfered with the country's economic system transforming it into a crumbling scenario. Venezuela, one of the richest oil countries in the world, is currently suffering from hyperinflation due to the abusive management of the resources by the current administration. Everything is ridiculously high priced, from basic needs to luxury items, surviving is becoming unaffordable. This situation has become a latent threat to Chavez's stability; as a consequence he has shifted all his attention to the essential needs industries. As the Venezuelan population grows deeper and deeper into poverty, Chavez must ensure that the basic needs, especially basic food items are still affordable for his core political support, the poor. To accomplish this, Chavez decided to regulate prices and quotas. Businesses in the food industry have been seriously affected by the government's intervention in the economy because the capped prices are below production cost. Chavez's performance has raised eyebrows around the world, and if John Locke were still around, he would have both raised!

John Locke, an English philosopher and empiricist from the 1600's, developed a series of theories that concerned prices, government regulations and private property, among others. These theories were developed as guidelines as to what stable economies should look like. Obviously, Chavez's policies are in complete opposition to all of them. If not, Venezuela's economy would not be in such bad shape, especially after the two or three year period during which oil prices were skyrocketing to a staggering 150 plus dollars per barrel.

Since 2003, in an attempt from Venezuela's president to fight raising inflation, new price caps were put in place. In some cases this has forced businesses to produce while loosing money which has caused a shortage of basic goods such as milk, meat, flour, sugar and most recently rice. By imposing prices on a market, the natural flow of supply and demand is obstructed. John Locke, in his price theory explains that the only thing that regulates prices is the "quantity in proportion to their rent" (theinfields.org); where supply is the quantity and demand is the rent. Therefore, governmental price regulation does not allow the supply curve to meet the demand and reach market equilibrium.

For many businesses in Venezuela the regulations imposed by the administration makes it unprofitable to meet the increasing demand. For example, a recent price cap has been implemented for white rice. The new price is about fifty percent lower than what it costs to produce. So, rice processing plants have cut back on production to increase profit. This has infuriated Chavez to the point where, during his usual Sunday TV program "Alo Presidente" (Hello President), he demanded the seizure of rice plants by military forces, in a clear attempt against private property.

If we were to compare Chavez's words on that Sunday: "this government is here to protect the people, not the bourgeoisie or the rich" (McDermott), with those of John Locke on property: "the sole purpose of the state is the protection of this hypostatized property" (Duchrow 77), we find that there is a clear discrepancy with what the

government's priorities should be. Chavez focuses on his socialistic agenda of pleasing the masses, while Locke expresses the importance of private property no matter who owns it.

The expropriation and nationalization of the rice company is not an isolated case; many other privately owned businesses have been targeted by these populist measures. They include the internationally owned cement companies, the largest electricity and telephone companies in the country, TV stations, and many farms and cattle ranches, all which were actively producing at profitable standards. In the only topic that Locke refers to expropriation, is when justifying the taking of the land from the indigenous people of North America. Here, he justifies this act by concluding that land is common to humankind, and as long as there is still no civil society, where a judge can dictate what belongs to the 'State of Nature', then there is room for unlimited appropriation. In what regards to Venezuela though, by no means would Locke have seen it appropriate for the government to expropriate the private sector. Venezuela is a civil society, or a political bourgeois society, there are laws and a judicial system that controls what is or not part of the 'State of Nature' (Duchrow 47, 60). This state is defined as "All Men by Nature are equal" as well as the "equal Right that every man hath, so his Natural Freedom, without being subjected to the Will or Authority of any other Man."(Duchrow 46).

In the case of Venezuela, the constitution gives the right to its citizens to own property, but Chavez ignores it supported by the judicial branch of his government that is conformed completely of his followers and appointed by him. Chavez is taking advantage of his abusive power to become the victim. He is obviously blaming the private sector as the offenders of property, because they are finding measures to go around his policies, but it is Chavez who becomes the offender and not the victim in John Locke's eyes. Locke defines ownership in three parts: the right to own their own person (including labor), to own their goods, and to own their freedom (Duchrow 48). Here, Chavez is confiscating this good, rice; because the owners are unwilling to sell it at a capped price. So it's Chavez who is the real offender because "Hence it is a mistake to think, that the Supream or *Legislative Power* of any Commonwealth, can do what it will, and dispose of the Estates of the Subject *arbitrarily*" (press pubs.uchicago.edu).

John Locke was a brilliant man. His theories have influenced The American Declaration of Independence and other important documents along history (Becker 27). Obviously Chavez has in no way been influenced by any of Locke's theories. Instead, Chavez has done the opposite in such degree that Locke would even consider Chavez his enemy; "Locke sees himself ... as part of a crusade against enemies who have risen up against humanity by opposing bourgeois expansion. (Duchrow 50). Interfering with the natural mechanism of supply and demand, pretending to be the victim when in truth he is the biggest offender of the 'State of Nature', and expropriating under a civil society are all the cause of Venezuela's economic disaster and Locke's raised eyebrows.

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