

## FIRST PLACE



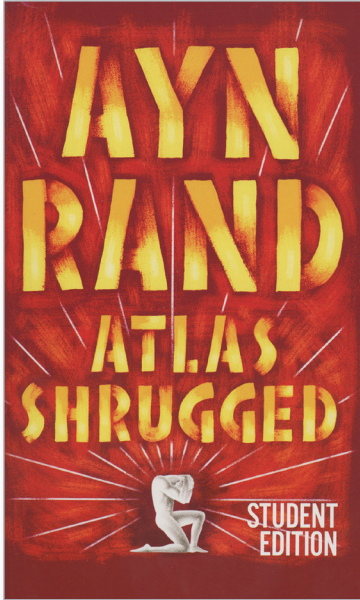
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***Atlas Shrugged* tells the story of what happens to a society when its most productive members go missing. Where today can a similar situation be found? Select a well-known situation that has made international headlines. Explain what you understand to be both the cause and the effect of the situation. In what ways are the circumstances similar to the story of *Atlas Shrugged*? In what ways are they different?**

Over the course of the twentieth century, Venezuela experienced explosive economic growth compared to other South American nations. Substantial petroleum reserves discovered in 1922 attracted extensive foreign investment in the fledgling Venezuelan oil industry. By 1935, the rapid growth of that industry resulted in the highest per capita income in South America and a correspondingly high material standard of living. Up until the end of the twentieth century, large numbers of immigrants, originating both in other South American countries and in Europe, flocked to Venezuela, testifying to the country's prosperity and material security. Today, the opposite is true. Over the past two decades, millions of Venezuelans have been plunged into poverty. The nation's financial system has been devastated by hyperinflation, shortages of food and other basic necessities are chronic, and violent crime occurs more frequently than anywhere else in the world. As a result of these ever-worsening conditions, between four and six million people have left Venezuela in the past five years, or as much as 20% of the population. Like the version of the United States depicted in *Atlas Shrugged*, today's Venezuela is a society increasingly deprived of one of its most vital natural resources: human beings.

Why did Venezuela suffer such a dramatic reversal? Political instability and corruption have plagued Venezuela since it gained its independence in 1830, but the nation and its people managed to grow more and more prosperous throughout the 1900s in spite of this. The rapid decline did not begin until after the election in 1999 of President Hugo Chavez and his subsequent launching of the "Bolivarian Revolution."

Under the direction of Chavez and his political allies, Venezuela's constitution was rewritten in order to guarantee a much greater number of human rights—rights to healthcare, housing, affordable food, a clean environment, and many others. The principal feature of Chavez's thirteen-year presidency was the establishment of over thirty "Bolivarian Missions"—social welfare programs designed for the provision of the rights enshrined in the new constitution. The funding for these programs was supplied by the nationalization of several key industries, but the vast majority of the revenue came from the Venezuelan oil industry, nationalized in 1976 as "Petroleum of Venezuela" (PDVSA). Although the Bolivarian Missions caused Chavez's



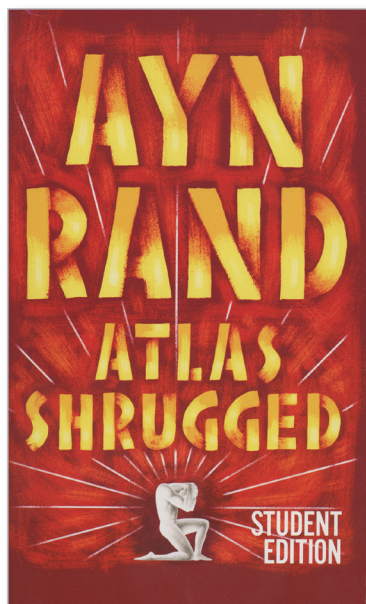
popularity to surge early in his presidency, the consequences of nationalization were disastrous for Venezuela's industrial infrastructure. With a large portion of industrial profits invested into government programs, capital investment shrank, and productivity collapsed.

Behind the disastrous policies of the Chavez government lies a moral philosophy which maintains that need is the ultimate basis of moral justification. Under such a system of morality, the possession of something of value is justified only to the extent that it provides for some need, which is to say only so long as the person who possesses it is incapable of producing it. By the same token, it is inherently unjust to possess any value which is not needed. Accordingly, the government of Venezuela does justice whenever they take value away from those capable of producing it and give it to someone else who is not capable of doing so. In reality, the consequence of this variety of "justice" has been an enormous decrease in the value available to the society and the subsequent mass exodus of those whose losses have been the greatest.

The longer-term consequences of the moral attack on the productive and their exit from Venezuelan society may not be felt for many years to come. Human knowledge and experience are vital inputs to production—the creation of value is not an automatic mechanical process. A demonstration of this principle can be found in the oil industry of Venezuela's neighbor, Colombia. Despite lacking the vast natural and capital resources of Venezuela, Colombia's oil industry has grown explosively since the beginning of the twentieth century, in large measure due to an enormous influx of skilled workers who have immigrated from Venezuela. Even in the event that a future Venezuelan government reverses the policies which have decimated its domestic industry, the long road towards economic reconstruction will have to be traveled without the considerable benefit of their expertise.

The fundamental similarity between the world of *Atlas Shrugged* and the reality of Venezuela today is the moral code which guides the most influential members of society. Although many of the economic policies enacted by Wesley Mouch are designed to benefit other industrialists, in contrast to the real-life policies of Chavez which seek to benefit impoverished Venezuelans, their shared feature is the awarding of value on the basis of need. In the novel, as in the real world, the result of such irrational policies is the same—the gradual diminishment and eventual destruction of all value. The corollary of this moral system is the vilification of those capable of producing value, and it too can be found both in *Atlas Shrugged* and in twenty-first century Venezuela. The invective launched against the wealthy by characters such as Bertram Scudder and Eugene Lawson bears a strong similarity to the rhetoric employed by Chavez when he declared a "War on the Rich" amidst mounting economic shortages in 2010.

The position of the Venezuelan oil industry is also similar to that of the industrial firms represented in *Atlas Shrugged*. Like Taggart Transcontinental and the fictionalized US government, PDVSA is both the Venezuelan government's greatest benefactor and its greatest victim. As the most productive industry in Venezuela



by far, PDVSA's profits provide the majority of the funding for Chavez's welfare programs. Consequently, deprived of the value it produces, it has been unable to maintain and support its own infrastructure. In addition to hijacking PDVSA's profits, the Chavez government has contributed directly to the significant losses in human capital suffered within the oil industry. When oil workers carried out a strike in 2002 protesting Chavez's seizure of control over the industry, over 12,000 workers were fired and replaced by Chavez's political supporters. In the face of escalating measures by the government to seize control and direct the activities of Taggart Transcontinental, the railroad's productivity predictably declined; likewise Chavez's management of PDVSA resulted in less and less oil being produced with each passing year and a decline in oil exports of over 90% since 1999.

The conflict between the creators and the looters in *Atlas Shrugged* is essentially an intellectual one. The final victory of the creators consists in the complete withdrawal of the value they produce from the reach of the society which denigrates them for doing so, but this is only made possible by John Galt's intellectual victory. It is only upon grasping Galt's integrated view of the world, human beings, and the role of the mind in human life that each of the creators becomes capable of fully rejecting the philosophical contradictions which held them captive in the looter's society. Although many have left Venezuela and taken the value they can produce with them, it remains to be seen whether the intellectual battle against Chavez's philosophy has been joined. Unlike the US depicted in *Atlas Shrugged*, Venezuela exists in a world where many are still free to produce value for their own sake. Promising though this may be to those who have abandoned Venezuela, it also means that there is abundant value in the world to sustain those who are willing, on the basis of their perceived moral superiority, to take it for themselves by force. Until the philosophical foundation on which such people stand is answered and categorically denied, they will certainly continue to do just that.