

WHSMUN Crisis Committee Topic Synopsis

Background

The socioeconomic and political crisis began under the presidency of Hugo Chavez and has continued under Nicolas Maduro. Hugo Chavez was the Socialist leader of Venezuela from the later 1970s to the early 2010s and was heralded by his country's citizens as a hero and a savior of the Venezuelan economy. Prior to his ascension of the presidency, Hugo Chavez pushed for new Socialist reforms and policies, which quickly gained traction among the population due to their appeal. These reforms were seen as solutions to the country's economic problem, a result of poor infrastructure investment into the country's vast natural resources. Under Hugo Chavez, Venezuela transformed — he brought in foreign trade deals and attracted U.S companies to invest in the country's oil industry, which accelerated Venezuela's economy to new heights. Pop culture and a new market for goods appeared out of the exchange, and Venezuelan citizens were influenced with improved lifestyles changes and western culture. Over time, Chavez's Bolivarian policies meant that the government was spending more than it was earning on social programs, or "Misiones", causing a large deficit. These programs were also funded by seizing assets and properties from political opposition, which chased out private enterprises. To this day, the country remains rich in oil and natural resources but has invested very little into its non-energy sectors, which is a major detriment to the economic prosperity of the region. The exodus of private firms combined with the lack of investment into other industries means there are no other industries to support the economy lest oil prices fall.

The administration's heavy dependence on oil money led to overspending on these social programs and price controls, causing difficulties for Venezuela's import reliant businesses. This

reliance on oil money caused the administration to favor importing food rather than focusing on improving domestic food production. Venezuela began to face difficulties due to Chavez's populist policies and on June 2nd, 2010, he declared an "economic war". A large part of the crisis has been due to hyperinflation of the bolivar, Venezuela's currency, which has been caused by the 15 year old currency control system. In 2003, the bolivar was pegged to the US dollar and different exchange rates were offered for different purposes. These rates are maintained by artificial government subsidies, which is inefficient and unsustainable. Preferred rates are given for purposes such as exporting medicine; such discrepancy in rates fosters corruption. The preferred rate can be used to exchange bolivars into dollars under the guise of importing goods. However, many of the dollars received are resold on the black market at a higher rate instead of being used to purchase vital goods, creating illicit income for the seller and causing a shortage of said goods, driving up inflation. Overall, Chavez's administration fostered corruption and incompetent, ineffective management. With high oil prices in the 1970s, the government found itself with immense wealth. They poured money into 300 non-profitable state-owned companies with insufficient oversight and regulation enforcement, allowing corruption to flourish. Before this, only the top officials of Venezuela could steal from the country with impunity. Now with more departments and state-enterprises than ever, public funds could be abused at every level.

After Chavez died in 2013, Nicolas Maduro stepped in as the Socialist leader for Venezuela, inheriting a number of social and economic problems. Several crises hit Venezuela during this time: in 2010, Venezuela's prices for crude oil dropped significantly, which damaged the oil-dependent economy. This also started a recession, which carried over to the mid 2010s; the currency simply became too unstable and inefficient. Beginning six months after being

elected, Maduro was given the power to rule by decree by the pre-2015 Venezuelan legislature and later by the Supreme Tribunal since January 15, 2016 in order to address the ongoing economic crisis in the country, with strong condemnation by the Venezuelan opposition claiming that the legislature's power had been usurped by the court. His presidency has coincided with a decline in Venezuela's socioeconomic status, with crime, inflation, poverty and hunger increasing; analysts have attributed Venezuela's decline to both Chávez and Maduro's economic policies, while Maduro has blamed speculation and economic warfare waged by his political opponents. Nonetheless, food shortages, power shortages, constant rioting, looting, an increasing poverty level, and a growing distrust in Maduro accumulated within the Venezuelan citizens over the years. Maduro made two crucial decisions regarding the government's finances. First, he refused to cut the government budget. Second, he refused to widen the tax base or raise taxes. This caused the deficit to skyrocket, leading to Venezuela printing massive amounts of money to fund the now unfunded programs. Fearing the political ramifications of cutting the budget or raising taxes, increased printing has led to mass inflation. In 2017, he formed a new legislative body, the Constituent Assembly, to rewrite the constitution, a move that has been heavily disputed by the existing body. One of the largest controversies of his presidency is the 2018 presidential election, which has been condemned internationally as fraudulent and illegitimate due to lack of participation by opposition, lack of time to perform standard electoral functions and reported low vote buying and fraud. Maduro has been responsible for thousands of extra-judicial executions and arbitrary detentions along with other crimes against humanity. He has blocked aid from entering Venezuela, repeatedly denying that the nation is in crisis. Throughout the crisis, poverty has increased rampantly, along with food and medicine shortages,

protests and disease rates. Multiple nationwide blackouts have also occurred in 2019, aggravating the already dire conditions.

The president of the existing legislative body, the National Assembly, Juan Guaido, has challenged Maduro's presidency since January 10, 2019, the day of Maduro's second inauguration and declared himself acting president of Venezuela. Several countries have also openly stated their support of Guaido's efforts, such as the United States, Brazil, most of the European Union, and many Central and Southern American countries, while other countries remain on Maduro's side: China, Russia, Cuba, and Turkey. Guaido has said that the National Assembly will not participate in dialogue with Maduro. His reasoning is that negotiations have already been attempted, "within and outside of Venezuela, in private and in public, alone and with international companions". Guaido says the result in every instance has been more repression, with Maduro taking advantage of the process to strengthen his position.

UN Involvement

In terms of resolutions, there have been no officially passed resolutions regarding the crisis. There have only been two draft resolutions proposed in the Security Council, each sponsored by the United States and Russia. The resolution sponsored by the United States called for the holding of new elections and the recognition of Guaido as president, along with facilitating the delivery of aid. The resolution sponsored by Russia called for dialogue between government and the opposition. There is no mention of humanitarian aid. Russian ambassador to the UN, Vassily Nebenzia, stated the goal of the resolution was to not incite political intrigues and regime changes but rather to help the Venezuelan people. The United States Special

Representative for Venezuela, Elliot Abrams, stated that the time to peacefully transfer to democracy was now and the US looks forward to free and fair elections that genuinely reflect the interest of Venezuela. Both resolutions were vetoed. The UN Office for the Coordination of Humanitarian Affairs (OCHA) has been documenting the humanitarian crisis in the country. The UN Human Rights Office (OHCHR) has condemned the usage of excessive force by the government in response to protests.

Venezuela has an active history of receiving humanitarian support ever since the start of the economic recession in the early 2010s, which brought a wide array of humanitarian issues involving food production, healthcare infrastructure, electricity shortages, increasing poverty, and more. Objectively, the most critical issue is food shortage. Statistics reveal that the recession has reduced from -16% GDP to -8% GDP from 2016 to 2018, while poverty has increased 4% from 2014 to 2015. The World Bank identifies Venezuela's Statistical Capacity score to be extremely low, 58% as of 2018, meaning that Venezuela's ability to accurately obtain statistics about its population, economy, and etc, is seriously impaired. This means that resolutions that rely on annual reports or updates on Venezuela's humanitarian condition are often inaccurate and inadequate. The European Union condemned Venezuela for its poor judicial processes, which saw four opposition leaders arrested for treason. Previously, the United States government began talks with Russian leaders to discuss the Venezuelan political crisis, calling for them to repeal their support for Maduro. Recently, foundations like the International Red Cross and Red Crescent Movement funded \$24.6 million in humanitarian aid. Estimates from UN organizations say that 3.7 million Venezuelans are malnourished and 22% of young children are malnourished. For this conference, delegates shouldn't necessarily focus on offering additional humanitarian

aid suggestions. Rather, they should either revise previous aid legislature or focus on other long term methods to reduce poverty and resolve the political situation between two major factions in Venezuela, Juan Guaido and Nicolas Maduro.

Questions to Consider

1. What actions can Venezuela take to stabilize the economy?
2. How should the leadership dispute be handled amongst such volatile conditions?
3. How can aid be delivered to the Venezuelan people without violating state sovereignty?
4. Is the Venezuelan government in need of reformation? If so, how?
5. Are there any policies that should be enacted or removed?
6. What are the key issues that Venezuelans face?
7. What steps will the government of Venezuela take in order to ensure political stability?

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