

Forum: Security Council

Issue: Addressing the Economic and Humanitarian Crisis in Venezuela

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IMPORTANT

When debating this topic, the committee will operate with standard Security Council rules and procedures, running in the present modern-day time.

Introduction:

The crisis in Venezuela is a product of complicated intersections between socioeconomic and political problems that began many years ago. The situation is considered the worst in Venezuela's history, and is still an ongoing process. The beginning of the crisis dates back to the Hugo Chavez administration (former president of Venezuela). Shortages of regulated food staples and basic necessities became widespread across the country following the adoption of price control policies by the Chavez government.

On June 2010, Chavez declared an 'economic war' due to increasing shortages. His successor, Nicolas Maduro, exacerbated the problem by withholding US dollars from importers (fewer US dollars to spend on imports) with price controls. The situation intensified as Venezuela's oil production and prices dropped due to a lack of maintenance and investments. The Maduro administration denied the existence of the economic crisis and refused to accept help from Amnesty International and the United Nations.

Throughout the years, the problem has expanded to political corruption and mismanagement, shortages of basic food and medicine, closure of companies, unemployment, and economic immobility. Consequently, this led to the largest recorded refugee crisis in the Americas, where 6 million Venezuelans emigrated from their country to neighboring states. The problem has affected the life of citizens on many levels. In 2017, 75 percent of the population lost an average of 8 kg in weight due to hunger, and over 50 percent did not have enough income to meet basic food demands. As of now, around 94 percent of Venezuelans live in poverty and are in dire need of humanitarian assistance.

Definition of Key Terms:

1. **Economic war:** An economic war is a strategy employed by belligerent nations to weaken the economy of another state through various means, such as economic blockades, trade restrictions, and financial measures. Historically, this tactic has been used to disrupt the enemy's ability to produce or purchase essential goods and services, causing economic hardship and instability.
2. **Hyperinflation:** Hyperinflation refers to an extremely high and typically accelerating rate of inflation, leading to a rapid decrease in the purchasing power of a country's currency. Venezuela has faced hyperinflation, which has contributed to the economic collapse and worsened the humanitarian situation.
3. **MERCOSUR:** The Southern Common Market, known as MERCOSUR, is a regional trade bloc in South America that aims to promote economic integration among its member states. Venezuela's entry into MERCOSUR was suspended in 2016 due to concerns about its political and economic situation.
4. **Political Polarization:** Political polarization refers to the sharp divisions and ideological differences between different political groups or factions within a society. In Venezuela, political polarization has been a defining feature of the crisis, leading to deep divisions and conflicts between supporters of the Maduro government and the opposition.
5. **Default:** When a country is unwilling or unable to meet the obligations of a loan agreement, it declares it is in default, meaning that it will cease to pay off its national debt. This lowers trust in the country from investors, making it harder to borrow money in the future.
6. **Lima group:** A multilateral body that was established following the Lima Declaration on August 2017, where representatives of 12 countries met in order to establish a peaceful exit to the Crisis in Venezuela.
7. **Chavismo:** Political ideology established by Hugo Chavez that includes socialist ideas, left-wing populism, Bolivarian elements, patriotism and Latin American integration as its

main components. Chavez implemented a “Bolivarian revolution” in Venezuela following the guidelines of this ideology

Background Information

The bigger picture:

The Venezuelan crisis can be traced back to the early 2000s during the presidency of Hugo Chávez. His administration implemented price controls on essential goods, leading to shortages and economic distortions. These policies, coupled with mismanagement of the oil sector, laid the foundation for the crisis that escalated in subsequent years.

Key events and main points:

1999 - 2013

Hugo Chávez Presidency - Hugo Chávez was elected as President of Venezuela in 1998 and remained in power until his death in 2013. His government initiated socialist policies, nationalized industries, and implemented price controls, which initially gained popularity among the poor but led to economic challenges in the long run.

2010

Economic War Declaration - Facing increasing shortages, President Chávez declared an 'economic war' against what he perceived as economic saboteurs and external forces trying to destabilize the country.

2013

Nicolas Maduro Presidency - After Chávez's death in March 2013, Nicolas Maduro, his hand-picked successor, became President. Under his administration, the crisis worsened due to continued economic mismanagement, corruption, and political repression.

2014

Student Protests - In February 2014, student-led protests erupted against rising crime rates and economic problems. The government's response with heavy-handed tactics further fueled public discontent.

2015

Parliamentary Elections - In December 2015, the opposition won a majority in the National Assembly, dealing a significant blow to the ruling party and indicating growing dissent against the government. Venezuela's oil production had fallen to 2.6 million BPD, a decrease of more than 20% below 2006 levels. Maduro rigged the economy set the official exchange rate at 10 bolivars per US dollar, but only high governmental officials had access to this rate. In contrast, most Venezuelans have mere access to dollars in the black market, with an approximate rate of 12:000 bolivars per dollar.

2017

Constitutional Crisis - In early 2017, the Supreme Court, dominated by pro-government justices, dissolved the National Assembly's powers, triggering mass protests and international condemnation. The court later reversed its decision, but public anger persisted. Military courts prosecuted more than 750 civilians, in violation of international human rights law. The captured protesters are detained illegally for long periods of time, suffering from extreme human rights abuses such as beatings, electric shocks, and burns.

2018

Presidential Elections Controversy - In May 2018, Nicolas Maduro was re-elected in a disputed election, widely criticized for irregularities and lack of transparency. The opposition and several countries refused to recognize the results.

2019

In 2019, a new political dispute over the presidency of Venezuela was added to the already-devastating situation. The results of the 2018 national elections, by which Maduro was re-elected, were disputed, and political opposition did not approve Maduro as the successor to Chavez. Juan Guaido declared himself as the legitimate president of the country under article 233 of the constitution. In return, Maduro accused Guaido of a coup d'etat. As of June 2019, Guaido is recognised by 54 countries as the acting president of Venezuela, and is being supported by the United States, Canada, and most of Western Europe.

2020 - 2021

Humanitarian Crisis Deepens - Venezuela's economic collapse continued, resulting in severe hyperinflation, widespread poverty, and shortages of food, medicine, and essential goods. The country faced one of the largest refugee crises in the region.

2022

On January 1, 2022, clashes broke out between the Joint Eastern Command—a coalition of dissident groups that emerged from the demobilized FARC—and ELN guerrillas, over control of territory in Colombia's Arauca state and Venezuela's Apure state. Both groups committed abuses including killings; forced displacement; and forced recruitment, including of children.

Current Situation

At present, the dire situation in Venezuela calls on the global community to cooperate for help. Venezuela today experiences heightened political polarization, social division, hyperinflation, and humanitarian crisis.

Inflation

The situation is made worse by inflation that has exceeded 1600% in just the past year. The Venezuelan government has tried to curb soaring prices by inserting price controls, but this decision has only increased underground economic activity and led to the disappearance of the supply of many goods completely. President 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.

Failed Diversification

Venezuela never took the time to develop the non-energy sectors of its economy. Most oil-dependent countries build up reserves while prices are high to provide security when prices are low. Venezuela's rampant government spending during times of prosperity left little money for these emergency fund coffers.

Chavez and his party claimed that Venezuela suffered during the oil bust from 1979 to 1999 because capitalists stole from the people and hoarded wealth. Maduro is telling a similar story today.

By increasing public spending and expanding subsidy programs paid for by seizing properties and assets from political enemies, stimulated less competition and decreased the value of government subsidies. This eventually led to the departure of many crippling businesses and corporations.

The exodus of private firms meant when oil prices finally fell, as they have, there was no other efficient industry to prop up the economy or provide for the country. Venezuela's farming reserves are emptied despite a record harvest recorded this year. It was not popular politically to think of the long term, and so Venezuela's artificial economy was not prepared for its fall.

Corruption

Corruption is another issue that has propelled the economic recession. Officials have embezzled billions of dollars, earning Venezuela the title of the most corrupt country in Latin America (which is very difficult to win).

Venezuela was extremely corrupt under the Chavez Administration. While billions of dollars are missing from collected taxes, it is difficult to calculate an exact figure because Venezuela rarely discloses its public financial records to scrutiny. Anyone who tried to expose Chavez's corruption was jailed or silenced. The government wasted billions on providing free oil transfers to Cuba, buying weapons, and propping up failing businesses, and its officials, around 1,500 party elites, have stolen 95 billion dollars under Chavez's watch.

Corruption has not slowed down since Chavez's death. While Maduro may claim to be tough on corruption, it is not clear what arrests are for justice and what are for consolidating power and jailing political and economic opponents. Luisa Ortega, who was the former chief prosecutor in Venezuela was fired and then fled for her life after she accused the President and other government officials of corruption. After her declaration, an arrest warrant was put out for her husband on charges of extortion. This issue of corruption must be addressed, or else Venezuela cannot hope to progress into a modern, stable, and transparent economy.

Protests

Riots and protests have become a part of daily life in Venezuela, as thousands of dissatisfied citizens take to the streets in anti-government demonstrations. Serious protests started in January 2016, when the Supreme Court alleged that there was potential voter fraud in the election victories of three opposition legislative members and one ruling party member.

As a result, the court suspended their election. The opposition parties claimed that the court was attempting to weaken their political position by preventing the election of their members and decided to swear in their legislators despite the court's decision. In response, the Supreme Court claimed that the National Assembly was acting illegally, and all of its new legislation and decisions would be ignored and invalid.

Eventually, after more legal disputes the Supreme Court decided that it would take over the legislative powers of Congress on March 30, 2017. This sparked large protests that enveloped Caracas the following day and continued daily for months despite the court reversing its decision. Protesters were not satisfied with the Supreme Court, controlled by the ruling parties, "attempted coup" and called for political change to ensure it would not happen again. The strength of the protests was bolstered as more and more citizens joined in to protest the dire economic situation the country was in. As shortages for basic needs like food and medicine worsened, and currency value fell, the protests grew larger and larger. Deadly clashes with police and soldiers have only enraged the opposition and protesters alike.

Major Parties Involved and Their Views

Nicolas Maduro's Government (Venezuela)

The current government led by President Nicolas Maduro has been in power since 2013 following the death of Hugo Chavez. The Maduro administration has faced widespread criticism for its handling of the economic crisis and allegations of political repression. The government has denied the existence of an economic crisis and has been reluctant to accept external assistance, leading to further deterioration of the humanitarian situation. It has accused external actors, particularly the United States, of orchestrating an "economic war" against Venezuela to undermine its sovereignty.

Opposition Parties and Juan Guaido (Venezuela)

The opposition to Maduro's government is diverse and includes various political parties and civil society groups. Juan Guaido, the leader of the National Assembly, declared himself

interim president in January 2019, arguing that Maduro's reelection in 2018 was fraudulent. Guaido and his supporters seek a transition to democracy, free and fair elections, and an end to the economic crisis. They have garnered international support, with many countries recognizing Guaido as the legitimate interim president.

United States

The United States has taken a strong stance against the Maduro government, imposing sanctions on Venezuelan officials and entities to pressure for democratic reforms and respect for human rights. The U.S. government has also provided humanitarian aid to assist the Venezuelan people during the crisis. Chavez considered the U.S. an imperialist power that threatened his socialist model and criticised her heavily. Chavez once accused U.S. for inciting a coup attempt in 2002, and the US imposed economic sanctions on Venezuela in 2014 after reports of its human rights abuses and violation of democracy. Maduro has often blamed the country's troubles on economic sabotage by the U.S., evoking long history of American imperialism in Latin America. Recently, the U.S. publicly recognised opposition leader Juan Guaido as interim president of Venezuela.

Russia

Russia has been a key ally of the Maduro government and has provided diplomatic and economic support. Russia opposes any external intervention in Venezuela's internal affairs and has expressed concerns about the potential for regime change efforts by foreign powers. It views the situation in Venezuela as a matter of sovereignty and has criticized the imposition of sanctions by the U.S. and its allies. Venezuela has received both financial and military support from Russia, and Venezuela is the second largest importer of Russian weapons. Russian investment flows in Venezuela since 2005 total around \$17 billion. Also, Venezuela and Russia agree in their ideology in that they both hope to see an end to the global hegemony of the United States.

China

China has maintained economic ties with Venezuela and is one of its major creditors. China has supported a peaceful resolution to the crisis through dialogue and has expressed opposition to external interference. It has urged parties to find a political solution through negotiations and has advocated for the principle of non-interference in the internal affairs of sovereign states.

European Union

The European Union has expressed concern about the economic and humanitarian crisis in Venezuela and has supported diplomatic efforts to find a peaceful resolution. It has called for free and fair elections and has offered humanitarian assistance to address the needs of the Venezuelan people. The EU has also imposed targeted sanctions on Venezuelan officials involved in human rights abuses and anti-democratic actions.

Neighboring Countries

Venezuela's crisis has had significant spill-over effects on neighboring countries, particularly Colombia, Brazil, and Peru, where millions of Venezuelan refugees and migrants have sought shelter. These countries have faced challenges in providing humanitarian assistance and managing the social and economic impacts of the refugee influx. They have called for a regional approach to address the crisis and have sought international support to manage the humanitarian situation.

Lima Group

The Lima group, including 14 countries (Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Guyana and Saint Lucia), advocates for a peaceful exit to the Crisis in Venezuela. In 2019, the Lima Group announced that it would not acknowledge the legitimacy of the 2018 elections in Venezuela. The Lima Group declared that it "reiterate[s] their recognition and support for Juan Guaido" as the interim president of Venezuela.

UN Involvement, Relevant Resolutions, Treaties and Events

The United Nations (UN) has been actively involved in addressing the economic and humanitarian crisis in Venezuela. The organization has played a crucial role in providing humanitarian aid, advocating for human rights, and facilitating dialogue among relevant parties to find a peaceful resolution. The UN's engagement aims to alleviate the suffering of the Venezuelan people, address the impact on neighboring countries, and promote stability and respect for human rights in the region. According to Farhan Haq (UN spokesperson), it is currently the United Nations' utmost priority to "urge all actors to lower tensions and pursue

every effort to prevent violence and avoid escalation”. However, the United Nations view this as a sovereign matter and is not openly taking sides.

- Declaration on the Critical Economic Situation in Africa, December 3, 1984, A/RES/39/29.
 - Focused on addressing the critical economic situation in Africa. Although this resolution directly pertains to Africa, it highlights the UN's commitment to addressing economic crises and their impact on vulnerable populations. This resolution sets a precedent for the UN's engagement in economic crises globally, including the situation in Venezuela.
- Action from the Security Council, 28th of February, 2019, SC/13725.
 - The Council introduced two draft resolutions from the United States and the Russian Federation, but failed to adopt either one of them.
- United Nations High Commissioner for Refugees (UNHCR) Involvement.
 - The UNHCR has been actively engaged in providing humanitarian assistance to the Venezuelan refugees and migrants fleeing the crisis. The agency has collaborated with host countries in Latin America to coordinate the response and ensure the protection of the rights of displaced Venezuelans.
- International Human Rights Monitoring: Various UN bodies, including the Human Rights Council, have been monitoring and documenting human rights violations in Venezuela. They have expressed concerns over issues such as political repression, arbitrary detentions, and restrictions on freedom of expression and assembly.
- Mediation Efforts.
 - The UN has made attempts to facilitate dialogue between the Venezuelan government and the opposition to find a peaceful solution to the crisis. These efforts aimed to foster trust, build common ground, and address underlying political and economic challenges.
- Coordination of Humanitarian Assistance.
 - The UN's Office for the Coordination of Humanitarian Affairs (OCHA) has been involved in coordinating international humanitarian assistance to address the urgent needs of the Venezuelan population. This includes providing food, medical supplies, and other essential aid to those affected by the crisis.

Possible Solutions

The situation in Venezuela can be examined from three aspects: economic, political, and social. In order to diminish the consequence of the crisis, solutions should consider both institutional and political stability, along with structural solutions in the long run. Delegates should be reminded that solutions proposed in the Security Council if passed, are legally binding and consider the external impacts of the solutions at hand. Here are some questions to consider:

- What economic options does Venezuela have to recover from their crises?
- Is Venezuela in need of new leadership? If a change is necessary, what is the best way to achieve it?
- Is the structure of the Venezuelan government in need of change? Are there any government policies that need to be removed or adopted?
- Could Venezuela benefit from international intervention? How should international aid be distributed or regulated?
- Can any parallels be drawn between the crisis in Venezuela and those in other oil-dependent nations? What strategies have ameliorated these issues abroad?

Three Possible Solutions

1. Economic Reforms

As the Venezuelan economy relied solely on oil exports as a source of revenue, the UNSC, and other affiliated international organizations can assist Venezuela to invest in other industries, such as heavy industry or tourism in order to supplement the domestic limited resources. Considering the significant debt of Venezuela, lack of security, and assets, it may be difficult for the nation-state to fund businesses independently in current circumstances.

Private economic activity can be enhanced by establishing incentives for international/domestic private industries in order to increase the flow of capital in the economy. This may help reduce the level of unemployment and the conditions of the labor market in Venezuela. Such international businesses could be attracted by shortening present controls on the Venezuelan currency so that imports would be more affordable for firms, allowing for lower levels of inflation and more competitive Venezuelan exports. However, it may be realistically difficult to attain both cost-effective imports and competitive exports; a balance must be met to reach the level of appreciation of the currency and valuation.

Other countries in the South American continent can work on reducing trade tariffs on Venezuela in order to ameliorate the regional economy by potentially joining the MERCOSUR. However, for its members to accept such decisions, Venezuela has to reevaluate its government policies.

2. *Political Stability: Democratic Elections and Venezuela's Sovereignty*

Democracy could be established in the country by replacing the current president, organizing new elections, and reshaping the government through moral and economic sanctions of the UNSC. Another factor of instability is the advent of Juan Guaidó; it is important to reflect upon the role of opposition, the corruption of political elites, and the potential structural changes of the institution. The minimization of military involvement in politics can be strengthened in order to ensure fair elections and governmental structures that demonstrate the public's opinion.

3. *Social and Humanitarian Aid*

More than 3 million Venezuelans have left the country over the past three years due to the domestic humanitarian crisis. The lack of basic amenities and health care has forced the people to cross the border into neighboring countries, including Columbia. Therefore, the crisis directly impacts nearby countries and the Latin American population. Because the Security Council has the duty to protect international peace and security, possible sanctions could be proposed against the Venezuelan regime for not respecting Human Rights. On the other hand, it is also important to take the regional circumstances and neighboring countries' preoccupations into account.

International institutions, such as affiliated non-governmental organizations, may effectively intervene in order to secure human rights and security for protestors and innocent civilians during times of violent conflict. However, the power and efficacy of non-governmental organizations can be somewhat questioned when it gets involved in an internal crisis.

Useful Links

Venezuela crisis: How the political situation escalated

<https://www.bbc.com/news/world-latin-america-36319877>

The Venezuelan Migrant Crisis: Forging a Model for Regional Response

<https://www.cgdev.org/sites/default/files/venezuelan-migrant-crisis-forging-model-regional-response.pdf>

The Collapse of Venezuela and Its Impact on the Region

<http://www.addisonlibrary.org/sites/default/files/The%20Collapse%20of%20Venezuela.pdf>

Draft resolution for UNHRC on the grave situation of human rights in Venezuela (UN Watch)

<https://unwatch.org/draft-resolution-suspend-venezuela-un-human-rights-council/>

World report 2022: Venezuela

<https://www.hrw.org/world-report/2023/country-chapters/venezuela>

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Stabilisation of Venezuela 8

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