

Committee: Security Council

Issue: The situation in Venezuela

Student Officer: Philip Henes Alt / Athina Papageorgiou

Position: Deputy President

PERSONAL INTRODUCTION

Dear delegates,

My name is Athina Papageorgiou and I am a junior student at Anatolia College in Greece. I have participated in many conferences as a delegate and this will be my first time as a student officer. I am glad to be serving as your Deputy President in the Security Council. I hope that we will have a fruitful and fun conference. I am looking forward meeting all of you and I am always open to any questions regarding our topic.

As you probably know, the Security Council is one of the 5 active organs of the United Nations and the one organ that can make legally-binding decision. This means that the measures that you will propose and vote upon have to be followed by all UN members.

Shall any questions arise, feel free to contact me! My email account is 20141043@student.anatolia.edu.gr.

Esteemed delegates,

My name is Philip-Henes Alt and I am a student at Athens College and I will be your Deputy President in the coming conference. I have attended various conferences, but just like Athina it is my first time as a student officer. I am positive that if you prepare well we will all have a great time at the conference. I am looking forward to meeting you SC delegates.

Should you have any issues do not hesitate to contact me at hennesalt@gmail.com!

We hope that the study guide will help you understand what the topic is all about and we highly encourage you to research even further!

TOPIC INTRODUCTION

Venezuela is an oil-rich country located in Latin America. Its official name is Bolivarian Republic of Venezuela -the name derives from the Liberator of many parts of Latin America, from the Spanish Empire, Simon Bolivar. Despite the country being a powerhouse in the previous century recent events have lead the country into a devastating country that has shaken it to its foundations. In order to propose clauses that will aim to revitalize the country it is necessary that one does accumulate some background knowledge on the matter. Generally, one must keep in mind the problems involving the democratic legitimacy of the Maduro Presidency, the crumbling price of oil, the fact that the country's currency has lost 4000% of its value, as well as Venezuela's hostility towards foreign investors. It is evident that the county's vastly oil dependent economy has been all but crippled and the hostile agenda of the government has made the acquisition of medicine and food impossible for the people.

DEFINITION OF KEY TERMS

Corruption

Corruption is misuse or abuse of one's power and privileges for personal gain. It also defined as the dishonest actions of officials in power which do not empower cooperation and trust between the citizens¹

Chavism

Chavism is considered a political movement also known as Chavezism, is a left-wing political ideology based on the ideas, programs and government style associated with the former President of Venezuela Hugo Chávez that combines elements of socialism, left-wing populism, patriotism, internationalism, Bolivarianism, feminism, green politics and Caribbean and Latin American integration.²

Inflation

¹ Staff, Investopedia. "Corruption." *Investopedia*. N.p., 2018. Web. 9 July 2018. <https://www.investopedia.com/terms/c/corruption.asp>

² "Chavism." *Spectroom.com*. N.p., 2018. Web. 9 July 2018. <https://www.spectroom.com/102961773-chavism>

Inflation is basically a rise in the price of products due to the decline of the value of money or other forms of currency. *"Inflation means that your money won't buy as much today as you could yesterday."*³

Humanitarian crisis

An event or series of events that have negative effects on the wellbeing of humans, such as lead threaten the health, welfare, and even life of individuals.

The United Socialist Party of Venezuela (PSUV)

Socialist political party in Venezuela which resulted from the fusion of some of the political and social forces that support the Bolivarian Revolution led by the late President Hugo Chavez.

Capital flight

According to Investopedia capital flight is "a large-scale exodus of financial assets and capital from a nation due to events such as political or economic instability, currency devaluation or the imposition of capital controls. Capital flight may be legal, as is the case when foreign investors repatriate capital back to their home country, or illegal, which occurs in economies with capital controls that restrict the transfer of assets out of the country. Capital flight can impose a severe burden on poorer nations, since the lack of capital impedes economic growth and may lead to lower living standards."

BACKGROUND INFORMATION



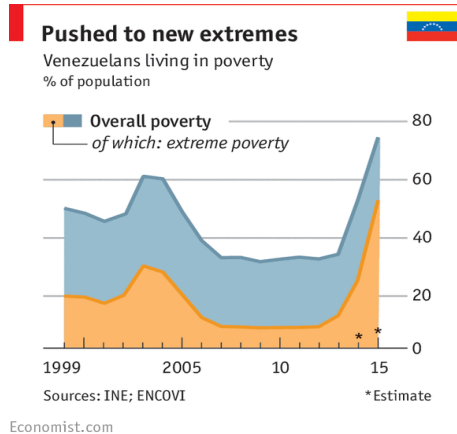
#1 Venezuela's Oil Fields

Basic Knowledge on Venezuela

The Bolivarian Republic of Venezuela, or as commonly known Venezuela takes place on the northern coast of South America, that consists of a big continental land and many other smaller islands, whose capital is the city of Caracas. In 1521 the Spanish colonization begins and ends in 1810, with Venezuela announcing its independence. Twenty years after Venezuela's full independence, it

³ "Inflation: What Is Inflation?." *Investopedia*. N.p., 2018. Web. 9 July 2018. <https://www.investopedia.com/university/inflation/inflation1.asp>

decides to withdraw from Gran Colombia. For a long period, specifically from 1819 to 1831 Gran Colombia included the territories of Colombia, Venezuela, Ecuador, Panama, northern Peru, western Guyana and northwest Brazil. During the 19th century, the country suffered autocracy, remaining dominated by military strongmen, called caudillos. After 1958, for 40 years Venezuela is ruled by Perez family until the rise of Chavez in 1998. After Chavez death, the country goes through many different social reforms. Chavisimo was one of Hugo Chavez' social reforms that characterized his governance. In April 2013, Nicolas Maduro is chosen and is elected the new president of Venezuela.



Venezuela's economic system is what we call a mixed economy, as it features characteristics of both capitalism and socialism. The country's economy is based mostly on its market, as it has the world's largest proven oil reserves, and oil accounts for almost all exports and half of state revenues. Its petroleum reserves are the second largest in the world and Venezuela is the largest foreign supplier of oil to the United States and Colombia and Brazil, Venezuela's main trading partners.

Unfortunately the country's wealth remains in the hands of a small minority, that is the reason why most of Venezuela's population lives in poverty. Poor people now make the 82% of the population.

Venezuelan economy

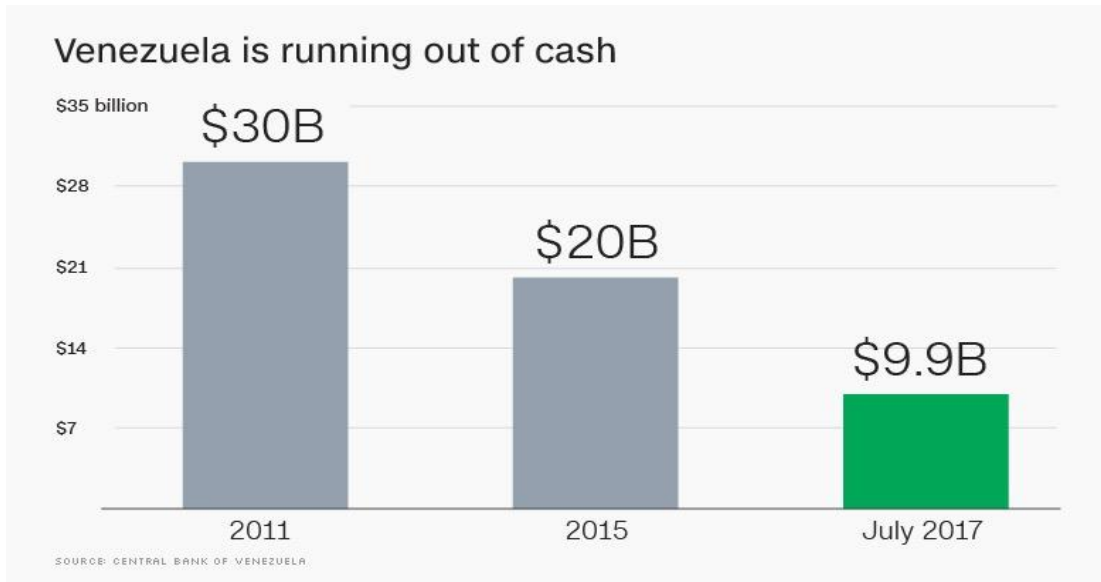
The country is currently facing many problems, which have been dealt with the following ways.

Nicolas' Maduro administration

Amid Hugo Chavez administration, from 2012 to 2013 Nicolas Maduro was his VP that won the presidential decision and he is presently running the nation. Venezuela still has major financial issues that have not changed. Inflation is quickly spiraling towards emergency levels, unemployment and criminal exercises still increment and keep on harming the nation. Underground market is additionally one of the most concerning issues in the nation. The greater part of the population in Venezuela attempts to purchase dollars from the underground market. One Dollar presently purchases 103,000 Bolivars in Venezuela's Bootleg market. The numbers have expanded hazardously.

What Maduro endeavored to do so as to confront these issues was basically useless. He tried printing money, fueling inflation and using the country's gold reserves in order to pay all country's debts. Alongside every one of these issues,

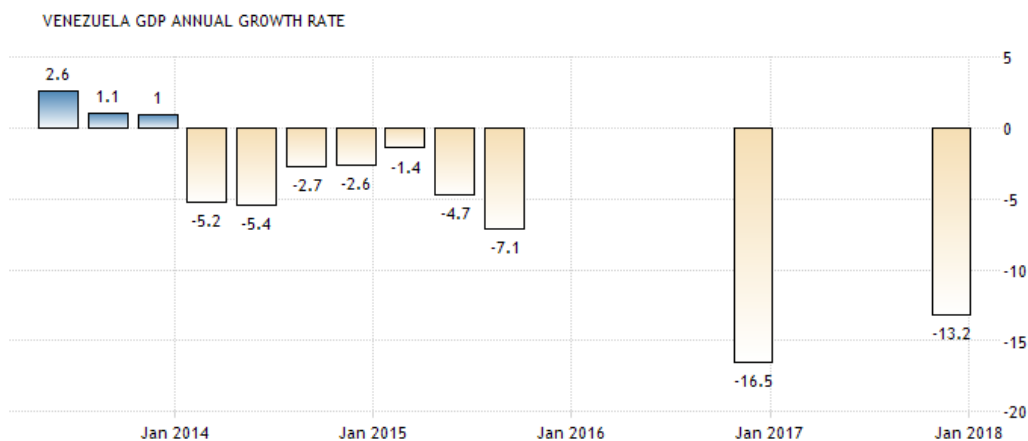
there is likewise food crisis. The administration can't import essential nourishment products, similar toilet paper, toothpaste, eggs, drain, flour. Stores are coming up short on food and individuals have no place other than the black market to get some sustenance. The situation is terrible, every time new food storages are delivered to the supermarket, stores etc., they are automatically sent to the black market, so people are forced to buy basic food items from there. In 2014, oil costs fell



#3 Venezuela is running out of cash

significantly, implying that Venezuela's economy was probably going to crumple. Amid Hugo Chavez administration, each barrel cost around 100 US Dollars, however when Manduro went to the workplace, each barrel cost less than 50 US Dollars.

Venezuela's fundamental fares were oil and petroleum barrels, particularly 95% of its exports. Since the costs have significantly dropped, Venezuela's economy is worsening from time to time, more than any other country in recent history. After his election, toward the beginning of February 2014, criminal rates additionally began increasing, students began protesting in western Venezuela. The



#4 Venezuela's GDP

disappointment began to spread to different urban communities including Caracas. Nicolas Maduro chose to react violently to the raising protest, resulting to dozens of deaths. In April 2016, violence and social unrest were on the ascent, making the government to reduce its workweek to 2 days, keeping in mind that they wanted to save energy, as they didn't have the cash to pay for additional.

By early May 2016, the opposition attempted to put Maduro to a recall vote, they gathered 1.8 million signatures, (that is 9 times the sum that is required) with a specific goal: petition. On May 14 2016, Maduro claimed that the conservative parties are plotting with other nations, in order to bring him down. That is the reason, he chose to declare a 60-day state of emergency. He decided to maintain public order by calling the police and army additional powers. The National Assembly, rejected the president's announcement, however that did not stop Maduro, as he unmistakably expressed that he won't anticipate for the legislature's vote. As 2018 unfolded, the Venezuelan economy was terrible. Both the United States and the European Union were worried about Venezuelan situation and decided to intervene by imposing sanctions and taking nation measures, that would affect Venezuela's economy.

The beginning of the crisis

Carlos Andrés Pérez era

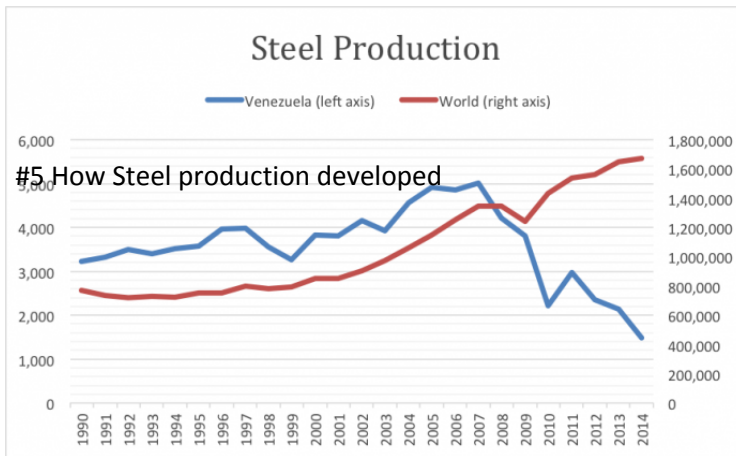
In the 1990s, Venezuela was viewed as the powerhouse of South America, it was the world's biggest supply of unrefined petroleum. From 1974 to 1979 and again from 1989 to 1993, Carlos Andrés Pérez of the Democratic Action Party was the president of Venezuela. Amid his administration he traded tremendous measures of oil and petroleum, making Venezuela's economy thrive. In 1973, Venezuela benefits from an oil boom and the nation starts to flourish. The nationalization of the iron and oil businesses, in large state-owned industrial projects for the production of aluminum and hydroelectric energy, infrastructure enhancements and financing the social welfare and grant programs were the tasks that Pérez chose to take a shot at. Unfortunately, every one of those tasks included monstrous government spending, particularly about \$53 billion dollars, that the administration was not able pay. Pérez subsidised the greater part of his projects with the assistance of loans that he never thought to pay off the country's debt, which expanded from \$0.7 billion dollars in 1974 to \$6.1 billion dollars in 1978. In 1989, Pérez had again the floor, at the plain start of this second term, he decides to accept an International Monetary Fund proposal known as the Washington consensus.⁴ In return of accepting this proposal,

⁴ Washington Consensus is: "a set of economic policy recommendations for developing countries, it refers to the level of agreement between the International Monetary Fund (IMF), World Bank, and

IMF offered Venezuela a 4.5 billion US dollars loan. In May 1993, Pérez was labeled as “ the first Venezuelan president to be forced to leave the office by the Supreme Court for stealing 250 million bolivars”.

The rise of Hugo Chavez

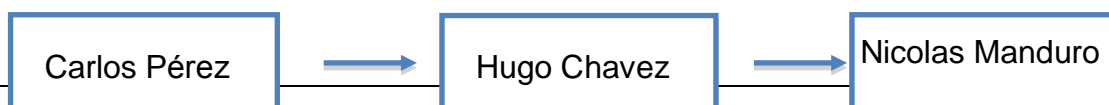
In 1990 the country turned towards socialism, specifically in 1998 Hugo Chavez was elected, he decided to cut ties with the US and started collaborating with Russia and China. Hugo Chavez was seen as the hero of the poor and ruled until his death in 2013. He died at the age of 58 because of cancer. During his presidency he launched the “Bolivarian Revolution” a nationalist left-wing program that seeks to build an inter-American coalition to implement Bolivarianism⁵ nationalism and state-



led economy. Chavez’ political party decided to focus on easing poverty, climate the inequalities between social classes and offer education and health to the people. In 1999, country’s inflation rate reached almost 100%, Hugo Chavez managed to reduce it

significantly. He decided to impose a control mechanism on capital flight.

This decision did not help the country’s economy, instead it created a bigger political instability, and this resulted to even higher inflation rates, that forces the government to intervene in the currency market, meaning that the government was forced to purchase its own currency in order to stabilize it. Chavez managed to benefit from high oil prices, that led to a significant decline in poverty, from 50% in 1998 to 30% in 2013. Unfortunately, everything that Hugo Chavez had achieved, had positive short-term effects. In order to fund consumption, Chavez decided to use oil money and foreign debt, without saving money, during the period that oil was selling at 100 dollars per barrel. Nowadays, oil is selling at 40 dollars per barrel. The government decided to fund more on social programs and decrease the oil production, something that led to a dead end.



U.S. Department of the Treasury which is a US government department responsible for issuing between others Treasury bonds”

⁵ a system that is a mix of pan-American, socialist and national-patriotic ideals

The Cryptocurrency of Venezuela “pedro”

In its endless strive to re vitalize the country’s economy and relief the crumbling country the government has tried to deploy various methods and technologies, with cryptocurrency being one of them. Maduro’s government beguiled by the recent success and skyrocketing prices of cryptocurrency proceeded with creating its own government-controlled altcoin. However, it did not bring any positive outcomes. The reason cryptocurrency thrives is because it is technically untraceable, not controlled by any government, and has its priced determined completely by demand. Finally, recent limitations and controls placed on such currencies have had significant impact on their price and many believe that the dream of a decentralized and independed currency will remain a dream. A state-owned and controlled currency is all but cryptocurrency, and an endeavor with a very high likelihood of failure.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

European countries & United States of America

The European countries as well as the USA strongly oppose the government. The government is also opposed by Peru. The USA has taken an aggressive approach on the matter since its century old Pax Americana policy is at stake when a government of an American country is being significantly influenced by the rivals of the USA. Sanctions have been placed, an embargo and a travel ban have been enforced, and the relations have been worsened significantly. European Countries as always follow a policy of appeasement and wish to protect human rights but have imposed sanctions targeting the government. Peru is a member of the Lima group and abides by the policies set forth by it.

China, Russia and Bolivia

All these countries have declared their support for the government and have significantly strengthened their political and financial ties with Venezuela. Especially, Russia and China strongly desire an ally in the influence Sphere of their Rival (USA), so they are doing everything they can to aid the country. Russia and China have signed the so called “oil-for-loan” deals, in which they actually give billions of dollars to Venezuela in exchange for oil

Humanitarian organisations and churches

There are more than 50 NGOs, such as United Nations Population Fund (UNFPA), UNICEF, Christian Aid Mission and many others, that afford the country with food, care and shelter.

TIMELINE OF EVENTS

Date	Description of event
1498	Christopher Columbus landed in Venezuela
1535	Spanish conquistadors began colonizing Venezuela
1810	King of Spain overthrown by Napoleon Bonaparte; territories of Vice-royalty of New Granada set up independent governments
1811	Venezuela declared independence from Spain
1819	Simon Bolivar defeated Spanish at Battle of Boyaca; The Republic of Gran Colombia is proclaimed with Ecuador, Columbia, Venezuela
1829-30	Venezuela seceded from Gran Columbia, became an independent republic, capital at Caracas
1908-1935	Gomez ruled Venezuela with strong military backing
1947	Venezuela's first democratically elected leader, Romulo Gallegos, overthrown in eight months in military coup led by Marcos Perez Jimenez; formed government backed by the armed forces and the US
1950	Marcos Perez Jimenez served as dictator

1958	Jimenez forced into exile, led to Venezuela democracy
1964	Venezuela's first presidential handover from one civilian to another took place when Dr. Raul Leoni was elected president
1973	Venezuela's currency peaked against US dollar from oil boom; oil, steel industries nationalized
1983-84	Fall in world oil prices generated unrest and cut welfare spending; Dr. Jaime Lusinchi elected president
1989	Carlos Andres Perez elected president; social, political upheaval included riots, martial law, general strike, over 2,000 people killed
1996	Perez imprisoned, found guilty of embezzlement and corruption
1998	Hugo Chavez elected President
1999	Voters approved new constitution; severe floods, mudslides in the north, killed tens of thousands of people
2002	April - Armed forces rebel over violent stand-off between government and Petroleos de Venezuela state oil monopoly managers and unions after appointment of new board. Chavez is put under military custody; however, interim government of business federation leader Pedro Carmona collapses and Chavez returns to his

2004	August - President Chavez wins referendum to continue serving until the end of his term.
2006	December - Hugo Chavez wins a third term with 63% of the vote, the largest margin since the 1947 election.
2007	June - Exxon Mobil and Conoco Philips are expropriated due to their refusal to hand over majority control of their operations in the Orinoco Belt to the government.
2008	November - Opposition makes gains in regional elections and wins Caracas mayoral poll. President Chavez's allies retain control of 17 out of 22 governorships.
2009	February - Voters in a referendum approve plans to abolish limits on the number of terms in office for elected officials allowing President Chavez to re-run for president
2010	<p>January - President Chavez devalues the bolivar, by 17% against the US dollar for "priority" imports and by 50% for items considered non-essential, to boost revenue from oil exports after economy shrank 5.8% in last quarter of 2009.</p> <p>September - Parliamentary elections are held and the Opposition makes significant gains.</p>
2012	April - Government extends price controls on more basic goods in the battle against inflation. President Chavez threatens that companies who do not comply will be expropriated.

2013	President Hugo Chavez dies at age 58 from cancer. Nicolas Maduro, his chosen successor, is elected president by a narrow margin and the result is contested by the Opposing parties.
2016	September - A massive power cut leaves three thirds of Venezuela without power. President Maduro claims that "right-wing saboteurs" are to be blamed.
2016	September - Protest with hundreds of thousands of participants erupt in Caracas calling for the removal of President Maduro
2017	April-June - Several people die in clashes with security forces during mass protests demanding early presidential elections and the revoking of a planned constituent assembly to replace the National Assembly.
2017	The opposition holds an unofficial referendum and 7 million people reject Maduro's government The election of the controversial constituent assembly takes place in the face of an opposition boycott and international condemnation.
2017	Chief prosecutor Luisa Ortega goes into exile calming that Maduro's government wanted her to cease her investigations into alleged corruption and human rights abuses.
2018	May - President Maduro wins another term in an election. Inflation reaches

	4500%
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RELEVANT RESOLUTIONS, TREATIES AND EVENTS

Resolution S-032/18 by the The Permanent Council of the Organization of American States (OAS)

The Charter of the Organization of American States has passed this resolution which mainly acts as a guideline to restore the Country to its previous condition. It focuses on the democratic procedures that are to be followed as well as measures that have to be taken in order to aid Venezuela's neighboring countries.

CP/RES. 1095 (2145/18)

The resolution's purpose is to urge the Venezuelan government to accept both foreign humanitarian = aid and proceed in the carrying out of proper democratic and transparent elections.

There is also a relevant **Resolution by the Human Rights Watch.**

Oil-for-loan deals

Oil-for-loan deals are deals between China- Venezuela and Russia- Venezuela. Through those deals, Venezuela has borrowed billions from China and Russia in exchange for oil.

Economic sanctions

The USA and the EU have imposed several financial sanctions Venezuela. Most of the sanctions target the government and the oil industry of Venezuela. There are also further restrictions such as US embargos and the travel ban on September 2017.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Foreign powers are becoming more and more aggressive with Venezuela (especially the US under the current administration) so the situation has been deteriorating, and the country has been isolated on an economic and political level. For instance, the United States of America is renewing its sanctions against Venezuela and in order to do so officials claimed that the country posed a threat to the national security of USA. Moreover, in 2018, President Macron asked for tougher

EU sanction on Venezuela, claiming that the country's leader is violating human rights and the democratic principles.

Solely NGOs are engaged in tackling the humanitarian crisis. However, many NGO's have limited access to the country and they operate with the fear of being shut down. UN agencies like Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations International Children's Emergency Fund (UNICEF), Office of the United Nations High Commissioner for Human Rights (OHCHR) and the United Nations High Commissioner for Refugees (UNHCR) operate in the region and are also helping local organizations.

Countries who oppose the USA have obviously declared their support for Venezuela and act in its favor. For example, China and the Russian Federation have taken various measures so as to help Venezuela and the former one is also blamed, mostly by the US, for helping Venezuela. The Russian Federation was also involved with the Venezuelan cryptocurrency, since both countries are dealing with the financial sanctions by the USA and the economy of both countries is depending on the oil prices. Gas and oil cooperation have also been signed.

POSSIBLE SOLUTIONS

It is necessary to draw a fiscal policy that will eventually lead to the economy being revitalized. Economic stability will eventually solve many of the other issues. However, when trying to architect a plan likely to breathe life to the country's constantly declining economy, you must heavily rely on the country's internal capabilities and potential since the current government has denounced foreign investment and is at odds with the vast majority of wealthy and developed countries, such as the USA and EU-members. It is no coincidence that no solution has been found, the difficulty of the task is profound and so is the importance of the finding of a solution.

It is of paramount importance that proposed solutions take into account the limited power of the UN as well as the necessity to preserve peace.

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