The Destabilization of Venezuela

Overview:

The once powerful and oil rich nation of Venezuela is in a freefall. Falling oil prices globally, combined with lavish spending by the state to fulfill promised social services emerging from the Hugo Chavez era, and a restless population has resulted in huge humanitarian crises ranging from mass migration to empty supermarkets. As the government, led by autocrat Nicolas Maduro, continues its march to failed statehood, crime and violence have taken over the streets. Never known for being a particularly safe country, the situation has worsened as the economy continues to collapse, as highlighted in a Gallup survey that ranked Venezuela as the most dangerous country in the world for the second year in a row, falling below nations such as Iraq, Afghanistan, and South Sudan in terms of safety. Venezuela has not been in a secure position for years, but the government managed to placate the people with their extensive, yet costly social services programs. However, when Venezuela defaulted on their international loans in 2017, the crisis worsened and thousands of people took to the streets in protest against the Maduro government. In response, the military and police were activated to quell the riots, leaving hundreds dead and thousands more injured. With the highest inflation rate in the world, some estimates claiming as much as 18,000%, Venezuela will continue to slip further and further into economic crisis that will produce civil unrest. Recent elections in April of 2018 resulted in a narrow and contested win for Nicolas Maduro, and the people continue to protest. The UN security council should step in and offer assistance to the people of Venezuela to prevent further conflict.

Historical Context/ Background

Venezuela, or more officially, the Bolivarian Republic of Venezuela, named after famed hero of South America, Simon Bolivar, is a country with common historical roots that many in South America share. It is a large nation with its area larger than that of France and Germany.

Venezuela was discovered by Christopher Columbus in 1498 during his third trip to the New World. The name “Venezuela” means “Little Venice” as Columbus observed the native’s homes which were on stilts above the water, similar to homes in the Venetian Republic. The first settlement was established in 1523 but not much occurred in Venezuela besides the occasional slave hunt and pearl fishing. The fable of “El Dorado” or the city of gold prompted more exploration of the land, but it was largely untouched for a few hundreds years. During the Colonial era, Spain and the Catholic Church controlled the country and established a distinct social order headed by Royal bureaucrats and Spanish clergymen. Below them were the Creoles, white descendants of Europeans born in the Americas, who owned the farms that were worked by mestizos, persons of mixed European and Indian ancestry, and the mulattoes, people of European and African ancestry.

The Venezuelan revolution occurred under Simon Bolivar who won many battles against the Spanish in South America, removing the colonial power from numerous states. The war finished in 1825 with the last royalist forces surrendering at Puerto Cabello. The next 100 years would see Venezuela controlled by a series of warlord like leaders called caudillos who ran the country with their own personal armies.

Although Venezuela was ruled by one dictator after another, foreign nations began investing in the petroleum industry, to feed the newly automotive world of the 20th century. Dutch and British companies were awarded large contracts just before World War I, with the United States arriving after its conclusion. The exporting of oil brought great wealth to the nation and funded many public service projects like roads, railroads, and schools, but the wealth was unevenly distributed with most Venezuelans living in poverty and ignored by the state.

The war years saw more development of the country and a restoration of civil liberties until 1945 when President Isaias Medina Angarita was overthrown by a coalition of leaders that formed

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3 [https://www.britannica.com/place/Venezuela](https://www.britannica.com/place/Venezuela)
Venezuela’s first ruling political party, the Democratic Action party. The party had the support of a majority of the population and in July 1947, a new constitution was created that reflected the labor-leftist philosophy of the party that would set the stage for Venezuela’s future under socialist leaders.

The Democratic Action age did not last long as President Romulo Gallegos was overthrown by conservative forces in November 1948 during a military coup which established a junta under control of Lt. Col Carlos Delgado Chalbaud and Maj. Marcos Perez Jimenez who was later assassinated two years later, leaving Lt. Col Chalbaud as the ruling dictator from 1951-1957.

After the military coup was removed by a joint effort of the Venezuelan Navy and Airforce, President Betancourt was elected President. His presidency was more moderate and tried to appease the liberal and conservative factions of his nation. He tried to modernize the country further with agrarian reform laws, improving the nation’s hospitals, and eliminating illiteracy. Venezuela also became a founding member of OPEC in 1961. Despite reforms, the presidency was not without conflict, as a guerrilla insurgency emerged in the 1960s who were upset and thought that Betancourt had abandoned his social justice goals. In addition, foreign relations broke off with the Dominican Republic in 1960 after Dominican agents tried to assassinate Betancourt, and in 1961 relations with Cuba ended following repeated attempts of Cuba to aid communist Venezuelan agents.

The next few decades were filled with the rising and falling of the Venezuelan economy mainly tied to the global price of oil. In addition, mismanagement of the government and a constant cycling of political parties made it difficult for long term projects to be accomplished. In a 25 year period, no party controlled the government for more than one, 4 year presidential term.

Facing serious economic crisis, with half of the population living below the poverty line, and inflation that exceeded 30%, the people elected Hugo Chavez in 1998, rejecting traditional parties such as the Democratic Action and the Christian Democrats. Chavez, who was previously jailed for a failed military coup in 1992, promised to fix the nation’s economic problems by drafting a new constitution and by helping the poor and removing corruption. In mid-1999 a new constitution was drafted and the constituent assembly was filled with Chavez supporters.

Chavez faced an early crisis in his administration when heavy rains caused flooding and mudslides that decimated much of the capital city of Caracas, destroying hundreds of thousands
of buildings and killing tens of thousands of people. Chavez pushed his social reform programs for the poor, but faced much resistance in the population; his first term was marked by protests and riots, including a two day period when he was ousted from office.

Hugo Chavez, former president and leader of the “Chavismo” political movement

Chavez won re-election in 2006 in a landslide victory for another 6 year term. In 2007, he accomplished a major domestic victory by reclaiming all oil fields, especially the Orinoco basin, the largest known oil deposit, back from control of foreign companies. Following a defeated constitutional amendment that would allow Chavez to run for president indefinitely, Chavez nationalized the telecommunications, electricity, steel, and cement industries in 2008 to further solidify his control over the nation. In 2011 it was announced that Chavez was suffering from an unknown cancer, and received treatment for the cancer in Cuba, the surgeries were so intense that it caused him to miss his inauguration in 2013, after winning reelection. However, on March 5th, 2013, he passed away.

The Chavez presidency was one of unfinished work and mixed successes of the policies he did manage to implement. Although some citizens did benefit from his social programs, the nation over relied on revenue for the oil industry. When the price of oil falls, the government runs out of money and protests occur. This, along with government mismanagement are the root issues for the current crisis.
Nicolas Maduros and Current Crisis

Before Chavez died, he indicated that he wanted Maduro to be his successor, this endorsement resulted in Maduro’s election, but not after a hard fought election with numerous allegations of voting fraud which produced a very narrow victory. Following the election, the economy slowed down and inflation reached levels of over 50%, and basic items such as toilet paper, milk, and flour became extremely difficult to find and expensive. In response to the government’s inability to provide goods at a reasonable price, a large blackmarket has emerged, undermining the government’s efforts to stabilize prices. During the midterm elections in 2015, the people expressed their dissatisfaction with the Maduro government and Chavez’s party, the PSUV, lost control of the legislature for the first time in 16 years.

Facing increasing internal pressure, and the prospect of a recall election that had been passed earlier in the year, Maduro declared a 60 day, renewable state of emergency on May 14th, 2016. This granted the police and the Army additional powers to keep the peace in the country. In August of 2016, then Secretary General of the UN, Ban Ki-Moon declared that Venezuela was facing a humanitarian crisis in response to shortages in food, water, and medicine. Venezuela’s UN delegate, Rafael Ramirez, dismissed Secretary Moon’s declaration as “strange” and “wrong”. Although Venezuela stopped publishing official inflation numbers in 2015, economists put them at triple digit inflation in 2016.

The issues with the recall election continued, with the opposition party claiming that the Maduro government, and the national election committee that was loyal to his administration were dragging their feet on validating the referendum. The election committee moved to dismiss the second round of signatures that were needed to start the referendum until Pope Francis I, the
The talks resulted in some progress, as the street protests were called off and some jailed activists were released, however, they broke down by December of 2016. Maduro failed to release all the political prisoners he agreed on initially, and also refused humanitarian aid into Venezuela, which would confirm that his nation was facing a crisis. By the end of 2016, the World Bank accidently leaked that Venezuela’s economy had dropped 19% and that inflation was sitting at 800%. The Nation began the new century as one of South America’s largest and most thriving economies, but now was the continent’s worst-performing with the most humanitarian issues.

Massive protests erupted in January 2017 when the annual president address was delivered in front of the Maduro-sympathetic Supreme Court, rather than the National Assembly. This worsened when the court tried to dissolve the National Assembly and a decision in April 2017 to ban Capriles, the candidate that Maduro narrowly defeated in 2013, from running for public office for 15 years.

In October 2017, gubernatorial elections for the various states in Venezuela, which had been postponed since December 2016, occurred. Pre-polling suggested that the opposition party would win big, however, the PSUV, Maduro’s political party, won 18 of 23 of Venezuela’s states. These results were hotly disputed by the opposition and by foreign governments keeping an eye on the destabilization of Venezuela.

In the start of 2018, the European Union (EU) and the United States placed sanction on Venezuela in response to Maduro’s autocratic rule in an attempt to curve his control over the nation. Venezuela’s GDP had dropped another 14% since 2017 and shortages of food and medicine were reaching epidemic levels. The economy was now facing 2400% hyperinflation, leaving the national currency, the Bolivar, nearly worthless. As of June 15th, 2018, $1 will get you around 230,000 bolivars on the black market in Venezuela, the place where most people go to exchange currency as the banks do not give fair exchange rates.
In response to the currency crisis, the Maduro government became the first nation on Earth to introduce an official cryptocurrency, called the Petro, in February of 2018. The value of the Petro is tied to one barrel of Venezuelan oil, and backed by the country’s reserves of gold, diamonds, gas, and oil.

Maduro pushed for early elections, and on May 20th, Maduro was re-elected for another six year term. Only 46% of eligible voters went to the polls, and Maduro won with a 68% votes, or 5.8 million going to him.

Sources:

https://www.britannica.com/place/Venezuela/The-Hugo-Chavez-presidency

Economic Issues explained

The economic crisis that Venezuela is facing goes back to the roots of their economy. Venezuela over relies on their oil production for their GDP. 95% of its export earnings come from the sale of crude oil. When oil prices are high, this means that Venezuela does well and is a rich nation. However, oil prices have fallen dramatically since 2014 with the discovery of natural gas in the United States and an increasing in fracking technology and the shift towards renewable sources of energy. This means that oil that was once selling for $140 dollars a barrel, that is now selling for less than $50, cuts Venezuela’s income by 2/3rds.

These falling prices are not the only cause of their economic misery however. The socialist policies of Hugo Chavez and his chavismo politics also backfired in the economy. Chavez tried to help the poor through socialist policies that
Included price freezes and controls on basics like flour, cooking oil, and personal care items. While this may mean better prices for the consumer, it meant that for domestic producers making these products, it was no longer profitable and they stopped, creating massive layoffs and a reliance on importing much more expensive foreign goods. Venezuela made headlines a few years ago when they ran out of toilet paper. Maduro blames these shortages on opponents within the country that seek to undermine Chavez’s Bolivarian revolution and want to destroy the progress he and Chavez have made.

The hyperinflation that they are experiencing is because the government keeps printing more and more money and keeps raising the minimum wage to stay friendly with the poor, traditional allies of Chavez and the socialist party. When you print more money in an economy, you aren’t creating more money, you are just making it worth less. If I have $100 dollars that is great, but when everyone has $100, that money isn’t worth as much anymore because there is so much of it and prices will rise in response to the sudden influx of cash. Although it seemed that oil prices would be rising once again due to instability in the Middle East, economists are now predicting falling prices for the rest of summer. This is not good for Venezuela who rely on high oil prices to pay for their extensive social programs.

Involved Actors

**Forces Loyal to Maduro:**

**Nicolas Maduro**- President of Venezuela since 2013 when he won by a very narrow margin that was contested by the opposition parties and set off protests. An appointee of Hugo Chavez, Maduro rose from humble origins as a busdriver, to union leader, and also served as Minister of Foreign Affairs and President of the National Assembly. Maduro has consolidated power since 2014 and protests against his rule have left hundreds dead. Several nations and the EU have placed sanctions against Maduro, and the United States has labeled Maduro a dictator, a sentiment that many other nations share. Following the 2018 elections and a rewrite of the Constitution by pro-Maduro members of the National Assembly, the majority of nations in the Americas and the Western world have refused to acknowledge his election and the new Assembly’s constitution.

**Supreme Tribunal of Justice (Supreme Court)**- The Supreme Court is the highest court of law in Venezuela and head of the Judiciary Branch. It is composed of 32 justices that are appointed by the National Assembly and serve for 12 year, non-removable terms. The NGO, Transparency International, declared Venezuela’s judicial system to be the most corrupt in the world in 2014. The current Supreme Court is filled with Maduro supporters who tried to remove

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5 https://www.usatoday.com/story/money/business/2013/05/16/venezuela-toilet-paper-chavez/2165405/
the National Assembly’s power in 2017, setting off a constitutional crisis that led to the establishment of the Constitutional Assembly.


**2017 Constituent National Assembly**- The CNA is an assembly that was elected in 2017 to draft a new constitution in Venezuela following the constitutional crisis that occurred after the Supreme Court tried to remove the National Assembly from power. The opposition party was not invited to be delegates in this election, therefore the entire assembly is made up of pro-Maduro supporters. More than 40 Western Nations have rejected the lawfulness of the CNA and the new constitution they are drafting.

Source: [https://en.wikipedia.org/wiki/2017_Constituent_National_Assembly](https://en.wikipedia.org/wiki/2017_Constituent_National_Assembly)

**Aristobulo Isturiz**- Vice President of Nicolas Maduro and a veteran politician. Even if Maduro is removed from power, Isturiz would become president and would likely continue his policies.

**Diosdado Cabello**- A former military comrade of Hugo Chavez, Cabello is second in command of the governing socialist party, the PSUV. He is considered a strongman in the Chavista movement and is accused by the United States of being involved in drug-trafficking and money-laundering.

**Forces Opposing Maduro:**

**National Assembly**- The National Assembly of Venezuela is the unicameral legislative body of Venezuela. The members are derived from direct elections in state-based party-list proportional representation system. This means that the proportion of votes a party get determines how many of the 167 members that the party gets. If the Democratic Action party wins 15% of the total votes, they get 15% of the 167 members, or, 25 members. The national assembly was founded in 2000, with President Hugo Chavez creating the new Venezuelan government structure. In 2017, the Supreme Court of Venezuela, which is loyal to Maduro, tried to strip the National Assembly of its power, setting off a constitutional crisis.


**The Opposition**- The opposition is a generic term for those in politics and protesters who are actively resisting the Maduro regime. They are led by the Democratic Unity Committee, and its...
Speaker, **Ramos Allup**, they are also known as the MUD, and are active in Venezuelan politics. Despite winning a landslide victory in the 2015 elections by taking 2/3rds of the seats in the National Assembly, the opposition has been unable to change the course of Venezuela because the Maduro government changes the rules to suit his needs. The MUD party continues to operate in the National Assembly, fighting off power struggles from the Supreme Court, and organizes street protests to bring awareness to Venezuela’s needs.


**Henrique Capriles**- Governor of the state of Miranda and a two-time presidential candidate who narrowly lost in 2013 in a race that was speculated to be corrupted by international observers.

**Leopoldo Lopez**- A jailed political opponent by both Chavez and Maduro who serves a rallying figure in his fight against leftism in Venezuela. In 2015 he was sentenced to 14 years in prison for inciting violent, anti-government protests, but his supporters deny the charges and his wife is currently campaigning internationally for his release.


**UN Resolutions and Activities**

As of June 17th, 2018, the UN has not officially published any resolutions concerning the situation in Venezuela, however the ongoing crisis has been noted in several UN documents, listed below.

**Conference of the States Parties to the UN Convention Against Corruption Executive Summary November 14th-16th, 2016** - Discusses the findings of corruption in Venezuela and provides recommendations on how to counter corruption.


**Economic and Social Council, Observation on the third periodic report of Venezuela, July 7th, 2015** - Highlights the key findings based on the third periodic report of Venezuela which started in 2012 after Hugo Chavez was diagnosed with cancer and the country became restless.


**First Person Account of Venezuelan Poverty**
“You can’t go outside to buy food or supplies or medication because each activity is a high risk and more with a baby. So I stay home as much as I can. There are a lot people outside trying to live normally, trying to go to work and buy foods and continue there lives. But when you are working or whatever thing you doing you don't know is you will be able to come back home safe… people continues to work to get whatever miserable pay to buy some food. Everything is so expensive. Perhaps the beans and rice are affordable but still not cheap and is so hard to find food. options are limited because of the price… you can only buy one item or two of pasta, like I say the less expensive food, and you have to wait in long long lines at your own risk because there are a lot of fights in this store. imagine tones of people wanting to buy the same product. this have being worst since perhaps about 5 years now… because of scarcity. Malls and big stores are basically alone because there are places where “colectivos” use to attack, with bombs and there is a group of about 40 men in motorcycles that have been creating chaos in the whole city, every day the take the city they have plenty of arms and the just go through the city shooting building houses, stealing stores, people on the streets, batteries of cars, everything they want… this situation is far worse than we ever imagine. they kill people every day and they are pay mercenaries from the government because no one does nothing. the government people is also killing innocents. kids… teenagers, the youth. we are panicking. We bought a land 3 years ago. I got pregnant and we decided to wait. the land is a safe zone but is 5 hours from here. is a very small town 11,000 people. I live in a city with about 3 million people. at least for now the town are peaceful but there isn't electricity and the isn't an asphalt road so this doesn't sound lovely for thief that are now looking for biggest fish to cash. according to our neighbours the town is in calm nothing has happened. We need to go as soon as possible. I am scared because what you say is also true. But in the city there are no options at least not now. . what do you think we should do? I realize appreciate what you recommend.

I’m sorry for my bad english I’m trying to write this while playing with my baby. Venezuelan houses are already bunkers. This has being like this ever since I can remember. Perhaps 20 years… Every regular house is made like bunkers. Pure concrete from the bottom to the walls to everything. Every house has also 2 to 3 security doors really big and heavy ones and on top of that we have fences and electric fences on top Of BIG GATES. And trust me is not enough to be safe. The army has damaged gates and has entry to different houses looking for students, or rebels… and also innocents people has died because they were sadly in the middle of this events.
I don’t doubt that country land might have problems too. But so far cities are pure anarky and madness. There are several groups creating chaos… the army, the mercenaries, the thieves, and the rebels that want to kill chavismo and politics and whatever on their way. A few days they put a bomb into a propane gas distribution cargo and it blew away and this have been affecting every single thing, they steal cargo transporting food or gas and even fuel… so there is no much to do now. Communities in the city are not organize since they really need to find food and basic resources so each individual is waiting in long lines to buy a bread or a medicine or whatever they need… and people doesn’t want to organize they don’t see this could go like this for years… I assume that we got used to live in some sort of chaos and violence. But the true is most people is praying and just wishing this will pass soon. That this will pass as the moment a new president arrive. And what if it doesn’t? Let’s be clear that we have so many resources, and Canadá and USA are pulling all of the gold and all minerals now so no country really matters what we are suffering as long as they can get they way. We really feel hopeless.


Questions to consider

These questions do not have to be answered completely in your position

An estimated 65% of Venezuelans are living below the poverty line.
What is the most pressing issue facing Venezuela? Is it the economic crisis, the migration crisis, the rise of crime and violence, or something else? How can rule of law be established once again? What role should the UN play in ending this crisis? Is it within the scope of the UN to restructure failing governments? What is the definition of a failed state? What is your country’s perspective on this issue? Is your country socialist in nature like Venezuela? Was your country one of the ones who condemned the 2017 ANC? How can the UN help a country that has denied humanitarian aid in the past?

**Further Resources**
- [https://www.britannica.com/place/Venezuela](https://www.britannica.com/place/Venezuela)
- [https://www.britannica.com/place/Venezuela/The-Hugo-Chavez-presidency](https://www.britannica.com/place/Venezuela/The-Hugo-Chavez-presidency)
- [https://www.usatoday.com/story/money/business/2013/05/16/venezuela-toilet-paper-chavez/2165405/](https://www.usatoday.com/story/money/business/2013/05/16/venezuela-toilet-paper-chavez/2165405/)

**Highlighted Timeline of Events**
- **1498-** Venezuela is discovered by Christopher Columbus
- **1521-** Spanish colonization begins
- **1749-** First rebellion against Spanish colonial rule
- **1810-** Venezuela declares independence from Spain during the Napoleonic wars
- **1870-88-** Warlord Antonio Blanco attracts foreign investment, modernizes infrastructure and develops education
- **1908-35-** Dictator Juan Gomez governs at a time when Venezuela becomes world’s largest oil exporter
- **1945-** Coup established civilian government after decades of military control
- **1948-** President Romulo Gallegos, the first democratically- elected ruler is overthrown within 8 months in a military coup led by Marcos Perez Jimenez
- **1958-** Democracy is restored under the Democratic Action Party
- **1973-** Venezuelan economy booms, oil and steel industries nationalised
- **1992-** Colonel Hugo Chavez leads a military coup, is caught and jailed for two years
1998- Chavez is elected president and launches his socialist “Bolivarian Revolution”, establishing a new constitution, populist reforms, and an economy that fuels social policies backed by high oil prices

2005- Chavez initiates land reform policies by seizing private ranches

2007- Energy, media, and telecommunications industries nationalized

2010- Large flooding results in Chavez being granted special powers, prompting fears of authoritarianism

2012- Chavez extends price controls on more basic goods such as flour and rice

October 2012- Chavez wins his fourth term in office

April 2013- Chavez dies from cancer and Nicolas Maduro is narrowly elected president

March 2014- Protests in Western states spread to the capital of Caracas where they turn deadly

November 2014- Government adopts austerity measures in spending as oil prices hit a 4 year low

September 2016- Hundreds of thousands of people take part in protests calling for Maduro’s removal

July 2017- An unofficial referendum is held by the opposition in which 7 million people reject Maduro’s call for a new constitution, a constituent assembly is elected anyway

May 2018- President Maduro wins reelection