

Committee: Special Political 1

Topic: Venezuela

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Summary

Venezuela's capital, Caracas, has been the site of almost daily demonstrations between April and June, some of which erupted in to violence. Opposition to the existing government accuses Venezuelan President Nicolas Maduro of steering the nation in the direction of a dictatorship and demand his resignation. Maduro counters these criticisms by stating that his opposition are conspiring with foreign entities, in particular the United States, in order to destabilise his government and the country.

Issues that protesters wish to have set right include hyperinflation, which reached 536.2 % in 2017, and is predicted to climb to 2068.5% in 2018. Food shortages also gravely affect the population as the black-market influences prices, meaning that the price of basic goods can fluctuate within days and leave thousands without food indefinitely. Crime and poverty are also rife, leading citizens to question what it is the government is doing to protect them.

Definition of Key Terms

Inflation- The rate at which the overall level of prices for goods and services is rising, along with the rate at which the purchasing power of currency is falling.

Hyperinflation- Inflation that occurs at a rate of more than 50% a month, distinguishable from other types of inflation by the severity of cost increases over a period of time. Hyperinflation quickly erodes the original value of the currency.

Cryptocurrency- Digital or virtual currency that uses cryptography/encryption techniques to regulate the generation of units of the currency, as well as verify the transfer of funds. Cryptocurrencies operate independently of any central authority, meaning they are theoretically immune to interference or manipulation by a government.

Background Information

Overview

Problems began in January 2016, after the Venezuelan Supreme Court suspended the election of four legislators, three of whom were members of the opposing party, for alleged irregularities in voting. Members of the opposition accused the court of trying to manipulate the proceedings to strip them of their super-majority, and therefore swore in their three legislators without the consent of the supreme court.

In response to this action, the Supreme Court took control of the National Assembly, ruling that its entirety was in contempt and any decisions it took would not be recognised. Government proceedings were further complicated when the court suspended a stay-or-go referendum against Maduro and postponed all regional elections until the next year.

The National Assembly later refused to approve the nation's state-run oil company, PDVSA, from joining ventures with private companies, causing the Supreme Court to rule that it would take over the legislative powers of Congress. The next day, protests began in Caracas against the court's take-over of the National Assembly.

Major Countries and Organizations Involved

IMF- The International Monetary Fund works to monitor the rate of inflation in Venezuela.

PDVSA- Petroleos de Venezuela is a state-owned oil and natural gas company.

Colombia- Accused of conspiring with US elements in a right-wing plot to kill President Maduro

Timeline of Events

Date	Description of event
April 2013	Nicolas Maduro is elected President of Venezuela

February-March 2014 Protests against poor security in the western regions spread to Caracas, where they gain support from opposition parties and turn in to anti-government rallies. The protests are broken up, and at least 28 people are killed in the violence.

December 2015 A two-thirds majority in parliamentary elections is won by the Opposition Democratic Unity coalition, ending 16 years of office for the Socialist Party.

September 2016 Over a hundred thousand people take part in demonstrations in Caracas calling for the removal of President Maduro, alleging his responsibility for the economic crisis.

April-June 2017 Mass protests break out, demanding early presidential elections and the cancellation of a planned constituent assembly meant to replace the National Assembly.

July 2017 An unofficial referendum is held by the opposition in which reportedly seven million people reject the proposal of the new constituent assembly. The election of the constituent assembly takes place despite an opposition boycott and international condemnation.

August 2017 Chief prosecutor Luisa Ortega leaves Venezuela, stating that she was fired as the government wished to stop her investigating alleged human rights abuses and corruption.

May 2018 President Maduro wins another term in office.

August 2018 Maduro accuses Colombia and elements within the US of conspiring in a “right-wing plot” to kill him, after Venezuelan officials claim that two drones carrying explosives had detonated near him during a televised speech.

August 2018 Venezuela creates the new Sovereign Bolivar, slashing five zeros from its previous currency and backing it with a state-banked cryptocurrency in an attempt to reduce hyperinflation.

Relevant UN Treaties and Events

<http://blog.unwatch.org/wp-content/uploads/2015-Venezuela-Draft-Resolution-UNHRC.pdf>

https://www.ohchr.org/Documents/Countries/VE/VenezuelaReport2018_EN.pdf

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Previous Attempts to solve the Issue

Despite mass public protests and international condemnation, there was very little in the way of formal attempts to solve the economic crisis from the economic government, until August 2018. This August, the government introduced an “economic package” of measures to halt hyperinflation, beginning with the introduction of a new currency.

The ‘sovereign bolivar’ was created by chopping five zeros off the end of the previous currency, the ‘strong bolivar’, and is anchored to the Petro, a new cryptocurrency backed by Venezuelan oil reserves. Eight new banknotes have also been put in to circulation, with much lower values such as 2,5,10, and 50 bolivar notes.

Other measures being implemented to help the economy recover include raising VAT by 4% to reach 16% and raising the minimum wage to 34 times its level from the previous year. Controversially, Maduro has also called for an end to the heavily subsidised fuel that all Venezuelans were previously entitled to receive and restricted it to only those in possession of a ‘Fatherland ID’ card. This measure is supposedly to curb the problem of oil smuggling to nearby nations, however many opponents of Maduro do not own ‘Fatherland’ IDs in fear that they are an extension of state control, and so are the most likely to be hit by the hike in fuel prices.

Despite these recent attempts to rectify the situation, immigrants are still leaving to neighbouring countries of Colombia, Ecuador, Peru and Brazil in their thousands, with 7% of the population having left the country in search of better situations.

Resolutions have been drafted in order to combat human rights abuses but not ratified, and reports carried out by the OHCHR, but little practical action has been taken by the international community or the United Nations as yet.

Possible Solutions

Finding a solution to the crisis cannot be done in one step, as the situation is threefold: political, economic, and social difficulties all must be addressed in order to lay the foundations for a stable Venezuela. However, many social problems have poverty at their root cause, and so stabilising the economy is a wise first course of action.

With reference to the 'economic package' introduced by Maduro's government, delegates may find that implementing measures to regulate the new cryptocurrency or further detail its ties to the oil reserves would be helpful. Also, perhaps try addressing faults in the plan such as how employers are expected to pay for the 34-fold increase in minimum wage or how oil smuggling can be more efficiently regulated without harming citizens not in possession of an ID card. Classic methods of boosting the economy such as loan programmes and austerity measures can also be considered with regard to the gravity of the existing situation.

Political instability is closely linked to human rights abuses, as many of these violations are perpetrated against opposition groups or protesters. Involving UN bodies such as the UNHCR and the OHCHR to generate detailed and truthful reports on conditions increases transparency and allows the international community to make informed judgements.

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