



## Crisis in Venezuela – Briefing Paper

The Organization of American States

Washington D.C., United States of America • 10 July 2019

*“In Venezuela, the purpose of politics has been lost, they have forgotten to defend the general and collective long-term good, over short-term individual gain ... Immoral politics loses this vision because its only interest is staying in power.”*

**Luis Almagro, Secretary General of the Organization of American States (OAS)**

### The Organization of American States

The **Organization of American States (OAS)**, a regional organization founded in 1948, is mandated to promote peace and stability in the Western hemisphere. The organization has 35 member states representing most countries in North, Central and South America, as well as the Caribbean. The OAS is tasked with promoting peace and security on the continent, promoting representative democracy and the peaceful resolution of domestic and international disputes. The bloc also seeks to promote the economic, social and cultural development of the region through cooperative action and coalition building. The OAS was founded by a Charter that explicitly includes the sovereign right of each member state and the principles and rights of each member state, including a commitment to collective security of all member nations.

### Background Information: Venezuela, the Petro State

The ongoing crisis in Venezuela has deep economic, political and cultural roots dating back decades. In the 1920s speculators discovered **crude oil** in Venezuela, instantly bringing the small South American nation into the forefront of global energy production. Over time, it was discovered that Venezuela held the world’s largest reserves of crude oil, surpassing other oil-producing nations like Saudi Arabia or the United States of America. With such a vast reserve of an important natural resource, Venezuela took actions to base much of its national economy on the extraction and export of oil to other countries around the world.



Source: [usa.inquirer.net](http://usa.inquirer.net)

By rooting much of its economy on the export of oil, Venezuela became a **petro state**, relying on oil revenues to pay for critical governmental functions. As a petro state, Venezuela also became highly susceptible to global changes in the price of oil. If prices fell, as they did in the 1950s, then the growing nation experienced prolonged periods of **recession** and debt, often impacting the neediest populations the most. However, as oil prices rose after the creation of **OPEC** in the 1970s, Venezuela became one of the richest countries in South America even as a significant number of Venezuelans suffered from extreme poverty. Using this resource-dependent wealth, leaders were able to fund a growing number of social programs, military investments and anti-poverty measures.

As the country experienced periods of growth and recession due to its reliance on oil, political actors attempted to cement Venezuela as the most prosperous nation in South America. However, over decades, Venezuela's two party government system folded, leaving a **political vacuum** open for a dominant political figure. Hugo Chavez, the charismatic **populist** leader of Venezuela was voted into the presidency in 1998 with a mandate to lift the nation's 31 million citizens out of poverty. Over the course of his presidency, which lasted until his death in 2013, Chavez pursued a **socialist** economic and political model, favoring extensive **social programs**, including strong anti-poverty measures, nationalized healthcare and food and housing subsidies for the poorest Venezuelans. These populist programs were designed to lift up the people of Venezuela while entrenching popular support for Chavez, regardless of issues related to corruption or widespread economic vulnerability.



Source: [edition.cnn.com](https://edition.cnn.com)

In June of 2008, global oil prices peaked and ultimately collapsed, devastating the Venezuelan economy. Through budget mismanagement, over commitment to expensive social programs and mounting debt, Venezuela began to experience significant economic issues such as a national recession and massive inflation. These issues led to widespread food and housing shortages and a lack of affordable medicine. Management of the crisis failed to reverse negative economic trends and the country slipped into even greater debt and economic peril.

## Political Transition: Can Changing Leadership Unite a Fracturing Country?

After President Hugo Chavez's death from cancer in 2013, a special election was held and Vice President Nicolas Maduro won by a slight majority to become the next president of Venezuela. Maduro inherited a faltering economy, an increasingly impoverished nation and a single commodity-based economy rooted in oil extraction and export.

Maduro kept many of the same programs as his predecessor, attempting to appease an increasingly dissatisfied and upset populace. Maduro lacked the charismatic personality and folk-hero status that Chavez had cultivated over the course of many years in politics, leading to an erosion of his political support. Through a series of laws and initiatives put forth by both Chavez and Maduro, the president was able to tighten his control of the legislative and judicial branches, helping him cement his position as head of state. These actions were seen by many international observers as a direct move toward an



Photo: Nicolas Maduro (left) and Juan Guaidó

**authoritarian** dictatorship. In 2018, Nicolas Maduro won another term as president of Venezuela, although Venezuelan opposition leaders and international observers questioned the legitimacy of the elections.

The move toward a constitutional crisis took another step forward in 2019, when Juan Guaidó, the leader of the opposition party in the National Assembly, questioned the legitimacy of Maduro's rule and via an article in the Venezuelan constitution, declared himself acting president. This established an ongoing political crisis, as Venezuela now has two politicians declaring authority. Both the people of Venezuela and the international community are split over whom to recognize as the true leader of this faltering nation.

## Crisis Simulation

For the past decade, Venezuela has undergone significant economic contraction, causing significant pain and suffering throughout the nation of 31 million people. The Venezuelan economy, largely dependent on revenue

from oil exports, crashed with the protracted fall of global oil prices. This has led to significant **inflation** of the Venezuelan currency, the bolivar, and significant widespread economic consequences for the people of this once wealthy nation.



*Photo: An empty supermarket in Venezuela*

At the time of this writing, Venezuela has fallen into even greater economic peril. Inflation has reduced the value of the bolivar, making basic goods and services prohibitively expensive. As a result, widespread food shortages have been reported in the capital, Caracas, as well as almost every other major city in Venezuela. Medicine has also become prohibitively expensive, leaving millions with illnesses and chronic health problems unable to find medical care. Common household goods like soap, toilet paper and gasoline can only be obtained in the growing **black market** for substantially increased prices. The crisis has undoubtedly unfolded into one of the greatest humanitarian crises facing the world today.

In addition to the developing **humanitarian crisis**, a security crisis is developing. The military, once one of the strongest and most powerful in the region, is fracturing and developing into regional forces that often lack significant leadership. Militias, gangs and other crime syndicates have populated the vacuum left by the retreating military, leading to significant increases in theft, kidnapping and human trafficking. The spike in crime and violence has further contributed to the humanitarian crisis in Venezuela.

Without immediate international support, Venezuela is likely to collapse from massive economic and political pressures. Without any type of intervention, Venezuela's economy will likely plunge millions into deep poverty and potentially result in widespread food and water insecurity. These issues would likely trigger a massive migration crisis as millions of Venezuelans would flee to neighboring countries to seek help. In the event of a **mass migration**, neighboring Colombia would face the most immediate issues as hundreds of thousands seek asylum. Ultimately, the entire OAS would need to develop a comprehensive plan to resettle close to 10 million displaced peoples projected to migrate given a total collapse of the Venezuelan economy. In addition to the immediate economic fallout, the fate of the political future of Venezuela remains unknown, something delegates may want to consider as they devise plans for an international intervention.

### **Finding a Solution to the Problem: How to Solve an International Crisis?**

In a simulation, the most important aspect of your role is to stay consistent to the views, intentions, goals and desired outcomes of your assigned nation. Having a clear understanding of your nation's key geopolitical goals in the region, its relationship with Venezuela and how it might respond to a growing migration or economic crisis in a neighboring country will be essential to the simulation. In addition, you should come prepared with an understanding of the OAS and your nation's relationship with this international body.

With that understanding, most nations will choose to engage in diplomacy as a means of solving an international crisis. Usually, international bodies like the OAS prioritize solving direct humanitarian crises, ensuring that vulnerable populations have access to food, clean water, adequate medicine and safe housing. Secondary considerations may include issues around immigration/migration, natural resource distribution, or other political questions.

The OAS, much like the United Nations, uses **resolutions** to solve international crises. A resolution is an official document which accurately states the problem, and suggests actions which can be taken to mitigate the crisis. Resolutions must be agreed upon by a majority of participating nations, and often compel individual nations, or the entire international bloc into a collective peacekeeping or humanitarian action. A sample resolution can be found later in this briefing paper.

Students, you have been assigned to one of twelve countries, including: **(1)** Brazil, **(2)** Colombia, **(3)** United States, **(4)** Brazil, **(5)** Mexico, **(6)** Chile, **(7)** Argentina, **(8)** Ecuador, **(9)** Guyana, **(10)** Suriname, **(11)** Bolivia, and **(12)** Canada. Prior to Wednesday's crisis simulation, please read through the important background resources for your country or group and complete the "Questions to Consider." Come to Wednesday's crisis simulation with a set of responses to the 'Questions to Consider' listed below.

## Sample Resolution – For Reference Only



### Organization of American States General Assembly RESOLUTION

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**Organization of American States Committee:** General Assembly

**Topic:** Ending Forced Labor

**Sponsors:** Jamaica, Panama and Mexico

The General Assembly,

*Bearing in mind* that goods and services made from forced labor make up large amounts of the profits for many regions of the world, e.g. \$51.8 billion USD in Asian-Pacific countries and \$46.9 billion USD in OAS,

*Observing* that approximately 20.3 million people in the Western Hemisphere were victims of modern slavery, and often lacked access to basic resources like adequate housing and medicine,

*Having studied* the majority of the money generated by forced labor comes from the United States, Japan, and Germany and many other developed nations,

1. Calls upon the OAS to organize extra support, in the form of professionals who are trained to spot forced labor, to monitor private and public organizations for the exploitation of forced labor;
2. Further requests that each OAS member offer .1% of GDP in order to create specialized emergency accommodation such as apartments and/or houses for rescued victims of forced labor;
3. Suggests that the specified countries enforce tariffs on products made by forced laborers such as smart devices, clothing, fish, and chocolate, among others.

## Questions to Consider

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1. What is a single commodity specialized economy? What are the pros and cons of an economy based on the production of a single commodity?

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2. Define a humanitarian crisis. What populations are most effected? Give a recent and an historical example of a humanitarian crisis.

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3. What is an international coalition? How can international coalitions help end humanitarian and economic crises?

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4. What is your assigned country's relationship with the OAS? Does it cooperate with the OAS? Does it often defy OAS directives?

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5. What is your assigned country's relationship with Venezuela? Are they allies or geopolitical foes? Does your country import oil from Venezuela?

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6. What are some policies that can be enacted to help limit the humanitarian crisis? How do other international bodies deal with humanitarian crises?

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7. How did populism contribute to the rise and the fall of Venezuela?

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## Glossary of Terms

Term	Description
<b>authoritarian</b>	Any form of government that concentrates power in a single leader or small elite and is not constitutionally responsible to its people. Common practices under authoritarian rule include sham elections, an unfree press, suppression of free speech, and violation of human rights (ex. The governments of North Korea, Venezuela, etc.)
<b>Black market</b>	Any illegal trafficking or trading of scarce commodities. Black markets often take advantage of states in peril to expand business and fill the void of what was once legal business.
<b>Crude oil</b>	Naturally occurring, unrefined petroleum that offers massive economic gains for the country exporting the good, due to its high demand. However, when oil prices drop, this can severely hurt the host state's overall economy if it is too dependent on the good.
<b>Humanitarian crisis</b>	A singular or series of events that threaten the health, safety and well-being of a group or groups of people (such as an ethnicity or nationality). This type of crisis can occur as an internal or external conflict.
<b>Inflation</b>	A general increase in prices and a fall in the purchasing value of a nation's currency (Ex. A bottle of water costs more due to the value of the US dollar dropping).
<b>Mass migration</b>	The migration of large groups of people from one geographic location to another. (Ex. Venezuelans fleeing the crisis and going to neighboring South American countries; mass migration to the US for economic opportunity in the early 20 <sup>th</sup> century).
<b>Organization of American States (OAS)</b>	A continental organization of American states founded in 1948, this body aims strengthen peace and justice throughout the continent, promote and consolidate representative democracy with respect to the principle of non-intervention, eradicate extreme poverty, and focus on social, economic, and cultural development. The headquarters of the OAS is in Washington, D.C.
<b>Organization of Petroleum Exporting Countries (OPEC)</b>	OPEC is an intergovernmental body formed out of 14 nations in 1960 with the intention of providing information about the international oil market, the stabilization of oil prices, a steady income for producers, and a fair investment in capital from those investing in the petroleum industry. Some economists claim OPEC operates as a cartel to hinder market competitiveness. Venezuela, Saudi Arabia, Iraq, and Iran are just a few of the member states.
<b>Petro state</b>	A state whose wealth stems from the sale of oil. In these countries, wealth and power is often concentrated in the hands of the few, institutions are weak, and there exists little regard for the rest of the citizens. When oil prices fall, a petro state is likely to be hard-hit economically and may face a recession (Ex. Venezuela, Saudi Arabia)
<b>Political vacuum</b>	When a governing body has lost power and no other entity is readily available to replace the previous body. (Ex. After Muammar Gaddafi was removed from power in Libya, a power vacuum emerged, plunging the country into civil war)
<b>Populist</b>	A person, usually a politician, who strives to connect with the "ordinary people" of a country who feel disconnected from a ruling elite or those who have held power for a long duration of time. Populists employ the ideology of populism to connect with voters who are disenfranchised. In a democratic sense, a populist seeks to defend the interests and maximize the power of citizens. In an authoritarian sense, a populist will claim to embody the will of the people in order to consolidate his/her own power.
<b>Recession</b>	A period of temporary economic decline in which levels of trade and production are reduced as to affect financial institutions. A decline in GDP over two quarters points to a country being in recession. (Ex. Many countries experienced two quarters or more of GDP decline during the 2008 Great Recession).
<b>Resolution</b>	A written motion adopted by a deliberative body, normally proposed as a motion. A synonym of resolution is a resolve. This is usually undertaken by corporations or legislative bodies (Ex. OAS passed a resolution on the humanitarian crisis in Venezuela in 2019).

<b>Socialist</b>	A person who advocates for the political and economic theory that states the means of production, distribution, and exchange should be owned and regulated by the community as a whole while private ownership is largely negated. (Ex. Venezuela, Cuba, China, Vietnam, and Laos all currently operate under socialist principles)
<b>Social programs</b>	Programs administered by the federal, state, or local government using government funding to provide social services directed at reducing poverty, improving opportunities for low-income citizens, self-sufficiency, etc. In some situations, these programs can often be used for political gain by politicians in the hopes of being reelected or more popular (Ex. Maduro used social programs to keep his favorability during economic decline in Venezuela).

## **Crisis Simulation Resource Guide**

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### **I. a) General Background Resources – Venezuela and International Conflicts**

- *The Collapse of Venezuela, Explained. (Video – 7 Min)*  
VOX Media  
<https://www.youtube.com/watch?v=S1gUR8wM5vA&feature=youtu.be>
- *Venezuela: The Rise and Fall of A Petrostate*  
Council on Foreign Relations  
<https://www.cfr.org/backgrounder/venezuela-crisis>
- *Resolution on the Situation in Venezuela*  
Organization of American States  
[https://www.oas.org/en/media\\_center/press\\_release.asp?sCodigo=S-032/18](https://www.oas.org/en/media_center/press_release.asp?sCodigo=S-032/18)
- *The Organization of American States*  
Council on Foreign Relations  
<https://www.cfr.org/backgrounder/organization-american-states>
- *The Venezuelan Exodus*  
Council on Foreign Relations  
<https://www.cfr.org/article/venezuelan-exodus> – Short with Good Graphic!

### **b) Colombia**

- *How will Colombia and the OAS Solve the Crisis in Venezuela.*  
Latin American Post  
<https://latinamericanpost.com/24727-colombia-will-venezuelan-migration-crisis-be-solved-with-the-visit-of-the-oas>
- *U.N. Says More than 4 Million People Have Left Venezuela*  
NPR  
<https://www.npr.org/2019/06/07/730687807/u-n-says-more-than-4-million-people-have-left-venezuela>
- *Colombia’s Radical Plan to Welcome Millions of Venezuelan Migrants*  
The Atlantic  
<https://www.theatlantic.com/international/archive/2019/01/colombia-welcomes-millions-venezuelans-maduro-guaido/581647/>



- *Venezuela: Maduro Break Relations with Colombia*  
Euronews  
<https://www.euronews.com/2019/02/23/showdown-looms-as-venezuela-opposition-to-confront-border-troops-over-aid>

**c) United States of America**

- *Here's how US-Venezuela Tensions got to the Brink of Crisis*  
CNBC  
<https://www.cnn.com/2019/01/24/heres-how-us-venezuela-relations-got-to-this-point.html>
- *Organization of American States: Background and Issues for Congress*  
Congressional Research Service  
<https://fas.org/sgp/crs/row/R42639.pdf> - OK to skim sections.
- *Trump is Tough on Venezuela – But Won't Let Fleeing Venezuelans Into the U.S.*  
The American Prospect  
<https://prospect.org/article/trump-tough-on-venezuela-wont-let-fleeing-venezuelans-us>

**d) Brazil**

- *Brazil and Venezuela Clash over Migrants, Humanitarian Aid and Closed Borders*  
The Conversation  
<https://theconversation.com/brazil-and-venezuela-clash-over-migrants-humanitarian-aid-and-closed-borders-112913>
- *Why Relations Between Brazil and Venezuela Have Sunk to New Lows*  
World Politics Review  
<https://www.worldpoliticsreview.com/trend-lines/23920/why-relations-between-brazil-and-venezuela-have-sunk-to-new-lows>

**e) Mexico**

- *How to Understand Mexico's Lonely Stance on Venezuela*  
Americas Quarterly  
<https://www.americasquarterly.org/content/mexicos-position-venezuela-has-always-been-about-internal-politics>
- *Mexico's New Neutrality in the Venezuelan Crisis*  
International Crisis Group  
<https://www.crisisgroup.org/latin-america-caribbean/mexico/mexicos-new-neutrality-venezuela-crisis>

**f) Argentina**

- *A Regional Leader on Venezuela? Look to Argentina.*  
Global Americans  
<https://theglobalamericans.org/2018/04/regional-leader-venezuela-look-argentina/>
- *Argentina Creates Support Unit for Venezuela's Reconstruction*

Dialogo

<https://dialogo-americas.com/en/articles/argentina-creates-support-unit-venezuelas-reconstruction>

**g) Chile**

- *Chile's President 'Broke Relations' Since Campaign*

TeleSUR

<https://www.telesurenglish.net/news/Venezuela-Chiles-President-Broke-Relations-Since-Campaign-20180610-0012.html>

- *Latin American Critics of Venezuela's Maduro Meet in Chile; Try to Launch Regional Bloc*

Reuters

<https://www.reuters.com/article/us-chile-summit-preview/latam-critics-of-venezuelas-maduro-meet-in-chile-try-to-launch-regional-bloc-idUSKCN1R21YZ>

**h) Ecuador**

- *Ecuador Breaks Diplomatic Relations with Venezuela*

<https://cuencahighlife.com/ecuador-breaks-diplomatic-relations-with-venezuela-following-comments-about-moreno/>

- *Ecuador and Venezuela are Headed Toward a Diplomatic Crisis*

Panam Post

<https://panampost.com/sabrina-martin/2018/07/09/ecuador-and-venezuela-are-heading-towards-a-diplomatic-crisis/?cn-reloaded=1>

**i) Nicaragua**

- *Nicaragua Expresses Support for Venezuelan President Maduro*

TeleSur

<https://www.telesurenglish.net/news/Nicaragua-Expresses-Support-for-Venezuelan-President-Maduro-20190124-0010.html>

- *Venezuelan Oil Fueled the Rise and Fall of Nicaragua's Ortega Regime*

The Conversation

<https://theconversation.com/venezuelan-oil-fueled-the-rise-and-fall-of-nicaraguas-ortega-regime-100507>

- *OAS Addresses the Status of Democracy in Nicaragua*

U.S. Mission to the OAS

<https://usoas.usmission.gov/oas-addresses-the-status-of-democracy-in-nicaragua/>

**j) Suriname**

- *Venezuela's Crisis Impacting Nearby Suriname, Where Economy is Collapsing.*

Fox News

<https://www.foxnews.com/world/venezuelas-crisis-impacting-nearby-suriname-where-economy-is-collapsing>

- *CARICOM Not Equipped to Deal with Venezuelan Emigrants*

Political Insights

<https://politicalinsights.org/2018/06/13/caricom-not-equipped-to-deal-with-venezuelan-emigrants/>

**k) Bolivia**

- *Bolivia's Current Foreign Policy: A Primer*  
*Global Americans*

<https://theglobalamericans.org/2017/09/bolivias-current-foreign-policy-primer/>

- *Mexico, Bolivia back Maduro as Venezuelan President*  
AA

<https://www.aa.com.tr/en/americas/mexico-bolivia-back-maduro-as-venezuela-president-/1373122>