



# **ECONOMIC AND SOCIAL COUNCIL**

## **DELEGATE STUDY GUIDE**

# INTRODUCTION

**In 1998, the charisma and chivalry of Hugo Chavez won him the presidential seat in Venezuela. Along with him came the re-instating of the constitution which predicated on high oil pricing and heavy anti-US antics. The consolidation of Hugo Chavez as the leader of the nation ensured the power to orbit the state of Venezuela; ergo massive socialist policies. The nationalized oil industry gained millions during the rise of oil prices, in both international and domestic markets; this prompted lavish spending by the Venezuelan government on welfare programs: housing, healthcare etc.**

**Yet as what most dictators don't notice are the consequences of short term policies in the long term. Shortly after Hugo Chavez's death and his Vice president Nicolas Maduro took over, oil prices fell sharply conceiving a massive budget deficit. To ensure the social programs had funding, the government raised taxation and instated insane price controls creating civil dispute and violence, and as usually how most economic fairy tales end... with high price inflation.**

**The Socio-Economic Crisis of Venezuela is an ongoing economic dilemma caused by a multitude of decisions, by the Venezuelan people, their government and by the international community. The economic crisis has seeped into people's lives so much there is much pandemonium and civil havoc.**

**Venezuela is considered a fail-state by many and the guide below takes a more in-depth analysis into the underlying issues of what caused and continues to bear the burden of the Venezuelan crisis.**

# **UNDERLYING ISSUES OF THE SOCIO-ECONOMIC CRISIS OF VENEZUELA**

## **Dependency on Oil**

The paradox of plenty, which refers to countries which are high in natural resources having slow economic growth rates, less democracy and worse outcomes than nations with less natural resources. This theory truly lives alive and well in the nation of Venezuela where oil is in abundance.

Venezuela is the largest withholder of oil reserves in the world yet it has failed to sustain its economic growth amidst fluctuations in the oil prices.

Oil accounts for 96 percent of Venezuela's exports and over 40 percent of government revenues, leaving the nation's economy at the whim of the crude market.

Venezuela holds very few oil investments outside the border making it hard to control currency inflation and making Venezuela more susceptible to monetary change from external markets.

When the price mechanism deducted the price levels for oil globally, the Venezuelan government's revenues plummeted and export revenues dropped dramatically. This led to an obvious increase in the budget deficit and slashing of social services which people depended on to live.

## **Price Controls**

It's common knowledge that maximum prices lead to shortages due to a relative excess demand to a shortage in supply at an allocated price by the state.

Yet as a post-mortem 'solution' to the reduction in state revenues and people's livelihoods the state issued maximum prices that were to maintain popularity with the civilians.

The consequence was creating massive shortages in both the food and energy sectors.

Private sector businesses which could not cope with the price barriers either are running on shortages or have shut down.

## **Social Programs**

The Bolivarian missions were a number of programs entailing anti-poverty measures in Venezuela. The three most important missions are Mission Robinson (literacy), Mission

**Barrio Adentro (free medical coverage), and Mission Mercal (affordable food). There were many missions spreading across many types of vicinity, from protecting indigenous rights to providing free housing, yet this generated massive costs for the Venezuelan costs for the government. These costs were sustained during the period when oil prices were high and the state was collecting sufficient tax revenues which compensated the high costs of the social programs. But as said afore; after the drop in oil prices, government revenue dramatically decreased and the social programs' funding had to be cut.**

**The consequence was the people who were heavily dependent on these for their livelihoods were sentenced to poverty in the matter of months. The irony was that all the missions failed and every product which was provided for free would in the end become deterred in supply.**

## **Corruption**

**Vladimir Padrino López, the defense minister gained the power to control the country's ports, parts of oil and mining industries after a baffling decision made by Maduro. Various sources have unveiled that resource hoarding has taken place continuously and that the military is lagging transportation of essential goods and resources, fueling the social crisis.**

**Delegates are also advised to research on the Odebrecht case which directly links with the corruption of the Maduro government.**

**Various statements have been made revealing that Maduro has pledged various positions and rewards towards individuals with various positions including military leaders. According to Transparency International's 2016 Corruption Perceptions Index, Venezuela ranks 166 out of 176 countries assessed, which portrays the potential for money laundering, trafficking and many more activities related to corruption to have happened and to happen.**

**Various networks have unveiled traces of an international corruption operation which includes foreign businessmen. Delegates are advised to filter the trustworthy content during researching and formulate conclusions related to the above unvoiced incidents.**

# RESEARCH

Research will be vital at this session, as the topic revolves around a very recent and timely context. It is important for you as a delegate to always check the date of the article/news you are reading. Make sure to pick trustworthy sources, as many articles which present views of certain individuals are present.

## Your Country

Firstly, you need to be familiar with the interests of your country/organization and the basic background as well. Knowing some points which do not have a direct link with the topic may help in understanding the stance of your country. Remember that it is important for you to know the basic power structure of your country, recent decisions made and the most recent baffling news of your country as it may influence the decisions made by the country/organization towards the topic.

## The Topic

Next, you need to start researching on the topic. Before you confine yourself between some complex articles, you need to understand every single bit of the topic. Reading articles which explain the Venezuelan Crisis from the start will help a lot, as it will provide you a sound knowledge on what you need to focus specifically at. After understanding the topic, you may find some important themes or sub-topics and conduct extensive research under those topics. While you are covering these topics you will start to realize the interconnection between the sub-topics you have formulated and indirectly you will start to realize the connection between the social impacts and the economic decisions.

## Solutions Implemented

It is important for you as a delegate to have a look at the resolutions adopted and the solutions implemented, for you to understand the practical side of the motion. Also this is important, since it will be a waste of committee time, if delegates propose a solution which has already failed in the past. If there are solutions that have been proposed but have not been implemented, the delegates are advised to look into the reasons behind this as this may reveal some important information regarding the transparency and the power structure of Venezuela. (Or maybe something else).

## Your Stance

After all of this, it is high time for you to decide the stance you have to take during the conference. Make sure to be familiar with the decisions or views your country/organization has taken with regards to the motion. It is also important to align your personal



**views and the country's policy as you are representing your country/organization and not yourself.**

### **Expectations from Delegates**

- **Thorough comprehension of Economic principles bounding the topic at hand**
- **Solutions which follow GA2 mandate**
- **Solutions which are unique and offer a new perspective into the crisis rather than typical status quo solutions.**
- **Speeches that contain less rhetoric and more substance which relates to Economic theory.**
- **Knowledge on implementing the theory into practical use.**