

*KMUNCII*

SOCHUM

### The Collapse of Venezuela

The humanitarian crisis in Venezuela has left Latin America in precarious limbo. The region is currently grappling with the largest influx of refugees it has seen in recent history. An estimated 5,500 flee an unstable Venezuela daily, making for an increasingly contentious climate as nations adjust to receive them.

The 1999 presidential election of Hugo Chavez, the 2013 presidential election of Nicolas Maduro (Chavez's handpicked successor), and Venezuela's economic dependency on oil are cited as the catalysts of the current crisis.

In an attempt to appease the nation's poor, Chavez implemented socialist public work programs. Using the revenue from Venezuela's oil reserves, Chavez implemented programs that almost halved the nation's poverty rate. While these programs were effective, they were not sustainable. For example, price controls were meant to make basic necessities more accessible to the poor but soon led to manufacturers ceasing production of goods that no longer yielded profit. Chavez continued to rely on oil to afford these programs, and after his death in 2013 his successor, Maduro, followed suit.

Venezuela has the largest oil reserves in the world and consequently an economy largely sustained by the manufacture and trade of oil. The enormity of the reserves fomented complacency which hindered Venezuela's ability to diversify its economy. The reserves allowed for 95% of Venezuela's export earnings to stem from oil revenue, which in turn magnified its dependency on a single market. This dependency was poorly managed by Venezuela's leaders, so

when oil prices plummeted in 2014 the economy followed. In an attempt to manage the emerging crisis, Venezuelan leaders simply printed more money and continued to hike the minimum wage. These steps rapidly devalued the bolivar. Currently, Venezuela has the highest inflation rate in the world. This hyperinflation has led to the consensus that Venezuela's current economic standing is akin to if not worse than that of the Great Depression. 1 USD carries the exchange rate of 248,000 bolivars, coffee is valued at a whopping 2.5 million bolivars, and shelves remain bare as Venezuelans struggle to afford basic necessities. Food, water, power, and medication remain scarce, leaving many the choice to either loot, protest, or ultimately flee.

One of most pervasive strifes in the crisis has been the breakdown of healthcare on every level. Both public and private hospitals are left dilapidated and hazardous. These conditions have forced many to flee as they can no longer receive the medical attention they need. Malnutrition amongst children is at an all time high. The country's murder rate surpasses those of the most dangerous cities of the world, and 82% of Venezuela's population live in poverty.

#### Questions to Consider

1. How have the refugees impacted your country?
2. What resources does your country have that could help solve this crisis?
3. How has this crisis affected your relationship with Venezuela?
4. Has there been anything in your country's history similar to this crisis? If so, how did you resolve it?