# Author Qualifications

**When the lay judge exists so you spurt out 3:30 of qualifications and 30 seconds of substance**

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**Jeffrey Sachs** is an American economist, academic, public policy analyst and former director of The Earth Institute at Columbia University, where he holds the title of University Professor. He is known as one of the world's leading experts on economic development and the fight against poverty. Sachs has worked as an economic adviser to governments in Latin America, Eastern Europe and the former Soviet Union. A practice trained macroeconomist, he advised a number of national governments in the transition from Marxism–Leninism or developmentalism to market economies.

**Francisco Rodríguez** is a Venezuelan economist and currently director and founder of the Oil for Venezuela foundation. He received an M.A. and Ph.D. in economics from Harvard University, and an undergraduate degree in economics from Venezuela's Universidad Católica Andrés Bello. Rodríguez is one of the foremost experts on the Venezuelan economy. An important strand of his research has dealt with the economic and social implications of policies implemented by the administrations of Hugo Chávez and Nicolás Maduro. This is summarized for a lay audience in his Foreign Affairs article "An Empty Revolution: The Unfulfilled Promises of Hugo Chávez". He is regularly quoted in media reports on the Chávez and Maduro governments. He also published several assessments of Chávez-era social end economic policies in academic journals, including "Freed from Illiteracy? A Closer Look at Venezuela´s Misión Robinson Literacy Campaign" and "The price of political opposition: Evidence from Venezuela's Maisanta".

# 1AC

## C1: Reviving Venezuela

**Ending sanctions is key to ending the humanitarian crisis taking place in Venezuela for 2 reasons**

### 1 – Oil

**First is undermining oil revenues**

#### Sanctions decimation of oil revenue undermined Venezuela’s capacity to import essential goods like food and medicine while spurring immense hyperinflation and prolonging economic crisis

**Sachs 19**

Mark Weisbrot & Jeffrey Sachs, 4-xx-2019, “Economic Sanctions as Collective Punishment: The Case of Venezuela”, CENTER FOR ECONOMIC AND POLICY RESEARCH, <http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>

***QUALS: Mark Weisbrot is Co-Director at the Center for Economic and Policy Research (CEPR). Jeffrey Sachs is a Professor of Economics and Director of the Center for Sustainable Development at Columbia University)***

It is important to emphasize that nearly all of the foreign exchange that is needed to import medicine, food, medical equipment, spare parts and equipment needed for electricity generation, water systems, or transportation, is received by the Venezuelan economy through the government’s revenue from the export of oil. Thus, any sanctions that reduce export earnings, and therefore government revenue, thereby reduce the imports of these essential and, in many cases, life-saving goods. The August 2017 sanctions adversely impacted oil production in Venezuela. But **following [sanctions]** the August 2017 executive order, **oil production crashed, falling** at more than **three times the rate of** **the previous twenty months.** This would be **[which is] expected** **from** **the loss of** creditand therefore the **ability** **to cover maintenance** **and** operations and carry out **new investments** **necessary** **to maintain production levels. This** **acceleration** **in** the rate of **decline** **of** **oil production** **would imply** a loss of $6 billion in oil revenue over the ensuing year. This by itself is an enormous loss of foreign exchange, relative to the country’s need for essential imports. Imports of food and medicine for 2018 were just $2.6 billion. Total imports of goods for 2018 were about $10 billion. **The loss of** so **many billions of dollars of foreign exchange** and **[that reductions in] government** **revenues** **was** very likely **the** **main shock** **that** **pushed** **the economy** **from** its **high inflation**, when the August 2017 sanctions were implemented, **into** the **hyperinflation** that followed. Other executive decisions made by the Trump administration resulted in the closure of Venezuelan accounts in financial institutions, loss of access to credit, and other financial restrictions that have had severe negative impacts on oil production as well as the economy, as detailed in this paper. Sanctions in 2019 **The most immediate** **impact** **of** the **January sanctions** **was** **to cut off** **Venezuela** **from** its largest oil market, **the United States**, **which** had **bought** **35**.6 **percent** **of** **Venezuela’s oil exports** **in 2018**, or about 586,000 barrels per day on average. **In** the week of **March** 15, **US imports of Venezuelan oil** **fell** **to zero** for the first time, **and** they **remained at zero for** another two **weeks** before rebounding to a fraction of their 2018 average. The Trump administration also intervened to pressure other countries, including India, not to buy the oil that had been previously imported by the US. For example, on March 28, Reuters reported that “[t]he United States has instructed oil trading houses and refiners around the world to further cut Economic Sanctions as Collective Punishment: The Case of Venezuela 3 dealings with Venezuela or face sanctions themselves, even if the trades are not prohibited by published US sanctions…” These threats are effective because the US government can sanction foreign financial institutions who do not comply with its demands. As a result of these and other efforts Venezuela’s oil production declined by 130,000 barrels per day from January to February. In the six months prior, it was declining by an average of 20,500 barrels per day. Then in March it fell another 289,000 barrels per day, for a total of 431,000 barrels per day. This is an economically devastating 36.4 percent plunge in oil production just since the January sanctions. This drop, if maintained over the next year, would cut another $6.8 billion from Venezuela’s available foreign exchange earnings. This is about 21 percent of export earnings from 2018. However, **oil export revenues** in 2019 **are projected to fall by** **a cataclysmic** **and unprecedented 67**.2 **percent** from 2018, **as** **a result of the impact of tightening sanctions**. The January sanctions also froze many billions of dollars of Venezuelan assets that could have been sold in order to maintain essential and life-saving imports, or to stabilize the economy. These included most of the government’s $9 billion in reserves that are in gold; trade credits worth an estimated $3.4 billion; and CITGO, with estimated net assets of $5.2 billion. After the January sanctions and the recognition of Guaidó as “interim president” — which made him, according to the Trump administration and other governments recognizing the parallel government — the legal owner of any funds transferred or goods bought by the Venezuelan government, Venezuela’s access to correspondent banks for international transactions was mostly wiped out. This included access to necessary credits for imports of medicine, food, and other essential goods. The sanctions have also contributed substantially to the length and economic damage of power outages, including the severe electricity crises in March

#### Lifting sanctions would allow oil production to rebound with renewed capacity to invest

**Mondaldi 19**

Francisco Monaldi, 12-19-2019, “Venezuela feels the heat”, Petroleum Economist, <https://www.petroleum-economist.com/articles/politics-economics/south-central-america/2019/venezuela-feels-the-heat>

***QUALS: Francisco Monaldi is a fellow at Rice University's Baker Institute for Public Policy***

How far is **production** going to **decline**? It **depends mainly** **on** how much the **US** government enforces secondary **sanctions** **on** Russian, Chinese, and Indian buyers of **Venezuelan oil**. That, in turn, is part of the wider geopolitical contest between the powers. It also depends on how much oil buyers can get out of Venezuela without being detected. There are widely disparate estimates about Venezuela’s current exports, partly because some of the higher estimates account for up to 20pc in additional exports to Cuba and Malaysia, undetected because tankers turn off their transponders. **If things remain** **the same,** **2020** **production** **is likely** continue **to decline**, but at a slower pace than in 2019, to some 500,000bl/d. But it could be a much worse picture if sanctions’ enforcement gets stronger. Of course, **the picture could change significantly** **if** there is a political transition in Venezuela and **sanctions are lifted**. **Production** **would rebound** and could go back to 800,000-900,000bl/d **within a year**. In the longer term, investments of more than $100bn, and close to a decade of time, would be needed to sustain an additional 2mn bl/d of production.

**Furthermore, sanctions are preventing Maduro’s plan to recover the economy**

### 2 – Restructuring

**Second is cutting of bond markets**

#### Venezuela is defaulting on its debt and creditors are demanding payment. Maduro is ready to renegotiate debt but has been cut off by US sanctions

**Laya 19**

Eric Martin & Patricia Laya, 3-9-2019, "What Broke Venezuela’s Economy and What Could Fix It," Bloomberg, https://www.bloomberg.com/news/articles/2019-03-09/what-broke-venezuela-s-economy-and-what-could-fix-it-quicktake

Shrinking oil revenue means **Venezuela**’s external debt has continued to pile up, reaching $157 billion last year, or about 150 percent of gross domestic product. The country **defaulted on a portion of its debt in 2017**, **and** **creditors** **are** **demanding more than $9 billion in overdue payments**. In addition, Venezuela owes billions of dollars to companies including Canadian miner Crystallex International Corp. and U.S. oil giant ConocoPhillips to settle disputes over the government’s nationalization of their assets. How did we get here? For years, Chavez borrowed on the expectation that oil prices would remain high, and **Maduro has been unable to dig the country out of the red**. **The U.S. government has imposed** incremental **sanctions** **that** have squeezed the country’s finances and **cut it off from international capital markets**. **Normally**, when **a government** can’t pay its obligations, it **negotiates** **a restructuring of its debt. Maduro** has **said he hoped to do that**, **but** **U.S. investors and banks constitute** **a large cross-section of Venezuela’s creditors** **and sanctions** **prevent them from participating in a restructuring**. Even under a Guaido government, negotiating a restructuring would be a tall order. Hausmann has said creditors will have to take a major haircut so that a new government is left with enough money to take care of the everyday needs of Venezuelans and reactivate the local economy. Hundreds if not thousands of funds would have to go along. Russia and China, both major creditors, have their own accounts -- billions of dollars in loans -- to settle.

#### Sanctions specifically cut Venezuela off from issuing new bonds meaning they cannot restructure debt which prolongs recession

**Sachs 19**

Mark Weisbrot & Jeffrey Sachs, 4-xx-2019, “Economic Sanctions as Collective Punishment: The Case of Venezuela”, CENTER FOR ECONOMIC AND POLICY RESEARCH, <http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>

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By August of 2017, when the Trump administration issued its executive order imposing broad financial sanctions on Venezuela, the economy had already been in recession for more than three years. Although there has not been official government data for these indicators since 2015, the best available estimates were that real GDP had declined by 24.3 percent from 2014 through 2016, and consumer price inflation for January to August 2017 was probably somewhere between 758 percent and 1,350 percent at an annual rate.5 The August 2017 **sanctions prohibited** the Venezuelan **government** from **borrowing in** US **financial markets**. **This** had a number of immediate impacts. First, it **prevented** the government from **restructuring** its **foreign debt**, **because** any **debt restructuring requires** the **issuance of new bonds in exchange for** the **existing debt. Although** the August 2017 **sanctions technically affect only the US** financial system, in practice **they were effective outside** of **the US** financial system **as well because** 1) the **restructuring is negotiated with** groups of **bondholders**, **which** would **invariably include US bondholders**; 2) **[AND Also] financial institutions** outside the US financial system had good reason to **fear** that **there would be further sanctions affecting them**, **and this did indeed happen within a year and a half** (see below). **Prior** **to** the August 2017 **sanctions**, the **debt** that **was up for restructuring** was the debt of the state oil company, PDVSA. The sovereign debt (from the government) could not be restructured after the opposition won a majority of the National Assembly in 2015. This is because the opposition leadership of the National Assembly stated that it would not approve any new foreign borrowing by the government. Without this approval, new government bonds from a restructuring would be of questionable legality under Venezuelan law, and the opposition pledged not to pay them if they were to come to power. On that basis, a restructuring of government debt was impossible at that time.6

#### Debt stress is pushing Venezuela in the direction of default including seizure of oil assets and a drastic drop in revenue. This grounds Venezuela in a consistent state of economic destruction

**Weisbrot 17**

Mark Weisbrot, 9-7-2017, "Trump’s Sanctions Make Economic Recovery in Venezuela Nearly Impossible," Nation, https://www.thenation.com/article/trumps-sanctions-make-economic-recovery-in-venezuela-nearly-impossible/

This makes a sustained recovery nearly impossible without outside help—or a new government that is approved by the Trump administration. **The sanctions** also **push** **the country toward default**, which would cause a new set of severe financial problems, **including** **the** potential **seizure of Venezuela’s** international **oil assets** **and** a **drastic drop** **of the price [Venezuela’s]** of the country’s **oil.** The sanctions also prevent recovery by making debt restructuring impossible**. Debt restructuring would give Venezuela** some **breathing room, as** **it would involve** a voluntary **agreement with creditors to postpone current payments in exchange for new bonds. But** the **Trump** executive order **prohibits US financial institutions** and individuals **from participating in** these **bond issues**. If we step back and look at Venezuela from a bird’s-eye view, **how does a country with 500 billion barrels of oil and hundreds of billions of dollars’ worth of minerals in the ground go broke? The only way that can happen is if the country is cut off from the international financial system.** **Otherwise, Venezuela could sell or even collateralize some of its resources in order to get the necessary dollars**. The $7.7 billion in gold held in Central Bank **[and] reserves could be quickly collateralized for a loan**; in past years, the US Treasury department used its clout to make sure that banks who wanted to finance a swap, such as JPMorgan Chase and Bank of America, did not do so. Venezuela was already mostly prevented from accessing international bond markets before Trump’s executive order, but this was not irreversible. If the Venezuelan government made some reforms and the economy began to recover, they could begin to access financial markets again. And, **as recently as last year, a restructuring of** the **debt was nearly concluded that would have deferred billions of dollars [worth] of debt payments and opened** the way to **new borrowing. Now Venezuela is blocked** **from** **international financial markets** **as long as** **Trump** or his successor **wants it to be**. What can be done? Now that **the Trump administration has** made an open and **firm commitment to regime change** **through** **the destruction** **of** an already debilitated **Venezuelan economy**, it seems clear that Venezuela will have to seek outside help in order to survive. So far, no governments other than Trump’s have expressed support for these sanctions, and, with the largest economy in the world, China is best placed to come to Venezuela’s aid. China issued a strong statement against Trump’s latest prohibitions. China supported the latest UN Security Council sanctions against North Korea in August, which were led by the US government. But, as does most of the rest of the world, China likely understands that the sanctions against Venezuela are a transparent attempt to overthrow a sovereign government. After all, Washington has been trying to oust the Venezuelan government for more than 15 years, including supporting the 2002 military coup that briefly toppled Hugo Chávez and providing hundreds of millions of dollars to opposition groups since then. China has over $3 trillion in reserves and has loaned tens of billions of dollars to Venezuela—most of which has been repaid with the outstanding amount to be reimbursed in oil shipments. There is no way to know what Beijing would be willing to do to help, but the Venezuelan government should approach them with an economic plan that could provide some assurances that their money would not be wasted.

### MPX: Epidemic

**The impact is preventing an epidemic**

#### Shortages in medicine are creating grounds for epidemic over all of Latin America

**Faiola 18**

Anthony Faiola & Marina Lopes & Rachelle Krygier,, 10-31-2018, "As Venezuela’s health system collapses, disease spreads beyond its borders," Washington Post, <https://www.washingtonpost.com/news/world/wp/2018/10/31/feature/as-venezuelas-health-system-collapses-disease-spreads-beyond-its-borders/>

On a steamy February morning, Bernardino Albuquerque — a doctor in charge of combating infectious diseases in Brazil’s vast Amazonas state — received the text message he had been dreading for weeks. We have two patients with symptoms. That alert from Brazilian doctors near **the Venezuelan frontier** **marked** **the start of** **an imported measles epidemic** that is still **ravaging** the Brazilian **Amazon.** It was the first time in nearly two decades that the highly contagious virus had appeared in this tropical region, home to a growing number of Venezuelan migrants. The disease has also spread to Argentina, Colombia, Ecuador and Peru. **The economic and social crisis** in Venezuela **is** increasingly **spilling over** its borders, **with disease becoming** the newest **symbol** **of the disaster. Venezuela’s health-care** system **has** virtually **broken down**, **allowing** once-eradicated **illnesses** **such as measles** and diphtheria **to reemerge** in a population **facing** acute **shortages** **of** food and **medicine. Now,** a **historic** **outflow of migrants** **is** **helping spread infections** **to other** **countries**. “Venezuela’s crisis has become our own,” Manaus Mayor Arthur Virgilio Neto said. Brazil’s patient zero for measles was a 1-year-old Venezuelan child brought over the border in February. Eight months later, **[with] more than 10,000** patients have contracted **suspected infections** **in Amazonas** state **alone**, as the virus hopscotched across a local population that was not sufficiently vaccinated. New cases are growing at the rate of 170 a week. Seen as a manageable childhood illness in the United States, measles has taken a high toll in the crowded shantytowns and remote villages of the dense Amazon jungle. Amazonas state declared a health emergency in July, and hundreds of people have been hospitalized with complications including pneumonia. So far, two adults and four infants have died. “We hadn’t had a single case of measles in 18 years; most of our doctors only knew it from text books,” said Albuquerque, recalling the start of the measles outbreak. “We were prepared for routine problems.

#### Sanctions have directly put 300,000 ill people at risk from restricting access to treatment

**Fox 19**

Michael Fox, 01-10-2019, "The human cost of the US sanctions on Venezuela," DW, <https://www.dw.com/en/the-human-cost-of-the-us-sanctions-on-venezuela/a-50647399>

Subero sits on her couch, with her youngest daughter Jenjerlys. She's 5 years old, with long dark hair and big brown eyes. But she's also autistic and epileptic, which means she needs medicine regularly — medicine she can't get. "She has seizures every day," says Subero. "The medicine helps to make them not as bad. When we can't get her medicine, they send her to the hospital." She says that Jenjerlys used to take four different medicines for her seizures. But now Carolina can only get one of the drugs, and that only some of the time, because it's too expensive. A box of pills that will last 10 days, costs around $8 (€7.3). That doesn't sound like a lot, but it's a fortune in a country rattled by hyperinflation and a devalued Bolivar.  "I've had to trade food for the medicine," says Subero. Jenjerlys is just one of more than **300,000 people** who **are** estimated to be **at risk because of lack of access to** medicines or **treatment because of sanctions on the country**. That includes 16,000 people who need dialysis, 16,000 cancer patients and roughly 80,000 people with HIV, according to a report published in April by the Washington-based Center for Economic and Policy Research. **The situation is poised to get worse**, **with** the **total US embargo of the country,** announced in August, and new EU sanctions levied last week. "We understand that the Pan American Health Organization has had to change the accounts [used to purchase the **medicine**] four times, because they **keep[s]** **getting blocked**," says Marcel Quintana, the person in charge of the distribution of antiviral meds to the country's HIV patients, **something Venezuela has provided free of charge for decades**.’ “The blockade is not just against the government, it's against the people who are living with HIV, it's against the people living with cancer, because they don't allow the medicine to come into the country." US pressure The United States has been clear about its goal of imposing the sanctions to push for the ouster of Venezuela president Nicolas Maduro. The Trump administration has openly supported Venezuelan opposition leader and National Assembly President Juan Guaido. In January, he proclaimed himself president, which the United States and many EU countries quickly recognized. Since then, Guaido has tried to overthrow Maduro with street protests, a showdown at the border with truckloads of humanitarian aid, and an attempted military uprising on April 30.

# 2AC

## Overviews

### OV: Timeframe

**A huge issue with their argument for ousting Maduro is lack of solid timeframe. Creditors are demanding their debt NOW. Venezuela is defaulting NOW. Once they default, they are subject to oil seizure and that would decimate any means of recovery.**

# 2AC Frontlines

## AT: Maduro Prereqs

## FL: Oil Revenue

### AT: ALT Cause General

#### Sanctions are the isolated cause of the decimation in oil production as Venezuela is resilient in currently exempted markets.

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

We analyze the evolution of Venezuela’s oil production as compared with that of 36 other oil producing nations in a data set that accounts for 95% of the world’s oil production. We estimate the magnitude of the sanctions effect on Venezuela using every possible alternative counterfactual, as well as a synthetic group built from a combination of alternative counterfactuals. We find that the result of a negative effect of sanctions on oil production is robust and holds across a wide set of possible counterfactuals. We also consider the evidence on the effect of more recent oil sanctions. **Since** **Venezuela** **is** **not the only country** **to** have **face**d this type of **sanctions, we can exploit** the **cross-national variation** **to make inferences** **on** the effect of **oil** **sanctions on oil output**. We find that oil sanctions have been associated with large drops of production in all the countries on which they were imposed, including Venezuela, and identify in the data a strong and statistically significant negative effect of these sanctions on oil production. We then explore the possibility that alternative interventions, such as militarization of the oil industry, are the source of the decline in output. We argue that some of these **alternative hypotheses have problems in explaining** other **patterns observed** in the data **or require particularly** **restrictive assumptions**. In contrast, **the** **sanctions** **hypothesis is consistent** **with** other **patterns observed in the data** – **such** **as** the **resilience of production in** Chinese and Russian joint ventures and sanctions **exempt entities** like CITGO. Last, we consider the possibility of extracting conclusions on the effect of sanctions on broader measures of living standards, as done by both sets of authors. We argue that the simple time trend of social indicators is unlikely to be informative about the effect of sanctions without an account of the underlying drivers of these trends. While the existence of pre-trends in social indicators as pointed to by HMB is not proof of a lack of effect of sanctions, neither is a before-and-after comparison of these indicators as presented by WS. In fact, we argue that WS’s attribution of mortality increases to sanctions is inconsistent with their thesis that the effect of sanctions operates through lower oil production, given that during 2018 oil price rises compensated for declining oil output.

**Prefer Rodriguez**

1. The scope of data consists of dozens of studies all attempting to find underlying cause of the humanitarian crisis
2. He uses economic models to isolate singular variables causing crisis. This is substantially better than purely hypothetical scenarios as it interacts directly with testable conclusions

### AT: PDVSA Politicized (Chavez)

**Due to the lack of literature on this, in the wise words of Mark Weisbrot, a leading economist in the field of Venezuela**

**“yeah that's just bullshit. Just look at what happened to the economy after Chavez took over PDVSA… It was one of the fastest recoveries in Latin America. It's true that the economy went to hell after Chavez died but that sure didn't have anything to do with what happened in 2003, 10 years earlier”**

### AT: PDVSA Militarized (Maduro)

#### Their studies are reverse causal. Massive declines in oil production are what cause massive militarization of PDVSA as an attempt to fix the downward spiral. Previous de-militarization of Venezuelan oil also coincided with

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS,

Interestingly, the series does become much more volatile in late 2017. Between 2001 and 2016, there was on average a change in board every 1.2 years. In contrast, between August of 2017 and October 2018, there were seven changes in board in a 14-month period. **While** it is possible that this greater **volatility in management** **affected oil production**, this pattern of **frequent shake-ups** **is** also **what** **one would** **expect to see** **in a firm whose production** **is** **plummeting** **and** whose owners are **trying different strategies**, including management changes, **to halt that decline**. In any case, the data suggests it would be very hard to prove a link between militarization and oil output. **Even though the deterioration** **in oil production** in 2014-17 **coincided with a period of re-militarization, the country’s decline in oil** **production between 2001 and 2008 coincided with a period of de-militarization of the oil industry**. The time-series data suggest, **if anything, a lack of correlation**. This point is developed more systematically in Table 5. Regressing **the log of oil production on militarization** of the PDVSA board **in a time-series regression produces a** **negative, insignificant coefficient**. Once we control for the effect of sanctions, the militarization effect becomes positive (more military board members lead to higher production) albeit insignificant, while the sanctions variable is negative and significant at the 10% level. Adding a time trend and controls produces a small, negative and statistically insignificant militarization coefficient (p=.73), while the coefficient on financial sanctions remain negative and significant.

### AT: PDVSA Investment Cuts

#### Investment cuts did reduce oil production but not remotely similar to current rapid rates of decline. Yes, an investment cut did reduce production, but sanctions pairing with these reductions pushed the industry over the brink

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

**It** **is** almost **certain that** the **decline in investment following** the **2014** **plunge in oil prices** **had an effect on Venezuela’s oil production**. And in fact, it is the only apparent explanation for the decline of 18% (422tbd) in output seen between December of 2015 and August of 2017. As we highlighted in sections 1 and 2, **declines of this magnitude took place in countries with similar trajectories** such as Argentina, Colombia, Mexico, or our synthetic group **before the onset of sanctions.** **Whether they can account for** the **post-2017 evolution** **of production** **appears more doubtful**, **given** the fact that **investment** **drops of similar magnitudes had taken place** **in the past without generating** **even remotely similar effects on production**. This was precisely what led forecasters at the time to expect at worst a moderate continued decline in production. In order to account for the post-2H17 decline in production, **it thus appears that** **the** **investment** **hypothesis** **would require** the **presence** **of an economically significant** **interaction between investment drops and** **another variable that was not present during past investment declines**. For example, it could be argued that the drop in investment was likely to cause a collapse in production only if it interacted with a political crisis or the relative price uncertainty generated by hyperinflation. The further development of this hypothesis remains an open area for future research.

**SANCTIONS ARE THAT VARIABLE**

### AT: Preceding Trends

#### The current rate of decline is 5-fold that of the most accurate pre-sanction predictions

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

**In** **May** of **2017**, **IPD** **Latin America** **–** perhaps the **most prominent oil consultancy covering Venezuela** **–** published a report outlining three possible scenarios for Venezuela’s oil production. Up until that moment, IPD could **boast a spotless record in predicting** the evolution of **Venezuelan oil output.** In that report, **they presented a “worst case” scenario** **which predicted** an average rate of **decline of oil production of 7.6% a year** over the 2016-20 period (a more moderate scenario forecast a 2.8% decline and an optimistic one predicted a 3.0% recovery). The IPD report emphasized the decline of investment as the driver of this decline, stating that “low oil prices had led to a lack of resources for drilling operations, diluent imports and paying oil service providers in a timely fashion.” **It** **did not mention** any **risk of sanctions** – **which**, as we have argued, **were unexpected at the time** – but did refer to the risk of PDVSA reorganization and corruption investigations as additional reasons for its pessimistic outlook. **Nevertheless**, **even** **in that pessimistic** scenario which accounted for investment cuts and the risks of corruption investigations, **it predicted that active rigs** **would rise to 47 on average for the 2018-20 period** from 40 in 2017.47 **Even** **these bearish forecasts** **were unable** **to come** **close** to the magnitude of the ensuing contraction. **Since** **2017,** **production has fallen at** an annual rate of 35.9%, **almost five times as rapidly than in IPD’s most pessimistic scenario. Instead of recovering** from their 2017 lows as expected**, active rigs have** **dropped** to 22, **less than half their 2017 value**.48 The magnitude of the post-August ’17 drop in production took even the best forecasters in the field by surprise. It is almost certain that the decline in investment following the 2014 plunge in oil prices had an effect on Venezuela’s oil production. And in fact, it is the only apparent explanation for the decline of 18% (422tbd) in output seen between December of 2015 and August of 2017. As we highlighted in sections 1 and 2, declines of this magnitude took place in countries with similar trajectories such as Argentina, Colombia, Mexico, or our synthetic group before the onset of sanctions. Whether they can account for the post-2017 evolution of production appears more doubtful, given the fact that investment drops of similar magnitudes had taken place in the past without generating even remotely similar effects on production. This was precisely what led forecasters at the time to expect at worst a moderate continued decline in production. In order to account for the post-2H17 decline in production, it thus appears that the investment hypothesis would require the presence of an economically significant interaction between investment drops and another variable that was not present during past investment declines. For example, it could be argued that the drop in investment was likely to cause a collapse in production only if it interacted with a political crisis or the relative price uncertainty generated by hyperinflation. The further development of this hypothesis remains an open area for future research.

**This is why the Sachs and Weisbrot evidence in case cites sanctions as the specific shock that pushed Venezuela from normal inflation to the hyperinflation cycle that continues to decimate Venezuela’s economy**

### AT: Production Stabilized

**Production is not stabilizing.**

#### Increases in oil production in December were modest and a result of Indian markets reopening

**Vaz 19**

Ricardo Vaz, 12-11-2019, "Venezuela Oil Production Continues Slow Recovery," Venezuelanalysis, <https://venezuelanalysis.com/news/14744>

The August measures additionally authorized secondary sanctions against third party actors, leading several foreign companies to cancel oil shipments, including China’s state oil company CNPC. PDVSA has reportedly resorted to selling a large proportion of its crude output to Russian energy giant Rosneft, which then reroutes it to other destinations. **PDVSA’s** **modestly rising production** levels **comes** **as** **the firm resumes shipments** **to** **Indian** **customers** such as Reliance Industries **following a four month hiatus due to US threats**. Dealings often involve exchanging crude for fuels or diluents so as to avoid sanctions. According to unnamed Trump officials cited by Bloomberg, the White House has ruled out sanctioning Indian firms at this time. Analysts agree that recovering oil production is key to Venezuela’s economic recovery, but US Treasury sanctions create significant hurdles for foreign investment.

**THIS DOES NOT MEAN VENEZUELA IS DOING FINE. India was being sold Venezuelan oil and only stopped for four months meaning the situation is still very dire**

### AT: Columbia Reference Bad

#### While Colombia is not identical to Venezuela, its style of oil production makes it a relevant counterfactual

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

**Hausmann and Muci (2019) [Their evidence] contend[s]** that **Colombia is not a good control group because** the series are **uncorrelated** in longer-run **data** **going back to 1999.** Their arguments are echoed by Morales (2019) and **Bahar et al. (2019)**, although the latter restrict the data to a shorter time interval (since 2010) to make the argument of lack of correlation. These authors also point to **[and] structural dissimilarities** between the two countries **that would lead us to expect their oil productions** **to behave differently** to different shocks. **In contrast,** WS **[Weisbsrot and Sachs]** **account** **for** the **similarities** in trend previous to 2H17 **as** the **expectable response of high marginal cost** **producers** **to** the **price fluctuations** observed in those periods. Similarity, of course, is in the eye of the beholder. **If we only allowed comparisons** between **identical cases**, **then** the **social sciences would cease to exist.** No two cases are ever identical; **the relevant question is whether they** **are alike enough** for one **to serve as a counterfactual** for the other. Although the parallel trends hypothesis is intended to function as a test of that similarity, both sets of researchers point to more substantive reasons why they should or should not be viewed as similar. For WS and Rodríguez (2018), **marginal cost is what is relevant because it summarizes** the **multiple factors that determine an industry’s output reaction to price fluctuations**, which is what we need to know to build the counterfactual response of the sanctioned country in the absence of sanctions. In this reasoning, it is irrelevant whether an industry has high marginal cost because of poor management or because of high costs of extraction: they will both react similarly to exogenous price fluctuations.

#### Expanded studies using 36 other oil producing nations and a large variety of counterfactuals still finds robust and unique links from sanctions on oil output

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

HMB have a more restrictive vision of what is an acceptable similarity: they demand not only that industries in both countries have the same cost function, but that they do so for the same underlying reasons. Ultimately, there is no way to test these substantive evaluations of similarity against each other, and researchers may and typically do hold different views as to what makes one case a good counterfactual for another. In order to go beyond this impasse, **this paper broadens the space of potential counterfactuals. We analyze the evolution of Venezuela’s oil production as compared with that of 36 other oil producing nations in a data set that accounts for 95% of the world’s oil production**. We estimate the magnitude of the sanctions effect on Venezuela using every possible alternative counterfactual, as well as a synthetic group built from a combination of alternative counterfactuals. We find that **the result of a negative effect of sanctions** **on oil production** **is robust** and holds **across a wide set of possible** **counterfactuals**. We also consider the evidence on the effect of more recent oil sanctions. **[furthermore,] Since** **Venezuela** **is** **not the only country** **to** have **face**d this type of **sanctions, we can exploit** the **cross-national variation** **to make inferences** **on** the effect of **oil** **sanctions on oil output**. We find that oil sanctions have been associated with large drops of production in all the countries on which they were imposed, including Venezuela, and identify in the data a strong and statistically significant negative effect of these sanctions on oil production. We then explore the possibility that alternative interventions, such as militarization of the oil industry, are the source of the decline in output. We argue that **some** of these **alternative hypotheses have problems in explaining** other **patterns observed** in the data **or require** particularly **restrictive assumptions. In contrast,** **the** **sanctions** **hypothesis is *consistent*** **with** other **patterns observed in the data** – **such** **as** the **resilience of production in** **Chinese and Russian** joint ventures and **sanctions** **exempt entities** **like CITGO**. Last, we consider the possibility of extracting conclusions on the effect of sanctions on broader measures of living standards, as done by both sets of authors. We argue that the simple time trend of social indicators is unlikely to be informative about the effect of sanctions without an account of the underlying drivers of these trends. While the existence of pre-trends in social indicators as pointed to by HMB is not proof of a lack of effect of sanctions, neither is a before-and-after comparison of these indicators as presented by WS. In fact, we argue that WS’s attribution of mortality increases to sanctions is inconsistent with their thesis that the effect of sanctions operates through lower oil production, given that during 2018 oil price rises compensated for declining oil output.

### AT: Other Nations Solve

#### The U.S is a key market to Venezuelan oil production because of refining capacity and downstream subsidiaries. Furthermore, most oil in Venezuela is used to pay off Russian and Chinese debts since restructuring is not an option

**Mondaldi 19**

Francisco Monaldi, 12-19-2019, “Venezuela feels the heat”, Petroleum Economist, <https://www.petroleum-economist.com/articles/politics-economics/south-central-america/2019/venezuela-feels-the-heat>

***QUALS: Francisco Monaldi is a fellow at Rice University's Baker Institute for Public Policy***

The closing of the US market was a major blow to Pdvsa. **Not only was the US its most profitable market**, **due** **to** its **proximity** **and** large extra-heavy **refining capacity, but it was the source** **of** **most** **of its** **cashflow and** home to refiner Citgo, **its largest downstream subsidiary**. **Venezuela’s** two **other** **largest export markets**—China and India—**are less profitable** **and generate limited cash** **because** **a large** **fraction of the oil sold** there **is used to pay off** **Chinese and Russian debts**. A cash squeeze in turn resulted in lower investment, leading to yet lower oil production. The US tightened the sanctions regime as of August 2019, threatening secondary sanctions on any buyer or carrier of Venezuelan oil. A number of Asian buyers, including, most prominently, the Chinese ‘big three’ state-owned oil firm CNPC, suspended their purchases of Venezuelan oil, while some companies even halted hiring tankers that had previously transported Venezuelan oil. In the second half of 2019, Pdvsa thus accumulated massive crude inventories, as its binding constraint became less the ability to produce than to sell.

## FL: Debt Restructuring

### AT: Can’t Afford Loans

#### Venezuela can use its oil as collateral on loans giving them access to large scale financing. That’s the Sachs, Weisbrot and Rodriguez evidence read in case

### AT: Preceding Trends

#### Their evidence about how the PDVSA couldn’t get unsecured transaction financing prior to sanctions is true but completely misunderstands types of foreign debt. PDVSA was FULLY capable of restructuring commercial debt prior to sanctions and actually planned to do so.

**Rodriguez 19**

Francisco Rodríguez, 6-xx-2019, “SANCTIONS AND THE VENEZUELAN ECONOMY: WHAT THE DATA SAY”, LATAM ECONOMICS, <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>

These examples also shed some light on the redundancy hypothesis put forward by Zambrano (2018) and Bahar et al (2019) according to which sanctions were not binding because Venezuela was already shut out of capital markets. In order to carefully consider this hypothesis, it is important to draw a distinction between different types of debt, and in particular between sovereign unsecured debt and PDVSA commercial and secured debt. **While it is true that** the government of **Venezuela was unable to obtain financing for** **unsecured transactions** **before** the adoption of **sanctions, the evidence** just discussed clearly **shows that PDVSA** **was able to obtain financing** at the time both **for the rescheduling of** PDVSA **commercial** **debt and for transactions secured by external assets or revenue flows.** **These transactions are inherently** **different** **from sovereign unsecured debt** **because** there is **an** **additional** **incentive** **for creditors to participate in them, be it the** ability to renew **profitable service contracts** **or** the **value of the assets or flows used as collateral**.31 28 Cohen, L. (2018). 29 U.S. Energy Information Administration (2018). 30 Both CNPC and Rosneft provided funds to Venezuela that would have been barred for U.S. firms by financial sanctions during this period, with CNPC buying an additional 9.9% stake in Sinovensa in 2018 and Rosneft receiving a 30-year license to operate offshore gas fields in late 2017, as well as supplying PDVSA with oil products after the 2019 sanctions.

### AT: Opposition Support

**The opposition has already created plans to renegotiate debt as of July meaning there has been a change in heart. This is key because this restructuring is NOT PHYSICALLY POSSIBLE as long as sanctions block access to new borrowing.**

**(it’s the pay walled financial times article)**

<https://www.google.com/search?q=debt+restructuring+maduro&rlz=1C5CHFA_enUS796US796&oq=debt+restructuring+maduro&aqs=chrome..69i57.6532j0j7&sourceid=chrome&ie=UTF-8>

### AT: China & Russia Solving

**They fundamentally misunderstand the argument. Venezuela using oil to pay off its debt to Russia and China is not restructuring; it’s just paying off the terms of previous loans. Debt restructuring is the issuance of NEW BONDS for old ones that expands future spending capacity**

## FL: Currency Floating

## FL: Indicts

### AT: Hyperinflation Indict

#### Even if that stat is bad, a brief google search reveals it is still insane hyperinflation

**Wyss 19**

Jim Wyss, 3-14-2019, "Venezuela’s inflation worse than Zimbabwe, Iran, amid grinding economic crisis," miamiherald, https://www.miamiherald.com/news/nation-world/world/americas/venezuela/article227814159.html

Steve Hanke, **an economist at Johns Hopkins**, who tracks hyper-inflationary nations, **thinks both the IMF figure** **and the congressional figure are “utter rubbish”** and grossly exaggerated for “political reasons.” **[and even] By his calculations, year-on-year inflation** at the end of February **was** 163,272 percent — **still the world’s highest.** The next most problematic country, Zimbabwe, has annual inflation of 212 percent, followed by Iran with 183 percent, Sudan with 122 percent and Argentina with 105 percent. “**There’s nothing even close to Venezuela**,” Hanke said. “**It’s the only country hyper-inflating in the world right now.”** The term “hyperinflation” is often bandied about, but it’s actually quite rare, and only happens when monthly inflation exceeds 50 percent for more than 30 consecutive days. That’s exactly what happened in Venezuela starting in 2016.

### AT: Brookings Indict Sachs

#### The authors of the study refuted the Brookings issuance by providing the counterfactuals that were misunderstood meaning that all criticism about preceding trends and variables were inaccurate. Not reading the entire control procedure but I will email chain the card if anyone wants

**The card is Sachs 19 which is a separate article reviewing opposing models**

Mark Weisbrot & Jeffrey Sachs, xx-xx-2019, "Economists Use “Fuzzy Graphs” to Challenge Data on the Human Cost of Trump Sanctions on Venezuela ," Center for Economic and Policy Research, <https://cepr.shorthandstories.com/venezuela-sanctions-response/index.html>

In our paper, “Sanctions as Collective Punishment: The Case of Venezuela,” we looked at some of the ways in which the sanctions on Venezuela imposed by the US government curtail access to essential and life-saving imports, and some of the data on impacts such as mortality. We concluded that US economic **sanctions** since August 2017 have likely **caused** a **dire rise in mortality and** a grave **aggravation of Venezuela’s economic crisis**. We concluded that the **sanctions imposed** since **January will be much more devastating in terms of** **increased hunger and mortality,** and of economic losses, than have the prior US executive orders and other economic sanctions. The fact that these sanctions cause extreme suffering and deaths should not be a matter of dispute. If you cut off access to medicines, medical equipment, imports needed to maintain water and sanitation infrastructure, and for spare parts, and you prevent an economy that is in a deep depression from recovering, a lot of people are going to suffer diseases and premature mortality. **Economists Miguel Angel Santos and Ricardo Hausmann have challenged our claim that the sanctions dramatically worsened Venezuela’s crisis of oil production and exports**, and therefore of the ability to finance food and medical imports. In what follows, we look at their arguments, which are based on easily identified errors. \* \* \* Santos begins with a graph from our paper that shows both Venezuelan and Colombian oil production on the left and right-hand axes, respectively, in thousands of barrels per day, from 2013 to 2018. Both are fairly constant on average (with Colombian production much more volatile) until January of 2016; they then decline at about the same rate until August of 2017, when President Trump issued an executive order imposing broad financial sanctions on Venezuela. Venezuelan oil production then falls at three times the rate that it had been falling since January 2016. Figure 1 from Weisbrot and Sachs Figure 1 from Weisbrot and Sachs Santos responds with a graph that shows the two countries’ production (only since 2016) on just one axis and an accusation. Miguel Angel Santo's response to Figure 1 from Weisbrot and Sachs, with the relevant graph He writes, on Twitter: The "systematic evidence" presented by Weisbrot and Sachs includes a chart "showing" pre-sanctions Venezuela and Colombia’s "parallel trajectories" in oil output. Except that they altered the scale, to make them look similar. Here is the same info, on the same scale. Miguel Angel Santos, 6:51 PM, 26 Apr 2019 (https://twitter.com/miguelsantos12/status/1121909801750020096). This is deeply ironic. It is Santos who has presented a grossly misleading graph. Francisco Rodríguez explains this in a response with the following two graphs: Francisco Rodríguez's rebuttal to Santos with the relevant graphs China and India both grew at the same 7 percent rate over the past six years. Forcing them both onto the same absolute scale obscures this fact. Using a secondary axis helps us see it. As can be seen from the graphs, Rodríguez is correct; the graph that uses different axes for the two time series presents a picture of the two countries’ growth that clearly shows what happened; i.e., in this case, that the two countries grew at about the same rate over this period. This is because China’s GDP is much larger than India’s, so the slope of the graph for China is steeper when they are presented on the same scale. For the same reason, the graph of oil production with the dual axes (above) presents a much clearer picture of the difference between the rate of decline in oil production than Santos’ graph. Santos did not respond to this rejoinder from Rodríguez. Miguel Angel Santo's response to Figure 1 from Weisbrot and Sachs, with the relevant graph Miguel Angel Santo's response to Figure 1 from Weisbrot and Sachs, with the relevant graph Francisco Rodríguez's rebuttal to Santos with the relevant graphs Francisco Rodríguez's rebuttal to Santos with the relevant graphs **The real issue** here **is** the **sharp acceleration in the decline of oil production** in Venezuela after the August 2017 sanctions; as can be seen below, the rate of decline is three times as fast after the sanctions are imposed as compared to before. Rodríguez's follow-up tweet There are many ways to plot two variables, but only one way to calculate percentage growth rates. Here is the comparison of oil production in Colombia and Venezuela during the past six years. Ricardo Hausmann weighed in with his own comparison, and a graph: Hausmann's argument about oil production Why did Venezuela oil production decline? Sachs and Warner believe that it was caused by the sanctions imposed on Venezuela in August 2017. The graph below shows the share of Venezuela in OPEC. Hint: Chavez came in 1999, dismissed 20,000 workers in 2003 & expropriated oil firms. Ricardo Hausmann, 8:36 AM - 27 Apr 2019 (https://twitter.com/ricardo\_hausman/status/1122117200251367431). The name “Warner” instead of Weisbrot was a typo, which Hausmann later corrected. The problem with this graph is that it is not all that relevant since it does not show Venezuela’s own oil production, but rather its share of OPEC’s oil production, which depends on many factors that influence the production of various OPEC countries. It does not explain why Venezuela’s oil production itself — not as a share of OPEC production — experienced such a sharp acceleration in its decline after the August 2017 sanctions. Rodríguez's follow-up tweet Rodríguez's follow-up tweet Hausmann's argument about oil production Hausmann's argument about oil production Interestingly, Santos and Hausmann do not comment on the serious damage caused by the sanctions since January of this year, which was a major part of our paper. As noted above, these have also had an immediate impact and are much more severe. From January to March, Venezuela’s oil production — and therefore the economy’s capacity to import essential goods — fell by 36.4 percent, or 431,000 barrels per day. Rodríguez projects that for 2019 the decline will be more than 67 percent. In April the IMF changed its October forecast for 2019 of a 5 percent decline in GDP to 25 percent; this also was obviously a result of the January sanctions. It is also obvious to any economist that the humanitarian impact of a 25 percent fall in real GDP is enormous. And today, we learn that estimated imports fell 46.1 percent in one month from January to February. The consequences are likely to be very severe for the civilian population, indeed potentially catastrophic. We anticipate a further sharp deterioration in the ability of the Venezuelan people to meet their most basic needs, including adequate food, life-saving medicine, safe water, and basic services. The sanctions are putting Venezuelan lives on the line in massive numbers, and risking the lifelong health and development of Venezuela’s children. Hausmann, like the US Government, has a political agenda: regime change. But he should accept responsibility for an obvious truth. The US-led attempt at regime change, based on strangling the Venezuelan economy, is putting the Venezuelan people’s food supply, medicines, and very lives at grave risk. The Trump Administration is not shy about this, saying repeatedly that “everything is on the table,” including military intervention too, to get their way. The brutal sanctions, rather than a negotiated political solution, holds the entire population hostage to the political aims of the US and to people like our critics. Such sanctions are immoral, in violation of international law, and cruel.

**Prefer Sachs and Weisbrot as they are highly respected economists who have literally disproven the indicts made against their methodology.**