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A2: Maduro Militarization Responsible for the Problem

1. Militarization is not responsible for the problem

A2: China

1. Reuters 19 explains China distancing itself from Venezuela. In August, China National Petroleum Corp, one of the largest foreign investors in Venezuela's oil sector, stopped lifting crude from Venezuelan ports due to worries about sanctions, and China's imports of Venezuelan crude fell to zero last month, as it imports more oil from Malaysia.

A2: Regional Instability

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[Regime cannot mine fast enough AND Russia pulling more resources than it is providing AND dollarization creates new protests that will shake loyalty of military around Maduro](#)

[The IMF, along with the WTO and the World Bank, is directing the global economy on a path of greater inequality and environmental destruction. The IMF's and World Bank's "structural adjustment policies" \(SAPs\) ensure debt repayment by requiring countries to cut spending on education and health; eliminate basic foods and transportation subsidies; devalue national currencies to make exports cheaper; privatize national assets; and freeze wages. These policies increase poverty, reduce countries' ability to develop strong domestic economies and allow multinational corporations to exploit workers and pollute the environment. 2\) The IMF caters to wealthy countries and Wall Street. Although industrialized countries have not borrowed from the IMF in twenty years, rich countries dominate decision making. Voting power is determined by the amount of money that each country pays. The U.S. is the largest shareholder with a quota of 18%. U.S., Germany, Japan, France and Great Britain together hold about 38% of the vote. Each of these countries appoints their own representative to the executive board, while other groups of countries elect a representative. The U.S. Executive Director is Karin Lissakers, and she works closely with Lawrence Summers and the U.S. Treasury Department to design policy for the IMF. The disproportional amount of power held by wealthy countries translates into decisions that benefit wealthy bankers, investors and corporations from industrialized countries at the expense of sustainable development. Is it a surprise that the IMF then uses its leverage over cash-strapped developing countries to force them to open up to powerful transnational corporations?](#)

[Venezuela funded FARC and ELN before sanctions AND The goal of it's funding is to destabilize critical infrastructure](#)

[José R. Carderas, 10-7-2019, "Maduro Is Playing a Dangerous Game on the Colombian Border," Foreign Policy, <https://foreignpolicy.com/2019/10/07/maduro-is-playing-a-dangerous-game-on-the-colombian-border/>](#)

[Bahar '19| Confounding variables – bulk of damage happened way before sanctions](#)

Sanctions included licenses that allow for debt restructuring

As Venezuela's financial situation gets worse and repayments get harder, US bondholders will sell their bondholder to a non-US third-party that can restructure the debt

US sanctions against Venezuela have unfairly harmed Venezuelan citizens while solidifying Maduro's presidency.

Maduro is losing key support from the poor – a vital source of his power (22 % down).

Kraul '19 - high-ranking officials get gov. positions and high salaries

Bartenstein '19 - Russia wouldn't get controlling shares of CITGO AND US could block Russian ownership

HEZBOLLAH IS JUST TRYING TO EXPAND ITS REVOLUTION – IT DOESN'T MATTER IF THEY MOVE FROM VENEZUELA

HEZBOLLAH FUNDED BY IRAN

HEZBOLLAH FUNDING FROM DRUGS INCREASED

DRUG TRADE INCREASING

Economist 14' - Petrocaribe costs venezuela money/ makes countries heavily dependent- if contracts are tightened then countries could be susceptible to debt trap- contracts are tightening

Gill '16- us diversifying energy sector for caribbean- petrocaribe doesnt matter/ is worse option due to venezuela economy

Wells '19 - Venezuelan diversification difficult because of high costs AND Maduro tried to diversify before

Insight Crime '19 - access dollars through illicit activities bcs sanctions

# January '20 Blockfile

## A2 AFF

### A2: Sanctions hurt civilians (Topshelf OV)

Reversing sanctions against Maduro and giving the regime access to revenues will not fix the humanitarian crisis. [Rendon 19 of the CSIS](#) gives 4 reasons.

1. Maduro has shut out foreign aid from abroad, and Venezuela's borders with former allies Brazil and Colombia have been shuttered, stopping the delivery of humanitarian aid. Even if the U.S. ends sanctions, Maduro has no incentive to let aid in. In fact, he profits from desperate citizens, abusing Venezuela's subsidized food program to punish political dissenters; 83 percent of Maduro's supporters receive benefits, as opposed to 14 percent of independents.
2. Maduro's regime has cut social programs and neglected to provide food and medicine to the Venezuelan people. Instead, they have directly profited from these revenues, funding illicit projects and buying the loyalty of military officials. If the U.S. removes sanctions from Venezuela, that's just more money in Maduro's pocket.
3. Other countries sanction Venezuela. Aside from the U.S., the EU, the Canada, Switzerland, Mexico, and Panama all sanction Venezuela. If the U.S. ends sanctions on Venezuela, the U.S. alone has minimal effects.
4. **Poor economic structure.** Venezuelan oil production plummeted by millions of barrels prior to the introduction of U.S. economic sanctions, reflecting a lack of economic diversity and intolerance for non-state competition in oil extraction which has left the nation's prosperity precariously tied to oil prices. This economic structure doesn't

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**Commented [2]:** AFF Args  
- Sanctions hurt Venezuela  
- A2: Decreased Oil  
- A2: Decreased Imports  
- A2: Blocking Food and Medicine  
- A2: Debt Restructuring  
- A2: Sanctions prevent negotiations  
- A2: Maduro only accepts aid if sanctions lifted  
NEG Args  
- Push Maduro out of power  
- A2: Hurting Oil Production  
- A2: Gold Reserves  
- A2: Lowering Military Morale  
- A2: Decrease oil prices → Less green tech  
- A2: Sanctions all to war  
- A2: Taking sanctions removes credibility for other sanctions

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change when the U.S. ends sanctions, meaning Venezuela's economy is not going to be better off long-term.

The only chance of helping the Venezuelan people in the long-term is through economic stability and a shift to democracy, which requires getting Maduro to step down, and we can only do that with sanctions.

## A2 Oil Price Spikes

1. Salameh '19 of OilPrice explains that the global oil supply is growing at a faster pace than demand in 2020 because of a large supply increase in oil from non-OPEC countries and renewables are decreasing demand for oil, causing an overall price decrease.
2. Saefong '19 of Barrons explains that because oil exports were already declining in Venezuela before sanctions any price increase in oil due to sanctions will be insignificant and short-term.

## A2 Debt Restructuring

1. Non-unique. Bahar '19 of Brookings explains that as a result of a lack of financial operations by the government and private sector worry over decreasing economic gains, Venezuela had already been shut out of financial markets before the sanctions took place.
2. Defense. Ladislav '18 of CSIS writes that as Venezuela's financial situation gets worse and bondholders get less repayments they will eventually decide to sell their bonds to a non-US third-party who can negotiate a restructuring agreement with Maduro.
3. Defense. Mortlock '17 of Gallagher writes that sanctions included a general license that allows US creditors to restructure their outstanding debt with Venezuela, meaning that sanctions are not stopping a debt restructuring agreement.

## IMF Debt Restructuring/SAP's

1. Turn. TWT explains that the IMF's Structural adjustment policies require countries to cut spending on education and health; eliminate basic food and transportation subsidies; devalue national currencies to make exports cheaper; privatize national assets; and freeze wages. These policies increase poverty and reduce countries' ability to develop strong domestic economies.

## A2 Oil Production

1. Defense. Bahar '19 of the Brookings Institute explains that Venezuela faced difficulty producing oil as early as 2010 and the underlying factors driving production decreases simply continued as the sanctions were implemented.
2. Defense. Bahar continues that even if oil production decreased at an accelerated rate after the 2017 sanctions, the real cause was not the sanctions themselves but rather the firing of 65 executives of the Venezuelan state-owned oil company, and replaced the Minister of Energy with an official with no prior experience.

## A2: Fuel Shortages

1. The Economist '14 explains that Petrocaribe costs Venezuela \$2.3 billion each year in lost income and makes participating countries heavily dependent on oil inflows from the program. Fortunately, Gill '16 writes that even if sanctions were lifted and the program was continued, the US is stepping in to reduce Caribbean dependence on Venezuelan oil, making Petrocaribe irrelevant.

## A2: Low Oil Causes Diversification (A2 NEG)

1. Wald 18 of Forbes explains diversification is reliant on government funds from oil bc when oil revenue falls, so does government spending [- Saudi example]

## A2 Brain Drain

1. DL. There's no guarantee they will come back when sanctions are removed; they have already established a new life in a country.

## A2 Scapegoating

1. DL. Popular support decreasing — lost support of the poor, used to be strong base
2. DL. Can scapegoat other countries that sanction Venezuela— non unique issue
3. TURN. Maduro takes it as a win if the U.S. end sanctions



## A2: Guaido won't become president

1. Sanctions are a deterrent for another leader to get into power — same thing would happen to them as to Maduro
2. Keep sanctions on until democratically-elected president — sanctions give the neg the unique advantage of the U.S. having control on who follows up

## A2: Guyana

1. Finnegan '19 of ABC explains that Maduros military is so underpaid that while they may support Maduros bid for power, they are not willing to fight a war and die for him. Finnegan continues that Maduros belief in his military is decreasing. Thus he likely won't even try to get the military to invade Guyana.
2. Turn. Miroff '15 of Washington Post explains that Maduro has been interested in taking over Guyana for years, as he disputes territory and he claims ⅓ of Guyana. Macdonald '19 of National Interest writes that because of Venezuela's budget problems, their military wouldn't be ready for a full out invasion and would just engage in bullying tactics. Maduro wants to invade Guyana no matter what, but sanctions constrict the money that Maduro has, meaning they can no longer engage in an invasion.
- 3.

Finnegan, Abc News, 2-8-2019, "Losing grip on power, Venezuela's Maduro leans on Cuban security forces, senior US officials say," ABC News, <https://abcnews.go.com/Politics/losing-grip-power-venezuelas-maduro-leans-cuban-security/story?id=60911203>

But **while the military remains on his side**, the Pentagon said it's not the embattled president's own forces ensuring his safety -- it's members of Cuba's security service. "I think it's a good sense for where the loyalty of the Venezuelan people are that his immediate security force is made up of Cubans," Fallor told the Senate Armed Services Committee. Cuba is "inextricably intertwined in all areas of Venezuela," he said. Last month, Secretary of State Mike Pompeo told the United Nations Security Council, "No regime has done more to sustain the nightmarish condition of the Venezuelan people than the regime in Havana." Elliott Abrams, the State Department's newly appointed envoy for the country, was more blunt, telling ABC News last week, "**The only people willing to die for Maduro may be Cubans, who are his security guards.**" **Maduro's faith in his own military may continue to wane.** The top Venezuelan air force general and the military attache in Washington already have defected from Maduro's government, and Guaido has been quick to call for others to abandon the man who has governed Venezuela since 2013, promising amnesty in exchange.

Miroff, Nick, Washington Post, July 13, 2015,

<https://www.washingtonpost.com/news/worldviews/wp/2015/07/13/venezuela-guyana-essequibo-maduro-granger/>

For the past several days, **Maduro has been assuring Venezuelans**, many of whom are busy queuing up for groceries and basic goods, **that his government is working to achieve a "great victory" and take control of the disputed Essequibo, an area equal to two-thirds of Guyanese territory.** Possession of the Essequibo -- named for the big jungle river flowing through it -- was granted to Guyana, then a British colony, by an arbitration judge in 1899. Venezuela challenged the ruling as unfair in 1962, and the dispute has been quietly simmering ever since. **"We are going to take back what our grandparents left for us," Maduro told his country last week.** He asked U.N. General Secretary Ban Ki-moon to provide a new round of international arbitration, while promising "a great victory" over Guyana "by peaceful means."

Macdonald, Scott, National Interest, January 1, 2019 <https://nationalinterest.org/feature/venezuela-willing-start-caribbean-war-39987>

The Guyanese government is deeply concerned that Venezuela could continue to push on the border issue. The government released a statement, saying that it "...rejects this illegal, aggressive and hostile act perpetrated by the Government of Bolivarian Republic of which once again demonstrates the real threat to Guyana's economic development by its western neighbor; an act that violates the sovereignty and territorial integrity of our country." On paper, the Venezuelan military is much larger than Guyana's. **However, the terrain through which any large-scale Venezuelan incursion would proceed is challenging. Much of the border is jungle, and there are few roads as well as a number of rivers.** Moreover, one has to wonder as to how combat effective the Venezuelan armed forces are at this stage, considering the country's budget problems and the corruption within the officer corps. **Would the Venezuelan military be ready and able to make war against Guyana? The answer is probably no; the preference would be more likely to conduct a number of bullying operations, such as the seizure of oil exploration ships.**

## A2: Social Programs

1. Maduro may use it to take out loans — had a problem with overspending before oil crisis
2. Bahar '19 of the Brookings Institute explains that food imports had already fallen by 71% in 2016 and medicinal imports were down 68% between 2013 and 2016.

## A2: Maduro Militarization Responsible for the Problem

1. Militarization is not responsible for the problem

Hanson & Sanchez, June 2019, Rebecca Hanson is assistant professor in the Center for Latin American Studies and the Department of Sociology and Criminology & Law at the University of Florida. Francisco Sánchez is professor at the Universidad Católica Andrés Bello in Caracas and member of REACIN (La Red de Activismo e Investigación por la Convivencia), Jacobin Magazine, What US Sanctions Against Venezuela Have Wrought, <https://www.jacobinmag.com/2019/09/venezuela-sanctions-embargo-caracas-trump-maduro-guaido>

As explained in section 5, the militarization hypothesis contends that the decision by the Maduro government to put General Manuel Quevedo at the helm of the country's oil industry, alongside the increasing involvement of military personnel in the firm's operations, was the cause of the acceleration of the decline in production. We have already discussed the empirical evidence in favor of this hypothesis in that section; we now focus on the broader plausibility of it as an explanation. One way to think about the militarization explanation is that it is telling us that in November of 2018, President Maduro took a decision to replace PDVSA's management which had an immediate and large, negative effect on oil production. In fact, one of the pieces of evidence that Morales (2019) puts forward for the hypothesis is that of immediacy, highlighting that right after the appointment of Quevedo on November 26 of 2017, we see oil output falling by 8.4% in December, much higher than the average 2.4% decline observed in the preceding three months after sanctions. For starters, the presence of a large and immediate adverse effect of a new PDVSA president on oil production – so rapid that it can be rapidly observed just days after his appointment – should raise some alarm flags. First and foremost is the question of whether new management can affect production so rapidly. (Note that, by contrast, oil production decelerates only gradually after the August 2017 sanctions.<sup>36</sup>) The pattern is particularly odd since Quevedo inherited the same board of his predecessor Nelson Martínez, a new board was only appointed on December 22 of 2017, and because Quevedo would only be granted broad-ranging powers over the state-owned oil company's contracts in April of 2018.<sup>37</sup> Thus, it appears more probable that we would see the effects of this change in management set on more gradually rather than occurring immediately upon his appointment. If this hypothesis were true, it would be unclear why Maduro took a

decision that led his government to suffer such massive losses in revenues. Admittedly, we have ample evidence that Maduro has, for most of his administration, taken policy decisions which have been economically suboptimal. A case in point is the decision to run six years of large fiscal deficits financed by monetization, ultimately driving the economy into hyperinflation. However, the immediacy of the output effect postulated by the militarization hypothesis makes it somewhat different from other apparently myopic policy decisions. Inflationary financing or currency overvaluation are policies that have short-term benefits but long-term costs and are thus rational for policy makers with high discount rates as are typically seen in political systems with high stakes of power.<sup>38</sup> But, if a policy leads to no short-term gains but rather imposes large and immediate revenue losses on the government, then even very short-sighted policymakers will have no reason to adopt them. Immediacy of adverse effects is also problematic because it significantly reduces the model uncertainty faced by policymakers. It is one thing to monetize budget deficits on the belief that they don't cause inflation and to face the consequences of a mistaken monetary theory several years later; it is quite another to have immediate verification that you were wrong. To borrow a medical analogy, individuals often take decisions which have adverse long-term effects, such as smoking or consuming high amounts of sugar. But most individuals suffering from severe allergies will do their best to avoid contact with the allergen after suffering their first episode of anaphylactic shock. In this analogy, the shock is the USD 3.2bn a year in foregone oil revenues caused just by the December loss in production, which the militarization hypothesis attributes to Quevedo's appointment. The paradox is that immediately after suffering it, Maduro seems to have asked for another helping of the allergen. Put differently, the militarization hypothesis tells us that Maduro took a decision which had an immediate and verifiable effect of subtracting around USD 20bn a year from Venezuelan state coffers, in a context where those additional oil revenues would have likely stopped the country's economy from suffering a massive contraction and sliding into hyperinflation. Is it possible to come up with explanations for why this could have been optimal from Maduro's standpoint? Sure. One can say that he needed to do it in order to buy off the military so that he could stay in power. Or that he wasn't aware that production was declining (maybe because Quevedo hid the information from him). Or one could simply explain it away as a consequence of Maduro's irrationality (i.e., the incompetence hypothesis redux). But the fact that we need to come up with these auxiliary hypotheses means that we have to make the militarization hypothesis increasingly convoluted and thus inherently less plausible. It is, for example, difficult to square this explanation with other government decisions in very similar contexts. In March of this year, Venezuela experienced massive nation-wide blackouts that left the country without energy for eight days of a single month. On April 1, Maduro fired one - and only one - member of his cabinet, Electricity Minister General Luis Motta Domínguez, and replaced him with a civilian engineer, Igor Gavidia. So, at what is possibly the greatest moment of threat to his hold on power and when he relied the most on the military to stay in power,<sup>39</sup> Maduro was free to choose to fire a general and replace him by a civilian in response to a crisis that cost the country an estimated USD 1.6bn in direct losses. If so, why is it that two years ago, at a moment of much greater political stability, Maduro couldn't do the same to an incompetent general who - according to the militarization hypothesis - was responsible for losses more than 10 times as large than those of the electricity crisis? Or think about the idea that the only way that Maduro could keep the military leadership sufficiently happy was to give them direct control of PDVSA even though this would cost state coffers around USD 20bn a year. In order to sustain this thesis, we would have to assume that it was impossible for Maduro to maintain PDVSA at preQuevedo levels of efficiency and to make side payments to the military that would have kept them equally happy. With USD 20bn in potential side payments, it is hard to come up with a satisfactory explanation of why the military would have demanded direct control of the industry

rather than simply receive a hefty transfer of funds. It is not that one cannot come up with answers to these questions. There are always ways to modify an explanatory hypothesis with more auxiliary hypotheses to make it fit the data, as we know well since at least the times of Ptolemaic astronomy. Yet there are good reasons why scientists prefer simple, straightforward answers anchored on parsimonious theories rather than complicated and convoluted ones, if both do equally well at explaining reality. 40 It is because we know that it is easy to manipulate theories by increasing their complexity to make them conveniently fit the data. If you torture the theory enough, it will confess. And in this sense, the sanctions hypothesis is parsimonious, simple, and straightforward. While the militarization hypothesis requires us to believe that Maduro took a reversible decision that had the immediate effect of leaving his government with around USD 20bn less a year in export revenues, the sanctions hypothesis only requires us to believe that Donald Trump decided to leave Maduro with around USD 20bn less a year to fund his regime.

## A2: China

1. Reuters 19 explains China distancing itself from Venezuela. In August, China National Petroleum Corp, one of the largest foreign investors in Venezuela's oil sector, stopped lifting crude from Venezuelan ports due to worries about sanctions, and China's imports of Venezuelan crude fell to zero last month, as it imports more oil from Malaysia.

## A2: Regional Instability

- 1) Delink. Pina'19 of Aljazeera writes that claiming the Venezuela government as the root cause of instability in Latin America is an exaggeration as many of these countries have their own causes for distress. (For example, citizens of Chile are protesting the current socioeconomic system to create more social equality, an issue that dates back to before the Venezuelan crisis.)

Venezuela crisis doesn't trigger regional instability

Carlos Pina, November 28, 2019, <https://www.aljazeera.com/indepth/opinion/venezuela-threat-latin-america-caribbean-191112131344512.html>, , Is Venezuela really a threat to Latin America and the Caribbean?

In the last few years, amid an escalating political, economic and humanitarian crisis, the Venezuelan government has repeatedly been accused of posing a threat to the stability, prosperity and democratic integrity of Latin America and the Caribbean (LAC). These accusations gained momentum in recent months in light of the protests in Ecuador and Chile against price increases in the transportation sector. In both cases, incumbent authorities implied that Nicolas Maduro's government is to blame for the chaos and destabilisation in their countries. The government of Colombia, meanwhile, accused the Venezuelan government this past August of threatening the country's stability by supporting and financing the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) organisations that are classified as "terror" groups by the international community. But do these accusations carry any weight? Is the Maduro government responsible for the protests that occurred in Ecuador and Chile? Is it responsible for the rearming of the FARC in Colombia? And perhaps most importantly, does Caracas really pose a "threat" to the stability of the LAC? The answer to all these questions is clearly a no. In the case of Chile, the people are protesting against a socioeconomic system that is increasing social inequality. This is an issue that dates back to the times of Pinochet and which both left- and right-wing governments have repeatedly failed to resolve. In Ecuador, the reason behind the protests is President Lenin Moreno's decision to adopt economic measures promoted by the International Monetary Fund (IMF) which led to an increase in fuel prices. In Colombia, the resurgence of the FARC is caused not by any outside intervention but the mutual distrust between the FARC and the Democratic Centre Party founded by former president Alvaro Uribe. In 2018, Democratic Centre's candidate Ivan Duque Marquez won Colombia's presidency with a campaign which opposed the peace treaty with the FARC. It is, of course, impossible to deny that Venezuela has occasionally tried to intervene in the domestic affairs of these states with the aim of harming governments that are pursuing ideologies contradictory to its own. This, however, is not a move specific to Venezuela. All states try and support the adversaries of their rivals from time to time in an attempt to rig the regional or global power balance in their favour. There is no demonstrable proof that Venezuela's government is acting in a way that is significantly different from its regional rivals, many of whom openly and repeatedly made moves to topple Venezuelan governments. For instance, in 2002, the United States and other regional powers endorsed a coup attempt against Venezuela's President Hugo Chavez. And most recently, in 2017, 12 Latin American nations formed the "Lima group" to "bring a peaceful resolution to the crisis in Venezuela" - an action that can easily be interpreted as an attempt to bring down the Venezuelan government and interfere in the internal affairs of the country. There are countless other examples of states intervening in each other's affairs in the LAC. For example, when Paraguay's President Fernando Lugo was impeached by the Senate in 2012, both Brazil and Venezuela strongly opposed the move. Brazil and Venezuela, along with Argentina and Uruguay, also promoted Paraguay's ban from Mercosur in response to the Senate's decision. In other words, Venezuela is hardly the only country in the region that is trying to exert influence over other countries by meddling in their internal affairs. On closer inspection, the accusation that the Venezuelan government is a threat to the survival, stability and democratic integrity of the countries in the LAC region appears to be an exaggeration. Caracas currently has neither the intention nor the military, economic or political power to take on any major political actor or alter the dynamics within the region. Caracas' petrol income has reached record lows and its economy is in a shambles. The Maduro government is incapable of providing for its own citizens let alone spending money abroad to hurt its political rivals. Moreover, Venezuela does not currently have the capacity to embark on a military intervention in another country. Perhaps the only credible accusation directed at the Venezuelan government on the regional level is that it is falling short of meeting the standards of representative, liberal democracy - the dominant political model in Latin America. It is true that the Chavista government has long been ignoring fundamental democratic principles, such as holding fair and free elections, acknowledging and protecting political minorities and respecting the rule of law. The current state of affairs in Venezuela, wherewith the passing of time there is less and less room for dialogue, negotiation and agreement, is indisputable proof that Maduro is no champion of democracy. Whether Maduro's assault on democratic principles makes Venezuela a "threat" to the region, however, is questionable. The government's democratic shortcomings hurt first and foremost the Venezuelan people and the damage they cause on the regional level is only incidental. In conclusion, the accusation that Maduro's government is a "threat" to the region is a political talking point used by his rivals to further isolate his regime rather than a demonstrable reality. This line of discourse put forward by opposition leaders in Venezuela and right-wing governments in the region, has the potential to backfire and trigger an even more radicalised stance from Maduro against the "persecution" and "criminalisation" of his government. The debate on the Chavista regime must keep its focus on the domestic issues being faced by Venezuelans and the possible solutions to the current situation in this country. If the focus shifts towards a regional scenario, the opportunities to solve this crisis may be wasted.

## A2: 40,000 Dead

The foundational statistic for the 40,000 dead is false

Bahar et al, 2019, Dany Bahar (Brookings Institution), Sebastian Bustos (Harvard Center for International Development), Jose R. Morales (Harvard Center for International Development), Impact of Miguel A. Santos (Harvard Center for International Development), Impact of the 2017 Sanctions on Venezuela: Revisiting the Evidence, [https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela\\_final.pdf](https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela_final.pdf)

WS claim that, given the 31 percent increase in general mortality recorded in Venezuela between 2017 and 2018 (according to their own sources), U.S. sanctions have been directly responsible for 40,000 deaths. We are unable to find that 31 percent statistic in publicly available sources to replicate the calculation. In their executive summary and in the body of the paper, the authors state that the estimate is based on figures reported in the 2018 National Survey on Living Conditions (ENCOVI for its Spanish acronym), a representative survey of Venezuela conducted by a group of local universities. However, at the time of publication of this paper and of Weisbrot and Sachs (2019), the 2018 ENCOVI survey results had not yet been released. Footnote 35 of Weisbrot and Sachs (2019) clarifies that, contrary to what is stated in the main body of the text, the mortality statistics are indeed based on a source different than ENCOVI: an internal report on Venezuela from March 2019 by the United Nations titled “Overview of Priority Humanitarian Needs,” which—to the best of our knowledge—is not publicly available.<sup>6</sup> In the absence of data to replicate the WS calculation, we compare the evolution of the infant mortality rate in Venezuela to that of Latin America drawing from the World Bank’s World Development Indicators. While different than overall mortality rates, increases in infant mortality rates are generally interpretable as a preventable consequence of inadequate pre- and post-natal care for otherwise healthy but vulnerable infants. Thus, infant mortality is often recognized as a good proxy measure of the quality of overall public health provision. Figure 8 plots infant mortality rates in the first year of life expressed per 1,000 live births across Latin America over time (indexed at 100 in 2012). It shows that between 2013 and 2016, infant mortality in Venezuela grew by 44 percent (from 15.4 to 22.2 deaths per 1,000 live births) at the same time as it declined elsewhere in the region. This result is consistent with that reported by Garcia, Correa, and Rousset (2019), which estimated an increase in infant mortality of 40 percent between 2008 and 2016. In line with our previous findings, the deterioration in infant mortality (and correlated increase in general mortality) precedes the imposition of sanctions in August 2017.

The methodology for the 40,000 dead claim is flawed

Bahar et al, 2019, Dany Bahar (Brookings Institution), Sebastian Bustos (Harvard Center for International Development), Jose R. Morales (Harvard Center for International Development), Impact of Miguel A. Santos (Harvard Center for International Development), Impact of the 2017 Sanctions on Venezuela: Revisiting the Evidence, [https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela\\_final.pdf](https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela_final.pdf)

## SUMMARY FINDINGS

In a paper titled “Economic sanctions as collective punishment: The case of Venezuela” (Weisbrot and Sachs, 2019), the authors—henceforth referred to as WS—set out to assess the causal effects of the financial sanctions imposed by the United States on Venezuela in August 2017. The authors conclude that “sanctions reduced the public’s caloric intake, increased disease and mortality (for both adults and infants), and displaced millions of Venezuelans who fled the country as a result of the worsening economic depression and hyperinflation.” WS also claim that “sanctions have inflicted [...] very serious harm to human life and health, including an estimated more than 40,000 deaths from 2017-2018.” In this paper, we revisit the evidence for these claims and present several findings. We find the methodology used by WS is unfit to estimate the causal effect of the 2017 sanctions on the Venezuelan economy, and thus their conclusions are invalid, for two main reasons. First, in the absence of a proper counterfactual, economic trends in Venezuela since the sanctions were imposed cannot be separated from the powerfully negative trends that preceded them. Second, several important confounding factors beyond sanctions, which any rigorous empirical exercise should account for, could also explain the deterioration studied by Weisbrot and Sachs (2019). Our other, perhaps even more important finding is that, when analyzing several socio-economic outcomes in Venezuela across time, it becomes clear that the bulk of the deterioration in living standards occurred long before the sanctions were enacted in 2017. Relatedly, we find rapidly worsening trends across all of the socio-economic indicators we analyze well before the sanctions were imposed in August 2017. Therefore, in the presence of these strong pre-trends, it is impossible to attribute the current performance of these socio-economic indicators to the sanctions. The trends displayed by these socio-economic indicators prior to the sanctions are quite striking. For instance, by 2016—the year before sanctions were imposed—food imports in the country had fallen by 71 percent from their 2013 peak. Imports of medicines and medical equipment fell by 68 percent between 2013 and 2016. In terms of calorie intake, we find that by August 2017 Venezuelans earning the minimum wage could only afford a maximum of 6,132 of the cheapest available calories per day— equivalent to 56 percent of the minimum dietary needs of a family of five. This is 92 percent fewer calories than the minimum wage could purchase in January 2010. Infant mortality, a good proxy for the quality of public health services, grew by 44 percent between 2013 and 2016 and has continued to do so since. No matter what socio-economic indicator one chooses to look at, it is clear that the sharp deterioration in Venezuela’s living standards started long before August 2017. The further deterioration observed since 2017—whether caused by the sanctions or by alternative factors—by no means constitutes the bulk of the collapse that has caused widespread suffering, death, and displacement to millions of Venezuelans.

## A2: Sanctions Reduced Oil Production

Many other causes of economic decline

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Have U.S. economic sanctions contributed to the decline in Venezuela’s living standards? This question has become the focus of an intense recent debate. Weisbrot and Sachs (2019a, hence WS) argue that both financial sanctions imposed in 2017 and oil sanctions imposed in 2019 caused a decline in oil production and thus contributed to ensuing declines in several socio-economic indicators. Hausmann



and Muci (2019) question the counterfactual assumption that oil production would not have declined in the absence of sanctions and claim that the 2019 drops in oil output were caused by electrical blackouts. Morales (2019) proposes the alternative of militarization as an explanation for the decline in oil production. Bahar, Bustos, Morales and Santos (2019) argue that social indicators show strong pre-existing trends before the sanctions and thus likely reflect the effect of past policies. (Because these last three papers make broadly similar arguments, I will henceforth refer to them as HMB when referring to arguments that are made by the three sets of authors.)

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## A2 Neg

### A2 Colombia War

1. Weighing. We link in with the refugee crisis, this link outweighs theirs because membership is a prerequisite to any activity FARC ever undertakes, moreover, it means that we outweigh on scope because with only guns FARC can't expand its reach to choke Columbia; it needs members.
2. Cardenas '19 of Foreign Policy explains that Venezuela's support of groups like the ELN and FARC has existed long before Maduro, and is aimed to destabilize their neighbors and target critical infrastructure. If it was true that Colombia wants to invade, they would have done so pre sanctions.
3. Turn. Berg '19 of Foreign Affairs explains that the reason that Maduro props up FARC in the first place is because he feels threatened by sanctions and wants to remain in power. We solve.
4. Turn. Insight Crime '19 explains there is no conclusive evidence that Maduro supports FARC. Because Sanctions have weakened the venezuelen economy causing weak control over the territory FARC has in turn flocked into Venezuela. Lifting sanctions provides Venezuela economic stability leaving FARC with nowhere to go.

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### A2 Targeted Sanctions

1. Weisbrot '19 of the Nation explains that because the US sanctions government officials like the finance minister, it prevents the country from engaging in the world financial system.

2. [Armario '19 of the Associated Press](#) writes that the scope of the US sanctions are intentionally vague, so all companies shut off transactions with Venezuela since they are afraid of US sanctions on them.

## A2 Economic Reforms

### Topshelf

1. Burden. Chengu and Weisbrot from case indicate that Venezuela's economy was fine pre-sanctions and lifting people from poverty. They have to prove that reforms were needed before sanctions, or they are just solving a problem they created.
2. Defense. At most, they are just creating a short-term boost in Venezuela's economy; sanctions are still going to hurt. [Focus Economics '19](#) finds that, even with a political transition scenario where reforms are enacted, Venezuela's economy will see an 8.4% contraction. Indeed, [the Global Policy Business Council '19](#) finds that Venezuela's contraction will continue until 2023. [Smith '19 of AP News](#) explains that the surprise bounce in the economy isn't going to last because sweeping sanctions will continue to run Venezuela's resources dry and create an economic fall.
3. Defense. [Vyas 19 of the WSJ](#) explains recent market loosening is desperate improvised reforms, not long-term solutions – Maduro could go back at any moment. Even if Maduro is reforming right now, he's gaining support and funding, and once his government is strong enough, he'll no longer have an incentive to reform.
4. Defense. Krygier '19 of WP finds that Maduro's economic reforms are creating only short-term stabilization because none of them changed the root cause of the problem and affected monetary policy.
5. Turn. DiJohn '04 of London School of Economics writes that liberalization created the worst banking crisis in Venezuela's history under Chavez because people flooded to denationalized assets.
6. Turn. DiJohn continues that because of the governments bad fiscal policies and inability to correctly liberalize, manufacturing dropped 15% and FDI fell, leading to a stalling in economic growth.
7. Weigh. For these reforms to continue, sanctions have to continue indefinitely. This means that while Maduro may make small reforms, thousands of people are going to continue to die in the process.

## A2 Privatizing Oil

### A2 Dollarization

1. Latin American Risk Report - empirically only thing that has happened from dollarization is increasing poverty and inequality, creating more protests against Maduro. In fact, Yapur '20 of Bloomberg explains that the broad dollarization of the economy has made everyone's bolivars even more worthless, driving them further into poverty.
2. Non-uj. [InsightCrime '19](#) explains that dollarization of the Venezuelan economy was going to happen either way because drug traffickers are using shell corporations for money laundering and proliferating the dollar into the Venezuelan economy.
3. Turn. [InsightCrime '19](#) explains that because of US sanctions, Venezuelans are forced to turn to illicit markets like the drug trade and illegal gold mining as a source for dollars. They further that the economy's isolation under sanctions drives illicit activities. Comparatively, by lifting sanctions, you allow dollarization to happen in a better way because now they can access dollars through legal means.

### A2 Price controls

1. Defense. [Cohen 19 of Reuters](#) explains price controls haven't revived the economy -- inflation is rising, commercial activity is falling, and prices are still beyond reach.

### A2 Diversification

1. Defense. [Diehl '19 of the Washington Post](#) explains that Maduro and his elites get money from the illicit drug trade, meaning he has no incentive to diversify because he has enough money for himself now. \*\*
2. Defense. [Wells '19 of Tikkun](#) explains that Maduro tried to diversify the Venezuelan economy, but because producing goods is much more expensive than importing them in an oil based economy, it is difficult.
  - a. This also means that the economic recovery in our case is a prerequisite to full diversification because of the high upfront cost of diversifying.
3. Defense. [Wilpert '19 of Brandeis University](#) gives three reasons diversification doesn't work.
  - a. Chavez invested billions into other sectors of the economy and tried to diversify, but the oil industry always ended up outcompeting the industries because it brings in so much revenue.

- b. Oil revenues in Venezuela are key to keeping the fixed exchange rate between the Bolivar and the Dollar, which means they can't shift off oil because it would doom the economy.
  - c. Sanctions have made it impossible for the economy to diversify because sanctions have left the economy unable to generate resources for diversification.
4. Defense. Reuters '16 explains that Maduro started trying to diversify away from oil in 2016 when he invested in the mining industry.

## A2 CITGO

1. Defense. Cohen '19 of Reuters explains that Venezuela is seeking an asset protection deal from the UN that would ensure that creditors cannot collect on their debts. Cohen continues that as Maduros regime teeters, nations on the council have an incentive to grant this request to establish good relations with the opposition.
2. Defense. Bartenstein '19 of Bloomberg explains that Russia's Rosneft would only be able to lay claim to 49.9% of CITGO, a non-controlling share, preventing them from taking action with CITGO.
3. Defense. Bartenstein '19 continues that the US Committee on Foreign Investment could also choose to derail a Russian claim to CITGO on national security concerns if the company defaults. Cohen '19 of Forbes explains that the US wants to keep the minority stake in CITGO away from Russia.

## A2 Hezbollah

### A2 Sanctions Cut Financing

1. Maduro is still funding
2. Other countries fill in. Clarke '19 from Foreign Policy: Hezbollah has a network through Venezuela, Brazil, Paraguay, Argentina. Kajjo '19 of VOA: the main goal of Hezbollah is to expand its revolution and Venezuela is one of its platforms for doing so, but any chance to spread farther would be implemented.
3. Kajjo: Iran provides Hezbollah members, facilitators, and finances needed to move throughout Venezuela. So if you want to talk about cutting off funding, you have to go to a different government.
4. Hezbollah gets their funding through the illicit drug trade. And AFP '19 shows you that there has actually been a 50% INCREASE in drug trade, so they can't really prove to you that sanctions are actually decreasing.

## A2 Opposition Regime Ousts Hezbollah

1. Clarke '19 of Foreign Policy writes that pushing out Hezbollah would fall at the end of the list of Guaido's priorities because it would need to literally rebuild society and the capabilities won't exist because of shattered infrastructure and security services.
2. Clarke continues that A) Trump won't contribute to ousting Venezuela because he hates long interventionist nation-building campaigns and so does his base B) To keep influence in the region, Iran and Russia will fund a Hezbollah fight to stay.

## A2 Regime Change

### Topshelf

1. TURN. That's why Smith of TIME reports less than a month ago, Guaido's support has sunk by 20%, a sign that Venezuelans are starting to think that removing Maduro from power may be impossible.

2. TURN. Sanctions strengthen Maduro. Gallegos '19 of the New York Times writes that sanctions reverse regime change progress by making the population weak and dependent on food and resources from Maduro, which are only given to loyalists. Moreover, Gallegos continues that most likely another Chavista political elite will rise to power after regime change because they already have significant resources and support. This means that the best option is to remove the scapegoat that is US sanctions and increase the likelihood that a democratic leader is elected.

3. TURN. Regime change in Venezuela would wreak havoc on Latin America. Berg '19 of Foreign Policy gives two reasons.

- a) Under threat, Maduro will practice "dispersed defense" where he arms various guerilla and military groups throughout Venezuela that will wreak havoc across the country.
- b) Under a collapsing government, military commanders will sell their heavy arsenals to guerilla and rebel groups across Latin America, creating a small arms outflow that enables criminal groups to "sow mayhem and challenge the authority of governments across the region".

4. DL. Russia. Kaplan 19 of the Washington Post explains Russia has a geopolitical interest in Venezuela to demonstrate to its hemispheric allies that it can exercise Latin American influence and challenge U.S. geopolitical interests. Consequently, Herbst '18 of the Atlantic Council writes that Russia has sent military forces to prop up Maduro's regime, subsidized the government to help its industries, and established a counter financial system to the West to fund Maduro all to establish influence and thwart US policy in Russia's backyard.

**Commented [6]:** double turn

**Commented [7]:** oh ur right. we can still read smith but not Phillips tho. but if they concede any of the delinks, that delinks the turn regime change bad turn too

**Commented [8]:** maybe don't read this bc concedes sanctions hurt ppl, and neg says keep sanctions

**Commented [9]:** our neg says it hurts ppl we just do necessary evil weighing

**Commented [10]:** makes sense

**Commented [11]:** wait isn't this in response TO the neg?

**Commented [12]:** right but I was thinking bc aff keeps Maduro in power it might not be good to say Maduro is shit

**Commented [13]:** double turn

**Commented [14]:** oh ur right. we can still read smith but not Phillips tho. but if they concede any of the delinks, that delinks the turn regime change bad turn too

5. DL. China. Ferchen 19 of the Washington Post reports China's relationship with Venezuela is both ideological and economic. While China promotes itself as a leader of international development and South-South ties, it also engages in massive loans-for-oil deals, hoping its support will pave the way for future oil-based trade and investment opportunities.

\*\*OR (don't read w 3) Sanctions strengthen Maduro. [Phillips 19 of the Guardian](#) explains Maduro has blamed Venezuela's economic woes on the U.S., accusing the U.S. of imperialism and reminded the Venezuelan people of the West's colonization and enslavement of the native populations of Latin America.

Commented [15]: double turn

Commented [16]: oh ur right. we can still read smith but not Phillips tho. but if they concede any of the delinks, that delinks the turn regime change bad turn too

### A2: Elections = Guaido

1. DL. Even if elections occur, Albertus '19 of Foreign Policy confirms that another politician from Maduro's party has a significant chance to win the election because Chavista ideology and policies are still popular.

### A2 Opposition Protests

1. Turn. [Rodriguez '17 of Foreign Policy](#) writes that sanctions doom the opposition from gaining ground because Venezuelans have a historical memory of economic upheaval occurring at the hands of political movements that makes them distrust any political movement willing to destroy the economy of Venezuela.
2. Defense. [Smith '19 of TIME](#) explains that Guaido is rapidly losing popular support in Venezuela and the population has slowed protests, suggesting a downward future trend.

### A2 Anything w/ Funding

1. Defense. [Schalk '19 of FreedomLab](#) writes that US sanctions cannot topple Maduro's regime because of their drug trade. While sanctions may slightly hurt the regime, Maduro's drug trade allows for enough repression and funding to retain control over the government.

### A2 Turning Military

1. TURN. Irish Examiner 18 writes that if the military turns against Maduro it will likely split parts of the military rather than the entire military, creating a bloody and devastating civil war in Venezuela.
2. DL. Purgings. [Sheridan of the Washington Post in 2019](#) explains Venezuelan troops are heavily monitored and potential defectors quickly purged, jailed, and tortured while

authorities harass family members. That's why [Shepp of the Intelligencer](#) writes that defections have decreased as potential defectors are isolated and have no opportunities to organize against the regime.

3. DL. Ideology. [The BBC reports in 2019](#) Maduro's predecessor, Hugo Chavez, purged the military to ensure its senior officials were aligned with his left-wing ideals, and the military's commitment to Chavez has continued with Maduro, who has pledged to continue his patriotic, anti-imperialist legacy.
4. DL. [The Intelligencer](#) explains that Maduro is reducing his dependence on the military by expanding the civilian militia. This paramilitary group reports directly to the president and serves as his unaccountable intimidation machine and death squad. [Dobson '19 of Venezuelanalysis](#) explains that Venezuela's militia, loyal directly to Maduro, has recently surpassed 3.3 million members, meaning that Maduro can sustain the loss of the military. Thus, [Compoy '19 of Quartz](#) writes that the military will likely fail to overthrow Maduro because of his paramilitary troops, but even if they do, factions of the troops will remain to wreak havoc across the country.
5. DL. Corruption. [Diehl '19 of the Washington Post](#) explains that because the higher-ups officials in the military are knee-deep in corrupt and criminal activities they won't betray Maduro because they know the alternative is imprisonment. In fact, [Gamboa '19 of Foreign Policy](#) finds that because of mistrust and the oppositions failure to produce satisfactory amnesty deals means the military won't turn. Furthermore, [Albertus '19 of Foreign Policy](#) writes that just amnesty protections are not enough; military officers must be given direct sources of revenue in order for them to support a transition. As a result, [Kraul '19](#) explains that in exchange for their corruption, they receive perks like positions in government and large salaries.

#### A2: Can't pay military

1. DL. [Diehl '19 of the Washington Post](#) explains that Maduro and his military allies are increasing their illicit revenue from mining, fraudulent oil sales, rake-offs from food and medicine imports, and currency trading, leaving millions for Maduro to continue to buy the loyalty of the military.

## A2 Invasion (Impact)

1. TNT 19' gives three reasons why Trump will not go to war with Venezuela
  - a. Refugees. Trump won't start a war in Venezuela because he fears a refugee crisis that would eventually get to the United States.
  - b. Trump wouldn't invade without approval of Latin American countries and Argentina and Brazil do not want the war.

- c. Russia and China would block the US from intervening in the UN Security Council.
- 2. DL. Trump won't intervene w 2020 elections. Miller 19 explains that an invasion would alienate his base and potentially cost him the election.
- 2. DL. Already in Iran and doesn't want more conflict.
- 3. DL. OCOs, diplomacy
- 4. DL. Support nonviolent protests — Columbia
- 5. NU. EVEN IF he does intervene, he'll do it anyways because sanctions will continue to be ineffective in both worlds. Answer Coalition in 2019 explains that sanctions have failed to cause a regime change, yet they have drastically weakened the economy and the people to set the stage for military action.

### Sanctions Lead to Intervention Rhetoric

While sanctions may act as a substitute for more direct conflict on larger states like Russia, the West has a precedent of using sanctions to weaken peripheral states that are more similar to Venezuela. For example, **Dagher '11 of the Wall Street Journal** reported that the UN and US increased sanctions on Libya as a part of the international military action against Gaddafi 6 months before his death, and **Paul '20 of Global Policy** finds that the US kept sanctions on Iraq for 12 years before their invasion for leverage against Hussein, until they invaded and decapitated his government. The warrant is clear: sanctions are a useful tool for weakening the states to make justifying an intervention easier.



Dagher, Sam. "Libyan Regime Feels Impact of Sanctions." *WSJ*, Wall Street Journal, 19 Mar. 2011, [www.wsj.com/articles/SB10001424052748703512404576208811193887754](http://www.wsj.com/articles/SB10001424052748703512404576208811193887754). Accessed 11 Jan. 2020. //CM

**The Libyan regime is feeling the impact of sweeping financial sanctions that have been tightened further as part of the U.N. Security Council resolution authorizing international military action against government forces in their battle with rebels.** Some observers say this may be one reason behind the regime's announcement on Friday of a tentative cease-fire and an end to military operations against the rebels. But **the regime also appears to be using the sanctions to rally the Libyan people behind it**, telling them that any hardship they suffer will be a direct result of punitive measures imposed by the U.N. and Western powers. The financial sanctions were invoked in the terse cease-fire statement delivered by Foreign Minister Moussa Koussa on Friday, and their repercussions on the Libyan economy, government revenues, investment and banking system were detailed on Thursday night in a press briefing by Abdel-Hafidh Zlitni, the finance and economy minister, who is also acting as the interim central banker. **"The total freeze of Libyan accounts and funds will hurt the Libyan people and prevent the state from meeting its domestic obligations,"** said Mr. Koussa. Earlier this week, the U.S Treasury Department froze the assets of Mr. Koussa, a member of Col. Moammar Gadhafi's inner circle who served previously as the head of the country's intelligence agency. Treasury also prohibited U.S. citizens from doing business with him and 16 Libyan companies in the aviation, banking, investment and oil sectors which are believed to have ties to Mr. Koussa and other members of Col. Gadhafi's regime.

Paul, James. "Sanctions Against Iraq." *Globalpolicy.Org*, 2020, [www.globalpolicy.org/previous-issues-and-debate-on-iraq/sanctions-against-iraq.html](http://www.globalpolicy.org/previous-issues-and-debate-on-iraq/sanctions-against-iraq.html). Accessed 11 Jan. 2020. //CM

The UN Security Council imposed comprehensive economic sanctions against Iraq on August 6, 1990, just after the Iraqi invasion of Kuwait. **When the coalition war had ousted Iraq from Kuwait the following year, the Council did not lift the sanctions, keeping them in place as leverage to press for Iraqi disarmament and other goals.** The sanctions remained in place thereafter, despite a harsh impact on innocent Iraqi civilians and an evident lack of pressure on Iraqi leader Saddam Hussein. A UN "Oil-for-Food Programme," started in late 1997, offered some relief to Iraqis, but the humanitarian crisis continued. **The US and UK governments always made it clear that they would block any lifting or serious reforming of sanctions as long as Hussein remained in power.** After more than twelve years of sanctions had passed, the US and the UK made war on Iraq again in March, 2003, sweeping away Hussein's government. Soon after, Washington called for and obtained the lifting of sanctions, a step that gave the US occupation authority full control over Iraq's oil sales and oil industry. This section covers a wide range of sanction issues, including the humanitarian impact, the Oil-for-Food Programme, criticisms of the sanctions and the debate that took place about their termination.

## A2: War Hawks

1. Then th is just non-unique

A2: Florida

A2: Colombian War

A2: Trump wants oil

## A2 Negotiations (Impact)

1. DL. [Toro '18 of Foreign Affairs](#) writes that Venezuela follows a strategy of proposing negotiations only to slow down the opposition while they organize the next repression campaign and, for this reason, the US has given up on negotiations with Maduro.
2. TURN. [Rodriguez '17 of the Foreign Policy](#) explains that US sanctions have caused Maduro to double down on his power and entrenched himself because sanctions have made it so that if Guaidó comes to power, he would have to follow US instructions and arrest him.
3. DL. Shifter '19 of NYT — Sanctions fail to build confidence between the opposing sides, which is the only way to get a viable deal. That's why Maduro said that he's not planning to send a delegation to attend diplomatic talks.
4. TURN. Goodman '19 of APNEWS – Sanctions are the reason why Maduro backs away from diplomacy

## A2 Strain Inner Circle

1. Turn: Otis '19 of NPR — Sanctions that target individuals stoke fear of arrest or extradition under a Guaidó-led government and has persuaded many officers to throw in their lot with Maduro.

## A2: Humanitarian Harms

1. Bahar

Sanctions are not responsible for the humanitarian harms

Bahar et al, 2019, Dany Bahar (Brookings Institution), Sebastian Bustos (Harvard Center for International Development), Jose R. Morales (Harvard Center for International Development), Impact of Miguel A.

Santos (Harvard Center for International Development), Impact of the 2017 Sanctions on Venezuela: Revisiting the Evidence, [https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela\\_final.pdf](https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela_final.pdf)

WS attribute the negative performance of most socio-economic indicators in Venezuela entirely to the August 2017 sanctions. Because of the sanctions-induced drop in oil revenue and loss of access to capital markets, they claim, Venezuela lacks enough foreign currency to import the food and medicine to satisfy the population's basic needs. While it is possible that the sanctions adversely affected oil production, we conclude it is impossible to disentangle (and thus measure) that effect from the presanctions output decline observed. Similarly, this pre-sanctions drop in oil production was accompanied by a sharp deterioration in socio-economic conditions starting in at least 2013 that was not observed elsewhere in the region. Figure 5 plots the value of food imports across Latin America over time (indexed at 100 in 2013), as reported by exporting countries.<sup>2</sup> It shows how out of step Venezuela has been with the rest of the region since 2013 when food imports began plummeting. By 2016, the year before sanctions were imposed, imports had fallen by 71 percent from their 2013 peak.

Similarly, Figure 6 plots the value of imports of medicine and medical equipment across Latin America over time (indexed at 100 in 2013), as reported by exporting countries. It shows that Venezuela's imports fell by 68 percent between 2013 and 2016, while they remained broadly constant in the rest of the region.<sup>3</sup> In other words, the bulk of the plunge occurred prior to the August 2017 sanctions. By the end of 2017, Venezuelan imports of these key inputs for public health provision constituted only 8 percent of the value observed in 2013.

WS claim that the 2017 sanctions caused a subsequent fall in imports, which in turn led to a "reduction in the caloric intake" by the population and the consequent deterioration of living standards (as well as an increase in death rate). Fortunately, we have data to examine this claim. Specifically, we draw from a daily measure of the purchasing power of the Venezuelan minimum wage in terms of the cheapest available calories, calculated by Douglas Barrios of Harvard University's Center for International Development. Figure 7 uses prices reported by CENDAS for 58 products in more than 50 points of sale in the Metropolitan Area of Caracas to plot the maximum number of daily calories that can be purchased with a minimum wage, on average, for every month between 2010 and 2018.<sup>45</sup> Consistent with our other findings, there has indeed been a steep reduction in Venezuelans' caloric intake, but the decline started long before the 2017 sanctions. The figure shows that by the time sanctions were imposed, an entire minimum wage could only purchase 6,132 of the cheapest calories available per day (e.g., yucca in August 2017). That number is 92 percent lower than it was in January 2010, and barely 56 percent of the minimum dietary needs of a family of five (estimated to be at around 10,800). While the purchasing power of the minimum wage continued to decline after August 2017 (to levels that allow for the purchase of only hundreds of calories), it is impossible to ascertain how much of that fall was simply a continuation of the steep trend observed pre-sanctions.

WS claim that, given the 31 percent increase in general mortality recorded in Venezuela between 2017 and 2018 (according to their own sources), U.S. sanctions have been directly responsible for 40,000 deaths. We are unable to find that 31 percent statistic in publicly available sources to replicate the calculation. In their executive summary and in the body of the paper, the authors state that the estimate is based on figures reported in the 2018 National Survey on Living Conditions (ENCOVI for its Spanish acronym), a representative survey of Venezuela conducted by a group of local universities. However, at the time of publication of this paper and of Weisbrot and Sachs (2019), the 2018 ENCOVI survey results

had not yet been released. Footnote 35 of Weisbrot and Sachs (2019) clarifies that, contrary to what is stated in the main body of the text, the mortality statistics are indeed based on a source different than ENCOVI: an internal report on Venezuela from March 2019 by the United Nations titled “Overview of Priority Humanitarian Needs,” which—to the best of our knowledge—is not publicly available.<sup>6</sup> In the absence of data to replicate the WS calculation, we compare the evolution of the infant mortality rate in Venezuela to that of Latin America drawing from the World Bank’s World Development Indicators. While different than overall mortality rates, increases in infant mortality rates are generally interpretable as a preventable consequence of inadequate pre- and post-natal care for otherwise healthy but vulnerable infants. Thus, infant mortality is often recognized as a good proxy measure of the quality of overall public health provision. Figure 8 plots infant mortality rates in the first year of life expressed per 1,000 live births across Latin America over time (indexed at 100 in 2012). It shows that between 2013 and 2016, infant mortality in Venezuela grew by 44 percent (from 15.4 to 22.2 deaths per 1,000 live births) at the same time as it declined elsewhere in the region. This result is consistent with that reported by Garcia, Correa, and Rousset (2019), which estimated an increase in infant mortality of 40 percent between 2008 and 2016. In line with our previous findings, the deterioration in infant mortality (and correlated increase in general mortality) precedes the imposition of sanctions in August 2017.

This report revisits the conclusions reported by Weisbrot and Sachs (2019), which attributes the socioeconomic crisis in Venezuela to the financial sanctions imposed by the United States on the government and the state-owned oil company PDVSA in August 2017. While we recognize the possibility that the sanctions may have had some impact on Venezuela’s oil production, our analysis finds insufficient evidence to conclude that they were responsible for the worsening of the socio-economic crisis. There are simply no plausible counterfactuals or enough publicly available data to rigorously estimate a causal effect at this time. Perhaps more importantly, this paper shows that the bulk of the deterioration in all the socio-economic indicators analyzed in Weisbrot and Sachs (2019) occurred prior to the August 2017 sanctions. The weight of evidence seems to indicate that, rather than being a result of U.S.-imposed sanctions, much of the suffering and devastation in Venezuela has been, in line with most accounts, inflicted by those in power.

Maduro government responsible for the humanitarian crisis

Bahar et al, 2019, Dany Bahar (Brookings Institution), Sebastian Bustos (Harvard Center for International Development), Jose R. Morales (Harvard Center for International Development), Impact of Miguel A. Santos (Harvard Center for International Development), Impact of the 2017 Sanctions on Venezuela: Revisiting the Evidence, [https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela\\_final.pdf](https://www.brookings.edu/wp-content/uploads/2019/05/impact-of-the-2017-sanctions-on-venezuela_final.pdf)

The humanitarian crisis in Venezuela is related to a broader collapse of the country’s economy. Many analysts have argued that the government’s own policies have played a role in causing the economic crisis or allowing it to persist.<sup>109</sup> Regardless of the situation’s underlying causes, the government is obligated to make every effort to use the resources at its disposal to meet its minimum obligations under international law and reverse the erosion in Venezuelans’ access to adequate health services and food. However, under the presidency of Nicolás Maduro, the Venezuelan government has denied the crisis, hidden health statistics and data, harassed health professionals who speak out about the reality

on the ground, and made it harder for sufficient humanitarian assistance to reach the Venezuelan people. Through these policies and practices, authorities have contributed to the worsening humanitarian crisis documented in this report. 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 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. Venezuelans lining up for drinking water Venezuelans lining up for drinking water in Caracas (2019) "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. Those in the opposition blame Maduro for corruption, shortages, a failing economy and hyperinflation. Government supporters say the United States and an economic war are behind the growing crisis in the country. U.S. sanctions have become increasingly aggressive since they were first announced by former US President Barack Obama in 2015. Under pressure from the United States, foreign companies stopped doing business with the country. Citibank closed Venezuela's foreign accounts. President Donald Trump intensified sanctions in 2017 and this year imposed an oil embargo that blocked the purchase of petroleum from Venezuela's state oil company, PDVSA. It also confiscated Venezuela's US subsidiary CITGO, worth \$8 billion. It was a huge blow for Venezuela, which received 90% of government revenue from the oil industry. The U.S. government has also frozen \$5.5 billion of Venezuelan funds in international accounts in at least 50 banks and financial institutions. Even if Venezuela could get money abroad, the United States has long blocked international trade by threatening sanctions on foreign companies for doing business with the country. Food items being handed out to Venezuelans Food items being handed out to Venezuelans Failing equipment and broken parts According to representatives from Hidrocapital, the state water agency for the capital, Caracas, roughly 15%-20% of Venezuelans don't have access to potable water in their homes, because the government cannot acquire new foreign-built parts to fix broken pumps and pipes. "With the blockade, we've had situations, where we have the pumps and the motors and they are about to ship and then comes the all-powerful hand of the United States and they block the money in the bank or sanction the company that is working with us, just for selling us this equipment and without seeing that they are affecting people's lives," says Maria Flores, vice president of operations at Hidrocapital. In response, Hidrocapital ships truckloads of water each week to needy communities. But the blockade, and the lack of parts for vehicles, is also impacting the number of water trucks Hidrocapital can keep on the road. Maria Flores says their fleet has been reduced by 75% over the last three years, to now only a handful of trucks. An unequal crisis Those with access to dollars, in the wealthier neighborhoods of Caracas, are weathering the storm. Shoppers pour in and out of the upscale Sambil mall on the eastern end of the city. On the top floor, a sushi restaurant is packed. A two-person

meal there can cost several times more than the monthly minimum wage. But in the poor barrios, many try to hold down multiple jobs. Jobs with access to dollars, if possible. Millions have left the country in search of opportunities abroad. Carolina Subero's husband is one of them. He sends money home each month. But it's still not enough to pay for their little girl's medicine or to make ends meet. Subero is not a huge fan of President Maduro. But she also doesn't blame the government. The problem, she says, are the US sanctions. "They don't care. They think they are hurting President Maduro, and they're really hurting the people," says Subero. "If they really wanted something good for Venezuela, they would not be doing what they are doing right now."

## A2: Cryptocurrency

Petro crypto currency isn't being adopted

Antigua Report, June 3, 2019, <http://econamericas.com/wp-content/uploads/2019/07/BG-US-Sanctions.pdf>, US SANCTIONS ON VENEZUELA

President Donald Trump, however, banned transactions with the petro within the U.S. financial system on March 2018. He hasn't lifted these sanctions, so U.S. banks can freeze the accounts of those trading or using the petro.

Since a limited pre-sale in March, the petro has thus far failed to garner a positive response from the crypto community, where government-owned currencies are the exception. Industry specialists, such as Jorge Farias of Cryptobuyer, contend that the petro barely qualifies as a cryptocurrency since it lacks transparency, decentralization, and a trustless system. Andrés Gómez, a Venezuelan cryptocurrency expert based in Panama, stresses that "everything [about it] is a mystery." Since the pre-launch, the petro's adoption also has been scant. Venezuelans prefer the better established and circulated bitcoin, dash, and other altcoins to preserve their salaries and limited savings in a country with hyperinflation. They also use these cryptocurrencies to purchase scarce goods, send remittances to struggling relatives, and avoid arbitrary confiscation by government officials.

Can't trade in petro crypto

Antigua Report, June 3, 2019, <http://econamericas.com/wp-content/uploads/2019/07/BG-US-Sanctions.pdf>, US SANCTIONS ON VENEZUELA

Torrealba believes that the petro isn't real money and that its price depends on the whims of regulators. Venezuelans, he says, "are subject to a sophisticated planned economy that, in essence, seeks to eradicate the market through the destruction of money and the free system of prices." Moreover, the

petro cryptocurrency could isolate Venezuela from world markets. Only countries that have historically sought to become independent from the U.S. dollar might support Maduro's

## A2: Can Still Access Essential Goods

Even if critical goods are exempted, financial institutions won't allow the transactions because of the sanctions

WOLA Human Rights, 2019, Human Rights Organizations: New U.S. Sanctions Risk Aggravating Human Suffering in Venezuela With No Solution in Sight, August 6, <https://www.wola.org/2019/08/human-rights-organizations-new-u-s-sanctions-risk-aggravating-human-suffering-in-venezuela-with-no-solution-in-sight/>

The Executive Order signed on Monday claims that these latest sanctions will not impact transactions relating to imports of food, medicine, or clothing. In practice, however, similar exemptions included in previous rounds of U.S. sanctions have failed to prevent the negative consequences of overcompliance. It is clear that this practice has had the effect of significantly restricting legal work by independent humanitarian organizations in Venezuela. Financial institutions, rather than risk running afoul of the U.S. Treasury Department, have chosen to freeze legitimate accounts and deny legal transactions, even those associated with actors working to relieve the country's humanitarian emergency or support a democratic transition. What is more, the economic impact of these sanctions will be to reduce overall imports in a context in which millions of ordinary Venezuelan people are already highly vulnerable.

## Evidence

### The US has an incentive to save CITGO

Ariel Cohen, xx-xx-xxxx, "CITGO Key To Trump's Venezuela Strategy," Forbes, <https://www.forbes.com/sites/arielcohen/2019/10/08/citgo-key-to-trumps-venezuela-strategy/#1f2f9eb17a8e>

PDVSA's capacity to sell its oil to the markets is wedded to CITGO's refineries. This makes this U.S.-based company far more than just a cash generator – it **is a strategic energy security asset for both countries**. Today PDVSA has two competing boards: one appointed by Maduro, and one by Guaidó. Debt-ridden PDVSA defaulted on the majority of its debt and bonds, with the exception of the 2020 bonds secured by 50.1% of its ownership shares in CITGO. PDVSA currently owes a staggering **\$24.7 billion** to these lenders. However, cash strapped Guaidó and his coalition are trying to access CITGO's resources to fund the struggle against Maduro. In order to get access to CITGO's cash, **Guaidó's team is lobbying the Trump White House to issue an Asset Protection Order** (APO), a quasi-judiciary instrument that would stop PDVSA from having to pay bondholders. The order would include protection of CITGO shares that are the collateral for the 2020 bonds, the next payment on which is due at the end of the month. Under the terms of the **bonds**, if PDVSA defaults on its October payment, the CITGO shares go into **foreclosure**. The **American lenders have said they want to reach a deal to help PDVSA avoid this [default]**, but so far, the board controlled by Guaidó has refused to renegotiate seriously, betting instead an APO will allow them greater maneuverability. The approach taken by Guaidó's team sets up an unintended trap for the White House. It would make CITGO far more debt-ridden and risky, and undermine future investment in PDVSA that will be desperately needed for a post-Maduro economic recovery. Moreover, an APO could inadvertently end up helping the very actor **the U.S. is working to block** from having a larger role in the country and region: **Russia**.

#### UN saves CITGO

Luc Cohen, 9-20-2019, "Exclusive: Venezuela opposition eyes U.N. asset protection as option to save Citgo," U.S., <https://www.reuters.com/article/us-venezuela-debt-citgo-un-exclusive/exclusive-venezuela-opposition-eyes-u-n-asset-protection-as-option-to-save-citgo-idUSKBN1W431H>

**Venezuela's opposition is preparing to seek an asset protection program from the United Nations to prevent creditors from seizing the country's crown jewel overseas asset**, U.S. refiner Citgo, a lawmaker and two opposition sources told Reuters. The idea of a Security Council resolution protecting Citgo was proposed in an academic paper written late last year by Lee Buchheit, a veteran sovereign debt restructuring lawyer who has since become an adviser to the opposition. In the paper, Buchheit wrote that **Russia and China should support such a resolution because "in the event of an ouster of the Maduro regime both countries should wish to foster a friendly relationship with the new administration."**

**Regime cannot mine fast enough AND Russia pulling more resources than it is providing AND dollarization creates new protests that will shake loyalty of military around Maduro**

TWT

SAP's suck, hurt poor ppl, ect.

[http://www.thirdworldtraveler.com/IMF\\_WB/TenReasons\\_OpposeIMF.html](http://www.thirdworldtraveler.com/IMF_WB/TenReasons_OpposeIMF.html)//nt



The IMF, along with the WTO and the World Bank, is directing the global economy on a path of greater inequality and environmental destruction. **The IMF's and World Bank's "structural adjustment policies" (SAPs) ensure debt repayment by requiring countries to cut spending on education and health; eliminate basic foods and transportation subsidies; devalue national currencies to make exports cheaper; privatize national assets; and freeze wages. These policies increase poverty, reduce countries' ability to develop strong domestic economies and allow multinational corporations to exploit workers and pollute the environment.** 2) The IMF caters to wealthy countries and Wall Street. Although industrialized countries have not borrowed from the IMF in twenty years, rich countries dominate decision making. Voting power is determined by the amount of money that each country pays. The U.S. is the largest shareholder with a quota of 18%. U.S., Germany, Japan, France and Great Britain together hold about 38% of the vote. Each of these countries appoints their own representative to the executive board, while other groups of countries elect a representative. The U.S. Executive Director is Karin Lissakers, and she works closely with Lawrence Summers and the U.S. Treasury Department to design policy for the IMF. The disproportional amount of power held by wealthy countries translates into decisions that benefit wealthy bankers, investors and corporations from industrialized countries at the expense of sustainable development. Is it a surprise that the IMF then uses its leverage over cash-strapped developing countries to force them to open up to powerful transnational corporations?

TNT 19' - 3 Reasons why trump does not want to go to war

<https://thenewturkey.org/what-awaits-venezuela-a-military-coup-or-a-civil-war//nt>

Aside from heavy costs and its contradiction with international law, the U.S. is avoiding military intervention for three other important reasons. First, is the problem of location. Although the U.S. can exercise military interventions in different corners of the world, it will not prefer to do so when its "backyard" is in question. The U.S. will not want to see the presence of an unstable region in its proximity and cannot afford a possible migration wave caused by it. So, unless the Maduro administration surrenders easily, the U.S. administration will be negatively affected. Secondly, the U.S. has drawn the support of a substantial number of countries in the continent against the Maduro administration, although only on the political realm. However, as indicated by many analysts, a military intervention will not enjoy the same amount of support. Countries like Brazil and Argentina will probably give no support to such a move. Therefore, the U.S. will not attempt such an act without the approval of Latin American countries, but will increase economic and political oppression in the following period. Last but not least, such an intervention is not favored by countries like Russia, China and Turkey. This is a significant aspect of the issue in terms of its

conformity to international law, since Russia and China are members of the UN Security Council and stand against a possible intervention. The second question is whether a civil war might break out in Venezuela. It must be noted that the possibility of a civil war is higher than that of a military intervention.

Boz (). 12-31-2019. "Latin America Risk Report." No Publication.

[https://boz.substack.com/archive?utm\\_source=menu-dropdown](https://boz.substack.com/archive?utm_source=menu-dropdown). Accessed 1-10-2020. //TP

Those three factors are interdependent. His international alliances are key to his cash flow and the money has a direct impact on the loyalty of those around him. *The regime is running out of gold and cannot mine more fast enough out of the Orinoco belt to replace what is being strip mined out of the Central Bank. The oil industry - while exports increased in November - provides far fewer cash-producing barrels than it did at the end of 2018. Russia helps the sanctions evasion and ships pallets of hard currency in exchange for gold and oil, but as I've argued previously, [Russia is likely pulling more resources from Venezuela than it is providing Maduro](#).* None of the above ten points I've listed are dependent on Juan Guaido, others within the coalition of Maduro opponents, or the population at large. That's not to say that opposition cohesiveness, infighting and strategy don't matter. They certainly play a role in keeping pressure on Maduro both domestically and internationally. The opposition's recent infighting helps keep Maduro in power, and the Maduro regime's attempts to repress and break apart the Guaido coalition shows that the de facto president understands that his opponents matter. The big shift, as of the end of 2019, is the dollarization of the economy. This reversal of a long-held Chavista policy of currency controls has provided relief to the top levels of the economic pyramid. This includes many who are among the sectors who led protests in 2007, 2014 and 2017. *However, dollarization has increased inequality and made life more difficult for the poorest as well as government workers. If a protest wave hits Venezuela in 2020, it very well might be led by the sectors that have been left out by the dollarization of the economy rather than the traditional opposition. That would present a different public pressure threat than the Chavistas have faced in the past two decades. It could potentially shake the loyalty of those around Maduro.* Maduro wants new legislative elections and Guaido has long insisted that new presidential elections are necessary, but with Maduro leaving power as a precondition. Any new election process, whether or not the opposition participates, is a risk to Maduro and his hold on the legitimacy of the status quo. Elections are often a key moment of pressure, even for authoritarian regimes that manipulate and abuse the process.

## Maduro is not supporting Farc now- sanctions help farc

### There is no conclusive evidence that Chavez's successor, Nicolas Maduro, has actively supported FARC presence in Venezuela.

Indeed, Venezuela played an important role in Colombia's 2016 peace accord with the FARC, as one of five guarantors of the process. However, Maduro's preoccupation with the escalating economic and political crisis engulfing the country has allowed Venezuela to become a refuge for FARC dissidents who refused to participate in the rebel group's demobilization. Initially scattered and disorganized, these dissidents have regrouped and grown in number as the peace process has faltered over subsequent years.

Data released in May 2019 by Venezuelan NGO Fundación Redes identified six dissident movements of the FARC operating in Venezuela. Of these, the 33rd Front is believed to be steadily extending its control in the country. Just as was the case during the Colombian conflict, Venezuela continues to offer a safe haven and access to important criminal economies to FARC rebels seeking to strengthen their influence in Colombia.

### As Venezuela under Maduro has slid deeper into political and economic chaos, the relationship between the country and the FARC dissidents has become increasingly symbiotic.

Venezuelans are now believed to comprise a significant proportion of the ex-FARC mafia in the country, as the ex-FARC and other guerrilla groups have tightened their control on local criminal economies by recruiting impoverished Venezuelans in the Colombian border region. Furthermore, ex-FARC rebels are believed to be key members of Venezuelan armed movements, notably the "border security colectivo" that became notorious for its role in blocking humanitarian aid to the country in February 2019.

#### Leadership

Miguel Botache Santillana, alias "Gentil Duarte," commands the 7th front of the ex-FARC mafia and is currently the dissident leader most wanted by Colombian authorities. He is believed to have been hiding out in the southern Venezuelan state of Amazonas since November 2018.

Another key figure is Duarte's lieutenant Genar García Molina, alias "Jhon 40." Based in Venezuela for at least two years, "Jhon 40" is credited with having reunified the scattered FARC dissidents in the Catatumbo region into the 33rd Front, on the orders of Gentil Duarte. He is now thought to command a structure of over 300 men, many of them Venezuelan.

In addition, Venezuela is likely refuge for former FARC commanders including Luciano Marin Arrango, alias "Ivan Marquez" and Hernan Dario Velasquez, alias "El Paiza." These leaders ended their cooperation with the peace process and went into hiding in 2018, citing their dissatisfaction with the Colombian government's handling of the process. It is feared that both may be seeking new command positions within the ex-FARC mafia.

#### Geography

Venezuelan NGO Fundación Redes identifies six movements composed of former FARC rebels operating in Venezuela. Their presence has been documented in at least seven of Venezuela's 24 states: Zulia, Mérida, Táchira, Apure, Guárico, Bolívar and Amazonas. The vast jungles of Amazonas are of particular strategic importance as a hide-out and drug-trafficking corridor. From here, Gentil Duarte's 7th Front coordinates cocaine shipments from Colombia in collusion with drug-traffickers in Mexico and Brazil, receiving in return high-grade weaponry which is smuggled to FARC dissident groups in southeastern Colombia.

The Venezuelan region of Catatumbo, across the border from Colombia's Norte de Santander, has regained importance for the FARC since 2018, when Jhon 40 set out to reconsolidate the former guerrilla's forces and criminal economies in the area. A key part of this mission was to reestablish the FARC's trafficking routes into Venezuela and coordinate the local buying of coca paste. The ex-FARC mafia under his command is now believed to control a large part of the drug-trafficking market into Venezuela, including the onward route into Brazil.

In addition to their drug trafficking operations, the ex-FARC mafia are engaged in the illegal mining of gold and coltan in the southern states of Bolívar and Amazonas. From here, they export the metals across the border into the Colombian states of Guainía and Vichada.

#### Allies and Enemies

The Chavez government offered a generally tolerant atmosphere to the rebels, although the relationship was not as straightforward or close as some Chavez critics claimed, and weakened further during the final years of the Chavez presidency.

Although Maduro has not shown open support for rebel presence in Venezuela, his weak control of Venezuelan territory and criminalized security forces have allowed the FARC dissident movements to thrive and reconsolidate in the country.

## **Venezuela funded FARC and ELN before sanctions AND The goal of it's funding is to destabilize critical infrastructure**

José R. Carderas, 10-7-2019, "Maduro Is Playing a Dangerous Game on the Colombian Border," Foreign Policy, <https://foreignpolicy.com/2019/10/07/maduro-is-playing-a-dangerous-game-on-the-colombian-border/>

**Venezuela's support for Colombian guerrillas and narcotraffickers is nothing new.** But the issue has taken on an added urgency in recent weeks after two leading members of the largely demobilized Revolutionary Armed Forces of Colombia (FARC)—Jesús Santrich and Iván Márquez, who the United States says were still dealing in drugs in violation of the 2016 peace agreement—disappeared, only to resurface in a video declaring a new chapter in their war against the Colombian state. Colombian authorities say the video was filmed in Venezuela. This was followed by a **blockbuster report in the Bogotá weekly Semana citing a cache of secret Venezuelan documents it obtained to demonstrate how the Maduro regime collaborates with the FARC and National Liberation Army (ELN) to destabilize Colombia.** One document reveals the location of personnel and camps of the ELN. Most alarmingly, **another reveals the alliance between the Venezuelan military and intelligence services and the guerrillas to share information on Colombia's strategic infrastructure, including government and military sites, ports, airports, bridges, and roads.**

Bahar '19 | Confounding variables – bulk of damage happened way before sanctions

Bahar, Dany, Brookings Institution, May 22, 2019, "Chavismo is the worst of all sanctions: The evidence behind the humanitarian catastrophe in Venezuela"

<https://www.brookings.edu/blog/up-front/2019/05/22/chavismo-is-the-worst-of-all-sanctions-the-evidence-behind-the-humanitarian-catastrophe-in-venezuela/>

*Because they both respond to very different fundamentals, and therefore, even respond differently to common shocks* (such as price fluctuations). In fact, we show that when looking at both trends before 2013, they look quite different. In economic jargon, we say that Colombia's oil production is no counterfactual to Venezuela's. *This is even without considering that there are confounding factors, happening also in 2017, that could also explain the continuing drop in oil production, such as the appointment of a high-ranking military officer to manage PDVSA, a person with no relevant credentials for the job.* We could try to find a "counterfactual," but it will be difficult, if not impossible, to find one that is convincing enough. Reducing the analysis to simply choosing a comparison country (like Colombia, for instance) or group of countries, can lead to many different results. *For instance, when comparing Venezuela's oil production across time to the average of OPEC countries, we see that the drop in Venezuela's oil production started way before the sanctions were enacted.* Venezuela's drop in oil production compared to OPEC countries preceded the sanctions, big time. But here is our most important point. *The worsening trends in all of the socio-economic determinants of the humanitarian catastrophe so clearly start before 2017 that it is impossible to estimate what is or isn't explained by*

*sanctions*. Moreover, when looking at almost any socio-economic indicator that determines, at least part of, the humanitarian catastrophe, *the bulk of the damage happened before sanctions were enacted* (see figures 2-5 below). For instance, *by 2016*—the year before sanctions were imposed—*food imports in the country had fallen by 71 percent from their 2013 peak. Imports of medicines and medical equipment fell by 68 percent between 2013 and 2016.* In terms of calorie intake, we find that by August 2017 Venezuelans earning the minimum wage could only afford a maximum of 6,132 of the cheapest available calories per day—equivalent to 56 percent of the minimum dietary needs of a family of five. This is 92 percent fewer calories than the minimum wage could purchase in January 2010. *Infant mortality, a good proxy for the quality of public health services, grew by 44 percent between 2013 and 2016 and has continued to do so since.* Thus, it is clear from our analysis that the further deterioration observed since 2017—whether caused by the sanctions, management incompetence, or whatever it was—by no means constitutes the bulk of the collapse that has caused widespread suffering, death, and displacement to millions of Venezuelans. *The weight of evidence seems to indicate that much of the suffering and devastation in Venezuela has been, in line with most accounts, inflicted by those in power for more than 20 years already.* Ignoring this and blaming the damage on agents other than Maduro and the Chavista governments after decades of failed policies is, to put it mildly, highly misleading.

#### Sanctions included licenses that allow for debt restructuring

David Mortlock (). December 4, 2017. "Restructuring Venezuela Amidst Sanctions." Gallagher LLP. [https://www.willkie.com/~media/Files/Publications/2017/12/Restructuring\\_Venezuela\\_Amidst\\_US\\_Sanctions.pdf](https://www.willkie.com/~media/Files/Publications/2017/12/Restructuring_Venezuela_Amidst_US_Sanctions.pdf). Accessed 1-10-2020. //TP

Since 2014, the United States has taken both diplomatic and legal steps to address the deteriorating political climate in Venezuela. Most recently, on August 24, 2017, President Trump issued an Executive Order ("E.O.") imposing new economic sanctions on the Government of Venezuela, including PdVSA. In key part, the E.O. prohibits all transactions related to financing provisions and other dealings by a "U.S. person"1 or within the U.S. in the following: 1. New debt2 issued after August 25, 2017 (i.e., the E.O. effective date) by PdVSA with a maturity of more than 90 days; 2. New debt issued by the Government of Venezuela3 (other than debt of PdVSA) with a maturity of more than 30 days, or new equity of the Government of Venezuela; and 3. Bonds issued by the Government of Venezuela prior to August 25, 2017. At the same time, the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC") issued four general licenses authorizing certain activities by U.S. persons that would otherwise be prohibited by the E.O. One of these is General License 3, which authorizes "all transactions related to dealings, provision of financing for, and other dealings in" a specific list of bonds. Thus, General License 3 does allow U.S. creditors the flexibility to engage in restructuring negotiations with respect to the existing bond debt obligations of both Venezuela and PdVSA for those bonds listed by the license. However, any other restructured debt, or debt otherwise containing new terms from the Government of Venezuela, would constitute "new debt" and therefore, fall within the scope of the E.O.'s prohibitions. In addition, creditors and potential investors must be mindful of the parties with whom they are negotiating because OFAC has designated a number of Venezuela and PdVSA officials as "Specially Designated Nationals" ("SDNs"). This designation prevents U.S. persons from engaging in any transaction in which the SDN has any property interest, including providing or receiving services from SDNs. OFAC recently issued written guidance that, pursuant to these prohibitions, U.S. persons may not enter into negotiations or sign a contract with an SDN. 4 Venezuelan President Nicolás Maduro and Vice President Tareck El Aissami, who has been charged with leading the restructuring negotiations, are among the prominent SDNs. The government held initial

discussions with creditors in Caracas on November 13, 2017. Although Venezuela and PdVSA have reportedly continued to make debt payments, some of those payments have been late and the market appears convinced that a hard default is inevitable. Indeed, various debt rating agencies and the International Swaps and Derivatives Association have already declared Venezuela and PdVSA in default. As the situation continues to evolve, creditors and potential investors must proceed with caution to ensure they remain in compliance with the various sanctions. Creditors should strongly consider engaging in direct dialogue with the United States government and, where necessary, should request further licenses from OFAC before proceeding with transactions otherwise prohibited by the sanctions. In fact, OFAC recently clarified that further license requests would be considered on a case-by-case basis and that the U.S. government would consider issuing licenses to allow U.S. persons to deal in new debt of the Government of Venezuela as long as such debt was approved by the democratically elected Venezuelan National Assembly.<sup>5</sup> Willkie's experienced team of lawyers, well-versed in Latin America, debt finance, government regulation and international restructuring law, is actively monitoring the situation in Venezuela.

## A2 Oil Price Spikes

Supply is growing and demand is falling with new renewables – no increase in prices

Mamdouh Salameh (). xx-xx-xxxx. "The Next Oil Boom Is Happening Here." OilPrice.

<https://oilprice.com/Energy/Crude-Oil/The-Next-Oil-Boom-Is-Happening-Here.html>. Accessed 1-5-2020.

//TP

In addition, ExxonMobil just started production at its Liza field in Guyana, adding 120,000 bpd. That is expected to ramp up to 750,000 bpd over the coming years. Altogether, 2020 could turn out to be the largest supply increase from non-OPEC countries outside of the U.S. in 15 years at 820,000 bpd, according to JBC. "In the meantime, US shale growth has seemingly hit its boundaries in 2019," the firm added. To be sure, JBC still sees the U.S. adding 850,000 bpd in 2020, but that is sharply lower than what the industry added in the past few years. The outlook is consistent with that of other analysts. Rystad Energy said that U.S. shale investment could contract by 12 percent in 2020, while spending offshore could increase by 5 percent. In fact, deepwater is the only segment that is expected to see a spending increase in 2020. Meanwhile, the threat of climate change and energy transition is not going away. Big banks are starting to tighten the screws on fossil fuels, which could increase the cost of capital. So far, this has been a problem for coal, and not so much oil and gas. But that could change. "Climate change and investors are the two big challenges," said Scott Sheffield, chief executive of Pioneer Natural Resources Co., according to the Wall Street Journal. Spending on long-lived offshore projects flies in the face of this trend, but the industry continues to bet against climate action. Rystad says that any oil project with a breakeven price over \$60 per barrel will be unviable through the 2020s. In the meantime, supply is still growing at a faster pace than demand. The IEA says that the oil market could remain in a state of surplus on the order of 0.7 million barrels per day (mb/d) in the first quarter of 2020, and that even takes into account the additional 500,000 bpd cuts that were recently announced by OPEC+. Presumably, if the cuts are not extended beyond the first quarter when they are set to expire, the surplus would balloon. The industry is ploughing forward, even as some investors have turned away. Renewable energy stocks outperformed oil and gas in the past year, and it wasn't even close. Next year could turn out to be the year of the electric car with dozens of new models rolling off assembly lines, according to some analysts. As renewables – and EVs in particular – continue to gain market share, the threat to demand only grows with time.

Venezuelan sanctions won't have a large affect on oil prices

Myra P. Saefong (). 1-31-2019. "What U.S. Sanctions on Venezuela Mean to Oil Prices." No Publication.

<https://www.barrons.com/articles/what-u-s-sanctions-on-venezuela-mean-to-oil-prices-51548930601>.

Accessed 12-31-2019. //TP

"Venezuela is not a significant oil producer currently," says Mihir Kapadia, chief executive officer of financial-services firm Sun Global Investments. "The economy is completely oil dependent, and while the U.S. accounts for 41% of Venezuelan oil exports, Venezuela is not particularly significant for the U.S., whose own production, thanks to shale, is booming." On Jan. 23, opposition leader Juan Guaidó declared himself interim president of the country, raising the risk of disruption to Venezuela's oil output. The U.S. Trump administration promptly recognized Guaidó as Venezuela's leader and on Jan. 28 unveiled sanctions on state-owned oil firm Petróleos de Venezuela SA. The move comes as Venezuela's

crude-oil exports to the U.S. already had fallen to about 506,000 barrels a day in October 2018, from 840,000 barrels in December 2015. They're down from a peak of 1.1 million barrels a day in 2007, Energy Information Administration data show. "Cutting out Venezuela from the global oil markets would provide a short-term positive strength to oil prices, but its significance would be limited in terms of affecting the demand and supply in the market," says Kapadia. U.S. oil futures climbed to a more than two-month high of \$54.23 a barrel on Wednesday.

A2 Econ

A2 Debt

As Venezuela's financial situation gets worse and repayments get harder, US bondholders will sell their bondholder to a non-US third-party that can restructure the debt

Sarah Ladislaw (). 1-3-2018. "Venezuela: Too Big to Fail or Too Broken to Fix?." No Publication. <https://www.csis.org/analysis/venezuela-too-big-fail-or-too-broken-fix>. Accessed 1-10-2020. //TP

When a country defaults, investors typically are faced with a limited number of options—many of which are unsatisfying and complicated. They can choose to sit back and wait, hoping that the defaults are somehow resolved or “cured” and that eventually they will be repaid. They can push for repayment utilizing a limited number of avenues, including efforts to accelerate bond payments or resort to asset seizure, trigger credit default swaps (based on an ISDA determination), or litigate. They can also opt to negotiate to restructure the debt. The Venezuelan government has indicated that some 70 percent of its bondholders are North American and the U.S. Treasury, for example, has indicated that it could alter its sanctions policy under certain conditions, including the restoration of power (in the case of debt restructuring) to the National Assembly. That said, however, the path forward remains formidable. Venezuela contends that it has paid the bulk of the \$1 billion-plus PDVSA debt that matured at the beginning of November, although some bondholders have reported delays in receiving those funds. Outstanding payments due this year reportedly run in the hundreds of millions but not billions, so “surviving” into the second quarter of 2018 is plausible. Though estimates vary, somewhere between 20 and 30 percent of the total outstanding debt is believed to be held in the public domain. This is the portion that holds near-term litigation risk. The balance, as indicated above, is held by the Russians and Chinese in various forms. President Maduro, who is rapidly running out of friends and options, recently announced plans to create a cryptocurrency (the “Petro”) to defeat the financial blockade imposed by U.S. sanctions. However, Maduro's real problem is mismanagement, not sanctions, and the currency move looks like just one more “trapo rojo” in the president's suit of lights. In the meantime, Venezuela's humanitarian crisis continues to worsen, with starvation and a decided lack of medical supplies increasing the death toll. Yet specter of being “too big to fail” still seems to prevail. Public and private investor reluctance to accept the precipitation of widespread default has so far continued to provide President Maduro with an economic lifeline even as his political fortunes continue to deteriorate. And while the IMF reportedly estimates that the cost to rescue Venezuela in the event of a default is about \$30 billion dollars per year, other experts caution that this figure could be far greater. The complexity and magnitude of the bailout would undoubtedly be daunting and, apt present, it is unclear that the international community is either inclined or prepared to mount such an effort. Which brings the discussion full circle, back to the notion of “too broken to fix”. Just yesterday (January 2), Standard & Poor's reported that Venezuela had failed to repay yet another tranche of bond debt. It remains to be seen for how much longer investors will still prefer irregular and late payments to the formal, but messy and uncertain, process of restructuring. At some point, we suspect that bondholders will find a way to coordinate a response and steer around U.S. sanctions- perhaps by selling their holdings to a non-U.S. third party who can negotiate a restructuring agreement with the Maduro government. To the extent the next steps involve greater involvement of Russia and China, the United States will be confronted with addressing the geopolitical implications of their growing presence in the Western hemisphere.

Venezuela was effectively shut out of financial markets before the sanctions

Dany Bahar, Sebastian Bustos, José Morales-Arilla, and Miguel Ángel Santos (). 5-14-2019. "Impact of the 2017 sanctions on Venezuela: Revisiting the evidence." Brookings.

<https://www.brookings.edu/research/revisiting-the-evidence-impact-of-the-2017-sanctions-on-venezuela/>. Accessed 12-4-2019. //TP

WS claim that the 2017 sanctions “prohibited the Venezuelan government from borrowing in U.S. financial markets” thereby preventing debt restructuring, “because debt restructuring requires the issuance of new bonds in exchange for the existing debt.” To determine whether one can attribute the inability of the Venezuelan government to raise debt solely to the sanctions, it is important to analyze some of the underlying trends in Venezuela’s access to finance before these were enacted. Sanctions were first announced on August 25, 2017. As portrayed by Figure 1, financial markets had effectively shut Venezuela out well in advance of that date. The Venezuelan sovereign spread—the premium that bondholders demand the country pay over the so-called “risk-free” rate—in the 30 trading days prior to August 25 averaged 2,884 basis points (or 28.84 percentage points), 7.8 times the spread paid by the rest of Latin America (3.68 percentage points) and 9.5 times that paid by emerging markets (3.04 percentage points) over the same period. Interestingly, the imposition of sanctions was not followed by an increase in the Venezuelan spread, which suggests that the announcement was already priced in, or else, deemed irrelevant by markets. Sovereign risk did increase by 1,013 basis points (10.13 percentage points) almost three months later, after Maduro announced the creation of a presidential commission for “refinancing and restructuring” Venezuela’s foreign debt (Latham & Watkins, 2017). Moreover, during the year prior to the sanctions, the Venezuelan government—the state-owned oil enterprise, Petróleos de Venezuela (PDVSA) to be precise—only engaged financial markets in two operations. The first one, on September 28 of 2016, was to offer to PDVSA 2017 bondholders an exchange for a PDVSA 2020 bond collateralized by CITGO, a U.S.-based fossil fuel refiner. For those participating in the exchange, the operation yielded an astonishing 21 percent in dollars—4.5 and 6.3 times the Latin American and emerging market average spread over the 30 trading days prior (respectively)—for a fully collateralized instrument (Reuters, 2016; Santos and Muci, 2016). In late May 2017, the Venezuelan government sold to Goldman Sachs PDVSA 2022 bonds it had issued in 2014 and kept in its treasury, at a price consistent with a 48 percent yield in dollars (Kasperkevic, 2017; Gray and Long, 2017). That is 13.3 and 15.9 times the average Latin American and Emerging Market Bond Index spread, respectively, over the month of May 2017. In sum, the evidence indicates that by August 25, the ability of the Venezuelan government to issue debt was already severely limited if not inexistent, and that investors had either anticipated sanctions or considered their impact immaterial.

#### A2 Oil Production

Dany Bahar, Sebastian Bustos, José Morales-Arilla, and Miguel Ángel Santos (). 5-14-2019. "Impact of the 2017 sanctions on Venezuela: Revisiting the evidence." Brookings. <https://www.brookings.edu/research/revisiting-the-evidence-impact-of-the-2017-sanctions-on-venezuela/>. Accessed 12-4-2019. //TP

Can we conclude that the divergence in oil production between OPEC and Venezuela after 2017 is a result of sanctions? In light of the pre-sanctions downward trend in Venezuela’s oil production, the answer is no. Neither can the steadily steeper decline in production since August 2017 be attributed to the sanctions—certainly not using this data, and not without first accounting for other possible confounding factors, which we explore below. Some analysts would dismiss our previous thought experiment by claiming that OPEC is not as good a comparison group to Venezuela as is Colombia



because it aggregates countries with both high and low marginal production costs, and countries with different marginal production costs respond differently to fluctuations in oil prices. We agree: just as Colombia is not a good counterfactual for Venezuela, neither is OPEC. More generally, as stated above, there is no such thing as an adequate counterfactual for Venezuela's seemingly idiosyncratic oil production. However, the claim regarding marginal costs is worth looking into. To analyze it in detail, we break down Venezuela's annual oil production into four different types of oil: Heavy-Extra-heavy, Medium, Light, and Condensates. Figure 4 describes the breakdown and shows some interesting features. First, light oil, whose lower production costs presumably makes them less vulnerable to price fluctuations, has been precisely the one that has fallen at a faster speed. Indeed, between 2010 and 2018 Venezuela's output of light oil dropped by 64.9 percent. In contrast, over the same period, heavy and extra-heavy crude oil dropped at a much lower 38.1 percent. The inability of Venezuela to maintain—let alone increase—its production of light oil even in those years where oil prices were at peak suggests that there were underlying factors negatively impacting the industry before the 2017 sanctions were imposed. According to the clear trends we see prior to the 2017 sanctions in all our data, those same underlying factors—whatever they are—would have continued to drive output down even in the absence of sanctions. Another crucial point to consider is whether there are confounding factors that could have affected oil production around August 2017, which could also explain an acceleration in the rate at which Venezuela reduced its oil production. For instance, three months after sanctions were imposed, the Venezuelan regime arrested 65 executives of the state-owned oil company, including the former head of PDVSA and Minister of Energy, Eulogio del Pino, and PDVSA's President Nelson Martinez (the latter died in strange circumstances on December 12, 2018, while in custody) (BBC, 2017; Herrero and Casey, 2017; Reuters, 2018). At the same time, the Venezuelan regime appointed Major General Nelson Quevedo to Minister of Energy and President of PDVSA, an official with no prior relevant experience for the job. These events, which most likely shaped the oil production capabilities of PDVSA, cannot be ignored in any analysis of trends that prevailed around August 2017. Thus, our point is that it is quite impossible to attribute the fall in oil production to one single event (i.e., the sanctions), when many other confounding events were happening at the same time.

A2 Neg

A2 Regime Change

Russia's interest in Venezuela is purely geopolitical AND Russia is trying to meddle in US sphere of influence and distract from Eastern Europe AND Russia sees a US-condoned takeover as another color revolution

Sabra Ayres, (). 1-25-2019. "Russia and China, heavily invested in Venezuela, warily watch the political turmoil." Los Angeles Times. <https://www.latimes.com/world/europe/la-fg-venezuela-russia-china-20190125-story.html>. Accessed 12-26-2019. //TP

*Russia, unlike China, is more interested in extending its military presence and setting up a beachhead in the Americas* — and within spitting distance of the United States. Late last year, two of Russia's most modern, nuclear-capable bombers arrived in Caracas for a short visit. Talks about building a Russian military presence in Venezuela began in 2016, a move that alarmed the U.S. The arrival of the bombers drew sharp criticism from Washington. "The Russian and Venezuelan people should see this for what it is: two corrupt governments squandering public funds, and squelching liberty and freedom while their people suffer," U.S. Secretary of State Michael R. Pompeo [tweeted](#). *For Russia, investments and military saber-rattling about protecting Venezuela has always*

*been about showing strength in America's neighborhood.* Venezuela owes Moscow \$3 billion for arms purchases. *The Kremlin has tried to mimic what it sees as U.S. and NATO foreign policy of entering and meddling in Moscow's perceived sphere of influence,* such as Eastern Europe and the former Soviet Union, particularly Ukraine. Putin's cozying up to leaders like Maduro and, before him, the late Hugo Chavez, was something of a mind meld of autocratic rulers who seem to speak the same language in terms of politics and diplomacy. It became a way for the Kremlin to show it wasn't as isolated as Washington would have the world believe. "Russia's interest and investment in Venezuela is primarily geopolitical as a regional nuisance to the U.S.," said Vladimir Frolov, an independent analyst in Moscow who focuses on Russia's foreign policy. *"It's an instrument for exacting certain costs on the U.S. in its home region, and a platform for distracting the U.S. from attacking Russia's interests where it matters most — in the former Soviet Union and Eastern Europe."* But what is at stake now for the Kremlin, should democracy prevail in Caracas, is more than just the billions of dollars in loans, Frolov said. "What is more important in this crisis are the core issues at the heart of Moscow's view of the world order and international law," he said. *"The loss of Venezuela is a geopolitical setback to the concept of Russia as a restored global power that needs to have client states in the U.S. backyard to prove Russia's great power as bona fide." The Kremlin sees any U.S.-condoned power takeover driven by mass protests as another version of the "color revolutions" that erupted in Ukraine, Georgia and other former Soviet republics in the mid-2000s.* Those mass street protests, which Moscow blamed on U.S. meddling, led to more Western-friendly policies and governments, threatening the Kremlin's influence. And so Russia digs in behind Maduro and harshly criticizes the U.S. action as an unconscionable interference in the domestic affairs of a sovereign nation — a coup d'état. Moscow's condemnation was more forceful than that of China, who called for dialogue and a negotiated resolution to the crisis. "As things go south for Maduro, Russia loses access to the largest oil reserves on the planet, and it also loses a convenient toehold in the Americas, with which they can counter U.S. interest in the region," Ramsey said.

Putin has sent military forces and intervened to deter the US and stop Venezuelan regime collapse  
John E. Herbst ( ). 12-5-2018. "Russia's intervention in Venezuela: What's at stake?." Atlantic Council.  
<https://www.atlanticcouncil.org/in-depth-research-reports/report/russias-intervention-in-venezuela-whats-at-stake/>. Accessed 12-25-2019. //TP

*But the starkly deteriorating circumstances in Venezuela over the past eighteen months have added a new urgency to this cooperation.* Once again, *Putin intervened to shore up an ally who was in danger of losing power.* His first play—sending two TU-160s in December 2018<sup>15</sup>—was dramatic but not particularly effective: while it signaled Moscow's ability to put strategic weapons close to the United States, the bombers would offer Maduro no help against an enraged populace seeking his ouster. But as Maduro weakened in the first months of 2019, Putin supplied the same S-300 systems to Maduro that he had provided Assad.<sup>16</sup> *This play had two objectives. First, the S-300s could help deter US military intervention on behalf of Guaidó, whom Washington and other Western countries had recognized as the legitimate leader of Venezuela.* (The Trump Administration publicly had left all options on the table for dealing with the growing chaos in Venezuela.) *Second, the S-300s came with Russian "experts" (soldiers), who, along with the thousands of Cuban intelligence personnel in country, could provide security for Maduro.*<sup>17</sup> By some measures, *the Russian deployment was a success: talk of a US intervention largely ceased,* although it was unlikely the United States would intervene in the first place, especially given the checkered history of US military activity in the region.

Moscow has subsidized the Venezuelan government in face of a struggling economy at home  
John E. Herbst ( ). 12-5-2018. "Russia's intervention in Venezuela: What's at stake?." Atlantic Council.  
<https://www.atlanticcouncil.org/in-depth-research-reports/report/russias-intervention-in-venezuela-whats-at-stake/>. Accessed 12-25-2019. //TP

In 2014, Rosneft, the largest oil producer in Russia and the number two gas producer, bought out Gazprom and the other Russian firms to take control of the National Petroleum Consortium.<sup>23</sup> Led by Putin intimate Igor Sechin, *Rosneft's activities frequently reflect the Kremlin's geopolitical ambitions. Rosneft's role in Venezuela was to provide a major subsidy to the government in the form of \$6.5 billion<sup>24</sup> in loans to Petroleos de Venezuela* in the 2014 to 2016 timeframe for

providing 133,000 barrels a day of oil. While Rosneft has become Venezuela's largest oil trader, taking 44 percent of PDVSA exports in July and 66 percent in August,<sup>26</sup> only a fraction of the energy fields to which it has access have been developed. The value of these holdings and the untapped reserves beneath them provide the Kremlin with ways of clawing back their sunk costs, regardless of the outcome of Maduro's regime. It could either seek long-term profits and develop energy infrastructure should Maduro stay in power, or, should the regime collapse, it could cash in and sell the rights to other foreign companies before mounting any further losses. As of 2018, only half of the contracted oil had been delivered, but the prepayments provided urgent funds to Moscow's Venezuelan partners in time for the 2015 parliamentary elections.

*Moscow's willingness to pay this subsidy is also significant because it came as hydrocarbon prices plunged by 50 percent,<sup>27</sup> Ukraine-related sanctions started to bite, gross domestic product (GDP) fell by over 3 percent, and the standard of living dropped by over 9 percent.<sup>28</sup> Even as the Russian economy took blow after blow, the Kremlin took on new economic burdens to shore up its ally in the Western Hemisphere, proving itself a steadfast partner for Caracas.*

Moscow has used cryptocurrency and debt servicing agreements to create a counter financial system to the West and give funds to Maduro

John E. Herbst (). 12-5-2018. "Russia's intervention in Venezuela: What's at stake?." Atlantic Council. <https://www.atlanticcouncil.org/in-depth-research-reports/report/russias-intervention-in-venezuela-whats-at-stake/>. Accessed 12-25-2019. //TP

*The Kremlin has also helped dull some of the sting of US sanctions on Venezuela. In 2018, the small Russian bank Evrofinance Mosnarbank began to sell Venezuela's new cryptocurrency, the petro,<sup>29</sup> created specifically to help Caracas get access to funds despite the sanctions. Evrofinance Mosnarbank is the natural venue to issue the petro: the government of Venezuela has a 49 percent share of the bank<sup>30</sup> and the other shares belong to VTB and Gazprombank—both of which are under sanctions prompted by Moscow's war on Ukraine. Rosneft currently circumvents sanctions by trading oil as part of debt servicing agreements with Caracas and PDVSA, which currently owes \$1.1 billion as of the end of the second quarter of 2019. This system of a direct exchange of debt for oil has allowed both Moscow and Caracas to profit despite the sanctions currently in place,<sup>31</sup> with Moscow becoming the leading marketer of Venezuelan oil and adding to its influence on global markets and Caracas finding new means to service its debt and appease its supporters in the Kremlin. Moves like these allow Moscow to support its ally and help it to create a counter financial system to the one dominated by the West.*

Venezuela has one of the largest military stockpiles in the Western Hemisphere AND this poses two threats: 1) military selling off weapons as the government collapses 2) Maduro arming groups for dispersed defense

Ryan C. Berg, Andrés Martínez-Fernández (). 5-2-2019. "Venezuela Is Armed to the Hilt." Foreign Policy. <https://foreignpolicy.com/2019/05/02/venezuela-is-armed-to-the-hilt/>. Accessed 12-27-2019. //TP

Over the past two decades, Venezuela has assembled one of the largest military stockpiles in the Western Hemisphere. As the security situation in the country continues to worsen, the possibility of its arsenal winding up in the wrong hands presents a grave threat to regional stability. Securing Venezuelan weapons from opportunistic traffickers with well-established smuggling routes and guerrilla groups should be a top priority for the United States and its regional partners. Venezuelan President Hugo Chávez, and Nicolás Maduro after him, used the threat of a "Yankee invasion" as an excuse to purchase and stockpile hordes of weapons, mostly from Russia. Between 1999 and 2019, billions of dollars' worth of Russian arms, financed through Russian loans, poured into the country. Although a lack of transparency makes precise accounting nearly impossible, in recent years Venezuela's government has purchased Russia's state-of-the-art S-300 anti-aircraft missiles; imported hundreds of thousands of Kalashnikov rifles and ammunition; and acquired 5,000 Igla-S MANPADS (man-portable air defense systems). And this is just what has been on public display in Venezuela's military parades or outlined in leaked military contracts. There are no doubt many more small arms and equipment in the Venezuelan military's

possession. The security of these weapons is increasingly in doubt. With Maduro's control still unsteady, it is easy to see a future in which corrupt narcogenerals seek to sell off significant portions of their armories for a quick profit before fleeing a collapsing government. And even if Maduro is able to remain in control of the country's decrepit armed forces, there is still reason to be concerned about leaks of weapons and military materiel. The Venezuelan military is highly corrupt, has long-standing ties to regional guerrilla and criminal groups that prop up Maduro, and already plays an active role in trafficking drugs and weapons through Venezuelan territory. Nonstate actors have long exploited Venezuela's political turmoil as well as its porous borders with Colombia and Brazil to build redoubts and consolidate their power in vast ungoverned spaces. The Ejército de Liberación Nacional (ELN), a Colombian guerrilla movement, is well-established in Venezuela and has a cooperative relationship with the military. Indeed, under both Chávez and Maduro, such groups found an ideological partner and source of support. There have been multiple reports of the Venezuelan military directly arming guerrilla groups and even ceding territory and governance roles to them, under the Cuban-inspired doctrine of "dispersed defense." Similarly, the Venezuelan regime has shown a willingness to arm paramilitary colectivos to maintain repressive control over urban areas. If the government collapses weapons would spill across the region, threatening aviation and enabling groups to challenge governments in the region AND the US is bad at preventing weapon outflows

Ryan C. Berg, Andrés Martínez-Fernández (). 5-2-2019. "Venezuela Is Armed to the Hilt." Foreign Policy. <https://foreignpolicy.com/2019/05/02/venezuela-is-armed-to-the-hilt/>. Accessed 12-27-2019. //TP If Caracas crumbles, there would be little to stop a weapons bonanza—with dire consequences for the region. In particular, the proliferation of MANPADS poses a considerable threat to civil aviation (and even military aircraft and unmanned drones). In addition to being portable, concealable, and easily pilfered, they are difficult to detect. From a position atop a building, an Iglá-S MANPADS, the particular model Venezuela's military possesses, could take down a civilian airliner flying below 20,000 feet and up to four miles away. Groups like the ELN and possibly the Zetas in Mexico have a strong interest in acquiring MANPADS, with some of these groups already procuring these weapons successfully, according to the Small Arms Survey. A State Department brief from 2017 highlighted the lethality of MANPADS: They have been fired at some 40 civilian aircraft around the world since 1975, downing planes in 28 of these attempts. Beyond that, the spread of more conventional weapons—including those trafficked from the United States—would enable criminal groups to sow mayhem and challenge the authority of governments throughout the region. Guerrilla groups and other transnational criminal organizations have tended to favor weapons like Kalashnikov rifles, sniper rifles, and C4 explosives as their standard operating tools in terrorist attacks, robberies, and strikes on security forces. The Venezuelan military has plenty of those, and they could soon be up for the highest bidder. Even more alarming are reports that a long-awaited Russian factory for Kalashnikov rifles is set to begin operations in Venezuela by the end of 2019, promising an additional 25,000 rifles a year. Past attempts to control small arms outflows do not inspire confidence. For instance, the U.S. Stinger missile program in Afghanistan during the 1980s was devastating to Russia's war effort there. However, the CIA was still buying back missing Stingers on the black market as recently as 2005, managing to recover only a small fraction of the dangerous weapons it once fielded. And in the Venezuelan case, rather than serving as a check on small-arms smuggling, Russian soldiers stationed in Caracas are instead performing maintenance on more complex weapons systems, such as the anti-aircraft missiles now deployed near the capital.

Maduro's regime has insulated itself from overthrow with corruption, drug trafficking, and punishment for dissenters

Washington Post (). 6-23-2019. "Opinion." . [https://www.washingtonpost.com/opinions/global-opinions/the-venezuela-crisis-is-going-to-get-much-worse--and-trump-will-get-the-blame/2019/06/23/c430fc4c-9370-11e9-b570-6416efdc0803\\_story.html?tid=ik\\_inline\\_manual\\_21](https://www.washingtonpost.com/opinions/global-opinions/the-venezuela-crisis-is-going-to-get-much-worse--and-trump-will-get-the-blame/2019/06/23/c430fc4c-9370-11e9-b570-6416efdc0803_story.html?tid=ik_inline_manual_21). Accessed 12-4-2019. //TP

Most of the oil now being shipped, Dallen says, is going to Russia, China and Cuba, who don't pay for it. Russia and China are collecting on debts, while Cuba, like a colonial master, is exacting tribute from its client. The regime is frantically selling off gold from its reserves; **that plus drug trafficking may bring in \$1 billion a month, enough to keep the Chavista elite in champagne.** But the rest of the country is literally starving.

Trump administration officials profess to be untroubled by the prospect of being blamed for creating Latin America's first modern famine. They say they still expect the regime to crumble, allowing a transition to democracy led by opposition leader Juan Guaidó. **But the assessments of senior diplomats and regional experts at this month's conference were predominately pessimistic. Many said they thought it unlikely that the Venezuelan military could or would overthrow the regime; while its senior officers are up to their necks in drug trafficking and other corruption, lower ranks are heavily monitored and dissenters quickly purged.**

Sanctions hurt regime change by suppressing the population AND another Chavista will likely rise to power if regime change happens

Raul Gallegos (). 6-20-2019. "What America Doesn't Get About Dictatorships." New York Times. <https://www.nytimes.com/2019/06/20/opinion/venezuelas-dictatorship-maduro.html>. Accessed 12-25-2019. //TP

A particularly romantic misconception is that hungry people will fight for their freedom and inevitably topple regimes. Studies show that **people who are experiencing food shortages are focused on day-to-day survival. Hunger makes people more dependent on the state that controls them, just like Venezuelans are now more dependent on Mr. Maduro's food handouts.** An abused citizenry falls into "learned helplessness" and becomes more pliant and cowed. **Hungry people rarely topple dictatorships — well-organized coups or insurgencies do.** If and when a nasty regime falls we also like to think the good guys take control. **If Mr. Maduro leaves — especially following a negotiation — a number of Chavistas who control the levers of power could come out on top.** No one gives up power willingly without something in return. This means that regime insiders whom the international community finds unsavory could still wield power post Maduro, likely sharing it with populist-leaning members of the opposition. **It's unrealistic to assume that pro-business, democratic leaders will immediately control Venezuela if and when Mr. Maduro departs.**

Officials in PSUV have a chance of winning elections they just need to be convinced that democratic elections are best and squo is unsustainable

Michael Albertus (). xx-xx-xxxx. "There Is Still a Way Out of Venezuela's Stalemate." Foreign Policy. <https://foreignpolicy.com/2019/02/26/there-is-still-a-way-out-of-venezuelas-stalemate/>. Accessed 1-3-2020. //TP

Third, key elements of the ruling PSUV have to be convinced that the status quo is unsustainable and that they could compete and even win political office in a democratic system. **The PSUV still has a strong organizational base around the country.** Together with its predecessor, the Fifth Republic Movement, it has long organized civilian groups and won offices at the mayoral, gubernatorial, and

national levels in elections that were largely free and fair through the 2000s, and competitive but biased ever since. And many of its core principles—national ownership of major resources, social and economic equality, and popular participation in governance—remain widely popular. This puts it in a comparatively strong position relative to a party like the ruling National Party that handed over power to end apartheid in South Africa. But the party has also presided over an unparalleled decline in the Venezuelan economy and is riddled with corruption and patronage. Furthermore, key officials have been linked to serious drug trafficking charges and other illicit activities. The tricky task will be to bring along officials who are important enough to maintain the PSUV intact while cleaving off the most unsavory elements, Maduro included. Ideally, figures like Diosdado Cabello who operate the political rather than the repressive or illicit arms of the PSUV could make a deal with the opposition while sidelining the Maduro faction.

Francisco Rodríguez, Foreign Policy, 12-14-2017 ["Why More Sanctions Won't Help Venezuela"  
<https://foreignpolicy.com/2018/01/12/why-more-sanctions-wont-help-venezuela/> 11-27-2019] // EJ news analysis podcasts the magazine channels newsletters

During the first year of his administration, U.S. President Donald Trump has taken an increasingly hard line against the government of Venezuela's president, Nicolás Maduro. Washington has tightened sanctions on Caracas and even suggested a military intervention to remove the Venezuelan leader from office. Twelve months into Trump's term, Maduro seems even more entrenched in power, and Venezuela's opposition is more fractured than ever. U.S. foreign policy toward Venezuela is premised on a series of misconceptions. Perhaps the most widespread and serious one is the idea that Venezuela is a totalitarian dictatorship. While Maduro has certainly done many things to undermine democracy, Venezuela is no North Korea. **Venezuela is not a tyrannical autocracy; it is a deeply divided and polarized society.** Public opinion research shows strong and deep-seated support for Chavismo, the movement created by the late populist leader Hugo Chávez, among large swathes of the population. Many voters continue to credit Chavismo with redistributing the country's oil wealth through its social programs and giving the poor a voice in Venezuelan politics. Around 25 percent of Venezuelans support Chávez's successor, Maduro — a remarkably high number given the state of the economy — and about 50 percent believe that Chávez was a good president. Recent regional elections have shown that the government coalition is able to mobilize close to 6 million voters to support its candidates — nearly one-third of the country's adult population, and more than enough to win a low-turnout election. In addition to misreading the country's political mood, American policymakers also seem convinced that the country's authoritarian leader will only leave power by force. Economic sanctions are ostensibly intended to raise costs for the military and are expected to somehow spur a rebellion against Maduro. This misguided approach stems from a poor understanding of the government's internal dynamics and an excessive faith in the effectiveness of sanctions as a tool for bringing about regime change. Extensive academic research has shown that economic sanctions are rarely effective. When they work, it is because they offer the sanctioned regime incentives along with a way out by altering the conduct that led to the sanctions being imposed (such as the rollback of Iran's nuclear program in exchange for access to international trade). **By contrast, the sanctions against Venezuela have backed the regime into a corner, increasing the costs that the government would face upon leaving power and raising the incentives for Maduro to dig in his heels.** An even more problematic idea driving current U.S. policy is the belief that financial sanctions can hurt the Venezuelan government without causing serious harm to ordinary Venezuelans. **That's impossible when 95 percent of Venezuela's export revenue comes from oil sold by the state-owned oil company. Cutting off the government's access to dollars will leave the economy without the hard currency needed to pay for imports of food and medicine. Starving the Venezuelan economy of its foreign currency earnings risks turning the country's current humanitarian crisis into a full-blown humanitarian catastrophe.** That's what began to happen in 2017. Last year, Venezuela's export revenues rose from \$28 to \$32 billion, buoyed by the recovery in world oil

prices. Under normal conditions, a rise in a country's exports would leave it with more resources to pay for its imports. But in the Venezuelan case, imports fell by 31 percent during the same year. **The reason is that the country lost access to international financial markets.** Unable to roll over its debt, it was forced to build up huge external surpluses to continue servicing that debt in a desperate attempt to avoid a default. Meanwhile, creditors threatened to seize the Venezuelan government's remaining revenue sources if the country defaulted, including refineries located abroad and payments for oil shipments. U.S. economic sanctions have stopped Venezuela from issuing new debt and blocked attempts to restructure its existing debt obligations. Major financial institutions have delayed the processing of all financial transfers from Venezuelan entities, significantly hampering the ability of Venezuelan companies to do business in the United States. Even Citgo, a Venezuelan-owned subsidiary that owns 4 percent of the United States' refining capacity, hasn't been able to get U.S. financial institutions to [issue](#) routine trade credit since sanctions were imposed. Ever since the Vietnam War, most American policymakers have understood that foreign policy is not just about outgunning your opponent but also about winning the hearts and minds of the people. But 56 percent of Venezuelans [oppose U.S. financial sanctions](#); only 32 percent support them. When it comes to foreign military intervention in Venezuela, 57 percent of those surveyed were opposed, while 58 percent support dialogue between the government and the opposition — and 71 percent believe that those talks should focus on seeking solutions to the country's economic problems. **Venezuelans have good reason to be concerned that ordinary people will ultimately pay the price for sanctions.** Recent data show that in the two months after Trump imposed financial sanctions, imports tumbled an additional 24 percent, deepening the scarcity of basic goods and lending credibility to the government's argument that U.S. policies are directly harming Venezuelans. Instead of undermining Maduro, sanctions are making it increasingly difficult for the country's opposition to convince voters that the welfare of Venezuelans — rather than driving Maduro from power — is its real priority. It is not the first time the opposition has made this mistake. Back in 2002, opponents of the then-President Chávez called for a massive strike in the country's oil sector. The strike brought oil production to a standstill and caused a double-digit recession in an attempt to get Chávez to resign. This event single-handedly convinced Venezuelans that they could not trust a political movement that was willing to destroy the economy in order to attain power. In a recall referendum held two years later, voters resoundingly backed Chávez. **The United States and the anti-Maduro opposition will not win the hearts and minds of Venezuelans by helping drive the country's economy into the ground.** If Washington wants to show it cares about Venezuelans, it could start by providing help to those most affected by the crisis. Extending protected migrant status for Venezuelans in the United States and providing support for neighboring countries dealing with an upsurge of Venezuelan immigration would be a start, as would support for apolitical organizations, such as the United Nations Development Programme, that have managed to channel aid to the country. The U.S. should also support negotiations aimed at creating institutions that make the coexistence of the country's feuding political factions possible — rather than encouraging the wholesale replacement of one by the other. I, as much as anyone else, would like to see Maduro go. His government's gross mismanagement of the economy is the primary (but not the only) cause of the deepest economic crisis in Latin American history. The annulment of the opposition's two-thirds majority in the National Assembly through trumped-up and unsupported charges of vote-buying was an assault on the country's constitution and the catalyst for the political tensions that led to more than 100 deaths in last year's protests. There is abundant evidence of serious human rights abuses during those protests, which merit an international investigation to determine the potential complicity of high-ranking members of government. But for the same reasons that I oppose Maduro, I also vehemently disagree with the call voiced by President [Trump](#) and some opposition [commentators](#) for foreign military intervention in Venezuela. Whether we like it or not, Maduro is serving as president of Venezuela because he won an election recognized by the international community. Even if Maduro were impeached, he would then be replaced by his vice president, who could in turn appoint another vice president to serve in case he himself were impeached. Even a cursory look at the Venezuelan constitution shows that it does not entitle the National Assembly to name a new president. Conducting a military intervention to replace a constitutionally elected president with an unconstitutionally appointed one would be an even worse violation of Venezuelan law than anything that the Chávez and Maduro regimes have ever been accused of. Maduro must leave office the same way he arrived: through the votes of Venezuelans. Venezuela is scheduled to hold a presidential election this year. Rather than encouraging the pipe dreams of military invasions and coups, the overriding priority of Venezuela's opposition should be to convince voters that it would do a better job of leading the country. Trump and his administration must not continue to make that task harder.

Sarah Rainsford, BBC News, 2-1-2019 ["Why Russia has so much to lose in Venezuela"]

<https://www.bbc.com/news/world-europe-47087875> 11-27-2019 // EJ

**As the political and economic pressure on Nicolás Maduro mounts, Venezuela's president believes there is one person he can rely on - Vladimir Putin.** The Kremlin has accused the opposition leader Juan Guaidó of an "illegal attempt

to seize power", backed by the United States. Moscow says it will do "everything required" to support Nicolás Maduro as Venezuela's "legitimate president". But Russia's appetite for protecting relations with Caracas may be more limited than its rhetoric suggests. *Years of close alliance* Moscow has long been a key ally of President Maduro, and Hugo Chávez before him - as fierce critics of Washington, right in America's backyard. "The relationship is symbolically important. It's about saying 'we're not alone, there are others who are very critical of the US and Western policy'," explains Andrei Kortunov of the Russian International Affairs Council. That's partly why Moscow has expanded co-operation with Caracas in recent years - increasing arms sales, extending credit and even flying in two bombers last December in a show of support. Its backing for Nicolás Maduro in the current crisis is also fuelled by a horror of popular uprisings, particularly those supported openly by the West. "Unpopular social policies, an impoverished population and economic crisis - against a background of battling the whole world and corrupt... politicians. Guess which country this refers to?" independent newspaper Novaya Gazeta wondered this week. It was drawing the parallels with Russia that it believes the Kremlin sees - and fears - in Caracas. *Moscow also has money at stake.* It has sunk significant amounts into backing Nicolás Maduro, much of that in loans it stands to lose if he is forced from office. The full extent of Russia's exposure isn't clear. Analysts talk of \$17bn (£13bn), mostly dished out in credit to the Maduro government. But Kremlin spokesman Dmitry Peskov declined to put a figure on it when questioned by journalists earlier this week. He was even more tight-lipped on whether Russia worried about losing that investment. "I won't respond to that," Mr Peskov said. *Then there's the oil* Venezuela sits on the largest proven oil reserves in the world. "When we sent weapons, no-one thought of collecting the debt. What was really in mind, I think, was access to the oil wells, to production," argues Carnegie Centre economist Andrei Movchan. Russia's state-owned firm, Rosneft, now has stakes in multiple projects in Venezuela and has issued significant loans to the country's oil giant, PDVSA. "Venezuela was in a bad shape, so it was easy to agree terms," Mr Movchan says.

Venezuela's militia has grown to 3.3 million

Paul Dobson (). 12-9-2019. "Venezuela's Civilian Militia Surpasses Target, Reaches 3.3 Million Members." Venezuelanalysis. <https://venezuelanalysis.com/news/14742>. Accessed 1-5-2020. //TP

Venezuela's Bolivarian Militia has grown to 3.3 million men and women, surpassing the target for 2019.

The announcement was made during activities held over the weekend for the Day of Loyalty, which commemorates the last public speech given by late President Hugo Chavez in 2012 before he passed away from cancer in 2013. Speaking from La Guaira State on Sunday, with 30,000 militia members in attendance, President Nicolas Maduro told the country that 2020's goal has been established at four million enlisted members. "Today is a day of victory, the Day of Loyalty and love towards Chavez," Maduro said in a televised address, adding that the 3.3 million members had expressed their pride and patriotism by joining the militia.

Coups often just lead to new autocratic governments



Joseph Wright, & Barbara Geddes, (). 7-3-2013. "Are coups good for democracy?." Washington Post. <https://www.washingtonpost.com/news/monkey-cage/wp/2016/02/22/are-coups-good-for-democracy/>. Accessed 12-31-2019. //TP

We emphasize that though the most basic goal of coups is to bring about changes in leadership, coup plotters often seek more-significant political change. Successful coups against autocrats can therefore lead to three distinct outcomes: no regime change (such as when the Nigerian military replaced Gen. Yakubu Gowon with Brigadier Murtala Muhammad in 1975, without changing the identity of the group in power or the rules for governing), ouster of the incumbent dictatorship and establishment of a new one (such as when Gen. Idi Amin toppled Milton Obote's dictatorship in Uganda in 1971), and ouster of the dictatorship followed by democratization (such as the two "good coups" in Niger in 1999 and 2010). We find that since the end of the Cold War, regime change of some sort increasingly follows successful coups (68 percent pre-1990 compared with 90 percent afterward, with the rest simply reshuffling the leadership). Though more of these changes now end in democratization, the most common outcome is still the replacement of one dictatorship by a different group of autocrats. As Figure 1 shows, about half of all coups — 56 percent during the Cold War and 50 percent since the end of it — install new autocratic regimes. On the contrary, only 12 percent of coups during the Cold War installed democracies; that increased to 40 percent post-Cold War. Finally, 32 percent of Cold War coups and 10 percent of post-Cold War coups merely reshuffled the regime's leadership (no regime change). In short, more often than not, coups in dictatorships simply install new dictatorships. A bevy of statistical tests that take into account a host of potentially confounding factors unearth a similar message: Coups increase the chance of a new dictatorship but do not exert a noticeable effect on the chance of democratization.

Sarah Rainsford, BBC News, 2-1-2019 ["Why Russia has so much to lose in Venezuela"]

<https://www.bbc.com/news/world-europe-47087875> 11-27-2019] // EJ

**As the political and economic pressure on Nicolás Maduro mounts, Venezuela's president believes there is one person he can rely on - Vladimir Putin.** The Kremlin has accused the opposition leader Juan Guaidó of an "illegal attempt to seize power", backed by the United States. Moscow says it will do "everything required" to support Nicolás Maduro as Venezuela's "legitimate president". But Russia's appetite for protecting relations with Caracas may be more limited than its rhetoric suggests. *Years of close alliance* Moscow has long been a key ally of President Maduro, and Hugo Chávez before him - as fierce critics of Washington, right in America's backyard. "The relationship is symbolically important. It's about saying 'we're not alone, there are others who are very critical of the US and Western policy,'" explains Andrei Kortunov of the Russian International Affairs Council. That's partly why Moscow has expanded co-operation with Caracas in recent years - increasing arms sales, extending credit and even flying in two bombers last December in a show of support. Its backing for Nicolás Maduro in the current crisis is also fuelled by a horror of popular uprisings, particularly those supported openly by the West. "Unpopular social policies, an impoverished population and economic crisis - against a background of battling the whole world and corrupt... politicians. Guess which country this refers to?" independent newspaper Novaya Gazeta wondered this week. It was drawing the parallels with Russia that it believes the Kremlin sees - and fears - in Caracas. *Moscow also has money at stake.* It has sunk significant amounts into backing Nicolás Maduro, much of that in loans it stands to lose if he is forced from office. The full extent of Russia's exposure isn't clear. Analysts talk of \$17bn (£13bn), mostly dished out in credit to the Maduro government. But Kremlin spokesman Dmitry Peskov declined to put a figure on it when questioned by journalists earlier this week. He was even more tight-lipped on whether Russia worried about losing that investment. "I won't respond to that," Mr Peskov said. *Then there's the oil* Venezuela sits on the largest proven oil reserves in the world. "When we sent weapons, no-one thought of collecting the debt. What was really in mind, I think, was access to the oil wells, to production," argues Carnegie Centre economist Andrei Movchan. Russia's state-owned firm, Rosneft, now

has stakes in multiple projects in Venezuela and has issued significant loans to the country's oil giant, PDVSA. "Venezuela was in a bad shape, so it was easy to agree terms," Mr Movchan says.

## A2 Invasion (Impact)

Aaron David Miller (). 12-19-2019. "How Impeachment Affects Trump's Foreign Policy." Carnegie Endowment for International Peace. <https://carnegieendowment.org/2019/12/19/how-impeachment-affects-trump-s-foreign-policy-pub-80655>. Accessed 12-31-2019. //TP

As the election approaches, Trump will want to appear busy looking for high profile vanity summits to attend and seeking to avoid risky military conflicts abroad that might alienate his base and provide his opponents with campaign ammunition. The fear that Trump will try to stage some "Wag the Dog" like crisis abroad to distract attention or rally the country is overblown, precisely because it is an election year and a reckless move that led to military conflict with Iran or North Korea might be fatal at the polls. Of course, Trump is unpredictable, and it's possible that he could get "fire and fury" mad in the wake of impeachment overreacting to, say, North Korea's missile provocations. But it's just as likely he'd try to set up another vanity summit with Kim to show that his negotiating gambit with North Korea is still in play. Or as unlikely as it now appears, Trump could try the same with Iran, taking advantage of any number of negotiating initiatives, especially from France, to extend billions in a line of credit for the high level meeting Trump has long wanted to have with Iranian President Rouhani

Goodman 19

US sanctions have stalled peaceful negotiations between Maduro and Guaido.

Joshua Goodman (CTV news), 8-7-2019, "Maduro halts talks with opponents over U.S. asset freeze," CTVNews, <https://www.ctvnews.ca/world/maduro-halts-talks-with-opponents-over-u-s-asset-freeze-1.4539197>

Venezuela's government late Wednesday halted negotiations with the opposition in protest of the Trump administration's freezing of its U.S. assets, thrusting into crisis the country's best chance of peacefully resolving a political standoff that has kept the nation on the edge for more than six months. The decision surprised representatives of opposition leader Juan Guaidó, who were already on the Caribbean island of Barbados awaiting what was to be the start Thursday of the sixth round of talks that began in May under the auspices of Norway. "We Venezuelans have watched with profound indignation how the chief of the opposition, Juan Guaidó, celebrates, promotes and supports these harmful actions against our nation's sovereignty and our peoples' most basic human rights," the government said in a statement Wednesday night. The government stopped short of abandoning the talks altogether, saying only that it would "review the mechanisms of this process to ensure its continuation is truly effective and harmonious with the interests of the people." For weeks, representatives of Maduro and his would-be successor have been shuttling back and forth to Barbados trying to agree on a common path out of the country's prolonged political standoff. The meetings have been slow-going and shrouded in mystery, with neither side disclosing details. But Maduro's supporters have accused the U.S. of trying to blow up the fragile process with sweeping new sanctions announced this week that freeze all of the government's assets in the U.S. and even threaten to punish companies from third countries that keep doing business with his socialist administration. "They're trying to dynamite the dialogue," Foreign Minister Jorge Arreaza said Tuesday at a news conference to denounce comments by U.S. National Security Adviser John Bolton defending the asset freeze. "But nobody, not even 1,000 Trumps or 500 Boltons ... will make us abandon the negotiating table." Maduro said Wednesday night that while he favors dialogue, he will not stand by idly as his opponents cheer on punitive measures by the U.S. that he believes will worsen hardships in a country already suffering from six-digit hyperinflation, medicine shortages and a recession now deeper than the U.S. Great Depression. "Under these conditions, no," he said in a telephone call to a program on state TV hosted by socialist party boss Diosdado Cabello. Maduro promised to lead a "counteroffensive" from the constitutional assembly — a rubber-stamp body set up to undermine Venezuela's opposition-controlled congress — to "bring justice to the sellouts and traitors." Opposition leaders reacted to Maduro's withdrawal from the talks with a mix of disbelief and told-you-so admonishments. "They've been saying for days they believe in

peace and the Oslo mechanism, but at the first sign of change they fear the possibility of a real political change in the country," lawmaker Stalin Gonzalez, the head of Guaidó's negotiating team in Barbados, said on social media. Speculation has swirled in political and diplomatic circles that Maduro's envoys have expressed a willingness to call an early presidential election under a revamped electoral board and foreign observation. The U.S. has insisted Maduro must give up power before any elections can be deemed credible. Three people involved in the talks from different sides had described the environment as serious and cordial, with each delegation dining and traveling back and forth to the island from Caracas separately. All three insisted progress has been made, even if the thorny topic of elections is being left for last and an all-encompassing deal based on a six-point agenda is some way off. The people agreed to speak to The Associated Press only on the condition of anonymity because they weren't authorized to divulge details of the talks. Such insider accounts differ sharply from the assessment of Bolton and other hardliners inside the Trump administration who have accused Maduro of using the talks to buy time. "We will not fall for these old tricks of a tired dictator," Bolton declared Tuesday at a meeting in Peru of more than 50 governments aligned against Maduro. "No more time for tap, tap, tapping. Now is the time for action." To be sure, nobody in the Trump administration has disavowed the talks, and some analysts believe Bolton's "bad cop" persona and his threats of more punitive actions to come may even provide a boost to the mediation effort. Guaidó, who heads the opposition-controlled congress, has shown no willingness to ditch the talks despite pressure to do so from hawks inside his coalition who accuse him of turning a blind eye to Maduro's alleged torturing of opponents. Maduro, although severely weakened by the U.S. sanctions and increasingly isolated internationally, still enjoys the support of powerful allies like Russia and China. He also has the backing of the military, the traditional arbiter of disputes in Venezuela. Neither the military nor the U.S. has been a party to the talks, even though Maduro's main goal is the removal of U.S. sanctions. Meanwhile, Guaidó's momentum has stalled since he declared himself interim president in January over what the U.S. and some 50 other nations saw as Maduro's fraudulent re-election last year. Demonstrations that at the start of the year filled the streets of Caracas have thinned to a trickle and a military uprising called for by Guaidó in April ended with several opposition lawmakers on the run or in exile. "As long as each side pursues a winner-take-all approach, they are less willing to make concessions and a deal will remain elusive," said Phil Gunson, a Caracas-based analyst for the International Crisis Group.

## A2 Targeted Sanctions

Mark Weisbrot, The Nation, February 28, 2019, Trump's Other "National Emergency": Sanctions That Kill Venezuelans, <http://cepr.net/publications/op-eds-columns/trump-s-other-national-emergency-in-the-americas-with-sanctions-that-kill>

The sanctions imposed by the Obama administration in March 2015 (which also declared a "national emergency") also had a very serious impact. This is well-known in financial institutions, but generally not reported in the major media, which treat these sanctions as they are advertised by the US government, as "sanctions against individuals." But when the individuals are high-level government officials, for example the finance minister, the sanctions cause enormous problems, as these officials are cut off from necessary transactions in most of the world financial system.

Armario '19 | Prospect of sanctions even on just government scares off investors from the private sector  
Amario, Christine, August 7, 2019, Associated Press, "AP Explains: The wide reach of Trump's Venezuela sanctions"

<https://apnews.com/0b13effe006b41648f8285f8531ba869>

BOGOTA, Colombia (AP) — *Wide-reaching U.S. sanctions aimed at toppling Venezuelan President Nicolas Maduro's government could inflict further damage on an economy already reeling from six-digit inflation by scaring off remaining investors.* The new measures don't include Venezuela's private sector, but *the mere prospect of being sanctioned by the U.S. by engaging in transactions that in any way involve the Maduro administration could serve as a powerful deterrent.* Here's a look at the scope and potential impact of President Donald Trump's executive order: \_\_\_ IS IT AN EMBARGO? The new sanctions announced by the Trump administration this week freeze all Venezuelan government assets in the United States and allow the Treasury Department to sanction any person, business or other entity assisting the Maduro administration. While those measures are similar to strict U.S. sanctions on nations like North Korea, Iran and Cuba, they are not as wide in scope. Notably, Venezuela's still sizeable private sector is not blacklisted. Francisco Rodriguez, chief economist of New York-based Torino Capital, and other analysts say they would not characterize the sanctions as an embargo since they specifically target the government and not overall trade. But Rodriguez adds that previous U.S. sanctions

**nonetheless constitute an “oil embargo” since they target Venezuela’s state-run oil company, which controls all transactions.** \_\_\_ WHAT’S THE LIKELY IMPACT? *The biggest impact probably will come from*

*“secondary sanctions” that could have a devastating effect on Venezuela’s economy.* The Trump administration can now punish foreign governments and businesses that help Maduro stay in power from doing business in the U.S. National Security Adviser John Bolton put it in stark terms Tuesday: Do business with the Venezuelan government and you’ll be barred from the U.S. “Make a very careful calculation,” he warned. *Analysts say the definition of providing “material support” is so vague that it could have a ripple effect that chills all business with Venezuela.* In particular, *countries like India and Malaysia that now buy 46 percent of Venezuela’s exports could decide they are better off reducing trade.* “All these measures are impacting the economy’s import capacity and will lead to a deeper economic contraction,” Rodriguez said. \_\_\_ WILL IT BE ENFORCED? It remains to be seen how strictly the Trump administration will enforce the new sanctions against third-party foreign entities. Jeffrey Schott, a senior fellow at the Peterson Institute for International Economics who has extensively studied sanctions, said the onus will fall on individual companies to ensure that their transactions do not violate sanctions, and *because of the Venezuelan state’s wide reach, it will be difficult for many businesses to show that zero government capital is involved.* “Because the scope of the obligation is ambiguous, a company doesn’t know when it is at risk of being in non-compliance,” Schott said. *Rodriguez said it will be a “daunting task” for financial institutions to determine whether they are being used as a channel for government transactions, and the “prudent response for many” will be to significantly restrict such dealings.* \_\_\_ WILL EXEMPTIONS BE ALLOWED? *The executive order allows for the delivery of humanitarian assistance, but even shipments of food and medicine are likely to diminish. Similar sanctions imposed in other parts of the world show organizations and financial institutions typically choose to err on the side of caution even when U.S. policy explicitly allows for the delivery of certain goods.* “They usually don’t continue even though they’re authorized,” Schott said. He described it as an example of the “collateral damage” that sanctions often involve: *Businesses and people who are not specifically targeted by the measures are nonetheless hurt. Restrictions on trade have made many banks and companies around the world hesitant to do business with Iran,* for example, even though the U.S. insists that medicine and humanitarian goods are exempt from sanctions. Prices on imported medicines like chemotherapy drugs have soared and [doctors worry they will become out-of-reach for many Iranians](#). \_\_\_ ARE ECONOMIC SANCTIONS EFFECTIVE? *Studies say that at best economic sanctions are effective in only a third of cases in which they are imposed to achieve political goals. A frequently cited review of 115 cases from 1914 to 1990 found 40 instances that could be characterized as a success.* Subsequent analyses have challenged that conclusion and contend they are effective at an even lower rate. In defending the sanctions, Bolton said: “It worked in Panama, it worked in Nicaragua once, and it will work there again, and it will work in Venezuela and Cuba.” None of those examples are clear cut, however. U.S. sanctions on Nicaragua seeking to topple the Sandinista government in the 1980s inflicted a devastating blow on the economy that some argue led to the party’s defeat in elections, but the sanctions were combined with military efforts against the regime. Panamanian strongman Manuel Noriega was only toppled when U.S. President George H.W. Bush sent in troops. Cuba remains governed by the Communist Party despite more than a half century of U.S. sanctions. *Rodriguez said the sanctions are unlikely to sway Maduro to leave the presidency. Rather, he said, high-level guarantees assuring members of the Maduro administration they won’t be prosecuted if they give up power would be more effective.* “You have to build that exit option,” he said.

## A2 Opposition Protests

Opposition political movement won’t work with sanctions because Venezuelans don’t trust political movements that destroy the economy – historical motivation

Francisco Rodríguez (). 12-14-2017. "Why More Sanctions Won't Help Venezuela." Foreign Policy. <https://foreignpolicy.com/2018/01/12/why-more-sanctions-wont-help-venezuela/>. Accessed 12-27-2019. //TP

Back in 2002, opponents of then-President Chávez called for a massive strike in the country's oil sector. The strike brought oil production to a standstill and caused a double-digit recession in an attempt to get Chávez to resign. This event single-handedly convinced Venezuelans that they could not trust a political movement that was willing to destroy the economy in order to attain power. In a recall referendum held two years later, voters resoundingly backed Chávez. The United States and the anti-Maduro opposition will not win the hearts and minds of Venezuelans by helping drive the country's economy into the ground. If Washington wants to show it cares about Venezuelans, it could start by providing help to those most affected by the crisis. Extending protected migrant status for Venezuelans in the United States and providing support for neighboring countries dealing with an upsurge of Venezuelan immigration would be a start, as would support for political organizations, such as the United Nations Development Programme, that have managed to channel aid to the country. The U.S. should also support negotiations aimed at creating institutions that make the coexistence of the country's feuding political factions possible — rather than encouraging the wholesale replacement of one by the other.

Guaidó losing popular support in Venezuela, protest turnout down, re-election uncertain

Scott Smith. 12-23-2019. "Support for Venezuela's Guaidó Wavers as Maduro Holds Firm." TIME.

<https://time.com/5754539/support-venezuela-guaido/>. Accessed 1-7-19. //SH

Palacios no longer answers the opposition leader's call to protest, nor do most of the others who once filled the streets. Cracks have even appeared in Guaidó's base of support in the National Assembly, the only major institution controlled by the opposition. His re-election as congressional president is no longer assured and legislators' official terms expire in a few months. Throughout, the 36-year-old Guaidó has admitted no mistakes, and neither he nor his backers in Washington have offered a fresh strategy to rescue their floundering battle to unseat Maduro. The Trump administration has continued to pile economic and travel sanctions onto members of Maduro's inner circle, but so far with little effect.

A2 Negotiations (Impact)

A2 Turning Military

Coup wouldn't work; Maduro has paramilitary groups

Ana Campoy (). May 9, 2019. "The definitive 21st-century guide to the fight in Venezuela." Quartz.

<https://qz.com/1611086/venezuela-maduro-guaido-and-the-new-face-of-dictatorship/>. Accessed 1-1-2020. //TP

Unlike the US, Venezuela no longer has any institutions that can keep presidential power in check or enforce term limits. Trump may claim that Democrats would turn the US into Venezuela if allowed (see demonizing the opposition), but even if that were what Democrats wanted, it would be practically impossible to achieve. In Venezuela, a quick return to a functioning democracy is almost as unimaginable. Personalist dictatorships like Maduro's are less likely to be replaced by democracy than other types of autocratic regimes, in part, because of the splintered armed forces favored by their leaders, according to Wright, one of the book's authors. Even if the military sided with Guaidó—which it hasn't—Maduro would still have paramilitary groups at his beck and call. And even if there were a US-led invasion that successfully drove him out, the splintered armed factions would remain, making for a long and chaotic transition. That's what happened in the last three places the US intervened militarily: Afghanistan in 2001, Iraq in 2003, and Libya in 2011.

Jonah Shepp (). 4-13-2019. "Venezuela's Maduro Doesn't Appear to Be Going Anywhere. What Now?." <http://nymag.com/intelligencer/2019/04/venezuelas-nicols-maduro-isnt-going-anywhere-what-now.html>. Accessed 12-11-2019. //NT

That was in January. Nearly three months later, while Guaidó's protest movement continues and about 1,500 Venezuelan soldiers have defected to neighboring countries, the pace of defections has slowed and the military remains solidly aligned

Intelligencer. There's no doubt that the Venezuelan armed forces are heavily surveilled, particularly at this moment, but the full answer is more complicated: Potential defectors are isolated and have no opportunities to organize against the regime, they are afraid of retaliation targeting their families,

and Guaidó has still not convinced the generals and other key figures that the end of the Maduro regime would come with reconciliation, not vengeance. The would-be president has floated an amnesty for crimes committed at Maduro's behest, but his assurances don't seem to have convinced the right people — at least not yet.

Jonah Shepp () Intelligencer. 4-13-2019. "Venezuela's Maduro Doesn't Appear to Be Going Anywhere. What Now?." <http://nymag.com/intelligencer/2019/04/venezuelas-nicols-maduro-isnt-going-anywhere-what-now.html>. Accessed 12-11-2019. //NT

Furthermore, **Maduro** knows where his power base lies and is actively working to expand it. On Saturday, he called for the drastic expansion of the civilian militia established by his predecessor Hugo Chávez, from 2 million to 3 million members. This paramilitary group reports directly to the president and serves as his unaccountable intimidation machine and death squad, spying on their neighbors, hunting down enemies of the regime, and cowering communities into submission. Maduro is now encouraging them to get involved in agricultural production; this would embed the militia further into the economy and make the population more dependent on them, paralleling the dual role of the Islamic Revolutionary Guard Corps in Iran. There's no doubt that the Venezuelan armed forces are heavily surveilled, particularly at this moment, but the full answer is more complicated: Potential defectors are isolated and have no opportunities to organize against the regime, they are afraid of retaliation targeting their families, and Guaidó has still not convinced the generals and other key figures that the end of the Maduro regime would come with reconciliation, not vengeance. The would-be president has floated an amnesty for crimes committed at Maduro's behest, but his assurances don't seem to have convinced the right people — at least not yet.

Amnesty protections are not enough; military needs direct sources of revenue

Michael Albertus (). xx-xx-xxxx. "There Is Still a Way Out of Venezuela's Stalemate." Foreign Policy. <https://foreignpolicy.com/2019/02/26/there-is-still-a-way-out-of-venezuelas-stalemate/>. Accessed 1-3-2020. //TP

Second, the military has to be persuaded to support the transition and either topple Maduro or force him to capitulate. To do so, amnesty protections are not enough. Since former President Hugo Chávez took power, the Venezuelan military has become deeply involved in a wide range of profitable economic activities. Chávez effectively gave the military control of Venezuela's crown jewel: the state-run oil company, PDVSA. While falling oil prices and a lack of investment have sapped PDVSA of its vitality, it remains the country's biggest source of revenue. The military also presides over imports and exports, holds contracts for public housing projects, and has mining and oil services concessions. It also reportedly controls lucrative drug trafficking routes and money laundering operations. To encourage the military to support a transition, the opposition needs to guarantee it legal and direct sources of revenue. The most obvious option is to deliver it a share of PDVSA revenue. This should be coupled with autonomy over their chain of command, at least for five to 10 years, and an important position in defending Venezuela's borders and port-based economic activity.

Criminal activities prevent regime change

Jackson Diehl (). 5-12-2019. "Opinion." . [https://www.washingtonpost.com/opinions/global-opinions/the-real-reason-venezuelas-maduro-survives-dirty-money/2019/05/12/ba96413e-7263-11e9-8be0-ca575670e91c\\_story.html](https://www.washingtonpost.com/opinions/global-opinions/the-real-reason-venezuelas-maduro-survives-dirty-money/2019/05/12/ba96413e-7263-11e9-8be0-ca575670e91c_story.html). Accessed 12-31-2019. //TP

When asked to explain why their efforts to oust Venezuelan President Nicolás Maduro have fallen short, Trump administration officials typically cite the sinister influence of Cuba and Russia, which they say has stiffened the regime's resistance. What they don't speak about so much is a possibly more important factor: the Cartel of the Suns. That colorful term refers to the drug-trafficking network that each year flies hundreds of tons of Colombian cocaine from Venezuelan airfields to Central America and the Caribbean for eventual distribution in the United States and Europe — and that includes some of the most senior officials in the Maduro regime. These men are not clinging to power because they are true believers in socialism, or because of their fealty to Vladimir Putin and Raúl Castro. They hang on because, in spite of Venezuela's economic implosion, they are still reaping millions — and they are likely to find themselves imprisoned in Venezuela or the United States if they walk away. Cocaine trafficking is just one of a host of criminal activities in which the elite of Hugo Chávez's "Bolivarian revolution" are immersed. There is also illicit gold and iron mining; fraudulent oil sales; rake-offs from food and medicine imports; and corrupt currency trading. Maduro and everyone near him, including his wife, his No. 2, and the ministers of interior and industry, are up to their necks in it. Though both the Trump administration and Maduro's far-left foreign defenders prefer to describe the Venezuelan crisis in political terms, the reality is that the regime is less a government — much less a socialist one — than a criminal gang. That has two consequences that are complicating its removal. First, the money it is reaping from criminal activity is serving as a prop that allows it to survive U.S. sanctions. Perhaps more importantly, the toxic taint on almost every top official makes it much harder to pursue the usual formulas for a peaceful transition, including the creation of a transitional government and amnesty for those who step down. The collapse of Venezuela's regular economy has created dire shortages of food, water, medicine and power, and caused more than 10 percent of its 30 million people to flee the country. Yet the illicit revenue pouring in for Maduro's clique appears to be increasing. A recent CNN report said drug flights from Venezuela had risen from about two per week in 2017 to nearly daily in 2018; it cited one U.S. official as saying there had been up to five flights per night this year. In 2018, an estimated 265 tons of Colombian cocaine, with a street value of \$39 billion, was trafficked through Venezuela, the report said. Another new study prepared for the National Defense University by Douglas Farah and Caitlyn Yates found that even while the Maduro regime sold 73 tons of gold in Turkey and the United Arab Emirates last year to raise cash, its reserves grew by 11 tons — the likely result of illegal gold mining, including by Colombian rebel groups based in Venezuela and allied with the regime. Those sales could have raised close to \$3 billion, more than enough to fund the security forces and paramilitary groups still loyal to Maduro. Farah and Yates describe the Venezuelan regime as part of a regional network they call the Bolivarian Joint Criminal Enterprise, a "consortium of criminalized states and nonstate actors." They identified 181 individuals and 176 companies in 26 countries linked to Venezuelan criminal activity. Thanks to this enterprise, they say, the Maduro regime has not collapsed and may not for a significant period of time. . . . The network's ability to adapt and diversify their criminal portfolio means that money continues to flow into the regime's coffers. In theory, the Venezuelan opposition, the Trump administration and others seeking to leverage Maduro out could resolve to forgive all this. The opposition has spoken about amnesty for military leaders who turn on the regime, and last week, the Treasury Department lifted sanctions from Venezuela's intelligence chief after he defected. As a practical matter, however, it's hard to imagine most of the Maduro mafia simply walking away. At least two of its capos have been indicted by U.S. federal grand juries. Another, former general Hugo Carvajal, defected to Spain last month — and was promptly jailed on a U.S. extradition request. He faces federal cocaine smuggling charges. Some opposition leaders and foreign governments are hoping to broker a transitional administration that includes regime figures. But, as veteran opposition activist María Corina Machado told The Post, "you cannot have drug trafficking kingpins . . . you cannot have individuals who are part of the mafia in gold trafficking, oil trafficking and gas trafficking, or food mafias." That, alas, may exclude just about everyone with the power to bring about a peaceful change in Caracas.

Military won't turn because they don't have guarantees of safety after regime change

Laura Gamboa (). 5-30-2019. "Why Venezuela's Regime Hasn't Collapsed." Foreign Affairs. <https://www.foreignaffairs.com/articles/venezuela/2019-05-30/why-venezuelas-regime-hasnt-collapsed>. Accessed 12-25-2019. //TP

In order to get Maduro to step down and call for free and fair elections, Venezuela's opposition must break up the military-civilian alliance that is keeping him in power. Getting there will require, first, that the military no longer benefits from supporting Maduro. With the support of international allies such as the United States, Guaidó has already made some progress on this front. Yet the military also needs credible guarantees that it won't be prosecuted or penalized under a new regime—something that the opposition has failed to provide so far. Absent such a guarantee, it is unlikely that the military will turn on Venezuela's dictator.

Lack of trust on both sides prevents the military from accepting a deal with the opposition and turning against Maduro

Laura Gamboa (). 5-30-2019. "Why Venezuela's Regime Hasn't Collapsed." Foreign Affairs. <https://www.foreignaffairs.com/articles/venezuela/2019-05-30/why-venezuelas-regime-hasnt-collapsed>. Accessed 12-25-2019. //TP

Yet chipping away at Maduro's military support is only half the equation. The opposition also needs to offer Maduro's backers a way out. Venezuela's generals would rather stay penniless but in power than step down and end up imprisoned. Here is where amnesty and transitional justice mechanisms come in: the opposition needs to craft amnesty laws attractive enough for those in office to give up power and comprehensive enough that they will not be overturned by domestic or international courts in the future. So far, attempts to do so have failed. Earlier this year, Venezuela's National Assembly introduced a law promising amnesty to any bureaucrats and members of the armed forces who, in keeping with their constitutional duty, helped with the restitution of democracy in the country. Yet the bill has faced criticism by human rights organizations and victims of political repression and has not generated nearly enough defections to be effective. Part of the problem is a lack of trust on both sides. There is ample evidence suggesting that low- and high-ranking members of the armed forces are ready to withdraw their support from Maduro. The alleged backdoor deal between opposition and government officials ahead of the April 30 uprising indicates that opposition leaders and individuals close to the president could indeed come to an agreement. How to guarantee and enforce the terms of the deal, however, is a more complicated story. The opposition has a hard time trusting powerful regime insiders, since the latter have often just used negotiations with the opposition to buy time. Guaidó also needs to balance different factions inside the opposition, some of which are more willing to compromise with the regime than others. Officials in the government and military, for their part, worry about what will happen once they have no leverage. Will the opposition renege on its promises and seek retribution, as it did during a short-lived coup in 2002 when the opposition briefly ousted then President Hugo Chávez with the help of the armed forces? At the time, the expectation was that, once in office, opposition leaders would abide by the constitution in appointing Chávez's successor. Instead, Pedro Carmona, a business leader and a central opposition figure, swore himself in as president, ignoring the line of succession laid out by the constitution. During his two-day rule, Carmona suspended the constitution, shut down Parliament and the courts, impeached recently elected governors and mayors, and started persecuting former Chavistas. Today, Maduro loyalists fear a repeat of this scenario should they abandon the sitting president. Members of the armed forces and other government bodies are also unsure if they can trust each other once they defect: if all goes well, the government has to step down. If all goes wrong and government allies discover that they are dealing with the opposition, they are likely to end up dead or in jail.

Maduro's inner circle won't turn against him because they are doomed if they do; they are too deep in criminal activity

Francisco Toro, Moisés Naím (). 5-30-2018. "Why Nicolás Maduro Clings to Power." Atlantic. <https://www.theatlantic.com/international/archive/2018/05/maduro-venezuela/561443/>. Accessed 1-1-2020. //TP



So why does he want to keep a job that's so plainly beyond him? The reality is that for Nicolás Maduro and the clique around him, the goal of staying in power is just to be in power. Nothing more. Because at this point he's dug himself into a hole so deep, the alternative to a presidential palace is very likely a jail cell. Or worse. The ghost of Manuel Noriega, the former Panamanian dictator, hangs heavily over any discussion of Maduro's future. Like Noriega, Maduro runs a regime knee-deep in the drug trade, and one that has been the subject of intensive DEA surveillance for years. Two of the first lady's nephews were convicted in the United States last year of offering undercover DEA agents 800 kilograms of cocaine for sale during a sting operation in Haiti some years back. Maduro's vice president, Tareck El Aissami, is designated a drug kingpin (technically a "Specially Designated Narcotics Trafficker") by the United States Treasury Department. Whatever role Maduro himself played in this trade, it's very likely U.S. investigators have the evidence on it. That Noriega died last year while still in custody after three decades in a variety of jails on three different continents is not a fact that will have escaped Maduro. And drugs are just the beginning. Maduro and members of his inner circle are now under international sanctions for a dizzying variety of misdeeds. Over the years, regime members have been accused of gross human-rights abuses, big-time money laundering, Olympic-level bribery and embezzlement, aiding Hezbollah, sanctions busting in Iran, large-scale environmental crimes, allegations of false imprisonment, torture—the list goes on and on. In February this year, the prosecutor at the International Criminal Court announced that her office had launched a preliminary examination into human-rights abuses in Venezuela committed since 2017. Before it's all said and done, Maduro could conceivably find himself on the dock in The Hague, Milošević-style.

Civil war is becoming increasingly possible

No Author (). February 28, 2019. "War in Venezuela is now a scary possibility." No Publication.

<https://www.irishexaminer.com/breakingnews/views/analysis/war-in-venezuela-is-now-a-scary-possibility-907565.html>. Accessed 12-27-2019. //TP

In recognising opposition leader Juan Guaidó as president, the US misread the 100,000-strong army's loyalty to dictator Nicolás Maduro, say Jeffrey Sachs and Francisco Rodríguez. ONE month after Juan Guaidó, the speaker of Venezuela's National Assembly, said he was assuming the Venezuelan presidency, currently held by Nicolás Maduro, the country's political crisis remains far from over. A full-blown civil war — seemingly implausible just weeks ago — is now becoming increasingly possible. Four people died, and hundreds were injured, in violent clashes at Venezuela's borders last weekend, when government forces opened fire on an attempt by the opposition to bring aid convoys into the country. The Maduro regime is authoritarian, militarised, and ready to kill civilians to maintain power. The society is bitterly divided between the revolutionaries, inspired by Hugo Chávez, Maduro's predecessor, and a large and aggrieved opposition. Each side despises the other.

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US provocation increases chance of war because it creates a schism between high and junior officers

No Author (). February 28, 2019. "War in Venezuela is now a scary possibility." Irish Examiner.

<https://www.irishexaminer.com/breakingnews/views/analysis/war-in-venezuela-is-now-a-scary-possibility-907565.html>. Accessed 12-27-2019. //TP

What to do to help guide Venezuela away from civil war and toward a peaceful and democratic future? On this great challenge, US president, Donald Trump's administration has gravely miscalculated. When the US chose to recognise Guaidó as Venezuela's president — as did a group of Latin American countries — and ban oil trade with the Maduro government, it was betting that the pressure would topple the regime. As a former senior US official told the Wall Street Journal, "they thought it was a 24-hour operation." This type of miscalculation predates the Trump administration. In mid-2011, then US president, Barack Obama, and

his secretary of state, Hillary Clinton, announced that Syrian president, Bashar al-Assad, must "step aside." Similarly, in 2003, George W Bush declared 'mission accomplished' shortly after the US invasion of Iraq. All of these cases reflect the arrogance of a superpower that repeatedly overlooks local realities. Maduro's ability to withstand intense US pressure is not a surprise to close observers of Venezuela's military. The centralised command and control of military intelligence, as well as the personal interests of senior officers who control major chunks of the economy, make it highly unlikely that the army will turn on Maduro. US provocation might create a schism between military commanders and more junior officers, but that would only make the plunge into a bloody civil war more likely. To date, there have been no defections among high-ranking officers who have control of troops. Faced with the prospect that regime change will not come quickly, the Trump administration, and some parts of Venezuela's opposition, have begun considering military action. Echoing language recently used in a speech by Trump, Guaido wrote, on Saturday, that he would formally request the international community to "keep all options open." Similarly, Republican US senator Marco Rubio, who has acted as a self-appointed guru for Trump on Venezuela, warned on Twitter that Maduro's actions had opened the door to "multilateral actions not on the table just 24 hours ago."

#### A2 Negotiations

Negotiations don't work with Maduro AND the US has given up on negotiations

Francisco Toro (). December 2018. "Venezuela's Suicide." Foreign Affairs.

<https://www.foreignaffairs.com/articles/south-america/2018-10-15/venezuelas-suicide>. Accessed 12-25-2019. //TP

Nonetheless, the United States will continue to face pressure to find some way of arresting Venezuela's collapse. Each initiative undertaken so far has served only to highlight that there is, in reality, little the United States can do.

During the Obama administration, U.S. diplomats attempted to engage the regime directly. But negotiations proved futile. Maduro used internationally mediated talks to neutralize massive street protests: protest leaders would call off demonstrations during the talks, but Chavista negotiators would only stonewall, parceling out minor concessions designed to divide their opponents while they themselves prepared for the next wave of repression. The United States and Venezuela's neighbors seem to have finally grasped that, as things stand, negotiations only play into Maduro's hands.

#### A2 Hezbollah

While Guaido will want to push against Hezbollah, it will fall at the end of the list and the capabilities won't exist because of shattered infrastructure and security services

Colin P. Clarke (). February 2019. "Hezbollah Is in Venezuela to Stay." Foreign Policy.

<https://foreignpolicy.com/2019/02/09/hezbollah-is-in-venezuela-to-stay/>. Accessed 12-25-2019. //TP

A government led by Guaidó would almost certainly be more active in opposing Hezbollah's presence on Venezuelan soil, not just nominally but in more aggressively seeking to curtail the group's criminal network and, by extension, the influence of Iran. As part of a quid pro quo for its support, Washington would likely seek to lean on Guaidó to crack down on any Iran-linked activities throughout the region. But there is a major difference between will and capability. And while a Guaidó-led government might initially demonstrate strong political will in countering Hezbollah and Iran—at least to appease the Trump administration—Venezuela as a country faces an immense challenge in attempting to rebuild its shattered society. Pushing back against Hezbollah may simply fall much lower on the list of priorities for Guaidó and his administration than the United States might like. The uncertain nature of Venezuela's security services and military suggests a serious capability gap to contend with when working with Caracas. Venezuela has maintained close links to Russia militarily, and it remains unknown what portion of the security services are or will remain loyal to Maduro. The United States experienced great success with Plan Colombia, a multiyear, multibillion-dollar effort to engage in security cooperation with and build the capacity of Colombian law enforcement and military forces.

Hezbollah won't be ousted: 1) Trump doesn't want long expensive nation-building interventions 2) The Venezuelan military capabilities will be severely underprepared 3) Iran & Russia will fund Hezbollah to stay

Colin P. Clarke ( ). February 2019. "Hezbollah Is in Venezuela to Stay." Foreign Policy.

<https://foreignpolicy.com/2019/02/09/hezbollah-is-in-venezuela-to-stay/>. Accessed 12-25-2019. //TP

But replicating the success of Plan Colombia, which helped the Colombian armed forces gain a significant advantage over the FARC, has proven elusive in other contexts, including in Mexico, where the Mérida Initiative, a security cooperation agreement between the United States and Mexico focused on counter-narcotics, failed to successfully combat drug trafficking and organized criminal networks in that country. During his first two years in office, President Donald Trump has demonstrated a desire to extricate the United States from costly overseas interventions. This is just one of several reasons why a "Plan Venezuela" aimed at helping that country rebuild critical government institutions may be unfeasible. To be successful, such a strategy would require a multiyear commitment of U.S. trainers (troops, contractors, or a mixture of the two) to work with Venezuelan authorities to counter the unique threat posed by Hezbollah, a group that combines terrorist and criminal activities to great effect. Another challenge is the baseline capability of the Venezuelan military and security services, certainly well below where Colombian personnel were when U.S. troops first began training them in the early 2000s. There is also the issue of Iran. Hezbollah is backed by a regime in Tehran that provides it with upward of \$700 million annually, according to some estimates. Venezuela serves as Iran's entry point into Latin America, a foothold the Iranians are unlikely to cede without putting up a fight. Moreover, Russia retains a vested interest in propping up Venezuelan President Nicolás Maduro and keeping him in power, given the longstanding relationship between the two countries. Moscow recently warned the United States against intervening in Venezuela militarily. Further, after cooperating closely in Syria, Hezbollah is now a known quantity to the Kremlin and an organization that President Vladimir Putin could view as an asset that, at the very least, will not interfere with Russia's designs to extend its influence in the Western Hemisphere. If the Maduro regime is ultimately ousted from power, it will likely have a negative impact on Hezbollah in Venezuela. After all, the group's tentacles extend into the upper reaches of Venezuela's current government—Tarek El Aissami, the minister of industries and national production, was designated by the U.S. Treasury Department under a counter-narcotics authority and allegedly has a close relationship with Hezbollah. Yet on balance, Hezbollah has deep roots in Venezuela, and completely expelling the group—no matter how high a priority for the Trump administration—remains unlikely. The best-case scenario for Washington could be an ascendant Guaidó administration that agrees to combat Hezbollah's influence—if the new government is willing to accept a U.S. presence in the country to begin training Venezuelan forces in the skills necessary to counter terrorism and transnational organized criminal networks with strong ties to Venezuelan society. But that scenario, of course, is dependent on the United States offering such assistance in the first place.

A2 Inner Circle

John Otis, NPR.org, 1-25-2019 ["Why Venezuela's Military May Be Standing By Maduro, For Now"]

<https://www.npr.org/2019/01/25/688576099/tense-political-standoff-continues-in-crisis-wracked-venezuela-12-17-2019>] // EJ

U.S. court indictments and targeted sanctions have named several Venezuelans who have served in the South American country's security forces. *Ellis contends that the fear of arrest or extradition under a Guaidó-led government has persuaded many officers to throw in their lot with Maduro. What's more, Cuban agents work closely with top Venezuelan officials to snuff out coups before they can be launched.*

US sanctions are not to be blamed for the crisis in Venezuela

CSIS, The, 9-3-2019, "Are Sanctions Working in Venezuela?," No Publication, <https://www.csis.org/analysis/are-sanctions-working-venezuela>

Sanctions did not cause the economic or humanitarian crisis in Venezuela as dire conditions in Venezuela preceded the implementation of sanctions. By 2016, a year before any financial or sectoral sanctions hit the country, Venezuela's economy was already enduring severe hyperinflation, which surpassed a rate of 800 percent. Between 2013 and 2016, food imports fell 71 percent and medicine and medical equipment imports dropped 68 percent. Over the same period, infant mortality increased by 44 percent. By the time sanctions were introduced, Venezuelans earning the minimum wage could only afford 56 percent of the calories necessary for a family of five. Over two million Venezuelans had already fled the country at this point. The extent of the humanitarian damage suffered before sectoral sanctions indicates that the blame cannot be placed on the sanctions themselves. As an example, Venezuela's Central Bank confirmed in 2014 that plummeting oil prices had triggered a severe economic contraction with simultaneous hyperinflation. Under the guise of austerity, Maduro announced cuts to major social services upon which millions of citizens relied.

US sanctions on Venezuela decrease Maduro's antidemocratic policies and incentivize Maduro to step down.

CSIS[SP1], The, 9-3-2019, "Are Sanctions Working in Venezuela?," No Publication, <https://www.csis.org/analysis/are-sanctions-working-venezuela>

There is significant evidence of the impact of sanctions on Maduro's power. Not only have targeted economic sanctions limited [Maduro's] his ability to finance his regime's antidemocratic activities and human rights abuses by reducing oil and illegal mining earnings, but they have also strained his inner circle. His control over state institutions and assets is slipping along with public confidence in his regime. The United States has instituted a strategy of risk; the current administration's interminable threat to impose further sanctions leaves Maduro and his accomplices unsure as to how far it will go, forcing them to fear the worst. Most recently, sanctions have increased leverage for democratic forces within Venezuela. Maduro recently agreed to send a delegation to Barbados to reopen talks with the opposition after dialogues stalled earlier this year. The increased pressure of sanctions was a key factor in his decision to negotiate with political adversaries, as he and his inner circle are more limited than ever in their capacity to travel and engage with financial assets. That said, there are areas for improvement in sanctions strategy. The first important step is to encourage multilateral adoption of currently targeted sanctions. Unilateral

sanctions, even from the most powerful economy in the world, have limited results. In addition to incorporating allied neighbors Colombia and Brazil, the United States should take advantage of the Lima Group, which has recently taken a strong stance on Maduro's crusade against democracy. If this is successfully achieved, the strategy can be extended outward to the Organization of American States and perhaps even the United Nations (although Chinese and Russian veto power on the Security Council would make this difficult). The United States and its allies must use sanctions deliberately as a tool to shut down Maduro's criminal activities. By closing off criminal sources of revenue for him and his cohorts in Venezuela, Maduro's relative exit costs can be lowered, which will in turn increase the likelihood of a peaceful transition. While barriers to exiting power are always high, sanctions can isolate Maduro to the point where resigning is a welcome alternative. Another method could be the reallocation of assets recovered from sanctioned officials in the Venezuelan government and military. These assets could be forfeited to nongovernmental organizations helping the most deprived Venezuelans. While such a process requires cutting through significant red tape, the legitimate government led by Guaidó would be well served to ensure that the victims of malevolence in Venezuela are compensated in some manner. Lastly, the international community can integrate innovative ideas for sanctioning businesses, especially those that are paramount to U.S. economic interests in the region. Several U.S. companies, most notably Chevron, currently operate in the Venezuelan oil sector and in turn must navigate sanctions. One past example is that Citgo, a subsidiary of PdVSA, was wrested from Maduro's control and made responsive to Guaidó's administration. The same strategy could be applied to Venezuela's financial sector, specifically its centralized and semiprivate/state-owned banks. The United States should distinguish between institutions that are operating in sole service of Maduro's regime and those that can play a role in providing an economic future for the country. This will require creativity as well as flexibility. It is also necessary to retract sanctions placed on state entities once they are proven to be legitimately controlled[SP2].

US sanctions against Venezuela have unfairly harmed Venezuelan citizens while solidifying Maduro's presidency.

ACPM, 6-14-2019, "US sanctions 'suffocating' ordinary Venezuelans," France 24, <https://www.france24.com/en/20190614-us-sanctions-suffocating-ordinary-venezuelans//SP>

Venezuelan shopkeeper Manuel Saavedra says new US sanctions are strangling him -- and lots of other everyday people. A video game store owner[s] in Caracas, Saavedra has been forced to raise prices as products became harder to import from May 15, when the US Transportation Department suspended passenger and cargo services between the US and Venezuela. Washington has imposed that and other punishment in hopes of undermining President Nicolas Maduro and helping opposition leader Juan Guaido, who is recognized as interim president by more than 50 countries, force him from power. But Saavedra says those new sanctions hurt average citizens more than they do the Maduro regime. "They're suffocating us, ordinary citizens," he said. "I don't know how long it will last. In any country (sanctions) affect everyone (but) less so those in government." Air courier companies increased their charges from \$3.50 to \$4.50 per pound following the latest US sanctions while maritime shipments went from \$8 to \$10 per cubic meter, says Saavedra. Packages can no longer be sent directly from the US and must now first pass through Panama or the Dominican Republic in order to circumvent the

sanctions. "That pushes up the costs and means that you sell less," Saavedra told AFP. - 'Exorbitant' - It's one of a number of extra hassles facing ordinary Venezuelans as a consequence of US sanctions, such as fuel shortages and sky-high airfares. Even before that latest embargo, Venezuela's crippling economic crisis weighed heavily on its businesses and citizens. Five years of recession and inflation which the International Monetary Fund says will reach a staggering 10 million percent this year have taken their toll. The United Nations says a quarter of the 30-million-strong population is in need of humanitarian aid and 3.3 million people have fled the country since the end of 2015. Under Maduro's government, Saavedra had already been forced to close one store and reduce his workforce from 14 people to two. Venezuelans are suffering from a lack of basic necessities such as food and medicines as well as failing public services, including water, electricity and transportation. The suspension of direct flights to the US has also made it trickier to get there, even via a stopover, as tickets are scarce. "It's hard to find them and when you do the prices are exorbitant," cardiologist Luis Cressa told AFP. The 37-year-old frequently needs to travel to the US for work or academic reasons. But the cost of a flight to Miami has jumped from \$600 to \$1,200, he says. Because of hyperinflation, the minimum monthly wage is now the equivalent of around \$6.50. Air travel has become increasingly difficult all round, not just because of cost. Of the 32 airlines registered in 2013, only nine are left, Humberto Figuera, president of the Venezuelan airlines association, told AFP. - 'Sanctions drive poverty' - US sanctions had targeted only Maduro and other high-ranking regime officials until 2017 when Washington put a ban on lending money to either the government or state-owned oil company PDVSA. That cut off Venezuela's access to foreign financing at a time when the South American country already had an external debt of \$150 billion and a cash crisis due to its crude production dropping from 3.2 million barrels a day to just one million over the last decade. That's a crushing blow for a country whose oil exports account for 96 percent of its revenue. Things got worse in April when US President Donald Trump blocked Venezuela's access to either the US market or dollars. He also froze the assets of PDVSA's US affiliate Citgo, handing over control of those to Guaido. But David Smilde, a senior fellow specializing in Venezuela at the Washington Office on Latin America think-tank, says sanctions are only helping to entrench Maduro in the presidential palace. "The oil sanctions will drive the population into further poverty, hunger and tragedy and weaken them vis-a-vis the Maduro government and allow the latter to continue in power," he told AFP in April. The oil embargo is a double-whammy as it also bans sales of diluents to Venezuela, which it needs to process its heavy crude, as well as fuels, leaving a shortage of petrol in the country sitting on the world's largest proven oil reserves. Venezuela is refining only 100,000 barrels a day, half its demand, meaning it is forced to import the rest. Those shortages have led to fuel queues that can last up to two days in some remote regions in the country's interior. "There shouldn't be petrol rationing in an oil country ... this is backwardness," said Ivan Herrera as he waited for hours at a queue in the western city of Barquisimeto. The government blames the sanctions for these difficulties and Maduro says it has cost the country \$30 billion. But opponents say it is the result of failed policies and corruption on a massive scale.

Maduro is losing key support from the poor – a vital source of his power (22 % down).

David Luhnow, 3-19-2019, "Maduro Loses Grip on Venezuela's Poor, a Vital Source of His Power," WSJ, <https://www.wsj.com/articles/maduro-loses-grip-on-venezuelas-poor-a-vital-source-of-his-power-11553014207//SP>

LA VEGA, Venezuela—This nation's slums have been the backbone of the leftist government for decades, and one of few remaining bulwarks for President Nicolás Maduro. They are now turning on [Maduro]—a shift born of economic misery and police violence that could cost him the country. Support for Mr. Maduro among Venezuela's poorest fifth of the population has gone from roughly 40% in early 2016 to 18% in February, according to Datanalysis, a respected pollster in Venezuela. With the U.S. and other countries supporting opposition leader Juan Guaidó's claim to the presidency, Mr. Maduro's loss of support among even impoverished Venezuelans strips him of a crucial base, leaving him to rely on the loyalty of his armed forces and paramilitary groups. The country's ramshackle slums, known as barrios, hug the hillsides of every large city in Venezuela and make up roughly half the national population. Since January, activists have railed against Mr. Maduro in town hall meetings that have sprung up in many barrios. Protests erupted this month after a dayslong nationwide blackout that left residents without lights or water, spoiling what little food people had in their refrigerators. "Something new is happening in the barrios," said Father Alfredo Infante, a Jesuit priest in La Vega. "They feel connected to Guaidó in a way they haven't with other opposition leaders. He comes from a poor background, and looks like he belongs in the barrio." Across barrios, fading murals celebrating former leader Hugo Chávez compete with fresh graffiti demanding "Fuera Maduro," or Maduro Out. Many blame government brutality for the shift, a violent crackdown that pits the government against the very people who put it in power. Security forces killed 50 people so far this year, mostly in the barrios, according to Foro Penal, a Caracas group that tracks government abuse. Some 653 other people have been arrested this year at protests or for speaking against the government. "We've never seen so much repression as this year," said Gonzalo Himiob, a director at Foro Penal. The homes of some opposition leaders have been marked with spray paint by barrio gangs, he said. Mr. Himiob and others blame the country's special forces police, known as FAES, a unit known for extrajudicial executions of suspected criminals and, increasingly, political activists. Members of these armed forces wear ski masks and are believed responsible for most of the estimated 3,717 extrajudicial killings in the past two years, mostly of suspected criminals in barrios, according to Families of Victims Committee, or Cofavic, a local human-rights group. In the slums of Carora, in Lara state, at least five youths who attended opposition protests on Jan. 23 were killed by special forces, according to witnesses interviewed by Cofavic. "We're hearing more cases of people who are targeted because they took part in protests," said Liliana Ortega, the head of Cofavic. "It's a form of social control to inhibit or discourage these areas from rising up." After Mr. Guaidó declared himself interim president, street vendor Johnny Godoy celebrated outside his home in La Vega, a sprawling Caracas slum. The 29-year-old evangelical Christian posted a video of himself waving a Venezuelan flag and shouting: "Who are we? Venezuelans. What do we want? Maduro gone!" Two days later, on Jan. 25, masked police dragged Mr. Godoy from his house, his mother protesting, and took him to nearby alley. He was shot in the foot and stomach and had a diaper stuffed in his mouth, which neighbors interpreted as a message to other would-be rebels considering speaking out against Mr. Maduro. "I heard lots of shots, and my son cry out 'Jehova, Jehova,'" Mr. Godoy's mother, Cecilia Buitrago, told Mr. Guaidó in a meeting shortly after the killing. The corpse was returned to the family two days later, and Mr. Godoy's mother remains in hiding. Across barrios such as La Vega, fading murals celebrating former leader Hugo Chávez compete with fresh graffiti demanding "Fuera Maduro," or Maduro Out. Many blame government brutality for the shift. "Symbolically, it is a huge blow to the government to lose the support of the barrios," said John Polga-Hecimovich, a political-science professor at the U.S. Naval Academy. "In practical terms, it probably means more repression." Barrios took a high-profile role in Venezuela's recent history. In February, 1989, a barrio uprising over increases in transport prices led to a crackdown by army and police that killed hundreds. The massacre inspired a previously unknown Lt. Col. Hugo Chávez to attempt an overthrow of then-President Carlos Andrés Pérez in a failed 1992 coup. Once Mr. Chávez took power in 1999, he championed the barrios. One government program, Barrio Adentro, built health-care clinics staffed by Cuban doctors. Local clinics saved residents long trips to public hospitals. The barrios, in turn, saved Mr. Chávez in 2002. Thousands of residents staged street protests to demand his return after a faction of the armed forces briefly pushed him from power. El Comandante, as he was known, was so popular in barrios that few opposition politicians dared campaign there. The economic crisis has left the barrios in far worse shape. In 2014, the poorest 20% of the nation's population had 3.35% of the wealth. Now, it is 1.41%. The share of wealth going to the richest 10%, which includes those high in

government, doubled their share of wealth to 61% from 30% over the same period, according to a wide-ranging study of poverty by the Andres Bello Catholic University. Water shortages require residents to tote jugs of water to their homes in La Vega.

Venezuela has become the most unequal country in the hemisphere next to Haiti, the study found. In wealthy eastern Caracas, five-star restaurants cater to customers with access to dollars, often high-ranking officials. A pizza pie may cost the equivalent of a month's wage by barrio residents. Last year, Venezuelans were incensed by an online video showing Mr. Maduro and his wife enjoying a meal at an Istanbul restaurant run by the celebrity chef known as Salt Bae. "The army and top officials here don't suffer. It's the barrios that suffer," said Yasiri Paredes, 32, who runs a food kitchen serving free food in the La Vega barrio. She also is the cousin of Mr.

Godoy, the man shot in the alley. During the blackout that dimmed the capital for five days, Caracas' top restaurants ran on portable generators. But in La Vega, the network of food kitchens like the one run by Ms. Paredes temporarily closed, leaving hundreds of children hungry. During the blackout, Eloina Peña, 55, sold out the entire inventory of a small bodega she runs in La Vega, fearing the food would spoil. Now she wonders how she will restock. "The government has us cornered," she said. "But if we just stay quiet, we'll be accepting these humiliations." Sections of La Vega, home to about 120,000 residents, have been without water for nearly 10

months. The occasional water truck that meanders up the steep hillside sometimes only goes to the homes of government supporters, according to residents. A water truck fills the tank of a residence in La Vega. When the

Fe y Alegria Andy Aparicio parish school had a small fire on its patio last year, firefighters had no available truck to help. Teachers and students used water, dirt and sand to put it out, school official said. Venezuela's rate of hyperinflation, estimated by national economists to now be as high as 2 million percent, is best measured in everyday barrio life. Yulitza Ramos, 32, has seven children, and her boyfriend makes the equivalent of \$6 a month, enough to buy about two kilos of rice at black market prices. They get a box of subsidized food from the government once a month, but it's not nearly enough. "I used to be able to provide for my kids," she said, "and now we don't have enough to eat. I feel like a failure as a mother." Her daughter Milagro, 12, skipped school for a week recently because she had no shoes. "My mother told me it was either shoes or food," the girl said. At a local Catholic school, director Martha Piñango also has trouble buying food. A year ago, a kilo of chicken cost the school 140 bolivars, according to receipts. By year's end, the price was the equivalent of 72,000,000 bolivars. From November to January, the price of a kilo of carrots jumped from 400 bolivars to 4,000. A kilo of onions rose from 600 to 3,720. "It's hard for the school to keep going," Ms. Piñango said. Of 40 teachers at the school, 11 have left since September. Some have left the country.

Others can't afford public transportation for the commute. Ms. Piñango's entire monthly wage can buy four bottles of shampoo. As is common, many in Ms. Piñango's family have left the country and send her money. At the El Araguare preschool, only a dozen or so students remain in a class that started with 35 in September. On a recent day, there were two, said their teacher Mercedes Garcia.

"School seems like a low priority when families are struggling to eat," she said. Working men like Angelo Chacon have lost jobs in construction, now at a standstill. He and others are trying to grow food on the slum's adjacent hillsides. He recently showed off his crops. "Look," he said, "that's where I've got the beans." His tomato crop is dying because the slum is short of water. Angelo Chacon, tending his field, is among those in La Vega who are growing their own crops to survive Venezuela's economic crisis. Without enough money for even basics, the owners of beauty shops have mostly closed their doors. Domingo Mojoto, 76, had a storefront on La Vega's main street. He was the district's biggest meat and produce seller, but closed down about 18 months ago after years of price controls and declining wages hurt sales. These days, Mr. Mojoto wakes up at 1:30 a.m., has a quick cup of coffee and heads to a nearby mountain spring. He fills up about 20 18-liter drums to sell in La Vega. Any later, he said, and the line for water gets too long. An old joke in Venezuela: When people in the barrios couldn't afford beer, a government revolt will follow. Beer consumption, excluding restaurants and bars, declined nearly 90%, to 751,000 liters in 2018 from 9.2 million liters in 2014, according to data from Polar, the country's biggest food company. The Maduro government still has supporters, despite the national troubles. "I can't close my eyes and not see people eating out of the trash," said Seudi Guanipa, 33, an accountant. But she mistrusts the opposition. The blackout was the work of the U.S., she said, repeating a government allegation. Yulitza Ramos, left, with her daughter Milagros at home in La Vega. The girl's classes have been cancelled because of the water shortage. Yet those who agree with Ms. Guanipa have become a rarity these days. Venezuela's opposition has made slow inroads into the barrios. In early February, anti-Maduro groups held their first open-air town-hall style meeting in La Vega. It was disrupted by pro-government supporters who blocked nearby roads. Neighbors banged pots and pans, and the government backers retreated. At a second meeting, Mr. Guaidó's supporters spoke out. "Maduro had a fake election last year, and that is why he is illegitimate," Erick Machado told an applauding crowd of about 120 people. Days later, government special forces raided the home of one of the organizers of the meetings, José Becerrit. Mr. Becerrit, 52, happened to be at a protest. His brother, who was home, said the police commander told him they had orders to "disappear" Mr. Becerrit. Since then, Mr. Becerrit has been in hiding. He said by phone that police stripped his home of a TV and other belongings, including his cologne. "The government says we face a danger of a U.S. invasion," he said. "But it is the government that's declared a war on the barrios." Red-paint graffiti says



“Fuera Maduro,” or Maduro Out, a message appearing in poor neighborhoods that are turning against Venezuela President Nicolas Maduro. Photo: federico parra/Agence France-Presse/Getty Images

Deteriorating conditions in Venezuela long preceded the implementation of sanctions – Sanctions did not cause the crisis. (vs. Weisbrot & Sachs study)

Dany Bahar, Sebastian Bustos, José Morales-Arilla, and Miguel Ángel Santos (Brookings Institute), 5-14-2019, "Impact of the 2017 sanctions on Venezuela: Revisiting the evidence," Brookings, <https://www.brookings.edu/research/revisiting-the-evidence-impact-of-the-2017-sanctions-on-venezuela/>

In a paper titled “Economic sanctions as collective punishment: The case of Venezuela” (Weisbrot and Sachs, 2019), the authors—henceforth referred to as WS—set out to assess the causal effects of the financial sanctions imposed by the United States on Venezuela in August 2017. The authors conclude that “sanctions reduced the public’s caloric intake, increased disease and mortality (for both adults and infants), and displaced millions of Venezuelans who fled the country as a result of the worsening economic depression and hyperinflation.” WS also claim that “sanctions have inflicted [...] very serious harm to In this paper, we revisit the evidence for these claims and present several findings. We find the methodology used by WS is unfit to estimate the causal effect of the 2017 sanctions on the Venezuelan economy, and thus their conclusions are invalid, for two main reasons. First, in the absence of a proper counterfactual, economic trends in Venezuela since the sanctions were imposed cannot be separated from the powerfully negative trends that preceded them. Second, several important confounding factors beyond sanctions, which any rigorous empirical exercise should account for, could also explain the deterioration studied by Weisbrot and Sachs (2019). Our other, perhaps even more important finding is that, when analyzing several socio-economic outcomes in Venezuela across time, it becomes clear that the bulk of the deterioration in living standards occurred long before the sanctions were enacted in 2017. Relatedly, we find rapidly worsening trends across all of the socio-economic indicators we analyze well before the sanctions were imposed in August 2017. Therefore, in the presence of these strong pre-trends, it is impossible to attribute the current performance of these socio-economic indicators to the sanctions. The trends displayed by these socio-economic indicators prior to the sanctions are quite striking. For instance, by 2016—the year before sanctions were imposed—food imports in the country had fallen by 71 percent from their 2013 peak. Imports of medicines and medical equipment fell by 68 percent between 2013 and 2016. In terms of caloric intake, we find that by August 2017 Venezuelans earning the minimum wage could only afford a maximum of 6,132 of the cheapest available calories per day—equivalent to 56 percent of the minimum dietary needs of a family of five. This is 92 percent fewer calories than the minimum wage could purchase in January 2010. Infant mortality, a good proxy for the quality of public health services, grew by 44 percent between 2013 and 2016 and has continued to do so since. No matter what socio-economic indicator one chooses to look at, it is clear that the sharp deterioration in Venezuela’s living

standards started long before August 2017. The further deterioration observed since 2017—whether caused by the sanctions or by alternative factors—by no means constitutes the bulk of the collapse that has caused widespread suffering, death, and displacement to millions of Venezuelans.

Removing sanctions is not the way to solve the humanitarian crisis in Venezuela.

CSIS, The, 9-3-2019, "Are Sanctions Working in Venezuela?," No Publication, <https://www.csis.org/analysis/are-sanctions-working-venezuela>

Sanctions are undoubtedly cutting off financing to the Maduro regime, limiting the government's ability to import food and medicine amid economic freefall. However, reversing sanctions against Maduro and giving the regime access to revenues will not fix the humanitarian crisis for three main reasons: Although government revenues have been used in the past to bankroll social programs, Maduro's regime has neglected to provide food and medicine to the Venezuelan people. Instead, they have directly profited from these revenues, funding illicit projects and buying the loyalty of military officials. Sanctions are designed to choke off these earnings, weakening Maduro's grasp on power and therefore accelerating the restoration of democracy. According to the Venezuelan constitution, Maduro has not been the legitimate president of the country since January 10th, 2019. Over 50 countries have denounced his regime and recognized Juan Guaidó as interim president until free and fair elections can be held. Granting financial access to Maduro only serves to undermine calls for free and fair elections. Instead, the legitimate government of Venezuela should be given authority over the nation's resources and institutions. Alternative approaches to the humanitarian crisis can more effectively relieve the suffering of Venezuelans without empowering Maduro with the state's assets and resources. Sectoral sanctions [SP1] may be causing harm to vulnerable civilians who are already suffering under hyperinflation and crumbling job prospects. Therefore, any medium- to long-term sanctions strategy must be combined with a plan to provide aid to the Venezuelan population, 90 percent of whom cannot afford necessities. By limiting the finances to the Maduro regime and replacing it with a series of programs intended to provide food and aid to the Venezuelan people, both goals can be accomplished. One option, an oil-for-food initiative, could take advantage of Venezuela's bountiful natural resources—it has the largest known reserves of oil in the world. While previous oil-for-food programs have had mixed results, thorough international oversight would limit the risk of corruption. Perhaps a greater challenge would be the fact that Maduro still controls the country's territory and its vast oil reserves. Maduro has shut out foreign aid from abroad, including the United States, Canada, and the European Union, describing their contributions as a violation of sovereignty. Under his command, Venezuela's borders with former allies Brazil and Colombia have been shuttered, bringing the delivery of crucial humanitarian aid to a near halt. Additionally, Maduro has abused Venezuela's subsidized food program CLAP to punish political dissenters; 83 percent of Maduro's supporters receive benefits, as opposed to 14 percent of independents. New methods are in order to address this challenge. Noting Maduro's apparent disinterest in improving conditions for Venezuelans, concerned governments should pursue an unconventional

approach for distributing aid. The main goals of any central strategy are clear: reducing hunger and malnourishment, increasing access to medicine and health care, and fostering independent communities. Implementing this change (without giving Maduro's government the chance to skim off the top) may necessitate the use of technologies such as blockchain and cryptocurrency. Although Internet access is limited due to frequent power outages and generalized economic hardship, microfinancing could be allocated via cryptocurrency to central locations like churches or community centers and distributed by local representatives. Such a system would reduce the risk of corruption and ensure that rural and indigenous populations receive the aid they desperately need. While the volatility of cryptocurrencies raises concerns regarding their use as a medium of exchange, stablecoins such as MakerDAO, a decentralized currency pegged to the U.S. dollar, provide an unprecedented opportunity to direct funds effectively while reducing Maduro's economic power. After all, the Venezuelan bolivar is projected to hit an inflation rate of 10 million percent this year. The international community must consider the costs of implementing sanctions alongside the benefits. Multilateral cooperation among the United Nations, the Lima Group, the Organization of American States, and nongovernmental organizations operating in the region is paramount to filling in the gaps. A strategy of person-to-person aid, whereby contact with the Maduro regime is minimized and relief can be transferred directly to those in need by interested international actors, should be adopted.

US Sanctions are not to be blamed for the problems in Venezuela – rather they are slowly helping remove Maduro from power.

Kenneth Rapoza (Forbes), May 3 2019, "No, U.S. Sanctions Are Not Killing Venezuela. Maduro Is," Forbes, <https://www.forbes.com/sites/kenrapoza/2019/05/03/no-u-s-sanctions-are-not-killing-venezuela-maduro-is/#641a0dce4343>

Somali-American and Minnesota congresswoman Ilhan Omar might have a legitimate reason to disdain U.S. foreign interventionism. She's a Muslim; she knows U.S. foreign policy in Muslim nations like Iraq, Libya and Syria have been a disaster. Hundreds of thousands of people have been killed. Lives have been upended. The consensus today is that U.S. policy and its support for very shady characters in these countries have made matters worse. But Venezuela is not the Middle East. U.S. policies are not the reason why Venezuela is a mess, as Omar said this week on the Democracy Now! radio program. The U.S. is not making Venezuela any worse than it is or will become under existing leadership. Her view mimics many left-of-center voices critical of the regime change policies that began under Bush and Cheney. The ruling Socialists United of Venezuela is, point blank, the only reason why Venezuela is a mess. And president Nicolas Maduro is its leader. Maduro governs a failed state. Fifty other countries, including Colombia, Brazil, the U.K. and Spain, all agree. Brazil and Colombia are currently catering to around one million Venezuelans who have fled the country. Some have preferred taking their children out of school and living in United Nations tents in Colombia instead of Maduro's Venezuela. Maduro's incompetence, of which the Socialists United rallies around, is killing Venezuela. Not Trump. Not Elliot Abrams. Not Secretary of State Mike Pompeo. This is not a pre-emptive strike, searching for terrorists under beds and weapons of mass destruction in the Middle East. The economy began its deep decline years ago, in the Obama years. It has been in an

economic depression for three years. Obama first sanctioned members of the Maduro Administration in 2015. Trump later sanctioned Maduro's Vice President Tarek El Aissami for drug trafficking in February 2017. Later that year, U.S. companies were banned from providing financial assistance (as in loans) to one company only, oil firm PdVSA. Talk of the U.S. banning food and medicine shipments to Venezuela is not entirely true. So long as those shipments are not going to sanctioned individuals, it's not breaking sanctions law. In 2018, the U.S. sanctioned trading in PdVSA bonds in the secondary market. All of those bonds but one were already in default long before those sanctions were announced. Then in 2019, the U.S. asked PdVSA crude oil importers like Chevron to wind down its purchases, demanding PdVSA keep its cash receipts from U.S. sales in its U.S. bank account and not repatriate it to Venezuela. And last week, total bans on PdVSA crude oil shipments to the U.S. began. Venezuela's economy was in dire straits way before [sanctions]. Worth pondering, if the U.S. sanctions, of which the most serious were only enacted this year, were driving Venezuela to the poor house, why are even worse economic sanctions against Russia not hurting that country just as bad? "Without hard currency exports to the U.S., the Venezuelan regime is under extreme duress," says Agathe Demarais, global forecasting director for The Economist Intelligence Unit. She says it is hard to quantify the impact of sanctions on an economy unless there is a total embargo. The objective of U.S. sanctions is to collapse support for Maduro from within the regime. she says, adding that it comes with amnesty offers to military officials in exchange for free and fair elections. National Assembly President Juan Guaido has been orchestrating protests all year. Guaido declared himself interim president in January until new elections could be held. He has gone so far as using those powers to appoint new diplomats at its embassies. Tens of thousands more people come to Guaido rallies than come to Maduro's counter-rallies. Yet, despite Guaido's ability to woo some defectors from the National Guard, he has yet to make any big splash moves. Top officials and military commanders remain supportive of Maduro. No A-listers have said they have had enough of this chaos. However, Guaido's strategy is more like death by a thousand cuts. Time is on his side and not on Maduro's. As the economy deteriorates, more National Guardsmen are expected to defect. This opens a new element in the crisis: an opening among the military and PSUV officials to negotiate Maduro's resignation. Anti-Maduro bureaucrats and politicians in the U.S., like Senator Marco Rubio, could literally stop saying a word about Venezuela and it would not change Maduro's fortunes one bit. "Omar has no idea what she's talking about," Rubio told Trish Regan on Fox's Primetime last night. "She's just making it up. She doesn't even follow this issue... It's actually embarrassing." Alejandro Arreaza, an emerging markets research analyst for Barclays in New York, said the protests this week chip away at Maduro's strength in Caracas. "The situation remains very fluid. But the government position seems to have been weakened more," he says. Venezuela's international isolation, coupled with its self-inflicted economic collapse, have not been enough to give anyone at PSUV a true "come to Jesus" moment. They have dug in. Their political ideology, after all, demands it. They have a reputation to uphold: they are revolutionaries fighting for the downtrodden and the natives, robbed by colonials and later robbed again by American corporations. That's what Maduro tells his soldiers they are up against. It's a historic battle, an academic "decolonial" battle that the left is fighting even here in the U.S., and if it must be won, then why not win it? Most of the rank and file in Venezuela's army must believe it. Higher ranks might care less about Maduro's post-colonial theory, but they have bigger things going on – running drugs and extortion rings, for instance. Their lives depend on PSUV staying in power. Since the founding of PSUV by revolutionary Hugo Chavez, the party reluctantly paid Wall Street bondholders, while preaching its brand of anti-capitalist, Cuban-style Marxism. They ruined the country long ago. They were more interested in the past, and their role in erasing it, than they were interested in investing in Venezuela's future. After years of lackluster investment in infrastructure, their entire power grid is buckling. Real GDP declined 15% in 2018, back when the only sanction was on PdVSA bonds, hardly an economic mover. Demarais of The Economist Intelligence Unit says she expects further contractions this year and next. A forecast recovery in 2021 to 2023 rests on the assumption that Maduro (and PSUV) are gone. Then the International Monetary Fund, Chavez's old enemy, will come in to fund this mess. PSUV's worst nightmare would have come true...all thanks to them. Venezuela's GDP has fallen by around 50% since 2013. Demarais thinks oil production falls to 900,000 barrels a day over the

coming quarters. Less oil out of Venezuela, an OPEC country, will have an impact on oil prices. Then again, oil at \$100 a barrel won't do much to save Venezuela so long as PSUV is running it.

### Military action in Venezuela is unnecessarily harmful and pointless.

Alex [Ward@Alexwardvoxalex.Ward@Vox](mailto:Ward@Alexwardvoxalex.Ward@Vox), 7-6-2018. "We need to talk about the fact that Trump seriously considered invading Venezuela," Vox, <https://www.vox.com/2018/7/6/17536908/trump-venezuela-invade-military>

First, let's be clear: Venezuela is in serious trouble. But US troops storming into Caracas won't help.

"There is no sensible military option for the US in Venezuela in terms of regime change," retired Adm. James Stavridis, the top US military official for Central and South America from 2006 to 2009, told me. Here's why: Maduro is tossing political opponents in prison. He's cracking down on growing street protests with lethal force, killing hundreds of demonstrators last year alone. One year ago, he held a rigged election for a special legislative body that supplanted the country's parliament — the one branch of government that was controlled by his political opposition. The new superbody has carte blanche to rewrite the country's constitution and expand his executive powers. And to top it all off, Maduro won another rigged election in May, giving him and his supporters total control of the government with no signs of slowing down. As my colleague Zeeshan Aleem noted last September, Maduro has plunged the country's economy further and further into the ground. It's difficult to overstate how dire Venezuela's economic plight is. The country entered a deep recession in 2014 spurred by the drop in global oil prices, and cumbersome regulations on its currency are helping produce record-breaking inflation. The International Monetary Fund estimates that prices in Venezuela are set to increase more than 700 percent this year. Seventy-five percent of the country's population has lost an average of 19 pounds of bodyweight between 2015 and 2016 due to food shortages throughout the country. As of now, there's no indication that the US has any plans to invade the Latin American country. That's a good thing, especially since military experts say it's a terrible idea. "I don't think that a military invasion is in the US interest right now," retired Air Force Gen. Douglas Fraser, the top US military commander for Central and South America from 2009 to 2012, told me. "The problems Venezuela faces are not military issues and concerns — they're really diplomatic, political, and economic." "The military is not going to solve any of those problems," he continued. Maduro seems to welcome Trump's threat, though, as he's claimed for years that the US is plotting against him. "A military intervention on the part of the US empire will never be a solution to Venezuela's problems," Maduro said during a July 5 military ceremony in Colombia. "You cannot lower your guard for even a second, because we will defend the greatest right our homeland has had in all of its history, which is to live in peace."

Venezuela was effectively shut out of financial markets before the sanctions

Dany Bahar, Sebastian Bustos, José Morales-Arilla, and Miguel Ángel Santos (). 5-14-2019. "Impact of the 2017 sanctions on Venezuela: Revisiting the evidence." Brookings.

<https://www.brookings.edu/research/revisiting-the-evidence-impact-of-the-2017-sanctions-on-venezuela/>. Accessed 12-4-2019. //TP

WS claim that the 2017 sanctions "prohibited the Venezuelan government from borrowing in U.S. financial markets" thereby preventing debt restructuring, "because debt restructuring requires the

issuance of new bonds in exchange for the existing debt.” To determine whether one can attribute the inability of the Venezuelan government to raise debt solely to the sanctions, it is important to analyze some of the underlying trends in Venezuela’s access to finance before these were enacted. Sanctions were first announced on August 25, 2017. As portrayed by Figure 1, financial markets had effectively shut Venezuela out well in advance of that date. The Venezuelan sovereign spread—the premium that bondholders demand the country pay over the so-called “risk-free” rate—in the 30 trading days prior to August 25 averaged 2,884 basis points (or 28.84 percentage points), 7.8 times the spread paid by the rest of Latin America (3.68 percentage points) and 9.5 times that paid by emerging markets (3.04 percentage points) over the same period. Interestingly, the imposition of sanctions was not followed by an increase in the Venezuelan spread, which suggests that the announcement was already priced in, or else, deemed irrelevant by markets. Sovereign risk did increase by 1,013 basis points (10.13 percentage points) almost three months later, after Maduro announced the creation of a presidential commission for “refinancing and restructuring” Venezuela’s foreign debt (Latham & Watkins, 2017). Moreover, during the year prior to the sanctions, the Venezuelan government—the state-owned oil enterprise, Petróleos de Venezuela (PDVSA) to be precise—only engaged financial markets in two operations. The first one, on September 28 of 2016, was to offer to PDVSA 2017 bondholders an exchange for a PDVSA 2020 bond collateralized by CITGO, a U.S.-based fossil fuel refiner. For those participating in the exchange, the operation yielded an astonishing 21 percent in dollars—4.5 and 6.3 times the Latin American and emerging market average spread over the 30 trading days prior (respectively)—for a fully collateralized instrument (Reuters, 2016; Santos and Muci. 2016). In late May 2017, the Venezuelan government sold to Goldman Sachs PDVSA 2022 bonds it had issued in 2014 and kept in its treasury, at a price consistent with a 48 percent yield in dollars (Kasperkevic, 2017; Gray and Long, 2017). That is 13.3 and 15.9 times the average Latin American and Emerging Market Bond Index spread, respectively, over the month of May 2017. In sum, the evidence indicates that by August 25, the ability of the Venezuelan government to issue debt was already severely limited if not inexistent, and that investors had either anticipated sanctions or considered their impact immaterial.

Dany Bahar, Sebastian Bustos, José Morales-Arilla, and Miguel Ángel Santos (). 5-14-2019. "Impact of the 2017 sanctions on Venezuela: Revisiting the evidence." Brookings.  
<https://www.brookings.edu/research/revisiting-the-evidence-impact-of-the-2017-sanctions-on-venezuela/>. Accessed 12-4-2019. //TP

Can we conclude that the divergence in oil production between OPEC and Venezuela after 2017 is a result of sanctions? In light of the pre-sanctions downward trend in Venezuela’s oil production, the

answer is no. Neither can the steadily steeper decline in production since August 2017 be attributed to the sanctions—certainly not using this data, and not without first accounting for other possible confounding factors, which we explore below. Some analysts would dismiss our previous thought experiment by claiming that OPEC is not as good a comparison group to Venezuela as is Colombia because it aggregates countries with both high and low marginal production costs, and countries with different marginal production costs respond differently to fluctuations in oil prices. We agree: just as Colombia is not a good counterfactual for Venezuela, neither is OPEC. More generally, as stated above, there is no such thing as an adequate counterfactual for Venezuela’s seemingly idiosyncratic oil production. However, the claim regarding marginal costs is worth looking into. To analyze it in detail, we break down Venezuela’s annual oil production into four different types of oil: Heavy-Extra-heavy, Medium, Light, and Condensates. Figure 4 describes the breakdown and shows some interesting features. First, light oil, whose lower production costs presumably makes them less vulnerable to price fluctuations, has been precisely the one that has fallen at a faster speed. Indeed, between 2010 and 2018 Venezuela’s output of light oil dropped by 64.9 percent. In contrast, over the same period, heavy and extra-heavy crude oil dropped at a much lower 38.1 percent. The inability of Venezuela to maintain—let alone increase—its production of light oil even in those years where oil prices were at peak suggests that there were underlying factors negatively impacting the industry before the 2017 sanctions were imposed. According to the clear trends we see prior to the 2017 sanctions in all our data, those same underlying factors— whatever they are— would have continued to drive output down even in the absence of sanctions. Another crucial point to consider is whether there are confounding factors that could have affected oil production around August 2017, which could also explain an acceleration in the rate at which Venezuela reduced its oil production. For instance, three months after sanctions were imposed, the Venezuelan regime arrested 65 executives of the state-owned oil company, including the former head of PDVSA and Minister of Energy, Eulogio del Pino, and PDVSA’s President Nelson Martinez (the latter died in strange circumstances on December 12, 2018, while in custody) (BBC, 2017; Herrero and Casey, 2017; Reuters, 2018). At the same time, the Venezuelan regime appointed Major General Nelson Quevedo to Minister of Energy and President of PDVSA, an official with no prior relevant experience for the job. These events, which most likely shaped the oil production capabilities of PDVSA, cannot be ignored in any analysis of trends that prevailed around August 2017. Thus, our point is that it is quite impossible to attribute the fall in oil production to one single event (i.e., the sanctions), when many other confounding events were happening at the same time.

ORGANIZE LATER

Price controls haven’t revived the economy – the economy is still shit and prices are still far beyond reach

Luc Cohen, Reuters, 11-29-2019, ["Black Friday comes to Venezuela as socialist government loosens controls" <https://www.reuters.com/article/us-venezuela-holidayshopping/black-friday-comes-to-venezuela-as-socialist-government-loosens-controls-idUSKBN1Y32C3>] Accessed 12-20-2019RZ

In January, the government said it would make price controls more “flexible” and loosen a complex, longstanding system of currency controls. That has led to a wider circulation of foreign currency, as Venezuelans turn to the dollar to protect their earnings against a fast-devaluing local bolivar. **The reforms, however, have not revived the economy.** Inflation in the nine months through September was 4,680% while commercial activity fell 39.2% in the first quarter compared with the same period last year, according to the most recent central bank data. A migration wave that has seen more than 4 million Venezuelans flee the country has continued unabated. But the contours of Venezuela’s economic crisis have shifted. While price controls once led to bare supermarket shelves and long lines, **stores are now better stocked but with goods whose prices are far beyond the reach** of those who earn the minimum wage of less than \$10 per month.

1. Defense/Short Term Timeframe: Recent market loosening is desperate improvised reforms, not long-term solutions – Maduro could go back at any moment

Kejal Vyas, WSJ, 9-17-2019, ["Venezuela Quietly Loosens Grip on Market, Tempering Economic Crisis" <https://www.wsj.com/articles/venezuela-quietly-loosens-grip-on-market-tempering-economic-crisis-11568718002>] Accessed 12-20-2019RZ

The measures undertaken in Venezuela are “not part of a well-thought-out adjustment program” and that stratospheric inflation could return if the regime abandons its improvised reforms. **“Is this a turning point? I would say no, definitely not,”** said Sergi Lanau, deputy chief economist for the Institute of International Finance in Washington, warning that the regime could abandon its improvised reforms. “Who knows in a few months if the decision will be ‘Well, we need money again. Let’s print some more.’”

2. Prereq/outweigh: Market reforms alone don’t solve the economy – OIL AND DEBT ARE FUELING THE PROBLEM

Ricardo Hausmann, Brookings, 11-2-2016, ["The future of Venezuela: are reforms enough to guarantee solvency?" <https://www.brookings.edu/blog/up-front/2016/11/02/the-future-of-venezuela-are-reforms-enough-to-guarantee-solvency/>] Accessed 12-20-2019RZ

Price and currency controls, are certainly partly responsible for the humanitarian crisis the country is mired in. **But it’s Venezuela’s unusually large stock of external debt together with the declining production capacity of the country’s oil sector that are fueling doubts about the country’s solvency.** Therefore, Venezuela’s liquidity crunch seems to have structural roots, meaning that debt restructuring or even default may turn out to be unavoidable in the short term. This has become clear to markets, which likely interpreted the request by Petróleos de Venezuela, S.A., or PDVSA, for a debt-swap earlier this month as a sign of desperation. In trying to convince enough investors to swap their holdings, PDVSA extended the deadline for the deal several times and held nervous calls with bondholders, but the participation rate still fell short of expectations.

Michael Shifter (president of the Inter-American Dialogue, a Washington-based think tank focused on Western Hemisphere affairs), New York Times, 8-8-2019 ["Opinion" <https://www.nytimes.com/2019/08/08/opinion/contributors/venezuela-embargo-trump.html> 12-16-2019] // EJ



Sweeping sanctions are not conducive to building confidence between both sides, which is critical for a viable deal. Indeed, late Wednesday Mr. Maduro said that he would not be sending a government delegation to attend a planned round of talks with the opposition this week. The only bargaining chip the opposition can possibly offer the regime is to persuade the United States to ease the range of sanctions in effect.

Joshua Goodman, 8-7-2019, "Maduro halts talks with opponents over US asset freeze," AP NEWS, <https://apnews.com/6a178b0f946349d8a12899e0f4b9ca48>, accessed 12-12-2019 // RJ

**Venezuela's government late Wednesday halted negotiations with the opposition in protest of the Trump administration's freezing of its U.S. assets, thrusting into crisis the country's best chance of peacefully resolving a political standoff that has kept the nation on the edge for more than six months.** The decision surprised representatives of opposition leader Juan Guaidó, who were already on the Caribbean island of Barbados awaiting what was to be the start Thursday of the sixth round of talks that began in May under the auspices of Norway. "We Venezuelans have watched with profound indignation how the chief of the opposition, Juan Guaidó, celebrates, promotes and supports these harmful actions against our nation's sovereignty and our people's most basic human rights," the government said in a statement Wednesday night. **The government stopped short of abandoning the talks altogether, saying only that it would "review the mechanisms of this process to ensure its continuation is truly effective and harmonious with the interests of the people."** For weeks, representatives of Maduro and his would-be successor have been shuttling back and forth to Barbados trying to agree on a common path out of the country's prolonged political standoff. The meetings have been slow-going and shrouded in mystery, with neither side disclosing details. **Maduro's supporters have accused the U.S. of trying to blow up the fragile process with sweeping new sanctions announced this week that freeze all of the government's assets in the U.S. and even threaten to punish companies from third countries that keep doing business with his socialist administration.**

**Maduro said Wednesday night that while he favors dialogue, he will not stand by idly as his opponents cheer on punitive measures by the U.S. that he believes will worsen hardships in a country already suffering from six-digit hyperinflation, medicine shortages and a recession now deeper than the U.S. Great Depression.**

**Guaidó, who heads the opposition-controlled congress, has shown no willingness to ditch the talks despite pressure to do so from hawks inside his coalition who accuse him of turning a blind eye to Maduro's alleged torturing of opponents. Maduro, although severely weakened by the U.S. sanctions and increasingly isolated internationally, still enjoys the support of powerful allies like Russia and China. He also has the backing of the military, the traditional arbiter of disputes in Venezuela. Neither the military nor the U.S. has been a party to the talks, even though Maduro's main goal is the removal of U.S. sanctions.**

### Kraul '19 - high-ranking officials get gov. positions and high salaries

Chris Kraul. "The military may hold the cards in Venezuela's leadership crisis." Los Angeles Times. 19. <https://www.latimes.com/world/la-fg-venezuela-military-20190203-story.html>. //SH

Experts discount the possibility of mass abandonments by the top brass because Maduro and Chavez were careful to give them exalted status, with high rank and perks, including generous salaries, apartments and entourages. The Venezuelan military now features more than 3,000 generals and admirals, said Andres Bello Catholic University professor Carlos Calatrava. By contrast, the much larger U.S. military has only 920 such "flag officers," according to the Congressional Research Service.

### Bartenstein '19 - Russia wouldn't get controlling shares of CITGO AND US could block Russian ownership

Ben Bartenstein. "U.S. Shields Citgo From Creditors in Win for Venezuela's Guaido." Bloomberg. 19. <https://www.bloomberg.com/news/articles/2019-10-24/u-s-shields-citgo-from-creditors-in-win-for-venezuela-s-guaido>. //SH

They argued that a PDVSA default would open the door for Russia's state oil giant Rosneft to take control of Citgo shares. PDVSA pledged a 49.9% stake in the Houston-based refiner to Rosneft as collateral on a loan in late 2016. Rosneft said earlier this month that it "has no intentions to enter into real ownership and management of the company."

U.S. Treasury Secretary Steven Mnuchin has previously said that, in the event of a PDVSA default, Citgo's loan from Russia would be reviewed by the department's Committee on Foreign Investment in the U.S., which can derail deals on national security concerns.

Clarke, Colin P. "Hezbollah Is in Venezuela to Stay." *Foreign Policy*, Foreign Policy, 9 Feb. 2019, [foreignpolicy.com/2019/02/09/hezbollah-is-in-venezuela-to-stay/](https://foreignpolicy.com/2019/02/09/hezbollah-is-in-venezuela-to-stay/).

Hezbollah has long maintained a presence in Latin America, especially in the infamous Tri-Border Area, a semi-lawless region where Argentina, Paraguay, and Brazil converge. But even beyond the Tri-Border Area, Hezbollah is well-entrenched in Venezuela, where the Shiite terrorist group has long worked to establish a vast infrastructure for its criminal activities, including drug trafficking, money laundering, and illicit smuggling. For example, Margarita Island, located off the coast of Venezuela, is a well-known criminal hotbed where Hezbollah members have established a safe haven.

## HEZBOLLAH IS JUST TRYING TO EXPAND ITS REVOLUTION – IT DOESN'T MATTER IF THEY MOVE FROM VENEZUELA

Sirwan Kajjo, Mehdi Jedinia. "Could Venezuela Crisis End Hezbollah's Presence There?" VOA News. 3-22-19. <https://www.voanews.com/extremism-watch/could-venezuela-crisis-end-hezbollahs-presence-there>

"Hezbollah is already helping Maduro through an established transregional network between Lebanon, Syria and Venezuela," said Joseph Humire, executive director of the Center for a Secure Free Society.

"**The main reason for Hezbollah supporting the Maduro regime is** the same reason it protects the Bashar al-Assad government in Syria — to protect the logistical network Iran needs **to export its revolution**," he told VOA. Since the outbreak of Syria's civil war in 2011, Iran and Hezbollah have been playing a major role defending the Syrian president against the rebel forces. "**In the case of Syria, it's for the land bridge to Lebanon, and in the case of Venezuela, it's the air bridge to Latin America**," Humire added.

## HEZBOLLAH FUNDED BY IRAN

Sirwan Kajjo, Mehdi Jedinia. "Could Venezuela Crisis End Hezbollah's Presence There?" VOA News. 3-22-19. <https://www.voanews.com/extremism-watch/could-venezuela-crisis-end-hezbollahs-presence-there>

Analysts say **the relationship between the Venezuelan government and Hezbollah is largely centered on a strategic partnership between Venezuela and Iran, which provides Hezbollah members, facilitators, financiers and fixers with the ability to covertly move people, money and material. Iran's proxy Lebanese Hezbollah maintains facilitation networks throughout the region that cache weapons and raise funds, often via drug trafficking and money laundering.**" U.S. Southern Command's Adm. Craig Faller told the U.S. Senate Armed Services Committee during a hearing last month. The convergence of Hezbollah's networks in Venezuela has created an environment that enables the Shiite group to move large amounts of money in illicit revenue, using gold refineries in the Middle East and financial hubs in Central and South America and the Caribbean, according to the Center for a Secure Free Society, a Washington-based research organization that has extensively researched Hezbollah's activities in Latin America.

## HEZBOLLAH FUNDING FROM DRUGS INCREASED

Neumann '19, Vanessa, <http://english.alarabiya.net/en/views/news/middle-east/2019/05/08/How-Hezbollah-evades-sanctions-in-Venezuela-and-partakes-in-Maduro-s-drug-trade.html>

The US sanctions on Venezuela have had a secondary effect on Hezbollah's finances, impacting the salaries of their fighters in Syria and degrading their military and terrorist capabilities. However, they still make a lot of money through the Maduro regime's drug running, which continues to spike to horrifying proportions, as Maduro's military-backed cartel scrambles for cash to get around the sanctions. Maduro's military is making an estimated \$8.8 billion a year from the trafficking of narcotics, gasoline, food, gold, and coltan. As we saw this week, they will not easily be moved away from their financial interests, which suits Hezbollah perfectly.

Keeping Maduro in power is therefore in Hezbollah's best interests, and they will work hard for that.

## DRUG TRADE INCREASING

AFP '19 AFP. "Drug trafficking up sharply under Venezuela's Maduro: US." Yahoo News, 15 November 2019, <https://news.yahoo.com/drug-trafficking-sharply-under-venezuelas-maduro-us-233443214.html>. [Premier]

Drug trafficking to and from Venezuela has shot up 50 percent under President Nicolas Maduro, who is enriching himself by working with organized crime, the United States charged Thursday. Maduro, a leftist who has been in power since 2013, helps crime gangs and has given refuge to terror groups, said Admiral Craig Faller, commander of the US Southern Command based in Miami. "We're seeing an increase in drug trafficking placed out of Venezuela that is aided and abetted by the illegitimate Maduro regime," Faller told a Caribbean security conference. "In fact, the Maduro regime has a negative impact on every single security aspect in this hemisphere. All the challenges are made worse by the Venezuelan crisis," said the admiral. He told journalists that the Maduro government, which the United States no longer recognizes, is getting rich through drug trafficking. **There's over a 50 percent increase of narcotrafficking in and through Venezuela, and Maduro and his cronies are lining their pockets, in cahoots with the illicit narcotrafficking.**

Ellen R. Wald, 7-25-2018, Ph.D. is a historian and consultant on energy and geopolitics., "Signs Point To Trouble Ahead For Saudi Economy", Forbes, <https://www.forbes.com/sites/ellenwald/2018/07/25/signs-point-to-trouble-ahead-for-saudi-economy/#431bbe0a635d>

The lasting impact of that crackdown (or purge, depending on how you see it) has been a stifling of the Saudi private sector with many wealthy Saudis unwilling to invest domestically despite Prince Mohammad bin Salman's centralized push for business growth. The government under the direction of the prince, is trying to compel economic growth and diversification, primarily through the Vision2030 program. This has left the Saudi government as the major source of investment in the Saudi economy, which ultimately, defeats the objectives of diversification and privatization. Government investment can make Saudi economic numbers look good on paper, but it is a risky strategy. When oil prices fall so does government spending (meaning government spending does not lead to diversification).

The Economist '14 explains that Petrocaribe costs Venezuela \$2.3 billion each year in lost income and makes participating countries heavily dependent on oil inflows from the program. Fortunately, Gill '16 writes that even if sanctions were lifted and the program was continued, the US is stepping in to reduce Caribbean dependence on Venezuelan oil, making Petrocaribe irrelevant.

Economist 14' - Petrocaribe costs venezuela money/ makes countries heavily dependent- if contracts are tightened then countries could be susceptible to debt trap- contracts are tightening

<https://www.economist.com/the-americas/2014/10/04/single-point-of-failure>

Between 2011 and 2013, these deferred payments cost Venezuela an average of \$2.3 billion each year in lost income. Similar bilateral deals, most notably with Cuba, add to the bill. That is much less than the \$28 billion used for local energy subsidies, but no trifle in a country that is badly short of dollars and basic goods. So far, the desire for influence in the Caribbean has outweighed economic pressures in Venezuela. But there are already signs that PetroCaribe's terms are becoming more stringent: Guatemala withdrew from the group last year after the terms became less favourable. The possibility that the programme may eventually be wound up prompted a recent report from Scotiabank, a Canadian lender, to call PetroCaribe "more noose than lifeline".

If the trap door were to open, some PetroCaribe countries are far more exposed than others. For Jamaica, Guyana, Nicaragua and Haiti, the value of preferential Venezuelan financing for oil imports is more than 10% of government revenue and equivalent to around 4% of GDP (see chart). Cuba is also heavily dependent.

If Venezuela were to start being less generous, some countries would have priority over others. Mr Maduro would doubtless think twice about cutting off his fellow-travellers in Nicaragua and Cuba, for example. But once made, a decision could take effect very quickly.

Each PetroCaribe member has a separate energy-co-operation agreement, but the terms are broadly similar. The agreements can be cancelled or modified with just 30 days' notice, cutting off the flow of new financing and forcing countries to pay market rates. Even with the programme, Caribbean electricity costs are painfully high. In Jamaica the average monthly electricity bill is equivalent to one week's earnings for those on the minimum wage.

Gill '16- us diversifying energy sector for caribbean- petrocaribe doesnt matter/ is worse option due to venezuela economy

<https://publications.atlanticcouncil.org/Petrocaribe/>

With small isolated markets, poor credit, limited area for wind farms, and thin government capacity, Caribbean states face challenges in moving to a lower-carbon economy. For the United States, the top priority is helping the larger nations shake their fuel dependency, and then helping the smaller nations with bespoke clean energy solutions. These are 's that diplomacy and policy reform can address; progress is under way. The most promising development is the firm commitment of Caribbean nations to move ahead on lower- or no-carbon projects, even though Petrocaribe continues and oil prices remain at multi-year lows. The larger countries are transitioning to natural gas as a baseload fuel for electricity generation. Smaller islands are using natural gas liquids instead of fuel oil, and Caribbean Community (CARICOM) nations are setting an overall target of 20 percent renewable energy by 2017. According to private utilities, some countries can easily reach 30 percent by that date.<sup>17</sup> CARICOM is working to implement this policy, in part through the development of the Caribbean Sustainable Energy Roadmap and Strategy (C-SERMS) Platform, to which the United States has provided financial and technical support. C-SERMS serves as an implementation framework and knowledge-sharing mechanism to better allow individual Caribbean countries, multilateral institutions, and the private sector to share information, track progress on efforts to meet renewable energy goals, and avoid duplication of

resources.<sup>18</sup> The United States, led by the Department of State's Bureau of Energy Resources (ENR), has made unprecedented efforts to promote the deployment of renewable energy in the Caribbean with bilateral and multilateral initiatives. This work stems from continued US concern that a potential Venezuela default could result in severe economic and energy security impacts on countries that still rely on Petrocaribe to meet a significant share of their energy demand. The Department of Energy (DoE) has helped facilitate Caribbean access to natural gas liquids by processing small-scale export applications in an efficient manner. These efforts have produced important progress.

Reuters, November 29, 2019, <https://www.scmp.com/news/china/diplomacy/article/3039778/service-firms-mull-chinese-currency-payment-offer-sanctions>, Service firms 'mull Chinese currency payment offer' from sanctions-hit Venezuela

Venezuela's offer to pay in yuan comes even as some Chinese entities have taken steps to try to distance themselves from the sanctioned country. In August, China National Petroleum Corp, one of the largest foreign investors in Venezuela's oil sector, stopped lifting crude from Venezuelan ports due to worries about sanctions. Analysts said they expected China's imports of Venezuelan crude to have fallen to zero last month. But China is importing more and more crude blends from Malaysia, which include some Venezuelan oil.

Wells '19 - Venezuelan diversification difficult because of high costs AND Maduro tried to diversify before

Laura Wells. "How did the Venezuelan economy get so messed up?." Tikkun. 19.

<https://www.tikkun.org/how-did-the-venezuelan-economy-get-so-messed-up>. //SH

Almost everyone criticizes Chavez and **Maduro for not diversifying the economy, however they did try, with various programs in manufacturing and agriculture**. It is very difficult to get people to go "back to the farm" (I know that personally). **In a long-time oil economy, producing goods locally costs much more than importing, and the money saved by importing could further the project of reducing poverty and inequality.**

Insight Crime '19 - access dollars through illicit activities bcs sanctions

Venezuela Investigative Unit. "Is There a Link Between the Dollarization of Venezuela and Organized Crime?." InSight Crime. 20. <https://www.insightcrime.org/news/analysis/dollarization-venezuela-organized-crime/>. //SH

Criminal lawyer Luis Izquier confirmed to InSight Crime that foreign currencies currently drive Venezuela's precarious economy. **A large part of these bills enter our economy through organized criminal activities without us realizing it.** No one can explain how an

informal vegetable seller can quote a kilo of potatoes in dollars or how a taxi driver, in the middle of a blackout, charges for his services in dollars and has the cash on hand to give you your change.”

**Criminals are also demanding US dollars be used for ransoms, extortion fees, and when desperate people pay to flee the country.** Businessmen, merchants and police officers in the state of Aragua told InSight Crime that criminal gangs favor

dollars be used when extortion payments as the cash cannot be traced.

León added that there are multiple incentives for informal activities in Venezuela. **“It is evident that organized crime will flourish in an economy isolated by US sanctions on government officials and state-run businesses, and hyperinflation and induced dollarization (play into their hands.)”**

**He stated that, based on data from economic consultancy Ecoanalítica, more than \$6 billion in US currency is circulating within Venezuela, largely linked to three criminal economies: gold smuggling, oil smuggling and drug trafficking.**

Alejandro Rebolledo, a former Venezuela Supreme Court Justice and money laundering expert currently living in exile, said “criminals have found the country to be a safe haven for smuggling food and medicine, counterfeiting medicines and spare vehicle parts, as well as for drug trafficking, illegal mining, kidnappings and extortions. **Payments for all these [activities] are in dollars.”**

Topshelf

Focus Economics '19 – in 2020 VZ will experience 8.4% contraction of economy

Focus Economics. “Venezuela Economic Outlook.” 3 December 2019. <https://www.focus-economics.com/countries/venezuela//RJ>

Oil production climbed modestly in October following three months of decline, but was still down more than 40% since the beginning of the year and at the lowest levels for several decades. A raft of U.S. sanctions and major power outages have choked the oil industry, while plunging exports have led to severe shortages in U.S. dollars needed to pay for imports. With sanctions making it near impossible to purchase vital supplies for the oil sector, the country has been forced to sell cheaper blends of petroleum at a cut price. In late November, the government reportedly proposed paying suppliers and contractors in yuan in a bid to circumvent sanctions. Moreover, the government inaugurated the country’s first gold extraction and processing complex on 25 November, which will transform gold ore into sellable gold bars without having to rely on expensive foreign assistance. Meanwhile, the opposition struck a deal to prevent bondholders from seizing PDVSA’s U.S. refining unit Citgo, the country’s most

valuable overseas asset, until at least May next year. The outlook remains gloomy. The economy is seen remaining in a deep recession this year and next, amid dwindling oil production and under pressure from financial and oil-sector sanctions which starve the government of hard currency. Meanwhile, the political crisis seems far from being resolved. The possibility of a political transition remains, a scenario which some of our panelists have factored into their forecasts. FocusEconomics panelists see the economy contracting 8.4% in 2020, which is down 0.9 percentage points from last month's forecast. In 2021, however, the panel sees GDP growing 0.7%.

IMF '19 – 2020 projected Real GDP is -25%

International Monetary Fund. "Venezuela: At a Glance." October 2019.  
<https://www.imf.org/en/Countries/VEN>

Global Business Policy Council – contraction in VZ continues until 2023

Global Business Policy Council. "On Thin Ice: Global Economic Outlook 2019-2023." Kearney.  
<https://www.atkearney.com/web/global-business-policy-council/article?/a/global-economic-outlook-2019-2023-on-thin-ice //RJ>

The trajectories of Latin American economies are more varied. Brazil's economy will accelerate in 2019, and this expansion could be sustained if the new Jair Bolsonaro administration successfully implements its "Chicago boys"-style economic reform program (subscription required). The Mexican economy will also accelerate this year as trade tensions with the United States recede, but it too faces an uncertain policy environment after President Andrés Manuel López Obrador spooked investors with the cancellation of the new Mexico City airport in October 2018. The outlook is decidedly negative for two of Latin America's other large economies. Argentina is in the middle of a multi-year recession as it works with the International Monetary Fund (IMF) to reduce the government's budget deficit, tame inflation, and promote job growth. The IMF expects the economy to return to growth in 2020 though. **In contrast, there is no end in sight for the severe economic crisis in Venezuela. The convulsive economic contraction that began in 2014 is forecast to continue through at least 2023** unless significant policy changes are enacted. This crisis will have regional spillover effects, particularly as people continue to flee into neighboring countries, adding to the more than 3 million Venezuelan refugees and migrants who have left the country in recent years.

AT Diversification

Wilpert '19 – 1: Chavez invested billions to diversify off oil but the Dutch Disease took hold where overvalued domestic currency led to their other industries getting outcompeted, 2: oil revenues are key to maintaining the fixed exchange rate between the Bolivar and the Dollar, which means they cannot



shift off oil, 3: sanctions have made it impossible for the government to shift off oil because it lacks the resources to do so

Greg Wilpert, The Real News Network, "The Origins of Venezuela's Economic Crisis", April 2, 2019, <https://therealnews.com/stories/the-origins-of-venezuelas-economic-crisis//RJ>

The big question at this point that remains is whether Chavez and Maduro could have handled the economy differently so that it would not be in the terrible shape it is now. This question is difficult to answer, but there are perhaps three interrelated macroeconomic issues that Chavez failed to tackle during his presidency. First, as many have argued, Chavez failed to wean Venezuela off of oil. However, as mentioned earlier, this is not for lack of trying. Chavez invested billions in a wide variety of efforts to increase oil derivatives, manufacturing, and agriculture production. However, what economists call the 'Dutch disease' took hold, whereby domestic currency was overvalued, and these new facilities could not compete with far cheaper imports, thus making them uneconomic. Second, Chavez did not take oil price volatility into account. Actually, in the beginning of his presidency Chavez did consider volatility to be a problem and supported the creation of a sovereign wealth fund called the Macroeconomic Investment and Stabilization Fund. It was designed to set aside funds for when the price of oil was high, and allowed the government to draw on it when the price was low, thus evening out the flow of oil revenues. However, following the oil industry shutdown in 2003, when revenues were extremely scarce and the price of oil began to rise rapidly, oil industry economists began speculating about peak oil and the inevitability of a decline in oil production. Estimates were circulating at the time that the price of oil would soon reach \$200 per barrel. Chavez dismantled the fund, believing it was no longer needed. Third, also following the 2003 oil industry shutdown, Chavez introduced a rigorously controlled fixed exchange rate. This was no doubt necessary at the time because of the run on the Venezuelan currency, the Bolivar, in the aftermath of the 2002 coup attempt and the shutdown of the oil industry in 2003. As long as the oil revenues flowed and kept increasing, it was relatively easy to maintain this fixed exchange rate. However, by 2013 when Chavez died, the gap between the official rate and the black market rate had grown so large that an adjustment would have meant major economic dislocations, with which Maduro was unwilling, and politically perhaps unable, to risk. Finally, we cannot leave out the impact of the sanctions. As mentioned earlier, their effect has been devastating. But they are not the cause of the onset of the economic crisis. Rather, the roots of the crisis can be found in massive capital flight and the related effort to maintain a fixed but overvalued exchange rate. Inaction in the face of ever-growing price distortions and price differences between Venezuela and its neighbors, and an inability to overcome the structural obstacles for diversifying the economy, the sanctions have now made a bad situation far worse, and on top of it have made it almost impossible for the government to take corrective action, because it lacks the resources to do so.

Weisbrot '07 – inflation makes non-oil exports too expensive on world markets which prevents diversification (note that even though this ev is from 07 the internal link is about inflation rates which have skyrocketed since then)

Mark Weisbrot, Center for Economic and Policy Research, "The Venezuelan Economy in the Chavez Years", July 2007, [http://cepr.net/documents/publications/venezuela\\_2007\\_07.pdf](http://cepr.net/documents/publications/venezuela_2007_07.pdf)

The main challenges facing the economy are in the areas of the exchange rate and inflation. The Venezuelan currency is substantially overvalued. The government is reluctant to devalue because this would raise inflation, which is currently running at 19.3 percent and exceeds their target. Since there are exchange controls and the government is running a large current account surplus (8 percent of GDP), there is nothing that would force a devaluation in the near future (as for example, the currency collapses in Argentina, Russia, and Brazil in the late 1990s). But this poses an intermediate run problem, since even if inflation is stabilized and begins to be reduced, current rates of inflation will continue to appreciate Venezuela's real exchange rate. This makes imports artificially cheap and non-oil exports too expensive on world markets, hurting the tradable goods sector and eventually becoming unsustainable. It also makes it extremely difficult for the economy to diversify away from its dependence on oil.

Movchan '17 – no oil country in literally the history of the world has successfully diversified off the economy

Andrey Movchan, Carnegie Moscow Center, 2017, "Managing the Resource Curse Strategies of Oil-Dependent Economies in the Modern Era", [https://carnegieendowment.org/files/Movchan\\_Report\\_Final\\_Print.pdf](https://carnegieendowment.org/files/Movchan_Report_Final_Print.pdf)

Achieving economic diversification in countries dependent on oil exports is a major challenge. Most diversification strategies have failed, and there are no examples of countries that have successfully managed to fully diversify away from oil. The success or failure of a diversification strategy depends above all on the implementation of appropriate economic policies. But most governments are conservative: even amid falling oil prices, a government with access to natural resources generally manages to preserve the structure of the economy without experiencing any social upheaval. Moreover, our study shows that diversification, which is always a long and slow process, usually grinds to a halt during periods of rising oil prices.

Reuters '16 – VZ began diversifying from oil in 2016 with the creation of its mining industry

Reuters, "Venezuela's Maduro creates mining ministry - Reuters", June 7, 2016, <https://www.reuters.com/article/us-venezuela-mining/venezuelas-maduro-creates-mining-ministry-idUSKCN0YU070>

Venezuelan President Nicolas Maduro announced on Tuesday the creation of a ministry devoted just to mining, as the OPEC nation pushes to develop untapped mineral resources to diversify away from the oil industry, which provides nearly all its foreign exchange. Maduro's government is seeking international partnerships with foreign investors to boost gold production. This year, Venezuela inked an agreement with Canadian mining company Gold Reserve to develop the Las Brisas and Las Cristinas mines as a way of resolving a long-running arbitration dispute. "I announce the creation of the new ministry of popular power for ecological mining development," Maduro said in his weekly program on state television, appointing Roberto Mirabal to the lead the ministry. State-run mining firms Minerven and the Venezuelan Mining Corporation will be under the supervision of the new ministry. Mining activities had been overseen by the Ministry of Petroleum and Mining. Mirabal will be in charge of leading negotiations with Gold Reserve, which won a \$750 million award through the World Bank's International Center for Settlement of Investment Disputes following a conflict over the 2009 termination of a mining concession.

#### AT Liberalization

Hernandez' 18 – change of regime causes civil war, AND ending sanctions allows for access to critical currencies

Hernandez, Douglas. "Is War Between Colombia and Venezuela Inevitable?" Colombia Reports. 10 October 2018. <https://venezuelanalysis.com/analysis/14091//RJ>

It is clear that a change of government in Venezuela could be a solution, but it could also trigger a civil war that would further destabilize that country and the region. There are presumably many other ways to help Venezuela overcome its humanitarian crisis and prevent its state system from failing. For example, the US government could stop happily and unilaterally sanctioning the Venezuelan government by unfreezing its foreign currency accounts, lifting the ban on trading new debt or bond issues by the Venezuelan government or the PDVSA company, as well as ceasing to prevent the payment of dividends to the Venezuelan government. All those currencies that now do not arrive in Venezuela, would undoubtedly help to acquire more food and medicines, and in general would reinforce the social

plans in the South American country. Blaming Maduro for the crisis is absurd and even perverse, when you do everything possible to tie his hands and prevent him from overcoming Venezuela's problems.

Smith '19 – surprise bounce in Venezuela's economy is very limited and unlikely to last due to sweeping U.S. sanctions which kill the economy

Scott Smith, AP News, "Venezuela's moribund economy shows a pulse amid US sanctions", August 11, 2019, <https://apnews.com/f9a6ba87b2024376bfc298240f67061c>

The result is a rare adrenaline boost for what has been a moribund economy. For the first time in years, what's still among the world's highest inflation rates is slowing, supermarkets are filling up and capitalist instincts are being unleashed. **Economists caution that the surprise bounce is very limited and unlikely to last. Sweeping U.S. sanctions, which were tightened last week when the Trump administration threatened to target foreign companies found doing business with Venezuela's government, are likely to exacerbate an economic fall years in the making.** Nonetheless, for Venezuela's shrinking elites it's a reprieve from years of scrounging across empty store shelves and driving past their favorite restaurants only to see they'd closed their doors.

DiJohn '04 – Venezuelan liberalization in 1989 was marked only by continued stagnation of output & productivity growth, corruption increased too

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csirc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

**The Venezuelan experience with economic liberalisation** in the period 1989 until the emergence of Hugo Chávez as president in 1998 calls into question many of the predictions of the good governance paradigm, the capability approach and the models of rent-seeking and corruption upon which both are based.<sup>33</sup> It also calls into question the validity of rentier state predictions.<sup>34</sup> The period 1989-1998 **was marked not only by the continued stagnation of output and productivity growth, but there was a growing perception that corruption had not only not declined, but was, in fact, increasing.**<sup>35</sup>

DiJohn '04 – investment rates fell in the 1990s during liberalization

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csarc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

**Investment rates**, particularly private investment rates, in the 1990s **were significantly lower than in any period since 1950**. The non-oil public investment rates in the 1990s were also lower than at any period since 1950, which also suggests that **the effectiveness of the state in mobilizing resources did not increase as a result of economic reforms**. The model of state abdication has not, in the Venezuelan case, led to a more secure environment in which to invest. Finally, the move toward decentralisation in the 1990s (through the creation of municipal and state elections and the transfer of service provision in health and education to state governments) has not led to significant improvements in governance at the local and state level. 37

liberalization failed to revive economic growth; decline in manufacturing growth was 14.5% in the first year

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csarc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

While some analysts have hailed the full implementation of trade liberalisation as a remarkable political achievement,<sup>44</sup> the **liberalisation** period, as indicated in Table 1, **failed to revive economic growth**. The decline in manufacturing growth was particularly disappointing. In 1989, the first year of the 'Great Turnaround' plan, **there was a dramatic decline in manufacturing output of 14.5 percent**. In the period 1988-1998, manufacturing growth declined and was widespread across sectors (see Table 4). Only seven out of twenty-five sectors registered positive growth rates over the period, and **most of the sectors that did register growth were in low-technology or limited growth technology sectors** (i.e. food products, non-ferrous metals) natural-resource processing or were in turn-key assembly-line sectors with little technology transfer (i.e. autos).

DiJohn '04 – growing fragmentation of labor as a result of liberalization resulted in populist/outsider strategies becoming more effective which led to Chavez and Caldera; financial deregulation as part of liberalization led to an increase in interest rates with the loan rate increasing to 45% in the 90s

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csrc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

**The consequence of growing fragmentation and informalisation of the labour and production process means that populist/outsider strategies become more likely to be effective political strategies.** It is thus no accident that the two subsequent political leaders – Caldera and Chávez – relied on anti-political discourses and less on corporatist modes of intermediation that characterised Venezuela's pacted democracy in the past. While economic **liberalisation policies** may have provided increased discipline over producers compared with the previous era of protectionism, it **did not provide incentives for firms to engage in restructuring.** There are several reasons for this. First, the **rapid trade liberalisation left many firms with little time to compete with lower priced imports.** Second, **financial deregulation led to a drastic increase in interest rates. Bank loan rates, which were fixed at often-negative real rates, averaged 12 percent** in the 1980s. In 1989, **with financial deregulation, the loan rate jumped dramatically to 34 percent and averaged 45 percent in the period** 1990-1998.<sup>48</sup> The average ratio of bank credits to GDP in the period 1989-1993 declined to 31.3 percent, nearly one-half the ratio of 52.6 percent in 1988.<sup>49</sup> Third, credit to manufacturing firms, particularly small and medium declined dramatically and was instrumental in weakening political support from parts of the business community for the neoliberal reform. In the context of trade liberalisation and economic stagnation, many of the family conglomerate groups engaged in manufacturing were dismantled,<sup>50</sup> and **many smaller operations were forced into bankruptcy. There is little evidence that competitive pressures were providing growth-enhancing and productivity-enhancing producer incentives**

DiJohn '04 - Warrants for DiJohn empirics above in his study

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csrc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

While economic liberalisation policies may have provided increased discipline over producers compared with the previous era of protectionism, it did not provide the incentives for firms to engage in restructuring. There are several reasons for this. First, the rapid trade liberalisation left many firms with little time to compete with lower priced imports. Second, financial deregulation led to a drastic increase in interest rates. Bank loan rates, which were fixed at often-negative real rates, averaged 12 percent in the 1980s. In 1989, with financial deregulation, the loan rate jumped dramatically to 34 percent and

averaged 45 percent in the period 1990-1998.<sup>48</sup> The average ratio of bank credits to GDP in the period 1989-1993 declined to 31.3 percent, nearly one-half the ratio of 52.6 percent in 1988.<sup>49</sup> Third, credit to manufacturing firms, particularly small and medium declined dramatically and was instrumental in weakening political support from parts of the business community for the neoliberal reform. In the context of trade liberalisation and economic stagnation, many of the family conglomerate groups engaged in manufacturing were dismantled,<sup>50</sup> and many smaller operations were forced into bankruptcy. There is little evidence that competitive pressures were providing growth-enhancing and productivity-enhancing producer incentives. In addition to lagging growth and investment in the liberalisation period, the inability of the state to effectively regulate the banking system was a powerful indication that a smaller state does not necessarily produce a state capable of managing 'fundamental' regulatory functions effectively. Venezuela experienced a major collapse of the banking sector as severe as the worst in recent economic times, including financial crises in East Asia. The lack of supervisory and regulatory mechanisms and blatant theft of government bailout funds by bankers (estimated at nearly \$US 7 billion) in the form of capital flight led to large-scale bank closings and government takeover of many of the economy's largest commercial banks in 1994 and 1995. The bailout cost the government the equivalent of 18 percent of GDP, the fifth most severe banking crisis in the world during the period 1975-1995.<sup>51</sup> The main cause of this crisis was the weakness of the state vis-à-vis financial groups and its inability to impose effective banking supervision, regulation and enforcement of fraudulent practices in the financial liberalisation period.<sup>52</sup> Some of the leverage that large financial groups had derived from the large campaign contributions many made to the Pérez presidential campaign.<sup>53</sup> Moreover, the financial groups were able to resist opening the banking system to foreign competition and takeover until 1995.<sup>54</sup> In the period 1989-1992, the annual budget of the banking regulation board amounted to a paltry \$8,000 per private financial institution. This amount was equivalent to the annual salary of a middle level manager.<sup>55</sup> Weak state capacity in this case was not simply 'inherited', as the capability approach would have it, but was the result of the political power of financial groups able to resist changes in the regulatory system and to resist implementation of already existing laws.

DiJohn '04 – liberalization in Venezuela resulted in a major collapse of the banking sector as severe as the worst in recent economic times, including financial crises in East Asia – entirely because of the weakness of the state

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csarc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

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DiJohn '04 – liberalization causes dramatic political tension because weak judicial and regulatory mechanisms result in business groups taking over media platforms and policymaking

DiJohn, Jonathan. “The Political Economy of Economic Liberalisation in Venezuela.” London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csrc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

The liberalisation period also produced uncertainty and political tension, and increased in the perception that corruption had worsened. **The sudden deregulation led to a frenzy of what Naím refers to as “oligopolistic wars” among business groups vying for control over raw material supplies, financing, and distribution channels.**<sup>56</sup> The rapid dismantling of trade protection and a decline in state-business cooperation had no counterpart in trust and ‘social capital’ of inter-conglomerate networks. The particularistic nature of the ‘politics of privilege’ between the state and business groups meant that business and industrial chamber associations lacked effective collective institutions. In the context of weak judicial and regulatory mechanisms, **these wars turned into nasty battles undertaken in the media as business groups aggressively invested in newspapers, magazines, and radio and television stations.** According to Naím and Francés, there reached a point where no major media enterprise was independent from a major private conglomerate group.<sup>57</sup> The limited social capital of business groups clearly intensified a **‘war of positions’ within the private sector that added greatly to the atmosphere**



**of political and social instability that marked the liberalisation era of the 1990s.** Neo-liberalism, if anything, created the setting for increases in mafia-like activity to appropriate the large rents that suddenly emerged with deregulation.

DiJohn '04 – Venezuela and Chile are not comparable – VZ had low levels of income inequality while Chile had high levels of income inequality so liberalization couldn't worsen inequality in Chile the way it did in VZ as a result of liberalization

DiJohn, Jonathan. "The Political Economy of Economic Liberalisation in Venezuela." London School of Economics. June 2004. <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csirc-working-papers-phase-one/wp46-political-economy-of-economic-liberalisation-in-venezuela.pdf> //RJ

In comparative perspective, the breakdown and crisis of the Venezuelan state to govern the economy was among the most severe in Latin America in the 1990s. While it is beyond the scope of this paper to explore detailed comparisons, there are several factors that may have contributed to the more destabilising effects of neoliberalism in Venezuela. First, politically, neoliberalism became associated in Venezuela with a worsening of income distribution. In the period 1970-1990, Venezuela had among the least unequal distributions of income in Latin America: only Uruguay, Costa Rica, Peru and Cuba were less unequal.<sup>74</sup> However, in the period 1990-1997, the growth in income inequality in Venezuela was the fastest in the region.<sup>75</sup> In comparative terms, the growth in inequality was perhaps more destabilizing politically in Venezuela than in other reformers, where the initiation of reforms began with among the highest levels of income inequality such as in Brazil, Chile or Mexico. In the latter countries, there was little scope for income distribution to worsen further. This suggests that rapid increases in income inequality matter more for instability than initial levels of inequality (Brazil and Chile have had much higher levels of income inequality yet have proven much more stable politically).

Polga '19 – removing Maduro would result in him getting replaced by other hardliners

Polga-Hecimovich, John. "A Transition from Above or From Below in Venezuela?" Georgetown Journal of International Affairs. August 2019. <https://www.georgetownjournalofinternationalaffairs.org/online-edition/2019/8/28/a-transition-from-above-or-from-below-in-venezuela> //RJ

Given the unlikelihood of transition from below, Venezuela's political opposition, the Lima Group, and other international actors have set their sights on inducing top-down change through a combination of sticks and a few carrots. This type of transition characteristically stems from self-imposed government

liberalization, carried out by a government which seeks to reinforce itself and in doing so may inadvertently bring about democratization. This strategic miscalculation from autocrats is more common than it might first appear. Latin American history is replete with examples of top-down liberalization in which dictators relaxed repression, allowed some civil liberties, and began negotiations with pro-democratic opposition elites. This includes the re-democratization of Ecuador (1976-1979), Brazil (1982-1985), Uruguay (1983-1984), and Chile throughout the 1980s. Similar processes occurred in Poland and with the reunification of Germany in 1989. Liberalization often results from a split in the authoritarian regime between “hard-liners” (in this case Nicolás Maduro, Jorge and Delcy Rodríguez, Tareck El Aissami, Diosdado Cabello) and moderate “soft-liners” (Héctor Rodríguez, Aristóbulo Isturiz). In most cases, the hardline authoritarian leader faces pressure due to declining economic conditions or social unrest, and soft-liners rise to prominence. Whereas hard-liners tend to be satisfied with the status quo, moderates may prefer to liberalize and broaden the social base of the dictatorship in order to gain allies and strengthen their position vis-à-vis the hardliners. If a split occurs in the ruling regime and the soft-liners gain control, they must decide whether to liberalize the regime or stick with the status quo. The former entails actions like controlled opening of the political space, holding elections, (re)opening the legislature, or (re)establishing an independent judiciary. The goal is not to bring about democracy, but rather to incorporate opposition groups into authoritarian institutions to co-opt or divide them. The problem from the regime’s perspective is that liberalization is inherently unstable. If government moderates liberalize, opposition groups can accept the concessions and enter the institutions of this “broadened dictatorship.” However, these groups may also decide to exploit their new freedoms to further organize against the regime. If this occurs, then the authoritarian elites have two choices: increase repression, or allow democratic transition. The outcome is a function of the opposition’s strength: a well-organized, unified opposition tends to encourage a democratic transition, while a weak, divided opposition is more likely to incur further repression and lead to a hardliner resurgence. Several states and international organizations are trying to influence the political calculus of regime supporters in order to encourage a top-down transition in Venezuela. So far, they have not succeeded. Since the 2017 protests, the United States, Canada, and other states have issued targeted sanctions against government officials and key Maduro allies in an effort to bring Maduro to the negotiating table. Additionally, the United States issued broader sanctions against Venezuela’s state-owned oil company, *Petróleos de Venezuela, S.A. (PdVSA)*, in January 2019, then escalated its pressure in August 2019 by blocking all property and assets of the government and its officials and prohibiting any third-party transactions with them, in an attempt to get civilian and military Chavista allies to defect from the government. This strategy has run into difficulties. First, the combination of a hegemonic, closed authoritarian regime and a weakened civil society means that the government has increased repression as an alternative to liberalization. Recent history has borne this out: the government responded to large-scale social mobilization in 2016, 2017, and 2019 by systematically jailing dissenters and even killing protestors. There is also a deeper problem impeding liberalization and the top-down transition model, despite attempts at both negotiations and using force: there are few moderate Chavistas in positions of

power. Since 2013, Maduro has purged his government of moderates and surrounded himself with hardliners who are not only intent on continuing Hugo Chávez's Bolivarian Revolution, but who are also committed to remaining in power. Without this group, and in the absence of free elections, a split in the ruling coalition may lead to the removal of Maduro, but it also raises the risk of him being replaced with other hardliners, either military or civilian. This is what makes U.S. dealings with Diosdado Cabello stand out, since the democratic transitions literature argues that a more certain strategy would be to pull away and negotiate with moderate elements from the regime, not with the person most likely to renege on a deal or take over power himself.

Krygier '19 – Maduro's counter-inflation policies are short-term and don't solve the root cause — happens all the time when countries are facing hyperinflation

Rachelle Krygier, WP, Aug 18 2019, [https://www.washingtonpost.com/world/the\\_americas/maduro-has-a-plan-to-fix-venezuelas-inflation---which-may-make-things-worse/2018/08/19/7a6ee048-a3bf-11e8-ad6f-080770dcddc2\\_story.html](https://www.washingtonpost.com/world/the_americas/maduro-has-a-plan-to-fix-venezuelas-inflation---which-may-make-things-worse/2018/08/19/7a6ee048-a3bf-11e8-ad6f-080770dcddc2_story.html)

**But analysts said the plan failed to address the fundamental problems causing inflation**— the willy-nilly minting of bolívares, collapsing oil output and a complete lack of confidence in the government. "Whatever the course of inflation is now, it will continue after these statements," Hanke said. "**There may be volatility in the exchange rate for a period of transition, but it'll go back to its normal course when people figure out it was all a scam.**" Francisco Rodríguez, chief economist at Torino Capital, an investment bank in New York who had devised a plan to dollarize the country's economy as part of presidential candidate Henri Falcon's campaign earlier this year, said: "**There are many serious problems with the plan, but I essentially think it will fail because no one believes the government will stop printing money. People will keep raising their prices and the government won't be able to keep its promises.**" People are already buying dollars on the black market at a 30 percent higher price than on Friday before the announcements. "It's typical in currency reforms but if you don't change monetary policy, nothing changes. It's like going to a plastic surgeon and getting a face lift. You're superficially altered but you're still the same," he said.

AT Dollarization

Insight Crime '19 – dollarization is only happening because of the increase of organized crime (gold mining, drug trafficking, oil smuggling) which are paid for in dollars, \$6B is circulating bc of organized crime

Insight Crime. "Is There a Link Between the Dollarization of Venezuela and Organized Crime?" 24 October 2019. <https://www.insightcrime.org/news/analysis/dollarization-venezuela-organized-crime//RJ>

But some experts have an explanation for the country's new dollar craze: organized crime. Luis Vicente León, president of survey company Datanálisis, explained that due to the scarcity of Venezuelan paper money, more than 35 percent of transactions in the country are conducted in foreign currency. But this has kicked the door wide open for the creation of shell corporations acting as fronts for money laundering operations. "As this situation continues, the market is very attractive for illicit operations," he warned. Criminal lawyer Luis Izquier confirmed to InSight Crime that foreign currencies currently drive Venezuela's precarious economy. "A large part of these bills enter our economy through organized criminal activities without us realizing it. No one can explain how an informal vegetable seller can quote a kilo of potatoes in dollars or how a taxi driver, in the middle of a blackout, charges for his services in dollars and has the cash on hand to give you your change." Criminals are also demanding US dollars be used for ransoms, extortion fees, and when desperate people pay to flee the country. Businessmen, merchants and police officers in the state of Aragua told InSight Crime that criminal gangs favor dollars be used when extortion payments as the cash cannot be traced. Strengthening of Organized Crime León added that there are multiple incentives for informal activities in Venezuela. "It is evident that organized crime will flourish in an economy isolated by US sanctions on government officials and state-run businesses, and hyperinflation and induced dollarization (play into their hands.)" He stated that, based on data from economic consultancy Ecoanalítica, more than \$6 billion in US currency is circulating within Venezuela, largely linked to three criminal economies: gold smuggling, oil smuggling and drug trafficking. Alejandro Rebolledo, a former Venezuela Supreme Court Justice and money laundering expert currently living in exile, said "criminals have found the country to be a safe haven for smuggling food and medicine, counterfeiting medicines and spare vehicle parts, as well as for drug trafficking, illegal mining, kidnappings and extortions. Payments for all these [activities] are in dollars." Rebolledo told InSight Crime that neighborhoods designated as "peace zones" have been entirely surrendered to criminal groups, operating with impunity since the police do not enter. "In Caracas, the 23 de Enero parish, which is controlled by 'colectivos,' may have more arms and ammunition than any military battalion. All of the weapons trafficking and selling arms is handled in hard cash with US dollars, as are illegal activities inside prisons."

Yapur '20 – the broad dollarization of the VZ economy has contributed to making salaries in bolivars worthless

Yapur, Nicolle. "Venezuela's Maduro Starts Year with a 67% Minimum Wage Hike." Bloomberg News Network. 10 Jan. 2020. <https://www.bnnbloomberg.ca/venezuela-s-maduro-starts-year-with-a-67-minimum-wage-hike-1.1372385//RJ>

The new hike, which applies retroactively as of Jan. 1, threatens to refuel hyperinflation after restrictive monetary policies helped slow the pace of price increases in 2019. Still, the increase is well below the 275% hike of Oct. 2019, which lifted the minimum wage enough to buy about 4 kilograms of beef. The new salary, however, is not enough to buy one kilogram at current prices. The country's historic economic crisis has seen the annual rate of consumer price increases surge to at least quadruple digits. According to data from the National Assembly, the annual inflation rate was 13,476% in November 2019. Bloomberg's Café con Leche Index estimates annual inflation at 9,900% as of Jan. 8. Price increases quickly destroyed the value of the previous minimum wage increase in Oct. The government has directed its efforts to controlling the price of the dollar by reducing liquidity in the financial system and restricting bank loans. Maduro earlier this month vowed to lower inflation in 2020 to a single digit. The broad dollarization of the Venezuelan economy has also contributed to making salaries in bolivars worthless. A dollar costs around 81,000 bolivars at the black market rate. According to local research firm Ecoanalitica, \$2.7 billion in physical dollars are circulating in the country, three times the value of bolivars in both cash and deposits. Ecoanalitica director Asdrubal Oliveros expects greenbacks to make up 70% of commercial transactions in 2020.