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Venezuelan Refugee Crisis:
A Consequence of U.S. Economic Sanctions

ALCS 495:LACS Departmental Honors Project

Fall 2019

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Introduction

Significant trends of outward migration from Venezuela date back to the 1998 election of former Venezuelan president Hugo Chavez. These migratory trends may be attributed to a number of reasons such as political corruption, economic mismanagement and hyper-dependency on oil. Venezuelans have since fled from the political turmoil and extreme economic recession that continues to ravage their country and impoverish their families at an alarming rate. However, it was not until the year 2017 that migration in Venezuela skyrocketed into the state of crisis it is in today.

Today, this migratory trend has grown to become the Venezuelan Refugee Crisis, a regional and international humanitarian crisis referring to the displacement of millions of Venezuelan citizens seeking asylum throughout Latin America and the Caribbean. This crisis also refers to a plethora of socio political and economic implications among the countries that have experienced this influx of migrants most severely, and are incapable of keeping up with the financial burden of providing housing, healthcare, and general welfare to the Venezuelan refugees.

Due to Colombia's proximity to Venezuela, the exodus towards Colombia in particular is the largest influx of migrants that this crisis has seen. Primarily unhoused along the border, more than 1.4 million Venezuelans are now living in Colombia (GIFMM, 2019). Severe economic strain has been placed onto the Colombian government as the population of refugees living along the Colombia-Venezuela border continuously increases. This has resulted in the UN calling for international financial aid to Colombia. Political and economic tensions between Colombia and Venezuela continue to escalate as the Colombian government stands firmly against Nicolas Maduro's presidency and insufficient funds fail to prevent chaos and disorder from ensuing along the border.

The discussion of the Venezuelan Refugee Crisis is expressly related to the concepts of "refugees" and economic "sanctions". It is also related to the creation of an entire diasporic

population of refugees as a consequence of the brutal U.S. economic sanctions placed on Venezuela.

According to the 1951 Convention of the UN Refugee Agency, a refugee is someone who, “owing to a well-founded fear of being persecuted for reasons of race, religion, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country.” This universal definition of the term “refugee” as defined by the UN Refugee Agency is relevant to the discussion of Venezuelan refugees as people who have escaped violence, extreme poverty, and persecution of their political opposition to the presidency of Nicolas Maduro, and are unwilling to return to their country out of fear of returning to these living conditions.

According to the Council on Foreign Relations, economic sanctions are defined as “the withdrawal of customary trade and financial relations for foreign and security policy purposes.” In the discussion of U.S. economic sanctions on Venezuela, their imposition can be thought of as a strategic and overly aggressive policy-altering mechanism used to coerce Venezuelan state actors to resign and dissolve the venezuelan socialist regime that threatens United States’ ideals of unregulated capitalism and free trade. In the words of former National Security Advisor, John Bolton, “the time to act is now. The U.S. is acting assertively to cut off Maduro financially, and accelerate a peaceful democratic transition;” a transition which has been far from peaceful and an unequivocal failure (Toro, 2019).

It is important to study the Venezuelan Refugee Crisis because it is not the first crisis of its kind, and it probably will not be the last. Studying this topic will be helpful in keeping state actors and non-governmental organizations informed in order to combat the refugee crisis at hand and to ensure that this crisis does not repeat itself. the optimal solution can be reached by preemptively creating the most effective policies and practices in response to migrational movements of this magnitude. As a humanitarian crisis, this is an issue affecting millions of displaced lives, people who have left everything behind in their country and are struggling to shelter and feed themselves. Studying this topic can help improve the integration of refugees to other countries. Finally, the Venezuelan Refugee Crisis is an ongoing and continuously

escalating crisis involving a complexity of socio-political and economic impacts internationally. Finding the right policy practices can help to alleviate the effects of this crisis or at the very least create a more stable crisis within Venezuela, Colombia, and several other countries facing the effects of this crisis by reducing the rate at which Venezuelans are leaving their country.

Although Colombia is not the only country affected by the Venezuelan Refugee Crisis, studying Venezuelan migration into Colombia is important because it can provide a more succinct representation of the entire crisis at hand without having to look at each individual country affected, as Colombia has experienced the greatest influx of Venezuelan refugees to date (GIFMM, 2019).

Argument

I argue that U.S. economic sanctions imposed on Venezuela in August, 2017 are responsible for the sudden increase in migration from Venezuela to Colombia in 2018, effectively creating a more unstable crisis. The political economy of Venezuela is one heavily dependent on oil, therefore any restrictions to the oil trade in Venezuela in the form of U.S. economic sanctions has a crippling effect on its economy. Consequently, the Venezuelan people must now make the choice of facing the same crippling effects of food scarcity, inflation, education decline, water and electricity shortages, lack of medicine and hygiene, violence, and protests, or to leave (Andreson, 2018).

It is important to investigate the causality of U.S. economic sanctions on the Venezuelan Refugee Crisis because identifying this as a cause of increasing migration would bring scholars closer to the root of the problem and would help to bring forward more foundational solutions as opposed to short term remedies to the effects of this crisis.

Methods

This research will utilize a longitudinal analysis method, which is an analysis of data produced by measuring the same variables over a significant period of time. This method is appropriate for this research because it analyzes the correlation between two variables:

1. The magnitude of migration from Venezuela to Colombia
2. The total exports of Venezuelan oil over time.

Searching for a correlation between increasing Venezuelan refugees entering Colombia (as a smaller representation of the overall magnitude of venezuelan migration) and decreasing total exports of Venezuelan oil as a result of U.S. economic sanctions will help prove my argument.

This paper will additionally use the causation methodology, which is a mode of explanation that examines the causal relationships of a set of variables. This research establishes the U.S. economic sanctions of August, 2017 as a cause of decreasing oil exports, coupled with Venezuelan hyper-dependency on oil as a cause of a poverty-inducing economic recession, resulting in a massive increase in Venezuelan emigration.

Research Questions

To support my argument and organize my research, I go about asking three questions:

1. What are the U.S. Sanctions that have been imposed on Venezuela in August, 2017 and how do Venezuelan oil exports reflect those sanctions?
2. How have levels of Venezuelan emigration differed before and after the U.S. imposed economic sanctions of August, 2017 on Venezuela?
3. How can the removal of these U.S. sanctions help to alleviate the Venezeulan Refugee Crisis?

My research questions are organized in a way that focuses my argument into three areas of inquiry. First, I identify the problem of decreasing Venezuelan oil exports and its link to U.S.

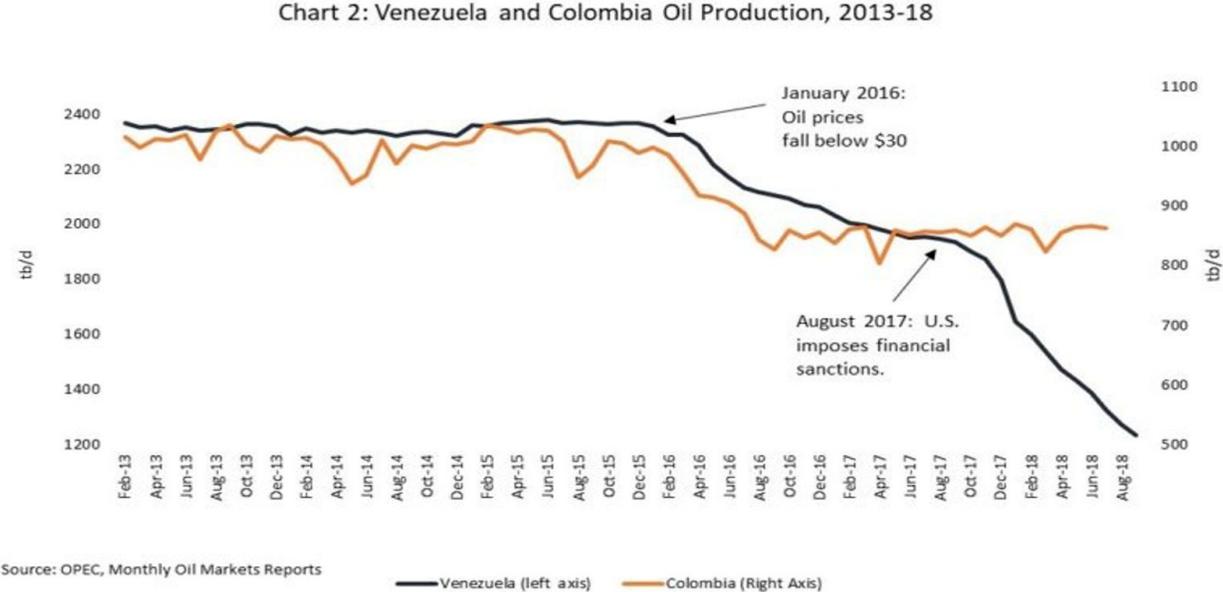
economic intervention. Second, I examine any change and continuity over time in the level of Venezuelan migration as it exists before and after the imposition of the August, 2017 U.S. economic sanctions. Finally, I explore a solution to the Venezuelan Refugee Crisis after establishing a correlation between total Venezuelan oil exports over time and total Venezuelan migration over time.

What are the August, 2017 sanctions?

Economic sanctions are, “the withdrawal of customary trade and financial relations for foreign- and security-policy purposes. Sanctions may be comprehensive, prohibiting commercial activity with regard to an entire country, like the long-standing U.S. embargo of Cuba, or they may be targeted, blocking transactions by and with particular businesses, groups, or individuals” (Masters, 2019). The US has built a long list of Venezuela-related economic sanctions targeting the Venezuelan national oil company, government, central bank, and individual legislators such as those that attempted to block Guaidó in his January, 2020 re-election for National Assembly President (Congressional Research Service, 2020). The strategy of these Economic Sanctions is to continuously increase pressure on the Venezuelan economy and government until the Maduro regime is forcefully displaced. The U.S. believes these sanctions are a solution to the deepening humanitarian crisis, and that removing Maduro from power will bring about more stability.

On August 24, 2017, President Trump imposed new Economic sanctions through executive order 13808 that prohibited the trade of Venezuelan bonds and the accrual of new debt by the national government and oil company (The White House, 2017). The Venezuelan national oil company has since been unable to raise money for the exportation of oil while paying off its existing debts. Upon passing this sanction, the White House stated that, “these measures are carefully calibrated to deny the Maduro dictatorship a critical source of financing to maintain its illegitimate rule, protect the United States financial system from complicity in Venezuela’s corruption and in the impoverishment of the Venezuelan people, and allow for humanitarian

assistance”. Evidently, the U.S. believes that by further destabilizing the Venezuelan government and by severely impeding their economy will clear it from any responsibility for the impoverishment of the Venezuelan people, but is disinterested in how these sanctions will affect the impoverishment of the Venezuelan people.

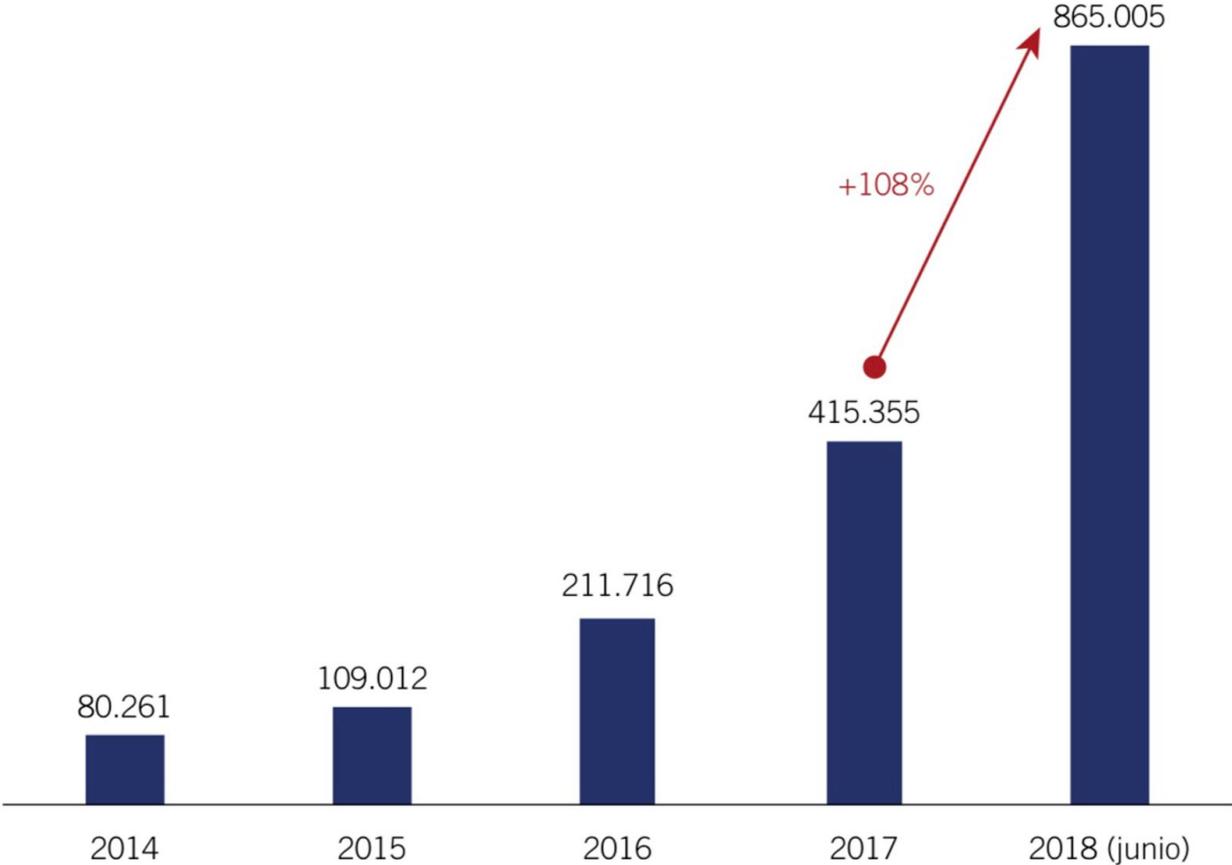


As shown by the Chart above, Venezuelan oil production had followed closely with oil production in Colombia along a similar trend. The August 2017 point on the x-axis reflects the imposition of new economic sanctions and the suddenly steep decline of oil production in Venezuela, while oil production in Colombia remained following its original trend. It may be justified in stating that this effect on Venezuelan oil production was produced by the newly imposed U.S. economic sanctions because the absence of any effect on oil production in Colombia suggests that the trigger for this change was targeting Venezuela.

How has migration been affected?

According to the UN Refugee Agency, total migration from Venezuela has surpassed four million Venezuelans now living abroad, an 8,000 per cent increase since 2014. Colombia accounts for 1.3 million Venezuelan migrants as the leading host for Venezuelan migration (The UN Refugee Agency, 2020). Because Colombia’s proximity and willingness to receive Venezuelan migrants has made it the leading destination for the Venezuelan migrants, using data on the exodus towards Colombia as a smaller model of the Venezuelan Refugee Crisis, any significant change or continuity in the rate of migration can be more easily isolated.

The chart below depicts the total number of Venezuelan refugees living in Colombia between the years 2014 and 2018.



While the number of refugees in Colombia has been consistently following a positive trend, the difference in magnitude from 2017 through 2018 is significantly higher than the

difference in the years that preceded it. While it may be inferred that the number of refugees in Colombia has already been increasing exponentially since 2014, it cannot be concluded that the dramatic increase from 2017 to 2018 would still have happened at the rate at which it did, even without the imposition of the August, 2017 economic sanctions. It may also be inferred that migration from Venezuela was already following a steady increase, and the imposition of these sanctions stimulated emigration even further, or at the very least failed to mitigate the migratory crisis.

How can the removal of these U.S. sanctions help to alleviate the Venezuelan Refugee Crisis?

While the imposition of new economic sanctions may not be the source of Venezuela's economic decline, they have definitely been an aggravating factor to continuous decline, and have failed to pressure the Venezuelan government into facilitating the desired regime change. With Maduro still in power, U.S. economic sanctions have only served to further incapacitate Venezuela's economy, making it more difficult for the government to resolve the economic crisis. The Venezuelan people must bear the burden of a deteriorating economy and worsening quality of life. As U.S. economic sanctions have rendered Venezuela further from a solution, the popular response has been to leave their home country behind in search for a new life. Lifting the sanctions that have placed economic strain would allow the Venezuelan economy to support its people, effectively reducing the rate at which Venezuelan people emigrate.

Conclusion and Future directions

Although it has not yet been concluded that U.S. economic sanctions are the sole cause of the Venezuelan Refugee Crisis, the removal of U.S. economic sanctions may very well be the first step towards a solution by addressing the problem at its roots, rather than alleviating the effects of this crisis as it continues to develop. Furthermore, the potential implications of this

research in improving the quality of life at home may give many Venezuelans hope that they need to stay in their country and may even be encouraging to the Venezuelan refugees that are thinking about returning. The anticipated results of this research may be especially influential to the study of foreign policy in that it may expose the ethics and impracticality of U.S. foreign economic practices. Further research may refine the integration of refugees into other countries and possibly even prevent similar crises from developing to such a high degree.

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