



Committee: Bilderberg Summit

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Topic A:

The issue of private and public lobbying on policy making

Topic B:

Venezuela and the Oil Trade

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Introduction to Committee:

Bilderberg Summit is a yearly conference, established originally in the year 1954 by Prince Bernhard from the Netherlands, to guarantee direct contact and communication between the most important leaders from North America and Europe. The conference has between 120 and 150 members each year, which includes political leaders, government officials, and experts from other areas such as finance, industry, media, business, and education.

Despite not being an official organ of the United Nations, the Bilderberg summit is essential for the global economy, and its main objective is to strengthen the cooperation and dialogue between Western Europe and North America. The Bilderberg Summits analyzes a wide range of topics; including trade, employment, monetary policy, investment, sustainability, environmental issues, and international safety, among others. In simple words, the function of this committee is to foster discussion and dialogue. Each meeting seeks to provide the members and nations involved with a safe, private, and informal environment, in which the largest economic agents of the West can get to know their positions, arguments, and discuss their common problems.

The committee itself does not possess extraordinary powers in particular nations or organizations, as all the participants in the summit are representing their own personal views, and take part in the Meeting as individuals in their own right. Moreover, the annual meeting of the Bilderberg summit has no desired outcome; there is no closing statement, there are no resolutions proposed or votes taken, and the organization does not support any political party or viewpoint. As said previously, the objective of this meeting is solely to open a space for discussions between the main economic agents and leaders of our world.

Topic A: The issue of private and public lobbying on policy making

Introduction:

Lobbying refers to the act of attempting to influence decisions made by government officials, typically by private interest groups or individuals. Private lobbying is conducted by individuals or organizations that are not part of the government, while public lobbying is conducted by government officials or agencies. Both private and public lobbying can play a role in policy making, and the impact of each can depend on a variety of factors, including the specific issue being lobbied for and the relative power of the lobbyists and the government officials they are trying to influence. It's important to note that while lobbying is a legal activity in most countries, it's not without controversy. Some argue that lobbying gives special interests an unfair advantage in the policy-making process, while others argue that it is a necessary part of the democratic process.

The origin of the word comes due to the repeated situations in which the votes of members of the legislative chamber in the USA were influenced in the lobby before the voting took place. In most political systems, lobbying has been called “inevitable”, and instead, some argue it is a fundamental component of current democratic governments. Lobbying has been mentioned as a part of participatory democracy, and crucial for the development of a productive government.

A current misconception exists about the actual nature of lobbying, as it is often confused with a form of bribery. As a way of enforcing a type of political pressure, lobbying is completely legal, and is protected by a large number of jurisdictions. For example, in the United States First Amendment, the right “to petition the Government for a redress of grievances” is noted. Such article, without directly referring to the term lobbying, can be clearly translated as lobbying in modern terminology. Moreover, the Lobbying Disclosure Act put in place in 1995, guarantees the legality of lobbying as a form of political influence in the United States.

Historical Context:

The practice of lobbying has a long history, dating back to the early days of the American republic. In the late 18th and early 19th centuries, lobbyists were primarily individuals who worked to influence federal legislation on behalf of businesses and other private interests.

During the late 19th and early 20th centuries, the role of lobbyists in American politics expanded as the government began to play a larger role in regulating industry and the economy. This led to the formation of professional lobbying firms and trade associations, which represented the interests of specific industries such as railroads and oil.

In the 20th century, the amount of money spent on lobbying increased significantly, as did the number of lobbyists. The growth of government programs and regulations, as well as the increasing complexity of issues being dealt with by the government, led to an increase in the need for representation and advocacy by interest groups and individuals.

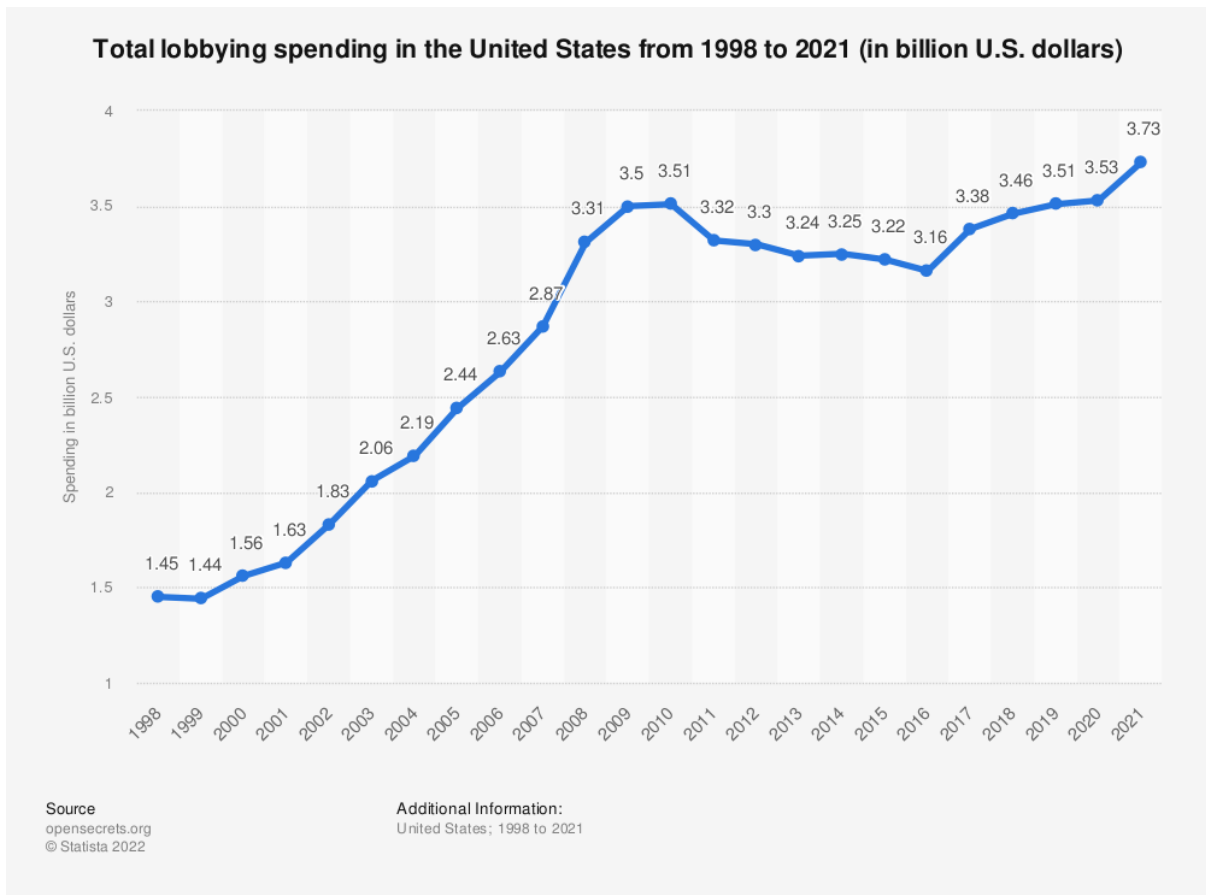
In recent years, the influence of money on politics and the role of lobbyists in policy making has been a topic of much debate. Some argue that the high cost of lobbying and campaign contributions gives wealthy interests an unfair advantage in the policy-making process. Others argue that lobbying is a necessary part of the democratic process and that it helps ensure that the interests of all groups are represented in government.

Overall, the historical context of lobbying has been shaped by the changing role of government in society and the economy, as well as by the ongoing debate over the influence of money on political systems and their decision making.

Current Situation:

Currently, lobbying continues to be a significant activity in many countries, including the United States. In the US, there are thousands of registered lobbyists who represent the interests of a wide range of industries and organizations, from large corporations to small businesses, labor unions, and non-profit groups. According to Opensecrets.org, cited on the online database Statista, 3.73 billion dollars were spent in lobbying during 2021, with this

quantity significantly increasing almost constantly since 1998.. This comes as a result of the large numbers of bills introduced in countries every year. For example, the US congress has over 10,000 bills introduced in a two-year period, making it very difficult for individuals to act/respond to such bills, giving less power for individuals to be heard upon without lobbying methods.



The lobbying process typically involves the use of various techniques such as grassroots organizing, advertising, and direct communication with government officials to influence policy decisions. Some of the major issues that lobbyists focus on include taxes, regulation, healthcare, and defense spending.

However, lobbying is not without controversy. Critics argue that the influence of money in politics gives wealthy interests an unfair advantage and distorts the policy-making process. There have also been instances where lobbyists have been found to have engaged in unethical or illegal activities, such as providing gifts or campaign contributions to government officials in exchange for favorable treatment.

In response to these criticisms, some countries have implemented stricter regulations on lobbying, such as the requirement of registering as a lobbyist or disclosing information about lobbying activities. However, the effectiveness of these regulations in curtailing the influence of lobbyists and promoting transparency remains a topic of debate.

Finally, lobbying continues to be a significant activity in policy making, with a wide range of interests represented, and it is still a topic of ongoing debate and scrutiny over the potential influence it has on the political process.

Major Bloc Positions:

1. **Business and industry:** Business and industry groups, including large corporations and trade associations, are among the most active lobbyists. They typically lobby for policies that will benefit their industries, such as lower taxes and reduced regulation.
2. **Labor unions:** Labor unions represent the interests of workers and often lobby for policies that will benefit their members, such as higher minimum wages, stronger labor laws, and increased benefits.
3. **Environmental groups:** Environmental groups lobby for policies that will protect the environment and promote sustainable development, such as stricter regulations on pollution and the promotion of renewable energy.
4. **Consumer advocacy groups:** Consumer advocacy groups represent the interests of consumers and often lobby for policies that will protect them from fraud and abuse, such as stronger consumer protection laws and regulations.
5. **Social and civil rights groups:** Social and civil rights groups lobby for policies that will promote equality and justice, such as laws and regulations that protect the rights of minorities, women, and other marginalized groups.

It's worth noting that these are broad categorizations and there are many other interest groups and individuals involved in lobbying, and some groups may fall into more than one category. And sometimes, the same interest group may lobby for different policies at different times.

6. Finally, there is a group which does not support lobbying in any form. Within this group, we can find some politicians, and other members of the population who believe this type of activity has a detrimental effect on society's well being. Within this broad category, we can see different involvement levels with lobbying, and also different and particular reasons to condemn the practice in question.

Guiding Questions:

1. In what ways has my delegation been affected by lobbying? Has my delegation been an active part of this activity?
2. Is lobbying beneficial or detrimental for the strengthening of democratic institutions and overall successful policy-making?
3. Should lobbying become more openly available/protected, or should it be prohibited/restricted with stronger rules?
4. How does lobbying vary between countries, and between public/private economic and political agents or institutions?

Useful Resources:

1. <https://www.investopedia.com/articles/investing/043015/why-lobbying-legal-and-important-us.asp>
2. <https://www.oecd.org/corruption/ethics/lobbying-brochure.pdf>
3. <https://www.ifo.de/DocDL/dicereport111-forum1.pdf>
4. <https://www.britannica.com/topic/lobbying>
5. <https://www.statista.com/statistics/257337/total-lobbying-spending-in-the-us/>

Topic B: Venezuela and the Oil Trade

Introduction:

Venezuela is a country in South America that is home to the world's largest oil reserves. Since the discovery of those oil reserves in the 1920s, Venezuela grew as one of the most prosperous countries of Latin America, but quickly got stagnant into an unprecedented economic and political ruin due to what economists call the Dutch Disease.

Historical Context:

Venezuela is often described as a petrostate, a term used to describe a country with three major "attributes:

1. Government income is deeply reliant on the export of oil and natural gas
2. Economic and political power are highly concentrated in an elite minority, and
3. Political institutions are weak and unaccountable, and corruption is widespread" (Cheatham, Roy & Labrador, 2021).

Petrostates like Venezuela, according to several economists, have both political and economical problems because of the Dutch disease. This disease means, in simple terms, that a large resource discovery can be harmful to economies in the long-term. This occurs because of the way this unprecedented discovery leads to a lot of foreign investment, which leads to a large influx of capital into the country. The local currency then begins to be appreciated more, and exports skyrocket that become cheaper. Both labor and capital are taken away from other sectors of the economy to dedicate to the export of natural resources. Sectors like agriculture and manufacturing, which are more important for growth and competitiveness within an economy, are therefore depleted of these two assets. The weakening of labor-intensive industries causes unemployment to rise while the country starts to depend solely on the commercialization of natural resources. This dependence makes the economy vulnerable to unpredictable swings in the worldwide energy prices.

Moreover, the Dutch disease can affect governance and democracy since "petrostates depend more on export income and less on taxes, there are often weak ties between the government and its citizens" (Cheatham, Roy & Labrador). This can be harmful for the

economy as “leaders can use the country’s resource wealth to repress or co-opt political opposition” (Cheatham, Roy & Labrador). This is important to clarify, because according to prominent leaders of the World Bank, “not just an overvalued exchange rate, but high inequality and political instability also weaken the immune system of resource-rich economies and give rise to Dutch disease” (Ianchovichina & Onder, 2022).

Venezuela has become the archetype of the failed petrostate, due to the historical evolution of the country.

Venezuela’s path starts in 1922. In this year, Royal Dutch Shell geologists found a field in the Maracaibo Basin which produced oil at an incredibly fast rate. Under the mandate of dictator Juan Vicente Gómez, more than a hundred companies coming from outside the country started producing oil. The Venezuelan bolivar grew exponentially and oil accounted for 90% of exports.

In 1943, the successors of Gómez passed the Hydrocarbons Law of 1943, which mandated foreign companies to give half of their profits to the state. The income of the state started to be six times larger. By that time, only three foreign companies controlled 98% of Venezuelan oil production.

In 1958, the succession of military dictatorships ended and Venezuela elected its first established democratic government. The three major political parties that rose signed the Punto Fijo pact, which agreed that both state positions and profits from the oil exports would be divided among the three parties in proportion to the results of elections. This ensured that profits from the oil industry would be concentrated in the state.

Two years later, Venezuela became the founding member of the Organization of the Petroleum Exporting Countries (OPEC). The organization coordinated prices and gave states more sovereignty over their industries. After this, Venezuela created its first oil company controlled by the state and increased the income tax for oil companies’ profits from 50% to 65%.

In 1973, the OPEC created an embargo on countries that were supporting Israel in the Yom Kippur War, which skyrocketed oil prices by 400%. This increase in oil profits made

Venezuela have the greatest income per-capita in Latin America. The massive profits also led to massive corruption, and it is “estimated that some \$100,000,000,000 [100 billion] in oil income had been wasted or stolen” between 1972 and 1997 (Coronel, 2008).

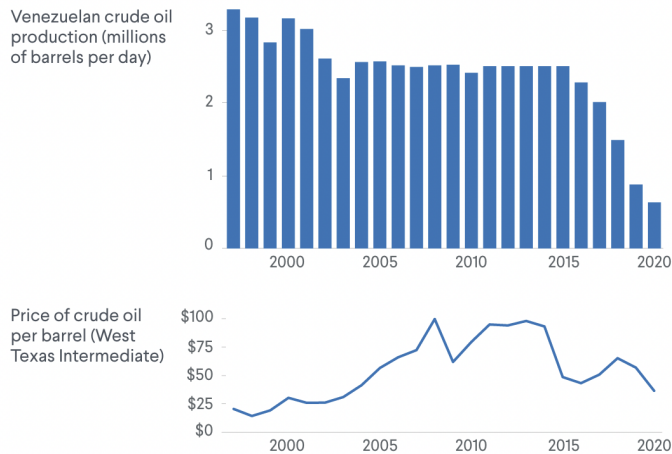
President Carlos Andrés Pérez created in 1976 the state-owned enterprise *Petróleos de Venezuela Sociedad Anónima (PDVSA)*. This enterprise became in charge of overseeing all exploration, production, refining, and exportation of oil with minimal regulation from the government. PDVSA was able to partner with foreign companies while maintaining a majority in joint ventures.

The unprecedented oil price decrease in the 1980s led to a contraction in Venezuela’s economy and massive inflation. Moreover, the state acquired massive foreign debt by the purchase of refineries outside the country. The fiscal austerity package launched by Pérez and supported by the IMF led to violent riots and a failed coup by Hugo Chávez, a military officer.

Chávez’s fame led to his election for president in 1998, promising under a socialist regime to use the wealth created by oil to reduce inequality and poverty. Chavez was able to expand social services and reduce poverty by 20%. However, his decisions led to a durable and constant decline in the production of oil within the country after the production’s peak in the early start of the XXI century. Chávez also decided to fire thousands of skilled PDVSA workers that participated in a strike, taking away much of the company’s expertise. The government debt doubled.

Chávez used his popularity to increase the powers of the president by effectively ending term limits, taking control of the Supreme Court, controlling the press, and taking away hundreds of private oil assets and giving them to the state.

Venezuela: From Oil Boom to Bust



Note: Data from 2020 represents the average over the first six months of the year.

Sources: Federal Reserve Bank of St. Louis; U.S. Energy Information Administration.

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After Chávez's death, Nicolás Maduro, seen as Chavez's successor, was elected president in 2013. In the middle of 2014, the global prices of oil decreased drastically, causing Venezuela's economy to crash. Maduro started to consolidate his power through social and political unrest through political repression, censorship, and alleged manipulation of votes. He was reelected in 2018, in an election that was seen as undemocratic by most of the western countries. Although the United States has increased sanctions against Venezuela in order to manage Maduro's government incomes, several countries like China, Russia and Cuba are still Venezuela trade partners.

In January 2021, Maduro's allies took leadership of the National Assembly, the last opposition-controlled part of the government. The opposition stated that the elections were once again fraudulent, a claim once again supported by the US, Canada, the European Union and the Organization of American States (OEA).

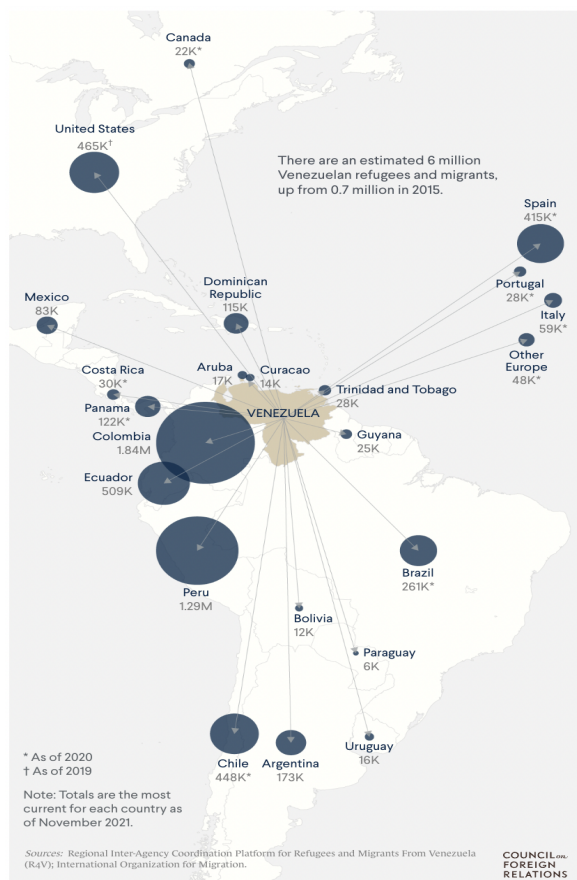
Current Situation:

Venezuela now has achieved every single statistic to prove that it is a failed petrostate. First of all, oil sales make up 99% of total earnings for export earnings and 25% of the total gross domestic product (OPEC, 2022). This shows that Venezuela has total oil dependence.

Due to decades of poor maintenance and lack of investment, the production of oil has declined to the lowest level in the later history of Venezuela in 2020. The pattern of failure in production is evident.

Venezuela's GDP has decreased by two-thirds between 2014 and 2020. This has generated a spiraling economy, where the vast majority of the population (exactly 77%) is living in poverty.

Venezuela has a soaring debt: the country "is carrying a staggering debt burden that has been estimated to be approximately \$150 billion or more" (Kargman, 2021). Moreover, Venezuela is experiencing hyperinflation, as Maduro grapples to power and violates democratic principles according to Western countries.



The humanitarian crisis in Venezuela is devastating, having shortages of crucial food and medicine. The migration that moves out of Venezuela is one of the most prominent and numerous in the world.

In 2020, the United States published a joint declaration with 28 other western countries that called for the establishment of a new, democratic government. Nowadays, "the return to democratic governance and the end of the humanitarian crisis in Venezuela are in the interests of both the United States and the EU" (Angelo, 2020). However, the EU has been much more cautious in imposing sanctions on the regime than the US.

Major Bloc Positions:

1. **Nicolás Maduro:** The actual president of Venezuela. He believes that he is the legitimate president, that he has done a good job in the management of Venezuela, and believes the Western countries are trying to illegitimately interfere on the sovereignty of the country.
2. **Vladimir Putin:** The president of Russia. As president, he has been a close ally to Venezuela, approving Maduro's legitimacy and doing several treaties that have kept Venezuela's economy afloat.
3. **Joe Biden:** The current president of the United States has consistently stated that he is considering lowering sanctions imposed on Venezuela by the government of Donald Trump.
4. **Darren Woods:** The current CEO of oil company ExxonMobil would be open to negotiating the opening the foreign investment of the company within Venezuela, if the government would allow the privatization of oil reserves.
5. **Donald Trump:** Former president of the United States was very strict in the measures taken against Venezuela, and would see the best solution as the stepping down of Maduro.

Guiding Questions:

1. Is your delegation a political leader or an enterprise leader? To what extent can you affect the problematic within your own power?
2. Are you supportive or against Maduro's government? Which would you think would be the best solution to the political situation in Venezuela?
3. Which is your perspective on the sanctions taken by the US and other Western countries on Venezuela? Are they justified?
4. What is your stance on the humanitarian crisis resulting from the current situation in Venezuela? Which solutions would you implement to solve it?
5. Which path would you propose for both Venezuela and the Western countries to tackle the causes of the Dutch disease in Venezuela?

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