

## **CHAPTER I INTRODUCTION**

### **A. Background**

Latin America countries such as Venezuela and Mexico are rich in oil. While the remaining countries such as Brazil, Peru, and Chile have mining mineral sources. They have prosperous natural resources, fertile land, and a stable climate which become the biggest supports for the agricultural industry. Nonetheless, the rest that only has few natural resources are likely to remain poor since the population of Latin America is mostly concentrated in coastal areas, especially in the rural area inside Latin America countries. Basically, it was influenced by the geographical condition where not all areas have good weather and land to support agriculture (Nugroho, 2016). Despite having such an abundant natural resource, the history of development in Latin America discusses the political and economic prior to Neoliberal reformation. This also suppresses the conflictual process of Neoliberal reformation implementation and its results. The first generation during the 1980s and the early 1990s focused on macroeconomic policies proposed by Washington Consensus. On the other side, the second generation in its form tends to be more mature, democracies, amidst not hyperinflation and financial crisis (Montero, *From Democracy to Development: The Political Economy of Post-Neoliberal Reform in Latin America*, 2005).

A political transition happened in around 1980s and early 1990s. The condition of democracy in Latin America also changed into a significant change, from the authoritarian to democracy. Democratic transition in Latin America had become an electoral democracy by the voting system (Munck G. L., 2015). It is not an easy task to construct and maintain

democracy. Latin America faces several social and economic problems that restrain the full development and strength of democracy in the region (Costa, 2018).

The political economy reformation in Latin America emphasizes the interplay between political and economic reformation, and how this might affect policy outcomes, motivated in part by loudly expressed concerns about the compatibility between economic reformation and the parallel rise of democratic governance. It is mainly highlighting the role played by democratic institutions in molding a new Latin America's democracies and capacity in doing reformation needed. Developments on the ground in Latin America thus reinforced developments in the academic milieu to focus investigation and policy attention on improving the quality of economic policymaking, building the competitive efficiency of Latin America's market economies, and adjusting policy recommendations to the unique conditions of each country. (Starr, 2009)

**Figure 1.1 America's Map**



Source: CSIS (Center for strategic and International Studies)

The distance between the United States and Venezuela is approximately 1,367 mi or 2,201 km from Miami crossing the sea to Venezuela itself. The United States is located in the North America continent that covers 9,161,966 of land. In addition, the United States also shares borderland with Cuba, Canada, and Mexico (Worldatlas.com)

Venezuela or The Bolivarian Republic of Venezuela is one of the countries in Latin America. It shares order with Brazil, Colombia, and Guyana. The area's country covers around 916 thousand square kilometers excluding Essequibo area. Venezuela has a population of about 32 million people that live the capital, Caracas. The language of this country is Spanish. Venezuela is one of the countries that have the biggest oil reserved in the world. It revenues account about 99 % of export earnings. On the other side, Venezuela also has abundant resources except for petroleum including gas, iron ore, gold,

bauxite, diamond, and minerals. Despite that, the current president of Venezuela, Nicolas Maduro is a founder member of OPEC (OPEC, 2019).

Furthermore, one of Latin America countries, Venezuela, is the country that has the biggest reserve oil in the world which become a matrix for superpower country such as the United States to gain more power. Basically, the United States has a close relationship with Venezuela in an economic sector, such as in crude oil supplier since the era of President Hugo Chaves administration. The bilateral relationship between both United States and Venezuela is getting into tension because the Human Right issue since Venezuela builds a relationship with Cuba and Iran, and the effort to spread populism to other Latin American countries (Sullivan M. P., 2011).

Basically, the tension between United States and Venezuela become worse since the era of Chavez. He showed an intention to increase significant control over the economic sector, especially in foreign investment. On 7<sup>th</sup> January 2007, Chavez has announced to nationalize some foreign firms such as telephone and electric power companies. The largest Venezuela telecommunications company, CANTV was a merger with the United States firm, Verizon Communication. Whereas, the Electricidad de Caracas, a huge publicly traded electric company was under controlled by AES Corporation, the United States property. Both huge companies start to lose their interest in unbalancing profit mapping. On the other side, Chavez subsequently nationalized banks managed by the investors of Spain and the United States and demanded an Argentina steel company to stop the export and import activities for the domestic market. In an outline of this project, Chavez wants to take a major control over a four large heavy-oil project in Orinoco River basin on 1<sup>st</sup> May 2007. Besides that, on June, Venezuela also announced both Conoco Phillips and Exxon Mobil, other United States companies, was failed to meet

Venezuela following the deadline length negotiation that may cause those companies withdrawal from Venezuela and lose their interests and prospects. This condition became the beginning of the new problem between both the United States and Venezuela. Related to the intentions of Chavez, an ambassador of the United States, William Brownfield stated that a country which have sovereign right should be transparent, fair and quick to offer compensation legally (Crook, 2007).

Both president Chavez and Nicolas Maduro became the most controversial leader in their era. The different style of both Venezuela's president lies in the response they gained from its society and international. The previous president, Chavez was known as a charismatic person who is brave to lead the coup d'etat against President Carlos Andres Perez until being imposed and ended imprisoned. However, after his release by the previous president, Rafael Caldera, he gained power by focusing his interest to the general election and making his political party called Republic Movement or Movimiento Quinta Republica to be a candidate of the president. The result of the election brought Chavez to be the next president replacing Rafael Caldera. His leadership remained strong in the perspective of Venezuelan people because Venezuela's political transition into a democratic country still struggles to implement. Even though Venezuela changes its political structure into democratic, Chavez operates more like a socialist country. It was too far away from what society expects from the president (E.Corrigan, 2009). Actually, the regime of Chavez also known as the authoritarian era in which he completely has a big role and authority in all aspects. While the current president, Maduro, the former vice president of Chavez is replacing Chavez after the president's death which was caused by cancer.

Since Chavez era has ended, the current President of Venezuela, Maduro, prior vice president, has been elected on 2014 to the new regime has struggled to overcome several problems that affected by the protesters from the opposite parties who resist his position as a new president. In the early administration of Maduro, the United States has taken action towards the way of Venezuela in the form of political warning to the government in overcoming the wave of demonstration that seems to suppress the opposition parties. As for the point of action that the United States offers to Venezuela as follows: (1) On 15<sup>th</sup> February, the secretary of the United States, John Forbes Kerry released a statement about “condemning” the violence and urging “all parties to work to restore calm and refrain from violence.” By asking the government to give a space of essential political dialogue with Venezuelan people and to alleviate the protesters which are arrested to be free. (2) On 19<sup>th</sup> February, President Barack Obama has expected to Venezuela government to do a serious dialogue with its people. (3) On 21<sup>st</sup> February, the secretary of the United States, Kerry gives a warning to the Venezuela government and the opposition to respect human rights and do not use any violence. (4) On 24<sup>th</sup> February, the spokesman from the White House stated that Venezuela government should be more aware and committed to protecting the human rights of their people by fulfilling their rights to express and live peacefully. (5) On 13<sup>th</sup> March, the secretary of the United States, in the House Committee on Foreign Affairs meeting, to ensure that Maduro gives a good respond and treatment to its people and to end the terror by ensuring that human rights implemented properly (Sullivan M. P., 2015).

Moreover, Maduro’s regime is quite different from the previous one. After the political transition happened in the 1980s and early 1990s, Venezuela slowly changed into a democratic country. Unfortunately, the democratic system was not properly implemented at the time because of the

dominating authoritarian style of Chavez. However, the different thing lies on the fact that Venezuela as a democratic country but the way the president rules the country is more like the authoritarian style. That is why Maduro was known as an autocratic leader. It means the combination of democracy and authoritarian.

In 2014, the United States Congress under Obama administration had released a statement about the new sanction towards Maduro related to the Human Rights issue in Venezuela. The sanction that has been approved by the Senate will target the officials involved in a violent crackdown on pro-democracy protesters. The protesters have voiced their opinion about the abuse of regime. The United States decides to deny their visas, block the properties, and freeze the assets in the United States (Kelemen, 2014). On 9<sup>th</sup> March 2015, Obama released an executive order to execute sanction towards Venezuela's military members and intelligence services. This sanction was formed based on the Venezuela Defense of Human Rights and Civil Society Act of 2014, regarding the violence crackdown towards protesters (Chappell, 2015).

On May 2018 President Donald Trump disallowed any transaction related to the purchased of Venezuelan debt, including account receivable and the debt that owed Venezuela to pledge as collateral. This policy is intended for the corrupt officials. On November 1<sup>st</sup> Trump released E.O. 13850, to assign the forth a framework to block the assets of, and disallow a corrupt official to any particular transaction (Sullivan M. P., 2018)

The history of diplomatic tension between the United States and Venezuela began since the era of Chavez related to the issue of the nationalization of all foreign firms owned by the United States. It has culminated by the expel of the ambassador of the United States after being accused of meddling the internal affairs of Venezuela.

## **B. Research Question**

Based on the illustrated background above related to the decision of the United States regarding imposed sanctions which still continued until the current administration that brought both relations into a tension. As for the research question which serves as the foundation of analysis is:

**“Why are the sanctions that imposed by the United States since President Barack Obama administration remains to continue even though Venezuela has already under the new regime?”**

## **C. Theoretical Framework**

As for the writer uses a theoretical model that would be fit to explain the whole problem and to prove a hypothesis. In the sociological language, the theory is a certain explanation of a certain phenomenon (Abend, 2008). Despite that, the strategy used by the United States towards Venezuela is foreign policy, whereas the definition of foreign policy is a direction to tactics that taken through crossover boundaries of states to obtain certain goals of the states itself (Russett, Starr, & Kinsella, 2009).

### **1) Role Theory**

The role can be defined as the orientation of certain condition of the actor in the social structure. The actor both individual and group will fit the social structure appropriate the expectation of the others or its environment. The role itself is a

set of attitudes that can be achieved in both individual or group as a part of the social structure (Sugiri, 2016).

According to Ralph Linton, the first sociologist used the concept of role, stated that role is a collection of rights and duties when an individual (actor) puts rights and duties into effect (performing a role). In the illustration, the performance of the actor depends on what role it played. As an example, a teacher, the duties of the teacher is to teach a student about the material that has delivered in the class. Because the actor is a teacher, then he should teach and make the student understand. This behavior was determined by its social role (McCourt, 2017)

The concept of the role is also defined as legislator based on the performance of their responsibility for their duties. The legislator based on its role were classified as trustees, politicians, or delegates. On the other hand, in the correlative with the pressure group, the legislator was classified differently as facilitators, neutrals, or resisters. These classifications aim to show the actors behavioral in taking role and act base on the situations happened. K. J. Holsti firstly states the role theory in the study of International Relations in 1970 in his writings *National Role Conception in the Study of Foreign Policy*. This concept rises related to the developmentalism over the state behavior. Holsti shows the tendency of the examiner that every state has a behavior identity to interact with each other in the international field. For instance, the classification of the role of the state of the first world, second world, and third world. From the role classification, the behavior of state can be examined in terms of how the states release their foreign policy in order to respond to a certain condition, whether become predominate, a mediator, or being dominated. In the role concept, Holsti introduces three concepts, National Role, Prescription Role, and Performances Role. The first, a concept of National Role is a reflection of the thinking of the state (reciprocal impact of

actors that involved). The second, Prescription Role, is an action derived from the international system. The third, the concept of Performances Role is to analyze other states behavior. This concept is stated by Holsti, which is inspired by sociology and psychology science about the role of the individual in the social structure. (Holsti K. , 1970)

This theory relates three concepts which become a basis in its application. The point is by examining the correlation between state's behavior (action and decision) and the state's prescription (norm and expectation) which emphasized the interaction between both concepts in order to identify the position of the state itself (Holsti K. J., 1970). This theory will explain how the United States behavior as a predominant state and performing its role in Latin America, mainly in Venezuela by showing its position towards Venezuela to prove that the United States is dominant anti-socialist towards Venezuela and unconvinced on Venezuela's democracy.

#### **D. Hypothesis**

Related to the theoretical framework above, the writer can set a presumption that becomes the reason for the United States imposed sanctions to Venezuela following the diplomatic tension between them. As for it was based on one presumptions about the United States as a dominant anti-socialist towards Venezuela under the regime of President Nicolas Maduro.

#### **E. Methodology**

This chapter presents the research design in supporting the analysis process. As for the methodology that used was divided into two ways as following:

- a) The first is by collecting data which is all of the sources was derived from the library, internet, articles, journals, and book references.
- b) The second is by analyzing the data that are collected through data analysis. This research will be explained specifically as related to the whole phenomenon and also as the basis for the results that become the conclusion of this research.

### **1.) The goals of the research**

This research aims as follows:

- a) To complete an undergraduate thesis in the study of International Relations Program, Social and Politics Faculty of the Universitas Muhammadiyah Yogyakarta.
- b) To give an explication how the United States and Venezuela diplomatic relation get into high tension since the Era of President Hugo Chaves until the new regime.

### **2) The Research Periods**

The research period of this research would accentuate the reason behind the high tension of diplomatic relation between Venezuela and the United States since President Nicolas Maduro by 2014 to 2019.

## **F. Organization of Writing**

This research thesis is consisting of five chapters including the proper explanation that is connected to each chapter. The

case would be compiled explicitly from the first chapter until the last chapter in order. As for the systematic writing of this research is as follows:

### **Chapter I**

This chapter describes the general background of the case, research question, theoretical framework, hypothesis, and methodology that used as a basis of further analysis.

### **Chapter II**

This chapter accentuates the specific discussion towards United States capability in influencing Latin America especially in politics and economics of Venezuela.

### **Chapter III**

This chapter explains the political and economic crisis from Chavez to Maduro Administration and its comparison.

### **Chapter IV**

This chapter discusses the foreign policy of the United States towards Venezuela and analytical factor of both countries relations, which is in the middle of tension that also connected to the previous chapter.

### **Chapter V**

This chapter contains the conclusion of the whole explanation of each chapter and analysis of the problem there with a problem-solving.