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The Venezuelan Diaspora: A Cerebral Exodus

For decades, Venezuela remained a destination for immigrants from all over Latin America and Spain. Refugees from both Pinochet and Franco's regimes sought asylum in the country, and Venezuela took advantage of its escalating labor supply by consolidating workers into its petroleum market. This rich market gave way to even more immigration from Latin America. However, the past two decades have seen the absolute reverse of this pattern as 1.2-1.6 million Venezuelans have left the country, representing about six percent of the entire Venezuelan population (Páez). Though Venezuelans' reasons for migration vary, as many of them cite violence, political instability, or economic difficulties as their impetus to leave, the effects on the country have been largely economic and pose an even bigger threat twenty years down the road. This surge in emigration also poses humanitarian threats as migrants are forced into dangerous situations crossing closed borders. The current phase of the Venezuelan diaspora hinges on the evolution of a culture of uncertainty, in which multiple factors, such as the crumbling economy and increasing crime rates, contribute to the general anxiety the public feels. I will first examine the nature of the phenomenon of "brain drain" and the ways in which it poses a threat to Venezuela. Then, I will consider emigrants' reasons for leaving the country, bearing in mind the principal theme of Venezuelan disquietude. Finally, I will explore possible remedies to the human capital crisis that the country is experiencing.

The steady trickle of citizens leaving the Venezuelan borders is a symptom of the current economic woes of the country. On account of binding price controls and spiraling inflation rates, one economist has found that Venezuela currently ranks first on the “misery index,” a metric that compares government favorability polls and an aggregate measurement of inflation and unemployment minus GDP (Hanke). The dire economic circumstances have been the impetus for six percent of the country’s population leaving—between 1.2 and 1.5 million people over the past two decades (Paéz). However, the worrying part of these numbers lies in the demographics of *who* is emigrating. One study found that 25- to 34-year-olds make up 33.5 percent of the emigrants (Loginow), which creates problems for economies because of the loss of an energetic work force. Economic development relies on robust populations that are willing to work, so the depletion of Venezuela’s young people could signal future economic troubles. But the loss of this demographic poses a threat mostly to the older populations in the future—those above 50—because as they look to retire, they will find substantial portions of the working economy unable to support their retirement (Loginow).

Another challenge for these older generations will come from the substantial and alarming loss of medical professionals within the country, especially as these generations age to the point where they require constant medical support. Quite simply, older people require significantly more medical attention. However, because of the increasing international demand for workers in the medical sector, 6.9% of the medical professionals registered with *el ministerio del poder popular para la Salud*, a public institution whose goal is to promote healthy practices through guaranteed access to health services, emigrated from the country between 2008 and 2009 (Hernández). Although the increasing emigration is largely symptomatic of the worsening economy, these statistics predict the possibility of humanitarian crises related to health within the

next few decades. A country with a large elderly population and a scarcity of medical professionals will have to rely on foreign aid in order to provide this basic human right for its people.

Within the private sector, companies find themselves hurting as well, especially because of difficulty retaining young employees who seek better opportunities abroad. Not only do younger workers generally leap-frog from job to job in search of better economic opportunities, but private companies get hit with a one-two punch as they face increasing competition for laborers from other companies. Couple this increasing competition with high rates of inflation, employers find themselves at a loss as to what to do. While inflation has made basic living a struggle in terms of even supplying oneself with food and other necessary goods, salary averages hardly budged between 2000 and 2008 (Torres). The desire to leave the country is of course obvious because young workers face incredibly high opportunity costs if they decide to stay, foregoing the possibility of making a much easier living in another country. This phenomenon of “brain drain” consists of the loss of energetic, specialized workers, preventing the economy from growing.

But the largest humanitarian crisis comes from the sheer process of mass migration itself. As residents flood to border towns such as Cúcuta, Colombia, migrants account for up to 65 percent of all hospital visits, and many patients treated suffer from sexually transmitted diseases with the arrival of prostitutes (Lopes). Health crises such as this are just one of many other crises. After Venezuela closed its Colombian border formally in 2015, migrants were forced to take riskier trips back and forth across the border to buy food, crossing streams and forests in the middle of the night to avoid security guards (Lopes). The plight of migrants is a universal issue, but when crossing borders becomes increasingly more difficult, migrants naturally resort to more

dangerous processes of reaching destinations. This poses an enormous humanitarian threat for the safety of migrants.

Past surges in immigration to Venezuela helped to forge the strong oil-based economy that dominated the world for so many years. However, with the complete reversal of this trend, the country faces problems both humanitarian and economic in nature. This trend of emigration is not a cause of underdevelopment, but rather a symptom. Regardless, it poses problems for future development, especially as the country attempts to fix the economic and political problems that trouble it. In other words, although brain drain historically was never a problem for Venezuela, it could launch the country back economically by decades and inhibit further development.

The causes of massive emigration are complex and numerous simply because migrants are not a monolithic demographic. Each person migrates for his or her own individual reasons. However, certain systemic problems in the country are easily identifiable and shed light on why bright, young Venezuelans are so eager to leave.

A primary obstacle Venezuela faces currently is the lack of housing, and the general lack of reliable infrastructure. This is most evident in the city of Caracas, where informal settlements have been growing on the city's periphery for years, expanding slowly onto the mountainsides, creating labyrinths of streets and makeshift houses. The essay "Squatter City" by Michael Eamonn Miller aptly demonstrates the lived experience of several people who are forced to build homes in informal settlements, and he portrays the feelings of anxiety many of these citizens feel, but what is more striking is the photo essay juxtaposed with Miller's article. Photographer Alvaro Ybarra Zavala documents the chaotic nature of the housing problems, showing the urban sprawl slowly reaching its fingers over the mountainside as well as the intimidating height of

high-rise slums (Miller). Not only does Caracas face the challenge of low-quality homes, but also it also simply *lacks* housing. The UN Habitat estimated in 2015 that Venezuela needs 2.5 million new homes, and this need is mostly concentrated in the capitol city (Miller 198). The issue of housing, of course, is augmented by the city's crumbling infrastructure. Informal settlements have to resort to stealing electricity and siphoning water from larger pipelines, and roads and bridges are often in states of disrepair (Miller 200). To put it bluntly, the low-quality infrastructure of this growing city makes life simply inconvenient in the city, providing little incentive for young workers to stay, and the lack of access to housing does not help the matter either. Uncertainty regarding housing and infrastructure is at its core an uncertainty regarding the most fundamental parts of life, creating a shared cultural anxiety that drives young Venezuelans out of the country.

On top of housing insecurities, young Venezuelans face myriad economic obstacles in their path to unemployment as well. Much of this can be traced to the country's severe dependence on oil exports as its primary source of GDP. Although only one percent of the Venezuelan labor force in 1997 was employed in the extractive industries, their revenue accounted for approximately 23 percent of the country's GDP (Jonakin 1291). Despite the high level of skill required for mining and petroleum operations, both industries experience the same struggles as many resource economies: not only are prices dependent on the global market's capricious demands for primary resources, but also the industries do not promote the development of other complementary industries. The trend of neoliberal foreign direct investment may have increased the GDP of the nation, but it failed to create stable job markets that could pose long-term labor opportunities in Venezuela.

The most recent decade has seen similarly dismaying job prospects, especially for young people, contributing to the exodus of young workers. The years 2013-2015 experienced significant decay in the GDP for virtually all industries, including construction, manufacturing, transportation, services, and mining (Palmo 13). Young, educated Venezuelans face a difficult choice: stay in Venezuela, where job prospects are low even for people with high levels of formal education, or move to another country in Latin America and find economic stability. The economic insecurity Venezuelans face is likely the most salient reason for the country's brain drain, as young people face enormous uncertainties regarding their careers, especially when they consider the country's future economic projections.

The Venezuelan diaspora is also largely driven by crime, which contributes to the culture of fear in a different way than economic uncertainty does. Fear of death, the most primal fear among human, a fear that has inspired belabored existential writings for centuries, threatens the very livelihood of a person, and Venezuela's ever-increasing crime rate does little to pacify the masses. The United States Department of State reports that in 2012, Venezuela had 72 deaths per 100,000 people, ranking its murder rate as one of the top five in the world (Venezuela Country). Venezuelan sociologist Roberto Briceño-León organizes Venezuelan violence into three phases. The first phase, which he calls "institutional crisis," lasted from 1989-1993, which represented a break in the social pact against violence (Briceño-León 15). In this phase, Briceño-León argues that violence was legitimized as a political tool to achieve goals, culminating in a murder rate of 21 per 100,000 by the end of 1993 (15). The second phase from 1994-1998, was characterized by the stabilization of the homicide rate, as president Rafael Caldera made long strides to restore faith in the institution (16). The final phase, which he calls "institutional destruction," began in 1999 and continues to this day, marked by an incrementally increasing murder rate and further

legitimization of violence as a political tool (17). Rather than viewing violence as merely a product of the increase in poverty, Briceño-León emphasizes the systematic aspect of the increase in violence. The cultural acceptance of violence relates directly to a culture of fear, one in which one's very own safety is not guaranteed. Faced with mounting anxiety about murder, young Venezuelans choose to leave because of the daily threat of violence. Violence has, in a way, become normalized in the country, such that some justify violence to accomplish their own personal goals now.

Of course, the precarious financial position Venezuela finds itself in limits its options of fixing the problem, especially as the national debt continues to skyrocket. The country has spent most of its efforts to control rising prices and a growing debt and has not been able to concentrate on retaining its intellectual workers. However, a focus on putting a plug on the drain of human capital from the country would address a symptom of Venezuela's problems and would likely not lead to long-lasting economic growth. What I therefore propose is a life-gives-you-lemons approach to Venezuela's brain drain, which is strongly grounded both theoretically and tangibly. The country must take advantage of its fiscal situation to look ahead and make investments that could boost growth years down the road. This approach seeks to exploit both the high numbers of Venezuelans living abroad as well as the low costs of skilled labor within the country.

As the depletion of intellectual personnel is a problem not just limited to Venezuela, economists have written extensively on it in order to find remedies. Current literature tends to center itself on the *positive* effects of brain drain on an economy (such as remittances sent from developed nations that convert rather lucratively to local currency), but economist Jagdish Bhagwati proposed a controversial idea in 1972 that looked to capitalize on emigrating

demographics through taxation. Through two edited volumes of his idea, Bhagwati explores the effect of emigration on tax policy, arguing that taxes on professionals living abroad could substantially increase a country's revenue (Wilson 2). Of note is his argument that not taxing citizens abroad leads to a "representation without taxation" (3) because citizens retain their legal rights under the government, such as the right to vote (3). Why should a professional who has immigrated to another country receive the same rights as a loyal citizen, despite not paying any taxes at all? This brain-drain tax also acts as an incentive for some professionals to stay in the country if they fear being doubly taxed both in their country of origin as well as their home country. While John Douglas Wilson, an economics professor at Michigan State University, argues that a certain level of cooperation between host governments and developing-country governments may eventually be necessary in order to avoid this double taxation, what could be most effective immediately for Venezuela is a low tax rate applicable to all Venezuelans working abroad immediately, which could help give the country a boost during these trying times (9).

Critics of Bhagwati's proposal point out the serious flaws in emigration taxes, which could prevent the tax from being applied to Venezuelans abroad. Primarily, a tax like this would come as a bureaucratic nightmare to the country because it would require the taxes to go through a neutral party—namely, the UN. The development of formal taxation processes would cost millions for an already swamped government that is trying to suppress ballooning prices. This is a legitimate critique of the plan; however, its efficacy may be more likely down the road as the country (hopefully) halts the growing inflation. For this reason, an emigration tax may be a stronger policy option after the country picks itself up again.

The life-and lemons approach is more applicable in terms of the technology industry, which has seen a surprising amount of growth despite Venezuela's tough economic climate for

startups. Tech companies have found a sort of wage haven in which desperate employees are willing to take software development jobs for relatively low wages as opposed to emigrating. These fields could prevent the exodus of hundreds of thousands of valuable young people. But the government's incapability of providing investments to this field has created an investment vacuum that one independent company has filled: Wayra. This Caracas-based startup-acceleration company has provided funding for 31 technology-based projects since 2012, filtering applications from a wide pool of 1,849 projects and accepting only 1.29% of applicants (Wayra). Of note are startups such as Pollito, which has created a social networking site for mothers to exchange used baby toys; Singular, an augmented reality platform that designs interactive programming for clients; and DLN, a website whose purpose is to teach English to Venezuelans in a more compelling way by featuring completely nude teachers (Wayra). Companies such as Wayra offer a sliver of hope to a country with a draining source of human capital by promoting the tech industry in a tech-driven world. Advertisements to foreign investors are therefore crucial. With inflation rates so high, a US dollar will go significantly further in Venezuela than it will in the US in terms of labor costs, so Wayra and similar companies must begin to advertise their firm and its capabilities to an international audience in order to provide water to this flowering industry.

The Bolivarian Revolution certainly indicated the Venezuelan government's understanding of the importance of technological training, so the process of creating a strong technological industry has been in the works for years. Ideologically, the Revolution sought to create a social economy that would work for all people by closing economic gaps between social classes, as opposed to the capitalist system that pits competing interests against each other and widens gaps between classes (Haydee et al., 36). From this search for a social economy came the

development of technological information centers across the country, featuring high-quality computers as well as informal training on basic computer processes (41). These centers in theory work to decrease the technology gap between the rich and poor by offering the less economically advantaged populations a chance to learn skills they would need in most job markets and subsequently develop the technology industry. Though this policy was not originally created to retain young workers in the country, it acted as one of the first steps in fostering the technology industry by giving more people the opportunity to enter the sector. However, over the next few years, the ever-increasing inflation may act as a strong impediment to whatever progress these centers make.

The Venezuelan diaspora has uprooted over a million people, a process that has changed the country from a nation of immigrants into a nation of emigrants. Amidst political, social, and economic tensions, young Venezuelans find it difficult to remain in the country, so they opt to relocate themselves abroad, carrying with them invaluable intellectual resources that deepen the economic crisis of the country. A whole host of problems arises from this, but most prominent are the economic and humanitarian issues that threaten the lives of Venezuelans today. Hope is fleeting, too, as efforts to incentivize young workers to stay will likely yield little results. What is needed in Venezuela can perhaps not be attained through policies or investments. Instead, greater support for migrant networks, medical centers, and an economic bailout would help to ease the suffering of these people as they go through turmoil. Or, perhaps Maduro needs to step down and hand over the reigns.

Other paragraphs: Investments in the tech industry. Define Bolivarian economy—how does this relate to FDI? Argue that Venezuela should encourage tech startups because it is a growing field, and an emphasis on that part of the economy will drive more people to study that and become software engineers.

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