Dear Delegates,

Let us be the first to welcome you to the 2019 MIT Model United Nations Conference (MITMUNC)! We are pleased to introduce you to our committee, the Economic and Social Council (ECOSOC). We are Diego Colin and Roland Rocafort, and we will be your chairs for the course of this conference.

Diego is a freshman from Mexico potentially majoring in Brain and Cognitive Sciences. Although new to MUN, he competed in debate and Mock Trial throughout high school.

Roland is a freshman from Puerto Rico majoring in Mechanical Engineering with a concentration in Economics. He has competed in MUN throughout his four years in high school.

The topics that we plan to debate in the Economic and Social Council include:

I. The Migration of Skilled Labor in Developing Countries

II. Access to Basic Resources and Healthcare in Venezuela

This background guide is meant to be an introduction to the topics and should not replace your research. Please take the time to research the topics, and your delegation’s position well.

Please email your position paper (one page per topic) to mitmunc-ecosoc@mit.edu.

We wish you all the best as you prepare, and we look forward to seeing you at the conference!

Sincerely,

Diego Colin & Roland Rocafort

Chairs, ECOSOC
Topic A: Migration of Skilled Labor in Developing Countries

Background

The migration of people from emerging economies to developed countries is shaped by geopolitical and economic conditions at home and abroad. Human capital is imperative for the growth of all countries. Increasingly, as the developing world continues to emphasize educating their population to bolster growth, more skilled people are leaving their countries in search for better opportunities. Workers choose to leave their home countries for a variety of reasons; however, there are certain push and pull factors that affect this decision. The push factors are the conditions that push skilled laborers away. These include political instability, poor working conditions, lack of resources, institutions and research facilities, and high crime rate, all common aspects of less developed countries. Meanwhile, some pull factors from the recipient countries include higher pay, higher quality of life, better living conditions, stability, and intellectual freedom.

Highly skilled people are the most likely to migrate as they tend to have more resources and are able to find more favorable conditions in their respective recipient countries. These laborers and professionals in the developing world are emigrating from their home countries in massive quantities. As shown in Figure 1, while the migration of low-skilled workers has remained relatively steady — not accounting for refugees or asylum seekers —, the population of medium-skilled and highly-skilled migrants has continued to steadily increase since the 1980s. This loss of educated workers in a country is known as human capital flight, and has the potential create many economic hardships for the origin country, which suffers a net 'brain drain.'
Effects of Brain Drain

The effects of brain drain in the developing world are very ambiguous as they tend to vary from country to country and across the variety of skills the country might be losing. Generally, these countries suffer from a loss of tax revenue, innovative ideas, productivity, and entrepreneurs, and a loss of the country’s investment in education, as well as a shortage of important, skilled workers.

Apart from the economic toll, certain humanitarian issues may arise in places where brain drain is particularly acute. This is specifically true in the healthcare and education sectors. Healthcare professionals are much needed in the developing world, as poor hygiene, disease, HIV/AIDS, and famines already take a huge toll on society. This has the effect of longer waiting time for patients, higher costs for healthcare, depleted infrastructure, and higher mortality rates. Also, as many health specialists leave, countries will be limited to the types of health services it can provide its population.

This problem must be thoroughly addressed:
“The World Health Organization (WHO) has long recognized that migration of health personnel from developing to developed countries increases the existing imbalances in the global health workforce and can cause deficiencies in local provision of services in developing countries.”

Still, for all the negative effects of emigration, there is evidence of some long-run positive effects of a brain drain in sending countries. First comes the concept of a brain circulation. It implies that migration allows for an exchange of knowledge and ideas to take place, which benefits everyone contributing. If professionals come back to their home country, they bring back the set of skills that they acquired abroad, and they can help with skill circulation. Another aspect that must be considered is the money that professionals send back to their families in their home countries, something known as remittances. In some cases, the influx of liquid capital through remittances can offset the negative effects of a brain drain. This is especially true when professionals are unable to reach their full capacity in their home country due to lack of facilities or necessary technology.

Figure 1.2 Source: Jaumotte, Koloskova, and Saxena (2016); United Nations Department of Economic and Social Affairs

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Meanwhile, many developed nations continue to see a net influx of professionals, or a ‘brain gain’. These young, skilled migrants help boost the labor force, labor productivity and the economy, especially in countries with aging populations. Figure 2, indicates that for every percentage increase in migration share of the working age population in a host country, GDP per capita potentially increases by two percent in the long run. This suggests that migration helps boost GDP per capita by increasing labor productivity and investment in host countries.

**Case Studies**

**Sub-Saharan Africa**

As political instability, lack of resources and economic hardships continue to plague many of the countries in sub-Saharan Africa, skilled laborers are increasingly leaving the region, which is already scarce in human capital, in a higher percentage than the rest of the developing countries (Figure 3). A report by the International Monetary Fund predicts that “the region’s migrants in OECD (Organization for Economic Co-operation and Development) countries could increase from about 7 million in 2013 to about 34 million by 2050. Given the relatively slow population growth expected for OECD countries, the ratio of sub-Saharan African migration as a share of OECD population could increase six fold, from just 0.4 percent in 2010 to 2.4 percent by 2050”\(^2\). What makes the situation worse for these countries is that, since in the 1980’s, return migration has dwindled, meaning that the region is deprived of the possible positive externalities from return migration.

A challenge facing Sub-Saharan Africa is that many of its skilled health professionals are leaving. For example, in 2005 the UN’s Global Commission on International Migration stated that there were

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actually more Malawian doctors working in Manchester than in all of Malawi.³ Nigeria is facing a very similar problem. In 2017, about nine out of ten doctors in Nigeria were thinking about emigrating due to the working conditions in the country. This has led to increasing wait lines, the continued propagation of many diseases, and one of the highest childbirth mortality rates in the world.⁴

Many of the sub-Saharan countries are relying on diaspora networks, mostly in Europe and the US, to mitigate the effects of human capital flight. These networks help create partnerships and alliances between governments and institutions in order increase brain circulation and help strengthen the home country. ⁵

The Caribbean

As a region of small, island states and territories, the Caribbean is particularly vulnerable to the negative economic and humanitarian effects of brain drains. These small economies tend to be more

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dependent on trade and less diversified, as they more commonly specialize on commodities and services. This specialization limits internal markets and reduces demand for skilled labor, making the small economies in the Caribbean more susceptible to price fluctuations, economic shocks and natural disasters, all of which impairs growth even more. The effects of this specialization can be seen in Jamaica, where roughly 85% of its tertiary level graduates emigrate to other countries. For them, “The incapability to provide jobs for tertiary-level graduates is one of the biggest contributing factors in the brain drain phenomena”. 6

Puerto Rico presents a very particular case of brain drain. The US territory has lost about a third of all its doctors to the US mainland in the past decade, and the number continues to grow. Going to the US, these doctors can double their salary and receive many benefits. Meanwhile, some doctor appointments may take up to two years on the island due to lack of medical specialists. 7 This represents the case were brain drain occurs on a local level, where professionals move within a country, instead of emigrating.

Still, for all the damage that brain drain causes in the Caribbean, there are several positive effects coming from this emigration. For example, improved labor conditions in recipient countries, specifically the US, help boost the migrant’s capacity to send money back to their home country. In 2016, remittances in the Caribbean and Latin America were an estimated $74.3 billion, making for a large share of GDP in several countries. For example, ever since Haiti started experiencing massive migration of professionals following the earthquake in 2010, the country has seen a significant growth in remittances. In 2017, these funds totaled approximately a third of Haiti’s GDP. 8

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7 https://www.pbs.org/newshour/show/sick-puerto-ricans-are-facing-long-waits-to-see-the-doctor  
Bloc Positions

High Income Countries are often the recipient countries to where many skilled laborers migrate. These countries will generally try to focus on integrating skilled migrants into labor markets as effectively as possible. Some of these countries might have to take into consideration that the competitive labor markets caused by immigration may upset the native population.

Even though some suffer from human capital flight, most Middle-Income Countries do not face any of the economic or humanitarian hardships that may be associated with it. Instead, they benefit from the positive externalities. These countries will generally focus on facilitating the flow of migration of educated workers, and

Lower-Income Countries will push so that more developed countries can help them build capacity and infrastructure so as to be able to train more professionals and be able to retain them. Aid for Building capacity to retain workers. These countries will use policy to maximize remittances and the use diaspora networks.

Note: The committee will focus on curbing the economic and humanitarian costs of human capital flight. It will work on decreasing the imbalances created between developed and developing countries due to human capital flight. Also, special attention will be given to medical migration, as it entails further social humanitarian costs than regular migration. While these blocs might dictate the general trend, consider that all countries are affected by migration and human capital flight in different ways.

Questions to Consider

1. How can the United Nations help developing nations retain their skilled laborers without infringing on their freedom of movement?
2. Should recipient countries remunerate developing countries for their short-term economic losses due to human capital flight

3. How can the international community and developing countries promote short-term or long-term return migration?

4. How can the United Nations prevent medical migration from turn into healthcare crisis in developing countries?
Topic B: Access to Resources and Healthcare in Venezuela

Background

Venezuela is in the midst of an economic crisis. Consecutively for the past three years, inflation has increased, unemployment has increased, and access to basic resources has decreased. Governmental efforts to resolve the issue have resulted in sanctions by the United States government and a failed attempt at cryptocurrency. Privatized facilities are the least affected, but unrealistic prices make private healthcare impossible to most of the Venezuelan population. As for the public sector, Venezuela instructed public facilities to report the extent of the damages suffered by the economic crisis. The reports show the country’s entire infrastructure has been impacted: medical resources are lacking; nutritional services are deficient; doctors, specialized workers, and an entire labor force are emigrating away from Venezuela at alarming rates. This situation is escalated by the refusal of the Venezuelan administration to accept foreign aid to alleviate the healthcare crisis.

History of Venezuela

The 20th century has been highlighted by a series of military rules, political coups, and social upheavals. Government in Venezuela has not been simple. Military rule was replaced by dictatorship in the 1940s. The dictatorship was overthrown in place of a democracy led by Rómulo Gallegos. A coup followed only eight months after his election, with Colonel Marcos Pérez Jiménez undoing the democratic efforts. Ten years later, Pérez Jiménez was overthrown by an alliance of civilians and navy and air-force officers. A successful democracy followed led by Rómulo Betancourt in 1958. Ever since, Venezuela’s presidents have been constitutionally elected into office. Soon after democratic rule became solidified, the country experienced an explosion of wealth from oil sales. The 1970s brought
on the Arab-Israeli war, and as a result allowed Venezuela to quadruple their oil prices, effectively boosting the nation’s economy. In 1975, the standing president Carlos Andrés Pérez nationalized Venezuelan oil, meaning that oil was changed from a private good to a public good, in which different oil providers in the industry could now compete with different oil price rates. This newfound wealth led to a substantial increase of imported goods, to the point in which the country focused solely on oil production and neglected production in other industries. Most significantly, it provided the foundations for an improved healthcare system.

The hopes of free healthcare in Venezuela have been abound since Hugo Chavez revised the Venezuelan Constitution in 1999 to encompass free healthcare. The ultimate goal of universal access to medical resources was initially a success. Average lifespan rose from 71.8 years to 74.1, the infant mortality rate fell from 26.7 deaths to 14.6, and there were enough funding efforts to maintain the new level of public health spending. Venezuela’s source of economic power comes from its great oil reserves, the largest of any Latin American country. As a result, oil trading with Cuba became mutually beneficial for the exchange of Cuba’s labor goods such as doctors, medical training resources, and various medical supplies in turn for Venezuela’s low-cost oil.

However, by 2008, the healthcare efforts were completely halted by the global economic environment. Oil reached an all time low price, and so did its demand. Trading with Cuba ended, government spending increased to accommodate for a lack of resources, inflation increased, and Gross Domestic Product (GDP) fell to a historic low.

**Damages Suffered**

The entire healthcare structure has been impacted by the impending financial crisis. Access to pharmaceuticals is limited. The Pharmaceutical Federation of Venezuela has estimated an eighty-five
percent decrease in pharmaceutical availability. What this means for the Venezuelan population is that illnesses as minor as a cold can be fatal because of the lack of access to self-treatment options such as pharmaceuticals. Accessibility is even more dire when it comes to major illnesses. Resources for treatment of serious diseases like cancer, diabetes, and heart disease have decreased by over ninety percent, making treatment of such illnesses nearly impossible. Statistically, this translates to a decrease in public healthcare spending from 9.1 percent in 2010 to 5.8 percent currently.

Because of the deficiency of popular medicine, citizens have looked at the black market for alternative medicine. These alternate forms of pharmaceuticals often cripple the population more so than it helps, as the black market offers imported medicine that is expired and ridiculously overpriced. There is ongoing debate as to where the dramatic deficiency of medical resources originates from. Healthcare resource packages often lay still in ports due to embargoes and never reach the people of Venezuela. Some people have pointed to corruption as the culprit in resource decrease. But this basic lack of resources has a snowball effect on the healthcare system as a whole. Minor illnesses escalate because of lack of treatment to the point that hospitalization is needed. But hospitals are also resource-deficient. Medical supplies as simple as gloves, hand sanitizers, and face masks are not available. Patients in *Intensive Care Units* (ICU) are not fed because there is simply no food available. There have been several reports of patients having to bring in their own food and medical supplies before they can be tended to. Infant care is also deplorable in hospitals. In fact, the mortality rate has increased by thirty percent in the past two years. Malaria infections, an issue with most tropical countries, have skyrocketed seventy-six percent as well.

A recently conducted survey called *Encuesta Nacional de Hospitales 2018* (ENH), which translates to National Survey of Hospitals 2018, recorded the conditions of 104 public hospitals and 33 private hospitals. The ENH showed that laboratory services are nearly completely unavailable, that fourteen
percent of ICUs have been shut down, and that seventy-nine percent of all the facilities studied had no running water at all. This means that approximately 108 of the total number of analyzed hospitals had no running water—a bare necessity.

Hospitals are overcrowded and understaffed. This is the result of a mass emigration of labor outside of the country. Since financial conditions are undesirable, much of the skilled labor forces have left the nation in search of more profitable opportunities away from Venezuela. Their destinations include Colombia, Chile, Peru, Ecuador, Brazil, Argentina, and Uruguay; meanwhile, Costa Rica, Mexico, and the United States have experienced an increase in Venezuelan asylum requests. In total, approximately one and a half million citizens have abandoned Venezuela since 2014. In the health aspect, this translates to a loss of over thirteen thousand doctors across both private and public sectors in the past four years. Not only are doctors fleeing the country, but so are the patients unable to get the care they need to continue vital treatments.

The map depicted here showcases the main destinations for a majority of Venezuelan migrants as a result of the sharp economic crisis (BBC).

The economy reflects these circumstances. Just in comparison to last year, inflation is expected to increase in Venezuela by 13,000 percent by the end of this year. As a result of this hyperinflation, prices of goods are doubling at an average rate of 26 days.
The Standard of Living

To put the economic crisis in perspective, current Venezuelan minimum wage is the equivalent of $1.50 per month in *US dollars* (USD). However, an inexpensive meal in a low-cost Venezuelan restaurant costs upwards of $3.00, twice the minimum wage monthly earnings. Even a single 1.5 liter bottle of water costs $0.75, half of the minimum wage per month. One can look at the *Consumer Price Index* (CPI) to get a better indication of the standard of living. The CPI refers to the average price paid by consumers for a basket of goods. It functions as a gauge of the standard of living specific to a particular region in a way that can be comparable to any other region. The basket of goods is determined by the essential goods to a particular region. It includes food, hygiene items, clothing, and other basic necessities. A CPI of 100 indicates that the prices of these goods did not change from year to year. A CPI of 125 indicates a 25% increase in the prices of this basket of goods in one year. For
comparison, in Venezuela, current CPI is 2146.10, meaning there has been an increase of over 2000% in the prices of basic goods in just one year.

In the healthcare industry, costs fare similarly to the CPI. Even given the current minimum wage, just giving birth at a hospital can cost the equivalent of up to $200 in an average clinic, whereas a single day in an ICU can cost up to $216. And even then, the conditions of these services is deplorable at best. Couple this with the increased price for the basic basket of market goods, and Venezuelans are faced with decisions of whether to buy food or treat their sickness; issues of whether to buy medicine and have to skip several meals; conflicts on whether to pay for electricity or a clinic to help your child.

**Government Efforts**

The lack of physical currency in circulation has prompted the Venezuelan government to act. Earlier this year, Venezuela introduced the Petro, a new type of *cryptocurrency* which aims at easing the lack of physical currency currently available. This cryptocurrency is not related to any foreign exchange rate, as is the Bolivar. Instead, the government claims the Petro is directly backed up by Venezuela’s oil reserves, similar to how the USD is directly backed up by gold reserves. In recent years, because the Bolivar was dependent on foreign exchange rates, its value has diminished to insignificant quantities. So in order to complement the Petro, the Venezuelan government has adjusted the value of the old, “strong Bolivar” and renamed it the “sovereign Bolivar.” The values have significantly dropped: 20,000 strong Bolivars are equivalent to 2 sovereign Bolivars. The reintroduction of the Bolivar allows the government to closely oversee currency circulation and more directly control how many Bolivars are available to the public. This is another measure to try to counter inflation.

The government is also aiming to increase minimum wage by thirty-four times its current standing by the end of 2018. While it could help alleviate the economic crisis for employees, employees are
doubtful that this wage can actually be met. There is simply not enough money to accomplish this. Even with the introduction of the new currency, the sheer lack of bills in circulation make for long lines at banks or their complete shutdown. As part of the economic relief plan, a substantial increase in *value-added taxes* (VAT) from four percent to sixteen percent aims to balance out the increase in wages.

**International Involvement Efforts**

Even after the several internal attempts at fixing the economic crisis, Venezuela’s standard of living is not improving. International attempts to aid the country are useless, as the government refuses to accept care packages from foreign countries containing medical supplies, food items, and clothing. Venezuela’s circumstances are not helped by the United States’ sanctions on the nation.

**Questions to Consider:**

1. What alternatives could be used to help the economic crisis? New currency? Tax relief or tax increase?
2. To what extent should international entities get involved with Venezuela?
3. If Venezuela continues to refuse aid, what internal improvements could fix the issue?
4. What can the people of Venezuela do while the crisis is fixed? How can they be helped?

**References**


