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## Trump Sanctions on Venezuela Will Cause More Harm

By Mark Weisbrot  
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The Trump administration announced new, unprecedented sanctions against Venezuela on Friday that are designed to cut off financing to Venezuela. The Trump team pretends that the sanctions are only directed at the government. But as any economist knows, this is clearly false. By starving the economy of foreign exchange, this action will harm the private sector, most Venezuelans, the poor, and the vulnerable.

These sanctions will deepen the severe depression that Venezuela's economy has been in for more than three and a half years, which has already shrunk income per person by more than a third. They will worsen the shortages of food and essential medicines. They will exacerbate the country's balance of payments crisis, and therefore feed the spiral of inflation (600 percent over the past year) and depreciation of the currency (on the black market) that has been accelerating since late 2012.

And they will further polarize an already divided country. Opposition leaders who support the sanctions, or are associated with them because of their longstanding ties to the US, will be seen as treasonous — much as Republicans in the Trump administration, including Trump himself, are portrayed by those who believe they collaborated with the Russian government to win the 2016 election.

Trump's sanctions are also illegal under both US and international law. They violate the charter of the Organization of American States (Chapter 4, Article 19) and other international

treaties that the US has signed. To comply with US law, the president also has to lie and say that Americans are suffering from a “national emergency” due to an “unusual and extraordinary threat to national security” posed by Venezuela. This is obviously ridiculous.

The sanctions do their damage primarily by prohibiting Venezuela from borrowing or selling assets in the US financial system. They also prohibit CITGO, the US-based fuel industry company that is owned by the Venezuelan government, from sending dividends or profits back to Venezuela. In addition, if Venezuela wanted to do a debt restructuring, so as to reduce debt service during the current crisis, it would be unable to do this because it wouldn't be able to issue new bonds. Basically, Trump's executive order will cut off most sources of potential financing, other than from Russia or China. This would cause imports, which have already fallen by more than 75 percent over the past five years, to fall further. This means more shortages and further economic decline, since much of Venezuela's domestic production is dependent on imports.

The executive order carries an exemption for oil imports from Venezuela.

Why would Trump do something that even his right-wing allies in Latin America, and most of the Venezuelan opposition did not support when Trump threatened to do this last month? As with many apparently irrational decisions by this president, it's not that easy to know for sure. But it seems that the strategy is to further destroy the economy to the point where people will rise up and overthrow the government, or perhaps to provoke a military coup.

In the last few weeks, the violent street protests have died down. Most of the opposition leaders have agreed to participate in the long-delayed October regional elections. This is a positive development for those who would like to see a peaceful resolution of the conflict. But for regime-change extremists like Marco Rubio, whom Trump seems to be listening to on Venezuela, peace is bad news, especially for the media strategy of “if it bleeds, it leads.” They may see exacerbating the economic crisis and suffering to their advantage, hoping to bring people back into the streets and away from the negotiations that will be necessary to settle the conflict.

Finally, we cannot discount the possibility that Trump has also issued this order as yet another distraction from his bad political fortunes at home. Distraction has been his modus operandi since his presidential campaign last year. In this case it is particularly dangerous because he has also threatened military action against Venezuela, and US sanctions of this magnitude have often been followed by military attacks.

As Trump's disgraced presidency continues to putrefy, the urge to rescue it with war will certainly grow. Venezuela is not the best target for public relations purposes because the “security threat” is a tough sell. But Trump and his advisers may see it as less risky than some of the alternatives, such as North Korea, Iran, or Syria.