

RENMUN VII

Peace in Permanence



March 5-6, 2022

Chair Report

Chair Introduction

Greetings delegates,

It's truly a pleasure to welcome you all to ECOSOC at RENMUN VII! We are Sam Hui, from Island School, and Tsang Yeuk Wa, from Diocesan Girls' School, and we are delighted to welcome you all to this council. The economic and social concerns of the world are often close to life and while less grand than geopolitical events, nevertheless are important in its impact, especially on the most vulnerable groups around the world. As one of the 6 principal organs of the United Nations System, established by the UN Charter in 1945, ECOSOC coordinates economic, social and related work globally.

We look forward to witnessing an engaging and immersive debate, as well as the shaping of valuable memories and long-term friendships. Together, we hope to explore the various actions communities can take to improve the livelihoods of their civilians, as well as carry out a thoughtful discussion on the impact of the international community. We aim to foster a dynamic atmosphere for debate, and hope you all gain something meaningful from this conference. We wish you all the best with your preparation and we'll see you soon!

Since ECOSOC is a beginner committee, we hope delegates will not shy away from any speaking opportunities. Instead, with MUN's objective of diversity and inclusion, we look forward to providing delegates with a comfortable, immersive environment to express themselves and share their opinions. The upcoming two days will definitely witness a controversial and thoughtful debate, and we highly encourage delegates to utilize this opportunity to stretch their public speaking skills, through engaging in purposeful and meaningful discussions in this collaborative open-minded environment. That said, please make sure to read both of the chair reports, but these documents should not be the only sources to consult with; we request each delegate to complete additional research when preparing the materials. That said, the chairs hope that all the delegates thoroughly enjoy themselves during the conference. If you have any enquiries on any of the topics above - please feel free to email us anytime!

Best wishes,

Head Chair Sam Hui (tszhin.hui@online.island.edu.hk) and

Deputy Chair Tsang Yeuk Wah (s171158@student.dgs.edu.hk)

Pushing for economic reform in the post COVID world

ECOSOC serves as the central forum for discussing international economic and social issues, and formulating policy recommendations addressed to member states and the United Nations System. The committee brings people and issues together to promote collective action for a sustainable world.

The ongoing COVID-19 pandemic has had a devastating impact on many countries around the world. At the time of writing, more than 293 million people have been diagnosed with the disease SARS-CoV-2. The world has already lost 5.45 million of its population, and this number is expected to increase steadily in the coming months.

With the difficulties imposed by the virus, many countries saw a stark decline in their GDP and standards of living, as well as reaching unexpected levels of unemployment in 2020 and 2021. Many economic problems were also unveiled, such as the US inflation rate reaching 6.8% in November 2021, the highest since June of 1982. The disruption in global supply chains lately (to name a few: alcohol in Britain, a crucial additive for diesel trucks in Australia, maple syrup in Canada, brown sugar in New Zealand, french fries in Japan) also depicted a trembling, weakened global economy due to a hindered progress of development.

This convoluted event reflected and unveiled many flaws in many different areas, but most importantly, it demonstrated that there is a dire need for economic reform globally for future sustainable development. Measures must be implemented to alleviate the impact of the pandemic on an already exhausted and overwhelmed global economy. Critics often argue that this should be done in the form of global economic reform, transforming the global financial market into one that is even more virtual and intangible.

Many data analysts have already started envisioning the global market after COVID, which will very likely be significantly different from what it had always been like. Visions and views have been put forward on how capitalism will develop in the future, as well as work from home arrangements, Metaverse etc.

As the ECOSOC committee, this topic will be brought out into debate on whether such a scheme is beneficial for all stakeholders through a detailed examination of the topic and if so the extent of the scale and the amount of impact it will bring to the country and its communities.

Key Terms

Term	Definition
Sustainable development	"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission on Environment and Development in 1987)
Financial sector	This is a section of the economy made up of firms and institutes that provide financial services that provide financial services to commercial and retail customers. This sector comprises a broad range of industries including banks, investment companies, insurance companies, and real estate firms.
Supply chain	A supply chain is a system of organizations, people, activities, information, and resources involved in supplying a product or service to a consumer.
Inflation	Inflation refers to a general progressive increase in prices of goods and services in an economy. When the general price level rises, each unit of currency buys fewer goods and services; consequently, inflation corresponds to a reduction in the purchasing power of money.
Unemployment	Unemployment is when people above a specified age not being in paid employment or self-employment but currently available for work during the reference period.
COVID-19 Omicron Variant	Omicron, also known scientifically as B.1.1.529, is a new variant firstly identified in South Africa in late November 2021. From preliminary data, the disease is more transmissible and contagious but is $\frac{1}{3}$ as contagious as Delta. (Source)
LEDCs (Less Economically Developed Countries)	Countries with a low GDP and low standard of living.

MEDCs (More Economically Developed Countries)	Countries with a high GDP and high standard of living.
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Background Information

The history of economic development dates back to 1949, the post-war period of reconstruction initiated by the USA. President Harry Truman, during his inaugural speech, said, “For the first time in history humanity possesses the knowledge and the skill to ... make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life.”

At the start of development (the 1940s-1960s), the state played a large role in promoting industrialization. This was followed by a brief period of basic needs development focusing on human capital development and redistribution in the 1970s. Neoliberalism emerged in the 1980s pushing an agenda of free trade and removal of import substitution industrialization policies.

Asian and European proponents of infrastructure-based development often argue that systematic, long-term government investments in transportation, housing, education, and healthcare are necessary to ensure sustainable economic growth in emerging countries. This is evident by the heavy investments these countries have been spending on the above areas.

Unfortunately, the golden period of economic growth ceased in 2008, when the stock market crashed. This occurred again at the start of COVID in 2020. On top of this, the waging virus has also hindered economic development in many countries. With the global outbreak of Omicron (B.1.1.529 variant, identified firstly in South Africa on 24 November 2021), resurging economic activity, after a gasp from the pandemic, had been put to a halt again due to surging cases. Countries such as the United States suffered the hardest hit: the virulence of the new wave in the country seems to have become a “tsunami of omicron, swamping every aspect of daily American life”, according to a Bloomberg report. In the same report, the reporter details how the impact has been felt across the country as the newly infected self is isolated at home. The results are cancelled flights, closed schools and offices, overwhelmed hospitals and strangled supply chains. Whilst this may not seem like a massive deal initially, similar situations have also occurred in a wide range of countries in Europe and the Americas.

Many global prominent figures have started predicting what the world would be like after the pandemic.

Chairman and director of the McKinsey Global Institute, James Manyika believes that, “The future of work has arrived faster, along with its challenges—many of them potentially multiplied—such as income polarization, worker vulnerability, more gig work, and the need for workers to adapt to occupational transitions. This acceleration is the result not only of technological advances but also of new considerations for health and safety, and economies and labour markets will take time to recover and will likely emerge changed.”

“With the amplification of these trends, the realities of this crisis have triggered reconsideration of several beliefs, with possible effects on long-term choices for the economy and society. These effects range from attitudes about efficiency versus resilience, the future of capitalism, densification of economic activity and living, industrial policy, our approach to problems that affect us all and call for global and collective action—such as pandemics and climate change—to the role of government and institutions.”

Jean Saldanha, director of the European Network on Debt and Development, also explained, “The way multilateralism operates will have to change to reflect this very different world. The COVID-19 pandemic has been testing the limits of global cooperation. Support for developing economies, in particular, remains inadequate. They were hit early by the global economic downturn, including through record capital outflows and tightening financial conditions. Facing the worst humanitarian crisis since World War II, these economies are experiencing unprecedented pressure on their already limited fiscal capacity to tackle urgent public health and social needs.”

During the committee sessions, delegates shall also explore their country’s vision for the future, and explain how economic reform should occur in the context of their location.

Potential Clashes

What classifies as “economic reform”?

One of the key clashes of the topic will be whether economic reform is necessary, and if so, how this should be done. While LEDCs might see economic reform leaning more towards the agricultural and manufacturing side of production, MEDCs might envision economic reform to be towards digital technology and future services. The nature of a country’s economy will impact their perspectives towards the way the global economy should progress.

Delegates will explore the impacts of the coronavirus to decide economic reform should be immediate or progressive, and the course this could take.

Who benefits from economic reform?

Another issue that arises is the current global imbalance in trade. Currently, China exports the most goods and services, while the United States imports the most of these. Therefore, after economic reform, should this mode of commerce be amended? If so, how should a new balance be achieved? How will this maximise profit on both sides, and benefit the most amount of stakeholders as possible?

In order for economic reform to be truly achieved, delegates have to reach agreements on an acceptable extent of change that should occur so that all stakeholders are satisfied.

Key Stakeholders

Stakeholder	Involvement with the Issue
The United States of America	<p>The United States of America has the highest gross domestic product (GDP) per capita in the world. It is well renowned for its capitalistic economic values, and the nation's wealth is fueled by abundant natural resources, a well-developed infrastructure, and high productivity.</p> <p>However, its economy suffers from budget deficits annually. The annual budget deficit increased from \$585 billion (3.2% GDP) in 2016 to \$984 billion (4.7% GDP) in 2019, up 68%.</p>
People's Republic of China	<p>The People's Republic of China has a developing mixed economy. According to sources, state-owned enterprises accounted for over 60% of China's market capitalization in 2019 and generated 40% of China's GDP of US\$15.66 trillion in 2020, with domestic and foreign private businesses and investment accounting for the remaining 60%. Economic reform started in 1978 under Deng Xiaoping and saw huge success.</p>
United Kingdom	<p>The economy of the United Kingdom is described as "a highly developed social,</p>

	<p>market-oriented economy”. It is the fifth-largest national economy in the world measured by nominal gross domestic product (GDP), dominated by the service sector. The economy is boosted by North Sea oil and gas production; its reserves were estimated at 2.8 billion barrels in 2016.</p>
Bangladesh	<p>The Economy of Bangladesh is characterised as a developing market economy. It is the 33rd largest in the world in nominal terms, and 31st largest by purchasing power parity. In the decade following 2004, Bangladesh averaged a GDP growth of 4.5%. This growth had been largely driven by its exports of ready made garments, remittances and the domestic agricultural sector. This strategically important location also provides maritime access to its neighbours.</p>
India	<p>The economy of India is characterised as a middle income developing market economy. It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). With its young population and corresponding low dependency ratio, healthy savings, and investment rates, the country benefits from a long term growth in its economics, increasing globalisation in India and integration into the global economy.</p>

Possible Solutions

The nature of the economic reform is to be decided by negotiations and arguments by delegates. However, possible models that could occur include (such as but not limited to):

- **A heavy emphasis on industry.** - This industry-driven model will lead to a new wave of “industrial revolution”, with businesses innovating goods and products and pushing prices low. However, a trade off of this might be pollution to the environment, as well as more limited working conditions for

workers. Resources might also be exploited, causing them to be more scarce in the long term.

- **A heavy emphasis on foreign trade.** - This model encourages countries to expand their markets and access goods and services through international cooperation. It increases competitiveness and efficiency. This benefits consumers with higher quality products and cheaper pricing whilst producers also benefit from economies of scale.
- **A heavy emphasis on exchange rate.** - This model might see countries scurrying to influence one another's economy through manipulating the exchange rate market. Countries might tighten up their exchange rates and peg currencies to one another to ensure stability and consistency. Fear mongering might occur due to the volatility of this model, although benefits will include a more secure economy in the long term.
- **A heavy emphasis on the banking and financial sector.** - A transition to an online model that involves consistent investment, stocks. This will mean that the economy is likely to be impacted by factors such as viruses, however, crashes might occur easily when investors lose confidence in the system.

Past Actions

As previously mentioned, the history of economic development dates back to 1949, the post-war period of reconstruction initiated by the USA. This past action can be seen as highly successful as it has lasted until the current day. However, delegates must consider whether the establishment of a new system is necessary for further progression.

Guiding Questions

- What constitutes economic reform?
- Which nature of economic reform is most ideal? Why?
- How can countries progress under a new economic system?
- How will this system influence countries, and the global economy?
- Will all individuals have access to an equal, fair opportunity in the system? Or will certain communities be disadvantaged?

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