

Adapting to Globalization: The New International Economic Order and the Green Economy

From the Executive Desk:

Dear delegates,

It is our honor to be serving as your executive board members at JUITMUN'15. Please note the following guide is merely for the purpose of giving you an insight about the agenda and should not be used as the sole resource for research. Considering that this agenda is both vast and complex, we would appreciate your effort to come up with innovative ideas in order to enable an intellectually stimulating discussion in committee. Realizing that for some of you, it might be your first MUN endeavor, it is our duty to inform you that we shall be following the Rules of Procedure already up on the JUITMUN'15 website and expect a basic understanding about the same from each of you. Having said that, we are always open to any queries that you might have with regards to the procedure or mode of research, and can be contacted even before the conference via mail. Regarding the nature of proof in committee, the following sources shall be regarded as credible by the executive board:

- UN reports
- Governmental reports
- Reuters

The acceptance of other reports shall be subjective to each country's foreign policy and relations. We request you to not feel hesitant in bringing to us any dilemmas which you face during your course of research and we shall try and resolve those issues to the best of our abilities. Looking forward to seeing you all.



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Dikshant Malik
(Chairperson)

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About the UNITED NATIONS GENERAL ASSEMBLY-

United Nations General Assembly, one of the six principal organs of the United Nations (UN) and the only body in which every member of the organization is represented and allowed to vote.

Established in 1945 under the Charter of the United Nations, the General Assembly occupies a central position as the chief deliberative, policymaking and representative organ of the United Nations. Comprising all 193 Members of the United Nations, it provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter.

It also plays a significant role in the process of standard-setting and the codification of international law. The Assembly meets in regular session intensively from September to December each year, and thereafter as required.

Functions and powers of the General Assembly-

The Assembly has initiated actions — political, economic, humanitarian, social and legal — which have affected the lives of millions of people throughout the world.

The landmark Millennium Declaration, adopted in 2000, and the 2005 World Summit Outcome Document reflect the commitment of Member States to reach specific goals to attain peace, security and disarmament along with development and poverty eradication; safeguard human rights and promote the rule of law; protect our common environment; meet the special needs of Africa; and strengthen the United Nations.

During the 68th session, the Assembly decided to launch — during the early part of the 69th session — a process of intergovernmental negotiations aimed at building consensus towards adoption of the post-2015 development agenda.

According to the Charter of the United Nations, the General Assembly may:

- Consider and approve the United Nations budget and establish the financial assessments of Member States;
- Elect the non-permanent members of the Security Council and the members of other United Nations councils and organs and, on the recommendation of the Security Council, appoint the Secretary-General;
- Consider and make recommendations on the general principles of cooperation for maintaining international peace and security, including disarmament;
- Discuss any question relating to international peace and security and, except where a dispute or situation is currently being discussed by the Security Council, make recommendations on it;

- Discuss, with the same exception, and make recommendations on any questions within the scope of the Charter or affecting the powers and functions of any organ of the United Nations;
- Initiate studies and make recommendations to promote international political cooperation, the development and codification of international law, the realization of human rights and fundamental freedoms, and international collaboration in the economic, social, humanitarian, cultural, educational and health fields;
- Make recommendations for the peaceful settlement of any situation that might impair friendly relations among nations;
- Consider reports from the Security Council and other United Nations organs.

The Assembly may also take action in cases of a threat to the peace, breach of peace or act of aggression, when the Security Council has failed to act owing to the negative vote of a permanent member. In such instances, according to its “Uniting for Peace” resolution of November 1950 (resolution 377 (V)), the Assembly may consider the matter immediately and recommend to its Members collective measures to maintain or restore international peace and security.

The search for consensus

Each of the 193 Member States in the Assembly has one vote. Votes taken on designated important issues — such as recommendations on peace and security, the election of Security Council and Economic and Social Council members, and budgetary questions — require a two-thirds majority of Member States, but other questions are decided by simple majority.

In recent years, an effort has been made to achieve consensus on issues, rather than deciding by a formal vote, thus strengthening support for the Assembly’s decisions.

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Introduction

Globalization has increased interconnectedness, with events that take place in one corner of the globe no longer exclusively affecting a single locality, but rather, the entire world. The 2008 global financial crisis, which began in the world's major financial centers, quickly spread throughout the global economy, resulting in a global economic recession. All countries, both developed and developing, were negatively impacted by this crisis, through reduced export opportunities and greater instability in commodity prices and capital flows. As a result, much of the previous economic and social progress, such as achievement of the Millennium Development Goals (MDGs), was threatened, particularly in the Least Developed Countries (LDCs). Presently, nearly 1 billion people still live in extreme poverty, surviving on less than one dollar a day, and more than 800 million people lack enough food to eat on a daily basis. Inequality between and within countries has increased as globalization grows, and the gap between middle-income and high-income states continues to widen. Globalization has also increased financial shocks' such as drops in global stock markets, unstable employment trends, and decreases in national productivity. These shocks have heightened inequalities by reduction in trade, investment, financial flows, and remittances. In spite of these apparent negative trends in the global economy, globalization activities have the power to be forces for good with respect to economic growth and sustainable development when conducted in a socially responsible manner. Inclusive growth is one of the cornerstones in the post-2015 development agenda, with states focused on ensuring that globalization trends close the gap between inequalities both within and between states, reduce uncertainty in local and global markets, and respect the social and human rights of all citizens. Harnessing the positive effects of globalization stretches beyond simple policy making within states, it involves structural changes in local economies, as well as adapting to global labor markets and productivity trends. States that are able to adapt to globalization trends and effectively reduce poverty conditions must work to diversify their economies between traditional and modern sectors, while at the same time working to reduce the informal economy. Further to structural changes, states have been called upon to intensify efforts to strengthen and reform their local financial regulations and broadly contribute to strengthen the international financial system and global markets. Outside of local economies, the need to adapt to globalization in the aftermath of the 2008 economic crisis placed particular emphasis on examining the existing international economic order and its role in combination with growing and protecting the environment and its resources. Transitioning to a green economy is essential to adapt to the post-2008 world, and harness globalization's positive effects on local communities. According to the United Nations Environment Programme's (UNEP) Green Economy Initiative, green economy is defined as "one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive." Advancing the green economy holds many challenges, especially for local businesses, as they may be faced with unfavorable regulatory environments, pressure from transnational corporations, and limited financing. This guide will address how the United Nations (UN), and the international

community, can adapt to globalization through the consideration of the post-2015 development agenda, the continued development of the sustainable development goals (SDGs), strong global partnerships, and policies to combat external debt, while further “greening” the economy.

International and Regional Framework

The *Declaration on the Establishment of a New International Economic Order*, adopted by the UN General Assembly (GA) in 1974, called upon Member States to create an economic order which worked towards closing the gap between developed and developing countries, as well as ensuring that peace and security went hand in hand with economic and social development. The *Programme of Action on the Establishment of a New International Economic Order* emphasized state sovereignty, but also recognized the special circumstances of developing countries, and affirmed that they should receive favorable terms where possible, including conditions on loans, import and tariff structures, and technology transfers. With increased deregulation of many markets, the global economy is not the same system it was during the Declaration’s adoption in 1974, however. Emerging economies have developed at rapid rates, causing a shift in the global balance of economic power, and the aftermath of the 2008 financial crisis forced the international community to re-evaluate and consider a new economic order for the 21st century.

The post-2015 development agenda and the Sustainable Development Goals (SDGs)

Over the past several years, domestic governance has surfaced as a critical factor in explaining the uneven progress of development in many countries. The *Final Report of the Global Thematic Consultation on Governance and the Post-2015 Development Framework* outlines the post-2015 development agenda, which will work to build on the MDGs. The report concludes that democratic governance, peace and security, rule of law, and protection of human rights are all essential to achieving sustainable development. These observations call for a strong post-2015 development agenda, including a detailed account of the important role improved governance and accountability can have in achieving better development outcomes. One example of on the ground progress in this area is the Institute for Capacity Development created by the United Nations Industrial Development Organization (UNIDO). The Institute brings together policy and government officials for training, policy dialogue, and knowledge sharing on industrial development activities. The Institute also helps in guiding policy makers on effective governance strategies including exploring inter-regional cooperation, balancing industrial development with environmental issues and trade capacity-building. The United Nations Development Program (UNDP) discussion paper on Governance for Sustainable Development further highlights the role of governance at a local and national level, but also its importance at the international level, ensuring that developing countries have a seat at the table in international institutions. The report links successful governance and rule of law, to economic progress and integration into international markets, specifically through curbing crime, corruption, and bribery.

To operationalize the post-2015 development agenda, the SDGs were established during the Rio+20 Conference on Sustainable Development, whereby Member States agreed to initiate a process to develop a set of development goals that will build upon the main objectives of the MDGs. The Rio+20 outcome document, *The Future We Want*, created the intergovernmental Open Working Group of the General Assembly on Sustainable Development Goals (OWG), to begin the conceptualization of the SDGs and its associated targets. In August 2014, the OWG submitted a report to the GA detailing the goals, emphasizing the role of governance, human rights, and respect for the environment as tenets of the SDGs, as well as outlining each of the proposed 17 goals. In September 2014, the GA adopted the report, setting the framework for the creation of the post-2015 development agenda. Of the 17 proposed SDGs, Goals 1, 7, 8, 9, 10, 12, 13, 15, 16 and 17 provide a platform to promote the positive effects of globalization, acknowledge the 21st century economic order, and directly call to action the need for a more green economy. The goals highlight key objectives such as: reducing inequality and eradicating poverty, noting specific policy actions like improved fiscal and employment policies, and trade and tariff policies, while also mainstreaming a gender perspective into policy frameworks to ensure that no one group is excluded from the development process. The GA Second Committee has therefore focused its efforts in aligning many of its agenda items with the SDGs including but not limited to access to clean, renewable energy, sustainable development and use of ocean and marine resources, and building sustainable cities and sustainable consumption patterns.

Role of the International System

As a committee with universal membership, the GA Second is well-situated to address the question of how to better manage and adapt to globalization in order to promote sustainable development in line with the SDGs. The topic of globalization specifically is of relevance to the GA Second as it has been present on the Committee's agenda since 1999 as a follow-up to the High-Level Dialogue of September 1998 on the social and economic impact of globalization and interdependence. As it deals with globalization, adapting a new economic order and greening the economy falls under item 21 of the GA Second's agenda on "globalization and interdependence".

During the 69th session, the GA Second Committee discussed questions on the parameters of globalization, and the difficulties that developing countries face in integrating themselves into international institutions, which would allow them to fully take advantage of globalization trends. Delegates called upon Member States to "strengthen partnerships on trade, aid, technology and migration." Migration was particularly noted as a key component of globalization trends, with several Member States highlighting the complex interactions in migration, which while allowing for greater labor mobilization across states and increasing remittances, negatively impacted local productivity. In GA resolution 68/219 of 20 December 2013 on the "Role of the United Nations in promoting development in the context of globalization and interdependence", under economic relations, the GA noted the emergence of "rules-based regimens" in the international system. Such regimes mean that national and domestic policies are more and more framed within

“international disciplines, commitments and global market considerations” forcing a trade-off between “the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space.” Additionally, the Resolution reaffirmed the key need for global partnerships for development and the need for enhanced accountability by the UN to Member States in that regard.

Global Partnerships

The GA Second Committee focuses broadly on creating and developing partnerships within the UN system to address globalization challenges. Partnerships with the UNDP, UNEP, and the United Nations Conference on Trade and Development (UNCTAD), are fundamental to the work of the committee in promoting development goals and creating sustainable capacity and infrastructure within Member States. More recently, the Committee has narrowed the scope of its partnerships in this arena to focus on the green economy, and inclusive, sustainable growth.

UNCTAD’s recent work on development strategies aligns closely with concerns the GA Second has raised on the risk of the encroachment of national policy space on globalization trends. Its 2014 Trade and Development report highlights the gap in the regulation of the international economic system as a result of the 2008 crisis, and notes that the world economy has not yet established a sustainable, productive regime to handle the expected economic growth over the next several years. Further, the report highlights previously raised risks in policymaking in developing countries and the need to align with the international system. Within this arena, the Second Committee has the opportunity to shape the post-2015 development agenda and development programs that ensure developing countries do not risk their forward progress in attempts to align with the international system, but still maintain adherence to international regulations, especially where financial markets are concerned.

The UNDP’s work in the arena of human development raises similar concerns to UNCTAD with respect to policy space and the effect that disruption of a local economy has within the global system. The UNDP has stressed the need for examining social policies in conjunction with economic policies, and creating the capacity to reduce a population’s vulnerability to economic shocks. Additionally, the UNDP highlights the need for facilitating green growth, specifically in ensuring better trade frameworks for the transfer of green technologies between developed and developing countries. Under the broader framework of climate change, both the UNDP and the Second Committee have focused some of their work on the link between sustainable development in business and the positive policy effects on local populations, also emphasizing the need for private sector partnerships. For example, several corporations have already committed to sustainable practices including Coca-Cola and Unilever committing to eliminate deforestation in their supply chain, and Microsoft promising to be carbon neutral.

External Debt Sustainability

Although many states have moved towards the status of an emerging economy, there is still a fundamental lack of development in the LDCs. Far too often developing countries are most likely the ones faced with the burden of large external debts. Some of these debt burdens have been condensed because of the establishment of international debt relief initiatives. In the 2014 report of the Secretary-General on “External debt sustainability and development”, it is noted that while there was slight improvements to export growth, overall debt ratios worsened in developing countries in 2013. While developing countries continue to experience unprecedented growth at some levels, the burden of debt payments on local economies has several cascading effects including increasing borrowing levels to keep up with payments and reducing the incentives for foreign direct investment by external states or private partners. Greater access to international markets can help LDCs in mobilizing resources to build long-term infrastructure, but in conjunction states must have debt management policies in place to avoid instability in the event of large capital inflows. The Second Committee has done substantial work on debt restructuring and creating debt management plans within developing countries, but some Member States, including the United States of America, have noted that the International Monetary Fund (IMF) and International Capital Markets Associations were “the institutions best equipped to handle such debt issues”.

To that end, the IMF and the World Bank created a joint partnership called the Debt Sustainability Framework (DSF). The Framework is designed to guide the borrowing decisions of developing countries in a way that meets their specific financial needs, by considering each country’s unique circumstances. Under the DSF, debt sustainability analyses are conducted regularly. The Framework also provides increased assessment of macroeconomic stability, sustainability of fiscal policy, and overall debt sustainability. The DSF may be seen as an important initiative for adapting to globalization, in the wake of the 2008 global economic crisis and our constantly changing, interconnected world.

Case Study: Kenya’s Green Economy

Kenya’s recent policy changes in its energy industry are one example of a positive policy initiative at the national level to adapt to the latest globalization trends. In 2008, Kenya’s Ministry of Energy implemented feed-in tariffs (FIT), designed to force utility and energy companies, both national and foreign, that operate on the national grid to purchase electricity from renewable sources at a pre-determined price. The FIT policy works to encourage new investment into the renewable sector, creating a sustainable business market for renewable energy. Additionally, the policy encourages private investors to operate in a sustainable manner, while reducing transaction costs by removing the conventional bidding process. The benefits of the policy have trickled down into the local economy through reducing costs and boosting energy access to businesses and residences, alleviating poverty in rural areas and building up local industries. For

example, Kenya has been able to leverage its sugarcane production for cogeneration of renewables using the sugarcane bagasse residues, thereby expanding the industry, increasing employment among rural workers, and advancing the sustainability of the land. Further, the country has been able to reduce its dependence on oil imports, and move towards sustainable resource development within its own borders.

Kenya's example fits into the nature of globalization and changing economic structures in several ways. By leveraging local resources and moving towards renewable energy, the country developed its own green economy policies, reduced its external oil-dependence, and ensured that foreign investment in electricity and utilities goes back into Kenyan sustainable development. At the same time the FIT policy created a friendly environment for new business development. Further, by creating local jobs and increasing local industries, Kenya has laid the groundwork to avoid substantial disruption in the event of a global economic crisis by boosting its own economic strength with new and growing business models, and creating long-term sustainable opportunities for its own people.

Conclusion

The 2008 economic crisis forever changed the way the world economic system functions. The international community was left with substantial gaps in the stability of the global financial system and the existing infrastructures of the economy. Globalization in the 21st century has meant that changes on one side of the globe cause reverberations throughout multiple countries and a diversity of channels. The international community has thus been forced to find new ways to adapt to evolving global trends and to create sustainable local economic environments that feed into the wider system. As climate change impacts rise, many have sought to develop green economy practices to better adapt their economic policies going forward as a means to match said global trends.

Reformed and coherent fiscal policies, a strong post-2015 development agenda, the implementation of the SDGs, new global partnerships, and concrete avenues to combat key obstacles in economic prosperity, such as external debt are all means to achieving sustainable growth and development, environmental preservation, and innovation in economic policy. Bearing in mind the state of the world's environment and impacts from climate change, and understanding the reality of today's economic order, the UN along with the rest of the international community has the opportunity to better adapt to globalization and benefit from its positive effects, one which it is imperative to seize for the future of the world's populations.

Further Research

By transitioning to green economies throughout the world, as well as thorough examination of the current international economic order, we have the potential to more easily embrace globalization and all the changes and challenges it will bring. In light of this, there are additional questions for delegates to consider when beginning their research. What potential does the green economy have to create productive employment and reduce poverty? How has the new international economic order changed since its adaptation in 1974, and can aspects of it be applied to our current global economic system? What is the state of the current economic order and how should it best be adapted to evolving trends in globalization? What kinds of policies will best harness the trends of globalization to support the green economy and create more favorable economic institutions? How can the economic growth be stimulated without favoring developing or developed countries? How can the growth of both developing and developed countries be encouraged without negatively impacting the environment?

Links for further research:

- <http://www.unep.org/greeneconomy/>
- <https://sustainabledevelopment.un.org/index.php?menu=1224>
- https://sustainabledevelopment.un.org/content/documents/4518SDGs_FINAL_Proposal%20of%20OWG_19%20July%20at%201320hrsver3.pdf
- <http://www.un.org/press/en/2008/ga10802.doc.htm>
- http://www.unep.org/greeneconomy/Portals/88/documents/ger/ger_final_dec_2011/Green%20EconomyReport_Final_Dec2011.pdf
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