

The United Nations Economic and Social Council is responsible for the global development of livelihoods, societies, and the equitable sharing of economic prosperity. As members of the ECOSOC, delegates are expected to forge a consensus on changing the way the world is run, and coordinate efforts to make sure there is an equal chance for all to grow in the foreseeable future.

## **Economic and Social Council**

**DIPSMUN 2018**

Chairperson: Rutuja Uttarwar  
Vice Chairperson: Parth Kulkarni  
Moderator: Siddharth Sreekanth



CORE VALUES: INTEGRITY, PROFESSIONALISM, RESPECT FOR DIVERSITY

Welcome Letter  
DiPSMUN 2018

Dear Participants,

It is with great pleasure that I welcome you to the sixth edition of DiPSMUN.

It is a very humbling moment to see DPS Bangalore South, host one of Bangalore's finest high school Model UN conference with 8 committees and hundreds of delegates in attendance in 2018. DiPSMUN will always hold a particularly sentimental place in my heart as I was on the first ever MUN delegation from DPS Bangalore in 2009 and since then have helped design and chair two previous editions of DiPSMUN. As I have interacted with most of the members of the current Secretariat and Organizing Committee, I can safely say that your coming conference will be one that you will remember.

*"Only a Sith deals in absolutes"* – Obi Wan Kenobi to Anakin Skywalker, on Mustafar, Star Wars Episode III, Revenge of the Sith.

This quote holds true today more so than ever, as we live in our social media driven echo chambers and thought bubbles, fed by algorithms in one of the most hyperpolarized societies ever. A Model UN Conference is the first step in breaking out. It is one of the best platforms to debate, deliberate, negotiate and come up with some truly innovative solutions to some of the world's biggest challenges and most importantly, see them from a perspective that you haven't yet. It is not just a debate where you show off your bragging rights and get profile pictures for until the next conference (but please make sure you do that!). In my experience Model UN is where you can pick up certain key skills such as negotiating, public speaking, analytical thinking and teamwork among a plethora of others that will give you a heads up to succeed in your professional and personal endeavors in the future.

DiPSMUN 2018, therefore, has been designed to help you, the delegate, find your own voice in the environment that you are most comfortable with. The committees simulated at this conference range from discussing the Mexican Drug War to the very formation of the states of Israel and/or Palestine in the British mandate of Palestine; from solving global inequality to abolishing slavery. When you sit in committee, ensure you intend to walk away with more than just a trophy or a certificate. Ensure you walk away with knowledge and experience, for those will last you longer than a certificate.

Always remember *"..that the circumstances of one's birth are irrelevant. It is what you do with the gift of life that determines who you are."* – Mewtwo, Mewtwo Strikes back

Sincerely yours,

Shouryadipta Sarkar

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## Letter from the Chairperson

Dear Delegates,

It is with immense pride that I welcome you all to the 6th edition of Delhi Public School South's Model United Nations conference, DiPSMUN.

My name is Rutuja Uttarwar and I will be chairing the Economic and Social Council. One of the 6 main organs of the UN, its mandate has been to serve as the focal point of coordination for policy review, policy dialogue, and recommendations on economic, social and environmental issues; as well as for the implementation of internationally agreed development goals.

This year we will be discussing **the problems arising out of unequal global economic structures** and aim to **facilitate equity in global development**. It is imperative for me to highlight the importance of this discussion and the urgency with which it demands collective global effort. Delegates, the world runs on one thing: Money. You all have been given the power to decide how it is going to play out in the world, so I encourage you to think outside the box. Especially because a lot of people before you have tried to make the best use of this and fallen short. I implore you all to strive to achieve the objectives of this committee. I believe you all can mutually prosper as countries and collectively move forward as one united world economy.

This committee might seem daunting at first, but the whole Executive Board is there for each one of you. Please feel free to approach any of us on the 3 days and even before that. You can email us any questions to [ecosoc.dipsmun2018@gmail.com](mailto:ecosoc.dipsmun2018@gmail.com)

Good luck, delegates; and may the odds be ever in your favour!

Best,

Rutuja Uttarwar

Chairperson

United Nations Economic and Social Council

DiPSMUN 2018

## Introduction

Global developments over the last forty years have been characterized by a steep increase in inequality among nations. When we consider this, it is rather intriguing – as these last years have been the years of globalization and increasing economic integration across the world. Trade liberalisation and its allied policy measures should have, technically – decreased inequality between economically rich and economically poor nations, and while they should have increased inequality (to an extent) in well – off nations because of the nature of liberalisation, they should have decreased inequality in the low-income group of nations.

However, this has not been the case. Inequality across the globe has risen through dynamic sets of events – and inequalities in income, majorly between countries (but also within), are **only a part** of the agenda that this committee plans to deal with. International inequality is a concept that is, in fact, more far reaching and deep. This committee should seek to figure out how global systems and structures with great international traction, are themselves – full of systemic flaws fundamental to the way they are run, how the global economy favours a few; how even the United Nations might command its authority only because it is funded by a wealthy and powerful few – the problems on this list need to be identified and a solution, or way forward that will reduce inequality, needs to be found for all of them.

## The basic concept of global income inequality

By principle at the international level, the market value of goods produced must be equal to global income (i.e. net domestic product = net domestic income). But if we look at national incomes and products, this is not the case. The simple reason is that incomes generated within a nation do not remain in that nation – because of ownership of assets by foreign individuals. So, income inequality rises in such a situation, because economically rich nations tend to own more assets used in production, in all parts of the world. Nations which do not have more per capita

income cannot afford to own assets in other parts of the world, and their incomes, are, in fact – compromised by the advent of countries that are better off. So, in this way, it can be said that net domestic products and national incomes, when measured and compared – are better indicators of inequality between nations than gross domestic products.

## Understanding the mandate of the ECOSOC

The ECOSOC is one of the six primary organs of the UN – but it arguably does not enjoy as much authority as its counterparts. It is placed under the authority of the United Nations General Assembly, which means that it can only issue *recommendations* when it comes to actual structural changes in international framework and policy. However, the ECOSOC is a very powerful and influential council that still enjoys considerable authority over the UN's economic and social work, and development across the world.

But the nature of the ECOSOC is such that it cannot issue direct *orders* for reform. It can, however, advocate fervently; for reform in the United Nations and in the ECOSOC itself, and in various financial institutions that are answerable to the ECOSOC.

## What structures?

The following organisations come under the purview of the ECOSOC, and they are in part, accountable to the ECOSOC –

1. International Labour Organisation (ILO)
2. Food and Agriculture Organisation (FAO)
3. International Monetary Fund (IMF)
4. World Health Organisation (WHO)
5. Joint UN programme on HIV/AIDS
6. Economic and Social Commissions for all regions
7. World Bank Group

These bodies may require reform to make their functioning and membership more equal.

## Flaws in the UN – inequality due to the scale of funding

The UN is composed of more than twenty specialized agencies and other entities operating in all fields of global development. All 193 member nations of the United Nations contribute to the UN budget – which is known as their *assessed contribution*. These contributions are different from member to member, as they are calculated based on populations and national incomes.

The United States pays 22% of the total UN budget – which is more than \$10 billion of the total UN (administrative) budget of \$50 billion. Some nations also make voluntary contributions to a few UN agencies, and the United States is the biggest voluntary contributor as well.

It is not wrong to say that in the past, certain UN actions have favoured the United States, and worked in the interest of the United States. The Oil-for-food programme, for instance – came under heavy fire for being an elitist measure, and the resultant benefits for Iraqis or Russians were not very large. There have been several other instances – when the United Nations, an organisation that has had such massive influence and international authority, has, in the words of its critics ‘looked on’ as the US *and* its group of allies have made a few arbitrary international decisions. Sanctions, vetoed resolutions, even invasions are on the list. So, the question is – if the United Nations is an organisation that enjoys considerable global power and influence, and is meant for *world peace* and *global development*, why must it operate as an organisation that involves one nation/ a few nations gambling on resources of other nations under the spectrum of development?

The problem is, however – the costs of the UN are heavy to bear, and many UN officials are already panic-stricken by President Trump’s announcement to cut down on US funding of the UN. The US claims that it bears an unfair cost burden for the UN and says that it will continue to bear a certain degree of costs if the organisational goals of peace and global development are fulfilled. But, even today – some UN agencies are operating on the brink of bankruptcy. So, how is the undue influence that some enjoy, which causes massive inequality – both economic and political; in the UN, to be combatted, if we cannot afford UN budget cuts?

The UN has been swift to act when the permanent five or the developed ‘gang’ have had strong reasons to act. But in several other instances, the UN has been slow with

development issues. The UN has received several criticisms regarding it favouring a few over actual needy nations. Can the UN really claim the international authority that it does, when it may be an oligarchy, and not the apostle of democratic spirit that it is supposed to exemplify?

## International Monetary Fund

The IMF has always been one of the leaders and propellers of global economic policy. It lends to nations that face economic crises and oversees financial markets. It has 189 member nations. The IMF gets its funds from quota payments from all its members, multilateral borrowing agreements – where a number of member nations contribute, bilateral borrowing agreements – where economically rich nations lend to the IMF. The IMF first pulls money out of the quota payments for lending, and once a limit is reached; it falls back on the multilateral borrowing agreements, where these lending nations stand ready to provide their promised amounts to the IMF. The IMF's 'third line of defence' are its bilateral borrowing agreements, which it uses only after calling upon its multilateral lenders.

**Note:** The IMF also has specific funds meant for aiding low-income-least-developed nations, which it finances using voluntary contributions.

The IMF has funds of about **SDR 990 billion** – which is approximately 1 trillion USD. Out of this, the IMF can afford to lend about **SDR 700 billion**. (This is because it effectively lends only out of the money received from relatively stable economies)

**SDR** stands for Special Drawing Rights. Special Drawing Rights are basically the foreign currency reserves maintained by the IMF. The reserves are composed majorly of the US Dollar, and the Euro. The IMF also holds considerably large reserves of the Pound Sterling and the Chinese Yuan.

## Inequalities

### 1. Voting Powers

Every member nation of the IMF gets a basic number of votes and gets one additional vote for each 100,000 SDR of a member country's quota. This means that larger creditors enjoy much greater voting strength. For instance, the United States enjoys about 17% of the total votes, China around 7%, while countries like India are given less than 0.6% of the total votes. This effectively

means that the IMF, as an organization that pulls on great financial strength is driven by the wealthier nations – much like a company governed by the wants of its largest shareholders. At the same time, the fact that these wealthy nations provide considerably more contributions to the IMF must certainly not be overlooked.

## **2. Modus Operandi – conditional loans, devaluations, forced liberalization and free market reforms**

Usually, when the IMF steps in to help in a balance of payments crisis; the trend has been such that it imposes privatization and removal of governmental regulation, advocates higher interest rates, and insists on reducing fiscal expenditure. While the successes of the IMF when it comes to certain cases are certainly not discredited, it is undeniable that in some instances (eg. the Asian Economic Crisis in the 1990s), the imposition of policy measures was rather disastrous – leading to massive unemployment in Malaysia and Indonesia. Similarly, the bailout provided to Greece in 2011, too – has come under fire. For forging a path forward with the IMF, it is essential to review their actions, and figure out if they are a legitimate help to those who require it or are another platform for a bunch of nations from the wealthy world to assert their influence.

Note: This is supposed to be only an introduction to some inequalities in the IMF. Delegates are expected to be well versed with its workings and functions, and other flaws.

## **The World Bank Group**

The world bank group is composed of five powerful financial institutions. Two of these – the International Bank for Reconstruction and Development (IBRD), and the IDA (International Development Association), are its principal lenders, majorly to developing nations.

The IBRD and its allied institutions have been greatly involved in drastic policy changes, and in development aid to nations across the globe. There have been a few successes, but the World Bank has received a lot of criticisms too.

To summarise them up – till the 2000s, the World Bank pushed austerity on less developed nations, which resulted in severe damage to the economies of those



nations. Even now, the World Bank does push for austerity, which; experience has proven to be a bad idea.

Some extremist critics even claim that the World Bank's leadership realizes this, but they view less developed countries as a lab to perform experiments, and when the experiment fails at a huge human cost, they blame the victims and try to do the whole experiment over; in another country – another lab.

## The World Health Organisation (WHO)

The WHO has always been at the forefront of fighting epidemics, but particularly in the last fifteen years, its influence seems to have decreased. In some instances, such as the Ebola outbreak in Africa in recent times; the WHO failed to deliver as expected, and spokespeople made non-committal statements, making the WHO look like a body that acted solely based on whether developed countries wanted it to or not. Further, while the WHO receives a certain appropriation, its specialised agencies in developing and developed nations receive barely enough funding to even administer themselves. This is in stark contrast to WHO operations elsewhere in the world, for instance; in the European Union, where it has a fully functional set of agencies that involve massive costs which are easily covered. Other concerns include concerns about political biases (Read Taiwan's ban) and about the agreement the WHO has with the International Atomic Energy Agency. (The agreement restricts the WHO from effectively looking into the harmful effects of radiation)

## Food and Agriculture Organisation (FAO)

The Food and Agriculture Organisation, too, has been accused of being an elitist body. In fact, it is sometimes blamed for even being responsible for the food crisis of the late 2000s, which pushed more than 100 million people into hunger. While the FAO is, perhaps; arguably not responsible for the crisis itself, there have certainly been FAO actions that exacerbated the crisis, and even now, as close to a billion people go to bed hungry each night, continue to worsen their situation. One example would be the FAO policy of always trying to fight prices and oversupply at the same time, a policy that has miserably failed because of the scale at which it operates. It is almost as though after all these years, the FAO does not understand that sophisticated producers of developed nations will react much slower than the crude

farmers of an African nation, simply because of the protection and advantages that they get.

In fact, while addressing inequality in the FAO, it may be justified to point out that national or regional prerogatives differ. Some economists studying African nations suggest that *high prices* may even be good for African nations for a time, benefitting agriculture and the rural regions. (Or they could push people into more vicious cycles of poverty and hunger) This argument is based on the generalisation that most households in the rural landscape are sellers of food related commodities.

Another allied point would also be whether prolonged low prices can actually feed the people starving in parts of the world (and can do so sustainably). The FAO has often called for developed nations to remove land from production and cut down on subsidies; and called on the developing world to export cash crops to the economically rich, calling it a functional relationship. Critics of the FAO point out that this has resulted in extreme inequalities in terms of overall benefits, and some say it is the FAO's biggest conspiracy.

## Others

The Executive Board has tried, until now – to give you a very brief introduction of four major bodies that are under the ECOSOC's purview, and their flaws, which this committee plans to deal with. We request you to please take note that this is only a brief introduction and there is great in-depth research to be done, both about these organisations, and about other structures in the global economy. A few have been listed for reference.

- Economic and Social Commissions (for Africa, Asia, Latin America etc.)
- United Nations Industrial Development Organization
- World Food Programme
- United Nations Capital Development Fund
- The ECOSOC itself
- The United Nations Development Group, which is composed of thirty such organizations
- The world's largest financial institutions – the Industrial and Commercial bank of China, Wells Fargo etc.
- Organization for Economic Cooperation and Development (OECD)

- Organization of the Petroleum Exporting Countries (OPEC)
- The European Union and the European Central Bank

This is not an entirely exhaustive list.

## Equity in global development

Equity simply implies that people should be treated as equals. At the scale of the ECOSOC, it means that global development should benefit all equally – and the fruits of economic prosperity must not be accrued to only a few nations. Over the years, the importance of equity in the development of the world economy has been recognized and many policymakers have emphasized on it being the primary pole on which development should be centred. After all, the overarching goal of all development efforts is to end poverty and help people seek better lives. Hence, there is no need to explain the need and importance of equity in global development efforts. Instead, let us focus on a few hindrances.

## Free-trade Agreements

- I. Unilateral trade agreements are when a country imposes trade restrictions and no other country reciprocates.
- II. Bilateral trade agreements are between two countries. Both countries agree to remove trade restrictions and import barriers for each other. They promise to remove/lower tariffs and taxes and give each other preferable statuses when it comes to trade.
- III. Multilateral trade agreements are between three countries or more.

The free trade agreement situation should be a good and fair one ideally, but these often result in adverse consequences. The drawbacks are relatively straightforward, and have not been explored in detail, but a few points have been listed –

- ❖ Reduced tax revenues for developing nations
- ❖ Brain drains
- ❖ Siphoning out of jobs
- ❖ Death for native industries

How do nations safeguard themselves from this? Trade protectionism is often the widely accepted yet proven to be wrong answer. A peaceful relationship must be

worked out where economically rich nations allow emerging producers with less sophisticated and less efficient techniques of production to survive and grow until they can learn; and sharing of technologies and ideas takes place in the right manner.

## Tax Havens

Tax havens refer to regions where low rates of tax are levied. Tax haven status benefits the host country as well as the companies doing business in them. Tax haven countries benefit by effectively financing themselves – providing massive incentives, drawing capital to their banks and financial institutions, which can give the nation a strong economic base, and create employment. Individuals and companies benefit through tax savings because of extremely low tax rates. A few nations that are tax havens – Mauritius, Hong Kong, the Cayman Islands, Andorra, the British Virgin Islands.

Tax havens are the greatest examples of how the rich portray themselves as the forces of good and hide their role in amassing massive wealth offshore. It is estimated that around 25 trillion USD worth assets which should be taxed at reasonable rates are lying untaxed in these offshore strongholds – and these assets belong mostly just to the top ten million wealthiest people. They are avoiding taxation, cutting down on revenue collection that can be used to fund the alleviation of poverty, and all their actions are taken behind a curtain because of the secret nature of tax havens. This secrecy is, itself – another massive global inequality.

## Economic Sanctions

Economic sanctions are basically punishments imposed by one country on another, usually in the form of increased tariffs, strong trade barriers, and most commonly – zero transaction. Sanctions are usually used by a developed nation on developing/ smaller nations, if the nation poses a threat to economic stability (eg. USA's on Iraq) or if the nation poses a threat to the national security of the former (eg. USA's on DPRK) – the reasons can vary. Sanctions are a foreign policy weapon that are used to command influence, because they are an official declaration of displeasure. Today, several nations have placed sanctions against various others. The problem with sanctions is that they are simply a loud tool that is used to yell out foreign policy

objectives of a nation, but they almost always turn out to be expressions of elitist demands, not changing the target's behaviour at all, but worsening the economic situation of the target's allies who may have no fault at all. It is suggested that it is rather unequal and unethical that few nations can brandish their financial power by threatening a nation that refuses to comply with their policy measure. At the scale and complexity of national perspectives and the global economy, decisions must not be arbitrarily unilateral, and must focus on solving the issue at hand – not on asserting influence.

### Questions A Resolution Must Answer (QARMA)

Let it be stated here rather explicitly that the Executive Board expects two blocs – as it is extremely implausible for the two sides in this issue to come together and forge a consensus. This means that we expect one resolution will be serious and far-reaching, while the other will recognize the need for reform but will not take too many drastic steps. All delegates are requested to keep this in mind.

1. What inequalities have been identified, in which body/structure?
2. How are these problems and inequalities to be resolved?
3. What is to be done about the consequences that the persistence of these inequalities has caused in the past and continues to cause?
4. What fundamental restructuring is to be taken up?
5. What shall be done to facilitate equal developments across the globe?
6. As policy measures outlining equity are already in place, what different steps will be taken to prevent a second series of failures?
7. If drastic measures are taken in the funding of bodies, how will underfunding be combatted?
8. How will undue political interference and influence be combated?
9. What steps will be taken to make sure that an idealistic approach does not lead to another set of inequalities?

## Position Paper Requirements

The Executive board expects delegates to provide an unambiguous stance on the agenda.

- We expect delegates to dwell not only on their stance and on the economic situations in their countries directly impacted by global economic structures, but also on the necessity for reform, to what extent, and specifically.
- Delegates may answer a few of the QARMA in their position papers if they would want to.
- Delegates are expected to submit their position papers to [ecosoc.dipsmun2018@gmail.com](mailto:ecosoc.dipsmun2018@gmail.com) by midnight on 2<sup>nd</sup> July.

## Conclusion

Delegates of the Economic and Social Council,

This background guide is meant only as a starter to the research you will be taking on. The structures up for reform and concepts relating to equity in development have been very briefly explained in this guide – for the sake of understanding core issues.

A considerably large part of the detail and real content has been left out of the background guide so that you can think of the relevance of your argument on your own. However, this guide does provide the basic introduction that is required to understand the agenda at hand. But, please do not limit yourself to this background guide. There is a whole world out there.

I look forward to working with you on the 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> of July.

*"Power resides where men believe it resides, and a very small man can cast a very large shadow."*

Thanking you,  
Parth Kulkarni  
Vice–Chairperson  
United Nations Economic and Social Council  
DiPSMUN 2018

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