

YMCA MODEL UNITED NATIONS 2025

Topic Descriptions

Committee: Economic and Finance

Chair: Nethra Srimal

Topic #1: Financial Interdependency

Introduction & Background

The International Monetary Fund notes that global debt “amounted to \$235 trillion, or \$200 billion above its level in 2021.” Three years out, the pandemic has left a lasting footprint on the global economic landscape, as nations grapple with the economic demand, rapid recession, and pressure on pre-existing economic issues. As countries at the brink of economic fallout default into increasing amounts of debt, the need for reliance on other nations creates a system of financial interdependence. Nations such as Sri Lanka, Zambia, and Lebanon have fallen into **sovereign default**, with others soon to follow. Sovereign default is the failure of a sovereign nation to pay back its debts. The rapid collapses of key international trade partners underscore the themes of regional conflict that therefore stem from economic issues. With countries like Ukraine, Lebanon, and Taiwan at the center of trading networks now teetering on the brink of full-scale military conflict, the ominous reality of fiscal distress climaxes.

Current Status

The Council on Foreign Relations' Sovereign Risk Tracker notes that Belarus, Lebanon, Sri Lanka, and Venezuela are currently in default. These countries are at war with significant economic challenges, including high external debt, political instability, and economic mismanagement, which have hindered their ability to meet debt obligations. Thus, the impetus is on member nations to consider the need for **financial interdependence** on the global economy, necessitating thoughtful, transdisciplinary solutions to mitigate the interconnected conflict with tentacles spreading into the economic, social, and political outlook of sovereign states.

Themes to Consider

From an economic perspective, examining **immediate debt relief** options can help kickstart a prompt response to debt in order to prevent further economic distress. Similarly, examining thoughtful systems of **financial restructuring** so that debts do not encroach on long-term economic growth is another avenue of alleviating this crisis. Alternatively, looking into social safety net programs like public employment opportunities, **infrastructural development**, and educational initiatives indirectly generate positive impact on domestic, regional, and international economic fronts by improving the state of the workforce. Similarly, trade agreements, anti-corruption measures, and strengthening government institutions can help handle the multifaceted global crisis from a political standpoint. Primarily, the creation of trade networks and **coalitions** are key in solving this crisis.

Discussion Questions

1. What are the domestic ramifications of economic distress as expressed above? How can those be alleviated?
2. Are there any historical examples of economic hardships in a particular nation? What inspiration can be drawn from how those were resolved? How did they influence the economic outlook of a particular country?

Resources

1. Saphir, Ann et al. "Middle East conflict adds new risks to global economic outlook." *Reuters*, 8 October 2023.
<https://www.reuters.com/markets/middle-east-conflict-adds-new-risks-global-economic-outlook-2023-10-08/>.

(Recommended) Description: Looks into the potential economic impacts of the growing conflict in the Middle East.

2. "The countries in the grip of debt crises." *Reuters*, 24 February 2023.
<https://www.reuters.com/world/countries-grip-debt-crises-2023-02-24/>.

(Highly Recommended) Description: Examines specific examples of countries grappling with sovereign debt.

3. Kilfoyle, Michelle. "Ukraine: what's the global economic impact of Russia's invasion?" *Economics Observatory*, 24 October 2023.
<https://www.economicsobservatory.com/ukraine-whats-the-global-economic-impact-of-russias-invasion>.

(Highly Recommended) Description: Examines the economic implications of the brewing conflict in Ukraine globally.

4. Gaspar, Vitor et al. "Global Debt Is Returning to its Rising Trend." *International Monetary Fund*, 13 September 2023.
<https://www.imf.org/en/Blogs/Articles/2023/09/13/global-debt-is-returning-to-its-rising-trend>.

(Highly Recommended) Description: Projects the trend of global debt and provides avenues to tackle fiscal vulnerabilities.

5. Bluedorn, John et al. "Middle East Conflict Risks Reshaping the Region's Economies." *International Monetary Fund*, 1 December 2023.
<https://www.imf.org/en/Blogs/Articles/2023/12/01/middle-east-conflict-risks-reshaping-the-regions-economies>.

(Highly Recommended) Description: Examining the impact of the Middle Eastern conflict on the regional economy.

6. Guojon, Reva. "The Global Economic Disruptions from a Taiwan Conflict." *Rhodium Group*, 14 December 2022. <https://rhg.com/research/taiwan-economic-disruptions/>.

Description: Provides an explanation of the economic impact of a China-Taiwan regional conflict.

Topic #2: Wartime Economics

Introduction & Background

The 2020s have seen a rapid escalation of **regional tensions** that culminate in war. As a result, the wartime economies of those nations in conflict with one another have a direct impact on the global supply chain and trade network. This subject is entirely independent from financially interdependent systems, which function as a result of war debt. The focus of wartime economics is geared towards the impact of sanctions, regional and international alliances, as well as the development and sale of advanced weaponry that threatens the security of the global landscape. Notably, the Russian invasion of Ukraine catalyzed the development of a **wartime economy**, similar to that of the United States during the Containment period, increasing defense spending and financing it through the energy sector. The North Atlantic Treaty Organization's Parliamentary Assembly notes that this "expansionary fiscal policy...has generated substantial **economic imbalances** including inflation and a very tight labour market exacerbated by military conscription and the exodus of hundreds of thousands of young people."

Current Status

The impact of **economy-centric regional conflicts** plague the global fiscal landscape. Similarly, the impact of **regional instability** in the Middle East has arisen as a result of the Israel-Hamas war, with "oil and equity markets [potentially] see[ing] immediate fallout, [says] Agustin Carstens, general manager of the Bank for International Settlements.". Reuters mentions that the "war has the potential at least to add an unpredictable set of forces to a global economy that was already slowing." Following Russian president Vladimir Putin's invasion of Ukraine, "over 30 Allies and partners imposed sanctions aimed at reducing Russia's commodity export revenues and undermining its military capabilities." Conversely, the impacts of the Russian invasion can be felt in the falling wheat exports from Ukraine, with "Ukraine's export value [falling] 18.7% in 2023 compared with 2022, totalling \$35.8 billion, the lowest figure recorded in a decade." The social impact has a direct correlation with the decrease in road exports as well, with road exports being "affected by a blockade of border crossings by protesting Polish truckers" (Reuters).

The interconnected involvement of countries in conflict indirectly impacts their domestic economies as well. The United Nations notes that "economic prospects for the Commonwealth of Independent States and Georgia [occur] through numerous channels, including migration, commodity prices, market volatility, remittances and changes in fiscal space." Similarly, Bloomberg warns of the economic impact of the Israel-Hamas War, stating "A sharper escalation could bring Israel into direct conflict with Iran, a supplier of arms and money to Hamas... In that scenario, Bloomberg Economics estimates oil prices could soar to \$150 a barrel and global growth drop to 1.7% — a recession that takes about \$1 trillion off world output." As a result, the need to derive feasible solutions that support countries negotiating the impact of war on the **global** and their **domestic economy** arises.

Themes to Consider

Alleviating the direct impacts of a wartime economy is a multi-pronged effort. Enhancing international funds through **global financial organizations** is crucial for supporting rebuilding efforts by offering low-interest loans and grants targeted at infrastructure and essential services. Promoting local economic development is also key, achieved by supporting small and medium-sized enterprises with microloans and training to stimulate job creation and economic activity, especially in agricultural and industrial sectors. **Creating debt relief** and preventing sovereign defaults are crucial, in addition to creating employment opportunities to stimulate the growth of the local, regional, and national economy.

Discussion Questions

1. How do governments typically prioritize resource allocation between military and civilian needs during wartime, and what are the short- and long-term economic impacts of these decisions on a nation's economy and its population?
2. To what extent does wartime production drive technological innovation, and how do these advancements translate into peacetime economic growth?
3. What economic policies from historical wartime periods can be applied or avoided in current conflicts?

Resources

1. Harangozo, Tamas. "The State of Russia's Wartime Economy." *NATO Parliamentary Assembly*, 6 May 2024.
<https://www.nato-pa.int/document/2024-russia-wartime-economy-report-harangozo-052-esctd#:~:text=Russia's%20war%20on%20Ukraine%20has,the%20value%20of%20the%20Ruble.>

Description: Examines the impact of a wartime economy on the Russian nation.

2. "Ukraine's total export value fell 18.7% in 2023, to lowest in a decade - economy minister" *Reuters*, 4 January 2024.
<https://www.reuters.com/markets/europe/ukraines-total-export-value-fell-187-2023-lowest-decade-economy-minister-2024-01-04/>.

(Highly Recommended) Description: Examines the impact of the Russia-Ukraine conflict on Ukraine's export economy.

3. "One year of the war in Ukraine leaves lasting scars on the global economy" *United Nations Department of Economic and Social Affairs*, 6 March 2023.
<https://www.un.org/en/desa/one-year-war-ukraine-leaves-lasting-scars-global-economy.>

(Highly Recommended) Description: Examines the economic implications of the brewing conflict in Ukraine on the global economy.

4. Gaspar, Vitor et al. "Global Debt Is Returning to its Rising Trend." *International Monetary Fund*, 13 September 2023.

<https://www.imf.org/en/Blogs/Articles/2023/09/13/global-debt-is-returning-to-its-rising-trend>.

(Highly Recommended) Description: Projects the trend of global debt and provides avenues to tackle fiscal vulnerabilities.

5. Alstein, Galid et al. "Wider War in Middle East Could Tip the World Economy Into Recession." *International Monetary Fund*, 13 October 2023.
<https://www.bloomberg.com/news/features/2023-10-12/israel-hamas-war-impact-could-tip-global-economy-into-recession>.

(Highly Recommended) Description: Examining the impact of the Middle Eastern conflict on the global economy.

6. Bluedorn, John et al. "Middle East Conflict Risks Reshaping the Region's Economies." *International Monetary Fund*, 1 December 2023.
<https://www.imf.org/en/Blogs/Articles/2023/12/01/middle-east-conflict-risks-reshaping-the-regions-economies>.

(Highly Recommended) Description: Examining the impact of the Middle Eastern conflict on the regional economy.

Topic #3: Food Price Inflation

Introduction & Background

The ongoing recession as a result of the pandemic has brought a heightened period of **inflation**, culminating in soaring consumer prices impacting basic necessities, including food. The combination of **global conflict** and **isolation** brought on by the pandemic has forced an increase in demand for foodstuffs and a decrease in global trade, creating food shortages and inflating commodity prices as a whole. Additionally, the increasing frequency and intensity of extreme weather events, including droughts, floods, and hurricanes, have significantly impacted crop yields. Climate change has introduced greater unpredictability in agricultural production, resulting in a lower supply and higher prices for consumers.

Current Status

Statista notes that “global food prices are calculated to have increased by 3.68 percent, due to changes in shipping costs and grain prices,” as a result of the ongoing conflict in Ukraine brought by the Russian invasion. In early 2024, food price inflation has continued to show signs of moderation but the lingering question of **global regulation** remains. The UK’s food and non-alcoholic beverage inflation rate decreased to 7% in January 2024, the lowest since April 2022 (Office of National Statistics), however the efforts to regulate food prices on a global stage are largely futile. The post-pandemic recession is only exacerbated by the presence of military conflict, as the Economic Observatory notes “Ukraine is now one of the most food-insecure countries in the world, despite being one of the world’s biggest exporters of crops, such as maize, barley and wheat, before the war,” (Kilfoyle).

Themes to Consider

Lower-income households are disproportionately affected by higher food prices due to their higher expenditure share on food and energy as a proportion of their income, making them more vulnerable to inflationary pressures. Additionally, the ongoing **adjustments** in global **supply chains and energy markets** will play a crucial role in shaping future food prices. Thus, the impetus on delegates is to regulate the inflationary pressures in tandem with finding alternative options of sustainable agriculture in order to systematically alter the current status of the ongoing crisis. The indirect impacts of **environmental** legislation in turn necessitate the lowering of consumer prices as supply increases in order to meet the needs of the consumers.

Discussion Questions

1. In what ways do geopolitical events, such as conflicts and trade restrictions, influence global food prices, and how can the international community address these disruptions?
2. What are the main environmental factors contributing to food price inflation, and how can countries adapt their agricultural practices to better withstand these challenges?
3. How do rising global food prices affect the socioeconomic stability of developing nations, and what strategies can be implemented to support vulnerable populations?

Resources

1. "Cost of Living Insights: Food" *Office for National Statistics*, 14 February 2024.
<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>.

(Highly Recommended) Description: Provides statistics regarding the rising cost of food for consumers.
2. "Food Price Outlook, 2024" *United States Department of Agriculture*, 1 April 2024.
<https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/>.

Description: Examines the impact of food pricing on the United States' economy.
3. "Food prices mirroring past peaks despite continuous drop." *World Bank Blogs*, 2023,
<https://blogs.worldbank.org/en/opendata/food-prices-mirroring-past-peaks-despite-continuous-drop#:~:text=Global%20median%20year%2Don%2Dyear.prices%20of%20many%20agricultural%20commodities.>

(Highly Recommended) Description: Discusses the trends in global food prices throughout 2023, highlighting the factors contributing to recent declines and the ongoing risks that could affect future prices.
4. Statista. "Monthly Food Price Index Worldwide from January 2020 to March 2024." *Statista*, 2024,
<https://www.statista.com/statistics/1111134/monthly-food-price-index-worldwide/>.

(Highly Recommended) Description: Highlights the monthly trends in food pricing globally.
5. Arndt, Channing et al. "Despite Improved Global Market Conditions, High Food Price Inflation Persists." *International Food Policy Research Institute*, 3 May 2023,
<https://www.ifpri.org/blog/despite-improved-global-market-conditions-high-food-price-inflation-persists>.

(Highly Recommended) Description: Examines the persistent high food price inflation, focusing on underlying causes and potential policy responses.
6. "Experts: What is causing food prices to spike around the world?" *Carbon Brief*, 19 June 2024,
<https://www.carbonbrief.org/experts-what-is-causing-food-prices-to-spike-around-the-world/>. Accessed 17 June 2024. **(Highly recommended)**.