ECOFIN

Economic and Financial

Rishab Jain

The Role of National Specialization in International Trade

Combatting International Tax Fraud and Evasion

Preventing Global Recession

Dearest delegates of the EcoFin variety,

Welcome! To the greatest weekend of your high school careers! As you can tell, I'm just a little bit excited about the weeks and months to come.

My name is Rishab Jain, and I am your Economic and Financial Affairs Committee Chair. I'm born and raised in the Bluff City (read: Memphis, Tennessee) and this is my third SHSMUN Conference, with two years in UNEP and one in chaotic GenCo. Not only am I fascinated by international relations, I'm also a standard science geek, complete with glasses and the IB course curriculum. I also check the boxes as an avid Taylor Swift and Bruno Mars fan, and an aficionado of Aaron Sorkin's *The West Wing*.

This year's topics are sure to engage the inner economist in each one of you, which is why I am so very excited to see your work. *I'll tell you one thing that I hope all delegates learn by the end of the conference: EcoFin isn't responsible for the budget of the United Nations, so kindly tell others that when the issue arises. :)* Each of these topics relates to both economic history and current events, which should make for riveting debate and country positions. That said, here are a few tips and tricks for making this weekend the best it can be:

Understand your country's position <u>completely</u>. As a delegate, you have to put yourself in the shoes of your country's citizens and government, and represent those positions in an international body where disagreement is common. That's tough. But it's made easier when you fully understand perspectives of your country's citizens and those around you. By taking the time to dig deeper into your stance, debate will be significantly easier to follow and participate in.

Respect your fellow delegates. Many people in your room have a similar debating mindset, but it's easy to get caught up in the heat of the moment. Take time to step back and approach committee with a cool head, and be sure to keep in touch with all of your new friends.

And lastly, have fun. I know it's easy to get worked up in the fast-paced life of Model UN, but look back and admire the work you did and the work you will do. Take time to wait excitedly for SHSMUN as it approaches, enjoy as it lasts, and look back longingly after it passes.

That being said, if you ever have any questions, feel free to email me at ecofin@shsmun.org and ask away about anything that you may be confused or concerned about.

See you this November!

Sincerely yours,

Rishab Jain

ECOFIN 2016

ecofin@shsmun.org

History of the Economic and Financial Committee

The Second Committee of the United Nations General Assembly was established in 1945, concerning itself with the economic issues of the global community, including, but not limited to, debt sustainability and international financial problems. Its solutions involve the propagation of international growth and continuing to regulate and expand the reaches of international trade and commerce. The Economic and Financial Affairs Committee also works in tandem with the Economic and Social Council of the United Nations to help finance the development of countries and their infrastructures, as well as coexisting with the International Monetary Fund and World Bank to aid certain member states.

While taking into account the recent financial situation of the global community, the Second Committee has prioritized the issues concerning Least Developed Countries (LDCs) and Landlocked Developing Countries (LLDCs) throughout their sessions. As of December 2015, the committee had approximately seventy draft resolutions to be debated, concerning issues from economic coercion to consumer protections to promoting commodity exchange, most of which relate to this year's ECOFIN topics.

With the recent expiration of the Millennium Development Goals, the Economic and Financial Committee has tasked itself with the newly designed Sustainable Development Goals, which include the end of poverty, promotion of economic growth, and ensuring sustainable production. The committee has also taken a priority in the economic sovereignty of member states, ensuring the freedom of trade and means of production within and among member states. With this, the Second Committee has strived to hear a variety of voices on economic issues, by introducing economic experts and world leaders for their perspectives. In doing this, the Second Committee aims to resolve the economic issues of the global economy by employing its power as a force of the United Nations and the impact of member states coming together.

Topic A: The Role of National Specialization in International Trade

"I have never known much good done by those who affected to trade for the public good."

- *Adam Smith*

Introduction

National specialization is commonly defined as "the investment of capital and labor towards the specific production of a particular good or service."[1] In a country's economy, decisions are made regarding which sectors to trade and where to manufacture various goods. To obtain goods requires the trade of relatively equal amounts or monetary payment. Over time, as countries begin to trade more and more, people begin to understand that their environment and available human capital are more accustomed to exporting one specific product as opposed to another.[2] By producing more of that commodity, national economies are able to gain more profit by compiling their efficiencies, allowing for purchase of other items to help sustain their infrastructure.

This, in essence, is the concept behind specialization: excelling at the production in one area or of one product to maximize efficiency and profit.[3] The idea of specialization is based in the economic theory of *comparative advantage*, where groups work to emphasize one aspect of production and lower others in favor of earning more money and using their environment and their capital effectively.[4] These entities trade to make up for their non-specialized industries and continue the cycle, with each group specializing in a different sector to even out the global commerce market.

Addressing national specialization takes into account a multitude of levels of economic infrastructure, communication, and cross-border trade relations. By considering the idea on an international level, the issue of specialization also highlights a host of concerns regarding United Nations involvement in national economies, control of a country's means of production, and how various countries in an economic union can change the trade balances with their neighbors and partners.

Background

National economies that specialize are often bound by the extent of their economic efficiency. The developed world often has the option to diversify their economic production, allowing them to specialize in multiple industries while also covering the basic necessities of their population. By having multiple branches of income, each sector works as a failsafe in the event of a market crash or drop in demand of another, while also allowing countries to export

[1] Bernard Wailes, *Craft Specialization and Social Evolution* (Philadelphia: The University Museum, University of Pennsylvania, 1996), 25, accessed February 28, 2016, https://books.google.com/books?id=vt4kXeD_u2cC&pg=PA25&lpg=PA25&dq=define+economic+specialization&source=bl&ots=M02W3EI8uP&sig=XnigAPAdSLl4OvEvks8vjQq2o6o&hl=en&sa=X&ved=0ahUKEwjI0Pz705vLAhXllIMKHRh2AiA4ChDoAQgvMAM#v=onepage&q=def

[2] Council for Economic Education, "Why Nations Trade," *EcEdWeb Economics Lesson - University of Nebraska at Omaha*, accessed February 28, 2016, http://ecedweb.unomaha.edu/lessons/FEOG1.htm

[3] "What is 'Specialization'?," *Investopedia, LLC*, 2016, accessed February 28, 2016, http://www.investopedia.com/terms/s/specialization.asp

[4] "What Is 'Comparative Advantage'?," *Investopedia, LLC*, 2016, accessed February 28, 2016, http://www.investopedia.com/ask/answers/09/law-comparative-advantage.asp

more commodities and import less. Such a system perpetuates the cycle of economic growth and allows for a more diversified workforce.[5]

However, the opposite is true for the developing world. By only trumpeting one key commodity, smaller economies take huge gambles by placing their assets in one economic sector, which could have the potential to fail at any given moment and send the state's economic standing tumbling. Such countries are also at risk of overspecialization on products, clearing the way for a drop in demand and revenue.[6] By allowing for only one specialized economic sector, such economies also require more imports, and considering population size and need, excessive specialization can inhibit economic growth and keep a country's workforce in a low-wage, low-skilled environment.

Throughout the history of international economic trade, various states have established themselves as specialized exporters of one important commodity or cash crop. For example, the Chinese economy has prospered since the 1970s due to their mining specialization in rare earth metals. By controlling nearly 97% of global trade of these valued commodities, China has the ability to enhance trade with its partners and keep prices under control, helping their economy flourish.[7] Similarly, economies in the Middle East have built an entire infrastructure based on earnings from oil. Various countries in Africa, South America, and Southeast Asia rely on coffee, soybeans, and cotton to stimulate, sustain, and increase their economic growth.[8] There, governments have centralized their resources and heavily invested their foreign investment capital and workforce into specific sectors of the economy. Specialized economies have benefitted from the high demand all around the world, allowing them to drive prices up and increase inflow of profit. Nevertheless, "one-crop economies" are often subject to fickle global demand, and when prices rise significantly, the burden falls on the dwindling supply of natural resources. As output increases drastically, resources often have the potential to be exhausted, resulting in a critical market failure for a specialized economy. This has been seen in Indonesia, where mono-cropping with indigenous tribes has led to massive deforestation, affecting many of the other specialized commodities that the country produces.[9]

Many states diversify their economies in similar sectors all over the world, making competition fierce for the selling of certain commodities and driving down prices, hurting countries who specialize in that specific commodity production. In the case of African economy growth, efforts at trade liberalization *(attempting to include more trade partners and industries*

---

[5] Florian Kaulich, "Diversification Vs. Specialization as Alternative Strategies for Economic Development: Can We Settle a Debate by Looking at the Empirical Evidence?," *United Nations Industrial Development Organization* (March 2012): 9, accessed February 28, 2016, http://www.unido.org//fileadmin/user_media/Publications/Research_and_statistics/Branch_publications/Research_and_Policy/Files/Working_Papers/2012/WP032012_Ebook.pdf

[6] "The Role of International Trade," *EconGuru Wikispaces*, accessed February 28, 2016, https://econguru.wikispaces.com/file/view/4.4+The+Role+of+International+Trade.pdf

[7] "2011 Spells Desperate Search for Rare Earth Minerals," *International Business Times*, January 8, 2011, accessed February 28, 2016, http://www.ibtimes.com/2011-spells-desperate-search-rare-earth-minerals-253177

[8] Samantha Grossman, "These Maps Show Every Country's Most Valuable Exports," *Time*, May 21, 2014, accessed February 28, 2016, http://time.com/106666/world-export-maps/

[9] Victoria Tauli-Corpuz, "Oil Palm and Other Commercial Tree Plantations, Monocropping" (presented at the Permanent Forum on Indigenous Issues, New York City, NY, May 14, 2007), www.un.org/esa/socdev/unpfii/documents/6session_crp6.doc

in the economic process) fail mostly due to the fact that "[it] could lead to dumping of cheap and substandard products from outside...amongst many others that flood markets in expanding economies. This undermines local industries that produce...the same products."[10] The same can be said for Brazil, which experienced extensive trade liberalization and overspecialization in mining, leading to a significant drop in demand and profit.[11] Though they have bounced back significantly, when considering the failed economic independence of some other countries as a result, the reality is quite the contrary.

Countries who economically diversify are often power players on the geopolitical stage, both in population *(significantly larger than other states)* and in economic capability *(much more diversified with higher GDPs)*, making their diversification a critical factor in diplomatic negotiation. By having the industry necessary to export and maintain their economic growth, diversified economies can undercut the pricing of certain commodities, using the upper hand in negotiations with lesser-specialized economies, who may lose out significantly if their economic specialties are not maintained. With their control, the diversified economy can coerce a lesser-specialized economy to agree to a set of political terms in exchange for freeing the hold on their specialized market economies. One key example of economic coercion was seen in the early part of the 2001, when a NATO coalition threatened to alter trade terms if Yugoslavia did not capture and prosecute Slobodan Milosevic.[12] This case produced the desired results; however, the same cannot be said for political coercion across the board. Overarching control of the world's developmental funds allows some prosperous economies to control the markets of specialized economies, pressuring them into making decisions against their will to benefit said economically prosperous country. One case of harmful coercion occurred in the early 1980s, when the United States withdrew trade support to Nicaragua during their political revolution. Doing so was considered a human rights violation by many members of the international community, as the United States was considered to be acting in self-interest.[13] The situation continued to fall into crisis, and the United States was eventually blamed because of their economic strong-arming tactics, as well as their worsening of the crisis and failure to act against violence in the volatile region.

Current Situation

With the presently volatile global economic scene, the issues surrounding national specialization demand regional and international action. The UN Industrial Development Organization (UNIDO) published a 2008 Working Paper entitled "Public Goods for Economic Development," analyzing the benefits and harms of trade liberalization on developing specialized

---

[10] Ibid.

[11] Gert Rosenthal, "CEPAL Review: The Ecopolitics of Development in Brazil" *United Nations Economic Commission for Latin America and the Caribbean*, August, 1989, accessed February 28, 2016, http://repositorio.cepal.org/bitstream/handle/11362/10284/38089103I.pdf?sequence=1

[12] Daniel Drezner, "The Hidden Hand of Economic Coercion," *European Consortium on Political Research's Group on International Relation*s, September, 2001, accessed February 28, 2016, http://web.stanford.edu/class/ips216/Readings/drezner_02%20(HiddenhandIO).doc.

[13] Sherrie Lipsky, "The Legitimacy of Economic Coercion: The Carter Foreign Policy and Nicaragua," *Loyola Marymount University*, January 1, 1982, accessed February 28, 2016, http://digitalcommons.lmu.edu/cgi/viewcontent.cgi?article=1048&context=ilr

economies and the policy decisions that may influence it.[14] Moreover, the World Economic Situation and Prospects Paper of 2012 also notes "the recovery of world trade was as vigorous in 2010 as had been its decline in 2009. It lost a great deal of momentum in 2011, however, with the growth of world trade volume slowing from 12.6 per cent in 2010 to 6.6 per cent."[15]

The United Nations has moved to act in certain cases, notably in Africa, where economic output is slowly but surely beginning to increase. Because of primary focus on development in poorer countries such as Ghana, Namibia, and Cote d'Ivoire, which rely on just one or very few means of production, the region has now become the second fastest growing in the world.[16] The UN Economic Commission for Africa (UNECA) recently considered a resolution regarding reform of regional commissions and the role of UN agencies in controlling the specialization of smaller economies.[17] Similar proposals, like report A/66/138 from the United Nations Secretary General, bring up the important question of the level of control each branch of United Nations, regional, and national economic infrastructure should have and to what extent they should be manipulated to increase growth.[18] However, the issue still remains of where control should go with continuing controversy as many economies continue to develop. With regards to regional diversification, the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) also published a 2014 report outlining the process to economic diversification in the region, helping to consider the environment, both political and natural, that could accompany or hinder expansion.[19] Both documents help to consider the present concerns with economic enhancement in each region, helping countries and industries in the area to better understand the risk-taking involved with diversifying their commodity-exporting economies.

Recently, commodity prices have tumbled for a variety of reasons; however, many of them can be backtracked to economic specialization and notable examples of political coercion through trade means. Take, for example, the recent drop in metal ore and oil prices. Many countries, like China, Russia, and India, have taken hard hits to their economies from this drop in demand for precious metals, and OPEC states are struggling to find another source of income, as their economies are almost entirely vested in the export and purchase of crude oil.[20] These drops

---

[14] "Public Goods for Economic Development," *United Nations Industrial Development Organization*, 2008, accessed February 28,2016, https://www.unido.org/fileadmin/user_media/Publications/documents/Public%20goods%20for%20economic%20development_sale.pdf

[15] "World Economic Situation and Prospects 2012," *World Economic Situation and Prospects*: 67-92, accessed February 28, 2016, http://www.un.org/en/development/desa/policy/wesp/wesp_archive/2012wesp.pdf

[16] "Diversification vs. Specialization as Alternative Strategies for Economic Development"

[17] "Regional Commissions Relationships between the Economic Commission for Africa, UN Agencies, Regional and Subregional Organizations in Africa," *United Nations Economic Commission for Africa*, accessed February 28, 2016, http://www.uneca.org/pages/830mfc1-reform-regional-commissions-relationships-between-economic-commission-africa-united

[18] "(A/66/138) Unilateral Economic Measures as a Means of Political and Economic Coercion Against Developing Countries," *United Nations*, July 14, 2011, accessed February 28, 2016, http://www.un.org/en/development/desa/policy/publications/general_assembly/a_66_138.pdf

[19] Shamshad Akhtar, "Economic Diversification in Asian Landlocked Developing Countries," *UN Economic and Social Commission for Asia and the Pacific*, 2014, accessed February 28, 2016, http://www.unescap.org/sites/default/files/Economic%20Diversification_low%20resolution.pdf

[20] Clifford Kraus, "Oil Prices: What's Behind the Drop? Simple Economics," *New York Times*, February 16, 2016, accessed February 28, 2016, http://www.nytimes.com/interactive/2016/business/energy-environment/oil-prices.html?_r=0

in prices have been attributed almost entirely to economic coercion by NATO members, who are especially concerned with the Russian situation in Ukraine and attempted to sanction Russia and ruin its specialized oil export. Though the move was praised by many for taking action against Russia, Russian officials see the restrictions as "further damaging [to] bilateral relations."[21]

This type of action, though useful in making swift and powerful political decisions, was specifically addressed in a 1991 UN Resolution (A/RES/46/210) regarding "Economic Measures as a Means of Political and Economic Coercion against Developing Countries," and a more recent July 2015 report of the same name.[22] Both documents "call upon the international community to adopt urgent...measures to eliminate the use...of unilateral economic coercive measures against developing countries with the purpose of exerting...coercion on the sovereign decisions of the countries."[23] Though harsh measures against economic sectors have been scaled back, many continue to practice economic coercion under the idea of trade embargos, as recently seen with countries like Iran and North Korea and their major political opposition to the rest of the world.[24] Economic coercion through specialization continues today, and as the matter stands, the economic security of a state could be compromised. However, the politics behind the situation often have significance over the economic priorities of a state, and significant international action is still essential in protecting the economic integrity of global commerce.

Committee Directive

The goal of the Second Committee of the United Nations General Assembly is to analyze the benefits and harms of national specialization as it related to the collective security of both regional economic unions and the international community. With this in mind, delegates must consider the obstacles that developing economies face in attempting to diversify their means of production and how to overcome them with international support, while also respecting the national decisions of a government in how their economic infrastructure should be upheld. Delegates should also consider furthering the methods of economic aid, as many countries continue to suffer from an influx of cheap commodities that they would otherwise be able to produce. Delegates should also be mindful of the economic coercion factor that developed countries often take advantage of when using the economic specialization of developing trade partners. Throughout debate, delegates must decide when it is useful to use economic trade as leverage against a government for their political actions and how punitive measures should be taken against member states who misuse this tactic. All in all, the members of the Economic and Financial Committee must be willing to solve the issues surrounding national specialization to help the countries of the world grow their economies and promote prosperity for every citizen of the globe.

---

[21] Doina Chiacu, "U.S. Adds Russian Oil Field to Sanctions List," *Reuters*, August 7, 2015, accessed February 28, 2016, http://www.reuters.com/article/us-usa-russia-sanctions-idUSKCN0QC1UJ20150807

[22] "(A/66/138) Unilateral Economic Measures as a Means of Political and Economic Coercion Against Developing Countries"

[23] "(A/RES/46/210) Economic Measures as a Means of Political and Economic Coercion Against Developing Countries," *United Nations General Assembly*, December 20, 1991, accessed February 28, 2016, http://www.un.org/documents/ga/res/46/a46r210.htm

[24] Javier Serrat, "The Evolution of Econonomic Coercion," *World Politics Review*, November 8, 2011, accessed February 28, 2016, http://www.worldpoliticsreview.com/articles/10579/the-evolution-of-economic-coercion-from-sanctions-to-targeted-financial-measures

Questions to Consider

1. Does your country diversify or specialize its economy? If so, in what industries or commodities? How has the supply and demand of such industries/commodities affected your country's economy?
2. How can effective assistance be given to countries aspiring to diversify their economies?
    a. Should aid to assist diversification be administered at the national, regional, or international level? How can full sovereign right over a state's economy be maintained?
3. Should economies that depend on the extraction of natural resources for their specialized commodity consider a more industrial approach in expanding their workforces?
4. What role should the regional/international community play in controlling the means of production of a sovereign state to keep specialization beneficial between trade partners and unions?
5. Should economic coercion be considered unlawful or should it be regulated on a case-by-case basis? How should misuse of economic coercion be punished?
    a. Has your country ever been a victim or perpetrator of economic coercion? If so, for what reasons?

Suggested Sources

1. Commerce Database | United Nations
   http://comtrade.un.org/

2. Conference on Trade and Development | United Nations
   http://unctad.org/en/PublicationsLibrary/tdstat40_en.pdf

3. Each Nation's Chief Exports | Time Magazine
   http://time.com/106666/world-export-maps/

4. Working Paper Regarding the Pros and Cons of Diversification/Specialization | UNIDO
   http://www.unido.org//fileadmin/user_media/Publications/Research_and_statistics/Branch_publications/Research_and_Policy/Files/Working_Papers/2012/WP032012_Ebook.pdf

Topic B: Combatting International Tax Fraud and Evasion

"All sensible politicians favor growth, just as we all favor sound public finances. Both can be achieved if we rationalize spending, invest available resources wisely, and clamp down on tax evasion."

- *Victor Ponta*

Introduction

Tax evasion is defined by the United Nations and its affiliates as "the deliberate concealment of income or the deliberate misreporting of income...regarded as a form of fraud."[25] Though examined under many different lenses and many different terms, evasion most often occurs when individuals or corporations intentionally shuffle assets between various international holdings, allowing for lower tax rates and more flexibility in their spending. However, such practices violate a variety of national, regional, and international laws requiring certain assets to be taxed in their country of origin. Evasion also has the more pressing consequence of harming many countries with developing economies. As investments flow into growing economies, many entrepreneurs and business owners move their wealth into so-called *tax havens*: places where rates are significantly lower and allow for much more leniency.[26] According to the UN Conference on Trade and Development, developing countries have lost over "$100 billion per year in revenues due to evasion by multinational enterprises (MNEs), and as much as $300 billion in total lost development finance," making the issue of tax fraud and tax evasion increasingly important on a global scale.[27]

While much of the issues stem from the lack of significant regulation and infrastructure to stop tax evasion, the absence of communication within the international community to address and actively enforce protocol has also allowed many criminals to continue their practices. However, to encourage an international solution is also to restrict the control of a sovereign state to its own tax code. Such debate guides the solutions behind tax evasion and the many points of conflict it may entail.

Background

The harmful effects of tax evasion were first outlined in *Crime and Punishment: An Economic Approach*, by Nobel laureate economist Gary Becker. Not only did the work first claim evasion to be a white-collar crime, but it also established the difference between *tax avoidance* and *tax evasion*.[28] The former is considered to be a legal process where consumers emigrate to different states or provinces or take advantage of legal tax breaks to reduce their overall payments. However, the latter is widely considered to be illegal, where businesses or individuals take significant strides to completely or partially refuse paying taxes, violating many

---

[25] Phillip Baker, "Improper Use of Tax Treaties, Tax Avoidance and Tax Evasion," *Papers on Selected Topics in Administration of Tax Treaties for Developing Countries* (May 2013): under "9-A," accessed March 20, 2016, http://www.un.org/esa/ffd/tax/2013TMTTAN/Paper9A_Baker.pdf

[26] Jeffrey Owens, "Countering Offshore Tax Evasion," *Organization for Economic Co-operation and Development*, September 28, 2009, accessed May 1, 2016, https://www.oecd.org/ctp/harmful/42469606.pdf

[27] "UNCTAD: Multinational Tax Avoidance Costs Developing Countries $100 Billion," *Tax Justice Network*, March 26, 2015, accessed May 1, 2016, http://www.taxjustice.net/2015/03/26/unctad-multinational-tax-avoidance-costs-developing-countries-100-billion/

[28] Gary Becker, "*Essays in the Economics of Crime and Punishment*," University of Chicago and National Bureau of Economic Research accessed March 20, 2016, http://www.nber.org/chapters/c3625.pdf

laws on multiple governmental levels. This specific terminology was also delineated in Phillip Baker´s “Improper Use of Tax Treaties...Avoidance and...Evasion” making accurate term usage important throughout discussion of this issue.[29]

One prime area affected by tax evasion is the *Value Added Tax*, or VAT, that many countries adopt as an alternative to a traditional sales tax. Popular in Europe, South Asia, and South America, the VAT allows for producers, wholesalers, and retailers to contribute to the collective tax on an item. Take, for example, a ten cent item with a 10% VAT. When a wholesaler buys from the producer, they pay eleven cents, with the one cent going to the government as VAT. When the wholesaler marks up the price to thirty cents and sells to a retailer, the retailer pays thirty-three cents. Of the three cents of VAT, one cent goes to the wholesaler as a credit for the VAT paid to the producer, with the remaining two cents going to the government. When the retailer sells at sixty cents, the consumer pays sixty-six cents, and three of six cents are refunded to the retailer for the VAT paid to the wholesaler. This leads to a total of 10% of the final price going to the government, while allowing each entity on the consumption line to pay their equal share.[30]

Nevertheless, the VAT system is often subject to a type of fraud known as *carousel fraud*. Since the VAT on many international transactions is 0%, some entities take advantage of this benefit by failing to report their imports, but allowing their consumers to receive credits from the VAT system.[31] This fraud has hit many European nations especially hard, with Great Britain losing nearly 8.4 billion pounds from June 2005-06 in various fraud schemes with connections in Dubai.[32] Due to these losses, as well as the general lack of support for high consumer taxes (VAT rates can reach upwards of 20-30%), the VAT system has been subject to serious criticism and many have called for its repeal all over the world.[33]

One of the most prevalent routes of tax evasion is the income tax fraud. Through corporations and individuals, evasion of government income taxes has hit hard, especially on developing economies, where much of government revenue comes from taxing capital and personal income. Because income tax fraud applies to both the rich and poor, it is becoming increasingly more urgent to properly address. For example, in Ecuador, where the VAT evasion rate hovers around 21.2%, the income tax evasion rate for corporation and individuals sits at 65.3

[29] Baker, “Improper Use of Tax Treaties, Tax Avoidance and Tax Evasion”
[30] Derek Thompson, “How Does a 'Value Added Tax' Work, Anyway?,” *The Atlantic*, March 1, 2010, accessed March 20, 2016, http://www.theatlantic.com/business/archive/2010/03/how-does-a-value-added-tax-work-anyway/36834/
[31] Michèle Coninsx, “Missing Trader Intra-Community Fraud,” *EuroJust News*, March 2014, accessed March 20, 2016, http://www.eurojust.europa.eu/doclibrary/corporate/newsletter/eurojust%20news%20issue%2011%20%28march%202014%29%20on%20mtic%20fraud/eurojustnews_issue11_2014-03-en.pdf
[32] James Oliver, “VAT Scams hit UK Taxpayers Hard,” *BBC News*, September 22, 2006, accessed March 20, 2016, http://news.bbc.co.uk/2/hi/business/5369776.stm
[33] “'Day Without Music': Spain Silenced as Top Pop Acts Protest Over VAT Rise,” *ThinkSPAIN*, May 21, 2015, accessed March 20, 2016, http://www.thinkspain.com/news-spain/25923/day-without-music-spain-silenced-as-top-pop-acts-protest-over-vat-rise

and 58.1%, respectively.[34] In this case, the poor are forced to take more practical approaches—like underreporting income or refraining from using banks—while the rich place their money in tax havens all over the world. By doing so, citizens hinder development in their own countries, and when tax shortfall outweighs foreign investment, the resulting deficit can reverse economic growth in developing nations.

Fraud and evasion, as a whole, have considerably impeded growth and development in a host of developing economies by denying them available income from citizens. It has similarly hurt producers and consumers all over the world by undercutting the VAT schemes set up and again leading to overall losses by governments. These scams also lead to higher tax rates for law-abiding citizens: as economies struggle to cover loopholes in their laws, many turn to ordinary taxpayers in an effort to extract more money from the public.

Current Situation

To date, approximately $100-240 billion has been lost each year through evasion of corporate income taxes, amounting to 4-10% of the global tax revenue, as cited by the OECD and Economic and Social Council President, Oh Joon.[35] In a November 2015 committee session regarding Domestic Resource Mobilization, Joon and Second Committee Chair, Andrej Logar, moderated for a variety of international viewpoints regarding the present state of global tax codes.[36] Delegates from a group of seventy-seven developing countries, led by South Africa, introduced the idea that "illicit financial flows had an adverse impact on domestic resource mobilization and the sustainability of public finances, particularly for African economies. Emerging economies lost $6.6 trillion in illicit financial flows between 2003 and 2012," whereas the delegate from the United Kingdom pointed out that "multinational companies should pay taxes where they generated their profit and revenue …. [involving] national control of economic policy."[37]

The meeting came not long after the drafting of the *Addis Ababa Action Agenda on Developmental Finance* (AAAA) in July of the same year, which encompasses a variety of declarations on the economies of developed and developing countries alike. One of these many points was "enhancing revenue administration through modernized, progressive tax systems, improved tax policy and…to improve the fairness, transparency, efficiency and effectiveness of ...tax systems...by broadening the tax base and…[integrating] the informal sector into the formal economy."[38] While it appears promising, the AAAA has not held countries accountable to their

[34] Juan Pablo Jiménez, "Tax Structure and Tax Evasion in Latin America" (presented to the Economic Development Division, Santiago, Chile, February 2012), accessed March 20, 2016, http://repositorio.cepal.org/bitstream/handle/11362/5350/S1200023_en.pdf?sequence=1

[35] "Economic and Social Council President Urges Stronger Cooperation to Thwart Tax Evasion and Avoidance," *UN News Centre*, November 11, 2015, accessed March 20, 2016, http://www.un.org/apps/news/story.asp?NewsID=52530#.Vu2g-XqwLZG

[36] General Assembly Meetings Coverage, "Combating Tax Evasion Especially Critical for Developing States, Second Committee, Economic and Social Council Hear at Meeting On Domestic Resource Mobilization," *UN Meetings Coverage and Press Releases*, November 11, 2015, accessed March 20, 2016, http://www.un.org/press/en/2015/gaef3438.doc.htm

[37] Ibid.

[38] United Nations, "Addis Ababa Action" (presented at the Third International Financing for Development Conference, Addis Ababa, Ethiopia, July 13-16, 2015), accessed March 20, 2016, http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

claims, and a follow-up conference schedule for 2019 has yet to be debated. Almost immediately after the end of the conference, many international groups, like the Women's Working Group for Development, "expressed their strong disappointment" with the fact that the agreement "lacks the teeth needed to scale up existing resources."[39,40] Along with this, many countries with prosperous economies formed blocs and opposed many major resolutions regarding tax evasion at the AAAA conferences, with the US, Japan, and European Union members rejecting the idea of an intergovernmental tax body in favor of their own national and regional taxes.[41] Such inaction was denounced by Ethiopia, who loses nearly 11% of its annual production to fraud, and India, whose finance minister calls the move "a historically missed opportunity."[42]

Recent UN action has been plentiful regarding the issue at hand; however, member states have been less willing to target their own tax codes for loopholes and losses. After resolutions from 2004, 2012, and 2013, an expert committee on International Cooperation in Tax Matters convened with intent to analyze the effects of income tax evasion and the problems associated with the VAT.[43] However, many of the suggestions of the committee have fallen on deaf ears, prompting a recent report from the Secretary-General to delve deeper into the issue. The May 2013 report "reviews current developments and prospects regarding the deficiencies and gaps in international tax cooperation."[44] While highlighting its contributions to the economies and policies of developing countries, the report also noted the gaps that remain in international tax relations and possible remedies. Though relations and policies have improved since the publishing of the report, tax evasion remains a rampant problem in countries all over the world and requires a significant international solution.

Nevertheless, the main perpetrators of tax evasion still operate due to the prevalence of global tax havens. A recent report by the Tax Justice network, called the Financial Secrecy Index, ranked the top tax havens in the world with profiles detailing operations in each state. Those that top the list include smaller neutral countries (Switzerland, Luxembourg, Bahrain, UAE, and Panama) while the other include offshore island territories or nations (Macao, Cayman Islands, Marshall Islands, Jersey, and Guernsey).[45] The wide array of havens, combined with the connections that many of the wealthy have to move their assets, lead to a whole market of transferred money with almost no reports to show for it. However, after the 2009 G20 Summit,

[39] Eurodad, ActionAID, et al., "Reactions to the Addis Ababa Outcome Document," *Global Policy Forum*, July 16, 2015, accessed May 1, 2016, https://www.globalpolicy.org/component/content/article/271-general/52795-reactions-to-the-addis-ababa-outcome-document.html
[40] Liana Barcia, "Addis Ababa: Financing the Future or Financing Failure?," *Devex*, July 20, 2015, accessed May 1, 2016, https://www.devex.com/news/addis-ababa-financing-the-future-or-financing-failure-86561
[41] Tim Fernholz, "Rich Countries Rejected an International Plan to Let the Un Help Fight Tax Evasion," *Quartz*, July 15, 2015, accessed March 20, 2016, http://qz.com/455059/rich-countries-rejected-an-international-plan-to-let-the-un-help-fight-tax-evasion/
[42] Ibid.
[43] UN Economic/Social Council, "Committee of Experts On International Cooperation in Tax Matters" (E/RES/2012/33, New York, NY, September 18, 2012), accessed March 20, 2016, http://www.un.org/ga/search/view_doc.asp?symbol=E/RES/2012/33
[44] Report of the Secretary-General, "Further Progress in Strengthening the Work of the Committee of Experts On International Cooperation in Tax Matters" (substantive session of 2013, Geneva, Switzerland, May 9, 2013), accessed March 20, 2016, http://www.un.org/ga/search/view_doc.asp?symbol=E/2013/67&Lang=E
[45] "Financial Secrecy Index - 2015 Results," *Tax Justice Network FSI*, 2015, accessed March 20, 2016, http://www.financialsecrecyindex.com/introduction/fsi-2015-results

much more progress has been made on the issue, specifically with regard to broadening the tax base of developing countries.[46] However, the issue remains to further define the broad terms of "tax evasion" worldwide, as well as to fully establish a global tax agency to administer and control cross-border asset transfers.

One of the most recent breaks in the field of tax evasion were the so-called *Panama Papers*, leaked on April 3rd, 2016, by the International Consortium of Investigative Journalists. The papers include nearly 2.6 terabytes of data from the Panamanian law firm *Mossack Fonseca*, who has allegedly assisted nearly 140 politicians in keeping their money offshores with little to no taxes paid.[47] The high profile nature of this case has led many of the accused, include the father of UK Prime Minister David Cameron, to take a stand against Panama for failing to act on its promises to curb tax evasion within its borders.[48] However, the leak also led to the resignation of Iceland Prime Minister Sigmundur Gunnlaugsson, after he and his wife were discovered to have kept millions out of taxable income.[49] The papers also accuse Pakistani Prime Minister Nawaz Sharif, Saudi Arabian King Salman, and Ukrainian President Petro Poroshenko of illegal tax evasion on an international scale, while also bringing in others such as soccer star Lionel Messi and FIFA President Gianni Infantino on similar charges.[50] As many more leaders come into the limelight as a result of the papers, the ICIJ and other international organizations have called for swift international action to keep leaders who promise tax reform to keep to their promises personally as well.

Committee Directive

The Economic and Financial Affairs Committee will convene to consider the implications of and evaluate solutions to the widespread tax fraud and evasion cases around the globe. In considering this, delegates must realize the control that the United Nations has on a sovereign state's tax policy, and the responses that extensive measures may elicit. Nevertheless, debate should focus on primarily analyzing the evasion seen through the VAT and income taxes for both corporations and individuals. Delegates must also take into account the effect that evasion has on developing economies, where lack of government revenue significantly slows economic growth, while also committing their own actions and the actions of their respective countries to the fight against global tax evasion.

Throughout debate, delegates must also be mindful of the numerous tax havens that remain around the world and their intent with regards to the global economy, both considering the benefits they provide for their own economies while also harming development as a whole around the world. This translates to considering action against certain havens, and whether or not

[46] José Luis Escario Díaz-Berrio, "The Fight Against Tax Havens and Tax Evasion: Progress Since the London G20 Summit and the Challenges Ahead," *Fundación Alternativas* no. 59 (2011): accessed March 20, 2016, http://www.fundacionalternativas.org/public/storage/opex_documentos_archivos/e6bf4cecc9006abb8c528869ce93e9e2.pdf
[47] "Key Findings: The Panama Papers by the Numbers," *ICIJ: The Panama Papers*, April 3, 2016, accessed April 6, 2016, https://panamapapers.icij.org/blog/20160403-key-findings.html
[48] Luke Harding, "What Are the Panama Papers? A Guide to History's Biggest Data Leak," *Guardian*, April 5, 2016, accessed April 6, 2016, http://www.theguardian.com/news/2016/apr/03/what-you-need-to-know-about-the-panama-papers
[49] "Panama Papers: Iceland PM Sigmundur Gunnlaugsson Steps Down," *BBC News*, April 6, 2016, accessed April 6, 2016, http://www.bbc.com/news/world-europe-35966412
[50] Liam Stack, "The Panama Papers: Here's What We Know," *The New York Times*, April 4, 2016, accessed April 6, 2016, http://www.nytimes.com/2016/04/05/world/panama-papers-explainer.html?_r=0

it is justified to do so. However, the committee must also take complete definitive action, fully defining a plan as to combat evasion rather than delegating the task to another committee (as has been done in the past). All in all, the issue hangs in the balance of the decision of the Second Committee to combat tax evasion, one of the most glaring issues facing the changing global economy today.

Questions to Consider

1. To what extent does tax fraud and/or evasion occur in your country? Does your country have a VAT?
2. Is your country considered a major tax haven? What legislation has been passed in your country that affected/affects this status?
3. How can member states keep adequate control of their tax codes while allowing for international regulation to come into effect?
4. At what level of government would justice for tax violation be administered?

Suggested Sources

1. Top Global Tax Havens | Financial Secrecy Index
   http://www.financialsecrecyindex.com/introduction/fsi-2015-results
2. Collection of UN ECOSOC and ECOFIN Resolutions on Tax Issues
   http://www.un.org/esa/ffd/tax/documents/years.htm
3. Handbook on Protecting the Tax Bases of Developing Nations | United Nations
   http://www.un.org/esa/ffd/wp-content/uploads/2015/07/handbook-tb.pdf
4. 2015 UNCTAD World Investments Report, Chapter V pg. 184-214 on Tax Fraud
   http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf

Topic C: Preventing Global Recession

"You cannot spend your way out of recession or borrow your way out of debt."

- *Daniel Hannan*

Introduction

Widely defined as "a significant slowdown or contraction in economic activities," economic recessions have the immense capability of single-handedly disrupting the entire world's market capacities while also causing high unemployment, national debt, and decreased international trade.[51] However, the causes of mass recessions can often be boiled down to just a few important issues, including harsh austerity measures, overspeculation in certain market economies, and high trade protectionism. These three main causes lead already-struggling countries down a slippery slope that almost always leads to significant downturn and recession. After the so-called "Great Recession" of 2008-2009, caused by the overspeculation of the housing market in the United States and subsequent failure of other world economies, the United Nations has seen the imminent threat of recession and has looked for more solutions with many member states on the brink of a double-dip recession, or a subsequent economic failure exacerbating the first.

The expanded globalization of the world economy has also put the collective economic market in danger of recession as well. With the presence of tightly bound economic unions and trade agreements, one move in the wrong direction could lead to another mass global economic bust, making economic stability of utmost importance on both a national, regional, and international scale. However, the prevention of global recession requires a truly international solution, making it a key in every member state's economic fate.

Background

The origins of harsh economic downturns can be seen in what was arguably the worst economic crisis in modern history: *the Great Depression*. Caused by textbook overspeculation in the stock market - more people buying as share prices increased, and selling quickly as they began to fall - and bank failures, the Depression caused a worldwide economic shock and its recovery took nearly ten years. Nevertheless, similar patterns can be observed in the 2008 financial crisis as the world's economy fell by the largest amount in recent years. After overspeculation in the housing market, and other subsequent failures, there was "an unprecedented global increase in the number of jobless persons to 205 million by the end of 2009, 27 million more than in 2007," showing the large scale magnitude of the recession.[52] After many saw promise in the housing market in the mid-2000s, prices rose significantly, and after crashing, many saw their large investments disappear. The same can be seen in the "dot-com bubble," where stocks of technology companies rose as much as 600% over six years before sharply falling.[53] This boom-bust cycle allows for mass growth while also creating imminent

[51] The Economic Times, "Definition of 'Recession,'" *The Times of India*, 2016, accessed April 25, 2016, http://economictimes.indiatimes.com/definition/recession
[52] Sebastian Dullien, "The Financial and Economic Crisis of 2008-2009 and Developing Countries," *UNCTAD*, accessed April 25, 2016, http://unctad.org/en/Docs/gdsmdp20101_en.pdf
[53] James Galbraith, "Income Distribution and the Information Technology Bubble," *University of Texas Inequality Project*, accessed April 25, 2016, http://utip.lbj.utexas.edu/papers/utip_27.pdf

economic crisis, making it risky for developing countries, many of whom have fragile economies that fail to account for the specific elements of their economy.[54]

However, one of the more pressing issues for economies before and after recession is austerity. As governments lose revenue from their failing industries and lower GDP, many decide to drastically lower spending and increase taxes as a desperate attempt to recover. Take, for example, the Greek economy, where between 2009 and 2013, "spending has decreased from €128 billion to €108 billion. The budget for unemployment relief went down by 30% while unemployment tripled, public health spending was reduced by 42% and spending to fight social exclusion lost a full 81%."[55] These cuts were in response to a European Union plan to help Greece with its crippling post-recession debt, however, the fate of Greece rested - and continues to rest - on a balance between saving an economic union and preserving the rights of Greek citizens.

Austerity also has the ability to lead states into another recession as a result of their stringent economic policies. Experts agree that "fiscal austerity measures taken in response [to economic failure] are further weakening growth and employment prospects, making fiscal adjustment and the repair of financial sector balance sheets all the more challenging."[56] By restricting the growth of industries and venture capital in their own countries, many sovereign federal banks bring recession upon themselves in an effort to receive loans from economic union members or significant trading partners. These measure have also led to a significant increase in child poverty, as less employment opportunities have opened up and many have been laid off in cost-cutting measures. Nearly "2.6 million children have sunk below the poverty line in the world's most affluent countries since 2008," showing that the effects of austerity and double-dip recessions extend into generational issues as well as economic ones.[57]

One of the major issues that has the potential to stall global commerce during and after economic crises is *trade protectionism*. As countries try to encourage domestic commerce, many place high tariffs or fees on imported products to encourage the growth of their own, cheaper, market economies as opposed to suffering significant trade deficits. Protectionism, when used as intended, has the ability to combat dumping, or the mass inflow of cheap product for other countries, but in recession, protectionism can end up harming a state's own economy as well.[58] However, by cutting off the international commerce exchange, these countries also run the risk of sliding into recession without any assistance from others or having their own products tariffed

[54] Sebastian Dullien, "The Financial and Economic Crisis of 2008-2009 and Developing Countries," accessed April 25, 2016, http://unctad.org/en/Docs/gdsmdp20101_en.pdf
[55] Eric Toussaint, "Excessive Austerity in the Public Health Care Sector," *Committee for the Abolition of Third World Debt*, March 16, 2016, accessed April 25, 2016, http://cadtm.org/UN-expert-on-Greece-The-excessive
[56] UN General Assembly, "World Economic Situation and Prospects 2012," *United Nations*, December, 2011, accessed April 25, 2016, http://www.un.org/en/development/desa/policy/wesp/wesp_current/2012wesp_prerel.pdf
[57] UN News Service, "Recession-Hit Rich Countries Suffer 'Great Leap Backwards' in Child Poverty," *UN News Centre*, October 28, 2014, accessed April 25, 2016, http://www.un.org/apps/news/story.asp?NewsID=49182#.Vx5kxnrz4dm
[58] Economics Online, "Trade Protectionism," *Economics Online: News Analysis Theory Comment*, 2016, accessed April 25, 2016, http://www.economicsonline.co.uk/Global_economics/Trade_protectionism.html

in a similar manner.[59] The major offenders behind these extensive post-recession tariffs are members of the G20, who have dedicated themselves to keeping their protectionism out of trade, but have still managed to keep a variety of barriers in place to hinder the flow of free trade across their borders. These barriers can be critical in causing recession and their removal can be one of the many solutions to economic growth, making them a high priority for many member states in the past, present, and near future with regards of significant economic downturn.

Current Situation

While many states have managed to move back into stable economic growth, global growth rates are still significantly lower than they were before the 2008-09 financial crisis. Recently, "UN economists downgraded their final estimate for global growth in 2015 from 2.8% to just 2.4% – [with] the average prior to the Great Recession for global growth [around] 4-5% a year."[60] This lackluster global growth estimate, combined with general fear of an oncoming recession - the International Monetary Fund cut projected European Union growth rates to 0.8% and 1.3% for 2014 and 2015, respectively - has kept the economy from growing to its fullest, especially in developing countries.[61] In Indonesia, for example, many talks of free trade were stalled after the passing of a variety of laws requiring permits and quotas for raw mined materials, demonstrating extreme levels of economic protectionism across the board.[62] A variety of other trade wars, including commodities such as bananas, cars, and dairy, have held up growth in Latin America, China, and other trade partners to the United States and European Union.[63] These impacts, especially those upon developing countries, were noted in the "Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary And Financial System," published not long after the beginning of the recession. Known as the Stiglitz Commission for its chief, Nobel laureate Joseph Stiglitz, the group found that "developing countries, and especially the poor in these countries, are among the hardest hit victims of a crisis they had no role in making."[64] However, many of these states are still stuck in the vicious cycle of recession because of their weak economies and strong protectionism, making the issues of financial solvency one of utmost importance.

The harsh austerity measures still in place on some economies continue to lead to the propagation of recession across the world. Again, in Greece, nearly 10% of the population lives

[59] Jagdish Bhagwati. "Protectionism." *The Concise Encyclopedia of Economics.* David R. Henderson, ed. Liberty Fund, Inc. 2008. Library of Economics and Liberty [Online]; accessed 25 April 2016; http://www.econlib.org/library/Enc/Protectionism.html

[60] Micheal Roberts, "Can We Avoid the Oncoming World Recession?," *Micheal Roberts Blog*, February 9, 2016, accessed April 25, 2016, https://thenextrecession.wordpress.com/2016/02/09/can-we-avoid-the-oncoming-world-recession/

[61] MMM Global, "IMF: The Eurozone Will Slide Back Into Recession 'If Nothing Is Done'," *MMM Global Social Financial Network*, October 14, 2014, accessed April 25, 2016, http://mmmglobal.org/news/imf_the_eurozone_will_slide_back_into_recession_if_nothing_is_done-2446.html

[62] Arianto Patunru, "Trade Protectionism in Indonesia: Bad Times and Bad Policy," *Lowy Institute for International Policy*, July 30, 2015, accessed April 25, 2016, http://www.lowyinstitute.org/publications/trade-protectionism-indonesia-bad-times-and-bad-policy

[63] Tejvan Pettinger, "Examples and Types of Protectionism," *Economics Help*, February 22, 2013, accessed April 25, 2016, http://www.economicshelp.org/blog/6911/alevel/examples-of-protectionism/

[64] Joseph Stiglitz, "Report of the Commission of Experts of the President of the United Nations General Assembly On Reforms of the International Monetary and Financial System," September 21, 2009, accessed April 25, 2016, http://www.un.org/ga/econcrisissummit/docs/FinalReport_CoE.pdf

in poverty with over 60% of youth unemployed.[65] Rather than enticing investment and assets into the country, the Greek government is solely focused on repaying foreign debts and credits, making it difficult to jumpstart growth. Similarly, Venezuela's economy is slipping further into recession, as growth was projected to be less than 2% in 2016 as government infrastructure continues to fail.[66] With significant spending cuts, the dire straits seem to only be getting worse for the Venezuelan people and their government, both of which are in need to help which they cannot easily obtain. As debts pile on both of these countries, and others in similar situations, like Japan and Italy, are struggling to find help from other trading partners and economic unions, forcing them to turn to the United Nations for assistance.[67]

After a meeting of the Second Committee in 2013, many member states have emphasized the importance of freer trade and removal of protectionism; however, the words have not directly translated into actions.[68] While the Canadian and Chinese delegates took charge of the debate, both countries have had histories of restrictive protectionism on their main commodities, violating the very agreements they bind themselves to.[69] Nonetheless, the whole of the international community must task themselves with combatting crippling austerity and protectionism to help fellow member states, specifically emerging economies, as both are key in the fight against further global recession for future generations.

Committee Directive

The main goal of the Second Committee is to find adequate yet broadly spanning solutions that prevent a complete failure of the global economy in a major recession. However, the proposed resolutions must take into account the presence of austerity measures in sovereign states around the globe already struggling economically, and how to better aid them without allowing further development and investment to grind to a halt. Along with this, delegates must take into account the trade barriers, including tariffs and embargoes that various countries have in place, specifically those in developing countries, where trade is often the sole factor in determining economic output during recession. In helping to propagate the free flow of goods and services across borders, member states can help to ease the economic stresses placed on other governments and businesses and help to hold off or reverse economic downturn. In short, the Second Committee should plan to combat the further advent of economic recession, thereby helping to expand the reaches of economic growth and development to every corner of the globe.

---

[65] UN News Service, "Austerity Measures in Greece Undermining Human Rights, says UN Independent Expert," *UN News Centre*, May 1, 2013, accessed April 25, 2016, http://www.un.org/apps/news/story.asp?NewsID=44802#.Vx5s0nrz4dm

[66] "United Nations: 'Venezuela is falling into a deeper recession'," *El Universal*, May 20, 2015, accessed April 25, 2016, http://www.eluniversal.com/economia/150520/united-nations-venezuela-is-falling-into-a-deeper-recession

[67] Sean Ross, "4 Countries in Recession and Crisis Since 2008," *Investopedia*, 2016, accessed April 25, 2016, http://www.investopedia.com/articles/investing/111615/4-countries-recession-and-crisis-2008.asp

[68] "Trade Reform, Removal of Protectionist Measures Vital to Economic Growth, Second Committee Hears in Debate On Macroeconomic Policy Questions," *United Nations Meetings Coverage and Press Releases*, October 24, 2013, accessed April 25, 2016, http://www.un.org/press/en/2013/gaef3376.doc.htm

[69] Barbara Barone, "Protectionism in the G20" (published from the Policy Department of the Directorate-General for External Policies, Brussels, Belgium, September 3, 2013), accessed April 25, 2016, http://www.europarl.europa.eu/RegData/etudes/STUD/2015/549028/EXPO_STU%282015%29549028_EN.pdf

Questions to Consider

1. How was your country's economy affected by the global financial crisis of 2008? Has its economy slipped into recession since?
2. To what extent does your country exercise austerity or trade protectionism? How has this helped or harmed your country and the economies of its trading partners?
   a. Should these practices be outlawed for countries with no economic security? Why or why not?
   b. How can economic unions better cooperate when one of their members is on the verge of recession? How can one-sided trade deals be avoided?
3. What role can developing countries play in helping stabilize the global economy? Developed countries? How can each contribute in their own regard to mitigating the effects of the "boom-bust" cycle around the world?
4. How can mass poverty be avoided post-recession? What pre-emptive measures can be taken against this?

Suggested Sources

1. Stiglitz Commission Report | United Nations
   http://www.un.org/ga/econcrisissummit/docs/FinalReport_CoE.pdf
2. Working Paper on the Effect of the Financial Crisis on Developing Nations | UNCTAD
   http://unctad.org/en/Docs/gdsmdp20101_en.pdf
3. 2016 World Economic Situation and Prospects | United Nations
   http://www.un.org/en/development/desa/policy/wesp/wesp_current/2016wesp_full_en.pdf
4. Trade and Development Report of 2009 | UNCTAD
   https://www.globalpolicy.org/images/pdfs/SocEcon/2009/unctad_report_overview.pdf