

McKennaMUN VIII Background Guide



Economic and Financial Committee (ECOFIN)

**April 4-5 2020
Claremont McKenna
College**



DIRECTOR'S LETTER

Hello delegates,

My name is Aryam Mohan, and I am your director for the Economic and Financial Affairs Committee at McKennaMUN! I am a junior at Claremont McKenna College with a dual major in Economics and Philosophy and a sequence in Financial Economics. This is my second year on CMC's Model United Nations team and with each conference my fondness of this team and activity have grown immensely!

The topics for this committee are threaded by themes of sustainability and climate-change. With the Venezuelan crisis, we see the sort of perils which can arise should a nation place an inordinate focus on a single volatile commodity such as oil. On the other hand, discussing sustainable economic development offers delegates the opportunity to levy a broader approach towards the issue via the various different angles that they may see fit. While both topics delve with similar themes, their difference in focus serves to give delegates an opportunity to choose the sort of weekend they want to have, i.e. one that is more case-based or one that is more abstract.

If you have any questions, feel free to reach out to me at amohan21@cmc.edu. I am very keen on meeting all of you and hearing all of your ideas and look forward to a fun weekend!

Regards,

Aryam

HISTORY OF THE COMMITTEE

The United Nations General Assembly Second Committee, or the Economic and Financial Committee, is the committee of the UN which is responsible for addressing issues pertaining to economic growth, development, financing, the eradication of poverty, and the establishment of global trade, amongst other things.

The EcoFin committee was created following the Second World War, in order to assuage economic concerns and help promote economic stability globally. To this end, while the EcoFin does not have the power to *enforce* its policy proposals, the EcoFin's recommendations are indeed taken very seriously and have served as the template for action in numerous instances.² Through the aid of the EcoFin committee, crises have been averted and initiatives towards sustainability have been ensured.

Suffice it to say, as financial instruments and concerns have evolved, so have the nature of EcoFin discussions. The topics chosen are intended to emulate this evolution, whilst simultaneously remaining aligned with the core mission of the EcoFin committee.

TOPIC A: VENEZUELAN SOCIOECONOMIC CRISIS

INTRODUCTION

While Venezuela is home to the largest known supply of crude oil in the world and used to be one of the wealthiest countries by GDP per capita levels, Venezuela now faces levels of hyper-inflation and widespread humanitarian crises. Much of the crisis can be attributed to the decline in oil prices which served to break the nation's economic base. Exploring the Venezuelan crisis serves as a case-study not only into the perils associated with being a petro-state but also of those which emerge from being a commodity-focussed economy in general.

TOPIC HISTORY

Chavez (1999-2013)

The current economic crisis can be traced to Venezuela's former president, Hugo Chavez. Chavez, previously a Lieutenant Colonel in the National Army of Venezuela, was democratically elected as president in February 1999. His career shift was a product of his growing dissatisfaction towards the corruption and economic 'injustice' which was plaguing his nation. As a matter of fact, Venezuela boasted its worst economic performance of the century in the decade prior to Chavez's election.¹ Not only did inflation increase by a staggering 50% in the period between 1990 and 1998,

¹ <https://www.nationmaster.com/country-info/stats/Economy/GDP-per-capita-in-1950>

but the effects of this were most heavily felt by the members of the working class; in addition to the *anyway* regressive nature of inflation, the period between 1989 and 1998 also saw the incomes of the working classes shrink dramatically since, unlike prior decades when the distribution of Venezuela's national income was almost at parity levels, the working classes were now earning only 36% of the national income, whilst corporations and government coffers held the remaining 64% of earnings.^{2 3} Thus, with Chavez being a political outsider who was a "man of the people," he unsurprisingly emerged as an extremely popular politician and even earned an approval rating of almost 80% during his first year of his presidency.⁴

Chavez's platform which came to be known as "Chavismo," was to create a more self-sufficient and prosperous Venezuela through widespread social reforms. However, while his plans of providing vocational training, rations and other social security benefits were salient in and of themselves, the manner in which Chavez financed these endeavors worked to drastically constrain the nation's future prospects. Rather than financing his projects via revenue which was generated through value-added production or diversification of the economy, Chavez instead deepened the nation's already substantial dependence on oil.

Well before Chavez' presidency, in 1976, Venezuela's oil industry had been nationalised and a state-owned firm called *Petróleos de Venezuela, S.A. (PDVSA)* was created.⁵ Whereas the

² <https://www.nationmaster.com/country-info/stats/Economy/GDP-per-capita-in-1950>

³ <http://eprints.lse.ac.uk/28158/1/wp76.pdf>

⁴ <https://www.britannica.com/biography/Hugo-Chavez/The-Chavez-presidency>

⁵ <https://foreignpolicy.com/2018/07/16/how-venezuela-struck-it-poor-oil-energy-chavez/>

government had been deriving financial help from PDVSA even prior to Chavez's presidency, the extent to which PDVSA contributed to the government's finances was quite limited and safeguarded; for one, the only funds of PDVSA to which the government had access were the firm's *profits*. This was an important safeguard as it meant that PDVSA's operations and the allocation of its finances were subject to the firm's own discretion. Moreover, even when profits were generated, these profits were deposited with the Venezuelan Central Bank, a politically-independent institution.⁶ However, when Chavez was president, he completely hijacked PDVSA's operational structure: not only did he replace PDVSA's previous leadership with those who were political loyalists, but Chavez also began to outright encroach on the company's funds by directly using PDVSA's oil-revenues to finance his social programs. Indeed, as demonstrated in the graph below, it is not as though the oil revenues had been ineffective in fulfilling Chavez's goals; instead, poverty levels began to substantially decline as there emerged a way to finance Chavez's initiatives.⁷ This being the case and setting aside the fact that there was an extent of political favoritism exhibited in terms of who received the government handouts, Chavez's most egregious error from an economic standpoint was his display of financial imprudence.⁸ Whereas it would have been alright to rely on oil revenues as a *temporary* form of discretionary spending, Chavez instead continuously spent all oil revenues and hardly put anything in anything in a rainy-day or emergency fund.⁹ To make matters worse, he also grew very comfortable with his dependence on

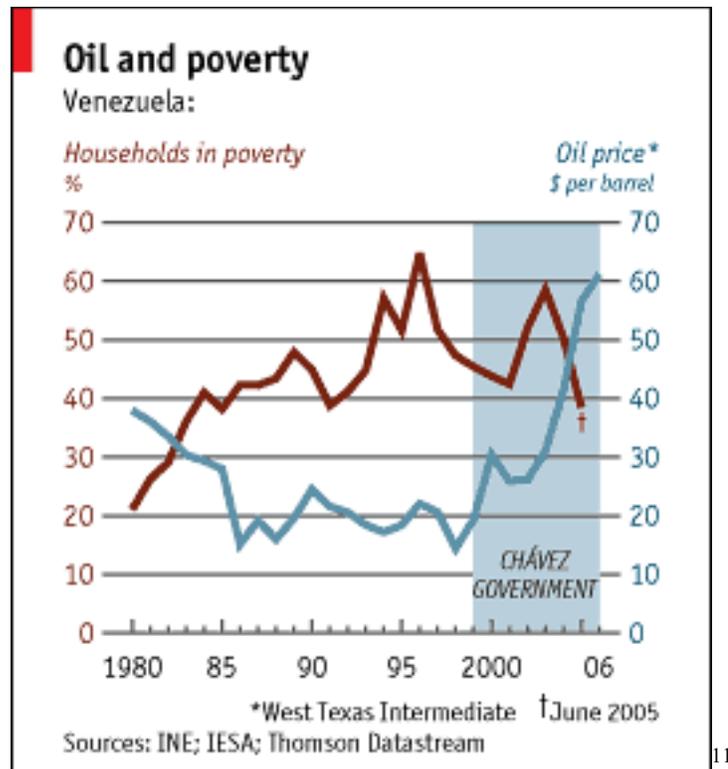
⁶ <https://www.nybooks.com/articles/2018/03/08/venezuela-hell-fiesta/>

⁷ <https://www.economist.com/the-americas/2006/02/16/mission-impossible>

⁸ <https://www.theguardian.com/news/datablog/2012/oct/04/venezuela-hugo-chavez-election-data>

⁹ <https://www.youtube.com/watch?v=mL8d91vdR9g>

the commodity—this is best illustrated by the fact that, in 2012, oil rose to comprise 95 percent of the nation's exports.¹⁰



While oil served as Venezuela’s economic backbone, this isn’t to say that Chavez didn’t attempt any structural reform whatsoever. Instead, Chavez nationalised a variety of different industries during his reign with the hope that nationally-sponsored companies would be effective in producing high-quality domestic products. Of the sectors that were affected by this, those which were most severely hit were “transportation, electricity, food production, banking, paper and the

¹⁰ <https://www.youtube.com/watch?v=mL8d91vdR9g>

¹¹ <https://www.economist.com/the-americas/2006/02/16/mission-impossible>

media.”¹² However, whereas Chavez’ choices of which industries to nationalise were effective in that they comprised large swaths of Venezuela’s businesses, the downside of such endeavors was that nationalizing these industries meant pushing out foreign firms from Venezuela. For example, in order to nationalise the telecommunications company CANTV, the Venezuelan government had to pay the US-incorporated firm Verizon almost half a billion dollars to acquire their 30% ownership stake in the company. Indeed, foreign firms were only further enticed to reduce their investment in Venezuela when faced with additional taxes and fees per the government’s protectionist agenda. As the harshness of Chavez’ reforms serve to dissuade foreign investment in Venezuela but with fewer private enterprises competing for business, not only was there less competition and thus less innovation but there was also an exorbitant strain placed on the inefficient, newly nationalised domestic firms’ production capabilities.^{13 14}

Maduro Regime (2013 - Present)

With time, Venezuela’s precarious situation grew to be even more delicate. Setting aside the economic health of the nation, Chavez’ own health began to rapidly deteriorate and with this came the need to appoint a successor: Nicolas Maduro was appointed as Venezuela’s President in 2013.

¹² https://abcnews.go.com/ABC_Univision/News/ways-chavez-destroyed-venezuelan-economy/story?id=18239956

¹³ Ibid.

¹⁴ <https://foreignpolicy.com/2018/07/16/how-venezuela-struck-it-poor-oil-energy-chavez/>

Not only was Maduro tasked with navigating a more economically vulnerable climate but he was also faced with greater political challenges than his predecessor.¹⁵ Namely, politicians and voters alike regarded Maduro as vastly devoid of the charisma and leadership qualities which had enabled Chavez to retain public support even in the face of growing challenges. In any case, the greatest blow to the Maduro presidency and Venezuelan economy came when, inevitably, oil prices began to fall. Towards late 2014, the prices of oil nearly halved from their previous levels of over 120 dollars per barrel to a mere 70 dollars.¹⁶ It was at this moment when all of the pressure which had been building during the preceding decade crossed the point of no return. Lacking the infrastructure necessary to support the nation in the absence of oil revenues, the Venezuelan GDP experienced substantial contractions (approximately 5% per quarter), and inflation rates rose to around 65%.¹⁷

While Venezuela had previously been using oil-generated revenues to bridge the gap which arose from insufficient domestic production of staple-goods, their new situation meant that such imports could no longer be afforded. As a consequence of the shortages of these necessary goods such as food and even medicines, numerous Venezuelan citizens turned to the streets to participate in what became incredibly violent protests. In response to this, Maduro deployed troops which

¹⁵ <https://www.pewresearch.org/fact-tank/2014/09/22/despite-ongoing-crisis-in-venezuela-maduro-hangs-on/>

¹⁶ <https://www.cnbc.com/2014/12/01/falling-crude-oil-prices-crush-venezuelas-ailing-economy.html>

¹⁷ <https://www.bbc.com/news/world-latin-america-30638770>

served only to escalate the conflicts further: the result of the violence was 43 casualties.¹⁸ In light of the situation in Venezuela, the international community began to respond. Jarred by Maduro’s response to the protests, the United States imposed sanctions on Venezuela to condemn them for their “violation of human rights and fundamental freedoms.”¹⁹ While the sanctions which were codified at this time pertain only to travel-restrictions for some of the Venezuelan officials who were responsible in the deployment of the troops, this was only the beginning of numerous more penalties which were going to be issued.

Upon Donald Trump’s appointment into office, the United States has imposed an onslaught of additional sanctions on Venezuela citing reasons of “support for terrorism, drug and human trafficking, human rights violations, corruption, money laundering, other financial crimes, and illiberal behavior.”²⁰ Indeed, whilst some sanctions have been levied against the Venezuelan Central Bank by its limiting access to US tender, for example, there have been a substantial amount of penalties which specifically target PDVSA. Between March 2018 and January 2019, a series of embargoes were imposed on any transactions, including the ownership of debt, between any U.S. citizens or entities and PDVSA; this escalated into a “complete embargo against the Venezuelan

¹⁸ <https://www.theguardian.com/world/2014/dec/12/amid-violence-against-protesters-venezuela-to-face-us-sanctions>

¹⁹ Ibid.

²⁰ <https://www.csis.org/analysis/are-sanctions-working-venezuela>

government” in August of 2019, whereby essentially “all transactions... with some exceptions for humanitarian aid” were blocked.²¹

THE ISSUE

The Venezuelan socio-economic crisis is an extremely pertinent topic for debate for numerous reasons. As the crisis speaks to the concerns associated with being a petro-state, the manner in which delegates address the Venezuelan crisis will inform the ways in which one may deal with other crises which arise from similar issues worldwide.

Humanitarian

To say that Venezuela is facing a humanitarian crisis would be an understatement. According to the IMF, Venezuela is facing levels of unemployment which resemble those one may see in a civil-war era: over 40% of the Venezuelan population is unemployed.²² On the flip-side, we are also observing that whilst many citizens are turning to take on numerous part-time jobs, even this is serving ineffective in enabling them to cover their most basic expenditures. As published in a report by the CEPR, insufficient healthcare facilities and a dearth of medicines have put over 300,000 people at risk.²³ Numerous anecdotal reports point to similarly grim pictures, as individuals report needing to trade food for medicine. Such a theme pervades even into the nation’s

²¹ <https://www.csis.org/analysis/are-sanctions-working-venezuela>

²² <https://www.bloomberg.com/news/articles/2019-04-09/venezuela-unemployment-nears-that-of-war-ruined-bosnia-imf-says>

²³ <https://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>

physical infrastructure: unable to domestically manufacture the components necessary for water-pipelines and pumps and simultaneously unable to import such goods due to trade embargos, approximately 20% of Venezuelans lack access to potable water.²⁴

Economic

As of now, Venezuela's economy is in shambles. Setting aside the exorbitant rates of inflation or even the decline in Venezuela's GDP, Venezuela is witnessing drastic levels of 'brain drain' which regress the country back numerous years. According to the U.N. Refugee Agency, "Venezuela has lost more than 10% of its population in recent years" and the number of Venezuelan refugees has reached to 4 million.²⁵

In addition to the flight of human capital, Venezuela also finds itself massively indebted to foreign creditors. Not only does Venezuela owe over \$100 billion to foreign lenders, but the nation's economic condition has eradicated any faith in its ability to repay loans. Obviously, this means that lenders are extremely reticent to offer more funds to the country, making the country's situation particularly complicated to resolve.

As oil prices hover around \$50, Venezuela is hardly able to sustain the level of imports which it could afford during the Chavez era. Thus, the nation's food-production capabilities along

²⁴ <https://www.dw.com/en/the-human-cost-of-the-us-sanctions-on-venezuela/a-50647399>

²⁵ <https://www.cnbc.com/2019/08/02/venezuela-inflation-at-10-million-percent-its-time-for-shock-therapy.html>

with those regarding heavy industrial machinery require vast amounts of development and investment.²⁶

Key Actors

While there are a variety of different ways which one could block the positions of different countries, one of the most salient ways to do so for this debate is by the levels of diversification boasted by the countries' economies. As such, we inevitably have two categories into which the aforementioned criteria coalesce: developed countries and developing countries. The reasons for these classifications are that diverse economies which focus on value-added production tend to be more economically-developed, whilst those whose focus ebbs towards natural resources tend to be less developed. Obviously, however, there are exceptions to these broad classifications.

Developed countries

Developed countries like the United States or Western Europe are directly affected by the situation in Venezuela for they have usually been the entities which have extended loans to Venezuela. Worldwide, developed countries are interested in the Venezuelan crisis not only to mitigate and address its potential to destabilize global economies, but also out of concern for the humanitarian crises which are taking place in the region.

²⁶ <https://www.cnbc.com/2019/01/29/oil-markets-us-sanctions-on-venezuela-in-focus.html>

Developing countries

While some developing countries can empathise with Venezuela's situation, they have a range of different interests towards the issue. Some countries such as China have reached agreements with Venezuela whereby they receive crude oil from Venezuela in exchange for access to credit. In this way, we see that some countries are able to benefit from Venezuela's position by using it to provide themselves with cheap natural gas. On the other hand, however, numerous developing countries hope to use Venezuela's example as an opportunity to overhaul their own economies in order to prevent similar crises from occurring.

UN Actions

Thus far, the majority of the UN actions regarding the Venezuelan crisis have pertained to deploying missions to further investigate human rights concerns along with those aimed at providing humanitarian aid and emergency relief.²⁷

Looking Forward

The following are just a few of the innumerable solutions which one may devise in order to address the Venezuelan crisis. However, they may serve as a helpful spring-board for debate.

Loans

If member nations are going to extend additional loans to Venezuelan government, is it important to consider the covenants which would not render these loans to be yet another futile exercise. That is, whilst credit can certainly help bolster the Venezuelan economy, delegates should keep in mind ways in which to make sure that the loans extended ensure *sustainable* rather than merely reactionary change.

Diversification

Encouraging the need for diversification in Venezuela's economy is recognising the elephant in the room. However, whilst diversification is certainly important for commodity-focused countries like Venezuela, the very nature of such economies can also make diversification a

²⁷ <https://news.un.org/en/story/2019/06/1040001>

double-edged sword. That is, it is important that one does not needlessly neglect the comparative advantage that a specific nation possesses simply for the sake of diversification. Likewise, even when vying for development in the economy, it is important to keep in mind appropriate-technologies which cater to the skillsets of the labor-force to ensure that any development occurs in tandem with the remainder of the economy.

Humanitarian Aid

While dispensing humanitarian aid is immensely important in addressing this crisis, delegates should try to support modes of aid which are not merely palliative but also contribute to growth.

Liberalist Policies

While Venezuela currently endorses state led development, it is worth considering whether or not this is the best path forward. In any case, how could policies be presented in a way that resolves numerous parties' concerns?

Questions to Consider

1. Are the policies proposed within this resolution aligned with interest in economic development?
2. Which sources will the finances for the proposed policies come from?

3. Do the proposed policies create an infrastructure which prevents the likelihood of similar crises occurring in the future?

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<https://www.bbc.com/news/world-latin-america-30638770>

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TOPIC 2: SUSTAINABLE DEVELOPMENT

Introduction

Sustainable development is inarguably one of the utmost priorities facing the nation today. With climate-change and global warming well on the way, every country is faced with the unique situation of having to promote their own economic interests whilst still being cognizant of the environment. However, the complexity of the situation is that whilst some countries are more responsible for the sorts of emissions that are contributing to climate-change, they are also those that are faced with innumerable other equally important priorities. All the while, developed countries tend to have the resources to enact the sort of change which is necessary. Thus, resolving this issue is bound to be an exercise of collaboration and focussed understanding of the priorities not only of one's own nation but of those of other nations as well.

Topic History

Should one be asked to recall an environmental disaster from recent history, it is likely that a list with numerous unique examples could emerge. That this is the case attests to the widespread effects of climate change. Moreover, it prompts a closer examination of the often-overlooked role that global warming plays in exacerbating socio-economic issues worldwide.

Climate Change

Weather refers to short-term changes in the atmosphere which occur due to a variety of different factors, many of which are seasonal changes. Indeed, weather is something which changes often and easily and these changes are usually uneventful phenomena prompted by changes in things like “air pressure, temperature, humidity, wind speed and direction, etc.”²⁸

Climate, on the other hand, refers to aggregate observations about the weather. While the weather in an individual place can fluctuate considerably, the climate of a place is gauged by collecting numerous years of weather-data over numerous years. In this way, scientists study numerous years worth of weather data in order to be able to understand the climate of a place. Inevitably, then, whereas a weather-change is usually inconsequential if looked at in isolation, comments regarding climate-change suggest that something systemic is occurring which is causing a shift in the average weather of an area.

This being the case, it is important to understand that the climate of the Earth has been witnessing cyclical changes for hundreds and thousands of years. Following from the above descriptions about the weather and climate, this should not be particularly perplexing; just as changes in the weather are uneventful phenomena, the climate can also uneventfully vary in a

²⁸ <https://www.ncei.noaa.gov/news/weather-vs-climate>

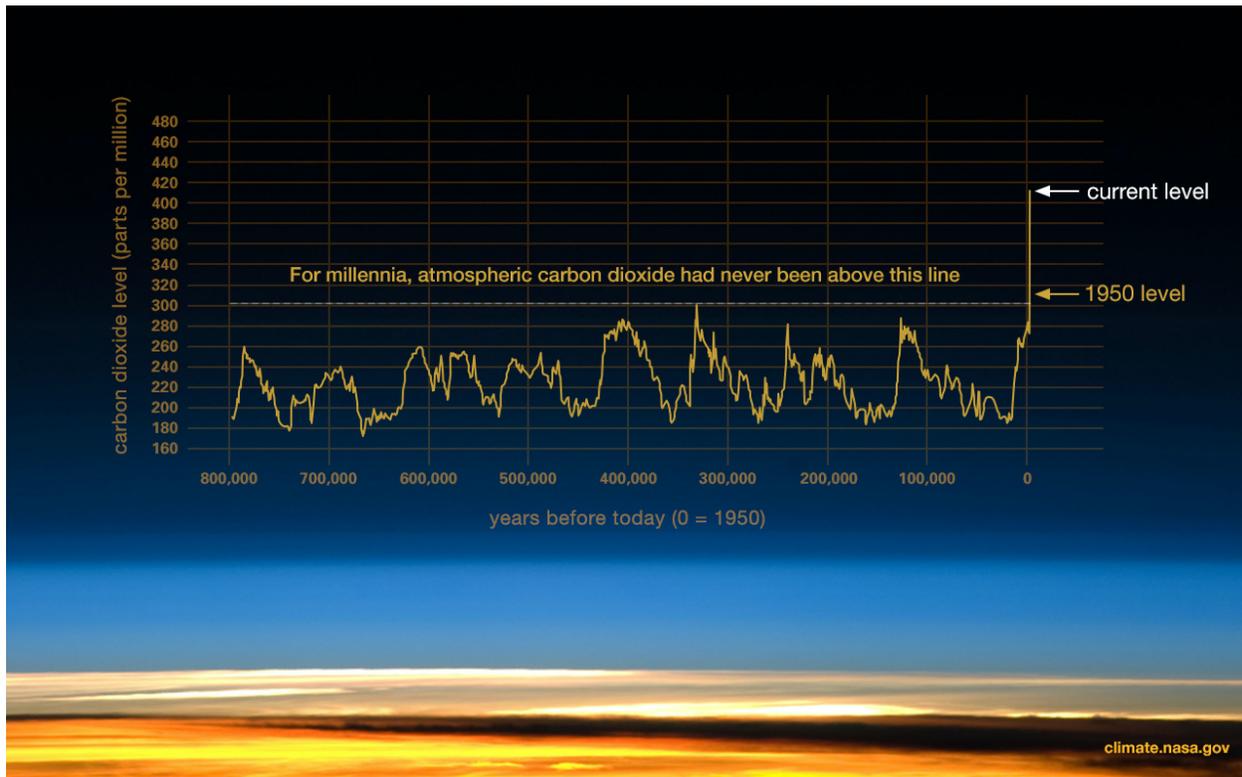
cyclical fashion. What is of concern to climate scientists, however, is that unprecedented deviations have begun to emerge in the usually predictable climate cycles.

Due to the nature in which a particular climate pattern can be problematic only if it deviates from a historical pattern of data which pertains to numerous centuries, it is important to understand how exactly we have access to such information about ancient climates. In order to glean understanding of the climate, scientists turn primarily to the levels of greenhouse such Carbon Dioxide (CO₂) or Methane in the environment. Such gases are salient indicators because they absorb the solar radiation from the sun and also trap within the atmosphere the infrared radiation which is emitted from the Earth's surface. By doing this, these gases—including other non-greenhouse gases such as Nitrous Oxide—increase the temperature of the Earth, thereby directly affecting the weather and thus climate. Having understood this, the following explanation from the Smithsonian is extremely succinct in describing the means by which scientists study the levels of these gases which were present over thousands of years ago:

One way to measure past temperatures is to study ice cores. Whenever snow falls, small bubbles filled with atmospheric gases get trapped within it. In some places, so much snow falls that the older layers become buried and compressed into ice, locking away air bubbles in ice sheets and glaciers. With extremely careful drilling, we can extract long ice cores from these features to study the thousands of layers of ice representing separate snowfalls and their trapped air bubbles. In controlled laboratory environments, we can measure the chemical makeup of the air that has been trapped...we can calculate past temperatures using empirical data on how these gases hold heat in the modern atmosphere.²⁹

²⁹ <https://www.smithsonianmag.com/blogs/national-museum-of-natural-history/2018/03/23/heres-how-scientists-reconstruct-earths-past-climates/>

With all of this explanation in place, we are poised to understand the extent to which there has been a stark increase in the level of CO₂ in the environment, thereby attesting to the inarguable nature of climate change influenced by recent developed. As the following graph issued by NASA demonstrates, the level of CO₂ in the atmosphere has, whilst been cyclical, never been this high.³⁰



³⁰ <https://climate.nasa.gov/evidence/>

Indeed, over ninety-seven percent of the scientific community affirms the inarguable nature of climate change, placing human activity following the industrial revolution as the most probable cause of these changes.³¹

³¹ <https://climate.nasa.gov/evidence/>

The Issue

There are threefold ways in which climate change gives rise to the sorts of challenges which are aligned with the priorities of this committee. These impacts can be categorized into both immediate and long-term effects, the former of which is instantiated by the role played by climate change in exacerbating environmental crises.

Environmental Disasters

Wildfires

By themselves, wildfires are naturally occurring phenomena which are in some cases even necessary for the rejuvenation of the forests. As plants and trees shed their old leaves and organic debris accumulate in the environment, this not only increases the likelihood for natural heat to give rise to a fire but indeed the presence of this dead organic matter necessitates a fire in order to rejuvenate the land, get rid of the decomposing matter, and give way to newer flora to grow.³² The issue with forest fires, then, is that human activity is disturbing the frequency and intensity of such natural events. With almost every global region having risen in temperature by 1.5 C from pre-industrial levels, wildfires occur far more easily; that this is true is inarguable, as the United States Department of Agriculture report, “an average annual 1 degree C temperature increase would increase the median burned area per year as much as 600 percent in some types of forests.”³³

³² <https://www.worldwildlife.org/stories/forest-fires-the-good-and-the-bad>

³³ https://www.fs.fed.us/pnw/pubs/pnw_gtr870/pnw_gtr870.pdf

When one turns to recall the recent fires which afflicted the Amazon, Australia, or even suburban localities in Northern California, it stands to reason that not only do these areas themselves experience havoc but so does the world at large. Not only do the directly affected areas witness massive amounts of destruction in the form of casualties or forced migration, but the climate effects of these crises are extraordinary. As the radiocarbon age of carbon emissions from peat fires is about 800 years,” hundreds of years worth of greenhouse gases and methane become released into the environment.³⁴

Humanitarian Concerns

Climate Refugees

The total migratory effects which have been produced from climate change are astounding. Due to global environmental disasters, the UNHCR estimates that over 20 million people were afflicted by internal displacement in 2018.³⁵

Health

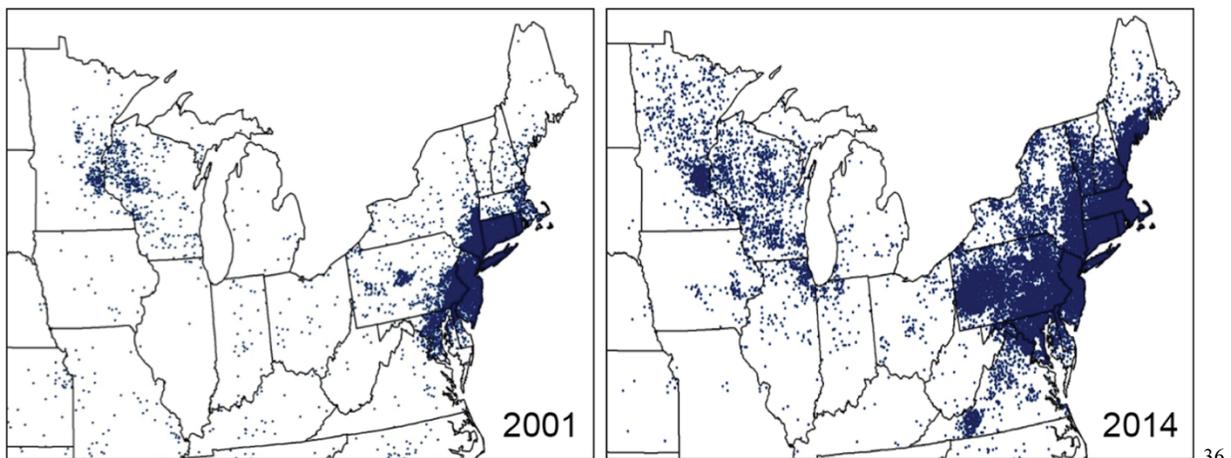
There are numerous ways in which climate change gives rise to widespread health related consequences. One of the most striking examples of this can be seen with vector-borne diseases such as malaria; since malaria is a disease which is affected by seasonality, it is inevitable that weather disruptions such as floods, tsunamis, and erratic storms give a platform for these diseases

³⁴ <https://climate.nasa.gov/news/2912/satellite-data-record-shows-climate-changes-impact-on-fires/>

³⁵ <https://www.unhcr.org/climate-change-and-disasters.html>

to spread. Similarly, changing climate patterns also increase the prevalence of other ticks such as those responsible for Lyme Disease.

Changes in Lyme Disease Case Report Distribution



In addition to increasing the infectivity and reach of vector-borne diseases, climate change also affects human respiratory health. Not only do the presence of fine particulate matters which are released into the atmosphere as a by-product of industrial production exacerbate conditions like asthma, but increased CO₂ levels in the atmosphere also increase the ability for the air to be host to numerous allergens.³⁷

³⁶ <https://health2016.globalchange.gov>

³⁷ Ibid.

Economic Effects

The economic effects of climate change can be seen either in the billions of dollars which are spent in addressing an environmental crisis; the lack of tourism which environmental concerns evoke; the immense inefficiencies which from the use of coal and other natural gases; finally, the inevitability that should countries continue to exploit natural resources in this way, there will be very little chance for economic prosperity in the future.

Past Treaties

Whereas the Paris Climate Accords are in place and work to the aims of setting Nationally Determined Contributions regarding each nation's level of greenhouse gas emissions, and while these commitment has been quite successful in some ways, we have seen from recent history—i.e. President Trump withdrawing the US from the agreement—that these accords are not binding or effective enough.³⁸ The recent attack against the accord also speaks to the need for countries to immediately begin to work in tandem with one another, and not only be concerned with policies pertaining to their own NDCs

³⁸ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Potential Solutions

Economic Policies

Do taxes or other economic instruments have a role to play in all of this? On the one hand, they can certainly discourage environmentally harmful production, but on the other, increased taxes usually means slower rates of economic development.

Education and Healthcare

Investing in education and healthcare seems to be one of the more effective ways of addressing the current climate crisis for it helps build up society from the ground up. It also ensures that more of a focus would be placed on value-added production and STEM fields, thereby ensuring that future generations are better poised to engage in environmentally-healthy economic endeavors.

Trade Agreements

Trade agreements could be a good first step towards increasing the integration of global economies and providing one another with access to necessary goods. However, increased interdependence also puts the entire system at greater risk and also, sometimes, witnesses the concerns of the poorer countries being overshadowed by wealthier nations.

Clean Technology

While investment in clean technology is certainly expensive and this stands as its largest drawback, clean technology definitely has a role to play in ensuring more environmentally-friendly practises being employed.

Punitive Measures

Punitive measures can go a long way in order to enforce strict adherence to any climate agreements. However, the downside is that it can discourage one from endorsing a treaty entirely should it be too harsh.

Questions to Consider

1. Do the proposed policies align with the primary interests of your member state?
2. What are the proposed incentives to make the proposed policies work? If a policy calls for trade, what is being traded, between whom, and for what reason?
3. What is the timeline of the proposed policies? Do they address the short, medium and long-term?

Key Actors

Developing Countries

Developing countries are faced with an extremely challenging situation when having to address the issues which arise with climate change. On the one hand, developing countries are those who are most in need of robust economic development which is usually associated with increased emissions. For this reason, developing countries would generally be the least willing to turn to expensive investments when they have their own systems of operation in place already. On the other hand, however, it is also extremely important that developing countries improve their practises for it is largely nations like India and China that are producing the greatest amounts of carbon emissions.

Developed Countries

As developed countries have the resources necessary to aid with the sort of radical change which must occur, it follows that they can be instrumental in facilitating the sort of change that this issue requires. While some developed countries have the attitude that this issue is not theirs to resolve for they are not singularly to blame for the current situation, climate change is ultimately a global concern which necessitates understanding and collaboration. Moreover, it is in their policy proposals and the incentives they offer that both developed and developing countries can align with their nation's agendas but do so in a way that is resolving the problem.

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