

ENSURING BALANCE

BETWEEN

INCLUSIVE GROWTH

AND

**SUSTAINABLE
DEVELOPMENT**



environment friend

The Background Guide of

Economic and Finance (ECOFIN) -- The Second Committee

***Topic: Ensuring the Balance between Inclusive Growth and Sustainable
Development***

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<u>North American Region:</u> United States of America Canada	<u>Oceania Region:</u> Vanuatu Australia

The Letter from the Chair: Dear

all ECOFINers,

It is my great honor to welcome all of you, whether it ought to be your first time attending the MUN conference or not, to come to our committee, the ECOFIN (the Second Committee of the United Nations).

Alike all other MUN conferences, you will be representing a country, giving speeches concerning the statement of your country, and eventually working on the draft resolution along with other delegates. Obviously, this time, all of the ECOFINers will be discussing the issues related to economic growth within a society and sustainable development simultaneously.

The topic of our committee this year is “Ensuring the balance between inclusive growth and sustainable development.” Doubtlessly, it is a topic that needs a great amount of background knowledge, especially those related to finance, economy, environment, development and sustainability; however, that is also the reason why we want all the ECOFINers to do, to search as wide and as deep as possible. Learn to become a filter yourself, not just a receiving end of all kinds of information.

Also, we hope all the MUNers in our committee, whether you are experienced or not, could speak up with “something” rather than just practice your English speaking skill at the podium. In other words, be prepared before the conference, get all those documents ready at your hand, be sure to absorb the useful information and make it influential while you speak. We hope all the delegates could be like a real representative during the conference!

Last but not least, we just can't wait to see all of you, the real ECOFINers, to not only touch on such hot-debated issue, but to provide probable and workable solution through this wonderful platform!

Best Wishes,

The Chair of ECOFIN, Steven

17 / 11 / 2016

Committee

Introduction: The ECOFIN (The Second

Committee of the UN)

Chaired by Dian Triansyah Djani of Indonesia, the Economic and Financial Committee (Second Committee under the United Nations General Assembly) deals with various kinds of issues associated with economic growth and development.

Under the committee's operation, macroeconomic policies related to the current stability of the International trade, international financial system and external debt are of its utmost imperatives. Also, financing for development, creating a sustainable development, managing human settlements, dealing with globalization and interdependence as well as eradicating the severe poverty are all essential issues that ECOFIN has to put emphasis on. Some other operations for agriculture development, food security and nutrition, information and communications technologies for development are also included.

The ECOFIN also touches on the issues related to the Least Developed Countries (LDCs) and Landlocked Developing Countries (LLDCs), providing financial assistances and specific advices to countries respectively. At the seventieth session (2015), the Second Committee took action on 44 draft proposals. The Committee is expected to act on a similar number of proposals during this year's session.

With an eye to reaching the Sustainable Development Goals (SDGs) by the United Nations, the ECOFIN aims at revitalizing the ongoing process of the General Assembly, engaged in updating its working methods and practices in order to improve the quality of the debates during the session and its final decision making according to the draft resolution. The ECOFIN actively works to reduce the number and length of draft resolutions adopted during its sessions in order to touch on a much wider range of issues deeply within the limited amount of time.

Keywords Explanation:

Inclusive growth vs. economic growth

Definition of inclusive growth:

When defining the term “inclusive growth” (of the society), there are many perspectives as to what it means in practice, with obvious differences in approach amongst key institutions. The Open Working Group under United Nations has included such concept as part of the post-2015 development agenda. Inclusive growth of the society covers not only one state’s economic growth and its economic performance on the international platform, but also, according to the UNDP, a portion of its work is deeply interconnected with other areas of UNDP’s action, programs, and long term plans, namely food security and nutrition, water and sanitation, sustainability, gender equality and public-private partnerships.

Definition of economic growth: (Wikipedia)

Is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP, usually in per capita terms.

The statement of problem:

Transforming from Millennium Development Goals (MDGs) to the post 2015 propaganda, the Sustainable Development Goals (SDGs), goal number 8 of the 17 proposed Sustainable Development Goals: “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” aims at the fundamental promotion of the inclusive growth of the whole society without leaving any country behind. However, as countries around the world are trying to accomplish such SDGs, especially goal number 8, the importance of environmental protection is usually being neglected, or to be more precise, it is not of the utmost priorities.

For some Least developed countries (LDCs) and developing countries (DCs), it is almost impossible for them to develop green economy or to implement any strategies related to sustainable development domestically. However they want to, a great amount of shortage on annual revenue (gained from the import of either the cash crops or the raw material industries) has caused a tremendous economic burden for those countries to conduct their most fundamentals like basic infrastructure, not to mention their long term sustainable development plan. When money is the only solution for countries with poverty issues and rampant diseases, sustainable development with a higher aims comes not usually at the first place. Such fact are seen all over African region as well as the Latin American region.

Questions and doubts like “If the basic development in these countries are constrained to many limitations, why not urging those affluent countries to carry out more environmental protections and sustainable development?” Indeed, affluent countries ought to take on more responsibilities (like environmental protections). Yet even developed countries are liable to alter their original negotiating positions as long as exploitable resources are found in or adjacent to their countries, or specific developmental plans with lucrative purposes will change their statement as well.

It is undeniable that countries conduct their national development plans based on their national interest, even though some developed countries are determined to put more emphasis on environmental protection, these actions were only brought into actions two or three decades ago. Ensuring the balance between the inclusive growth of the society and the

sustainable development is indeed a problem that needs to be solved through international cooperation, including both developed and developing countries.

Past actions of the United Nations:

The International Union for the Conservation of Nature

The 1980 World Conservation Strategy of the International Union for the Conservation of Nature, was the first report that included a very brief chapter on a concept called "sustainable development". It focused on global structural changes and was not widely read. The UN initiated an independent commission, which was asked to provide an analysis of existing problems and ideas for their solution, similar to earlier commissions such as the Independent Commission on International Development Issues (Brandt Commission) and the Independent Commission on Disarmament and Security Issues (Palme Commission).

Sustainable development:

An ongoing program that aims at balancing current needs with those of future generations. It is at the core of the United Nations' development agenda. As the UN is striving to address the paradox of economic growth and the environment, several acts that are done by the UN will be briefly introduced as follows.

1. United Nations Conference on the Human Environment

In the year 1972, the United Nations Conference on the Human Environment in Stockholm, Sweden, from June 5th to 16th, had considered the need for a common outlook and for common principles to inspire and to guide the people of the world in the preservation and enhancement of the human environment. One of the clauses of the declaration was to ensure that all human beings safeguard the natural resources of the earth, including the air, water, land, flora and fauna and especially representative samples of natural ecosystems, for the benefit of present and future generations through careful planning or management, as appropriate. As we all know, economic and social development is essential for ensuring a

favourable living and working environment for us and for creating conditions on earth that are necessary for the improvement of the quality of life.

However, ten years after the conference, most of the environmental challenges had apparently, not been appropriately addressed. In fact, these challenges had grown rapidly over the times. The problem that lies behind ways to reduce poverty in low-income nations through a more profitable and industrialized economic system, trying not to exasperate either global and local environmental grievance simultaneously, never the less, remains unsolved.

Neither high-income countries nor low-income countries are willing to give up the development based on its economic growth, especially, given the fact that Donald Trump (the president of the United States of America that started presidency in the 20th of January, 2017) proclaimed to make America great again. During his presidential campaign, President-elect Trump promised a raft of major environmental policy changes, which includes abolishing the U.S. Environmental Protection Agency, ending environmental regulation, bringing back the coal industry, selling off public lands and tearing up the Paris climate accord, to name a few. However, according to the post-election analysis, many political commentators still doubt about his inclinations on implementing those policies.

Environmental threats, ranging from pollution, acid rain, deforestation, desertification, the destruction of the ozone layer, to early signs of climate change, are impossible to overlook. There is a tangible need for a developmental concept that would allow reconciling economic development with environmental protection.

2. World Commission on Environment and Development (WCED)

The organization aims to create a united international community with shared sustainability goals by identifying sustainability problems worldwide, raising awareness about them, and suggesting the implementation of solutions. In 1987, the Brundtland Commission published the first volume of “Our Common Future,” which strongly influenced the Earth Summit in Rio de Janeiro, Brazil in 1992 and the third UN Conference on

Environment and Development in Johannesburg, South Africa in 2002. It was credited with crafting the most prevalent definition of sustainability.

It is indeed difficult to find the evidence of equal levels of initiatives for the three main pillars of Sustainable development (economic growth, environmental protection, and social equality) in domestic or international policies. With the overwhelming number of countries that put economic growth at the forefront of sustainable development, it is evident that the other two pillars have been suffering, especially with the overall well-being of the environment in a dangerously unhealthy state. The WCED has put forth a conceptual framework that many nations agree with and want to try to make a difference within their countries, but it has been difficult to bring these concepts about sustainability into concrete actions and programs. Implementing sustainable development globally is still a challenge, but because of the WCED efforts, progress has been made. After releasing their report, the WCED called for an international meeting, in which more concrete initiatives and goals could be mapped out. This meeting was held in Rio de Janeiro, Brazil. A comprehensive plan of action, known as Agenda 21, came out from the meeting. Agenda 21 entailed actions to be taken globally, nationally, and locally in order to make the living on Earth more sustainable.

***Economic Growth**

One of the three pillars that most states focus on when attempting to attain more sustainable efforts and development. In trying to build their economies, many countries focus their efforts on resource extraction, which leads to unsustainable efforts for environmental protection as well as the sustainability of the economic growth. While the Commission is able to help change the association between economic growth and resource extraction, the worldwide consumption of resources in total is projected to increase in the future. Already, a great amount of natural resources has been converted into human use, in which countries original focuses cannot simply remain on economic growth and omit such ever-growing problem of environmental sustainability. Agenda 21 reinforces the importance of finding ways to generate economic growth, without harming the environment. Through various trade negotiations such as improving the access to export market of developing countries, Agenda 21 looks to increase economic growth sustainability in countries that need it the most.

3. The Millennium Development Goals

Following the adoption of the United Nations Millennium Declaration, a meeting among many world leaders took part at the United Nations Headquarters in 2000, known as the Millennium Summit. One of its most significant efforts was the outline of goal #7, "Protecting the Vulnerable," which led to the establishment of the Millennium Development goals, also known as the MDG's in the year 2015. All 189 United Nations member states at that time, and at least 22 international organizations committed to helping achieve the 7 Goals by 2015. It is also one of the very goals that is highly discussed throughout the world today, "To Ensure Environmental Sustainability". As the MDGs era came to an end in 2015, the United Nations ushered in the official launch of the bold and transformative 2030 Agenda for Sustainable Development, adopted by world leaders last September at the United Nations.

The new Agenda calls on countries to begin efforts to achieve 17 Sustainable Development Goals (SDGs) over the next 15 years. "The seventeen Sustainable Development Goals are our shared vision of humanity and a social contract between the world's leaders and the people," said UN Secretary-General Ban Ki-moon. "They are a to-do list for people and planet, and a blueprint for success."

***Environmental Protection**

has become more important to government and businesses over the last 20 years, leading to great improvements in the number of people willing to invest in green technologies. For the second year in a row in 2010, the United States and Europe added more power capacity from renewable sources such as wind and solar. Noting that Germany has installed a large amount of solar panels, expecting to bringing the country's share of renewable electricity to about 31 percent, and in line with the official governmental goal of reaching 35 percent by the end of the decade. In 2011 the efforts continue with 45 new wind energy projects beginning in 25 different states in the United States. The focus on environmental protection has transpired globally as well, including a great deal of investment in renewable energy power capacity. Eco-city development occurring around the world helps to develop and implement water conservation, smart grids with renewable energy sources, LED street lights and energy efficient building. The consumption gap remains, consisting of

the fact that "roughly 80 percent of the natural resources used each year are consumed by about 20 percent of the world's population". This level is striking and still needs to be addressed now and throughout the future.

Why is it difficult to do?

Developed countries and Developing countries:

For every action, there are always pros and cons, therefore it's crucial for delegates to find the balance between development and environment preservation and protection, economic growth and environmental stability. So that while people enjoy what humanity has presented to them, they still have places to live and unpolluted water to drink.

The significance of this long recognized but superficially embraced interdependence is that there are limits to Earth's natural resources and thus to any economic growth that depends on them – limits that, if not honored, will gravely affect the future. The anxiety is mounting about our ability to achieve sustainability, that is, our ability to meet our needs while ensuring that future generations will be able to meet their needs.

To address the paradox between economic growth and sustainability, we must find a way to balance the two and allow them to coexist. This balance may be possible not only by developing alternative energy sources but mostly by dramatically containing the growth spirals of economy, population and depletion of resources, reducing them to a state of near stasis.

It is quite unlikely that the dilemma which haunted humanity for centuries can be solved in three days, and as a delegate, you are suggested to provide the best of the best for your country. However, this topic isn't just a trial of each delegate's knowledge, it also includes ethics and morals. Since no matter which country you come from, we all live on the same dirtball, so do think of the consequences of every decision and clause, it may bring a huge impact upon this world.

Key Players (Countries and Organizations)

1. China

China is a great power and a major regional power within Asia, and has been characterized as a potential superpower. Since the introduction of economic reforms in 1978, China has become one of the world's fastest-growing major economies. As of 2014, it is the world's second-largest economy by nominal GDP and largest by purchasing power parity (PPP). China is also the world's largest exporter and second-largest importer of goods. China is also a member of numerous formal and informal multilateral organizations, including the WTO, APEC, BRICS, the Shanghai Cooperation Organization (SCO), the BCIM and the G-20.

2. Japan

Japan is a member of the UN, the G7, the G8, and the G20, and is considered a great power. The country has the world's third-largest economy by nominal GDP and the world's fourth-largest economy by purchasing power parity. It is also the world's fourth-largest exporter and fourth-largest importer.

3. Germany

In the 21st century, Germany is a great power and has the world's fourth-largest economy by nominal GDP, as well as the fifth-largest by PPP. As a global leader in several industrial and technological sectors, it is both the world's third-largest exporter and importer of goods. Germany is a developed country with a very high standard of living sustained by a skilled and productive society.

4. European Union:

The EU in 2016 generated a nominal gross domestic product (GDP) of 16.477 trillion US dollars, constituting approximately 22.2% of global nominal GDP and 16.9% when measured in terms of purchasing power parity. Additionally, 26 out of 28 EU countries have a very high Human Development Index, according to the United Nations Development Program. Through the Common Foreign and Security Policy, the EU has developed a role in

external relations and defense. The union maintains permanent diplomatic missions throughout the world and represents itself at the United Nations, the World Trade Organization, the G8, and the G-20. Because of its global influence, the European Union has been described as a current or as a potential superpower.

5. United States of America:

The U.S. has a capitalist mixed economy which is fueled by abundant natural resources and high productivity. According to the International Monetary Fund, the U.S. GDP of \$16.8 trillion constitutes 24% of the gross world product at market exchange rates and over 19% of the gross world product at purchasing power parity (PPP). Chemical products are the leading manufacturing field. The United States is the largest producer of oil in the world, as well as its second-largest importer.^[414] It is the world's number one producer of electrical and nuclear energy, as well as liquid natural gas, sulfur, phosphates, and salt. The National Mining Association provides data pertaining to coal and minerals that include beryllium, copper, lead, magnesium, zinc, titanium and others.

6. Russia:

Russia is a great power and a permanent member of the United Nations Security Council, as well as a member of the G20, the Council of Europe, the Asia-Pacific Economic Cooperation (APEC), the Shanghai Cooperation Organization (SCO), and the World Trade Organization (WTO), as well as being the leading member of the Commonwealth of Independent States (CIS), and one of the five members of the Eurasian Economic Union (EEU), along with Armenia, Belarus, Kazakhstan, and Kyrgyzstan.

7. United Kingdom:

The United Kingdom is a developed country and has the world's fifth-largest economy by nominal GDP and ninth-largest economy by purchasing power parity. The UK is considered to have a high-income economy and is categorized as very high in the Human Development Index, ranking 14th in the world. It was the world's first industrialized country and the world's foremost power during the 19th and early 20th centuries. The UK remains a great power with considerable economic, cultural, military, scientific, and political influence internationally. It has been a leading member state of the European Union (EU) and its

predecessor, the European Economic Community (EEC), since 1973. However, on 23 June 2016, a national referendum on the UK's membership of the EU resulted in a 51.9% vote to exit. The UK is also a member of the Commonwealth of Nations, the Council of Europe, the G7 finance ministers, the G7 forum, the G20, NATO, the Organization for Economic Co-operation and Development (OECD), and the World Trade Organization (WTO).

8. France:

France is a developed country with the world's sixth-largest economy by nominal GDP and ninth-largest by purchasing power parity. In terms of aggregate household wealth, it ranks fourth in the world. France performs well in international rankings of education, health care, life expectancy, and human development. France remains a great power in the world, being a founding member of the United Nations, where it serves as one of the five permanent members of the UN Security Council, and a founding and leading member state of the European Union (EU). It is also a member of the Group of 7, North Atlantic Treaty Organization (NATO), Organization for Economic Co-operation and Development (OECD), the World Trade Organization (WTO), and La Francophonie.

8. Organization of the Petroleum Countries:

The OPEC is an intergovernmental organization of 14 nations, founded in 1960 in Baghdad by the first five members, and headquartered since 1965 in Vienna. As of 2015, the 14 countries accounted for an estimated 43 percent of global oil production and 73 percent of the world's "proven" oil reserves, giving OPEC a major influence on global oil prices.

9. South Africa:

South Africa has a mixed economy, having a relatively high GDP per capita compared to other countries in Sub-Saharan Africa. The World Bank classifies South Africa as an upper-middle-income economy, and a newly industrialized country. Its economy is the second-largest in Africa, and the 34th-largest in the world. Despite this, South Africa is still burdened by a relatively high rate of poverty and unemployment and is also ranked in the top 10 countries in the world for income inequality in August 2013, South Africa was ranked as the top African Country of the Future by FDI magazine based on the country's economic

potential, labour environment, cost-effectiveness, infrastructure, business friendliness, and Foreign direct investment Strategy.

10. India:

According to the International Monetary Fund (IMF), the Indian economy in 2015 was nominally worth US\$2.183 trillion. It is the seventh largest economy by market exchange rates and is, at US\$8.027 trillion, the third largest by Purchasing Power Parity. With its average annual GDP growth rate of 5.8% over the past two decades, reaching 6.1% during 2011 and 2012, India is one of the world's fastest growing economies, being said to have the potential of overtaking the United States by the year 2045. On the other hand, environmental issues are one of the primary causes of disease, health issues and long term livelihood impact for India. But according to World Bank experts, India has made one of the fastest progress in the world, in addressing its environmental issues and improving its environmental quality.

Questions to consider:

1. Are local environmental problems the consequence of local developments or of a global economic system that forced specifically low-income countries to eradicate their environmental basis?
2. Do environmental burdens result mainly from destructive economic growth-based development or from a lack of economic development and modernization?
3. Would reconciling the economy and the environment require mainly technical means by using more resource-efficient technologies? or social and structural changes that include political decision-making as well as changes in private consumption patterns?

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