



*Committee Guide for the
Economic and Financial Affairs Council
Venezuela's Hyperinflation Crisis*

Stockholm International School

Model United Nations

January 30 - February 1, 2020

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A LETTER FROM THE SECRETARY-GENERAL

Dear Delegates,

It is with great pleasure that I invite and welcome you to Stockholm International School Model United Nations 2020. This year I have the privilege of leading SISMUN as our Secretary-General and it is with honour that I present this year's conference.

It is a great honor to be this year's Secretary General, and welcome you to the Stockholm International School Model United Nations 2020.

This year's conference's theme is "Threats to Global Security" due to the fact that there are numerous challenges that our world is currently facing today. Global security entails many aspects that not only relate to the physical and emotional security of people, but also includes the security of our environment and institutions.

I am excited to see such a wide range of debates and hope that you will experience and gain a lot of memories, and experience from debating.

Yours faithfully,

Thabang Radebe
Secretary-General, SISMUN 2020

A LETTER FROM THE HEAD CHAIR OF ECOFIN

Dear Delegates,

Welcome to SISMUN 2020. I am excited to serve as the Head chair for the Economic and Financial Committee this year. The Economic and Financial Committee is the second of the six committees of the United Nations, and deals with topics ranging from economic growth and development to the eradication of poverty.

As representatives of your country to the Economic and Financial Committee of the United Nations, you will deal with the legal matters involving global finance and economic matters. This year you will be discussing the Venezuelan Hyperinflation Crisis.

Delegates, This issue has worldwide implications, and is of utmost importance. Your decisions and opinions will form resolutions that will shape the future. It is up to you, as the delegates of the Economic and Financial Committee, to work together, and push for a resolution that all nations agree with. While this may not be easy, I am confident that with cooperation between delegates this year, we will be able to solve this crisis once and for all.

I am genuinely excited to chair the and see which capable delegates we have attracted this year and what wonderful resolutions you will build as a whole!

Yours faithfully,

Jan Salentin

Head Chair of Economic and Financial Committee, SISMUN 2020

INTRODUCTION

At one point, Venezuela was the richest country in Latin America, and one of its longest-running democracies. However, now it is a failing state. With an inflation rate of above 1,000,000%, most of the country is in a state of desperate need. There are shortages of food and medicine, crime is rising, and 3,000,000+ people have left the country mainly as economic migrants and political refugees. The government is plagued by corruption, as democratic institutions are being undermined, leaving the people with no way to change leadership.

COMMITTEE DYNAMICS

As a delegate of SISMUN 2020, you will be responsible for representing a particular country in one of our committees. You are playing the role of that country's representative in a UN committee. You will do this by researching the country's views on the topic at hand and coming up with solutions complying to the view of the country. If you have not done any research you will have little to contribute within committee sessions. Therefore, it is recommended to take it upon yourself to prepare for the conference in order to make it more enjoyable for yourself and others in your committee. During the conference, it is important that you respect and listen to your fellow delegates and Chairs.

HISTORY OF THE COMMITTEE

The Economic and Financial Affairs Council (ECOFIN) was created in 1945 as one of the original general assemblies, it is also known as the second committee. ECOFIN is unique from the other committees as it focuses on the worldwide economy and financial support of nations. Now, it deals with topics ranging from macroeconomic policy to food security. All 193 member states of the UN can attend and be represented in ECOFIN.

STATEMENT OF THE PROBLEM

The IMF estimates that at the end of 2020, the inflation rate in Venezuela will have reached 10,000,000%. While the Venezuelan economy has been suffering since the end of Chavez's Presidency, it turned especially bad when Nicolas Maduro became president in 2013. The inflation rate quickly skyrocketed in the next few years, to around 70%, and at the end of 2017 it was 160%. Now it is at above 1.3 million percent, and rising fast. The government is riddled with corruption, and foreign countries have taken sides, with the United States and other western countries supporting Juan Guaido, and on the other hand Russia, along with China support the "official" President Maduro.

RELEVANT ECOFIN ACTIONS

According to the United Nations, ECOFIN functions to discuss issues relating to economic growth and development (including international trade, international financial system, external debt sustainability and commodities), financing for development, sustainable development, human settlements, poverty eradication, globalization and interdependence, operational activities for development, and information and communication technologies for development. Its mandate further explores groupings of nations such as Least Developed Countries to encourage regional growth and support for all nations, which is just one of the many subgroups that are formed under ECOFIN to be able to substantively solve niche issues.

QUESTIONS A RESOLUTION MUST ANSWER

These are areas of the topic that are encouraged to be addressed in any working paper or resolution that the dais approves to be discussed. While you

do not have to research and write about all of these questions in extreme depth, you should address them in your writing and keep them in mind throughout the research process.

1. How do we deal with corruption in government?
2. How can we ensure that economies stay stable during political turmoil?

SUGGESTIONS FOR FURTHER RESEARCH

1. Have external organizations helped out in this crisis (e.g. IMF, World Bank, etc.)? If not, why?
2. Are there any countries taking advantage of this situation? What are they doing?
3. How are the Venezuelan people dealing with the crisis?
4. Inflation rate of your country (how will a resolution on this topic affect you) What is going on with the margins here?

MUN TERMINOLOGY

Delegate: A person representing a particular country during committee sessions.

Best Delegate: An award for delegates that participated particularly well.

Chair: A person or persons leading committee sessions.

Dais: A selection of above average talented individuals that lead committee sessions.

Clause: A single solution of the greater solution (resolution) to the topic.

Resolution: A collection of clauses that create a solution for the topic.

Signatory: A delegate that supports another delegate's clause and wants it discussed.

Placard: A rectangular piece of paper with a country's name.

Opening Speech: An opportunity for delegates to present their country's ideas.

Quorum: The number of votes needed to pass a clause or resolution - $\frac{2}{3}$ votes for.

Decorum: The Latin word for "grace". If a chair says "decorum", they want the delegates to be quiet.

Amendment: a change or addition designed to improve the clause passed

PROCEDURAL TERMINOLOGY

The following components of SISMUN are in the order of which they will play out.

1. Roll Call - Time to take attendance

a. At the beginning of each session your chairs will conduct a roll call. During roll call each delegate's name will be called and you are expected to reply with either "Present" or "Present and voting".

2. Opening Speeches - Time to share views and ideas

a. The delegation leader of each country will hold a maximum of one minute long speech introduce your country's position on the topic at hand.

3. Moderated Caucus I (Formal Debate) - Time to speak under official time

a. During a moderated caucus delegates that wish to speak on a topic may do so by raising their placards when the chair asks for speakers.

b. Delegates that are called on can speak for up to 60 seconds. There will be two questions of 30 seconds and two answers of 30 seconds per speaker.

- c. There will be two moderated caucuses during the conference.
 - d. In Moderated Caucus (I) the points brought up during the opening speeches or other points regarding solutions to the topic will be discussed.
- 4. Unmoderated Caucus (Informal Debate) - Time to speak freely
 - a. During unmoderated caucus delegates will talk to other delegates and write clauses (solutions) for the topic.
 - b. Each clause requires one signatory (supporter) to be acknowledged.
 - c. When a clause is finished the delegates will send the clause to the Dais to be edited and for later projection onto the board. Only clauses sent during unmoderated caucus will be discussed during the final moderated caucus.
- 5. Moderated Caucus II (Formal Debate)
 - a.
 - b. In Moderated Caucus (II) clauses will be presented, discussed and voted upon.
 - c. When clauses are presented, delegates can choose to speak for or against a clause.
 - d. When the committee moves into voting procedure, delegates vote on the clause being discussed.
 - e. During voting procedure delegates can do one of the following actions:
 - i. Vote for: The delegation agrees with the clause or resolution.
 - ii. Vote against: The delegation disagrees with the clause or resolution.
 - iii. Abstain from voting: The delegation neither agrees nor disagrees with the clause or resolution.
- 6. Voting Procedure - Time to vote on the proposed resolutions
 - a. When the committee moves into voting procedure, delegates vote on the resolution as a whole after having voted for each individual clause.
 - b. During voting procedure delegates can do one of the following actions:
 - i. Vote for: The delegation agrees with the clause or resolution.
 - ii. Vote against: The delegation disagrees with the clause or resolution.
 - iii. Abstain from voting: The delegation neither agrees nor disagrees with the clause or resolution.

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