



Montessori Model United Nations (MMUN 2010)

G-20

Background Guide

Dear Delegates,

It is a pleasure to welcome you to the 2010 Montessori Model UN and especially to the G-20. Every year at MMUN, we simulate an important international organization that does not belong to the United Nations System. In the past, we have simulated the Council of the European Union. This year, students will learn about the functioning of the G-20.

The following pages intend to guide you in the research of the topics that we will be debating at MMUN 2010. Please note that this guide will only provide the basis for your investigation. It is your responsibility to find as much information that you can on the topic and how it relates to the country that you represent. The more information that you have and learn about, the more you will take from debate and the whole MMUN experience.

We encourage you to learn all that you can about what your country is doing in regard to the selected topics.

Enjoy and see you in New York!

Montessori Model United Nations 2010 Secretariat

About the G-20



Established in 1999, the G-20 (Group of Twenty Finance Ministers and Central Bank Governors) is a group where the representatives of the 20 top economies in the world (19 countries plus the European Union) discuss topics related to the international financial system.

The G-20 studies, reviews, and promotes discussion among key industrial and emerging market countries of policy issues pertaining to the promotion of international financial stability, and seeks to address issues that go beyond the responsibilities of any one organization.

It was created after the economic turmoil of the 1990s with the primary function to enhance international economic transparency and global financial strengthening. On September 25, 2009 at the 2008 Washington Summit, the G-20 leaders announced that this group will replace G8 as the main economic council of wealthy nations.

The mission of the G-20 is to allow discussion and cooperation between the financial and political leaders of its State Members. The topics concern economic stability, national economic policies, monetary policy objectives and instruments, and the global international financial structure in general. The summits are opportunities to address the financial challenges of the future and finding common group on how to lead world economic development.

At this moment, the G-20 is playing an important role in the current economic crisis, debating about long-term solutions that would reduce the financial misery to a large extent and create a new financial order. Recently, the delegates pledged to increase international regulation of the markets and to strengthen the international financial institutions to oversee the policy packages, introduced at the summit in London.

The **G-20 Leaders' Summit on Financial Markets and the World Economy** in London on April 2nd, 2009 and in Pittsburg in September 25th, 2009. The United Kingdom chairs the Group of Twenty in 2009.

Membership

The G-20 is made up of the finance ministers and central bank governors of 19 countries. Several times a year, the presidents of each country meet to start the discussions. In 2009, the G-20 met for:

1. Argentina
2. Australia
3. Brazil
4. Canada
5. China
6. France
7. Germany
8. India
9. Indonesia
10. Italy
11. Japan
12. Mexico
13. Russia
14. Saudi Arabia
15. South Africa
16. South Korea
17. Turkey
18. United Kingdom
19. United States of America
20. And the special representation of the European Union (EU).

Topics for MMUN 2010

Topic 1: Creating opportunity for the world's smallest economies

Topic 2: Reduction of food production worldwide

Topic 1: Creating opportunity for the world smallest economies

The 2007-2009 Global Financial Crisis has been called by economists the worst financial crisis since the Great Depression of the 1930s. It contributed to, among other things, substantial financial commitments incurred by governments, and a significant decline in economic activity.

The collapse of a global housing bubble, which peaked in the U.S. in 2006, caused the values of securities tied to housing prices to plummet thereafter, damaging financial institutions globally. The

doubt of bank solvency, declines in credit availability, and damaged investor confidence had an impact on global stock markets, which suffered large losses during 2008.

In late 2008 and at the beginning of 2009, world economies slowed as credit tightened and international trade declined. Some experts claim that credit rating agencies and investors failed to accurately price the risk involved with mortgage-related financial products, and that governments did not adjust their regulatory practices to address 21st century financial markets.



Governments and central banks of the most developed countries in the world responded to the crisis with unprecedented fiscal stimulus, monetary policy expansion and institutional bailouts. Unfortunately, most of the developing countries are not able to make the same financial steps. This could affect the entire world financial system because if the liquidity crisis continues, there could be an extended recession or worse.

The combination of high food prices and high oil prices has meant that, while the current account of oil and food importers was in balance by 2003, it was in deficit in 2007. Inflation has also doubled. Therefore, many developing countries, especially in Africa, are in bad position to face the crisis. The terms of trade shock tend to be highest in small importing countries such as Fiji, Dominica, Swaziland. However, African countries such as Kenya, Malawi, Tanzania are projected to have a faced terms of trade shocks of greater than 5% of GDP. Also, the Asian Development Bank has revised its forecast for Asian countries downwards by 1-2%. The International Monetary Fund (IMF) growth forecasts have been revised significantly, especially for the U.K., but also India, China and most of the African countries.

The magnitude of the crisis will depend on the response of the U.S. and the E.U. Trillion dollar rescue packages are launched around the world hoping that the markets may eventually respond rather sooner than later.

The mission of the G-20 is to find opportunities, escape plans and new strategies for the small economies to surpass the crisis and continue on its development, having in mind the financial situation of all the regions and sectors, as well as the current status of the recession.



Consider these questions when investigating about the topic and your country's position:

1. What are the reasons that are holding back the smaller economies' growth?
2. What are the channels through which the crisis should spread to developing countries and how are the effects being felt in developing countries?
3. What measures are the big economies taking to enhance their growth?
4. What are big economies doing to help small economies and what else can they do?
5. How small economies could help themselves?
6. What is the current situation of your country towards the world crisis?
7. What is the prediction for your country's future economy?
8. What plans are being made to end the recession locally?

Topic 2: Reduction of food production worldwide

The world is living a crucial situation concerning food production in all the regions of the world and the procedures that the developed countries have used to mass produce have failed on achieving healthy results and quality food for everyone.

Also, it has been proved that the mass production of food is damaging our environments since it has been a stimulus to use hard chemicals, destroy forests and green areas and also misbalance the natural nutrition pyramid of living beings.

During the 1950s, the mass production of food started to rise because people first bought cheap food, since they either did not have a well-secured financial status to do otherwise or felt they were "beating the system by spending less than they budgeted for food that week." Later, the budgets of the population became based on the price of cheap food, so that now, a moment where seeing real food is rare, the price tags appears exorbitant. The wages and salaries, rent and utilities, all are tied to cheaply priced food.

For example, the Amazon Rainforest, one of the biggest natural XXXX, is being deforested due to the human settlement and development of the land. During the last five months of 2007, more than 3,200 sq. kilometers (an area equivalent to the size of the state of Rhode Island, in United States) was deforested during a time when deforestation would normally drop. The main reason of this is that humans are taking forest areas for pasture and the production of soya beings. Environmentalists are concerned about the loss of biodiversity which will result from destruction of the forest for the mass production of food, and also the release of the carbon contained within the vegetation, which could accelerate the global warming.



Unfortunately, the problem is not as easy to solve as only eliminating the mass production of food, since this will make a considerable reduction on food production, making prices elevate significantly. High food prices are threatening recent gains in overcoming poverty and malnutrition, and are likely to persist over the medium term, according to the World Bank.

The G-20 should find a solution to solve both cases: the proper production of food, without causing problems to the environment or putting at risk the health of consumers, as well as to avoid to make food access more expensive, especially for the lower-income citizens and developing countries.

Consider these questions when investigating about the topic and your country's position:

1. What alternatives are there to produce better quality food without damaging the environment and significantly increasing their prices?
2. If the mass production of food stops would reduce the access to food significantly?
3. What healthy procedures should governments have to avoid mortal food poisoning such as some cases of "E. coli"?
4. What is your country's policy to produce food and its current situation now?
5. What are the predictions for the following years for your country and region?
6. How is the massive food production affecting your country?
7. What is the UN promoting to do in these concerns?

Important Links

G-20 Summit Official Website

<http://www.g20.org>

The CIA World Factbook

<https://www.cia.gov/library/publications/the-world-factbook/>

Overseas Development Institute (ODI)

"The global financial crisis and developing countries"

<http://www.odi.org.uk/resources/download/2462.pdf>

Food Alimentation Organization (FAO)

"Small developing economies: characteristics and vulnerability"

<http://www.fao.org/docrep/005/y3733E/y3733e0e.htm>

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL ECONOMIC COMMISSION FOR AFRICA

"The global financial crisis: impact, responses and way forward"

http://www.uneca.org/cfm/2009/docs/FinancialCrisis_RegComm.pdf

The Environmental Food Crisis - The Environment's Role in Averting Future Food Crisis

<http://www.grida.no/publications/rr/food-crisis/ebook.aspx>

Consumption and Consumerism

<http://www.globalissues.org/issue/235/consumption-and-consumerism>

G-20 Videos

<http://www.youtube.com/hmtreasuryuk#p/u/3/mG2FDfTIKwQ>