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**United Nations Simulation Conference 2023**

**Economic and Social Council (ECOSOC)**



**Background Guide**

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## Letter from Chairs

Dear Delegates,

It is our pleasure to preside over this Economic and Social Council for the 18<sup>th</sup> edition of the United Nations Simulation Conference.

UNSC has always been a competitive and lively conference, and as we hope as we transition to a 2-day conference this year it will only strengthen the spirit of camaraderie, and enable you to work on solutions together, both of which we look forward to in MUNs.

While we definitely look forward to fun-filled committee sessions, we hope you will take the issues under review seriously. As we convene on the 17<sup>th</sup> of June we will be discussing issues that are gaining international recognition, and require urgent discussion and policy-making.

As a tradition of UNSC, we will continue to have the committee sessions on our first day examined by external judges, and delegates will not be allowed to research during the conference (no internet connection will be provided for the same). We look forward to seeing how you meet this challenge!

Wishing you the very best with your preparations,

With warm regards,

Thahir Ahmed, Mizna Nabil and Fathima Riham

Chairs of the ECOSOC.

## *The Economic and Social Council*

Since its establishment in 1945, the ECOSOC committee has emerged as an indispensable force within international governance, diligently addressing the multifaceted challenges of sustainable development while nurturing economic, social, and environmental progress. With a remarkable trajectory spanning over seven decades, ECOSOC has evolved into a global platform, encompassing 54 member states and 5 regional commissions, amplifying the voices of nations and fostering collaborative endeavors worldwide.

Stepping into the intricate tapestry of global affairs, ECOSOC assumes a central role, orchestrating a symphony of coordinated efforts to confront pressing issues. Quantitatively speaking, its impact is profound, with billions of dollars in development aid allocated to catalyze transformative initiatives, stimulate investment in vital infrastructure projects, and drive sustainable change across diverse sectors, including poverty eradication, healthcare, education, and access to clean water.

As a catalyst for change, ECOSOC nurtures partnerships and cultivates dialogue, deftly navigating the intricate nexus between economic growth, social welfare, and environmental stewardship. As a forum for member states, experts, and stakeholders, it fosters the exchange of knowledge, the sharing of best practices, and the charting of innovative pathways towards inclusive development. Ensuring policy coordination, promoting coherence, and offering essential guidance across a wide spectrum of issues, ECOSOC spearheads a unified global approach to complex challenges.

Beyond its pivotal role in fostering collaboration, ECOSOC serves as a conduit for collective action, overseeing and coordinating the work of specialized United Nations agencies, funds, and programs. By harmonizing efforts and facilitating cooperation, it optimizes the impact of the United Nations system, forging synergistic pathways towards shared objectives, and generating tangible outcomes that enhance the lives of millions worldwide.

Unwavering in its commitment to advocacy and inclusivity, ECOSOC amplifies the voices of marginalized communities, nurturing constructive dialogue between governments, civil society, and the private sector. It champions equity and ensures diverse perspectives are integrated into decision-making processes, propelling an inclusive agenda that leaves no one behind on the transformative journey towards sustainable development.

In conclusion, the ECOSOC committee, born in 1945, stands resolute as an influential pillar of international governance, yielding quantitative impacts through its extensive mandate. With its diverse membership, regional commissions, and a legacy of global collaboration, ECOSOC remains a steadfast driver of economic, social, and environmental progress. Guided by its commitment to policy coordination, partnership cultivation, and amplifying marginalized voices, ECOSOC charts a course towards a more inclusive and sustainable future for all.

## *“The Question of De-Dollarization of Economies and the Possible Repercussions”*

De-dollarization refers to a process in which countries seek to reduce their dependence on the US dollar as a reserve currency and shift towards other currencies. This does not necessarily indicate an imminent collapse, but rather reflects ongoing shifts in the global financial landscape and changes in the economic policies of major countries. Moreover, dollarization is not a new phenomenon and has been underway for some time. While dollarization may bring challenges and uncertainties, it also offers opportunities for increased diversification of currencies in reserve portfolios, reducing dependence on a single currency, and promoting greater stability in the global financial system.

The idea that the infamous U.S dollar could lose its dominance was unthinkable. But recent sanctions by the U.S and its allies on Russia's currency reserves have made obvious to the non-Western world the kind of weaponization and hegemony they are susceptible to should they continue to hold vast amounts of dollar reserves. Therefore, viewing the Russian example as a cautionary tale, they have begun accumulating gold instead. As International Crisis Group co-chair Frank Giustra said, "Financial systems are built on trust and, if they are weaponized, they lose the trust necessary to retain their dominance".

This de-dollarization is happening in parallel to China's determined efforts to amplify the yuan's presence, entering into multiple trade agreements with countries like Brazil, Kazakhstan and Pakistan that oblige non-dollar transactions. Furthermore, a rising alliance called the BRICS is jeopardizing the dollar's position on the throne. What began as an optimistic label for growing economies of the global south - Brazil, Russia, India, China and South Africa - has now evolved into an intergovernmental platform for collaboration, seeking to influence global growth and development. Talks of a BRICS currency have been brewing, and experts argue it is not unrealistic to imagine these countries using only this currency for trade. They are well-cushioned by a balance of payments surplus, and a BRICS currency union would be distinguished from any before it in that it would not be among countries united by shared territorial borders, its members would likely be able to produce a wider range of goods than any existing monetary union.

## **Major Countries Involved:**

### **United States of America:**

Global trade has been dominated by the U.S. dollar for decades, not just because it is the world's biggest economy, but also because oil, a key commodity needed by all economies, is priced in the greenback. The dollar is also the currency used to price and trade most commodities. The U.S. dollar accounted for 58.36% of global foreign exchange reserves in 2022, according to data from the IMF's Currency Composition of Foreign Exchange Reserves (COFER). Comparatively, the euro is a distant second, accounting for about 20.5% of global forex reserves while the Chinese yuan accounted for just 2.7% in the same period. De-dollarisation could affect the purchasing power and standard of living for Americans.

### **Brazil:**

"Why can't we do trade based on our own currencies?" - Luiz Inácio Lula da Silva, Brazil's president. His stance on the issue is clear cut, with the president urging countries to move away from the dollar and their significant presence in the possible evolution of a new currency - BRICS (Brazil, Russia, India, China and South Africa). The countries call to shed dollar dependence is also a result of their strong relations with China. The two countries' growing economic relations has encouraged these countries to promote their currency and call an end to the domination of the US dollar.

### **China:**

When it comes to the subject of de-dollarization, China is not playing games; in reality, both China and Russia have been moving away from the so-called dominant currency for years. For the past year, the nation has virtually exclusively purchased Russian oil using its own currency, the Yuan. The yuan, commonly known as the renminbi, officially replaced the dollar in March as the most widely used currency for cross-border transactions in China. CIPS, China's Cross Border InterBank Payment System, is actively developing and has a good chance of challenging SWIFT for global dominance. The CIPS was introduced by China's central bank in 2015 with a view to replace the SWIFT and hope to internationalize yuan.

**Russia:**

In the aftermath of Russia's unprovoked invasion of Ukraine, many Russian banks were banned from using SWIFT, consequently leading to a lean towards a new currency and the destruction of the rival currency. In recent years Russia has been actively promoting the use of other currencies majorly owing to the strained relations with the U.S. In 2019, Russia's central bank reported that the share of US dollars in Russia's international reserves had dropped to 23%, the lowest level in a decade. This shift away from the dollar is part of Russia's broader efforts to reduce its dependence on the US-dominated global financial system and promote the use of alternative currencies such as the euro and the Chinese yuan. This move is part of a broader trend among many countries seeking to reduce their reliance on the US dollar as the dominant global reserve currency.

**India:**

India plays a significant role in the BRICS coalition, lending monetary support to fellow BRICS countries, speaking out against policies or actions that may harm the interests of any member, and playing the role of a peacekeeper to ensure stability in trade regions such as the Mediterranean, North Africa, and the Indian Ocean. It has been an active participant in the forum since its inception. Dr S.Jaishankar, External Affairs Minister to the government of India, says, "Parallel activities at a people-to-people level and in domains ranging from culture to science, technology and innovation have also gathered momentum. In the last decade and a half, BRICS has made its presence felt in the important debates of our times".

**Saudi Arabia:**

As BRICS aims to recruit countries that occupy key strategic locations and have growing economies, Saudi Arabia is one of the key parties that has expressed interest in joining the bloc. They were one of the many guest countries present at a BRICS' foreign ministers meeting in May 2022. As one of the biggest exporters of crude oil holding 15% of the world's reserves, Saudi Arabia could contribute significantly to the aims of the coalition with material incentives and economic benefits, were it to become a permanent member.

## **Questions to Consider:**

- 1) Is this a concern that poses immediate threat to global trade? If yes, does it require international regulation to ensure stability and security of global trade?
- 2) How would de-dollarization affect our progress towards the Sustainable Development Goals, particularly SDG 8, 9 and 17?
- 3) While de-dollarization could level the financial playing field, what possible repercussions could it have?
- 4) Will small and developing nations be able to trade smoothly in their local currencies should they choose to de-dollarize?
- 5) By the same motion, would it promote or stamp down on financial and social inequality, both in the context of international development as well national or regional wealth inequality?
- 6) How would it affect the standard of living around the globe? What can expect in the values of dominant currencies?

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# ***“The Question of Regulating the Implementation of Artificial Intelligence (AI) in Economic and Social Development Efforts”***

In an era characterized by boundless innovation, the emergence of Artificial Intelligence (A.I.) has ignited a profound shift in the technological landscape, capturing the world's attention with its mesmerizing potential. As we traverse the realm of intelligent machines, the question of regulating A.I. looms large, presenting a complex tapestry of opportunities and challenges that demand our careful consideration.

The pulsating heartbeat of A.I. technology resonates across diverse sectors, permeating industries such as healthcare, finance, transportation, and more. From self-driving cars that navigate with precision to virtual assistants that seamlessly streamline our daily tasks, A.I. systems have woven themselves into the fabric of our lives, transforming the way we live, work, and interact.

Yet, amidst the awe-inspiring achievements lie significant questions and concerns. The rapid advancements in A.I. have raised ethical, legal, and socio-economic dilemmas that warrant global attention. How can we ensure the responsible and ethical use of A.I.? What measures should be taken to safeguard privacy, security, and human autonomy in an increasingly automated world? How can we address the potential impact of A.I. on employment, inequality, and societal cohesion?

The pursuit of regulation presents a delicate balancing act. On one hand, we must foster an environment that encourages innovation, research, and development of A.I., harnessing its transformative power to solve complex challenges. On the other hand, we must establish safeguards to mitigate risks, protect human rights, and ensure that A.I. serves the best interests of humanity as a whole.

## **Key Issues of Concern:**

- 1. Ethical Quandaries:** At the heart of A.I. regulation lies a web of ethical complexities. As machines become increasingly autonomous and intelligent, questions of accountability, transparency, and fairness emerge. How do we ensure that A.I. systems make ethical decisions? Who bears the responsibility when A.I. algorithms produce unintended consequences or perpetuate biases? Striking a balance between innovation and ethical imperatives demands innovative solutions that prioritize human values and rights.
- 2. Privacy and Data Security:** The omnipresence of A.I. systems necessitates an unwavering focus on privacy and data security. A surge in data collection and analysis raises concerns about the misuse, unauthorized access, and potential breaches of personal information. How can we protect individuals' privacy rights in an era of pervasive A.I. surveillance? What measures should be implemented to safeguard sensitive data from malicious actors or unintended exposure?
- 3. Workforce Disruption:** The rise of A.I. technologies pose profound implications for the global workforce. Automation and machine learning threaten to disrupt traditional job markets, potentially displacing workers and exacerbating inequality. How can we mitigate the impact of A.I. on employment? What strategies can be employed to reskill and upskill workers, ensuring a smooth transition to the A.I.-enabled economy? Balancing economic progress with social well-being remains a critical challenge.
- 4. Bias and Discrimination:** A.I. systems are only as unbiased as the data they are trained on. Unintentional biases can seep into algorithms, perpetuating discrimination and exacerbating societal inequalities. How can we address the issue of biased algorithms and ensure fairness and equity in A.I. decision-making processes? Striving for diverse and representative data sets, coupled with robust auditing and accountability mechanisms, will be key to combating bias.

- 5. International Collaboration and Governance:** The regulation of A.I. transcends national boundaries, necessitating international collaboration and harmonization of standards. How can nations come together to create a cohesive regulatory framework that allows for innovation while preventing a patchwork of conflicting rules? Establishing effective mechanisms for global cooperation, information sharing, and coordination will be imperative in navigating the complex landscape of A.I. governance.

### **Major Countries Involved:**

#### **United States of America:**

The U.S Department of State places a high priority on the development of artificial intelligence and thus engages in various bilateral and multilateral discussions to help promote, develop, and use the growing technology of artificial intelligence responsibly. The USAID (the United States Agency for International Development), GPAI (Global Partnership on Artificial Intelligence) and OECD (Organization for Economic Cooperation and Development) are some organizations working on the same. However, despite the various policies and motives behind the promotion and development of artificial intelligence in the states, many describe the country's approach to this technology as risk-based, dangerous, and highly distributed among federal agencies.

#### **Italy:**

Italy is also an investor in the growing AI technologies; they have worked closely with the EU to formulate various policies and initiatives in line with promoting artificial intelligence. The draft AI strategy aims to foster innovation and competitiveness in the Italian economy by leveraging AI technologies in various sectors such as healthcare, transportation, and energy. Italy believes that while AI has the potential to revolutionize many industries, it must be used responsibly and ethically to protect the rights and privacy of individuals. As such, they are actively working with government agencies and tech companies to develop regulations and guidelines for the ethical guidelines of use of A.I in Italy.

#### **Russia:**

Russia recognizes the potential of AI and its role in shaping the future. Its implementation can be seen in various sectors and industries within Russia. Based on the technologies already being used and their positive impact, Russia sees wide and promising prospects for the future development of AI within its industries. In addition, scientists in Russia are considering the benefits of using AI to militarize the economy. However, Russia is skeptical of Western-led regulation and prefers a more decentralized approach that allows for national autonomy and innovation. Russia may also use AI for surveillance and propaganda, which raises concerns about its intentions and impact. As such, Russia recognizes the need for continued research and development to ensure that AI is used in a safe and responsible manner.

## **Questions to Consider:**

- 1) Could AI be used to exploit the privacy and confidentiality of individuals from disadvantaged backgrounds?
- 2) If yes, what are some possible measures that could be implemented for the protecting against the same?
- 3) How can manual or unskilled labor be protected or up-skilled considering the intervention of AI into the labor force?
- 4) Is AI as unbiased as it is perceived to be?

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