

Model United Nations of Goldberg

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Economic and Financial Affairs Council



Addressing Global Inflationary Pressures while Safeguarding Economic Stability and Livelihoods

-Comittee Guide-

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Table of Contents

I. Introduction

1. Introduction to the committee
2. Introduction to the topic

II. Facts and Current situation

1. Facts
2. Current situation

III. Definition of key terms

IV. Major parties involved

V. Evaluation of previous attempts

VI. Possible solutions

VII. Useful links and resolutions

VIII. Statistics

I. INTRODUCTION

1. Introduction to the Committee

The Economic and Financial Committee (ECOFIN), also known as the Second Committee of the United Nations General Assembly, is responsible for addressing global economic, financial, and development-related issues. It plays a vital role in promoting international economic cooperation, sustainable development, poverty eradication, and financial stability among nations. ECOFIN discusses a wide range of topics including macroeconomic policy, globalization, financing for development, climate finance, and the implementation of the Sustainable Development Goals (SDGs). Through debates, resolutions, and international collaboration, the committee works to strengthen economic growth, reduce inequalities, and improve living standards worldwide. During its sessions, representatives from Member States, international organizations, and experts come together to evaluate global economic challenges and propose solutions that encourage inclusive and sustainable development for all countries.

2. Introduction to the Topic

Global inflation emerged as one of the defining economic challenges of the early 2020s. Following the COVID-19 pandemic, a combination of supply chain disruptions, unprecedented fiscal stimulus, the Russian invasion of Ukraine in February 2022, and surging energy and food prices pushed inflation to multi-decade highs across both advanced and developing economies. The consequences have been profound: millions of people have been pushed into poverty, governments in developing countries have been pushed toward debt crises, and social unrest has grown in many regions. At the same time, the policy tools available to fight inflation most notably raising interest rates carry their own risks for economic growth and employment. This committee will examine the root causes of global inflationary pressures, assess the effectiveness of international responses so far, and work toward a resolution that help nations stabilize their economies while protecting the most vulnerable populations.

II. FACTS AND CURRENT SITUATION

Global inflation reached 8.8% in 2022, the highest level in decades, according to the IMF.

- In advanced economies, inflation peaked at around 7.3% in 2022; in emerging markets and developing economies it reached approximately 9.9%.
- Energy prices surged by over 65% in 2022, with natural gas prices rising even more sharply following supply disruptions caused by the war in Ukraine.
- Food prices rose 14.3% globally in 2022, with the UN FAO Food Price Index reaching an all-time high.
- Over 345 million people faced acute food insecurity as of mid 2022 a number that doubled since 2019.
- Central banks in over 50 countries raised interest rates in 2022, with the US Federal Reserve implementing its most aggressive rate hiking cycle in 40 years.
- The global cost-of-living crisis disproportionately affects low-income households, which spend a larger proportion of their income on food and energy.

- The 2010 earthquake in Haiti killed approximately 250,000 people and decimated 67% of the country's GDP this is an illustration of how compounding crises deepen inflationary vulnerabilities in fragile states.

As of 2025, global inflation has moderated significantly compared to the peak of 8.8% recorded in 2022. According to IMF projections, global inflation is expected to average approximately 4.2% in 2025, with advanced economies moving closer to their inflation targets. Nevertheless, inflation remains elevated in many developing and emerging economies due to persistent food and energy costs, currency depreciation, and structural economic weaknesses. Although inflation rates have declined, overall price levels remain substantially higher than before the inflation surge, meaning that many households continue to face significant cost-of-living pressures.

In addition, the ongoing crisis in the Strait of Hormuz has created new inflationary risks for the global economy. The Strait of Hormuz is one of the world's most important energy transit routes, through which approximately 20% of global oil consumption and a significant share of liquefied natural gas exports are transported. Any disruption to shipping in the region can lead to higher oil and gas prices, increasing transportation, production, and household energy costs worldwide. As a result, renewed tensions in the Strait of Hormuz could contribute to higher inflation and complicate efforts by central banks to maintain price stability, highlighting the continued vulnerability of the global economy to geopolitical shocks.

III. DEFINITION OF KEY TERMS

Inflation: A general increase in the prices of goods and services in an economy over time, reducing the purchasing power of money. Measured by indicators such as the Consumer Price Index (CPI).

Stagflation: A combination of high inflation, slow economic growth, and high unemployment a particularly challenging scenario as conventional policy tools to address one problem can worsen the others.

Debt Distress: A situation in which a country is unable to meet its debt obligations without significant economic hardship, often requiring debt restructuring or relief.

Wage-Price Spiral: A feedback loop in which rising prices lead workers to demand higher wages, which in turn increase production costs and push prices higher still.

Social Protection Floor: A national set of basic social security guarantees ensuring that all people have access to essential health care and income security throughout their lives.

IV.MAJOR PARTIES INVOLVED

NORTH AMERICA

The United States play a central role in global inflation dynamics as the world's largest economy and issuer of the primary global reserve currency. Federal Reserve interest rate decisions ripple across the entire global economy, affecting capital flows, exchange rates, and debt servicing costs in developing nations. The U.S. has deployed large fiscal stimulus packages in response to the COVID-19 pandemic, which contributed to inflationary pressures both domestically and globally. Washington has also engaged in G20 discussions on debt relief and food security financing.

Canada has similarly grappled with elevated inflation and rising interest rates, while supporting international efforts toward debt relief and greater food and energy security. Canada works closely with multilateral institutions to address the spillover effects of the global cost of living crisis on vulnerable economies.

EUROPE

The European Union has been one of the regions that are most acutely affected by the inflationary surge, largely due to its significant dependence on Russian energy supplies prior to the invasion of Ukraine. The sharp rise in natural gas and electricity prices triggered a severe cost-of-living crisis across member states. The European Central Bank responded with aggressive interest rate hikes, raising rates at an unprecedented pace to bring inflation under control.

Countries such as France and Germany have championed coordinated international responses to food and energy price shocks, including the diversification of energy sources and the scaling up of humanitarian aid. The EU has also been a leading voice in calls for reforming international debt architecture to assist developing nations overwhelmed by the crisis.

ASIA

China, as the world's second largest economy and a central node in global supply chains, has played a dual role in the inflationary episode. Supply chain disruptions linked to China's zero COVID policies contributed to global goods shortages and price increases, while China's own economy experienced deflationary pressures driven by weak domestic demand and a property sector crisis. China has supported developing countries through bilateral lending but has been a complex actor in multilateral debt relief negotiations.

India has been significantly affected by food and energy price inflation, given its large population of low-income households and its dependence on energy imports. India has implemented measures to shield domestic consumers, including export restrictions on certain food commodities, which in turn affected global food markets. Japan and other

advanced Asian economies have pursued different monetary policy trajectories, maintaining loose policies longer and contributing to currency volatility in the region.

MIDDLE EAST AND AFRICA

Many countries across the Middle East and Africa have been among the hardest hit by global inflationary pressures, particularly the surge in food and fuel prices. Nations heavily dependent on wheat imports from Russia and Ukraine — including Egypt, Lebanon, and several sub-Saharan African countries — faced acute food security crises. The combination of pre-existing debt vulnerabilities, currency depreciation, and surging import costs has pushed several African economies toward debt distress.

Countries such as Zambia, Ghana, and Ethiopia have required debt restructuring under the G20 Common Framework. The African Union has called for greater representation of African nations in international financial governance and for more flexible debt relief mechanisms that respond faster to crises.

LATIN AMERICA

Latin America has experienced some of the most severe inflationary pressures among middle-income regions, compounded by political instability, currency weakness, and high levels of pre-existing inequality. Countries such as Argentina have faced chronic hyperinflationary conditions, while Brazil, Chile, and Colombia have had to implement aggressive monetary tightening to restore price stability.

Several Latin American countries are also grappling with the social consequences of austerity measures required by IMF lending programs, leading to public protests and political tensions. The region has consistently advocated at the UN level for more equitable global financial governance, greater access to concessional financing, and debt relief mechanisms that do not force cuts to essential social services.

V. EVALUATION OF PREVIOUS ATTEMPTS

In recent years, governments and international organizations have taken several steps to address global inflationary pressures. The IMF deployed emergency financing to over 90 countries following the COVID-19 pandemic and the energy price shock triggered by the war in Ukraine. The G20 established the Common Framework for Debt Treatment to provide relief to heavily indebted developing nations. The World Food Programme significantly scaled up its operations in response to acute food insecurity, and several governments introduced targeted energy subsidies and cash transfer schemes to protect vulnerable households.

However, these efforts have faced significant limitations. The G20 Common Framework has been widely criticized for being too slow and too restrictive in its eligibility criteria, leaving many middle-income countries in debt distress without effective relief. IMF lending conditions have in some cases required austerity measures

that cut social services precisely when populations needed them most, sparking political unrest in countries like Sri Lanka and Pakistan. Energy subsidies, while offering short-term relief, have often been fiscally unsustainable and poorly targeted, benefiting wealthier households more than the poor. Meanwhile, the lack of coordination between major central banks has led to conflicting monetary policy signals, exacerbating currency volatility in emerging markets.

VI. POSSIBLE SOLUTIONS

Countries should work together to create fair international frameworks that ensure macroeconomic stability while protecting the most vulnerable populations. Strengthening international coordination of monetary and fiscal policy is essential to avoid conflicting national responses that exacerbate global economic volatility. Major central banks should better communicate their policy intentions to minimize disruptive spillover effects on developing economies.

Reforming the international debt architecture to provide faster, fairer, and more effective debt relief is equally critical, enabling countries in distress to invest in social protection rather than debt servicing. Scaling up social protection floors in all countries — through targeted food subsidies, cash transfers, and energy support schemes — will help ensure that the most vulnerable are shielded from the worst effects of inflation. Addressing the structural drivers of inflation, including investing in sustainable agricultural systems and accelerating the transition to renewable energy, will reduce dependence on volatile fossil fuel markets and increase long-term resilience.

Finally, reforming international financial institutions to give developing countries greater voice and access to concessional financing, promoting multilateral trade cooperation to reduce supply chain fragmentation, and establishing a UN-level early warning system for food and energy price shocks are all necessary steps toward a more equitable and stable global economy.

VII. USEFUL LINKS AND RESOLUTIONS

Relevant UN Resolutions:

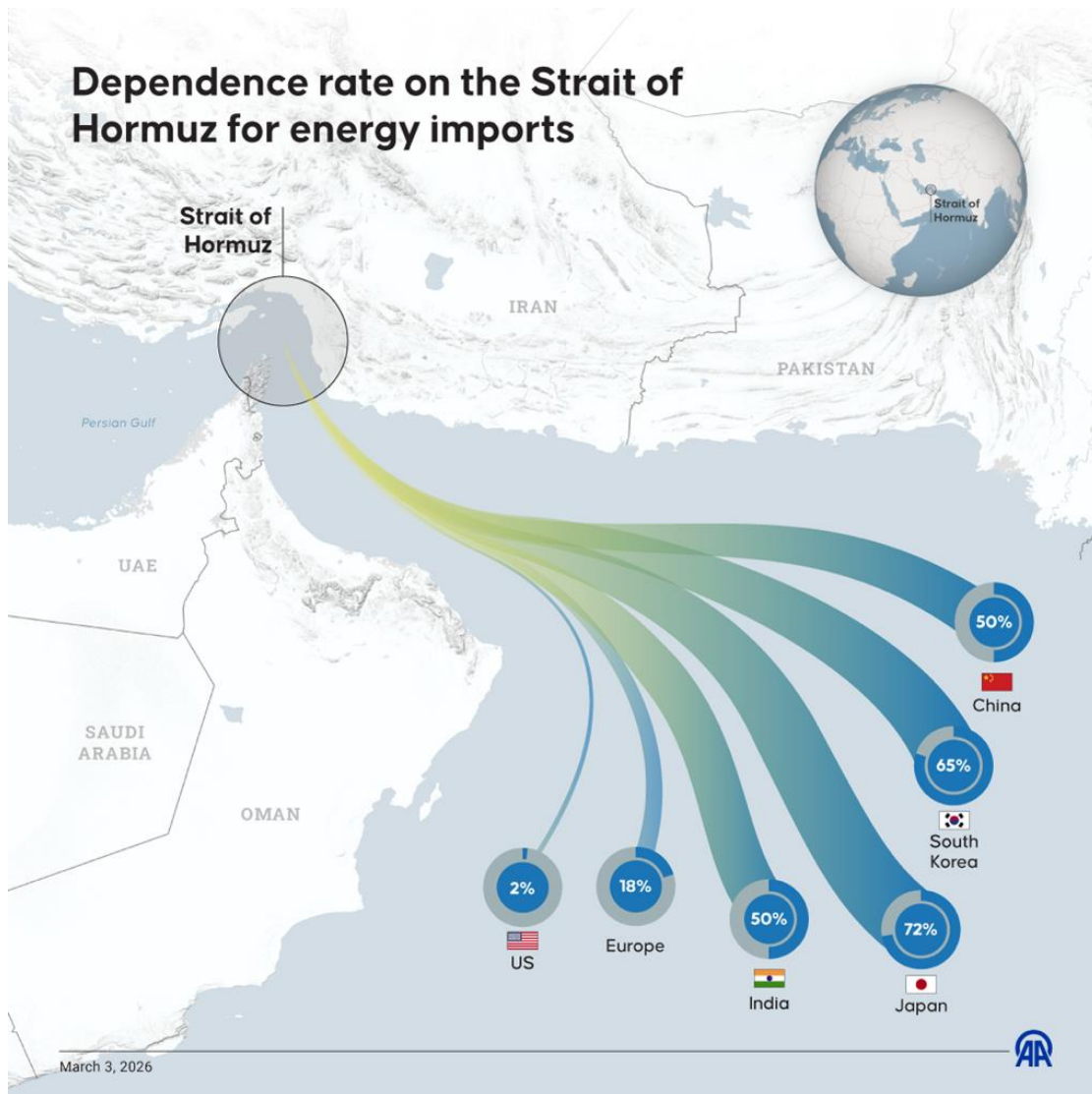
- A/RES/70/1 Transforming our world: the 2030 Agenda for Sustainable Development
- A/RES/ES-11/6 Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations
- A/RES/76/300 The human right to a clean, healthy and sustainable environment

Key Documents and Reports:

- IMF World Economic Outlook [imf.org/en/publications](https://www.imf.org/en/publications)

- UN Global Crisis Response Group Reports un.org/en/global-crises
- FAO Food Price Index fao.org/worldfoodsituation/foodpricesindex/en/
- World Bank Poverty and Inequality Platform pip.worldbank.org
- Addis Ababa Action Agenda (2015) un.org/esa/ffd/wp
- UNCTAD Trade and Development Report unctad.org/tdr
- BIS Annual Economic Report bis.org/publ/arpdf

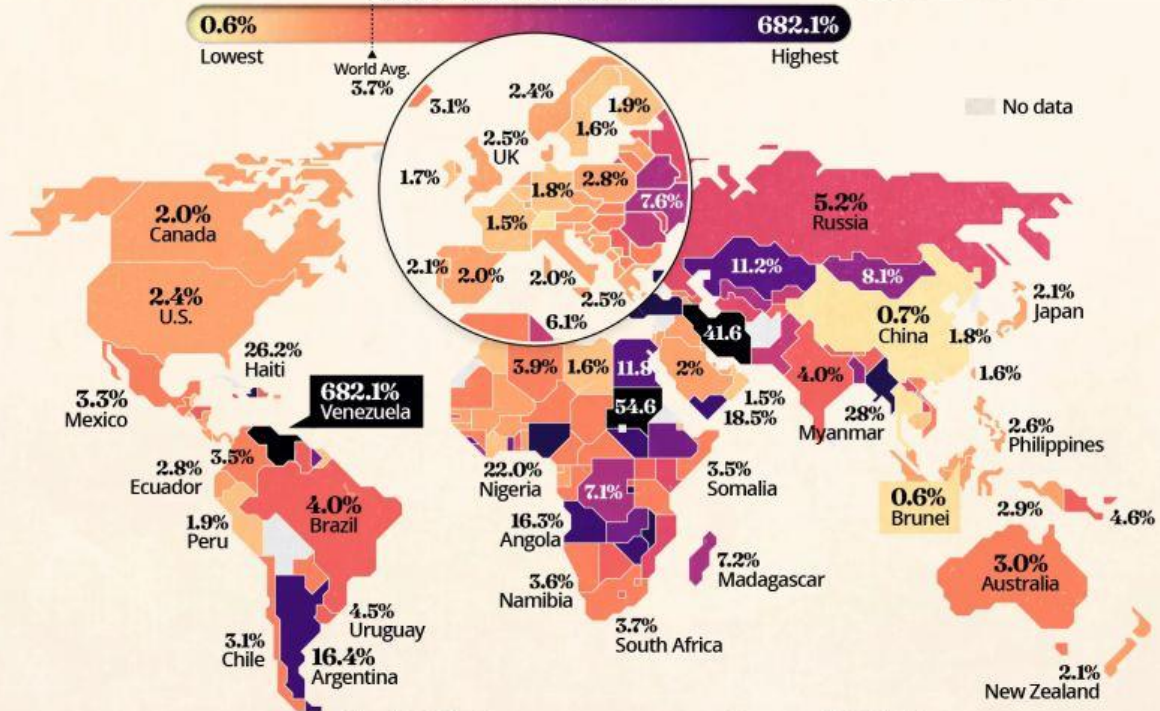
VIII. STATISTICS



<https://www.aa.com.tr/en/info/infographic/50577>

Global Inflation

2026 FORECAST BY COUNTRY



Top 10 Inflation

Venezuela	682.1%
Sudan	54.6%
Iran	41.6%
Myanmar	28%
Burundi	26.3%
Haiti	26.2%
Türkiye	24.7%
Malawi	24.1%
Nigeria	22%
Yemen	18.5%

Bottom 10 Inflation

Brunei	0.6%
Liechtenstein	0.6%
Switzerland	0.6%
China	0.7%
Thailand	0.7%
Bahrain	0.8%
Bahamas	1%
El Salvador	1%
Fiji	1.1%
Grenada	1.1%



Source: IMF



https://www.linkedin.com/posts/james-w-stuff_inflation-european-asian-activity-7417929262076403712-FttL