

Topic : Unifying the world under one currency

Committee: ECOSOC

Chair: Hannia Garcia Covarrubias

Moderator: Anna Sofia Valdes Blanco



The United Nations Economic and Social Council (ECOSOC) is the United Nations central platform to innovate thinking on sustainable development. Responsible for promoting higher standards of living, full employment, and economic and social progress. Finding solutions to international economic, and social problems. Promoting international, cultural and educational cooperation. Encouraging universal respect for human rights and fundamental freedoms. It brings people and issues together to promote collective action for a sustainable world, coordinating efforts to achieve internationally agreed goals.

ECOSOC is responsible for 70% of the human and financial resources of the entire United Nations system. Therefore, ECOSOC's most important task is to ensure that the core organizational and financial capacities of the UN system in the field of economic and social development and the proper function of the environment. Through much of its history, ECOSOC has served as a discussion for economic and social issues. It had just a little authority to force action. So a number of member states were concerned that its utility was marginal. However, beginning in 1992, the United States and other nations began an effort to make ECOSOC more relevant by strengthening its policy responsibilities in economic, social, and related fields, particularly in establishing development objectives. The resulting reform made ECOSOC the policy setting body for United Nations operational development activities. The development system began to respond efficiently to humanitarian crises around the world.

The idea of unifying the economy by creating a worldwide currency has been suggested since the 16 th century. Having a single world currency would give a lot of benefits like: trade between countries would be as simple as interstate commerce, there would not be any currency fluctuations or currency crisis, transaction costs would be eliminated, etc.

A unified currency would provide a strong base for the future economy, and would be a step to promote economic justice. With a worldwide currency there would be some benefits for everyone. For developed nations there would no longer risk in currency in international trade, and for developing countries this would be a great opportunity for future development. For creating a world wide currency a strong and effective central body would be needed, to oversee the effective management of the currency.

Despite the benefits of having a unified currency there may be there are obvious downfalls,

and an obvious example would be the loss of an independent monetary policy to regularize the national economies. For example in an economic crisis a Federal Reserve could be able to take actions to decrease the impact of a recession, but with a global currency this kind of actions would not be possible. Any change in the monetary policy would have to be adopted worldwide, and it couldn't be applied country by country. This wouldn't be practical because each nation differs in management, and it would benefit some countries more than others.

The United Nations Conference on Trade and Development (UNCTAD) stated that the actual system of capital rules and currencies, by which the economy is ruled, is not working effectively and is largely responsible for the financial crisis. This was the first time since the Bretton Woods system that this proposal was revised, and the UNCTAD supports this view. This is an option to solve the global trade imbalances that result unsustainable with a solution that would be multilateral. In essence the report encourages a system in which central banks of each country adapt their currencies depending on the rest of the economies, this to finally reach a middle point in which the creation of a unified currency becomes more practical.

The creation of a worldwide currency has many benefits including the stimulation between trade and the reduction in transaction costs. Having a unified currency would reduce the risks caused by fluctuation, which affects the import and export businesses, and would mainly level the field between countries for an economy with more justice. This would allow developing countries to grow economically, and developed countries to grow as in international trade. At the same time, significant disadvantages can be observed as losing the independence in monetary policies that allow countries to adapt their currencies depending on their actual economical situations.

An example of a unified currency would be the implementation of the Euro in the European Union. The implementation of the Euro has demonstrated benefits as the elimination of exchange costs, the strengthening of the market, more opportunities for businesses, stable prices, stronger presence in the global financial markets, and has brought a closer cooperation between the member states of the EU. But the Euro didn't bring the stability on its own, the social and political structures of the European Union had a lot to do with it, as well as the Stability and Growth Pact in combination with the Economic and Monetary Union. The implementation of a single currency in the European Union demonstrate it is something that could be practical, with the appropriate organization.

The development of a worldwide currency would seem as a perfect idea, but this can't be achieved without the consideration of the variables that affect the environment in which the economies of the world work by. The world is evolving in the direction of a unified environment, and finding a resolution towards this incognito is indispensable for closing the gap between developed and developing countries.

It is important to keep in mind that some countries would have to stimulate their economies further to cut their imbalances, and nations like the United States and the United Kingdom would have to take a major readjustment. This means the Super-Powers (USA, Russia, Japan, UK, Germany, etc) will no longer control the balance. Also developing countries will lose their appeal of providing cheap labor, and venture capital as well as the speculative interest in the market will no longer exist.

For finding a solution, the delegates must determine whether this unified currency would be a practical option for their country and generally worldwide, delegates must decide if it should be implemented or if it would be a wrong route towards economic justice.

In the case delegates support the creation of the world currency, they must provide routes of action in which this could be achieved. It could be by expanding an already known currency to other nations, create currencies by areas, creating a complete new currency, or following the advice given by the UNCTAD.

## References

- [https://unctad.org/en/Docs/presspb20107\\_en.pdf](https://unctad.org/en/Docs/presspb20107_en.pdf)
- Friedman, L. H. and A. (2015, November 12). Why a global currency should remain an impractical dream. Retrieved from <https://www.theguardian.com/business/2015/nov/12/a-global-currency-is-desirable-but-wildly-impractical>.
- Ganti, A. (2019, April 30). Foreign Exchange Risk Definition. Retrieved from <https://www.investopedia.com/terms/f/foreignexchangerisk.asp>.
- The benefits of the euro. (2019, September 5). Retrieved from [https://ec.europa.eu/info/business-economy-euro/euro-area/benefits-euro\\_en](https://ec.europa.eu/info/business-economy-euro/euro-area/benefits-euro_en).
- Fontinelle, E. (2019, March 12). One World, One Currency: Could It Work? Retrieved from <https://www.investopedia.com/financial-edge/0310/one-world-one-currency-could-it-work.aspx>.
- Clark, J., & Whitbourne, K. (2009, September 8). How much actual money is there in the world? Retrieved from <https://money.howstuffworks.com/how-much-money-is-in-the-world2.htm>.
- Why the World Doesn't Adopt a Single Currency. (n.d.). Retrieved from <https://www.ceifx.com/news/Why-the-World-Doesnt-Adopt-a-Single-Currency>.