Combating the Dependence of Developing Countries on Developed Nations

General Assembly 4

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Introduction

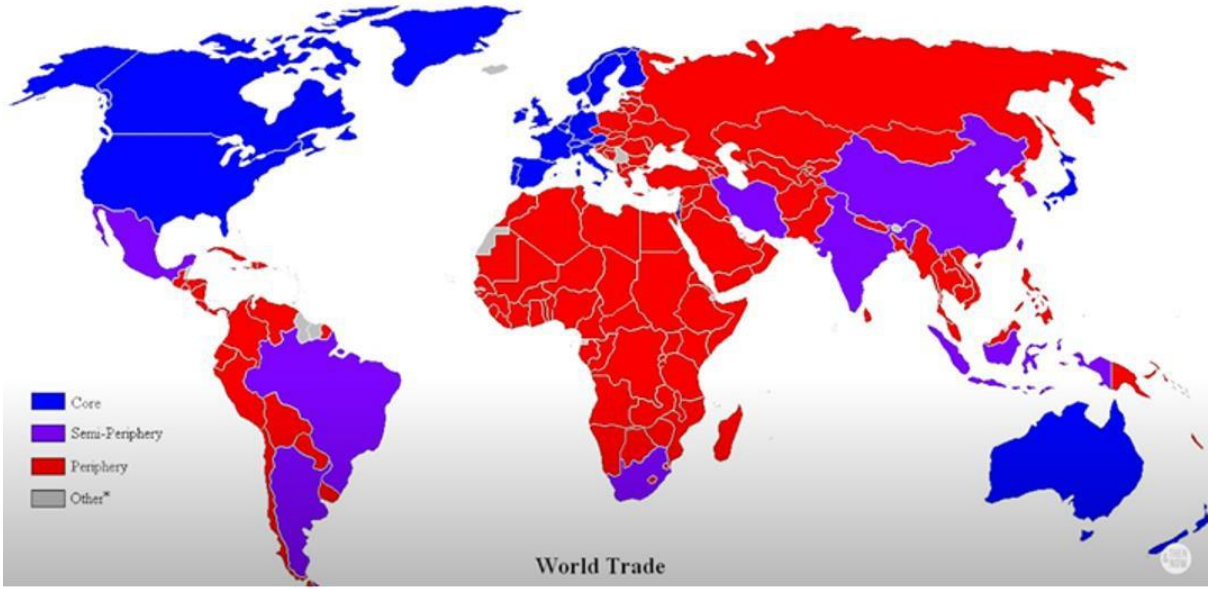

Figure 1. Herold, Thomas. "What Is Dependent Development?" Herold Financial Dictionary, 19 Jan. 2017, https://www.financial-dictionary.info/terms/dependent-development/.

In a world as globalized as ours, countries are bound to be interdependent. This interdependence fuels international cooperation and cohesive efforts towards worldwide goals. However, for countries to be strong in collaboration, they must be strong individually.

The development gap, as well as the levels of dependence that third-world nations currently experience on first-world nations, have been entrenched through historical events that crafted the global as well as local economies that are prominent today. The Cold War, colonialism and the rise of capitalism all contributed towards the issue and leave their legacy in the form of today's massive development gap. This report lays out the basic history of these issues and how they have all factored together.

Within our theme of Establishing an Equal and Just world, your role as delegates is to work towards closing the development gap present between LEDCs and MEDCs in order to ensure LEDCs are allowed to autonomously develop. If they are forced to depend on other countries or on MEDCs for their own development, their full economic potential cannot be achieved, and the country will not know how to function and move forward independently. Furthermore, if the countries a LEDC depends on experience hardships of their own and withdraw their support, the nation must have the proper mechanisms in place to sustain itself.

Definition of Key Terms

Third-World Nations

In the context of the Cold War, these countries were not aligned with either of the opposing ideologies and therefore not allied with either of their representative superpowers, the USA or the USSR. The majority of these nations were impoverished

former European colonies, including nations in Africa, Western Asia, and Latin America.

In the modern world, this term is used to classify nations that are still developing, often with high poverty rates, economic/political instability and high mortality rates. Furthermore, these nations tend to have only a small amount of their population in the middle and upper classes that control the nation's wealth, leaving the majority of the population to belong to the impoverished lower classes. Additionally, they tend to be economically dependent on developed countries. As a result, LEDCs tend to accumulate a large foreign debt in order to be able to support their high population growth rate.

First-world nations
In historical context, these were nations that were allied with the US and the rest of the NATO alliance during the Cold War, opposing the Soviet Union and Communism. The modern definition is used to classify industrialized nations with advanced economies, commonly measured with the Human Development Index that involves calculations of GDP per capita, literacy rate and life expectancy. First-world nations rank higher on the HDI than other nations.

Capitalism
An economic and political system, where a nation's industry and trade is controlled by private owners of corporations rather than by state government. Private actors can own and control their organizations according to their interests and demand, where supply sets the product prices in markets. The essential motivation of capitalism is to see how the market can serve the best interest of society and to enable producers to maximize their profits.

Development Gap
Refers to the increasing gap between the poorest or least developed nations and the wealthiest or most developed. Development refers to both economic development concerning income and human development concerning the quality of life.

LEDCs/MEDCs
An LEDC (Less Economically Developed Country) is a nation with lower GDP, industrial development and standard of living compared to an MEDC (More Economically Developed Country).

Global South
Refers to regions in Latin America, Africa, Oceania and Asia, which generally have a low average income and are often politically or culturally marginalized.

Global North
Refers to regions consisting of the wealthiest and most industrialized nations, mainly those in Earth's northern hemisphere.

Raw materials
Goods or products used in manufacturing. Raw materials are resources that can be extracted from the land and are unprocessed goods used as components to create a manufactured final product.

Export
Exporting is the selling of products or services that originate or are manufactured in a nation to foreign countries or corporations.

Import
Importing is the purchasing of goods or services from a foreign source that products originate from or are manufactured in.

Primary sector
The primary sector of a nation's industry refers to the extraction of raw materials and natural resources from the land. Examples of firms operating in the primary sector include mining, fishing, oil production and farming.

Tertiary sector
The tertiary sector is the economic sector regarding services (non-tangible products).

Quaternary sector
The quaternary sector regards information based or intellectual products and services. Involves labour that interprets, organizes, directs and transmits information from scientific and technical knowledge.

Dependency theory
A theory about modern socioeconomic structures and interactions, which explains how resources flow from a "periphery" (poor and underdeveloped nations) to a "core" (wealthy nations), often enriching the core nations at the expense of the periphery due to their exploitation of the periphery's natural resources. This resource flow causes periphery nations to be dependent on their exports to core nations for their own economic stability.

Periphery
Nations that are situated on the outskirts of the global map in accordance with the dependency theory. These nations tend to own a smaller proportion of the globe's wealth and are less developed than core or semi-periphery nations.

Core
Nations that are situated in the centre of the global map in accordance with the dependency theory. They possess most of the world's technology and capital and have control over world trade and economic agreements. Core nations are

defined as wealthy, industrialized countries that periphery or semi-periphery countries depend on.

Colonialist
A nation, usually a developed nation, that settles in a new country and claims its territory despite this land potentially already having been claimed or previously inhabited by a different population. Colonists then govern this newly claimed land.

Colonies
A nation or area under the partial or full political control of a foreign country.

Human Development Index (HDI)
A measure of a nation's human development: calculation of the index involves indicators of the country's life expectancy, expected years of schooling, education quality, GNI (gross domestic income per capita) and standard of living.

Election Interference
Refers to attempts of influencing the direction or conclusion of election results, either covertly or overtly by domestic parties, or acts controlled and initiated by foreign governments.

General Overview

Developing countries or countries in the global south tend to all have economies focused on the extraction and sometimes limited processing of raw materials without having the industrial capacity necessary to process these any further. This has two significant impacts: firstly, it makes the country dependent on the export of their raw materials, often to global north countries that have the industry in place to work said raw materials into products, and secondly, thereby makes the country dependent on import of these manufactured products from the first-world industrialized economies because they cannot produce these themselves. This is where we begin to see the trend that the LEDCs that are the most dependent on MEDCs are those that have the least developed industries and choose to depend on another country's industrial prowess to sustain themselves. This is an issue because, should the industry of an MEDC collapse, any LEDCs that are dependent on it will experience subsequent hardships, such as poverty or debt since they cannot make earnings exporting goods to that specific MEDC anymore. Thus, we see that the real difference between MEDCs and LEDCs are the stages of manufacture their industries focus on: extraction of raw materials (primary sector), or their processing into useful products (tertiary and quaternary sector). Ensuring that all countries have the ability to carry out both of these stages to the extent necessary is key to closing the gap in development.

The dependency theory, among other things, states that resources tend to flow from the periphery (poor, underdeveloped countries) into the core (wealthy Western world). The periphery is dependent on the core, and the core is dependent on the periphery for its provision of natural resources and cheap labour. However, the core has more developed industry and the ability to use alternative resources should exports from the periphery be withdrawn, thereby it is not fully dependent on the periphery for a stable economy as it can be autonomous and also survive on its own. The periphery, on the other hand, does not have that option: it fully depends on the core in order to have a stable, export-driven economy. This models the dependence that occurs today and shows that despite developed and developing countries both being dependent on each other, only one would truly suffer if the countries were to stop collaborating.

A country having many natural resources may actually be a disadvantage in this context: many countries rich in natural resources consequently only focus on extracting these and not on manufacturing products using them. Historically, resourceless countries had to adapt with trade and business, and many of these are currently in a better situation economically speaking.

This links to the pattern that ex-colonialist powers are now developed whereas ex-colonies are less developed: the original reasons the empires expanded into new terrains were almost exclusively due to a need for resources. The central part of the empire then used these resources for the local benefit. Nations of the North that were colonialist have tended to develop into MEDCs and the nations of the South that were colonies have tended to develop into LEDCs. European colonialist superpowers of the 18th, 19th and 20th centuries formed colonies in territories including a large part of Africa, South and Central America, the Caribbean, the Pacific Islands, and pieces of Asia. The colonized lands were made into factories for the extraction of resources that were then shipped back to Europe (and later America). In exchange, the colonialist nations sent back the industrial products or finished goods to their colonies, but the central difference here was that local inhabitants of the colonies would have to purchase these, whereas their resources had initially been taken away for free. With little profit, the country's economies deteriorated and developed a very limited industry. Following the Second World War and the end of colonialism, nations of the North kept this going through the institutions they established in the UN such as the World Bank and IMF. These constructed development projects and loan plans for LEDCs, but behind this were European and American companies that benefitted from this to elevate themselves into multinational corporations while the nations of the South were left suffering in debt. In order to cover these debts from the loans and loan interest, they had to sell their natural resources and raw materials on international markets, which would then be bought by countries of the North. Therefore, essentially the same form of dependent development occurred in a post-colonialist world as occurred under colonialism. As delegates in the Special Political and Decolonisation Committee, we must ensure we recognise this and its impact.

Incidence of war, ethnic or religious cleansing and political violence also makes a country underdeveloped or slow in its development due to policymakers being more focused on politics and less on the economy. Politically unstable countries tend to have a massively than politically stable countries. Developing countries that are dependent on external support to maintain governmental authority, or that have experienced election interference from developed countries, are also in this way dependent on them for political stability and thereby, their own development. For example, governments, parties and autocrats in some Northern and Central African nations received election support or interference from the superpowers in the Cold War in order to support governments that promoted their ideologies or political cause. These nations now experienced increased political instability, or still rely on support from either the US or Russia in order to remain politically stable. Political stability directly affects development as a country can only focus on economic development when its political situation is favourable enough to do this, and it does not need to primarily focus on rebuilding political stability and can instead focus on industrial or technological advancement. Hence, a country dependent on another nation for political stability is thereby partially dependent on this nation for its development as well.

Major Parties Involved

Central African Republic (CAR)
The CAR has one of the lowest global HDI values with 0.397, positioning at 188th out of 189 countries. Internally displaced persons (IDPs) have existed here for decades due to coups, internal armed conflict, violence, human rights violations, disasters and high competition over resources all causing widespread domestic political instability. The primary causes for the CAR's underdevelopment are poor agriculture and geographic conditions, and an expensive and poorly constructed medical system.

India
Under British rule, India was forced to commercialize agriculture and raw materials for industries in the UK. This eventually caused the colonial subjects to suffer poverty, disease, malnutrition, cultural disputes, resource exploitation and systematic programs targeted to create racial discrimination. India now has emerged to be one of the fastest-growing economies globally, expected to place in the Top 3 of the world's largest economic powers in the next 10 years due to its robust democracy, however, its top exports still mainly include commodities from the primary sector (Refined Petroleum, diamonds, jewellery to mainly the US, UAE, Hong Kong, China and Singapore).

India has a high birth rate with declining mortality rates, therefore very rapid population growth. This high growth rate demands a higher standard of living required for the whole population, creating a further burden on the agriculture sector to sustain production supply along with a higher number of citizens being

unemployed. Additionally, this creates a surplus in the labour supply with lower demand, resulting in higher unemployment. India has a high dependency on their agricultural sector, with an estimated 47% of the Indian population engaged in that sector and 17% of GNI contribution coming from agriculture rather than their secondary or tertiary sectors.

Brazil

Brazil is a resource-rich country, whereby natural resources constitute 45% of Brazil's exports, such as iron ore, soybeans, sugar cane, coffee, cacao, tobacco, cotton, and cassava. Brazil's income relies greatly on overseas imports to sustain a stable domestic economy. The discovery of Brazil's large oil reserves has increased the productivity in the primary sector, attracting labour and investments from the other sectors. This led to a negative growth rate in the manufacturing sector as labourers transferred to the primary sector since it promised higher income.

Since the economy then became highly dependent on the resource sector, the lack of economic diversification led to vulnerability and volatility of economic activity on the resource's global market price. Thus, at first, the discovery began with large foreign cash flow from exploitation of newfound resources, but in long term lead to rapid currency appreciation (an economic symptom of "Dutch Disease"), hence less competitive prices in the international market, therefore a rapid drop in exports.

Iraq

Iraq, like other Arab countries such as UAE and Saudi Arabia, depends on oil exports as a major income source, constituting around 95% of total financial revenue. They highly depend on natural resources sales at expense of manufacturing sectors which results in large financial returns and damages domestic industries in international markets in the manufacturing sector. The nation's government controls its resources, monopolizing the distribution of revenues that are usually affected by oil price fluctuations in the international market, which allows lack of transparency to occur in financial dealings, causing financial losses from monetary mismanagement or political corruption.

Oxford Committee for Famine Relief (Oxfam)

Oxfam is a global organization that tackles inequalities to end poverty and injustice, offering life-saving support and advocates when a nation is in time of crisis. It was founded in Britain in 1942 by a group of non-governmental organizations (NGOs). Oxfam is an international movement of volunteers and people working together to minimize the injustice of poverty. Its duties include managing inequality gaps, rebuilding infrastructure after a natural disaster or human-initiated violence occur. "We envision a future where more local people lead their humanitarian responses and recovery." - Oxfam

United Nations Development Programme (UNDP)

Headquartered in New York City, it is the largest UN aid agency with offices in over 170 nations, with the goal of helping nations eliminate poverty and achieve sustainable

economic growth along with human development. UNDP aids countries in developing policies, partnerships, institutions and abilities to enable them to sustain positive economic progress. For example, in 2018, the UNDP primarily promoted international development through foreign aid, urging collective response teams for recovery and development for citizens in nations like Syria, Yemen, and the Lake Chad region.

World Bank

The world bank is an international financial institution, providing loans and grants to governments of nations with low or middle income, with the purpose of pursuing capital projects. Headquarters in Washington DC, founded in July 1944 (Bretton Woods, New Hampshire, United States) under founders "John Maynard Keynes and "Harry Dexter White". Establishing the main motto of "*Working for a world free of poverty*".

International Monetary Fund (IMF)

The IMF is also an international financial institution, headquartered in Washington D.C, and consisting of 190 countries. Founded in July 1944, it is a United Nations specialized agency founded at the Bretton Woods Conference which aims to encourage international monetary cooperation to stabilize currency exchange rates. It also aims to expand liquidity, this being the ease of access to hard currencies or a secure emergency savings account which enables countries to easily access additional funds in case of unforeseen financial setbacks.

Timeline of Key Events

1500 -1815	Brazil is under Portuguese colonialism. Portugal arrived with the intent to trade Brazilian wood in exchange for money, though eventually the colonial economy in Brazil was based on the enslavement of natives and forceful exploitation of Brazil's raw materials.
1757 - 1947	Direct British rule over the Indian Subcontinent, until the independence of India and Pakistan in 1947. After the Indian Sepoy Mutiny in 1857, the UK government gained full control, where their imperial rule decreased India's local handloom industry's ability to fund its own industrialization.
Oct 24, 1929 – Nov 13, 1929	Feb 28, 1991
August 1929 – March 1933	
Jan 17, 1991 –	

The Wall Street crash, a major stock market crash occurring in the United States. Caused by share prices in the New York Stock Exchange collapsing.

The Great Depression began after the 1929 stock market crash that caused panic between millions of investors, which eventually spread internationally as a worldwide economic depression from trade interdependence. Even after several years, the depression ended, consumer spending and investment still dropped, resulting in industrial output declines, and unemployment.

The Gulf War, considered one of the largest oil wars. Conducted by US-led coalition forces from 35 nations against Iraq as a response to

	the Iraqi invasion of Kuwait, which arose from the oil production and pricing Dispute.
1806	First free trade agreement (FTAs). The Cobden-Chevalier Treaty was established between UK and France, leading to successive agreements between other European countries. The FTA is an international treaty between nations to enable economies to reduce barriers for the trade of goods.
1922	ASEAN Free Trade Area (AFTA) created. The agreement had a target to support economic cooperation and eliminate tariff barriers between member states of ASEAN, creating a regional market of 500 million people.

Previous Attempts to Resolve the Issue

There has been a multitude of attempts, most notably those by NGOs, to begin to relieve the plights of some LEDCs, although no notable efforts have been made to attempt to reform their industry or economy, which is at the root of the problem. Few solutions have also recognized the role of developed countries and the interdependency with these within these issues.

NGOs and agencies such as Oxfam, Water Aid, UNICEF, UNSC, UNGA supported by member states, have provided a variety of monetary aids to LEDCs as well as help in other matters affecting their economy, such as in the HIV/AIDS epidemic of 2000. However, it is important to note that providing this aid, especially when it is administered suddenly, can create increased dependence of the developing country on the aid that is often given by a developed country. If countries become dependent on aid, this can become a severe issue for LEDCs as their economic growth will be unsustainably reliant on external investments and exports to foreign corporations. The General Assembly's Resolution 46/182 adopted on the 19th December 1991 on the issue of "strengthening the coordination of humanitarian emergency assistance of the United Nations". It laid the foundations of humanitarian aid and the vitality of this for economically recovering nations, as well as laying out 12 basic principles for the ethical provision of this aid. It created the humanitarian system and the Department for Humanitarian Affairs (DHA) and aimed to create a system whereby aid would be provided in a way that would create a sustainable economy in a country rather than one that would continue to be dependent on foreign aid for development.

Possible Solutions

Fully solving this issue would require massive reform of the entire global economy as well as revising the central tenets of our industries and market systems.

Comprehensive solutions are therefore difficult to pinpoint. The following are only smaller solutions that can begin to solve the problem.

Firstly, providing countries with industrial aid catered to the sectors of their industry that are underdeveloped would ensure that all countries have fully developed industries in all sectors, thereby making these industries more sustainable and complete.

Delegates could also consider the restructuring of the World Bank and IMF in order to remove their colonialist legacy and past. This can partially be done by reducing debts that can be considered as remaining from colonialism: MEDCs could be encouraged to revise debt amounts or exempt LEDCs from certain debts.

Thirdly, solutions could include exempting LEDCs from certain ecology bills such as the banning of microplastics. Microplastics and other resources ecology bills aim to halt the use of are essential for LEDCs, for example in the packaging of their exports. Hence, if these resources are taken away, LEDCs have a lower capability to export and thereby a lower potential to develop industrially. They also do not possess the industrial development necessary to find ecological alternatives to certain resources, so would have to depend on MEDCs to import these anyway.

Appendix / Appendices and Further Reading

- Herold Financial Dictionary, *What is Dependency Theory?* https://www.financial- dictionary.info/terms/dependency-theory
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