

**FORUM:** General Assembly

**QUESTION OF:** The implementation of fiscal policies as a tool to combat inequalities

**SUBMITTED BY:** Sri Lanka

**CO-SUBMITTERS:** Benin, Iran, Czech Republic, World Bank, Djibouti, Guatemala, Tanzania, Maldives, Antigua and Barbuda, Congo, Seychelles, Israel, Liberia, Honduras, Morocco, Turkmenistan, Cape Verde, Uzbekistan, Sao Tome & Principe, Bulgaria, Mozambique, Italy, Rep. of Sudan, Armenia, Swaziland

GENERAL FORUM,

*Defining* fiscal policies as a means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy,

*Recognising* that adults that make up less than 10,000 US Dollars, amount for 64% of the world population,

*Saddened* by the fact that the world's wealthiest individuals, those owning over \$100,000 in assets, total less than 10 percent of the global population but own 84% of global wealth,

*Fully informed* that expansionary fiscal policy occurs when the governments act to cut tax rates and increasing government spending, shifting the aggregate demand curve to the right, whereas, contractionary fiscal policy occurs when governments raise tax rates whilst cutting government spending, shifting aggregate demand to the left,

*Acknowledging* that the 10th Sustainable Development Goal of the United Nations is about reducing inequalities, where one way of doing so is highlighted through fiscal policies,

*Further acknowledging* that effects of inequality, according to researchers, include higher rates of health and social problems, and reduced ownership of consumer goods and necessities, lower rates of population-wide satisfaction and happiness as well as even a lower level of economic growth,

*Highlighting* that tax evasion is defined as the illegal non-payment or underpayment of tax, which will be persecuted over the laws of each member state, and is in no way related to tax avoidance which is legal,

1. Calling on member states to adopt a universal definition of lower class people as people who make less than two thirds of the national median in their household income, in order to have a more efficient analysis of information, quicker processing on where spending should be allocated;
2. Calls for the setting up of the United Nations Council of Fiscal Management (UNCFM) which will be a body including policy makers, economists, financial analysts and accountants from each and every member state, with equal representation, together with UN economists, in order to conduct research into the economies of each member state, with help from the UNSD (United Nations Statistical Division) where this research will entail:
  - a) Certain parts of a country's economy such as but not limited to:
    - i. The consumer patterns in the said state
    - ii. Tax revenue portfolios
    - iii. Strengths in economic sectors in relation to other countries
    - iv. The economic state of member states, deciding on whether contractionary or expansionary policies should be used as a base plan
    - v. Previous outcomes of fiscal policies changes and the response it garnered in the respective member state
  - b) Cyber security measures such as the use of newly produced "quantum internet" measures, where the transfer of a member states' information will be unhackable and sent directly to

the the UNCFM, thereby instilling confidence in member states who may feel worried about their government data being stolen;

3. Recommends the creation of seminars called “Discussions against Fiscal Inequality”, on a 6 month basis in various logistically acceptable regions, where countries that have managed to keep low levels of inequality through their fiscal policies are identified and invited by the UNCFM, in order to inform others how they have managed to perform at such a great standard to nations who have not been so successful in their attempts to alleviate inequality through fiscal policies, thereby achieving the following:
  - a) Giving nations that need to improve on this issue, tried and tested methods to reduce inequality
  - b) Being open to all nations, allowing them to gain from these resources without any discrimination against smaller nations
  - c) Offering great international prestige to member states that have been invited as they would be recognised as nations leading the world in reducing inequalities through fiscal policies;
4. Assuring that the UNCFM will produce in depth analysis for each and every member state where topics mentioned below will be analysed with the purpose to convince governments to implement the measures stated by the UNCFM:
  - a) The use of indirect and direct taxation, where regressive taxes such as VAT and other means will be highlighted as well as more progressive tax techniques such as property tax, luxury taxes and others will be evaluated to reflect costs and benefits for different social classes
  - b) Where government spending should be done most effectively, with exact figures stated by the UNCFM, in order to reduce inequalities and thereby increase the happiness index of the member state by pushing for an increase in real GDP through government investment, which could be in the form of:
    - i. Improving education in rural and underdeveloped areas,
    - ii. Subsidising necessities such as common drugs in accordance to the WHO,
    - iii. Increased spending on public housing to improve the living qualities of the lower class so they have more economic freedom;
5. Raising awareness in the local population about tax changes made by the government as suggested by the UNCFM through UN funded social media campaigns, billboards and news outlets to do the following:
  - a) Reducing the asymmetric information between the government and its people about the costs and benefits of the new schemes:
    - i. Reducing possible tension created due to ignorance in the general population about the tax schemes,
    - ii. Reducing the pressure that could be held against governments by the population who oppose the scheme, possibly leading to the tax change being revoked,
  - b) Giving the public the opportunity to understand the tax scheme in its entirety;
6. Attempting to decrease the amounts of tax evasion through the UNCFM and other means such as but not limited to:
  - a) Aiding tax agencies and NGOs in the sector of tax collection in member states through UN funding and personnel, in order to avoid firms from not paying exit taxes to member states, a phenomenon known to affect the inequalities between the developed and developing world, this will be done through measures including the following:
    - i. MNCs in member states applying to the UN to gain yearly visas, will have to include reports of the MNCs tax portfolios and production in the country will be assessed
    - ii. Providing UN personnel to MNCs in order to help them in order to pay their taxes to the member states government, working as a middle man and trying to resolves

any difficulties that may arise during the discussions between the MNCs and the member states tax ministers,

- iii. Offering UN subsidies to firms who present adequate tax portfolios, in order to push competition in a way where firms who will not present these portfolios will be pushed out of member state markets;

7. Establishing the “Fund for Fiscal Innovation” in order to finance NGOs that are tasked with investigating tax payments and workers rights in each member state, where the UN, in accordance to the UNCFM will send funds to NGOs that have proven to do adequate work in helping workers secure their wages and their rights, where:
  - a) Funds will be allocated after NGOs send an application to the UNCFM, in which they will highlight their work over the past several years, explaining what they plan on doing with the funds and what their aims in general are,
  - b) The work of chosen NGOs will be published on UN websites, giving them a global platform and traction for them to grow as an NGO globally;
8. Requesting the member states to allow the UNCFM to conduct yearly surveys and research into viewing the response by the member states’ population on any fiscal changes advised by the UNCFM which will allow the UNCFM to:
  - a) Assess if advice offered by the UNCFM has achieved its aim,
  - b) Detect areas of improvement that will be addressed in the next fiscal analysis offered to member states,
  - c) Identify patterns on which changes in schemes garner the greatest positive feedback and try to implement this on to a global scale;
9. Creating a sub committee to the UNCFM, the International Labour information agency (ILIA) which will also be an umbrella of the ILO and will serve the purpose of:
  - a) Offering anonymous ring lines to workers where each worker has the chance to raise concerns on the working, pay standards, tax evasion that are offered to them, in which if a claim done by a worker is correct they will be getting work protection by the ILO and the firm will be “flagged” once a worker raises a concern,
  - b) Offering surveys and interviews with workers who work in firms that have been “flagged,” in which the identities of these workers will be hidden.