FORUM: GA2 (Economic and Financial)
QUESTION OF: The question of the importance of long-term investment in infrastructure
SUBMITTED BY: México
CO-SUBMITTERS: Nicaragua, United Kingdom, Venezuela, Barbados, Vanuatu, St. Vincent, Luxembourg, Yemen, Denmark, Costa Rica, Sierra Leon, Indonesia, Sudan, Libya, Pakistan, ECE, Brunei Darussalam, Oman, Moldova, ICO

THE GENERAL ASSEMBLY,

THE QUESTION OF: The importance of long-term investment in infrastructure

Recognizing that infrastructure is the lifeline of an economy, which grinds to a halt without it, especially in modern economies where the factors of production have to be mobile and adaptable,

Noting that resources are of no use without a way to exploit them, making even the most resource-rich countries unable to develop and grow if they lack infrastructure so in a way infrastructure is a factor of production in and of its own,

Reaffirming that investment in infrastructure such as transport, irrigation, energy and communication, raises productivity, increases the country's income and are required for improvement in health and education,

Stressing that basic infrastructure, be it roads, information, sanitation, electrical power and water remains scarce in developing countries, for 2.3 billion people across the world lack access to basic sanitation,

1. <u>Proposes</u> for countries that are experiencing the recessionary part of the business cycle, or even a large-scale recession, expansionary fiscal policy with government funded or Private Finance Initiative (PFI) projects of a large scale, with assistance of the International Monetary Fund (IMF) whose charter includes support for recessionary periods (especially in the case of a major economic downturn) that will both revitalize the economy with several new jobs and a tendency towards further industrialization and have a lasting effect, with these projects including:
    a) New highway systems linking resource hubs and remote areas
    b) Expanded airport and/or port development to facilitate trade, which is the beating heart of the global economic machine, and allow various countries to go beyond their Production Possibilities Frontier (PPF/PPC) as to provide consumers not only with more choice of product but a cheaper price point and to promote global efficiency
    c) The correction of positive consumption externalities caused by education, through:
        i. Providing subsidies to low-income families that would otherwise be limited in their ability to easily send their children to school, freeing up income that is to circulate in more efficient parts of the economy
        ii. Funding new programs that reward academic excellence, as directed by internally by each member-state's educational administration
        iii. Supporting higher-level education that will produce a newly specialized workforce that shall be well-equipped not only to create new infrastructure but to maintain it in the coming decades;

2. <u>Suggests</u> for those countries in a non-critical stage of the business cycle, or which are taking independent action concerning it, the implementation of supply-side policy (SSP) to instigate growth and infrastructure development and eventually expand the maximum potential output of each economy making for global economic growth and the synchronization of world economies, specifically:
    a) Market-oriented SSPs
        i. The reduction of corporate taxation for infrastructure construction companies and

PFI schemes that will promote investment and lead to important projects that will become part of a nation's wealth
   - ii. Combating the significant red tape, as seen fit by each state but with UN oversight
   - iii. Relaxing building regulations that were imposed in the past but are now obsolete, and, as a result hold back urban development
- b) Interventionist SSPs:
   - i. The improvement of Human Capital by the creation of job centers and state-run training facilities that will result in more and more sophisticated infrastructure and technologies in the future
   - ii. Issuing a significant amount of government contracts for firms to compete over the development rights and maximize efficiency;

3. <u>Encourages</u> all member states to formulate an international agreement that concerns a unilateral relationship between countries with certain characteristics, specifically, countries with capital intensive infrastructure and a significant technological standing to share technical know-how and labor-intensive infrastructure with nations both rich in resources and abundant in workforce numbers but which lack the labor-intensive equipment in order to utilize it to extract the precious resources with the recipient countries agreeing to trade their surplus of aforementioned resources with favorable terms with their partner state(s);

4. <u>Recommends</u> the correction of the market failure caused by the flawed and unbalanced sector structure of their utilities and infrastructure systems and networks, specifically:
   - a) For countries whose networks are characterized by a significant degree of central planning and are bound to the public sector, the privatization of some of the respective organizations that handle such infrastructure networks as to suspend the government failure and bring forth the efficiency that characterizes the private sector
   - b) For countries whose networks are characterized by an over reliance on the private sector, resulting in the under-provision or exorbitantly high price points for essential utilities, the nationalization of some of the respective organizations, that handle such infrastructure networks, as to make sure that no citizen lives without the essentials if something can be done about it;

5. <u>Calls for</u> the creation of an investment plan, financed both by governments and international funds called "Infrastructure of the Future: One Step Ahead" that serves in recognition of the Sustainable Development Goals and shall refer to other committees of the General Assembly or another of the six principal organs of the UN in accordance with their specialization to formulate quantitative benchmarks on the issues included in the plan:
   - a) Investment in Internet infrastructure, such as worldwide 5G and accessible fiber optic technology, in order to ensure that countries operate and communicate at peak efficiency, making them a part of the globalised world
   - b) Investment in renewable energy technologies, with a suggested benchmarks being a 20% reliance on renewable energy sources by the end of the decade, adjusted to each member-state
   - c) Investment and global cooperation in Nuclear Fusion, which could prove decisive in solving our energy problem, the fact that we need increasingly more energy to fulfill the needs of our civilization, and Nuclear Fusion is almost without drawbacks as it provides gargantuan amounts of energy with no toxic waste as its product are mostly stable cores of Hydrogen and Helium (Note: not to be confused with Nuclear Fission, which is what we are able to do today and whose products are high half-life radioactive and hazardous cores of elements such as Bromine [Br]), with suggested benchmarks including a fully functional Nuclear Fusion Reactor able to power at least a large-scale metropolitan area with clean power, within the 2030s;

6. <u>Urges</u> the development of important touristic infrastructure as many countries have previously

undeveloped locations with great touristic potential or popular but underdeveloped ones, additionally hoping to instigate economic growth by diversifying member-states' Gross Domestic Product sources and raising the value of nearby property and real estate, which has a proven effect on the wealth effect, which will in turn improve Consumption, the largest component of Aggregate Demand (thus increasing it significantly) and the resultant increase in output in economic upturn may lift certain countries out of a prolonged recession or a deflationary spiral by:

a) The creation of incentives for potential business owners to invest in tourism and mainly accommodations (hotels, rentals, et cetera), through both market-based and interventionist supply-side policies including:
    i. Corporate tax reductions for first decade of operation (widely regarded maximum viable break-even period) and possibly beyond if proven efficient both to increase investment and counteract dead-weight loss caused by other measures in the clause
    ii. Covering part of the property purchase and/or support in construction costs (assistance amount up to state discretion but mandatory), with funding being majority state sourced and minority World Bank for High-Income Countries, majority World Bank for Middle-Income countries and full World bank for Low-Income countries
    iii. Grants for supporting touristic businesses (souvenir/gift shops, private museums, exchange centers, tour guides, et cetera) with full funding by the World Bank
b) Grants to expand airport terminals in an effort to accommodate more direct flights or generally facilitate travel, especially for remote areas
c) Reduced red tape and state barriers in order to make travel more accessible
d) State-funded advertising of relatively unknown locations or unpopular travel destinations in effort to promote each countries special offerings
e) The creation of touristic culture commissions that will both promote the host countries culture and take measures to protect it for dilution caused by over-tourism;

7. <u>Invites</u> the creation and/or further development of immigration infrastructure with consideration of the moral hazard of the deplorable conditions and the importance of immigration for economic growth, through:
    a) The creation of immigration and job center hybrids so that legal immigrants are immediately inserted into the workforce where they can be productive in an environment that best suits them
    b) Financial Support for clinics that are willing to provide Immigration Lawyers
    c) On-the-job training programs to provide further opportunities and upwards socioeconomic mobility
    d) Supporting the financial and banking institutions in the department that concern the repatriation of profits rightfully earned by immigrants;

8. <u>Further encourages</u> the General Assembly to re-assess outdated economic metrics and expand and upgrade the infrastructure in place for the measurement of economic activity so as to get a clearer picture of the economic state of each of the UN's constituents and ensure that the session operate and policy make at peak efficiency, through:
    a) The more effective measurement of GDP figures by changing the frequency of evaluation of the basket of goods from 10 years (as it is in most countries, adjusting proportionally to exceptions) to 5 years
    b) The full integration of inequality indicators in the Human Development Index (HDI), by making the Inequality HDI (IHDI) the most prevalent form of development measurement,
    c) General re-evaluation of metrics;