

**Sponsors: India, Malaysia, Russia, Thailand, Vietnam, Indonesia, Laos**

**Signatories: Brunei, Singapore, Australia, Cambodia, South Korea, Japan, China, EU, USA, Canada**

**Committee: HASEAN**

Preambles

*Understanding* the ongoing financial crisis following the fall of the Thai Baht,

*Acknowledging* the solidarity and sovereignty of Southeast Asian nations,

*Recognizing* the benefits of economic collaborations with foreign nations,

*Promoting* the independence of each country,

*Calling* the need for economic reform,

Resolution 1/A

I. Recognizes the need for centralized trade in the Asian Region

A. Trade Restriction Easing Enactment

1. In order to promote regional trade in Southeast Asia, would implement a mutual agreement
2. This would ultimately cut trading fees and excessive border checking to foster free trade
3. Countries would then agree to a streamlined policy by signing onto the agreement, and multiple failures to follow this would result in expulsion

B. Implementing the Trade and Investment Program

1. Promote trade to attract foreign aid
2. Promoting domestic industries and encouraging exports
3. Encourages the use of other means of foreign aid such as trade of food, medical supplies and other resources needed
4. Urges foreign countries to invest in Asian countries rather than loan money for Asian countries to become reliant on

II. Understand the afflictions and benefits with Foreign investment, and creating policies to foster proper investment

A. Credit Default Swapping Program

1. Utilizes credit swapping technology in order to strengthen Asian economies
2. Allows economically strained countries to have mutually stimulated economic growth through investment in economic affairs

3. To mitigate risk, these would be issues through IMF reserves and third party insurance deposits
4. Guaranteed that the provider of these loans would need to pay back only half of the debt created by investments
  - a) Only applies to nations who have over a 50% chance of being unsuccessful in investing
  - b) Will ensure the willingness of parties to become involved in this program

#### B. Foreign Investment organizations

1. Establishing an organization for foreign investors to collaborate with the government for investments

#### C. Foreign Contracts with Government

1. Foreign companies should establish contracts with the local government to establish economic infrastructure to stimulate economic activity and the company will owe an annual fee for 80-100 years. After that time period the investment would have paid off for the company and then the infrastructure will then be owned by the local government.
2. This system will work particularly well in Thailand as they don't currently have the resources to harvest all their natural resources such as petroleum however with the help of foreign investment both the country's economy and the foreign investor will highly benefit.
  - a) A similar system was adopted by Norway for their oil reserves and has been wildly successful.

#### D. Loan Approving Regulatory Grade Enactment (LARGE)

1. Lack of experience and regulations in place to sustain capital influx as a result of newly developed economic prosperity in the southeast asian region
2. Will provide an outline for standards that shall be evaluated during the approval process of a loan
3. Evaluation of repayment success in grants, analyzing the bank's judgment on specific handouts and partnerships
4. Evaluate cushion holdings in the bank and analyze whether they have the funds to sustain the investment as there is a possibility of failure
5. Lastly, an evaluation of the industry in which the loan is going toward to analyze current profitability and predictions for future growth or depreciation
6. Modeled throughout southeast asian countries to streamline loan systems in order to prevent foreign volatility and corruption toward internal economic policies

- E. Encourages the use of dual currency systems through the Dual Currency Arrangement or DCA
  - 1. Uses two currencies in the nation, including the United States dollar, to provide the flexibility and reduce international reliance of these nations
  - 2. Allows citizens to use either currency with their transactions
  - 3. Pegs the currency in hopes of better stabilizing the economy
  - 4. Nonimmediate with the goal of widening the band instead of free floating back to original exchange rate after
    - a) Nonimmediate with the goal of widening the band instead of free floating back to original exchange rate after stabilisation
  - 5. Avoids the issues associated with dollarization
- III. Recommends preventative measures to mitigate the risk of future financial crises
  - A. Conducting thorough assessments of economic indicators to identify risks
    - 1. Addresses Inflation rates
    - 2. Identify symptoms of financial crises
    - 3. Look at patterns and predict growth or decay rates
    - 4. Asset bubbles and exchange rates
    - 5. Documentation to utilize information sharing within ASEAN
      - a) Helping reduce contagion risks
    - 6. Routinely background checks
  - B. Helps rebuild investor confidence
    - 1. In the long run, this solution helps build transparency
    - 2. Increasing rebuilding infrastructure within the given counties to demonstrate reliability so investors are willing to invest into stable countries with a stable foundation, this will also bolster civilian life standards
    - 3. Increases credibility
  - C. Reduces excessive risk taking
    - 1. Advising countries to take solutions and plans that are personally adjusted to their needs
- IV. Encourages internal development to combat a future financial decrease
  - A. Educates entrepreneurs,
    - 1. Ensures they have the knowledge of current regulations and skills to proceed,
    - 2. Utilizes media brochures,
    - 3. Emphasizes balancing government oversight and individual freedom,
    - 4. Devises an annual entrepreneurship summit to support mentorship initiatives.
      - a) Promotes networking opportunities for aspiring entrepreneurs.

- B. Collaborates with UNICEF and UNESCO to devise an economic education program to distribute across the Southeast Asian regions,
  - 1. Sparks early entrepreneurship amongst young people,
  - 2. Establishes economic awareness to motivate efficient business practices,
- C. Cultivates bank regulations through government intervention,
  - 1. The organization will ensure banks do not recklessly invest ordinary individual's money and ensure their cash inside the banks in order to prevent a run on the banks and rebuild confidence
- D. Suggests the use of the Koi Legion Market which encourages nations to have an economic failsafe
  - 1. Reserves the trade of certain goods and services to the Southeast Asian nations
    - a) Acts as an economic foundation that stabilizes trade and diversifies these economies
    - b) Keeps a part of the nation's trade more localized
  - 2. Ensures that if there were a global crisis, these regions are not completely reliant on international trade and have domestic trade that can continue to support their economies
  - 3. Assigns economists from ASEAN to review and determine which each nations should focus on in regards to their economies since each nation encounters different circumstances
  - 4. Establishes trade relationships based on comparative advantages of each nation which is determined using the opportunity cost
    - a) Maximizes economic output
    - b) Allows a nation to specialize in a certain product or service which promotes their nation;s economic growth
  - 5. Allows nations to experience less stress when trading internationally and domestically
- E. Promotes the use of safety nets through the Total Recall Initiative to ensure the public has a back up plan
  - 1. ProtectsP workers and citizens of the region
  - 2. Improves benefits and assistance programs to reskill workers based on their pre-existing experience in hopes of aiding them if they need to re-enter the workforce
  - 3. Works with UNESCO to increase the employability of citizens
- F. Encourages the Protecting Individual's Cost Advantage or PICA
  - 1. Establishes unemployment benefits and protection of laborer's rights
    - a) Modeled after the United States' New Deal ABC programs which were used to promote economic recovery, growth, and employment rates in the nation in hopes of countering the Great Depression

- V. Affirming the need for detailed and equitable economic and political policy
- A. Promotes the ASEAN Research of Macroeconomic Office or ARMOR
    - 1. Advocates for other countries with ASEAN to use federal reserves in hopes of preventing the huge decrease in the Thai Baht along with other currencies in Southeast Asia
    - 2. prevents a potential domino effect and the spreading of currency depreciation to neighboring countries
    - 3. encourages the equal collaboration of member nations to provide funds and guidelines
      - a) economic investment and loan plans
      - b) allows economics to understand past economic trends and apply the analysis of the Central Bank's response to potential crises
  - B. Monetary Policy Framework as an international guideline for nations
    - 1. Targets the Emerging Markets and Developing Economies or EMDEs
    - 2. Focuses on contractionary monetary policy
      - a) essentially
    - 3. Kicks in once indicators signify economic instability and cautionary signs of economic collapse
      - a) ensures that the Central Bank of each nation is able to quickly recognize, react, and respond to any issues that they are faced with
      - b) ensures that issue is constrained to the immediately effect region and not spread to other nations
      - c) helps a nation determine the degree of tightness of the policy that the nation implements
    - 4. Includes exchange-rate targeting and inflation-rate targeting policy
      - a) encourages full transparency so that foreign investors are able to accurately analyze and approach any issues that the nations may be facing
      - b) ensures full effectiveness and the elimination of miscommunication between nations therefore leading to the false confidence of foreign investors
      - c) Setting regulations that must be followed by nations and investors to ensure fair treatment towards all creditors and shareholders
    - 5. Uses both indirect and direct monetary instruments
      - a) open market operations of selling currency
      - b) bank and directed credits
        - (1) helps control domestic growth and specific economic sectors
      - c) loans with short-term maturities, preventing nonperforming loans
        - (1) enhances the transmission of monetary policy

6. Employs intermediate and operating targets
- VI. Recognizes the need for local economic support and coordination
- A. Develops an Asian Monetary Fund
    1. Provides financial support through Asian countries
      - a) Creates a fund supported by all member countries
      - b) Recognizes the more balanced economic states within Asian countries compared to other nations
    2. Encourages awareness of economic possibilities and crisis prevention
      - a) Utilizes prevention systems developed by economic teams
      - b) Provides constant monitoring to ensure the stable economic development through countries
      - c) Prevents crises through the use of policy suggestion and active recognition
    3. Provides fallback systems for Asian countries in the case of a crisis
      - a) Gives immediate financial assistance through a designated fund developed through Asian countries
      - b) Enables success in overcoming short-term economic issues such as liquidity shortages
    4. Implements regional finance policies
      - a) Prevents devaluation of country currencies due to implementation of fallback systems
      - b) Increases investor confidence
    5. Prevents dependence on external investors
      - a) Encourages cooperation within Asian community
        - (1) Supports tariff reduction between Asian country economies
  - B. Highlights Crony Capitalism
    1. Aims to decrease the close-knit relationships between governments and large corporations
      - a) Incorporating policies that are more inclusive of small and medium corporations (SMEs) (Providing public financing to small and medium sized corporations)
      - b) Enforcing stricter policies to prevent government corruption
  - C. Utilizing corporate and governance policies
    1. Having set guidelines regarding loans and repayment procedures
    2. Align goals with foreign investors
    3. Modeling after the Financial Accounting Standards Board
      - a) Ensuring the transparency of business practices or nations' finances if applicable
      - b) Resulting in fair and negotiated distribution of finances regarding loans and lending in event of bankruptcy or crises

VII. Calling for Education and awareness

A. Improvement of bank policy enforcement

B. *Utilizing* the Media and Economic Awareness

1. Facilitating media services to get ahead of false news spreading to other nations
2. focuses on establishing connections with larger countries to influence investors confidence

C. Language Barrier Dissolvment

1. Many migrants in Asia are traveling across borders in search of economic opportunities that they could not find in their originating home countries
2. Will create a coordinating council with religious leaders and local authorities to establish specific dialects that are used within their region
3. Will organize a language integration program available to all candidates, as a mean of preparing workers for long term employment
  - a) Will involve an educational process that will focus on specific workplace diction
  - b) Necessary to be familiar with to guarantee a successful and long winded career
4. Urge a partnership between the Borgen Project, who works with one on one immigrants to prepare them for integration into the surrounding culture of the given community

VIII. Encouraging ASEAN Unity

A. The utilization of the created Asian Monetary Fund to provide financial assistance

1. A board of directors will be created utilizing economists from many different nations in order to determine whether a nation is in financial trouble
2. If a member nation of ASEAN is in need of immediate liquidity or financial assistance they can submit an appeal for immediate liquidity injection to the board of directors
  - a) If accepted the AMF fund will inject liquidity into these nations' economies to address short-term economic problems
  - b) The board will be created under the presumption that Thailand has already submitted a successful appeal, and will work towards solving the short-term issues that exist in Thailand

B. encourages the Big Brother Directive that will eliminate injustices between the government and private businesses

1. IMF and ASEAN economists analyze the situation of each nation and provide a report that helps the government respond to any injustices
2. this council would then guide the governments on ethical guidelines and programs to ensure free and equal trade

3. this 3rd party involvement ensures a decreased risk of bias or corruption and that the public's interest is at the forefront