



Arizona Model United Nations 64

G20 Historical Commission

Background Guide

Chair Introduction

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Committee Information and Purview

The G20 was formed in 1999, and originally formed as a group of financial leaders focusing on the global economy. Traditionally, it meets once a year, but emergency sessions may be called. It is comprised of 20 member states, including the European Union. Combined, its members make up a majority of the global population, gross world product, international trade, and land area. Though it has historically focused on the global economy, other topics such as environmental sustainability have served as themes for different summits. It does not have permanent status or headquarters; instead, its leaders rotate based on the leadership of the countries, and decisions are made by consensus. Its decisions do not constitute international law, but rather can influence global norms and practices.

The scope of discussions can be wide-ranging, but should focus on the crisis in Argentina; further information about the situation can be found below. Delegates should consider various aspects of such an economic crisis, such as its political, economic, humanitarian, and environmental impacts. The G20 never formed official rules of debate, so ground rules may be proposed by chairs and agreed upon or amended by delegates. The goal of this committee is consensus, so it is important for delegates to approach the room with open minds and diplomacy.

In this simulation, delegates will assume that the G20 leaders' summit was already functioning as a crisis-response body. Delegates will act as if it is January 2002; prior knowledge of how events really transpired should be left aside. Delegates should instead consider how such a crisis response might have occurred with the information available at the time.

Topic I: Crisis response to the Argentinazo

The year is 2002. The first ever emergency meeting of the Group of Twenty (G20) has been called. Argentina has been going through an economic crisis since 1998, and tensions turned to

violence, with the worst cases occurring in December 2001. Protests and political unrest broke out in the capital, resulting in the resignation of President Fernando de la Rúa, and political instability. Various political leaders have since taken and left office. This period is sometimes referred to as the Argentinazo, and resulted in a mass default on national debt that led to the devaluation of the Peso and cut Argentina off from the global economy.

The economic turmoil began with historic military dictatorships that had led to massive amounts of national debt. Even once democracy returned, inflation continued to be an issue. It didn't help that the Argentinian peso had been tied to the American Dollar (USD). In order to maintain its economy, the state required a steady flow of USD. However, the economy also relied on the export of agricultural goods such as soybeans and wheat, and privatization of these industries and agriculture had reduced the flow of USD to the government. This meant that the country began to acquire even more debt. The International Monetary Fund (IMF), meanwhile, continued to lend to Argentina while extending its payment deadlines. Though the country attempted to resolve the issue of inflation with actions such as the convertibility plan, economic troubles persisted via pay cuts, a bank run, and ever-increasing debt. Eventually, this led to a revolt of Argentinian citizens in response to the Argentinian depression and financial hardship.

The task of the G20 is to come to an agreement on how best to manage the situation. Debts must be weighed against the economic stability of the region, the value of the Peso, and potential humanitarian crises caused by economic conditions.

Countries in South America might have more at stake in this conversation; the economic collapse of a neighboring country could result in loss in confidence in their own economies. Countries in North America should consider how economic collapse in the region might affect trade, and if they would be willing to contribute to "bail out" efforts. Countries in Asia and Africa should consider how their stance may affect global alliances. Countries in Europe should consider balancing international relations and diplomacy as a collectively wealthy region, remembering that the European Union has been established at this point.

Potential solutions could take the form of international bail out efforts, but these must balance the need for sovereignty and settlement of debts. The G20 could also agree to bolster the economy of the region in other ways, via trade policy or more concrete declarations. Consider carefully how to weigh these complicated global stakes and the citizens of Argentina.

Questions to Consider

1. What policies led to the economic collapse?
2. What does the value of the Argentinian Peso mean for the region?
3. Who are the important figures and stakeholders in this crisis?

4. What role should the international community play in situations of economic collapse in individual countries? What principles should be established?
5. What role should the IMF play in any solution proposed? What role does it typically play?

Official Documents

This is a document published at the third meeting of the G20 in 2001, held in Canada. Though it focuses on a variety of issues, look for mentions of economic policy around countries in debt.

<https://www.g20.utoronto.ca/2001/2001communique.html>

This is a document outlining the goals of the G20 in regards to poor nations or countries in debt. It could serve as a resource for the kinds of principles that the G20 might have held at the time.

<https://www.g20.utoronto.ca/analysis/2000poverty.html>

Resources to look at

1. *What does the G20 do?* Council on Foreign Relations.
<https://www.cfr.org/backgrounder/what-does-g20-do>
2. Use for background, not evidence you will cite:
 - a. *December 2001 riots in Argentina*. Wikipedia.
https://en.wikipedia.org/wiki/December_2001_riots_in_Argentina
 - b. *1998–2002 Argentine great depression*. Wikipedia.
https://en.wikipedia.org/wiki/1998%E2%80%932002_Argentine_great_depression#cite_note-The_last_tango?-25
3. *The International Monetary Fund*. International Monetary Fund.
<https://www.imf.org/en/about/factsheets/imf-at-a-glance>
4. Kiguel, Miguel. *Argentina's 2001 Economic and Financial Crisis: Lessons for Europe*. Think Tank 20: Beyond Macroeconomic Policy Coordination Discussions in the G-20.
https://www.brookings.edu/wp-content/uploads/2016/06/11_argentina_kiguel.pdf