

**1. Abstract**

This background paper will explore the rise of living costs: the background paper will also delve into the elements that affect the root of this issue. In the background paper, we have provided some background information, a timeline of events, and possible solutions. The sole purpose of this paper is to give the delegates the platform to craft detailed and precise resolutions and to enjoy fruitful debates.

**2. Introduction :**

Established in 1945, the Economic and Social Council (ECOSOC) is one of the six main bodies that make up the UN. Being one of the founding committees of the organisation, ECOSOC is extremely valuable to the UN because it has 54 member states, numerous regional commissions, and subsidiary entities that work under it and submit frequent reports to ECOSOC.

The main objective of ECOSOC is to advance global economic and social development. It serves as a platform for talking about and resolving a broad variety of social and economic problems that have the potential to undermine global harmony and peace. ECOSOC's efforts is exemplified by E/RES/2023/27, a resolution that was adopted in August 2023 advocating for "equal access to justice for all."

A world in which they may finance sustainable development to make it achievable and inclusive for everyone is one of ECOSOC's hidden agendas, as they look to the future. Promoting economic growth, collaboration, and social cohesion among all stakeholders in order to end inequality and advance inclusiveness and cohesiveness is one of ECOSOC's other main goals. A fundamental issue that ECOSOC would like to delve deeper into is access to basic necessities like clean water, shelter, good healthcare, and proper sanitation. This is demonstrated by the fact that 3.6 billion people worldwide lack proper sanitation, and 2 billion people lack access to clean water. This demonstrates just how crucial ECOSOC is to ensuring that billions of people have access to basic necessities, which is why advancing the UN Sustainable Development Goals by 2030 is its main objective.

**3. Glossary :**

Affordability - Affordability refers to the ability of a consumer to bear a cost of a product.

Consumer Price Index - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Cost of Living - The Cost of Living is the amount of money that a civilian has to pay regularly to sustain their normal way of living.

Disposable Income - Disposable Income refers to the money from someone's income that they have after they pay income taxes.

Economic Stability - Economic stability is the absence of fluctuations in the level of inflation in the economy.

Food Insecurity - Food insecurity is when civilians cannot sustain an adequate diet of food regularly.

Great Recession - The 2008 Financial Crisis, also known as the biggest economic downturn we have seen in the 21st century, and since the Great Depression in 1929.

Housing Market - The Housing Market refers to the buying and selling off residential properties, such as food, apartments and condos.

Income Inequality - Income inequality is the measure of how unequally income is distributed with a group of people, normally a country.

Inflation - Inflation is the general increase in the prices of goods and services over a period of time.

Inflationary pressure is the pressure exerted on the economy that increases prices. It primarily brings on inflation. Due to these pressures, either more items are produced to keep up with or surpass customer demand, or prices rise as a result of a shortage of supplies.

Poverty - As per the World Bank,poverty is defined as people whose daily income is less than $2.15, and those who are poor typically have very low levels of food security and low access to essential services.

Purchasing power - Purchasing power refers to the amount of goods and services that can be purchased with a unit of currency.

Standard of Living - Standard of Living is generally defined as the level of how someone lives day to day, normally based on their food,shelter and sanitation, among other things.

Wage Stagnation - Wage stagnation means that despite economic growth, workers' pay remains largely unchanged, failing to keep up with the rising cost of living. It results in minimal or no real wage growth for workers over time.

**4. Description of the Issue :**

Over the last decade and a half, one of the most pressing issues for the economy has been the rapid rise of living costs.In less than 20 years, the average prices of houses have almost doubled, and this doesn’t just apply to the housing market. Living costs as a whole have increased tenfold overnight and it must be dealt with extreme caution if we are to make sure that we want a planet in which people can afford basic necessities.

The first visible signs of this current issue was seen in 2008, when the Great Recession happened, it was known as the biggest market crash we have seen since the Great Depression.The Great Recession occurred because banks gave out risky loans to people who couldn’t afford them,thus triggering a housing market crash. It was a domino effect from there, as from there on businesses failed, people lost their jobs, and the economy went on a dramatic downturn.

Since then, member states have put many precautionary measures to ensure that there would not be a repeat, however as of lately, there has been a rapid increase in the price of costs,particularly living costs. This could be more detrimental to people as these costs are directly affiliated with people’s standards of living.However, over the last 5 years or so, there has been some competition between contrasting nations such as the USA and China, so these economic powers have indulged in trade wars, thus tariffs were introduced on imported goods, thus limiting international trade, by limiting international trade then the supply of goods are scarce, so prices of these goods end up rising.

Then, the balance of these inflationary pressures was completely disrupted when Covid-19 erupted in 2020. The infectious nature of the disease meant that the whole world infamously went into lockdown,meaning many shops couldn't open and these companies had to release workers, this in turn meant that economic activity was minimal and supply chains were disrupted, thus sparking heavy inflation. Even post Covid-19, countries still face supply chain disruptions and this along with climate change causing disruptions to natural resources. Means that in the current state of affairs, the rise of these commodities are still ever so present.

Although there are many disadvantages for the consumers and civilians alike, there are a few advantages for governmental organisations.Businesses and governments gain profit from these rise in costs, as civilians are forced to pay this sum of cash as they are classified as necessities in everyday life, such as food, water and electricity.This means that governments and businesses will have more money, in which they could potentially use to spend on improving the quality and quantity of these goods and services, so consumers will have added benefits as they will end up having better standards of living.

However, there are also a lot of disadvantages associated with this topic.As costs escalate, the purchasing power of consumers diminishes, leading to a decline in their standard of living. Individuals and households, particularly those with fixed incomes or low wages, struggle to afford basic necessities such as food, housing, healthcare, and education. This can exacerbate poverty and inequality, as marginalised communities bear the brunt of the impact. This means that more people are at risk of facing poverty and food insecurity. These go in direct violation of the UN Sustainable Development Goals 1 and 2,which pledge for no poverty and food security.

Another disadvantage of this is the economic instability it could bring.By having rising costs of living, consumers are scared to invest as the prices are constantly rising and changing.This means that there is decreased consumer spending and confidence. This means that it can undermine the level of economic growth that could prosper, and this lack of economic growth means that unemployment is more frequent, which again means that they will lack to afford these commodities.

Consumers are the people that face the biggest drawback, as they are the ones that have to pay higher prices to afford these necessities and to sustain themselves.However, low income populations are at greater risk because that means that they are at higher risk of falling below the poverty line.

Children are at high risk because if they succumb to poverty or malnourishment, the effects could be long lasting because they would be impaired for the rest of their life because malnourishment at that age is shown to handicap progress, particularly height,motor and cognitive abilities.This would mean that the future of our planet would have a diminished skillset due to this.

Marginalised groups, such as refugees, disabled people or the elderly population will be disproportionately affected by this as the barriers that they already face in education,employment and socially will hinder their ability to stay above the poverty line further due to the everyday challenges they face.Refugees have language barriers and find it hard to get high paying jobs due to the social norms that could be associated with racism and lack of education. Disabled people have physical or mental barriers that make them a liability as a worker, thus they are normally stuck to lower paying jobs, this coupled with treatments or aid means that they would suffer greatly as they would suffer from low standards of living.

Elderly people are mostly retired, thus they would suffer with coping with the increase of healthcare,food and shelter, seeing as a lot of them would not work,or would be working low paying jobs, this would greatly affect their standard of living.

Small business owners and entrepreneurs may face significant challenges in navigating rapidly rising living costs. Higher operating expenses, including rent, utilities, wages, and raw materials, can squeeze profit margins and hinder business growth, meaning that these entrepreneurs will not see much growth in their business.

UN policies have previously tried to counter and address these issues,this has been characterised by the Sustainable Development Goals as many of them revolve around eradicating poverty, and removing world hunger. Furthermore, many other committees are committed to protecting these ideals, as the ILO has previously stated that they are committed to protecting workers rights in terms of wages and working conditions, which are ways we can counter this predicament.The World Bank has always been of assistance to these countries as they wish to eradicate poverty and food insecurity, they have acknowledged that the rise of rising living costs pose a threat to their ideals, thus they are devoted to rooting out these issues.

* Consumer prices for all items rose 3.4 percent from December 2022 to December 2023
* In 2023 global prices rose by 7.4% on average, despite the easing of supply-chain disruptions and rising interest rates.
* Healthcare expenditure per capita has been increasing at a rate of approximately 4% to 6% annually in many countries
* Food price inflation typically averages around 2% to 3% per year globally
* Cost of Living Index (COLI) rankings may show variations of 10% to 20% or more between different cities or regions within a country

**5. History / Current Situation / Timeline of Events :**

Stabilisation of Living Costs (pre 2008) - Before The Great Recession,there was never a huge fluctuation in the levels of inflationary pressures, everything was normal.

The Great Recession (2008) - The collapse of financial institutions and subsequent global recession leads to economic instability, triggering job losses and reduced consumer confidence

Global Commodity Price Increases (2010) - Prices of essential commodities rose steadily due to overwhelming demand for the products from emerging powerhouse economies.

Housing Market Boom (2012) - Due to more urbanisation, the demand for housing grew exponentially so the economy grew grandly.

Sustainable Development Goals (2015) - Sustainable Development Goal number 1 stresses for “No poverty”, it calls for no international poverty by 2030.

Trade War (2018) - Due to rising tensions between economic powerhouses, tariffs were set up on imported goods to discourage international trade, meaning that the prices of goods and services rose for consumers.Furthermore, the lack of trade meant that there was added strain on the supply of their goods due to little international trade.

Covid 19 Pandemic (2020) - The rise of the pandemic resulted in economic shutdown, causing jobs to be lost and reduced economic activity, resulting in high inflation during these time periods.These caused supply chains to be disrupted, causing inflation.

Supply Chain Disruption (2020) - Due to Covid 19 effects, supply chain disruptions occurred leading to shortages of goods and services, further driving up prices.

Climate Change (present) - Due to the otherworldly weather conditions, they have disrupted agricultural production, straining food security and further leading to shortages and higher prices.

Current Day State (present) - Due to a chain of events stemming from poor international relations and covid 19, prices have continually risen over a few years, meaning that people are having constraints with paying for essential items.

**6. Possible Solutions**

Government intervention - Government intervention techniques like setting a limit for certain prices would limit the producers from setting super high prices that would heavily decrease the consumers disposable income.

Investment in Public Services - By investing into public services such as transport,healthcare and education, they would enhance access to essential services and reduce the financial burden of families.By using what the government provides to consumers, it means that civilians would have less stuff to pay for, thus increasing their disposable income.

Easing international tensions - By reducing tensions between economic powerhouse countries, there could be a lower risk of trade wars, meaning that there would be less tariffs on imported goods, this would in turn encourage national trade and lower the prices of goods and services.

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