**COMMITTEE: ECOFIN**

Topic: Hyperinflation in Europe

Chairs: Zoey Ragan & Adam Young

**Theme**

Hyperinflation in Europe or the Eurozone can have a devastating effect on all the states involved. Hyperinflation can lead to unemployment, the government taking out more loans to stabilize the economy, business competition failure in international markets, adverse real estate, increased cost of borrowing, etc. Overall inflation of one country can have a devastating effect on other countries, especially if they have the same currency. Such is the case for most of the Eurozone. Inflation in multiple countries, especially those that are all connected, affects the entire global economy. It forces the Union to address the issue in a timely manner to best rid the problem before it becomes an international economic disaster. The best example of hyperinflation in Europe was in 1920 after World War I when…

**Rationale**

…Germany was crippled by debt leading to one of the most extreme hyperinflations in history. Germany saw inflation increase by 29,500% in 1923. While Germany is a severe case of this, the problem of hyperinflation can lead to several issues for the global economy and citizens of that particular state. For example, in 1923, during the peak of inflation, the citizens of Germany could not afford simple necessities like housing and food. Neighboring countries also found trade with the state hard, due to its lack of economic security. Inflation can have a devastating effect on everyone involved. In the past, Europe sought help with inflation from other countries within the Union; however, it had only one country at the time with severe inflation rates.

**Background**

Currently, the Eurozone is experiencing inflation due to conflict and other factors on a

global scale. They are experiencing inflation at a rate of 10.1 percent, while particular countries within the Union are experiencing inflation at 25.2 percent. Most of the

Union is experiencing inflation and costly gas pricing. Still, certain countries such as Estonia, Latvia, and Lithuania are experiencing inflation above 20 percent, and countries such as Hungary, Bulgaria, and Czechia are all experiencing inflation above 15 percent. However, this is nowhere near what it was in Germany back in 1920.

**Contemporary Evidence**

This moment is when inflation can be prevented before it results in drastic measures.

As well, several countries are experiencing inflation rather than just one country in the Union. This type of inflation is affecting international business and citizens' daily lives; now, this type of inflation can be controlled and stopped from reaching inoperable levels. While most countries currently face inflation now, other global western countries cannot provide assistance; other methods can prevent the upcoming of this crisis. A method that has been used in the past, the contractionary monetary policy, has been working to be put emplaced; however, it causes a lot of external issues, and protection from these issues is vital. That way, citizens and trade can have protection from both inflation and the recovery from

inflation.

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Resoures for Delegates

**Harvard Bussiness Reveiw** :<https://hbr.org/2022/01/3-strategic-options-to-deal-with-inflation>

**Graphs and Satistics:**  shorturl.at/drVX3 <https://www.statista.com/statistics/225698/monthly-inflation-rate-in-eu-countries/> <https://www.dw.com/en/eu-inflation-rises-to-109-in-september/a-63488370>

**Notes to the Delegates**

Esteemed delegates, we are honored to have the opportunity to moderate a conference on such a pertinent issue being inflation in Europe with the focus in Estonia, Latvia, and Lithuania. Delegates, it is important to resolve this issue with the least amount of economic damage. Resolve this issue with the least impact to citizens and their trade. Delegates, before this meeting consider how the United States is currently facing inflation and how they are working to resolve it, would this work on the scale of the European Union? Consider the tight relation between the countries and how something like this could affect everyone? The chair also asks delegates to look at the damages that could happen with their solutions.

For any questions reach out to: ragzs-25@rhodes.org

**Listed below are the respective countries that delegates can choose from upon registration:**

Hungary   
Belarus  
Austria  
Serbia  
Switzerland  
Germany  
Holy See  
Andorra  
Bulgaria  
United Kingdom  
France  
Montenegro  
Luxembourg  
Italy  
Denmark  
Finland  
Slovakia  
Norway  
Ireland  
Spain  
Malta  
Ukraine  
Croatia  
Moldova  
Monaco  
Liechtenstein  
Poland  
Iceland  
San Marino  
Bosnia and Herzegovina  
Albania  
Lithuania  
North Macedonia  
Slovenia  
Romania  
Latvia  
Netherlands  
Russia  
Estonia  
Belgium  
Czech Republic (Czechia)  
Greece  
Portugal  
Sweden  
Russia