



Amman-Al Quds Model United Nations

نسخة الأمم المتحدة لعمان والقدس

## ECOSOC TOPIC 1

### **Unintended Impacts of Tariffs on Microeconomic and Macroeconomic Aspects of Economies**

In an interdependent global economy, even a single tariff can set off ripple effects that transcend borders. When nations impose tariffs (taxes on imported goods) to shield their industries, they may inadvertently trigger consequences that extend beyond the policy's initial intent. Microeconomic impacts surface as businesses face higher input costs and consumers encounter rising prices on everyday goods. Small firms can struggle to compete when raw materials suddenly become costlier, while households feel the pinch as tariffs quietly raise the checkout price of food, clothing, and fuel. Such measures, introduced to protect domestic jobs, can ironically strain the very communities they aim to help by shrinking purchasing power and curtailing consumer choice. Across local markets worldwide, tariffs often act as a double-edged sword: they might grant temporary relief to certain industries, yet they burden retailers, manufacturers, and families with new costs. The core problem is clear - tariff policies do not unfold in isolation, and their unintended fallout can undercut the economic vitality of numerous sectors at the core level.

Stepping back to the macroeconomic panorama, the stakes grow even higher. Tariffs levied by one major economy can provoke retaliatory duties from trading

partners, escalating into broader trade conflicts that dampen investment and unsettle financial markets. History and recent experience illustrate that widespread tariff increases can slow a nation's overall growth and even reverberate globally, contributing to diminished trade volumes and a less stable economic outlook. Developing countries, often reliant on exports to larger markets, can be especially vulnerable - a sudden tariff hike abroad can shrink demand for their goods, contracting entire industries and cutting national export earnings. Meanwhile, higher import costs may feed into inflationary pressures, complicating central banks' efforts to maintain price stability. The complexity of this agenda lies in these interconnected effects: protecting one sector through tariffs can inadvertently hurt others domestically, while collectively such policies risk dampening global economic momentum.

Crucially, this issue ties into the conference theme, "Empowering the Excluded." Tariff regimes often reflect the leverage of powerful industries and economies, but their unintended consequences tend to fall on those with the least influence - small businesses squeezed by pricier inputs, low-income consumers facing higher living costs, and developing nations pushed to the margins of global trade. By discussing solutions to mitigate the collateral damage of tariffs, delegates will be grappling with how to make international trade more equitable and inclusive. The goal is to ensure that economic policies do not inadvertently widen inequalities or silence the voices of those most affected. This thematic focus challenges us to rethink trade measures in light of their human impact, aiming to craft approaches that safeguard national interests without sidelining vulnerable communities or entire economies. In doing so, the committee embraces a nuanced dialogue on balancing protection and inclusion, aligning economic policy with the broader imperative of empowering those.