**FORUM**: Economic and Social Council

**QUESTION OF**: Measures to Resolve and Finance Silicon Valley

**MAIN-SUBMITTED BY**: United States of America

**CO-SUMMITTED BY**: Nigeria, Egypt, Sweden, Pakistan, Poland, France, South Sudan, Poland

THE ECONOMIC AND SOCIAL COUNCIL,

*Alarmed* by the report published by the U.S Bureau of Labor Statistics (BLS), which stated the current inflation rate in US is 3.0% indicating a major decrease from its peak in 2022 which the inflation rate was risen to 9.1%,

*Aware of* the Silicon Valley Bank (SVB) being the 16th largest bank in United States but, has collapsed as the second largest bank failure in United states of America on March 10, 2023,

*Recognizing* the significance of the Silicon Valley Bank (SVB) collapse on the global economic landscape and its potential ripple effects on global economies such as technological industry, which has crucial role for global technological and economic development,

*Keeping in mind* that according to the Federal Deposit Insurance Corporation (FDIC), Silicon Valley Bank (SVB) had assets totaling $209 billion at the end of 2022, mostly rapidly growing companies in the technology sector have benefited greatly from SVB,

*Keeping in mind* that venture companies that invested much money in SVB must have been hit hard by SVB's fall, and they may have to compete fiercely to revive their company from short-term or long-term financial difficulties,

*Recognizing* the significance of the Silicon Valley Bank (SVB) collapse on the global economic landscape and its potential ripple effects on global economies such as technological industry, which has crucial role for global technological and economic development,

*Fully aware* that due to market rate hikes, startups need to take money out of Silicon Valley banks, resulting in total Silicon Valley bank deposits falling by $16.094 billion from $189.203 billion in 2021 to $173.109 billion in 2022,

*Declaring* this Consumer News Business Channel (CNBC) reported that SVB was looking for an underwriter after failing to raise capital, and California and federal regulators decided to bankrupt SVB later in the day as large-scale deposit withdrawals continued,

*Noting that* SVB's bankruptcy is an example of how banks, which played a pioneering role, will go bankrupt if they fail to comply with the basic principles of risk management during a period of soaring interest rates,

1. Requests temporary but influential intervention from the US government to stabilize the situation with such measures, but not limited to:
   1. urging the government to provide financial support and guarantees to depositors affected by SVB's collapse to ensure the stability of the banking sector and maintain public trust:
2. suggesting government and financial institutions provide targeted economic relief packets to start-ups, small businesses, and innovation-focused companies,
3. suggesting the US government to consider measures such as grants, low interest rates, and tax incentives to help bring back the economy,

b. supporting the implementation of economic stimulus measures to mitigate the potential economic impact of SVB's collapse and to foster economic growth,

1. Requests supports from various organizations including financial institutions such as federal reserves and the World bank and the entrepreneurial community to alleviate immediate problems arising from SVB's collapse through ways such as, but not limited to:
2. promoting the FDIC to find alternative banks and financial institutions to stabilize money flow,
   1. suggesting the institutions to fill the void left by SVB, ensuring that startups and innovation-focused companies have viable banking options,
   2. urging venture capital firms, startups, and small businesses to swiftly identify and transition to alternative banking solutions to prevent further financial hardship and job losses,
3. establishing a global force that is capable of alleviating immediate problems by:
   1. developing comprehensive guidelines for risk management in investment practices,
   2. proposing an enhanced transparency measures for the investment portfolios of banks,
   3. facilitating regular stress tests to monitor the health of banks and prevent potential crises,
   4. suggesting international cooperation among governments with stable economies to ensure the chaotic transition of deposits and protect SVB customers with accounts in other countries;
4. Requests a scrutiny for SVB’s operation and evaluate factors that led to its collapse to prevent a similar incident in the future with methods such as, but not limited to:
   1. advocating for regulatory authorities to conduct a comprehensive review and analysis of SVB's operations, with a focus on identifying regulatory gaps and potential improvements in oversight,
   2. suggesting that other banks and financial institutions and consider diversifying their asset portfolios to reduce risk exposure and enhance financial stability,
   3. encouraging a transparent reporting of the financial situation of the SVB;
5. Suggests establishments of federal organizations and global coordination to address such financial crisis through such ways, but not limited to:
   1. advocating for international collaboration to develop frameworks for addressing the global implications of the collapse of financial institutions with a significant international presence,
   2. stressing the importance of measures to prevent bank runs and maintain depositors’ confidence, including clear communication about deposit insurance limits and government support,
   3. promoting financial stability funds to provide financial support and assistance to individuals and businesses that will go through similar incidents in the future by:
      1. encouraging governments to establish channels for donations by cooperating enterprise or international partner companies,
      2. suggesting that the governments take advantage of the diversification of the market to raise funds through multi-channel financing,
      3. asking government to raise money by issuing bonds;
6. Emphasizing the importance of preventing the dissipation of confusion and false impressions through such ways, but not limited to:
   1. calls for development and promotion of financial education programs,
      1. aiming for leadership positions of startups, small businesses, and the general public to enhance economic understanding and preparedness for future incidents,
      2. giving rise to the general public’s attention towards the economy,
   2. encouraging clear, transparent communication through reliable media platforms such as:
      1. government websites,
      2. official Facebook pages,
      3. speeches regarding to the government’s opinion;

1. Requests to strengthen the management and supervision of financial institutions to maintain the stability of financial markets and reduce financial risks to promote economic developments, such as but not limited to:
   1. encourages financial institutions to strengthen risk forecasting, enhancing customer’s trust and enable them to conduct regular inspections to identify and control risks in a timely manner, through:
      1. checking the financial position spontaneously,
      2. enabling people to make an emergency planning system to help them protect their money and assets,
   2. requiring financial institutions to provide rigorous external reporting to help borrowers understand the risks in ways such as:
      1. risk assessment reports,
      2. income analysis reports,
      3. credit reports,
   3. adopting stricter regulatory frameworks for banks with high exposure to unstable sectors, including:
      1. mandating more stringent liquidity requirements to ensure banks can withstand sudden withdrawals,
      2. imposing limits on the percentage of assets that can be held in rash-sensitive investments,
      3. requiring banks to maintain a diversified client base to prevent over-reliance on a single sector;
2. Encourage individuals or enterprise to make an investment and help financial institutions through such ways, but not limited to:
   1. recommending the U.S government to adopt supportive policies for individuals or businesses, encouraging people to invest and help financial institutions reopen by:
      1. asking the government to provide tax incentives or financial subsidies to encourage people to invest,
      2. encouraging financial institutions to lower the investment threshold and allow more people to participate in investment,
      3. suggesting increasing people's income so that they have more money to invest,
   2. urging the U.S. government to provide a regular and effective investment education and publicity to citizens to help understand investment and encourage participation in investment by:
      1. publicizing successful investment cases, let people see the benefits of investment, and stimulate investment enthusiasm,
      2. providing regular online or offline investment lectures to let people understand the basic information of investment and increase confidence in investment,
      3. informing people with current trends and popular fields that are about to face development;

1. Encourages member states and Non- Government Organizations (NGOs) to seek way to raise awareness to venture companies on the issues thorough such ways but not limited to:
   1. providing lessons to educate venture companies to prevent further bank collapse such as but not limited to:
      1. cooperating with international Non-Governmental Organizations (NGO) that relates to financial education to give lessons to venture companies,
      2. recommending offline and online sessions to venture companies,
   2. launching a professional website that contains information’s about the importance of diversifying money, targeting the venture companies;
2. Draws attention to the job loss brought up to the surface due to the abrupt bankruptcy of SVB, problems regarding to sudden job loss can be solved through such ways, but not limited to:
   1. implementing government-led economic stimulus to invigorate the economy by:
      1. infrastructure projects,
      2. investments in technology,
   2. facilitating job placement and reskilling initiatives,
      1. calls upon the government to establish comprehensive job placement services in collaboration with private employment agencies, connecting displaced workers with new employment opportunities,
      2. suggests the development of industry-specific job placement initiatives, tailoring support to the needs of sectors heavily impacted by SVB's collapse, such as technology, innovation, and healthcare,
      3. recommends the allocation of government funds to support training programs that address the specific needs of affected industries, ensuring that reskilling efforts align with emerging job market demands.