

JIRSMUN 2k17.

ESOSOC.

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"It's barbarism. I see it coming masqueraded under lawless alliances and predetermined enslavements. It may not be about Hitler's furnaces, but about the methodical and quasi-scientific subjugation of Man. His absolute humiliation. His disgrace"

-Odysseas Elytis.

Agenda - I

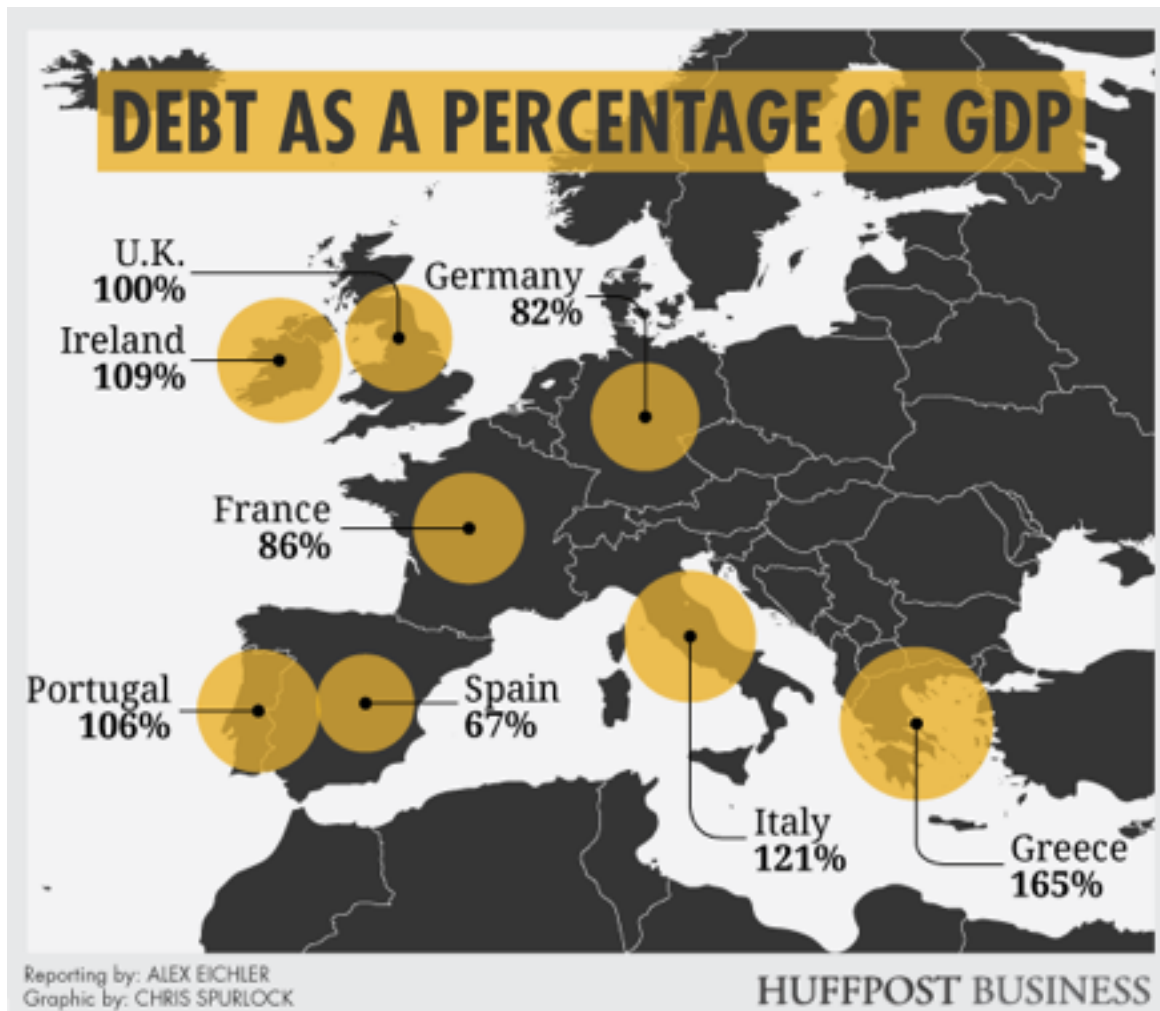
Escalation of the European Debt Crisis on the aftermath of Brexit.

European Debt Crisis

The European debt crisis (often also referred to as the Eurozone crisis or the European sovereign debt crisis) is a multi-year debt crisis that has been taking place in the European Union since the end of 2009. Several Eurozone member states (Greece, Portugal, Ireland, Spain and Cyprus) were unable to repay or refinance their government debt or to bail out over-indebted banks under their national supervision without the assistance of third parties like other Eurozone countries, the European Central Bank (ECB), or the International Monetary Fund (IMF).

The detailed causes of the debt crisis varied. In several countries, private debts arising from a property bubble were transferred to sovereign debt as a result of banking system bailouts and government responses to slowing economies post-bubble. The structure of the Eurozone as a currency union without fiscal union (e.g., different tax and public pension rules) contributed to the crisis and limited the ability of European leaders to respond. European banks own a significant amount of sovereign debt, such that

concerns regarding the solvency of banking systems or sovereigns are negatively reinforcing.



Fiscal Policy vs Monetary Policy

Monetary Policy:

The European Central Bank

The European Central Bank (ECB) oversees EU monetary policy.

Activities of the ECB

1. Ensuring that EU prices are stable, that is below 2% but also close to 2% to avoid the danger of deflation
2. Managing EU interest rates and money supply
3. Providing liquidity to the system when needed

When a European country joins the euro-area its central bank cedes much of its power to the ECB.

Long run neutrality of money

The underlying economic philosophy of the ECB is that, in the long run, real income and the level of employment - that is, the *real economy* - is not determined by the money supply. The main objective of monetary policy is to achieve short term price stability as this is seen as the way to provide an economic framework for supply side growth.

The policy instrument used is short term interest rates.

Monetary Policy in Europe

The ECB meets on a monthly basis to determine two things:

1. The level of interest rates across the euro area - the 19 countries that share the euro
2. The quantity of money in circulation

The primary purpose of the ECB is to control euro-area inflation so that the value of the euro remains constant and strong. It also provides liquidity into the system when needed. If an EU country joins the euro area, its central bank cedes most of its power to the ECB.

EU monetary institutions are fundamentally anti-fiscal, and greatly influenced by the monetarist view. Europe's view can be summarized as:

- Fiscal policy is less useful than monetary policy to help stabilize the macro-economy.
- Too much borrowing will harm the stability of the Euro, hence the Stability Pact.
- Fiscal policy is less useful than supply-side policy to help create long-term growth.

Asymmetric inflation target

Unlike the Bank of England's inflation target, which is symmetrical, the ECB target is asymmetrical. This means that while inflation cannot rise above 2%, there is no figure which it is must not fall below. Critics argue that this creates an in-built recessionary bias, with no specific policy intervention required if deflation occurs. In the UK, the target is 2% +/- 1, so that an inflation rate of less than 1% triggers a monetary stimulus.

Euro area interest rates

Euro-area interest rates remained fairly stable from 1999 until 2009, but rates on the main deposit facility began to fall from 2009, moving into negative territory from 2014, reflecting deflationary conditions across the euro-area.

Fiscal Policy:

Fiscal policies have a significant impact on economic growth, macroeconomic stability and inflation. Key aspects in this respect are the level and composition of government expenditure and revenue, budget deficits and government debt. Fiscal discipline is a pivotal element of macroeconomic stability. The need for fiscal discipline is even stronger in a monetary union, such as the euro area, which is made of sovereign states that retain responsibility for their fiscal policies. There are no longer national monetary and exchange rate policies to respond to country-specific shocks, and fiscal policies can better cushion such shocks if they start from a sound position.

Institutional arrangements

A number of institutional arrangements for sound fiscal policies have been agreed at the EU level, also with a view to limiting risks to price stability. These include:

- the prohibition of monetary financing (Article 123 of the Treaty on the Functioning of the European Union),
- the prohibition of privileged access to financial institutions (Article 124 of the Treaty on the Functioning of the European Union),
- the no-bail-out clause (Article 125 of the Treaty on the Functioning of the European Union),
- the fiscal provisions to avoid excessive government deficits (Article 126 of the Treaty on the Functioning of the European Union, including the excessive deficit procedure), and
- The Stability and Growth Pact (secondary legislation based on Articles 121 and 126 of the Treaty on the Functioning of the European Union).

Additionally, the fiscal compact (as part of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union) foresees the implementation of a balanced budget rule at the national level and a further strengthening of the excessive deficit procedure within the Stability and Growth Pact.

Excessive deficit procedure

The basic rule of budgetary policy enshrined in the Treaty is that Member States shall avoid excessive government deficits. Compliance with this rule is

to be examined on the basis of reference values for the general government deficit (3%) and gross debt (60%) in relation to GDP, whereby a number of qualifications can be applied.

In particular, only an exceptional and temporary excess of the deficit over the reference value can be exempt from being considered excessive, and then only if it remains close to the reference value.

The decision as to whether a Member State is in a situation of excessive deficit lies with the ECOFIN Council, acting upon a proposal from the European Commission.

If the Council decides that a Member State is in a situation of excessive deficit, the excessive deficit procedure provides for the necessary steps to be taken. These could lead to imposing sanctions on the country concerned.

Germany's austerity measures

Austerity is a set of economic policies implemented with the aim of reducing government budget deficits. Policies grouped under the term 'austerity measures' may include spending cuts, tax increases, or a mixture of both, and may be undertaken to demonstrate the government's fiscal discipline to creditors and credit rating agencies by bringing revenues closer to expenditures.

In most macroeconomic models austerity measures generally increase unemployment as government spending falls, reducing jobs in the public and/or private sector. Meanwhile, tax increases reduce household disposable income, thus reducing spending and consumption.

During the European debt crisis, many countries embarked on austerity programs, reducing their budget deficits relative to GDP from 2010 to 2011.

According to the *CIA World Fact book*, Greece decreased its budget deficit from 10.4% of GDP in 2010 to 9.6% in 2011. Iceland, Italy, Ireland, Portugal, France, and Spain also decreased their budget deficits from 2010 to 2011 relative to GDP but the austerity policy of the Eurozone achieves not only the reduction of budget deficits. The goal of economic consolidation influences the future development of the European Social Model.

With the exception of Germany, each of these countries had public-debt-to-GDP ratios that increased from 2010 to 2011, as indicated in the chart at right. Greece's public-debt-to-GDP ratio increased from 143% in 2010 to 165% in 2011. Indicating despite declining budget deficits GDP

growth was not sufficient to support a decline in the debt-to-GDP ratio for these countries during this period.

Eurostat reported that the overall debt-to-GDP ratio for the EA17 was 70.1% in 2008, 80.0% in 2009, 85.4% in 2010, 87.3% in 2011, and 90.6% in 2012. Further, real GDP in the EA17 declined for six straight quarters from Q4 2011 to Q1 2013.

Unemployment is another variable considered in evaluating austerity measures.

Uniform Fiscal Policy: Required?

The Eurozone has yet to address the fundamental structural problem with the euro: it is half-baked. We have a monetary union that to function well requires fiscal union, but we have no such fiscal union and little prospect of one. Key malfunctions are that some countries suffer an artificially high exchange rate and others an artificially low one. Similar mismatches occur with interest rates. Without national currencies there is no mechanism to make sure that Eurozone nations' imports and exports between themselves ever come back into balance.

These dynamics have given an economic boost to some countries, such as Germany, and have acted as a growth depressant in other countries, such as Greece. While this lack of a fiscal union is far from being the only culprit behind the Greek deficit, it is an important factor, and one that must be resolved if the euro is to have a future.

Throughout the Eurozone crisis, Europe's leaders have been highly critical of market speculators that have sold European government bonds they do not yet own, and credit rating agencies (CRAs), which have regularly downgraded European countries. The latter, in particular, is an industry desperately in need of reform, as three firms, S&P, Moody's and Fitch, currently have what amounts to a monopoly in this market. CRAs have made some poor calls in the past, for example, giving Lehman Brothers a healthy A rating just days before it went bust, and unfortunately they cannot be held legally accountable for their ratings in many countries, as these ratings are classified as "opinions" rather than statements of fact. However, despite being unaccountable, these companies have significant influence over democratic governments, partly as a

result of their ratings being incorporated into financial legislation around the world.

Status of European Union: Collapsing?

Brexit may be the first domino to fall, and the fear is that this could be the start of a trend against the post-war system of open markets, cooperation between nations, stability, and peace. Moreover, our divisions within Europe benefit the imperialistic and belligerent agendas of anti-democratic regimes such as Russia and China.

Brexit: Escalating the Crisis?

The immediate impact of the Brexit referendum was a period of heightened financial market volatility which has mostly receded relatively quickly. This represented a stress test of market structure in the wake of the post-crisis regulatory reforms and, at least to date, the global financial system has withstood the event well. The net asset price response across most major markets to date is lower sovereign bond yields and expectations of easier monetary policy. Within this there has been considerable regional and sectoral variation, with particularly sharp falls in some UK asset prices - including the pound - and banking sector equity prices, particularly in Europe. The depreciation in the pound has contributed to higher UK equity prices on some measures.

The medium to longer-term implications for the UK and Europe, and the global economy more broadly, will depend on the degree and persistence of uncertainty, and the length and outcome of negotiations on exit. In the UK, business investment growth was already weak prior to Brexit and is likely to weaken further, at least until the nature of any future trade agreement with the EU, by far the UK's largest export market, is known. Some firms may also choose to relocate from the UK to EU countries if their businesses depend on access to the single market. Concerns over job security and negative wealth effects will be a drag on household spending.

Links for further guidance

1) European Debt Crisis Visualized,

<https://youtu.be/msBJ-szGK9M>

2) 2008 US Financial Crisis Explained,

<https://youtu.be/GPOv72Awo68>

3) Greece Financial Crisis Explained,

<https://youtu.be/tigaryz-1y4>

<https://youtu.be/ULQiCN0YNmw>

4) Was the Eurozone a bad idea?

<https://youtu.be/SwsxJ4PSp00>

The man of petty ambition if invited to dinner will be eager to be set next his host.

-Theophrastus

Agenda - II

European Migrant Crisis.

The people now entering the EU fall under three categories:

- a) Those fleeing persecution and entitled to protection under the 1951 UN Refugee Convention and its 1967 Protocol.
- b) Those who would, if returned, face a serious threat to life or person due to international or internal armed conflict and who would be entitled to Humanitarian Protection under EU Directive 2011/95.3
- c) Those who do not face such risks in their home countries and whose main motives are economic.

Introduction

60 million people are currently forcibly displaced from their homes, desperate for a place to seek asylum. Increasing turmoil in countries such as Syria, Afghanistan, and Somalia is driving millions to pay high prices to people smugglers for a chance to enter Europe. For these asylum-seekers, any chance of starting a new life in a safe country like Germany or Italy seems promising compared to the violence and poverty in their home countries.

However, the large influx of migrants coming into Europe is creating many problems for both asylum seekers and EU member states. On the one hand, over 1,600 people have died in the Mediterranean in the past eight months after overcrowded boats capsized while travelling from Libya to the nearest European island. On the other hand, with almost 80% of all asylum applications directed at Europe, EU member states have the difficult task of trying to provide safety for over 600,000 migrants annually. As more and more forcibly displaced people make their way across the Middle East and Africa to reach the tip of Italy, the EU must find a way to provide asylum, but also discourage smugglers from illegally transporting hundreds of people every day across the Mediterranean.

In addition to rescuing and accommodating incoming migrants, the EU must also figure out a system of dispersing refugees among the 28 EU nations. Currently, every one in three asylum applications is directed towards Germany. In Italy, the number of applications increased by over

140% from 2013 to 2014.²³ The UK, in the meantime, has shown its reluctance to accept asylum-seekers by sending sniffer dogs and fencing to Calais in order to stop migrants from entering Britain via the Channel Tunnel. Efforts have been made by the European Commissions to implement a quota system that would spread asylum-seekers between all the EU nations, but such a plan received much negativity.

When the UNHCR introduced the UN Convention relating to the Status of Refugees in 1951, it was clear that every country had an obligation to protect those seeking safety. Yet today, with the world's biggest refugee crisis since WWII facing us, EU nations must come together to find a solution that balances between offering security to those most in need, and protecting the interests of each individual state.

Timeline of events that have shaped the refugee crisis for Europe:

2013

- 16 July: 6,000 people a day are fleeing conflict in Syria. UN High Commissioner for

Refugees Antonio Guterres says it is the largest refugee outflow since the Rwandan

genocide.

- 18 October: 14 countries make confirmed pledges to offer resettlement opportunities.

2014

- 7 July: EU Home Affairs Minister Cecilia Malmström says Syria's neighbors have accepted over 3 million refugees, while Europe only 100,00.

2015

- 20 July: EU leaders agree to accept 32,256 refugees from Italy and Greece; this is just short of the 40,000 proposed in May by EC president Jean-Claude Juncker.
- 2 September: Pictures of three-year-old Aylan Kurdi, drowned in his Syrian family's attempt to reach Greece from Turkey, provoke a wave of public sympathy for refugees.
- 9 September: Jean-Claude Juncker urges EU member states to take in an additional 120,000 refugees (bringing the total to 160,000), to be distributed on a quota basis. The draft plans redistribute almost three-fifths of the new refugees to Germany, France and Spain.

2016

- 21 April: In summer 2016, an average of about 100 migrants from Syria, Afghanistan, Iraq and other countries have landed each day on Greece's shores, down from the thousands who arrived daily last summer.
 - 4 May: The European Commission proposed fining EU member states if they do not take their quota of asylum seekers. Member states would be fined €250,000 for each asylum seeker they do not take in, with the money going to 'frontline' states such as Italy and Greece that have carried the burden.
 - 14 September: The Egyptian Navy announced they have stopped two fishing boats bound for Europe carrying a total of 440 migrants during the Eid al-Adha holiday in the Kafr El Sheikh Governorate. The boats were later diverted back to Alexandria, where the migrants received medical care by the authorities. The seized fishing boats were later referred for prosecution.

Influx of refugees and migrants into Europe

The EU has been witnessing unprecedented challenges due to the inflow of migrants. The number of migrants and refugees is constantly increasing. The International Organization for Migration (IOM) counted that the number of irregular migrants and refugees to the EU had crossed

one million in 2015 on 21 December. According to Eurostat statistics, the number of first time asylum applicants exponentially increased by more than 150 per cent in the third quarter of 2015 compared to the same quarter in 2014. Around 413800 people have applied for asylum from non-EU countries in the EU during the third quarter of 2015. Out of the 430600 total asylum applicants including repeat applicants, 413800, which account for 96 per cent, were first time applicants.

What Caused Citizens from Syria, Iraq and Afghanistan to Move towards Europe

As explained, most of the people coming to Europe are from Syria, Iraq and Afghanistan. Politically Speaking, Syria and Iraq are in a state of turmoil. What began as a pro-reform and democracy movement, the crisis in Syria has taken a global dimension. Bashar al-Assad government adopted repressive methods to suppress people's discontent, who called for reforms and, subsequently, the resignation of the President. Violence escalated; consequently, the country plunged into a civil war. Fighting reached to the capital Damascus and Aleppo. The UN said that 250000 people had been killed in the Syrian conflict. The conflict is now more than just a battle between President Assad and the rebel groups. The conflict has taken a sectarian color with Sunni majority fighting against the President's Shia Alawite sect, a regional outlook by drawing in neighboring countries; and a global outlook by involving world powers. The Syrian government argues that it is the target of a concerted strategy of Israel and Western and pro-Western Arab states.

As a consequence of more than five years of war, more than four million people have fled Syria since the start of the conflict, most of them being women and children. Syria: Confronting Fragmentation! Impact of Syrian Crisis, a report from Syrian Center for Policy Research, noted that the economy of Syria has 'shattered and fragmented'; it is 'dominated by the fighting subjugating powers.' It further notes, ".....systematic collapse and destruction of its economic foundations: infrastructure and institutions, human and physical capital, and the wealth of the nation have almost all been obliterated. "The UNDP report, 'Syria Alienation and

Violence: Impact of Syrian Crisis Report,' notes that armed conflict, economic disintegration and social fragmentation have transformed the human geography of Syria. This resulted in hollowing of population as it fell from 20.87 million persons in 2010 to just 17.65 million people by the end of 2014. Over half the population, around 52.8 per cent, were dislodged as they left their homes looking for safer places to live or better living conditions elsewhere. Some 6.80 million persons forming this population-in movement (58 per cent) continue to live in Syria as internally displaced persons (IDPs), with many being displaced numerous times. Neighboring countries have borne the brunt of the refugee crisis, with Lebanon, Jordan and Turkey struggling to accommodate the flood of new arrivals. These countries have taken most of the Syrian refugees. A further 7.6 million Syrians have been internally displaced within the country, bringing the total number of those forced to flee their homes to more than 11 million - half the country's pre-crisis population. Overall, an estimated 12.2 million are in need of humanitarian assistance inside Syria, including 5.6 million children.

Issues caused by the crisis

Economic Issues

Financial issues impact some countries' abilities to strengthen their protection systems; austerity measures in nations such as Greece also affect the conditions of asylum-seekers. The 2015 UNHCR budget for EU is €432.5 million, reflecting a 150% increase from the previous year. Although some countries believe that the benefit system of around €55 per week for each refugee is quite expensive, deporting illegal migrants may cost even more: estimates suggest that almost €11bn has been spent on repatriating migrants to their home country. Finally, the cost of Operation Triton, current at €120 million, may rise if more lives are lost in the Mediterranean Sea.

Social Issues

The xenophobic attitude of many EU citizens has led to the mistreatment of many refugees. Many living in Europe mistakenly believe that most

asylum-seekers are merely looking to escape poverty rather than actual violence because it is difficult to distinguish refugees from economic migrants.³⁶ Nationalist backlash within Europe has also made low-skilled migrants in general unwelcomed.

Political Issues

Politically the EU is made up of 28 nations with different agendas and interests. This makes it extremely difficult for Europe to address its refugee situation as a collective unit. Countries receiving the thousands of asylum applications are urging fellow EU member states to share their burden, while other nations avoid facing the issue by rejecting all proposals that will expand Europe's refugee intake. Political instability and wars raging in Africa and the Middle East are making more and more people consider the possibility of entering Europe – and creating a bigger political rift between EU countries.

Important Factors which affect the migration crisis

Dublin Regulation

sets out the process of asylum applications and transfers the asylum applicants to the responsible states. The regulation also states that the first entry country will be responsible for processing asylum applications. The recast Dublin Regulation establishes a hierarchy of criteria for identifying the Member State responsible for the examination of an asylum claim in Europe. This is predominantly on the basis of family links followed by responsibility assigned on the basis of 7 the State through which the asylum seeker first entered, or the State responsible for their entry into the territory of the EU Member States, Norway, Iceland, Liechtenstein and Switzerland. The aim of the Regulation is to ensure that one Member State is responsible for the examination of an asylum application, to deter multiple asylum claims and to determine as quickly as possible the responsible Member State to ensure effective access to an asylum procedure.

Schengen Area

The Schengen area and cooperation are founded on the Schengen Agreement of 1985. The Schengen area represents a territory where the free movement of persons is guaranteed. The signatory states to the agreement have abolished all internal borders in lieu of a single external border. Here common rules and procedures are applied with regard to visas for short stays, asylum requests and border controls. Simultaneously, to guarantee security within the Schengen area, cooperation and coordination between police services and judicial authorities have been stepped up. Schengen cooperation has been incorporated into the European Union (EU) legal framework by the Treaty of Amsterdam of 1997. However, all countries cooperating in Schengen are not parties to the Schengen area. This is either because they do not wish to eliminate border controls or because they do not yet fulfil the required conditions for the application of the Schengen acquis. Accordingly, in order to reconcile freedom and security, this freedom of movement was accompanied by so-called "compensatory" measures. This involved improving cooperation and coordination between the police and the judicial authorities in order to safeguard internal security and, in particular, to fight organised crime. With this in mind, the Schengen Information System (SIS) was set up. SIS is a sophisticated database used by authorities of the Schengen member countries to exchange data on certain categories of people and goods.

Coordination with Third Countries

This crisis cannot be solved by the EU alone but will require considerable cooperation with African nations from where many migrants are leaving as well as with Turkey which is currently hosting two million Syrians who have fled the war and from where huge numbers have crossed into the EU.

a) Valletta Conference - The European Council held a summit of European and African leaders at Valletta, Malta in November 2015. It was agreed that European and African leaders would work together to enhance the development benefits of migration, address poverty, instability and crises, promote legal channels for migration, provide humanitarian aid for

displaced people within Africa, prevent irregular migration and tackle the issue of smuggling and people trafficking, and strengthen returns, readmission and reintegration. It was widely agreed that an EU fund of £1.2 billion to tackle the root causes of migration was insufficient yet there was very little enthusiasm from EU member states to contribute to it.

b) Agreement with Turkey - In the same month the EU and Turkey reached an agreement on a number of measures designed to address the migrant crisis. In return for Turkey's accession process being 're-energized', plus €3 billion (£2.1 billion) in additional support and a commitment to the lifting of visa requirements for Turkish nationals travelling to the Schengen zone, the Turkish authorities have agreed to stem the flow of illegal migrants to the EU and to improve the conditions of the two million Syrians currently in Turkey.³⁴ There were reports that, in addition to this, Germany wanted 400,000 Syrian migrants currently in Turkey to be resettled in the European Union where they could apply for asylum.

Past UN/International Involvement

Historically, the UN 1951 Convention and Protocol Relating to the Status of Refugees and 1954 Convention relating to the Status of Stateless Persons laid out the basic guidelines for how states should treat refugees. The conventions' goal is to protect the right of those forcibly displaced, and guarantee asylum-seekers a place to stay outside of their war-torn homes. Since the application of these conventions in the EU, the UNHCR has worked closely with EU member states to ensure safety for the maximum number of asylum-seekers. "EU institutions such as the European Council, the European Commission, the European Parliament and the European Court of Justice have legislative, executive and judicial powers in areas directly relevant to UNHCR's mandate" (UNHCR).³⁷ The UN closely monitors the asylum system in Europe and publishes regular documents recording key observations and recommendations.³⁸ Furthermore, the UNHCR releases full reports of certain areas of the EU CEAS to help better the workings of the organization. The UN also supports refugee organizations financially by offering the EU a budget of €432.5 million this year for use in various parts of the asylum system. The

UNHCR's membership in the European Asylum Support Office's management board allows the UN to be a part of the EASO's work program, priorities, and other operational issues. The work of the UN Refugee Agency has significantly improved the workings of all asylum branches in Europe.

Links for further reference

1) Understanding the refugee crisis,

<https://youtu.be/RvOnXh3NN9w>

https://youtu.be/KVV6_1Sef9M