

Background Guide

European Union





Agenda: Socio-economic turmoil in Europe

Message from the Executive Board

Greetings delegates,

It is our pleasure to welcome you to this session of the European Union at Utopia Model United Nations 2017. This background guide aims to provide you with a basic understanding of the history as well as the current scenario prevalent in Europe. This will be with reference to the modern day crises that are being experienced by all European nations- some to a greater extent, while others are less affected. This document will also aim to provide you with the insight and direction the Executive Board would prefer you to explore, however, we shall not stop you from divulging into any aspect of the agenda that you consider important.

Also, this guide is NOT a substitute for your research. This document cannot be quoted in committee, and you should most certainly attempt to seek information from more articulate sources.

All in all, we hope the debate will be fruitful and engrossing to everyone who witnesses or participates in it. This can only be possible if you, delegates, bring innovation and enthusiasm to the table in the form of ideas and discussion. We look forward to a whirlwind of learning in these three days, and hope that you will be satisfied with your experience.

Regards,
Executive Board

History

The European Union, or EU, is an economic and political partnership of 28 countries that belong to the continent of Europe. (The full list of member nations: https://europa.eu/european-union/about-eu/countries_en)

This union began shortly after the Second World War, in an attempt to foster economic cooperation. The European Union created a single market and a customs union among its members that includes, the free circulation of goods, capital, people, and services within the Union. The customs union enforces a common external tariff, which allows a good, to not be subject to customs duties, discriminatory taxes, and import quotas, once it enters the market internally. This basically allows goods to travel through borders as if it were a single nation.

The EU has its own currency, the Euro, which has been adopted by 19 member states. It traces its origins to the European Coal and Steel Community (ECSC) and the European Economic Committee (EEC), formed by the Inner Six (Belgium, France, West Germany, Luxembourg, Italy and Netherlands). The EEC was created as an extension of the ECSC with the goal of bringing about economic integration among the six nations.

Since many individual states could not afford to invest in nuclear energy, the founding states joined together to form EURATOM, so that all parties could reap the rewards of atomic energy development.

The European Community (EC) was the precursor to the European Union – the only striking difference between the two bodies is the name. The EC was a blend of three individual communities: the ECSC, EURATOM and the EEC. All three were established to encourage political and economic cooperation among member countries. The EC initially consisted of the six nations present in the ECSC, EURATOM and EEC, but Britain, Ireland, and Denmark were added in 1973, along with other nations being added afterwards.

The EU's foreign policy power has increased with every enlargement. The current membership of twenty-eight countries empowers the Union to get active in different regions of the world.

Recently, the European Union received six more applications for potential accession, including Turkey, Macedonia, Montenegro, Albania, Iceland and Serbia. Of those six, Turkey, Serbia and Macedonia are engaged in serious negotiations for accession.



Economic Situation and Its Implications

On the economic front, member states are working to tighten co-ordination of their economic policies. This is being done in an attempt to recover from the recent international financial crisis. The European Council and European Commission are constructing a ten-year plan, which should contain a series of policy objectives to boost the EU's economic performance, including reforms to national labor markets and public spending.

Like the rest of the international community Europe is currently facing its greatest economic recession since the depression of the 1930s. Because of the shared currency among the European Union member states, with the exception of the United Kingdom, a collective economic downward spiral has been felt by all nations of the European Union. This has clearly been made evident by one member state after another crumbling under the weight of global financial struggles. First there was Greece, now Ireland, and Portugal, Spain, and Italy are all facing an impending economic meltdown. Collective measures must be taken by the European Union to solve this economic crisis and to make sure that current member states do not slip further towards economic chaos.

Brexit

Brexit, a shorthand manner of referring to United Kingdom's exit from the European Union. This has also had a profound impact on the rest of the states. David Cameron, then Britain's prime minister, set June 23rd as the date for a referendum on the country's membership of the European Union. His announcement followed a protracted renegotiation of the current conditions of Britain's membership at a summit in Brussels.

In early 2015 the chances of “Brexit” — Britain departing from the European Union—seemed remote. Today, largely because of Europe’s migration crisis and the interminable euro mess, the polls have narrowed.

The breakdown of votes was as follows — England voted strongly for Brexit, by 53.4% to 46.6%, as did Wales, with ‘Leave’ getting 52.5% of the vote and ‘Remain’ 47.5%. Scotland and Northern Ireland both backed staying in the EU. Scotland backed ‘Remain’ by 62% to 38%, while 55.8% in Northern Ireland voted ‘Remain’ and 44.2% ‘Leave’.

For the UK to leave the EU, it has to invoke an agreement called Article 50 of the Lisbon Treaty which gives both the sides, two years to agree to the terms of the split. Prime Minister Theresa May had said she will not kick-off this process before the end of 2016. This means that we will not begin to get a clear idea of what kind of deal the UK will seek from the EU, on trade and immigration, until later this year.

Britain has a number of reasons for wanting to leave. The most commonly cited ones being-

- Sovereignty – that Britain ceded its sovereignty, right to pass its own laws to bureaucrats sitting in Brussels.
- Regulations – That Brussels imposed too many regulations that hurt British business interest.
- Money – Billions of pounds of entry fee with very little to show in return.
- Open borders/ migration – even though Britain is not part Schengen, workers from rest of the EU can come their freely and work there. Large numbers from Eastern Europe came just to claim British benefits, social security etc.

Debt Crisis

The global recession continues to impact many of the world’s economies. Europe has perhaps seen the largest effect from the global recession because of the European Union and the fact that sixteen of its twenty-seven member states share the same currency. This alone means that if the

economy of one member of the Eurozone would suffer then it would cause a domino effect because the value and credibility of the euro would decline. As a result, individual states took various actions to stabilize their individual economies.

Greece

Upon entry into the European Union in 1981, Greece was suffering from a 4% inflation rate, one of the highest in Europe at the time, and its government-borrowing rose to 16% at the end of the 1990s.

In 2007, the economic recession struck and it was made evident that years of unrestrained spending, cheap lending, and failure to implement financial reforms had lead Greece to debt levels that were not acceptable to the standards of the Eurozone.

From this level of exposure and debt, Greece's credit level took a heavy hit and was downgraded to the lowest possible level of the Eurozone. Greece has been left struggling to pay its bills because of rising interest rates on existing debt.

Much to the dismay of the public the government has also raised taxes on tobacco, alcohol, and fuel and has increased the retirement age by two years. These measures have left the people of Greece extremely displeased and workers nationwide have staged numerous strikes.

The economic crisis in Greece is a threat to all members of the Eurozone as well as those countries who engage in trade with the Eurozone. Due of the common currency shared among all members of the Eurozone the economic woes of Greece have affected the credibility of the euro and many are worried that this could lead to a domino effect, toppling the economies of other weak countries. Those fears became true upon the crippling of the economy of Ireland. The interest rates on government debt have increased, making it extremely hard for these countries to borrow from the open market.

The sixteen members of the Eurozone convened to discuss an economic rescue initiative to preserve Greece's economy, however a European-backed loan had to first be approved by the European Union, meaning any Eurozone member would have had the power to veto the loan in a Union vote. The EU, however, in conjunction with the International Monetary

Fund, agreed to move forward with this bailout package. Offering 110 billion Euros over three years, with 45 billion of the sum to be contributed immediately, this is the largest bailout package in recent history.

Ireland

In the past years the economy of Ireland has gone from being very prosperous to facing an imminent collapse. Similar to Greece, Ireland's banks have suffered from bad debt leading to bailouts from the Irish government, which have caused a large loss of money in government finances.

The government has proposed plans for austerity programs but there are fears that such programs would only plunge the country back into the recession it is just starting to recover from. The Irish government originally stated that by no means would a bailout package be necessary to help pay the debt of the national banks. However the national banks continued to experience more and more loss as foreign investors began to withdraw money due to doubt toward the Irish government's ability to make up the debt. Concern was rather appropriate considering the debt of the national banks was several times the size of the annual output of the Irish economy. Since the Irish government was not capable of helping their national banks alone, the banks began to rely heavily on the European Central bank for emergency funds, which led to concerns from other European governments.

As a neighbor and close business partner to Ireland, the United Kingdom was particularly concerned over the status of the Irish economy, as it would see a decrease in demand for UK goods. Stating it was in the country's best interest, the British government will contribute significantly in direct loans to the Irish government.

The Iberian Peninsula

Unfortunately after the Greek economy collapsed, so did the Irish economy. Many fear that Portugal and Spain will be the next two countries

in the Eurozone that will need a bailout package to help save their ailing economies. Portugal and Spain are of particular concern because of their rising borrowing costs to cover their debt. Both countries are not at risk of bankruptcy but their borrowing rates are making their debts more expensive to finance and severely diminishing any progress that austerity plans could bring about.

Meanwhile Portugal has borrowed large sums of money to finance welfare entitlements and private consumption. The country has been able to protect jobs through outdated laws that make it difficult to fire workers while industries have failed to modernize.

The Spanish government and banks face a situation similar to the one that toppled the Irish economy as international investors become more reluctant to invest in Spanish bonds.



Sociological Upheaval And It's Impact

The European Union is living a social crisis of a scale that is unprecedented in decades. Apart from the widening gap between social classes in terms of their financial situation, Europe is witnessing a gradual but definite change in its religious identity. This in turn, has triggered an onslaught of controversies revolving around clashes between religions, predominantly Christianity and Islam. Europe is also suffering the after effects of several terrorist attacks, which has contributed to an atmosphere of tension and a tendency towards Islamophobia.

Lack of Faith and Islamophobia

According to several top religious leaders, Europe is going through a crisis of 'religious identity', which refers to a lack of faith in God, even though people do believe in a 'life force'. This has led to shutting down of several churches. For example, the Evangelical Church of Germany, closed 340 churches and is considering giving up another 1,000. Dutch churches are reportedly closing at a rate of two a week — around 4,000 remain from the estimated 19,000 built since the 13th century. From 1999 to 2010, the Church of Sweden says it lost 800,000 members.

Even in the traditionally more devout Catholic countries of southern Europe, faith is under pressure.

NATO officials worry a widening belief gap between religious America and an increasingly secular Europe could erode their sense of shared values, and combine with a growing divergence in defense spending and the new US focus on Asia to weaken the trans-Atlantic alliance.

One religion that is growing in Europe is Islam.

On average Muslims make up 3.8 percent of the population of the 27 nations of the EU.

Churches abandoned for lack of congregations have been turned into mosques, as well as cafes, rock-climbing centers and private homes. That's a trend denounced by some Christian conservative groups who warn of an emerging post-Christian Europe with growing tensions between religions.

Such fears have been highlighted by attacks against 11 mosques around Britain following the killing of soldier Lee Rigby by two suspected Islamist extremists in London. Campaign groups warn of an increase in Islamophobia. Anti-Semitic hate crime in some countries is linked to the declining economy.

The European Court of Justice (ECJ) recently ruled in favor of banning all religious symbols at work, which sparked protests across nations. Some countries like Austria are even considering a complete ban on the full-face veil in public. Major political parties like the European People's Party have welcomed the verdict.

The ECJ stated that the ban depends more on internal rules followed in workplaces, and had also given a ruling earlier that a customer could not demand that the staff not wear headscarves or other religious symbols.

Terrorist Attacks

Terrorism in Europe has often been linked to nationalist and separatist movements, while other acts have been related to political extremism (including anarchism, far-right and far-left extremism) or religious extremism.

Attacks began with renewed vigor in 2011, and reached their zenith in 2015-16, attributed to a spillover of the Syrian Civil War, rise of the Islamic State of Iraq and the Levant, and the migrant crisis. A total of 211 attacks were recorded in 2015, with 148 occurring in France. As in previous years, separatist attacks accounted for the largest proportion, followed by jihadist attacks. The latter, however, caused the largest number of fatalities and injuries. The United Kingdom reported the largest number of attacks, but

did not provide statistics on suspected affiliation. Tackling jihadist terrorism threats has become an over-riding priority for security services, although many commentators express concerns that the risk of far-right terrorism is currently being underestimated.

Other significant attacks in Europe include the Jewish Museum of Belgium shooting, the March 2016 Brussels suicide bombings, the December 2016 Berlin Christmas market attack, and the April 2017 Saint Petersburg Metro bombing. Another commonly targeted place is the Turkish city of Istanbul, which was attacked in January 2016, June 2016 and January 2017.

The majority of the attacks have taken place against countries participating in the military intervention against ISIS as part of Operation Inherent Resolve; France with Opération Chammal, Germany with Operation Counter Daesh and Belgium which is also a participant. Russia, which has a military campaign on behalf of the Syrian government, has also been targeted. Many attacks are believed to be motivated partly by retaliation for this military intervention against ISIS. However, even non-combatants such as Sweden have been attacked. While the security forces have been targeted by Islamist militants, the overwhelming majority of the deaths; over 300 to date; have come from attacks against civilians in urban areas.



Migrant Crisis

The European refugee crisis started in 2015 when migrants, asylum seekers and a small fraction of hostile agents started arriving in the European Union in exceedingly large numbers, through the Mediterranean Sea or through Southeast Europe. The vast majority arrived by sea but some migrants have made their way over land, principally via Turkey and Albania.

The conflict in Syria continues to be by far the biggest driver of migration. But the ongoing violence in Afghanistan and Iraq, abuses in Eritrea, as well as poverty in Kosovo have contributed significantly to this crisis. Majority of migrants originate from countries beset by war or generalized violence, or having repressive governments, such as Syria, Afghanistan, Nigeria, Eritrea, and Iraq. Thousands of asylum seekers, including vulnerable people, are

stranded in abysmal conditions on the Greek islands and along the Western Balkan route, with limited access to asylum. The EU continues to emphasize on the prevention of departures and combating smuggling over a coordinated approach. This is based on access to protection and respect for human rights, including through problematic cooperation with Turkey, Libya, and other transit countries.

The EU's external border force, Frontex, monitors the different routes migrants use as well as the numbers arriving at Europe's borders. Frontex puts the figure crossing into Europe in 2015 at more than 1,800,000, which has led to debates about the burden of the increasing migrants, and whether all countries should handle it equally.

Although Germany has had the most asylum applications in 2015, Hungary had the highest in proportion to its population, despite having closed its border with Croatia in an attempt to stop the flow in October.

Tensions in the EU have been rising because of the disproportionate burden faced by some countries, particularly the countries where the majority of migrants have been arriving: Greece, Italy and Hungary. In September 2015, EU ministers voted by a majority to relocate 160,000 refugees EU-wide, but for now the plan will only apply to those who are in Italy and Greece.

Another 54,000 were to be moved from Hungary, but the Hungarian government rejected this plan and will instead receive more migrants from Italy and Greece as part of the relocation scheme. The UK has opted out of any plans for a quota system but, according to Home Office figures, 1,000 Syrian refugees were resettled under the Vulnerable Persons Relocation scheme in 2015.

Although huge numbers have been applying for asylum, the number of people being given asylum is far lower. People of nationalities like Syria, Eritrea, and Iraq etc. have been able to seek asylum most effectively, with Germany, Sweden, Italy, France and UK being the most liberal in granting asylum.

The crisis has been worsened by the Schengen agreement. The Schengen Agreement abolished many of the EU's internal borders, enabling passport-free movement across most of the bloc. The main feature is the creation of

a single external border abolition of internal borders, and a single set of rules for policing the external border, but there are other measures including:

- Common rules on asylum;
- Hot pursuit - police have the right to chase suspected criminals across borders;
- Common list of countries whose nationals require visas;
- The Schengen Information System (SIS), which allows police stations and consulates to access a shared database of wanted or undesirable people and stolen objects;
- Joint efforts to fight drug-related crime

This visa gets its name from the town of Schengen in Luxembourg, where the agreement was signed in 1985. It took effect in 1995. The UK and Republic of Ireland have opted out of the agreement. The UK wants to maintain its own borders, and Dublin prefers to preserve its free movement arrangement with the UK - called the Common Travel Area - rather than join Schengen.

Schengen is often criticized by nationalists who say it is an open door for migrants and criminals. The 13 November Paris attacks, which killed 130 people, prompted an urgent rethink of the Schengen agreement. There was alarm that killers had so easily slipped into Paris from Belgium, and that some had entered the EU with crowds of migrants via Greece. In 2015, the influx of more than a million migrants - many of them Syrian refugees - also greatly increased the pressure on politicians. One after another, EU states re-imposed temporary border controls.

Note

This background guide is simply an introduction to your research, and by no means encompasses all the documents related to any of the topics discussed above. Please keep in mind that the sources of information accepted in committee will be largely limited to official United Nations documents and publications by your respective government news agencies. Wikipedia is NOT a legitimate source of information, however, you are welcome to inspect the sources cited in their articles.

Ways to Prepare Yourself:

- 1. Start your research early, preferably two weeks or more before the MUN occurs. Read the background guide thoroughly.*
- 2. Research about your country, its leaders, basic stats etc. Build your stance based on your foreign policy.*
- 3. Understand the clues and hints that are given minutely in the Background Guide that may come handy while presentation of contentions in committee. Such clues are important contributors to research.*
- 4. Try to analyze and predict the kind of moderated caucuses which can be brought up in committee, and make a list of these. Try to have data on hand about these topics so that you are not afraid to speak up when they are being discussed.*

Questions to Ponder

Apart from figuring out solutions to solve the problems the EU is going through, here is a small sample of questions that you can try to research

and think about (these may not be included in your speeches later on; please understand the relevance of mentioning them)-

1. Does the political leadership impact the position of a country in the European Union, and to what extent?
2. What would be the implications of a debt crisis from the perspective of money laundering?
3. Do the risks of adopting the Euro as a common currency outweigh the benefits, especially since the European economies seem to be going through a domino effect?
4. Will integration of new members into the EU help in alleviating the crises at hand, or will they prove to be another burden on the existing nations present in the union?
5. Even though, terror attacks and their casualties are increasing, and Islamophobia is spreading, people are still converting from Christianity to Islam. Does this present a paradox?

