IISMUN'17

Economic & Social Council

Study Guide

The Socio-Economic Crisis Due To The British Exit From The EU.

Dear Delegates,

My name is Brijesh Khandelwal and it is my honor to be serving as the Chair of the Economic and Social Council in the 2nd session of IISMUN. It's a great privilege for me to have the opportunity to serve as a Student Officer in this year's conference.

As a Chair, it is my duty to guide you through this topic and answer any questions you might have. I sincerely hope that you will find this Study-Guide helpful and a valuable first introduction to the topic. Nevertheless, you should not limit your research to this Study Guide. I strongly encourage and urge you to conduct further research on the topic as well as to have a strong understanding of your country's position on the issue.

With that being said, if you need any help with your preparation or if you have any questions concerning the topic do not hesitate to contact me on my

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I am looking forward to meeting all of you at the conference!

Best Regards,
Brijesh Khandelwal

Rules & Procedure

As Model U.N. conferences have lengthy agendas and many students are interested in speaking it is essential that order is maintained by deciding who speaks, on what, and when. Therefore, rules of procedure are utilized by most Model U.N. conferences.

Conference procedures are divided into two types of discussions: formal and informal debate.

Formal Debate: During formal debate, the staff maintains a speakers list and delegates speak in the order they are listed. At this time, delegates have an opportunity to share their views with the entire committee. Delegates make speeches, answer questions, and introduce and debate resolutions and amendments. Formal debate is important to the

committee's work. By not knowing the rules of procedure, delegates slow down the debate and hold back their committee's progress.

Moderated Caucus: During a caucus, which is a temporary recess, the rules of procedure are suspended. To go to a moderated caucus, a delegate makes a motion to suspend debate and the committee votes. Caucusing helps to facilitate discussion, especially when there is a long speakers list. A moderated caucus is a mixture of both formal and informal debate. Anyone may speak if they raise their placard and are called on by the Chair.

Unmoderated Caucus: In an unmoderated caucus, delegates meet informally with one another and the committee staff to discuss and negotiate draft resolutions, amendments and other issues.

Chart of Basic Model U.N. Procedural Rules (Points and Motions)

Motion	Description	To Pass, The Vote Required

Motion to Set Speakers Time	This is a motion to set or change the speaker's time. It is a procedural motion, which requires two (2) delegates speaking for the amount of time motioned for, and two (2) delegates speaking against.	Simple Majority
Motion to Open and Close the speakers list.	At some Model U.N. conferences, once the speakers list is closed it is closed for the remainder of the session or topic. However, at most Model U.N. conferences the speakers list can be opened and closed multiple times. Once the speakers list is exhausted, it means no one else wishes to speak, debate is over, and the committee then moves into voting procedure. This motion requires an immediate vote.	Simple Majority
Motion to Suspend meeting	This motion is made to suspend the meeting for the purpose of a regular caucus or a moderated caucus, but its use also depends upon the conference you are attending. When moving to suspend the meeting, the delegate should specify a certain amount of time and the purpose. This motion requires an immediate vote.	Simple Majority

Motion to Adjourn meeting	This motion is made to end the committee session until the next session, which at times is until next year. This motion is most commonly made to end committee session for the purpose of lunch or dinner. This motion requires an immediate vote.	Simple Majority
Motion to Adjourn debate	This motion must not be confused with the motion to adjourn the meeting. Motion to adjourn debate is a tactic to put all of the work that the committee has completed on the topic in which they are discussing on hold and to table it. At some Model U.N. conferences you could table the topic by adjourning debate, move on to another topic and then return to the first topic at later time. However, at most Model U.N. conferences, once you adjourn debate on a topic, the topic is considered tabled and cannot be discussed any more. This motion requires two (2) delegates speaking for the adjournment of debate and two (2) delegates speaking against the adjournment of debate.	2/3 Majority

Motion to Close debate	This motion is made in order for the committee to move into voting procedure. Once a delegate feels as if they have made their country's position clear, there are enough draft resolutions on the floor, and everyone is ready, a delegate makes a motion to move into voting procedure by moving for the closure of debate. This motion requires only two (2) delegates speaking against the closure of debate and zero (0) delegates for the closure of debate.	2/3 Majority
Point of Order	During the discussion of any matter, a representative may rise to a point of order, and the chairperson in accordance with the rules of procedure shall immediately decide the point of order. A delegate may appeal against the ruling of the chairperson (noted below). The appeal shall be put to a vote, and the chairperson's ruling shall stand unless overruled by a two-thirds majority of the members present and voting. A delegate rising to a point of order may not speak on the substance of the matter under discussion.	

Point of Inquiry	When the floor is open, a delegate may move for a point of inquiry, in order to ask the chairperson question regarding the rules of procedure.	
Point of Personal Privilege	A delegate may raise a point of personal privilege in order to inform the chairperson of a physical discomfort s/he is experiencing, such as inability to hear another delegates speech.	
Point of Information	After a delegate has given a speech in formal debate, s/he may choose to yield his or her time to a point of information; a question another delegate rises concerning the speech.	

Appeal to the Chair's Decision	This motion is made when a delegate feels as if the chairperson has made an incorrect decision. The delegate wishes to challenge the chairperson and does so by formally making a motion to appeal the chairperson's decision. This motion may be made verbally or in writing. The opposing delegate speaks and the chairperson defends his or herself before the vote.	2/3 Majority

INTRODUCING TOPIC

On the June 23rd of 2016, a referendum was held in the United Kingdom on the question of 'Brexit', UK's withdrawal from the European Union. With 52% of the British people voting for 'Brexit', the referendum's result caused turmoil in the global markets, including currencies, causing the British pound to fall to its lowest level in decades and caused political and economic upheaval to United Kingdom, with effects to the rest of the European Union, as well as the rest of the world. In addition, this result led to the resignation of United Kingdom's Prime Minister, David Cameron,

who was in favor of the United Kingdom, staying in the European Union, and his replacement by Theresa May, leader of the Conservative Party.

In order for the United Kingdom to leave the European Union, the UK will have to trigger Article 50 of the Lisbon Treaty, which needs the Parliament's approval in order for the British High Court to activate it. Theresa May has stated that the UK will most likely trigger Article 50 at the end of March 2017.

Opinion on the long-term effects on the UK of leaving the EU is strongly divided. Many believe that Brexit will lead to the economic liberation of the UK, while others argue that the impact of Brexit on British businesses, the UK economy and other British interests, would be severe and evident on many levels. For example, regarding UK's economy following Brexit, many believe that, due to the high level of economic integration between the UK and the rest of the EU, the British market will not be as productive as its competitors and investment from elsewhere in the EU helps increase British productivity. The new relationship between the UK and the rest of the EU will be uncertain, possibly proliferating the costs for the UK. The direct impact on the rest of the EU will also be significant. Brexit will have a wider political impact on the EU, and moreover Europe will lose its influence in international relations. Member states will definitely be affected in different ways and to different extents and certainly in an economic level.

KEY TERMS

Brexit

Brexit is an abbreviation of the words “British Exit”, a term used to describe the United Kingdom's withdrawal from the European Union. A referendum on Brexit was held in June 2016, with the result being 52% of the voters being in favor of Brexit. The EU and the UK have not yet negotiated the terms of withdrawal; therefore until then the UK remains a full member of the European Union.

Referendum

A referendum is an election device, a general vote by the electorate on a single political question which has been referred to them for a direct decision. In this process, law can either be accepted or rejected based on the popular vote of the people.

European Union

The European Union is an economic and political union between 28 European countries. The EU was created in the aftermath of the Second World War, with the aim to foster economic cooperation, hoping that because of the countries’ economic interdependence, another such conflict would be avoided. The result was the European Economic Community

(EEC), created in 1958, which through the years developed and evolved into an organization spanning policy areas, from climate, environment and health to external relations and security, justice and migration.2 In the EU, most goods, services, money and people move freely, and other areas like energy, knowledge, and capital markets are being developed.

Single Market and European Single Market

A single market is a type of trade bloc involving more than one nation based on a mutual agreement to permit the free movement of capital, labor, goods and services. The European Single Market refers to the EU as one territory without any internal borders to the free movement of goods and services. The European Single Market has fostered competition and trade, improved efficiency, raised quality, and helped cut prices in the countries of the EU. It is one of the EU's greatest achievements, as it has fueled economic growth.

Article 50 of Lisbon Treaty

The right of a Member State to withdraw from the European Union was introduced for the first time with the Lisbon Treaty4. Article 50, the formal procedure for withdrawing, solely includes procedural requirements for a country to withdraw from the EU and is a withdrawal agreement between the EU and the withdrawing state, defining the withdrawing state's future

relationship with the EU. A withdrawal from the EU leads to the end of the application of the EU Treaties and EU law in the withdrawing state.

A withdrawal agreement would need to address the phasing-out of EU financial programs and other EU norms. Therefore, the withdrawing state would need to enact substantial new legislation.

European Economic Area

The European Economic Area (EEA) was formed in 1994 in order to extend the European Union's provisions on its internal market to countries in the European Free Trade Area (EFTA), by uniting the EU Member States and the three EEA EFTA States (Iceland, Liechtenstein, and Norway) into an Internal Market. These rules enable goods, services, capital and persons to move freely about the EEA.

Foreign Direct Investment

Foreign direct investment is investment from one country into another that involves establishing operations or acquiring tangible assets, including stakes in other businesses. It is the purchase or establishment of income-generating assets in a foreign country that entails the control of the operation or organization.6

GDP

GDP stands for a country's gross domestic product, which captures the state of an economy in a single number. GDP can be measured in three ways. It can be measured based on output and the value of the goods and services produced by all sectors of the economy. It can also be measured by expenditure, the value of the goods and services purchased by households and by government, or by measuring income, the value of the income generated in terms of profits and wages. GDP is used to determine the health of an economy, serves as an indicator in setting interest rates and used by the government when planning economic policy.

HISTORICAL INFORMATION

The UK and the EU

In 1957, France, West Germany, Belgium, Italy, Luxembourg and the Netherlands signed the Treaty of Paris, which established the European Economic Community (EEC), the predecessor of today's European Union. As mentioned above, the EEC was an attempt to foster economic cooperation between European nations in the wake of World War II. In 1963, United Kingdom applied for membership in the EEC, but France's President Charles de Gaulle vetoed its application. The UK finally was accepted to the EEC in 1973. In 1975, the nation held a referendum on the question:

“Do you think the UK should stay in the European Community?” with 67 percent voting in favor of remaining.

In 1984, Prime Minister Margaret Thatcher starting talks with the EU to reduce British payments to the EEC budget, thus increasing tensions between the EEC and the UK. The UK “rebate” negotiated by Thatcher remains in place today, and has reduced Britain’s contribution to the budget from more than 20 percent of the total in the ‘80s to about 12 percent.

The Maastricht Treaty, which took effect in 1993, created the Brussels-based European Union (EU), replacing the EEC. Labor Prime Minister Tony Blair, who won in 1997, was strongly pro-European Union, and thus worked to rebuild UK relations with the rest of Europe while in office. After 1997, however, the relationship between the UK and EU started to deteriorate following bans on some British products from countries of the EU.

In 2007, after plans for an official EU constitution collapsed, the member nations finished negotiating the controversial Lisbon Treaty, which gave Brussels broader powers. In the interests of protecting Britain’s financial sector, David Cameron became the first UK prime minister to veto a EU treaty in 2011 and in early 2013, he gave a speech in which he talked about the challenges facing Europe and promised to renegotiate

membership in the EU in case the Conservative Party won the next general election.

Against the backdrop of economic unrest in the Eurozone and an ongoing migrant crisis, supporters of Brexit increased over the past several years. After winning re-election in May 2015, Cameron went to work renegotiating the UK-EU relationship, including changes in migrant welfare payments, financial safeguards and easier ways for Britain to block EU regulations. In February 2016, he set June 23 as the date of the promised referendum.

Brexit Impact on EU's Economy

The information below is based on a report from Global Counsel

Trade within Europe

EU trade matters more for the UK than UK trade for the EU. The level of trade between the UK and the EU is very high, which means that the levels of investment in each other's economies are again very high. For example, 48% of the stock of foreign direct investment in the UK comes from the EU, and more than one third of all acquisitions of UK companies by overseas buyers over the past five years have involved EU acquirers.7

It is important to mention that the UK is more dependent on the EU than vice versa given that 12.6% of UK GDP is linked to exports to the EU whereas only 3.1% of GDP among the other 27 Member States is linked to

exports to the UK.8 60% of total UK trade is covered by EU membership and 44% of UK exports are exported to the EU.9

Foreign Direct investment

Businesses find it costly to relocate investment from the UK and there is a risk the UK attempts to undercut the EU on standards to attract FDI. The EU's single market enables firms to base many of their capital markets activities in the UK, thus more than 75% of all of the firms in the EU are based in the UK and nearly 80% of capital markets activity in the EU 27 countries is managed and conducted out of the UK.

Financial Services

Households and businesses will most likely suffer from the loss of liquidity and increased cost of financial services.

Trade policy

The EU will be a less attractive trade partner without the UK in the deal and loses a member state that puts its political weight behind negotiations.

Budget

The EU loses a budget disciplinarian and a major net contributor, with the gap needing to be filled by higher contributions or less spending

Uncertainty

Uncertainty is bad for business in the EU, as they will face high and increasing levels of uncertainty during this process, which will impact investment decisions, with macroeconomic consequences.

EEA or Swiss Alternative

Following Brexit, one of the most pressing issues for the UK government would be what type of relationship with the EU it would seek to negotiate, which outcome would have a big impact on capital markets across Europe. The two main options are the Norwegian or the Swiss. The best scenario for the European Markets for the post-Brexit world would be that the UK's trade relations with the EU are similar to those currently enjoyed by Norway, which as a member of the European Economic Area (EEA) has a free trade agreement with the EU. This option would represent the closest level of integration and access to the single market that the UK enjoys today.

Another main option was closer to the Swiss model, whereby access to the single market is negotiated separately for individual sectors on a bilateral basis, as Switzerland is not in the EEA but has many bilateral agreements with the EU. Like Norway, it allows free movement of labor, however it does not have free trade in services with the EU, which would be a disadvantage for an economy like the UK's.

POSSIBLE SOLUTIONS

The ramifications of Brexit on European Markets is an extremely complex issue, not only because it is difficult to find a viable solution to protect the European Markets, but also because it is still very uncertain what the possible effects on these markets will be. So, the UN has to do everything in its reach to protect the European Markets, which are bound to be largely affected by Brexit.

Firstly, it is crucial to address the fact that the UK still has not decided whether it will actually trigger Article 50. Therefore, the UK should be pressed to make a decision soon, and decide exactly on the time it will be triggered, in the case it decides to. This is significant, as it will decrease the uncertainty affecting businesses and all European Markets.

Secondly, it is vital that the UN strengthens cooperation between the EU, the UK and international organizations such as the IMF, OECD and WTO, so that they can discuss the effects of a possible Brexit and what can be done to minimize the impact of Brexit.

Finally, the UN has to stress the importance of the UK and the EU starting negotiations on the UK's future relations with the EU, following Brexit. Such negotiations have to address all six areas, as mentioned earlier in this guide, from trade to financial services, and will help minimize uncertainty. Most importantly, the UK has to decide whether it would like to have a relationship similar to that of Norway or Switzerland with the EU, or would like a free trade-agreement.

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