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From the Board

Perspectives on the Euro Crisis

1. Introduction

The sovereign debt and banking crisis that followed the credit squeeze and the post-Lehman crisis have had legal and policy reverberations, which could not have been dreamt of a year ago.

It is not only about the seriousness of the crisis, with deep divergences of economic performance and wide disparities in borrowing costs between Germany, the Netherlands, Finland, Austria, and the peripheral states but also about the very discussion of strengthening the 'E' of economic and monetary union (EMU), nay even of political union (whatever may be considered covered by that epithet), the relationship with the International Monetary Fund (IMF), and the institutional developments – including proposed treaty change – just a few months after the entry into force of the Lisbon Treaty on 1 December 2009. Then there is Europe looking inside again, struggling to agree on effective remedies against a financial market onslaught while almost completely ignoring other pressing issues facing it and the world. Here is a word on each of these developments.

2. Strengthening Economic Governance of the Union

For many years, pundits have said that economic and monetary Union (EMU) was a project based on an uneven foundation, with monetary union being well developed and based on a complete transfer of sovereignty to the European Union (EU or hereinafter 'Union') level of government but economic union being no more than mere peer group pressure based on treaty provisions and an agreed 'top-up', the Stability and Growth Pact (SGP) that was disregarded more often than scrupulously adhered to. This is a case of 'limping integration'. In its Communication on 'EMU@10 – Assessing the first ten years and challenges ahead',[1] in June 2008, the European Commission (hereinafter 'Commission') had foreseen that a qualitative jump towards greater economic policy coordination was called for, as was development of the 'external dimension', that

[1] European Commission (hereinafter 'Commission') – Directorate General for Economic and Financial Affairs, 'Special Report: EMU@10 – Assessing the First Ten Years and Challenges Ahead', Quarterly Report on the Euro Area, vol. 7, No. 2, 2008.

'From the Board'. *Legal Issues of Economic Integration* 38, no. 2 (2011): 107–114.

is, a joint representation and a common stance at International Monetary Fund (IMF), G8, and G20 in EMU-related affairs.[2] That was in the midst of the unfolding crisis, post-Bear Sterns but pre-Lehman, prior to the economic downturn of 2008–2009. The European banks' massive exposure to sovereign debt issued by the peripheral and other eurozone states, the results of the summer of 2010 stress tests carried out state by state, somewhat coordinated by the predecessor of the European Banking Authority (EBA), proven unreliable for at least the Irish banks soon afterwards,[3] and the market's reluctance to keep financing peripheral states against German interest rates meant that Europe was confronted with the urgent need to revamp economic governance and financial supervision arrangements. The latter have been revamped, albeit not sufficiently,[4] by the post-De Larosière proposals, effective 1 January 2011, with the establishment of the European Systemic Risk Board (ESRB)[5] and the other elements of the European System of Financial Supervision (ESFS), the European Supervisory Authorities (ESAs).[6] On economic policy coordination, it was time to heed the precepts of the Treaty on the Functioning of the European Union (hereinafter TFEU) and the SGP and to look beyond fiscal discipline to broader areas of economic policy. The Commission[7] and a task force headed by European Council President Van Rompuy (hereinafter 'Van Rompuy task force')[8] each proposed mechanisms to strengthen economic governance. Under the heading of 'competitiveness', Member States' performance would be rated on a scoreboard, and deviation from policy prescriptions by the Ministers of Finance would lead to financial sanctions. The SGP would be strengthened with semi-automatic sanctions applying sooner, although Nicholas Sarkozy and Angela Merkel turned down the idea of 'reverse voting' under which Commission suggestions for sanctions would apply unless a Qualified Majority Vote (QMV) in the Ecofin Council would overturn them. Their joint statement in Deauville[9] stunned markets and fellow heads of state or government. The watering down of legislative proposals from the Commission is fought by a coalition of the European Central

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[2] The Communication states: 'The most effective way for the euro area to align its influence with its economic weight is by developing common positions and by consolidating its representation, ultimately obtaining a single seat in the relevant international financial institutions and fora'; see preceding footnote.

[3] Patrick Jenkins & Brooke Masters, 'Bank Watchdog Sets Out to Square the Circle', *Financial Times*, 14 Feb. 2011.

[4] See my 'Europe's Post-crisis Supervisory Arrangements – A Critique', *C&R Revista de Concorrência & Regulaçao* 1, no. 2 (2010): 125–166.

[5] See Regulation (European Union (EU or hereinafter 'Union')) No. 1092/2010 of the European Parliament and of the Council of 24 Nov. 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (ESRB), OJ L 331/1, 15 Dec. 2010, and Council Regulation (EU) No. 1096/2010 of 17 Nov. 2010 conferring specific tasks upon the European Central Bank concerning the functioning of the European Systemic Risk Board, OJ L 331/162, 15 Dec. 2010. For these documents and the activities of the ESRB, see <www.esrb.europa.eu>.

[6] See, notably, Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 Nov. 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC, OJ L 331/12, 15 Dec. 2010.

[7] Press Release, 'EU Economic Governance: The Commission Delivers a Comprehensive Package of Legislative Measures', IP/10/1199 (Brussels, 29 Sep. 2010), available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1199&format=HTML&aged=0&language=EN&guiLanguage=fr>.

[8] Strengthening Economic Governance in the EU: Report of the Task Force to the European Council (Brussels, 21 Oct. 2010), available at: <www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/117236.pdf>.

[9] Franco-German Declaration, 'Statement for the France-Germany-Russia Summit', *Deauville*, 18 Oct. 2010, available at: <www.elysee.fr/president/root/bank_objects/Franco-german_declaration.pdf>.

Bank (ECB) and the European Parliament.[10] The next few months may see the adoption, or rejection, of these proposals, or their watering down, but in any case, the idea of EMU being lopsided will have been left behind. There is a new joint initiative by the French President and the German Chancellor calling for a 'Pact for Competitiveness'.[11] It seems to contain old ideas that should have been implemented ages ago (mutual recognition of diplomas to foster labour market mobility) and precise policy prescriptions that also should have been implemented everywhere (no automatic wage indexation: Italy had to abandon the *scale mobile* before joining the eurozone, but other Member States apparently thought they could continue with the practice of channelling inflation through the economy by automatic raising incomes accordingly). Of course, some ideas such as raising retirement ages to reflect a population that is growing older and harmonizing the base for levying company tax are valid suggestions.

This manner of strengthening the 'E' of EMU, whatever the merits of doing so, will not ensure proper economic governance because of the primary role reserved to Member States. The Council, the group of often bickering politicians fighting all, except its President and the President of the Commission, for their 'national interests', is to set policy. No common vision, proposed by the Union executive and discussed in the European Parliament, ultimately to be agreed in the Council, but ad hoc agreements between national capitals will decide economic policy choices. The euro crisis tilts Europe in the direction of inter-governmentalism rather than in the direction of a federal fiscal union. Joint issue of bonds has been floated,[12] with a smart scheme to ensure that individual Member States pay more interest when their fiscal position is inconsistent with the long-term objective of balanced budgets and a public debt size at, or below, 60% of gross domestic product (GDP). The newly formed European Financial Stability Fund (EFSF) could play a role in this, but rumours have it that this remains anathema to Germany. What the Commission and the Van Rompuy task force proposed falls short of introducing automatic stabilizers in the European economy.[13] Modest proposals by Financial Times columnist Wolfgang Münchau merit consideration.[14] He advanced the idea of European responsibility for systemically relevant banks, absorption of asymmetric systemic shocks across the euro area through a short-term unemployment fund, and symmetrical taxes on current account imbalances as a 'mini fiscal union'.

An area almost universally overlooked is the cultural dimension of the single currency: with political thinking remaining along national lines and the labour markets

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[10] See Jean-Claude Trichet, 'The Essence of Economic and Monetary Union', speech as the guest of honour at the *Schaffermahlzeit* (Bremen, 11 Feb. 2011), at <www.ecb.int/press/key/date/2011/html/sp110211.en.html>, which includes the following statement: 'The ECB very much counts on the Parliament to call for very clear and strong governance rules, including automaticity in triggering procedures and sanctions, which will be to the long-term benefit of Europe's citizens.'

[11] Conclusions of the European Council – Annex I (Brussels, 4 Feb. 2011).

[12] Paul de Grauw & Wim Moesen, 'Gains for All: A Proposal for a Common Eurobond', *Financial Markets – CEPS Commentaries*, 3 Apr. 2009, available at: <www.ceps.eu/system/files/book/1823.pdf>.

[13] Giuliano Amato et al., 'A Renewed Political Deal for Sustainable Growth within the Eurozone and the EU: An Open Letter to the President of the European Council', *Economic Policy – CEPS Policy Briefs*, available at: <www.ceps.eu/book/renewed-political-deal-sustainable-growth-within-eurozone-and-eu-open-letter-president-european>.

[14] Wolfgang Münchau, 'How a Mini Fiscal Union Could End Instability', *Financial Times* (12 Dec. 2010).

being disintegrated, as they are, a single currency is unfeasible in the long run. If European political leaders are serious to do 'whatever it takes'[15] to defend the single currency,[16] they should make a mental shift and start thinking as Europeans and integrate labour and products/services markets much more closely. Relatively simple measures may do the trick. A single rule book harmonizing product (services) qualifications instead of relying on national implementation of EU directives would open up markets on an EU scale instead of state by state. Think of the banking and telecommunications markets where national players dominate and where carrying one's bank account or mobile number to a provider from another state is impossible, not to speak about the charges for making phone or data calls 'abroad', which are still high and lacking in transparency even with roaming cap rules.[17] Further measures may include welcoming labour from other states, allowing people to move under a single regulation instead of subjecting them to 'Aliens Laws' that may have been harmonized but that leave ample room for red tape. Ensuring that pension rights can easily be carried over to other States. Investing in language skills, from a young age onwards, so that Europeans can communicate and work together on the work floor more easily.

3. Institutional Developments: Not the Community Method

As said, the proposals for strengthening economic policy coordination, welcome though they may be in principle, rely heavily on inter-governmental cooperation. The trend is towards keeping the Commission out, or in a subservient role, and not involving the European Parliament. Whereas in respect of the Greek facility, agreed early May 2010, the Commission was given a pivotal role, for future support mechanisms, a separate facility was established outside the treaties.[18] Next to a Community facility, the European Financial Stability Mechanism (EFSM),[19] based on Article 122(2) TFEU, a special purpose vehicle governed by Luxembourg law was established: the temporary EFSF, based on an inter-governmental agreement governed by English law.[20] The EFSF is proposed to be succeeded by a permanent mechanism, to be established

[15] Press Release, 'José Manuel Durão Barroso President of the European Commission – Statement Following the Meeting of the Heads of States and Government of the Euro Area', Speech/10/224 (Brussels, 8 May 2010): 'We will do whatever it takes to safeguard financial stability not only of Greece, but of all the euro area. What you see tonight is the Eurozone united around its currency, the euro.'

[16] 'Euro Will Never Be Abandoned Says France's President Nicolas Sarkozy', *Davos*, 27 Jan. 2011, available at: <www.weforum.org/news/euro-will-never-be-abandoned-says-france%E2%80%99s-president-nicolas-sarkozy?fo=1>.

[17] Regulation (EC) No. 717/2007 of the European Parliament and of the Council of 27 Jun. 2007 on roaming on public mobile communications networks within the Community, OJ L 171/32, 29 Jun. 2007, as amended (hereinafter 'the consolidated roaming regulation'); see <http://ec.europa.eu/information_society/activities/roaming/regulation/index_en.htm>.

[18] Euro Area Loan Facility Act 2010, Irish Ministry of Finance, 20 May 2010, available at: <www.oireachtas.ie/documents/bills28/acts/2010/a710.pdf>.

[19] Council Regulation (EU) No. 407/2010 of 11 May 2010 establishing a European financial stabilization mechanism, OJ L 118/1, 12 May 2010.

[20] European Financial Stability Facility (EFSF) Framework Agreement, 7 Jun. 2010; European Financial Stability Facility, Société Anonyme, Grand-Duché de Luxembourg, 8 Jun. 2010, Mémorial C-No. 1189, 57025; and website of the EFSF: <www.efsf.europa.eu/about/index.htm>.

outside of the TFEU as well. Of course, as provisions of the Greek Loan Facility make clear, Member States feared the courts. It contains clauses[21] regulating the effect of a final finding by the European Court of Justice that granting the loan violates EU law or a finding by a constitutional or other court of a Member State that granting the loan is unconstitutional and such finding cannot be remedied. After all, Article 125 TFEU, the 'no bail-out' clause, states that the Union and the states are not liable for the public debt of (other) Member States and prohibits assumption of such debt. Technically, supporting a Member State to repay its own debts does not amount to such a prohibited bailout since no debt is actually assumed. There is merely an *ex post* standing behind the Member State concerned, in the interest of the stability of the euro area as a whole.

It is the euro that is at stake, not the creditworthiness of individual state governments. The Council decision for a simplified revision of the Treaty is remarkable in this respect, too.[22] It merely permits the euro area Member States to establish a permanent mechanism, the European Stability Mechanism (ESM), 'if indispensable to safeguard the stability of the euro area as a whole'.[23] The ESM's loans will be granted 'subject to strict conditionality', a feature they will have in common with the loans granted to Greece and Ireland or those granted to Member States outside the euro area pursuant to the traditional balance-of-payments mechanism of the EU.[24] Under the latter, loans have been provided, in tandem with the IMF, to Latvia, Hungary, and Romania. Back to the ESM, the Council considers that Article 122(2) TFEU, the basis for the establishment of the EFSM, will no longer be needed to be used in future crises. The provision forms part of the only competence under current treaty rules for the Union to enact Union-wide economic policy measures. The second paragraph permits financial assistance to a Member State confronted with natural disasters or exceptional occurrences beyond its control. The first paragraph grants a competence to 'decide upon the measures appropriate to the economic situation', thus going beyond mere coordination of Member States' economic policies pursuant to Articles 120–121.

4. Relationship with the IMF

The severe conditionality announced for financial assistance by the still to be established permanent ESM dovetails with the same feature of the current facilities, the Greek Loan Facility and the Irish loan under the EFSF/EFSM arrangements. The legal acts in respect

[21] See clauses 9 and 15 of the EFSF Framework Agreement.
[22] Conclusions of the European Council – Annex I (Brussels, 16–17 Dec. 2010).
[23] The language is taken from the proposed additional para. 3 of Art. 136 TFEU.
[24] Council Regulation (EC) No. 332/2002 of 18 Feb. 2002 establishing a facility providing medium-term financial assistance to Member States' balances of payments, OJ L 53/1, 23 Feb. 2002, as amended by Council Regulation (EC) No. 1360/2008 of 2 Dec. 2008, OJ L 352/11, 31 Dec. 2008, and subsequently amended by Council Regulation (EC) No. 431/2009 of 18 May 2009, OJ L 128/1, 27 May 2009.

of Greece[25] and Ireland[26] specify, in abundant detail, the policy prescriptions of the Union to the peripheral economies. They match similar requirements under the Letters of Intent written to the IMF,[27] specifying policies under its conditionality policy. The IMF, being a rotating fund drawn from its members' foreign exchange reserves, is statutorily required[28] to make disbursements subject to strict conditionality so as to ensure return of funds lent. Involving the IMF in lending to Member States that have not (yet) adopted the single currency was inspired by its expertise in handling economic policy prescriptions and the seriousness with which borrowing governments, and markets, consider its clout. Involving the IMF in lending to Greece and Ireland and in establishing the 'shock and awe' package[29] of 10 May 2010 (EFSF (EUR 440 billion), EFSM (EUR 60 billion), and IMF support (EUR 250 billion) totalling EUR 750 billion, even though the actual amounts available proved to be much lower in the end) may have been based on the same considerations but also marked a reliance on outside assistance, which the euro area considered itself beyond. It may have set back the single representation at the IMF for the euro area, as the IMF will be able to argue that, even though belonging to a currency union, these EU states proved to be very much in need of multilateral assistance from the global overseer of orderly exchange rate arrangements. Even though Greece and Ireland form part of a monetary union and a single market, they needed funds from the world's provider of balance-of-payments support. It is not exactly the right condition to argue that the Union should represent them at the IMF's Washington headquarters. Yet in spite of this political setback, single representation will remain on the table because under Union law, it is the logical consequence of adopting a single

[25] With regard to the excessive deficit procedure, see Council Decision of 10 May 2010 addressed to Greece with a view to reinforcing and deepening fiscal surveillance and giving notice to Greece to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit (2010/320/EU), OJ L 145/6, 11 Jun. 2010, as amended by Council Decision of 7 Sep. 2010 amending Decision 2010/320/EU addressed to Greece with a view to reinforcing and deepening fiscal surveillance and giving notice to Greece to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit (2010/486/EU), OJ L 241/12, 14 Sep. 2010, and as amended by Council Decision of 20 Dec. 2010 amending Decision 2010/320/EU addressed to Greece with a view to reinforcing and deepening fiscal surveillance and giving notice to Greece to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit (2011/57/EU), OJ L 26/15, 29 Jan. 2011. With regard to the multilateral surveillance procedure, see Council Recommendation to Greece of 16 Feb. 2010 with a view to ending the inconsistency with the broad guidelines of the economic policies in Greece and removing the risk of jeopardizing the proper functioning of the economic and monetary union (EMU) (2010/190/EU), OJ L 83/65, 30 Mar. 2010, and Council Decision of 16 Feb. 2010 making public Recommendation 2010/190/EU with a view to ending the inconsistency with the broad guidelines of the economic policies in Greece and removing the risk of jeopardizing the proper functioning of the economic and monetary union (2010/181/EU), OJ L 83/12, 30 Mar. 2010.

[26] Council Implementing Decision of 7 Dec. 2010 on granting Union financial assistance to Ireland (2011/77/EU), OJ L 30/34, 4 Feb. 2011, and Council Recommendation with a view to bringing to an end to situation of an excessive deficit in Ireland, 17210/10 (Brussels, 7 Dec. 2010).

[27] Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding for Greece, 8 Dec. 2010, available at: <www.imf.org/external/np/loi/2010/grc/120810.pdf>; Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding for Ireland, 3 Dec. 2010, available at: <www.imf.org/external/np/loi/2010/irl/120310.pdf>.

[28] Article V s. 3 of the International Monetary Fund's (IMF's) Articles of Agreement – Operations and Transactions of the Fund reads as follows: 'Conditions governing use of the Fund's general resources (*a*) The Fund shall adopt policies on the use of its general resources, including policies on stand-by or similar arrangements, and may adopt special policies for special balance-of-payments problems, that will assist members to solve their balance of payments problems in a manner consistent with the provisions of this Agreement and that will establish *adequate safeguards for the temporary use of the general resources of the Fund*' (emphasis added, ed.).

[29] Press Release, 'Extraordinary Council Meeting – Economic and Financial Affairs' (Brussels, 9–10 May 2010).

currency and of having an internal market with complete freedom to effect payments and capital transactions; because the TFEU's clause on external representation (Article 138, previously Article 111(4) EC, even though the requirement of single representation has been watered down by 'Lisbon') enables (previously mandated) this; and because the outside world will no longer accept excessive European representation at the IMF. An agreement among the G20 to diminish the EU's representation may lead to a joint Benelux seat.[30] This would only be a first step, as even the Dutch Executive Director at the IMF, Age Bakker, acknowledged in a recent interview that a common euro area seat is ultimately the right outcome:[31]

> In my opinion it would be a good development if Germany and France would combine their representation [*at the IMF, ed.*]: a tremendous impulse for letting Europe speak with one voice. A stop-over on the way to my ideal of one European seat [*at the IMF, ed.*]. This would indeed mean that we [*the Dutch, ed.*] wouldn't have a permanent Dutch representative in Washington, but this is an acceptable price to pay for more European voting power on the world stage.

5. Global Issues

This brings us to the global context of very European debates. EU leaders have devoted a lot of time and energy on the defence of the single currency, and rightly so. But their focus may have shifted away from other pressing matters. The euro crisis develops in the midst of the transition to changing global economic relationships. With China, India, Brazil, Russia, and Indonesia undergoing growth spurts, the balance of power tilts away from the US, Japan, and the EU to BRIIC and other emerging economies. At a time of major Chinese involvement in Africa, Europeans are also the subject of China's attention. In 2010, high-ranking politicians have visited Greece and Portugal, offering investment and voicing support for the euro.[32] Chinese holdings of euro area public bonds approach 10% of the total amount outstanding.[33] It will be a test of Europe's resolve to see whether these supports undermine its stance on human rights, plurality, and the right to autonomous self-rule and religious freedoms for Tibet.[34] Western powers have a habit of deferential attitudes towards countries whose economic power, or raw materials, are important to them. Just as Iran's export of oil does not bar Europe from taking a tough stance on its nuclear programme, so too should it not prevent a clear voice against the

[30] Martin Visser, 'IMF-Chair Benelux on the Way' (Dutch*: IMF-post Benelux op komst*), *Het Financieele Dagblad* (15 Feb. 2011).

[31] Ellen Tolsma, 'Europe Lacks Leadership' (Dutch: *Europa heeft een groot gebrek aan leiderschap*), *DNB Magazine*, no. 6 (December 2010): 10; Dutch text: *Het zou wat mij betreft ook erg goed zijn als Duitsland en Frankrijk de vertegenwoordiging samenvoegen: een geweldige impuls om Europa met één stem te laten spreken. Een tussenstop naar mijn ideaal van één Europese zetel. Weliswaar zitten we dan niet altijd met een Nederlandse vertegenwoordiger in Washington, maar dat is een acceptabele prijs voor meer Europees stemgewicht op het wereldtoneel.*

[32] 'China Ready to Buy Up to 6.6 Billion of Portugal Debt', *Reuters* (22 Dec. 2010); 'China's Wen Vows to Boost Cooperation with Greece', *Reuters* (2 Oct. 2010); 'China to Steer Steady Policy, Backs Euro Zone', *Reuters* (16 Jul. 2010).

[33] 'Netherlands Central Bank Reports: China Holds 10% of Public Debt Eurozone' (Dutch: *DNB: China bezit 10% staatsschuld eurozone*), *Het Financieele Dagblad* (18 Feb. 2011).

[34] 'Journalists Barred from EU-China Summit', *New Tang Dynasty Television*, available at: <www.youtube.com/watch?v=eZDm4DxKLdk>.

persecution of the Baha'í in Iran.[35] Neither should Chinese support for the single currency be 'bought' with forgetfulness about human rights issues concerning the world's most populous country.

Apart from the global power shifts, other pressing issues deserve the attention of Europe's leaders. Climate change, environmental policy and energy security, peace and democracy in the Middle East and beyond, concluding accession negotiations with Turkey (or at least taking them seriously), humane refugee and asylum arrangements, and global development issues are pressing. The consistency provisions of the TFEU (Articles 7–14), requiring the Union to ensure consistency between its policies and activities and to take into account specific interests in all its policies, should be seen as the expression of a general injunction to take a holistic perspective. There should not be a compartmentalized approach to separate issues but an inclusive perspective that acknowledges the connection between issues and gives room to inspired, creative link-ups. It has been said before: peripheral economies may be given a boost by alternative energy (solar, wind) production that, with the increased cross-border transmission capacities,[36] should enable them to grow and the other states to import green energy, thus reducing Europe's dependence on oil from instable regions and reducing carbon dioxide emissions at the same time. Thus 'linking' the euro crisis with the energy and environmental crises may assist in tackling both. As the human misery at Europe's borders makes clear,[37] the EU is still a place of refuge for people who try to escape persecution or extreme poverty. Especially after the European Court of Human Rights' verdict on the Greek refugee situation,[38] a link-up between the euro crisis and the refugee crisis could be helpful in tackling both. Would it be inconceivable to make spending on adequate lodging and respectful proceedings concerning asylum seekers a condition for further financial assistance to Greece? Finally, whereas the crisis has hit hard, especially those who become unemployed or dependent on welfare, the hardest hit are those at the bottom of the pyramid: the one out of six people worldwide who goes hungry. I wrote it before: poverty in Europe is miserable; in some places elsewhere in the world, reduction in income may constitute the difference between life and death. A world in which 1 billion people[39] are chronically hungry and where 1.4 billion people live below the poverty line[40] is unsustainable. The Union should urgently make its own house in order. Thus, Europeans will be free to devote time and energy to these other pressing issues, with creativity and compassion.

R.S., February 2011

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[35] See 'Declaration by the High Representative Catherine Ashton on Behalf of the European Union on the Sentencing of 7 Baha'i Leaders', 12 Aug. 2010, at <www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/.../116157.pdf>. For the grave concern about the conditions in which these people are held, see <http://news.bahai.org/story/807>. For an initiative protesting against the persecution of Baha'i, see <www.petitiebahaisiran.nl/>.

[36] *Conclusions of the European Council* (Brussels, 4 Feb. 2011), 1–6, available at: <www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119175.pdf>.

[37] Press Release, 'UNHCR Concerned over Humanitarian Situation in Lampedusa, Italy', 23 Jan. 2009; Frances Williams, 'More than 200 Feared Drowned Off Libya', *Financial Times* (31 Mar. 2009); Thomas Fuller, 'Upheaval Opens the Exits in Tunesia', *The New York Times* (14 Feb. 2011).

[38] *M.S.S. v. Belgium and Greece*, 30696/09 Judgment [21 Jan. 2011] [GC].

[39] Javier Blas, 'Chronic Hunger to Affect 1 bn People – High Prices Lead to Humanitarian Fears', *Financial Times* (16 Feb. 2011).

[40] 'World Bank Updates Poverty Estimates for the Developing World', 26 Aug. 2008, available at: <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0, contentMDK:21882162~pagePK:64165401~piPK:64165026~theSitePK:469382,00.html>.

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