People's News

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Germany in favour of European army

Guido Westerwelle

German foreign minister Guido Westerwelle has said Berlin supports the long term goal of creating a European army, which will bolster the EU's role as a global player. Speaking at the Munich Security Conference, an annual gathering for high-level discussions on security and defence, Mr Westerwelle said the EU's new institutional rules, the Lisbon Treaty, are 'not the end but, rather, the beginning for common security and defence policy'.

The long term goal is the establishment of a European army under full parliamentary control, he said, noting that the German government 'wants to advance along this path'. Acknowledging the effects of the economic crisis, Mr Westerwelle said member states keen on moving towards creating a common defence policy must 'pool resources, set priorities and distribute responsibility – even in times of ever scarcer means'. The foreign minister sketched out a role for such an army as crisis management in a time of resource scarcity, saying that the EU Common Security and Defence Policy project will act as a motor for greater European integration.

Meanwhile, the Danish Defence Minister Søren Gade rejected Mr.Westerwelle's proposal, saying 'When, how and how many soldiers are deployed must remain the decision of national parliaments'. Gunner O'Dea however remained silent!

Source

Findings of influential German research group concurs with People's Movement analysis

The *Business Post* says that in its 2010 report on the European economy, to be published on February 23, CESifo singles out Ireland as one of just two euro-zone members, along with Finland, for which euro-zone membership is 'not optimal' because of our heavy reliance on trading with a non-euro-zone country, namely Britain, and an inability to devalue to help exports.

It said that the 'very large' fall in the value of sterling against the euro, and a similar problem faced by Finland – which exports heavily to Sweden, whose currency has also declined against the euro – 'certainly plays some role in the fact that Finland and Ireland are the two euro area countries where the recession has been most severe'.

The report says that, while euro-zone membership helped to maintain financial stability in Ireland, it also made the recession worse than it would otherwise have been: 'While membership of the euro area is favourable for financial stability ... it may make the actual contractionary impact of the crisis more severe by preventing a quick adjustment of the exchange rate'.

The group also names Ireland and Greece as the two 'most exposed countries' that markets have identified as being most likely to suffer a sovereign default – when a country is unable to raise borrowings or to leave the euro: 'While euro membership provides an insurance against currency and financial crises, its real effects on peripheral countries may lead to such large imbalances that they may end up in crisis despite the safe haven effect'.

Although the report says that defaulting or exiting the euro 'is not currently on the political agenda of any member country', it adds that financial markets are testing whether the euro is capable of providing a safe haven to highly indebted countries, such as Greece.

CESifo

Water charges and the EU Water Framework Directive

Article 9 – Recovery of costs for water services.
1. Member States shall take account of the principle of recovery of the costs of water services, including environmental and resource costs, having regard to the economic analysis conducted according to Annex III, and in accordance in particular with the polluter pays principle.

Annex III – Economic Analysis
The economic analysis shall contain enough information in sufficient detail in order to:
(a) make the relevant calculations necessary for taking into account under Article 9 the principle of recovery of the costs of water services, taking account of long term forecasts of supply and demand for water in the river basin district and, where necessary: estimates of the volume, prices and costs associated with water services, and estimates of relevant investment including forecasts of such investments;
(b) make judgements about the most cost-effective combination of measures in respect of water uses to be included in the programme of measures under Article 11 based on estimates of the potential costs of such measures.

See: L 327/31 Official Journal of the European Communities, 22.12.2000.

According to John Gormley, the government wants to squeeze a billion euro a year from householders in water charges. This suggests an average take of €900 a year from each household while Mary Hanafin suggests it will be €700 to €800 per year. Meanwhile, the Government has approved €600 million for the installation of domestic water meters in every home in the country.

In another stitch-up, the general public is being blamed for the water crisis currently being experienced in many local authority areas and the proposed solution – in the interests of 'conservation' – is, in effect, to impose another tax on the hard-pressed population. Years of under-investment has led to wastage of over 50% of treated water in many local authority areas through leaks from broken pipes and meanwhile, simple water-conservation measures such as the installation and retro-fitting of dual-flush WCs have been ignored.

But the real reason for these punitive charges is the Water Framework Directive from the EU Commission which seeks to commodify water provision through the establishment of the principle of recovery of the costs of water services. This is supported by IBEC, which sees the possibility of easy profits after the taxpayer has upgraded the system; 'there are still too many sectors in Ireland where providers are shielded from competition, one of which is water. Business would like to see more competition introduced into the water market.' Article 9 of the Directive requires Member States to have in place water-pricing policies which provide adequate incentives to promote efficient use of water resources by 2010. This entails recovery of an adequate cost contribution for water services from the main user groups in line with the polluter pays principle. Full cost recovery not only encompasses the cost of water supply, maintenance and new infrastructure but also the environmental and resource costs.

The Directive was transposed into Irish Law through S.I. 722 of 2003, article 11.(1)(b) of which seeks to ensure 'that water-pricing policies and practices are in place in compliance with Article 9 of the Directive, not later that 31 December 2009' . They're late but that is the real reason behind the proposed water charges.

EU Commission looks into possible EU 'bin tax'

It is reported that control of Ireland's bin collections could be taken over by the EU under controversial new moves to set up a European waste watchdog.

A European Commission report recommends the creation of a Waste Implementation Agency to enforce EU laws on kerbside collections, illegal dumping, tips and landfill sites. But EU officials have also commissioned research on EU bin taxes, fuelling fears that a 'pay as you throw' levy will be aimed at Irish families.

Sunday Express

And now for some good news!

The *Irish Times* says the country's outgoing EU commissioner Charlie McCreevy has no plans to return to domestic politics. It quotes his spokesman as saying: 'I can confirm that he is on the record that he is not going to return to politics. That's about all the information I have'.

And lest we forget – Mc Creevy's 'Dirty Dozen'

Charlie McCreevy

In 1998, then finance minister McCreevy slashed services in order to meet the euro convergence criteria. Those who remember the pain caused by the cutbacks, culminating in the large-scale closure of hospital wards, from which we have never fully recovered, will be acutely aware of the high price paid to reach the convergence criteria in order to join the euro.

They will also remember the same McCreevy, as minister for social welfare, achieving notoriety 15 years ago for his 'dirty dozen' cuts that ended disability and dental benefit for the unemployed as well as cutting assistance for electricity and gas bills, all in order to reach the same convergence criteria.

However, let us not forget that McCreevy was rewarded with a seat on the EU Commission at almost €250,000 per annum, with an allowance equivalent to 15% of basic salary, to help him pay for a second home in Brussels – and other perks. True to form, in March 2007, McCreevy admonished the German government, arguing that the 'introduction of unsuitably high minimum wages' of €9.60 an hour in the country's postal service could 'hinder competition'.

In his last year as Commissioner, McCreevy made thirty-seven trips costing €62,848. The figures from the EU Paymasters Office can be viewed here (it may be slow to open).

Van Rompuy 'plans to triple' number of Council summits

EU president Herman Van Rompuy wants to triple the number of summits held in Brussels from four to twelve a year, reports the *Independent*. Speaking at the first meeting of leaders held under his leadership, Van Rompuy said: 'Let me tell you that the European Council is very ambitious. We want ownership, we want to lead ... though, of course, in consultation with member states ... that's why I proposed that the Council will gather regularly, every month.' Van Rompuy shook things up by banning advisers and foreign ministers from the 'intimate' closed-door meeting at the Solvay library yesterday, the paper says.

As if we didn't know: 'economy key in Lisbon Treaty vote' – Martin!

The *Irish Times* faithfully reports foreign minister Micheál Martin as saying preliminary research commissioned by the government indicated that there was a perceived link between Ireland's second vote on the Lisbon Treaty and the state of the Irish economy. Now Ireland wishes to see the treaty 'fully and faithfully' implemented, he maintained. Ireland will be taking on the council presidency in the first half of 2013 and so will temporarily become one of the three presidents in the EU.

Legality of a Greek bailout in doubt

German newspaper *Handelsblatt* has featured an internal report from the legal service of the German parliament, issued on behalf of the liberal FDP party. The briefing rules out any form of financing of the Greek budget through the ECB or national central banks, also stating that: 'a member state is not allowed to guarantee or take over the liabilities of the central government of another member state'. The newspaper adds that Germany is bound by that, and therefore any question of whether Germany or France could issue bilateral loans should be finished. A legal expert is quoted saying: 'the no bail-out clause is not just valid with regards to EU action, but also with regards to bilateral action'.

New Lisbon Treaty powers for European Parliament opens door to lobbyists

In an analysis piece on the future of the EU's Common Agricultural Policy, the *Financial Times* notes the increased co-decision powers of the European Parliament under the Lisbon Treaty and suggests that 'as lobbyists seek to influence the unfolding debate over Europe's agriculture policy, they will be knocking on a new door: that of the European parliament'. It also suggests that, for lobbyists in Brussels, campaign contributions are not what buy access to MEPs. Instead, lobbyists say MEPs, who tend to have a small number of staff, are often desperate to draw on their knowledge of policy and the article quotes a lobbyist saying: 'We are the parliament's expertise'.

Monsanto 810 gets backing

Meanwhile, *Le Figaro* reports that EU Commission president José Manuel Barroso wants to restart the approval process for the cultivation of two controversial GM crops.

Development campaigners say EU biofuel targets 'are driving a global human tragedy'

The *Guardian* reports that development campaigners have said that the 2008 decision by EU countries to obtain 10% of all transport fuels from biofuels by 2020 is proving disastrous for poor countries. The consequences of European biofuel targets, said a report by ActionAid, could be up to 100 million more people into famine, increased food prices and landlessness. 'Biofuels are driving a global human tragedy. Local food prices have already risen massively. As biofuel production gains pace, this can only accelerate', said report author Tim Rice.

Biofuels are estimated by the IMF to have been responsible for 20–30% of the global food price spike in 2008 when 125 million tonnes of cereals were diverted into biofuel production. The ActionAid report notes that the EU biofuel industry has already received €4.4 billion in incentives, subsidies and tax relief and that this could triple to over €13.7 billion if the EU meets its 2020 target.

Guardian, Open Europe

Fishermen's Conference

Above: Some of the attendance at the recent fishermen's conference in Dublin at which it was decided to adopt a common policy calling for repatriation of control of fisheries from Brussels.

The following organisations were represented: English South Western Fish Producers Organisation; Fishermen's Association representing mainly Scottish fishermen; Northern Ireland Fish Producers Organisation; Scottish Ship Chandlers Association; South Devon and Channel Shell fishermen's group;

Picardie and Pas de Calais Regional Fishermen's Organisation and Boulogne sur Mer Fishermen's Group from France; Irish Fishermen's Organisation and the People's Movement. A further conference with increased participation is planned for April.

www.people.ie

European nation states have been superseded by greater forces.

For a candidate who campaigned on the slogan of change, Barack Obama's devotion to continuity has been little short of remarkable. The electoral map and America's image in the world were indeed changed by Obama's victory. But the key personnel – US defence secretary Robert Gates and Federal Reserve chairman Ben Bernanke – remained exactly the same.

Shortly before Christmas Democrats and Republicans threatened to derail the nomination of Bernanke to his second term. 'For many years I held the Federal Reserve in very high regard', said Republican senator Richard Shelby, 'I fear now, however, that our trust and confidence were misplaced'. It took Obama's intervention to rescue the nomination and secure a comfortable victory for Bernanke on the Senate floor.

The fact that there was much populist grandstanding in all of this should go without saying. Nor is that necessarily a bad thing. This is politics in a democracy. Elected officials have to explain themselves to the voters. This was their chance to make a man who gave billions of public money to bankers, and makes decisions that directly affect their constituents' livelihoods, accountable for his actions. At the very least, he should have been fighting for his job. In a more just world, he would have been fired.

In this most crucial of ways, America's old and at times creaky system of governance is far superior to the European Union's newer one. For in the US there is at least the pretension to democratic control over the economy. One would not want to over-exaggerate the case. At the end of the day, the bankers and speculators are in charge on both sides of the Atlantic. When it comes to making enemies, Obama clearly feels he has more to fear from the markets than he does from the electorate.

But even in its limited scope the case is worth making. For the issue here is not the outcome but the process. In the US the public has the power to hold officials who set economic policy accountable. This is an important principle. The levers of democratic control may be rusty and well hidden. But they do at least exist. A system set up more than two centuries ago made sure of that. Meanwhile, the system set up in Europe less than 20 years ago expressly denies it. The president of the European Central Bank is appointed by democratically elected governments but is accountable to none of them. The ECB publishes neither the minutes of its meetings nor its voting record, and sets its inflation targets and interest rates without any democratic consultation.

These are not the primary reasons for the current crisis that has befallen the euro-zone. But they do explain why the current Europe-wide response to the crisis is so problematic and risks sparking widespread social unrest.

The problem is at its most acute and most obvious in Greece, which has suffered a market assault by speculators who fear its huge public debt might cause it to default. These concerns are not unreasonable. One in four Greek workers is employed by the state, and it is estimated that public debt is well over 100% of the nation's GDP.

But the Greeks, who live in the second poorest nation in the euro-zone, do not seem to be overly upset by this. In October the Socialists won elections with a clear majority, promising to make the rich pay more tax, award above inflation pay rises for government workers and provide more support for the low-paid and pensioners. Whether this was a wise choice or a sustainable set of policies is not the issue. Democracy is not predicated on the idea that voters will make good decisions, but that the people have the right to make their own decisions and live with the consequences. The trouble is that in the euro-zone the Greek electorate doesn't matter that much.

The prospect of Greece going broke poses a threat to the credibility of the entire euro-zone. So in a bid to defend the currency – not the people – Germany and France, the euro-zone's two biggest economies, have rather reluctantly made it clear that they would be prepared to bail Greece out. But their help comes at a price. They are demanding massive government sector lay-offs and cuts in state pay, pensions and other benefits. In other words, the very things that the Greeks have just voted for are about to be systematically dismantled.

George Papandreou

In the run-up to the elections the eventual winner, George Papandreou, said: 'People are feeling more and more powerless, so we as Socialists, I think, need to say democracy is again at the centre of our policies, giving the citizen a voice'. As far as the ECB is concerned, those voices might as well be howling at the moon. The Greeks can take to the streets but the question then arises as to whom shall they make demands of and how would they ensure that they were enforced if they were met.

It is no small irony that the three countries (Portugal, Spain and Greece) that saw EU membership as a means of cementing democracy after rightwing dictatorship should have their leaders dictated to on economic policy by unelected officials and foreign leaders. This is no local matter. It is an explicit manifestation of the problem of neo-liberal globalisation: the fundamental dislocation between politics and power. Nations hold elections, people vote, representatives are sworn in. All the trappings of democracy remain. Yet the primary unit of democratic engagement – the nation state – has been superseded by bigger, more powerful forces.

What makes the EU and the ECB so remarkable is that these democratic deficits have been such an explicit part of the project. The issue is not the failure to match economic and monetary union with political union. It is the naked disregard for democratic engagement in the entire system that in no small part explains why voter turnout in EU elections has plummeted by more than 30% in the last 30 years. Whenever people vote no to a phase of integration – as they did in Ireland two years ago – the EU simply orders them to vote again until they produce the right result. Once they vote yes there is no turning back.

'What democratic control do European citizens possess?' asks Sue Wright in her 2000 book, Community and Communications. 'Voting out the European parliament changes nothing because it has little power. Voting out national parliaments would have a secondary effect on the EU, but the European voters could not co-ordinate their action on this, and at the present time, are unlikely to censure national governments for such a purpose. For populations able to remove their own governments when they are dissatisfied with them, this lack of control is experienced as undemocratic.'

So there will be no hearings on Greece in Brussels. Jean-Claude Trichet, the head of the ECB, will face no cross-examination by elected representatives. Nor need he fear for his job. There will be no populism because the population does not count.

Gary Younge, *The Guardian*

Icelandic companies say no to the EU

A new poll released in Iceland on February 15 for the Icelandic Chamber of Commerce shows that 60 percent of the leading personnel in Icelandic companies believe that Iceland is better placed economically outside the EU. Only 31 percent think the country would be better placed inside the EU. Leading members of the Icelandic business community have been powerful lobbyists for EU membership and a year ago a similar poll showed a totally different attitude towards the EU by the business community. This is yet another shock for the pro-EU side in Iceland.

A majority, or 51 percent, still wants the euro instead of the króna but obviously not through EU membership. This must be bad news for the EU which has been using the Icelandic application among other things as an argument for its claim that the EU is an economic stronghold. There has, however, been no new poll in Icelandic on the public attitude towards the EU since last November when a vast majority was against membership.