People's News
News Digest of the People's Movement
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Iceland's ruling Left Greens confirm EU opposition

The Icelandic Left Green Movement has confirmed the party's opposition to Iceland joining the European Union. The Left Greens have since the foundation of the party been opposed to joining the EU but decided not to oppose an application being sent to Brussels after the general election in the spring of 2009 in order to form a government with the pro-EU Social Democratic Alliance. Since opposition to the joining the EU has grown rapidly among Icelanders with about two thirds against the move according to the latest polls. The EU application, which was only narrowly approved in the Icelandic parliament in July 2009, has also been very unpopular within the Movement. The party council is the highest authority of the LGM between national congresses.

The Movement's statement reads:
'The party council confirms the opposition of the Left Green Movement to possible membership of Iceland of the European Union. Despite an application for membership has been delivered it is the outmost will of the party council that Iceland shall remain an independent state outside the EU. The party council of the Left Green Movement urges ministers, MPs and members of the Left Greens across the country to honour the party's policy to oppose membership of the EU and to fight hard for it.'

The EU cannot rely on an ageing German economy

An article in *Le Monde* notes that, while the economic problems in countries like Greece, Romania, Spain, Portugal and Ireland are grabbing the headlines, not many people realise that the German economy is weaker than it appears to be. Its GDP fell by 5% in 2009, the biggest drop since the Second World War, with a 15% drop in exports and a 20% drop in sales of German manufactures.

The article notes that the poorer EU countries are hoping for Germany to be the 'trailblazer economy' to lift the EU out of the recession, but that in the long term, the outlook for Germany as the EU's biggest economy is not good. Its population is declining and ageing: by 2050 Germany's population is projected to be 70 million, meaning it will no longer be the most populous EU country, and it will have a higher proportion of retired people than most EU countries.

Le Monde

EU star wars?

Le Monde also notes that a French cross-party parliamentary study has called for France and the EU to develop anti-missile capabilities over the next ten years, concluding that 'it would be irresponsible, despite the financial costs, to ignore the proliferation of ballistic missiles across the globe'.

Gay's on the ball!

The Irish Times reports that Gay Mitchell has raised concerns over the potential abuse of a

Lisbon provision which allows EU citizens to petition the commission to introduce legislation or amend existing EU legislation with the collection of at least one million signatures from a minimum of seven states.

According to Article 11 of the Treaty, 'not less than one million citizens who are nationals of a significant number of member states may take the initiative of inviting the Commission, within the framework of its powers, to submit any appropriate proposal on matters where citizens consider that a legal act of the Union is required for the purpose of implementing the Treaties'. The catch is that under the provisions of the Treaty, the Commission is entitled to ignore the petition.

Nevertheless, Dublin MEP Gay Mitchell said, 'I could see a coalition of youth defence or whatever they're calling themselves now, UKIP, the communist left and the Dublin confederation of mothers of seven or whatever you want, getting together very easily'. Well, well!

David Mc Williams asks 'Should we divorce the euro?'

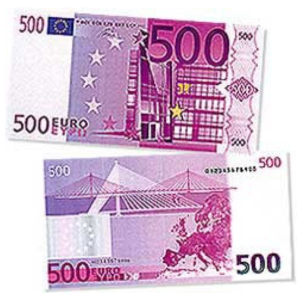
Joining a currency union is the economic equivalent of a marriage. If a country decides to give up its currency and get into bed with another currency, it would seem ludicrous to entertain this move without being sure that the union was suitable. As we all know, there is a difference between fancying someone and making the thing last.

To avoid single currency arrangements going sour there is also a 'matchmaker' in economic theory. The economic matchmaker goes by the typically incomprehensible name of the 'optimal currency area theory'. This theory is a checklist of economic attributes

which need to line up in order for a monetary union to work. For a currency union to work for a country, the most important thing is that the country trades overwhelmingly with the other members of the monetary union.

This ensures that all the countries in the union move roughly in the same economic cycle. It is also important that the structures of the respective economies are broadly similar, so that one country doesn't experience a huge boom, while the rest are just motoring along nicely.

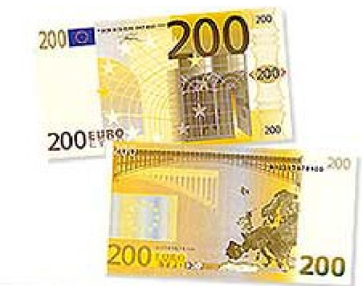
Having similar structures in banking and housing, for example, will imply that a country should not suffer a monumental bust, while the others are merely experiencing a normal recession. Equally, it is important that there is significant movement of people within the currency union – like there is in the US between its states – so that, if a country does slump, its citizens can move to find work in another member country. In general, for a currency union to work, there should also be a single fiscal policy so that, when one area of the currency slumps, the rest of the union's taxes go some way to ease the problems in the region in difficulty. This is how the currency unions in the US, Canada and Australia work.



Guess what? None of these attributes was in place when Ireland joined the EU economic and monetary union (EMU) and the euro. So it is clear that we didn't join for economic reasons. So why did we join? It seems that we were too insecure to behave logically and this national insecurity – particularly among our senior mandarins – prevented us from having a debate. Could it be that the people who dictate policy in this country are so in awe of the 'big boys' in Europe, and so desperate to be in the club, that they signed up for EMU just to be in the big league? Could it be that they didn't have the confidence to question whether they should be in the marriage in the first place?

The reason we should ask these questions is that it is clear the euro has been a disaster for Ireland, and will ensure our slump lasts considerably longer than it has to. When we look at other countries, we see that, of the three entrants into the then EEC in 1973, we are the only ones using the euro. However, we trade less with other euro-zone countries than either Denmark or Britain.

The Danes and the British had the confidence to know that they would still be full members of the EU without the euro. They kept their own currencies because they knew they'd need them at times like this. The Swedes made the same decision. They assessed the risks and concluded that monetary union was not for them. In fact, when you examine the EU, you see that many countries have opted out.



There are four distinct exchange rate regimes operating with the EU. First, the euro members; secondly, Britain and Sweden, which float their currencies; thirdly, Denmark, Poland, the Czech Republic and Hungary, which are tied informally to the euro but can devalue in a crisis; and fourth, the Baltic States, which have a currency board with the euro – which means that they need to keep euro in the vaults of their central banks so that the local currencies are totally convertible. Even with these four distinct exchange rate arrangements, the union still works fine.

Ireland doesn't belong in the euro. That is abundantly clear from the queues of Irish people who choose to shop in the North. Irish people shop in Newry, not Nuremberg. We are locked into an arrangement which means we have to try to be more competitive than Germany. But no one is more competitive than Germany – it is the world's most successful exporter.

So the question I have for those who rightly suggest that we need to get our wages and prices down by 30 per cent to claw back the competitive losses we suffered since joining the euro is: how are we going to do it? In particular, how are we going to do this without leaving the euro?

What is the alternative to leaving the euro? How high does unemployment have to go for us to be competitive again? If there is an alternative way to get costs down which doesn't involve changing the currency and that doesn't involve massive unemployment and job losses in the trading part of our economy, I would love to hear it. Irish wages are not that flexible, despite the spin being put out.

I realise that even talking about leaving the euro is heresy to the mainstream in Ireland, who try to dismiss this suggestion as the nuclear option, one which would have dreadful political and economic ramifications for us. To them, the question has to be: what is the alternative? And, more crucially, if they can point to a welfare state like Ireland with a young population which has managed a 30 per cent cut in real wages so that it traded its way out of a recession, I will accept that it can be done.

Until those questions are answered, there will be significant question marks over the wisdom of Ireland using the euro. We need a break. We can't keep cutting expenditure when there is no offsetting stimulus coming from a cheaper exchange rate, which allows the trading sector to grow. This is basic economics, the sort of stuff you learn in first year.

We know that there was no way Ireland would have joined the euro had we applied even the most basic criteria for suitability. Like those Catholic fundamentalists who suggested that divorce would threaten the fabric of our society, the euro fundamentalists who run policy in Ireland suggest that, to leave the euro, would undermine the fabric of our economy. Like all fundamentalists, the thing they hate most is a sceptic. Let's hear it for the sceptics.

David McWilliams, *Sunday Business Post*

Meanwhile, the ECB prepares the legal ground for a euro break-up.

Left: the ECB's future headquarters.

The WSJ reports that Greece's growing budget deficit and worries that the government will struggle to repair the state's finances will dominate this week's meeting of EU finance ministers, which begins today. Writing in the paper, Managing Director at Standard & Poor's Ratings Services Moritz Kraemer looks at the sustainability of the euro and notes that, 'Once the preserve of fringe political commentators, speculation about the possibility of a euro-zone break-up has now crept into mainstream economic and political debate'. We have evidence for this here in Ireland with the recent articles by David McWilliams and Brendan Keenan, the Independents' Business Editor, both of whom call for a re-examination of our euro membership.

Fears of a euro break-up have reached the point where the European Central Bank has issued a legal analysis of what would happen if a country tried to leave monetary union. Euro-zone exit probably entails expulsion from the European Union as well. This is a warning shot for Greece, Portugal, Ireland and Spain. If they fail to marshal public support for cumulative draconian austerity measures of the sort we have to face over the next four or so years, they risk being cast into isolation with Switzerland, Norway and of course; the one you'll hear most about: Iceland.

Former IMF analyst Desmond Lachman has warned that: 'Much like Argentina a decade ago, Greece is approaching the final stages of its currency arrangement. There is every prospect that within two to three years … Greece's European membership will end with a bang.' However, the threat of a Greek default may matter even more to the euro-zone than it does to Greece itself. If Greece defaulted, other countries with high debt – including Ireland – would all face dramatically higher borrowing costs.

WSJ: Kraemer; WSJ: Greece

EU home affairs ministers meet with US counterpart to discuss airport security and data sharing

EU home affairs ministers – whose Irish equivalent is Justice Minister Dermot Ahern – met with US Homeland Security Secretary Janet Napolitano to discuss enhancing security in European airports, including via full body scanners. EU interior ministers gathering in Toledo, Spain for three days will also discuss the bloc's new 'internal security strategy', focusing on the fight against terrorism and data sharing. The Spanish EU Presidency has proposed a new body, the 'internal security committee', which would facilitate the direct exchange of intelligence between two or several member states.

EUobserver

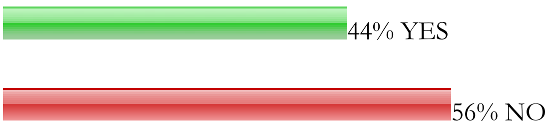
An Open Europe publication, 'How the EU is watching you: the rise of Europe's surveillance state', may be read at this link: Open Europe research.

A study published by Eurostat says that 17% of the EU27 population are at risk of poverty, with children and the elderly at higher risk.

Eurostat

Public awareness grows!

Could euro membership hold back the Irish recovery?



The *Irish Times* Poll is a forum for people who wish to express their views on issues of topical interest and though the poll has no scientific basis, it does seem to indicate a growing mood in favour of a debate around our membership of the Euro zone – even amongst *Irish Times* readers!

EU says government to get no Bank of Ireland dividend – Irish taxpayers short-changed again!

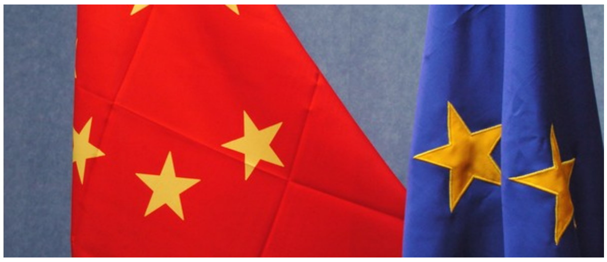
The Irish Government should not get the €250m coupon (dividend) from the shares it received in return for sinking €3.5 billion in to Bank of Ireland, the EU Commission indicated on January 19th, blocking a miserable return to the Irish taxpayer and effectively enhancing the bank's shareholder value.

The EU said that, in line with its policy and pending its assessment of the Bank's restructuring plan (which is required in compliance with State aid rules), that Bank of Ireland should not make coupon payments on its capital instruments unless under a binding legal obligation to do so.

From the Commission's perspective, this restriction on banks which are subject to restructuring plans is intended to prevent the reduction of own funds by financial institutions which are still reliant on State aid to fulfil regulatory capital requirements. The coupon restrictions would mean that the Government would not be paid the €250 million dividend due to be paid on the stake it took in the bank in as part of a re-capitalisation in May last year.

This could mean the Government would end up with a larger stake in the bank, as Bank of Ireland would have to pay the cash amount of the dividend in the form of ordinary shares. 'The bank is, however, in ongoing discussions with the Department of Finance and the EC on this and other related matters as part of our overall engagement on the Bank's restructuring plan and accordingly, this outcome is not certain', Bank of Ireland said in a statement.

EU commission 'embassies' granted new powers



The EU has converted 54 out of the European Commission's 136 foreign delegations into embassy-type missions authorised to speak for the entire union.

The move follows the coming into force last year of the Lisbon Treaty, which has the creation of a new EU diplomatic corps as one of its main provisions. All 136 commission delegations were renamed 'EU delegations' on 1 January. But only the 54 placements were at the same time quietly given fresh powers in line with their new names.

The super-delegations have taken on the role previously carried out by the national embassies of the member state holding the six-month EU presidency at any given time. They now co-ordinate the work of the member states' bilateral missions to the countries in question. The heads of the 54 delegations are also empowered to speak on behalf of the EU as a whole. But in a routine EU incremental change, their statements have to be pre-approved by the 27 EU countries during meetings in Brussels.

'They are going to be a bit more political. They will provide the same function that was provided by the given [EU presidency] member state before', an EU official said. The 54 missions were selected by EU foreign relations chief Catherine Ashton following discussions with EU states. There is no deadline for the conversion of the rest.

Most of the commission's delegations to international bodies, such as the UN in New York or the OSCE in Vienna, were not included because the EU is still working out how to handle its membership in multilateral forums under Lisbon provisions.

US welcomes EU's new foreign policy powers

Left: US secretary of state Hillary Clinton.

EUOBSERVER US secretary of state Hillary Clinton has welcomed the upgrading of EU foreign policy under the Lisbon Treaty at a meeting with the union's recently-anointed foreign relations chief, Catherine Ashton.

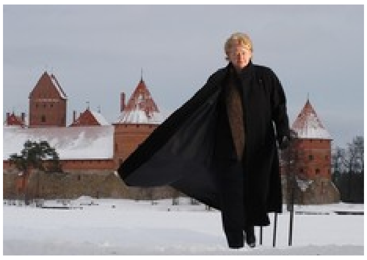
'These are historic times for the EU. I expect that in decades to come, we will look back on the Lisbon Treaty and the maturation of the EU that it represents as a major milestone in our world's history', Ms Clinton said. 'As the EU develops a more powerful and unified foreign policy voice in the wake of the Lisbon Treaty, our transatlantic partnership will continue to grow.'

Ms Clinton and Ms Ashton indicated that the two powers stand side-by-side on future sanctions on Iran.

'Six years of dialogue by my predecessor Javier Solana has not brought us to the outcome that we would wish. And so we do have to consider what else needs to be done, and we stand ready to do that', Ms Ashton added.

Setting a good example!

Lithuania's foreign minister has resigned his post following a sharp disagreement between him and his president over whether the country had held detainees at a secret CIA prison. Vygaudas Usackas fell on his sword on Thursday (21 January) following a public row with President Dalia Grybauskaite, who believes it likely that Lithuania held such prisoners, something the minister has denied.



Left: President Grybauskaite

In December, a parliamentary enquiry had found that the country's secret services had operated the prisons in partnership with the American intelligence agency from 2002 to 2006. The investigation, however, did not say whether prisoners had actually been held, merely that facilities existed.

Mr Usackas has continued to insist that no prisoners had been held for interrogations, while the president said this was likely and last week called for prosecutors to open their own enquiry into a possible abuse of office by three top security officials. Mr Usackas' resignation comes a month after the head of Lithuania's intelligence agency stepped down as a result of the secret prison revelations.

Belgian EU presidency to focus on security

Belgium has outlined its agenda for its upcoming EU Presidencies. Belgium will take over in July 2010, while Hungary will take the Presidency in the first half of 2011, as part of the first 'trio' of Presidencies under the Lisbon Treaty. Belgium has said it will focus on internal and external security issues, including the European Security and Defence Policy (ESDP), energy security and implementation of the Stockholm Programme on justice and home affairs. The Hungarian Ambassador to France, László Nikicser, said it wants a 'political presidency, as Europe is above all a political project', and will try to accelerate EU accession talks with Croatia and the Western Balkans.

EurActiv

Newstalk found to be one-sided on Lisbon Treaty reporting

The People's Movement has welcomed the decision of the complaints committee of the Broadcasting Authority of Ireland to upheld three complaints in relation to a discussion broadcast on The 'Wide Angle' programme on Newstalk radio in September 2009 in relation to the second Lisbon Treaty referendum.

People's Movement chairperson, Patricia McKenna said, 'although relevant to only one particular radio programme the decision of BAI highlights the biggest problem that No campaigners faced in last years Lisbon Treaty referendum which was the blatant one sided media coverage. This unprecedented one-sided media coverage, evident throughout the entire campaign, has been ignored by the establishment. Despite the fact that in a referendum every Irish citizens is entitled to fair and objective coverage of the facts they were denied this by both print and broadcast media.'

BAI committee found that Newstalk's programme makers and the presenter, Karen Coleman, 'did not take sufficient action to mitigate the views and opinions expressed by the panel, which was overwhelmingly for a Yes vote'. The authority said it was incumbent on the broadcaster to ensure that 'in dealing with the Lisbon Treaty, a matter of public debate, that both side of the issue were addressed fairly'. It found the Yes side was given prominence in the discussion. 'The broadcast treatment of the treaty in this broadcast was one-sided and not fair to all interests concerned. The complaint was upheld with regard [to] fairness, objectivity and impartiality.' McKenna has called on the BAI to establish clear and binding guidelines to ensure that this kind of undemocratic and unbalanced reporting of issues in a referendum can never be repeated.

All together now!

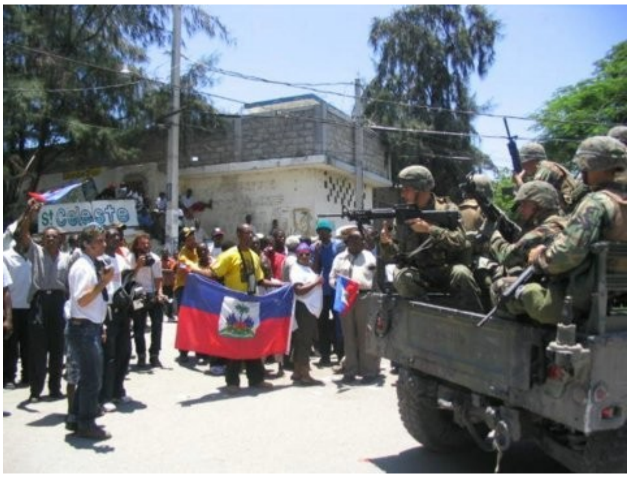
'For the first time in a crisis intervention at this level, the European Union will unanimously create a multinational force'

Belgian Foreign Minister, Louis Michel

European leaders have announced a major contribution to a multinational 'peacekeeping force' for Afghanistan. Belgian Foreign Minister Louis Michel told a news conference that all 15 EU member states would contribute to a force of between 3,000 and 4,000 soldiers. He said the force was being created by the EU and described the decision as 'a turning point in the history of the European Union'.

Ireland has participated in Afghanistan since July, 2002, following the Government Decision authorising the provision of seven members of the Permanent Defence Force, while recently, Brendan Halligan's Institute for International and European Affairs hosted Michael Semple, the British Secret Service operative expelled from Afghanistan following accusations of under cover activities by the Kabul government (but described by a sympathetic *Irish Times* as 'reconciliation' efforts). Semple appealed for efforts to persuade 'the public' (Irish, one presumes) of the beneficial reasons for the Western presence in Afghanistan.

IMF to Haiti: freeze public wages



Haiti's vulnerability to natural disasters, its food shortages, poverty, deforestation and lack of infrastructure, are not accidental. To say that it is the poorest nation in the Western hemisphere is to miss the point; Haiti was made poor – by France, the United States, Great Britain, other Western powers and by the IMF and the World Bank.

Now, in its attempts to help Haiti, the IMF is pursuing the same kinds of policies that made Haiti precarious even before the quake. To great fanfare, the IMF announced a new $100 million loan to Haiti made through the IMF's extended credit facility, to which Haiti already has $165 million in debt. These loans came with conditions, including raising prices for electricity, refusing pay increases to all public employees except those making minimum wage and keeping inflation low. The new loans would impose these same conditions. In other words, in the face of this latest tragedy, the IMF is still using crisis and debt as leverage to compel neoliberal reforms.

For Haiti, this is history repeated. Haiti's slaves rallied to liberate the country from the French in 1804. But by 1825, Haiti was living under a new kind of bondage – external debt. In order to keep the French and other Western powers from enforcing an embargo, it agreed to pay 150 million francs in reparations to French slave owners (freed slaves were forced to compensate their former masters). In order to do that, they borrowed millions from French banks and then from the US and Germany. By 1900, it [Haiti] was spending 80 percent of its national budget on repayments.

It took Haiti 122 years, but in 1947 the nation paid off about 60 percent, or 90 million francs, of this debt. In 2003, then-President Aristide called on France to pay restitution for this sum – valued in 2003 dollars at over $21 billion. A few months later, he was ousted in a coup d'état; he claims he left the country under armed pressure from the US. A 2008 report from the Center for International Policy points out that in 2003, Haiti spent $57.4 million to service its debt, while total foreign assistance for education, health care and other services was a mere $39.21 million. In other words, Haiti paid back more than it received.

So what can you do in addition to donating to a charity? One long-term objective is to get the IMF to forgive all $265 million of Haiti's debt ($165 million outstanding and the $100 million issued this week). Debt relief is essential to Haiti's future.