PEOPLE'S NEWS

News Digest of the People's Movement

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No. 124 **6 May 2015**

TTIP's way is Europe's way! Brussels may vet legislation

In what seems to be an attempt to ease the way for regulatory co-operation in the proposed Transatlantic Trade and Investment Partnership, the EU Commission will call on members of the EU Parliament and national governments to make a commitment to its drive for "better regulation" and submit proposed changes in legislation to scrutiny by experts, according to a leaked draft of its strategy.

The Commission criticises the EU Parliament and Council of Ministers for amending legislation without taking full account of their "impact or burden"—referred to in TTIP as "barriers to trade." It will push for a new agreement with the co-legislators, so that "citizens, businesses and society at large can look to the EU and see that it has improved things in their daily lives.

"The European Parliament and the Council should, therefore, mirror the Commission's commitment to better regulation, as must member states when implementing Union law." The paper, which was leaked to Euractiv (and is subject to change), may be read at: www.euractiv.com/files/better_reg.pdf

"Better regulation" is part of the Juncker Commission's desire to make EU policy-making "big on the big things and small on the small things. We are paying particular attention to the rules that affect small and medium-sized enterprises," the paper says, "who too often feel shackled by red tape," while omitting to mention the big corporations, whose prime interest is in less regulation. So, one might suspect that this prominence given to small and medium-sized businesses masks a push on behalf of big business towards deregulation.

The Commission calls on the Parliament and Council to

- give priority to initiatives to simplify or improve existing laws,
- carry out research on any substantial amendments to bills proposed by the Commission,
- agree that each institution can call for an independent panel, with a member from each on it, to assess any "substantive amendment,"
- include in every new law a provision for monitoring and evaluating laws, and
- urge member-states to avoid "gold-plating"—adding new provisions when putting EU law into national law.

A spokesperson for Friends of the Earth, Paul de Clerk, said that impact assessments on amendments would "give a group of unaccountable persons a huge influence on decisions from the highest elected European bodies, the European Parliament and the Council. This proposal is a huge power grab, where the Commission takes away power from Parliament and Council." Moves to stamp out "gold-plating" were a problem, he added, because EU rules were often minimum standards, based on compromises.

The Commission will strengthen its

"Regulatory Fitness and Performance Programme," which will be "central" to its work.

After the Commission adopts a bill, the public and interested organisations will have eight weeks in which to give feedback. That will be given to the EU Parliament and EU Council before they debate a bill. For the first time draft delegated acts and implementing acts (additional non-essential clauses on how to put the law into practice) will be open to public consultation for four weeks.

A new Regulatory Scrutiny Board will be established. It will have six full-time members and three hired from outside the EU institutions. Impact assessments will need to be backed by the board, which will also scrutinise existing laws, before the Commission will consider a policy proposal.

Originally intended to be reserved solely for technical measures in implementing laws, EU lawmakers increasingly use delegated acts to deal with highly political issues, often in an attempt to speed up the legislative process. The volume of delegated acts has led some people to question whether legislators have the capacity to cope with the flood of acts coming from the Commission.

The board would have a veto on a bill before the Parliament and Council could debate it; and you can be sure that any independent board member is likely to be extremely sympathetic to business. In any event, lighter regimes and exemptions for small and medium-sized firms and micro-business could hit environmental, health, safety and consumer standards.

The proposed measure mirrors provisions in the TTIP that would require the legislation of EU member-states to undergo a form of screening for potential effects on corporate interests.

Even more of an attack on democracy than ISDS

The average Irish citizen's heart hardly missed a beat when the EU commissioner for trade, Cecilia Malmström, recently told an audience in Dublin that "one of the most ambitious things about TTIP is what we aim to do on regulation." But at the other end of the socio-economic spectrum the concept of "regulatory co-operation" has been a central component of plans for pro-corporate trade and investment agreements for many years now.

"Regulatory co-operation" describes the effort by corporate interests to replace the variety of product standards and other regulatory policies adopted by states with uniform global standards. EU officials, such as Malmström, deny that this is a process of harmonisation, preferring to claim that all it involves is the recognition of each other's standards.

A document dealing with the question of "regulatory co-operation," leaked by Corporate Europe Observatory, reveals some of the dynamics of the process. Among the "general objectives" of regulatory co-operation are "to reduce unnecessarily burdensome, duplicative or divergent regulatory requirements affecting trade or investment" and to "promote an effective, pro-competitive regulatory environment."

Harmonisation objectives in trade and investment gained a significant boost through several international agreements, particularly the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which established the World Trade Organisation. These trade agreements have also established an ever-increasing number of committees and working groups for implementing the harmonisation mandate. Most of these working groups are dominated by corporate representatives, do not provide an opportunity to interested individuals or potentially affected communities to make a contribution, and generally conduct their operations behind closed doors. Yet under existing trade rules these standard-setting processes can directly affect our national and local policies.

So when EU and US trade negotiators enthuse about "regulatory coherence," "regularity compatibility" and "regulatory exchange" as a goal for TTIP they are not expressing the ambitions of trade union, community, consumer, environmental or democratic interests but instead are revealing part of the wish-list of the corporate lobbyists who secretly sat down with the Commission in late 2011 and early 2012 to help develop the EU's negotiating position for the forthcoming EU-US negotiations. It was later revealed that there were more than a hundred such secret meetings.

The leaked document is described as an "initial draft," to be expanded and amended. One of the areas for expansion and amendment is the harmonisation of regulatory acts by the "national authorities of EU Member States." Asked about this by Lynn Boylan, a Sinn Féin member of the EU Parliament, at the Joint Committee on European Affairs, Malmström preferred to ignore the question. To reply properly she would have had to acknowledge that TTIP obligations are "binding on all levels of government," central and local.

So even if the member-state is not in favour of such harmonisation it must comply, because the agreement will take precedence over the laws of that state.

"Regulatory coherence" or "regulatory co-operation" will not only involve a transatlantic dilution of standards but also an intra-EU one as well. Malmström revealed how TTIP would affect Irish standards. "Irish standards are very high; they are far higher than those of many other countries in the EU. It would be difficult to impose Irish rules on the US, but we can impose European rules and work within the EU." Any EU standard that could be "imposed" on the United States through TTIP would, of necessity, be the lowest-common-denominator EU standard, not the Irish one, because that would require EU countries to rise to an Irish standard.

■ See *Regulatory Cooperation under TTIP: A Risk for Democracy and National Regulation?* (www.ecologic.eu/10987)

What is the choice? To lower standards to the EU common standard, or to continue to trade at the present higher standards? In other words, dilute Irish standards or continue to trade on the basis of present higher standards? If the latter, how can it be claimed that TTIP would add any value to the country's trade?

How is this harmonisation or lowering of standards to be brought about? Some of the principal concepts of the leaked document are worth examining.

Central to "regulatory co-operation" is an obligation on each party to consider the effect on international trade or investment of planned regulatory acts, to furnish early information on them, to put them through an impact assessment, to “take into account” representations made to this process by the other party, and to offer a reasonable opportunity for any “natural or legal person” to provide an input into the process—in other words, to put corporate interests in a position to increasingly weaken regulation through the EU authorities or the US government, or directly.

It then includes a framework of institutions and procedures within which each party would support regulatory co-operation and the harmonisation of regulatory acts.

It would promote “regulatory compatibility” and require each party to “participate constructively in regulatory exchanges,” identify priority areas for regulatory co-operation, identify acts likely to have a significant effect on trade and investment, and regularly inform the other party about proposed regulatory acts.

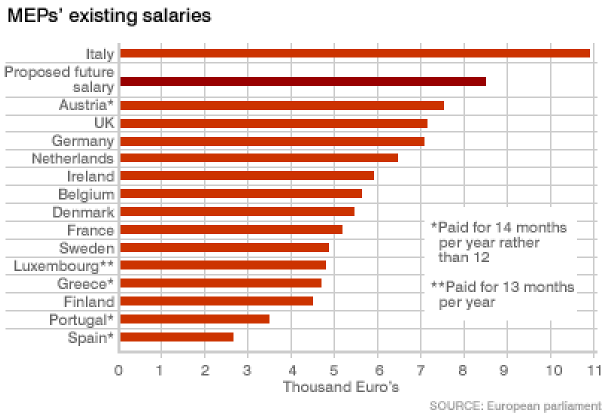
This section also provides for the parties to encourage regular exchanges on regulatory acts at the level of national governments.

With regard to institutions, the section provides for the parties to establish a Regulatory Cooperation Body to monitor the implementation of the provisions of the chapter and to prepare an annual regulatory co-operation programme. An annual meeting of the body, open to representatives of “civil society [and] contact groups, including a balanced representation of business, consumers, trade unions, environmental groups and other relevant public interest associations,” would provide a democratic and participatory façade for this particular part of the TTIP project.

The procedures and institutions would lay the basis for a continuing revision of standards in areas as diverse as food safety and workers’ rights. This would happen behind closed doors in groups such as the Regulatory Cooperation Body. The process would allow corporations to jointly write legislation, and would eliminate accountability.

What is revealed here is as big a threat to democracy and our well-being as the so-called investor-protection parts of TTIP.

MEPs scrap scrutiny on allowances



More than three-quarters of the EU Parliament’s members voted on 29 April to weaken a call for greater scrutiny of their allowances.

Members of the two largest political groups in the EU Parliament—the “European People’s Party” (to which Fine Gael is linked) and the “Socialist” group (to which the Labour Party is linked)—put forward an amendment to weaken the call for greater scrutiny of the way members spend their office allowances. This amendment was adopted, with 576 votes in favour, 74 against, and 48 abstentions.

Each of the 751 members of the EU Parliament receives a monthly “general-expenditure allowance” of €4,299 to cover the cost of offices, computers, phones, and other office expenses. But there are no checks on how they spend it.

The original text, which was adopted by the parliament’s budgetary affairs committee in March, included the phrase “[the Parliament] considers it advisable for every Member to submit an end-of-year public report on these allowances.” The amendment changed that to “[the Parliament] calls on the Bureau [the parliament’s administrative body] to work on the definition of more precise rules regarding the accountability of expenditures authorised under this allowance, without causing additional costs to [the] Parliament."

More significantly, the amendment states that two paragraphs that criticised the virtually unchecked paying out of the allowances would fall. These paragraphs called for "the introduction of obligatory annual reporting by the Members of their expenditures paid out of" the office allowance.

À la carte system for GMO imports

According to an internal EU Commission document obtained by Euractiv, the Commission has decided on an "à la carte" system for the importing of genetically modified organisms into Europe.

The proposal to adapt the GMO imports model along the lines of the existing GMO cultivation rules will be submitted to the College of Commissioners for confirmation on 22 April. Jean-Claude Juncker put the subject down as one of his priorities on his election as president of the Commission.

The decision to give individual member-states the choice over GMO food imports for human or animal consumption has upset many environmentalists. It would take only one EU country to authorise GMO imports for the products to gain free access to the European market. For Greenpeace, the move amounts to an EU-wide authorisation of GMO imports.

At present the EU authorises the importing of forty-eight genetically modified crops, but the approval process has ground to a halt. The Commission is awaiting the adoption of the new legal framework before it gives the green light to any more GMO varieties. As the debate continues, thirteen GMO strains are queueing up for EU endorsement.

■ The Commission document can be obtained at:
www.euractiv.fr/files/ogm.pdf

Secret "trialogue" talks to be investigated

The EU Ombudsman, Emily O'Reilly, has revealed that so-called "trialogue" talks between the EU Parliament, Council of Ministers and Commission could be investigated by her office. She said there were concerns over the opacity of the decision-making process when deals on proposed EU legislation are hammered out.

"Trialogues" take place after the Parliament and Council have agreed their respective positions on a pending piece of legislation. The series of negotiations, which the Commission sits in on, work towards agreeing a final compromise text. The Parliament and Council must agree an identical text before it becomes law.

"There are no minutes that come out afterwards," according to O'Reilly. "It's never quite clear when the meetings are on, or how the decision-making is carried out. When a bill goes in like this and comes out like that—what happens in between?"

Well, perhaps she doesn't know about the lobbyists, or wondered why there are more than twenty thousand of them in Brussels!

O'Reilly pointed to the recent example of roaming charges for mobile phone calls made abroad. The Parliament was pushing for reductions in mobile charges, which were much higher than most EU governments wanted. "There was a big issue about that," she said. "The Council said No and the Parliament said

Yes and the Commission said Yes. I think there are questions raised around what the decision-making process was there and how can the public see it."

Since taking over the job about eighteen months ago O'Reilly has adopted a strategy of launching a suite of "systemic" investigations on her own initiative. It is a departure from previous Ombudsmen, who used own-initiative investigations more sparingly. But O'Reilly believes the targeted approach enables her to get the maximum results with her relatively small resources.

As well as acting on her own initiative the Ombudsman responds to complaints about the institutions. After an investigation she issues recommendations to the institution concerned, in the interests of reaching a "friendly solution." If the institution takes no notice of the investigation she can close it with a damning report.

The hidden cost of EU trade deals

The Hidden Cost of EU Trade Deals, published by Friends of the Earth, was researched and jointly written by Emma Jayne Geraghty, who is now with the campaigning group "Uplift" in Dublin. It brings together all publicly available data on "investor-state dispute settlement" cases taken against EU member-states since 1994. It also reveals the irrefutable attack on recent EU accession countries and the environment, as well as the cost this system has already had for taxpayers and for democracy.

The "investor-state dispute settlement" mechanism has been coming under growing public scrutiny because of its inclusion in the negotiations on TTIP and the recently concluded EU-Canada trade treaty, CETA.

What is rarely mentioned is how often this mechanism has been used against EU member-states, and how much the mechanism has cost taxpayers. Such an expansion would risk seriously undermining governments' ability to regulate for the protection of people and the environment.

■ The report can be obtained from this site (which may be slow to load): www.foeeurope.org/hidden-cost-eu-trade-deals

A window on Microsoft's EU lobbying

Forget Goldman Sachs! The EU Transparency Register reveals that Microsoft is the most deeply embedded technology company in the EU institutions.

Armed with a swanky big "Innovation Centre," positioned between the EU Parliament and Commission, Microsoft is a member of 21 associations and involved with 12 "think-tanks" (compared with Google's 15, Facebook's 13, and Deutsche Telekom's 13).

Google Inc. has also poured money into lobbying efforts in Brussels, seeking to influence new legislation on such issues as data protection and copyright and to fight legal battles with EU regulators—and each other.

The companies are directly targeting EU

institutions and are also seeking to influence policy-makers through several interest groups. At the same time they are stepping up their public-relations campaigns, emphasising their efforts to create jobs in Europe.

Google, the subject of a growing EU anti-monopoly case, last year more than doubled its expenditure on the "direct lobbying" of EU institutions, to between €3½ and €4 million—up sharply from €1¼ to €1½ million in 2013. These figures come from the transparency register, an EU data-base in which lobbying groups are encouraged to disclose their activities. (Some lobbyists say the data reflects only part of what is spent.)

By contrast, Google spent $16.8 million last year lobbying the US Congress and government agencies, according to the research firm Maplight. This surge puts Google within range of Microsoft, which spent between €4½ and €5 million on direct lobbying in Brussels in the twelve months to last June, similar to its expenditure the previous year, according to the register.

"The huge increase of lobbying efforts by Silicon Valley began when the whole net-neutrality and data-protection debate started three or four years ago," said Jan Philipp Albrecht, leading negotiator for the EU Parliament on the EU's new data-protection laws—an area of concern for American technology companies.

The lobbying efforts rely heavily on well-funded interest groups, policy-makers say. "Most of it is … not really directly affiliated to them," Albrecht said, but takes place through "business associations, lawyers, and consultants, even scientists and newspapers."

■ The lobbying register is at: http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=0801162959-21

TTIP negotiations to drag on!

Negotiations on TTIP will drag into 2016, the EU's chief negotiator, Ignacio García Bercero, has conceded to EU Observer.

Trade officials were given a provisional deadline of December 2015 for agreeing a draft text, and are keen to avoid TTIP getting caught up in the race to replace Barack Obama in the White House. The race will begin in earnest in the autumn, when the Democratic and Republican parties begin their nomination process for the election, which takes place in November 2016; and the election cycle will reduce the likelihood of a smooth ratification process through the US Congress.

Bercero played down concerns about an election-induced political deadlock, commenting that the Americans were "telling us very clearly that they can continue negotiating with us in 2016." The most thorny issue for the two sides remains the status of the investor-protection mechanism (ISDS), which would allow firms to take governments to court if they discriminate against them or introduce new laws that supposedly threaten their investments. ISDS has been left out of the scope of talks since last spring amid widespread public concern about the regime.

The status of genetically modified food became the latest bone of contention last week after the United States criticised EU plans that would allow countries to block genetically modified imports. "It is hard to square this proposal with either EU long-standing internal obligations or their aspiration for a seamless internal market," the principal US negotiator, Dan Mullaney, told reporters. "We are still studying the proposal implications but we hope that the EU will move forward in a way that respects our decades-old rules on trade."

The disagreements and delays also risk seeing the Obama government concentrating its attention on ratifying another trade agreement, the Trans-Pacific Partnership, with Japan and ten other Pacific countries. After five years of negotiations the TPP is close to conclusion and has begun its progress through congressional committees. Still, having concluded the ninth round of negotiations in New York last week, officials have pencilled in another round of talks in July, and insist that discussions will enter an "intense" phase after the summer.

In the two years since talks began both sides have negotiating proposals ready on technical barriers to trade and regulatory co-operation, and have discussed "all three pillars of the negotiations: market access, regulatory co-operation and rules," an EU official told reporters in Brussels last week.

Enda Kenny will be disappointed. In March he told Obama that "we strongly support this," while earlier this week he said he wanted the deal wrapped up "by end of this year."

The real alternatives in the Northern elections

ELECTION 2015

Northern Ireland goes to the polls on 7 May to elect eighteen members to sit in the British House of Commons in London. Issues relating to the EU, though they have not featured very much in the campaign, have thrown up two different viewpoints beyond the traditional nationalist-unionist divide. This is on the question of a referendum on membership of the EU that would be held throughout the United Kingdom in 2017 if the Conservative Party is returned to power.

Sinn Féin and the SDLP are generally more pro-EU than the main unionist parties, the DUP and the UUP. The DUP favours the UK referendum, while Sinn Féin wants a separate and binding referendum for Northern Ireland. This would probably be unacceptable to both the British and the Irish Governments and would be vetoed by the DUP and UUP. It would probably also be rejected by the EU.

In Scotland the Scottish National Party has insisted that a vote to leave the EU would not determine the matter unless there was a separate majority in England, Scotland, Wales, and Northern Ireland; but the sting in the SNP tail is that if this demand were refused Scotland would hold an independence referendum. The SNP is extremely pro-EU.

It is hard to think of a single area of life either in Northern Ireland or the Republic that is not affected by EU law. In the mid-1980s Jacques Delors, then president of the EU Commission, gave a speech in which he forecast that by the year 2000 the EU would be making four-fifths of the economic laws for its member-states. In other words, the EU, not their own national parliaments, would be making most of the law for both Ireland and Britain.

This meant in effect that nationalists were being anti-partitionist and unionists were being unionist in regard to who was going to exercise the remaining fifth. One might argue about the percentages, but this was and is the reality.

Northern Ireland is part of the EU through its incorporation in the United Kingdom. While it receives funds from the EU for various cross-border and community projects, it remains the most impoverished part of the United Kingdom. It also has the highest unemployment.

Its impoverishment has been attributed to its remoteness from the market in which it is integrated, coupled with a lack of control over its own economy. In other words, viewed as a region, Northern Ireland has as much a case for independence as Scotland or Wales—or as Ireland as a whole had before 1916.

The 26-County experience has shown that the development of a national economy demands social control over the movement of capital. This is in conflict with the interests of the private owners of capital, who prefer to maximise their dividends by exporting it. Fiscal autonomy is not enough.

So the EU is an issue whether or not the various parties acknowledge the fact. There is now a political terrain opening up resulting from Ireland's and Britain's membership of the EU. British state policy remains within the framework of the EU.

Can a politics be developed in the North that would take up the banner of national democracy and independence in the new forms that it is taking today because of the EU? This would mean campaigning for a genuinely independent united Irish state whose policies would be decided democratically by the people of Ireland.

It is important not to lose sight of the fact that the national democracy is not just about undoing partition and bringing about a united Ireland but about establishing real independence.

And within those borders the Irish people should rule their own state, make the laws and decide policy for a united country, and determine freely its relation with other states and peoples—all powers and capacities that have either been abolished or are significantly truncated by membership of the EU, both for the Irish and the other nationalities affected. Irish unity is valuable only as the basis of Irish independence.

Why should Northern nationalists, or unionists either, seek or welcome a united Ireland in circumstances in which the South goes towards a euro-zone fiscal union while the North remains with Britain inside the sterling area? A united Ireland in those circumstances would essentially mean substituting financial and economic control by Franco-Germany for control by Britain.

Northern unionists supported Britain and the Allied Powers in defeating Germany in the Second World War. They are not going to embrace the euro and a German-dominated euro zone at this stage.

The democratic alternative remains building a politics that would unite all Northern traditions, with a central role in running an independent Irish state, not subordination to a Franco-German economic fiefdom in which most laws and policies are decided in Brussels or Frankfurt.

Apple expects "material" financial damage from EU's investigation into corporation tax

Apple Inc. has warned investors that it could face "material" financial penalties from the EU Commission's investigation into its tax arrangements with Ireland—the first time it has disclosed the potential consequences of the investigation.

Under US securities rules, a material event is usually defined as 5 per cent of a company's average pre-tax earnings for the previous three years. For Apple, which has just reported the highest quarterly profit ever for an American company, that could be more than $2 billion, while some Brussels officials suggest that any ruling could set a new record for a penalty resulting from an investigation into state aid, comfortably topping €1 billion.

The company reported a quarterly income of $58 billion and quarterly net profit of $13.6

billion.

In 2013 Apple confirmed that two of its Irish subsidiaries pay about 2 per cent in tax. However, the company rejected the claim that its Irish operation was used to avoid liabilities in the United States. Appearing before a hearing of the US Senate, Apple's head of tax policy, Phillip Bullock, confirmed that two Irish subsidiaries—Apple Operations Europe and Apple Sales International—paid approximately 2 per cent in tax.

When asked about its reasons for operating in Ireland, the CEO of Apple, Tim Cook, said that the company had received a "tax incentive arrangement" as part of its decision to establish operations in Ireland in 1980.

The EU has the power to order the Irish government to reclaim ten years of tax advantages granted to Apple if it finds that deals made in 1991 and 2007 were unlawful. This was confirmed by Apple, which said: "If the European Commission were to conclude against Ireland, it could require Ireland to recover from the company past taxes covering a period of up to 10 years reflective of the disallowed state aid, and such amount could be material."

The government has said it will appeal immediately to the EU Court of Justice if the decision goes against it. A final decision from Brussels is expected before the end of June. In an indication of the way the wind is blowing, the Commission said last September that the Irish authorities had conferred a "selective" advantage on Apple.

The billion-euro man

The president of the EU Central Bank, Mario Draghi, wants to pump the sum of €1,100 million into the European economy over the next eighteen months. It is a breath-taking figure: €1,100,000,000. This works out at some €60 million per month for eighteen months.

The scenario is actually quite simple: by large-scale buying of state bonds the ECB will be supplying fresh capital to the banks and institutional investors who will be doing the selling. This "new" money can then be lent to members of the public and to firms, so that expenditure and investments will increase, giving the European economy a boost.

Total demand for goods and services will rise, and the price of these will increase accordingly. In the economic situation in which Europe finds itself, price inflation is, oddly enough, desirable, because as things stand the threat comes from the opposite direction: from deflation. The fact that prices—partly because of the declining cost of oil—are constantly falling, means that people postpone purchases and investments in the hope that they will become even cheaper.

The ECB wishes to call a halt to this development, pushing up the euro. By flooding Europe with euros, the bank will force the currency downwards in value, encouraging exports.

That, in any case, is the theory. But is the practice just as elegant and logical? In other words, will all this work as intended?

The massive buy-up programme appears to raise just as massive a list of questions. The most basic of these is, How did the ECB come by this €1,100 million? Has it usually got that much cash in its coffers? The answer is No. The ECB is creating this money, in fact, from nothing.

What happens is this: the national banks take over—under the supervision of the ECB—loans to national governments (the national debt, in other words) from banks and institutional investors. In this way a financial credit is exchanged for fresh capital. This is known to economists as quantitative easing. In simple terms, get the printing presses turning.

The EU Central Bank's influence touches everything, from a person's purchasing power to their pension, from the space for investments available to a firm to the mood on the stock exchanges. This makes the question of who actually directs this supreme authority even more interesting. The answer is as simple as it is staggering: nobody but the ECB itself. The institution operates entirely independently, without any kind of democratic inconvenience. Mario Draghi is the lord and master of Europe. The ECB is moving increasingly to take the place of elected representatives and to control the economy's switches.

Democracy is out. Finocracy is in!

Fraud and the EU

EU budgets are riddled with waste and have given rise to many scandals. For the twentieth year in succession the European Court of Auditors, which is responsible for ensuring that EU money is properly spent, has refused to accept the accounts for EU expenditure because of the high incidence of errors—4.7 per cent, or almost €7 billion.

The two biggest areas of the budget, agriculture and regional spending, are particular offenders. Particularly egregious episodes of waste involved ghost airports built by Poland for an EU price tag of €100 million. Everyone wants to get their snout as deep into the EU trough as possible, even if other countries might have much greater need of the money.

Very little money goes to small farms. In general, the EU's common agricultural policy has a negative effect on the competitiveness of African farmers.

Part of the money meant for deprived regions goes to relatively rich member-states. Profitable transnationals, such as ING, Unilever, and Philips, rake in millions in subsidies designed to create employment in poorer regions. It doesn't work, and the cash ends up in the wrong hands.

Another swindle involves subsidies meant for small and medium-sized firms which have gone instead to companies owned by transnationals.

The EU's multi-annual budget for 2014–2020 amounts to €960 billion—a colossal sum in absolute terms. But on average the annual EU budget is not meant to exceed 1.24 per cent of the EU's collective gross product. In contrast, national governments typically spend between a third and a half of their national products.

The EU does not, so far, impose its own taxes. This is the principal difference between the EU and normal states. However, much national taxation and national spending takes place under rules laid down by the EU. Two-thirds of the EU budget is financed by a contribution from each member-state equivalent to 0.73 per cent of its national income. This is supplemented by customs duties on imports from outside the EU and a fraction of 1 per cent of each country's harmonised VAT revenue. These funds are collected by member-states and passed on to the EU.

A third of the EU budget goes on the common agricultural policy and a third on various regional funds. "Competitiveness" measures take another cut.

The EU has proposed the introduction of an EU tax on financial transactions, such as the purchase and sale of company shares and bonds, and currency exchanges. It has proposed a common corporate tax base for taxing company profits. This would give transactional companies based in the EU substantial freedom to decide in which EU country they would pay tax.

The Lisbon Treaty imposes an obligation on the Union to "provide itself with the means necessary to attain its objectives and carry through its policies" (article 311). This licenses the raising of its "own resources" to finance them and may be regarded as conferring wide taxation and revenue-raising powers. The relevant article empowers the EU to "establish new categories of own resources or abolish the existing category" and in effect to endow itself by means of any tax as long as the Council of Ministers agrees this unanimously and it is approved by national parliaments (if that is constitutionally required by the member-states concerned). No further treaties or referendums are now required.

To put an end to fraud the EU Commission wants to set up a European Public Prosecutor's Office. This, however, would sideline national judicial systems.

There is a much more effective solution: halve the multi-annual budget and restrict access to the funds to the poorest member-states and to cross-border projects that aid innovation. In that way the money would go directly to where it is most needed.

The cost to Greece of membership of the euro zone

The Italian daily *La Stampa* reports that the German government and the EU Central Bank are discussing a "plan B" that would involve replacing the government headed by Aléxis Tsípras with a technocratic government and allowing Greece to default without leaving the euro zone.

When asked about Tsípras's suggestion that he could hold a referendum if any deal does not match his election promises, the Dutch minister of finance and president of the Euro Group, Jeroen Dijsselbloem, said: "It would cost money, it would create great political uncertainty, and I don't think we have the time … And I don't think the Greeks have the time for it." And he warned: "Without further loans, Greece won't make it. That's the reality."

He also dismissed claims by Tsípras that there was a verbal agreement that the ECB would ease restrictions on short-term debt issuance after the deal in February, suggesting that this assumption was a "gamble" by the Greek government.

Reuters reports that Greece will present its draft reform lists to the EU-IMF-ECB Troika. The minister for shipping and the Aegean, Thodorís Drítsas, has accepted that the privatisation of the port of Piraeus will be included, because of "pressing conditions," despite having pledged to stop the sell-off on his first day in office.

Meanwhile the EU commissioner for economic and financial affairs, Pierre Moscovici, said that negotiations have "advanced, but not fast enough and in an insufficient way." He added that the reshuffle of the negotiating team was a "good sign."

The ECB has raised the limit on emergency liquidity assistance to Greek banks by €1.4 billion to €76.9 billion. However, the Bloomberg business news service reports that the ECB is also considering ways to restrict this assistance if political negotiations do not progress quickly, including the potential for increasing the collateral requirements for gaining access to the liquidity.

Trade union leader warns Juncker that his policies make the crisis worse

In a May Day message the secretary-general of the European Trade Union Confederation, Bernadette Ségol, reminded the president of the EU Commission, Jean-Claude Juncker, that EU policies for tackling the crisis have made things worse, to the extent that some even in the Commission acknowledge that the

European Union is approaching its last chance to save its reputation with citizens.

Ségol questioned claims of economic recovery. “The politicians tell us there is an economic recovery. But for citizens the crisis is not over. 1 in 2 young people in Spain and Greece are unemployed. Many of the brightest people have left Portugal, Ireland and the Baltic states to look for opportunities elsewhere. The gap between rich and poor has increased. There is high unemployment, more insecure work, more poverty.”

She warned that the Commission’s €315 million investment plan is not enough and emphasised in particular the fact that the “other so-called pillars of EU economic policy” are “fiscal consolidation”—which means cuts—and “structural reforms,” which have brought “zero-hour contracts, more temporary and part-time work, lower wages, and attacks on collective bargaining.”

She reminded Juncker that “trade unionists are not against reforms. We support reforms that create growth and quality jobs but not reforms which maximise profits at the expense of working families.”

But “trade unionists do not support cuts in public services or public-sector jobs. Cuts are the opposite of growth, and suppress economic demand—which is why growth in Europe is so slow and why unemployment remains persistently high. To stimulate growth and make up for falling standards of living, workers throughout Europe need a pay rise.”

At the same time trade unionists are still waiting to see what the new Commission will do for the “fairer” and more social Europe that Juncker promised. So far we see no evidence of it. On the contrary, Ségol said, “I fear the so-called ‘better regulation’ initiative will be nothing of the sort—instead what we have seen is the delaying or axing of health and safety and other social improvements.”

Gotcha!

When you look for the EU commissioner for trade, Cecilia Malmström, in Google images, here’s what appears on the middle right: the People’s Movement banner! There are two others further down the page.