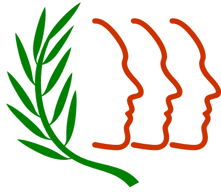

PEOPLE'S NEWS

News Digest of the People's Movement

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How Goldman Sachs profited from the Greek debt crisis

The investment bank Goldman Sachs International made millions by helping to hide the true extent of the Greek debt, and in the process almost doubled it.

In 2001 the Greek government was looking for ways to disguise its mounting financial troubles. The Maastricht Treaty required all members of the euro zone to show an improvement in their public finances, but Greece was heading in the wrong direction. Then Goldman Sachs came to the rescue, arranging a secret loan of €2.8 billion for Greece, disguised as an off-the-books "cross-currency swap"—a complicated transaction in which Greece's foreign-currency debt was converted into a domestic-currency obligation, using a fictitious market exchange rate.

As a result, about 2 per cent of Greece's debt magically disappeared from its national accounts. Christóphoros Sardélis, then director of Greece's Public Debt Management Agency, later described the deal to Bloomberg Business as "a very sexy story between two sinners." For its services Goldman Sachs received a whopping €600 million, according to Spýros Papanikoláou, who took over from Sardélis in 2005. That came to about 12 per cent of Goldman's income from its giant trading and principal-investments unit in 2001, which posted record sales that year.

Then the deal turned sour. After the attack on New York in September 2001, bond yields plunged, resulting in a big loss for Greece because of the formula Goldman had used to compute the country's debt repayments under the swap.

By 2005 Greece owed almost double what it had put into the deal, pushing its off-the-books debt from €2.8 billion to €5.1 billion. In 2005 the deal was restructured and that €5.1 billion in debt was locked in. Perhaps not incidentally, Mario Draghi, now president of the EU Central Bank and a significant factor in the current Greek drama, was then managing director of Goldman's international division.

Greece wasn't the only sinner. Until 2008 EU accountancy rules allowed member-states to manage their debt with so-called off-market rates in swaps, pushed by Goldman Sachs and other Wall Street banks. In the late 1990s the American bank J. P. Morgan enabled Italy to hide its debt by swapping currency at a favourable exchange rate, thereby committing Italy to future payments that didn't appear on its national accounts as future liabilities.

But Greece was in the worst shape, and Goldman Sachs was the biggest enabler. Undoubtedly Greece suffers from years of corruption and tax avoidance by its wealthy; but Goldman Sachs wasn't an innocent bystander. It padded its profits by leveraging Greece to the hilt—along with much of the rest of the global economy. Other Wall Street banks did the same. When the bubble burst, all that leveraging pulled the world economy to its

knees.

Even with the global economy reeling from Wall Street's excesses, Goldman Sachs offered Greece another gimmick. In early November 2009, three months before the country's debt crisis became global news, a Goldman team proposed a financial instrument that would push the debt from Greece's health system far into the future. This time, though, Greece didn't bite.

As we know, Wall Street got bailed out by American taxpayers; and in subsequent years the banks became profitable again and repaid their bail-out loans. Bank shares have gone through the roof. Goldman's were trading at $53 a share in November 2008; they're now worth more than $200. Executives at Goldman and other Wall Street banks have enjoyed huge pay packages and promotions. Goldman's CEO raked in $24 million last year alone.

Meanwhile the people of Greece struggle to buy medicine and food.

Goldman Sachs and the other giant Wall Street banks are masterful at selling complex deals by exaggerating their benefits and minimising their costs and risks. That's how they earn giant fees. When a client gets into trouble—whether that client is a house-owner, an American city, or Greece—Goldman ducks and hides behind legal formalities and shareholder interests.

Borrowers who get into trouble are rarely blameless, of course: they spent too much, and were gullible or stupid enough to buy Goldman's pitches. But in all these cases Goldman Sachs knew very well what it was doing. It knew more about the real risks and costs of the deals it proposed than those who accepted them.

Shocking report on the effect of the crisis on suicide and self-harm

A research report in the current issue of the *International Journal of Epidemiology* has reminded us of the painful fact that the five years of economic crisis and austerity have had a significant influence on national rates of suicide and self-harm.

In the five years 2008–2012 there were 476 more male suicides and 85 more female suicides, and 5,029 more cases of male self-harm and 3,833 more cases of female self-harm treated in hospital, than if previous trends had continued—approximately equivalent to an excess of one complete year of suicide and self-harm.

Men aged between 25 and 44 were most affected in both suicide and self-harm.

Ireland's gross domestic product doubled in the ten years from 1997 to 2007, with unemployment constant at about 4 per cent for 2000–2007.The economy slowed in 2007, and deep recession followed, with eight consecutive quarters showing a fall in GDP. Unemployment doubled in 2008.

In September 2008 the government guaranteed all liabilities held by the six main

banks. Austerity budgets followed, with tax increases and cuts in government spending; then, in November 2010, Ireland followed Greece in seeking an international bail-out.

Unemployment reached a peak of 15 per cent in early 2012, by which time Ireland had the highest emigration rate and was one of the most indebted of the 27 member-states of the European Union.

The austerity measures were characterised by increases in tax and reductions in public expenditure, primarily the latter, with cuts to social welfare including significant reductions in unemployment benefits for young people, cuts in public-sector employment and pay (with parallel and deeper cuts in the private sector), and substantial cuts in spending on the health service and the shifting of costs onto households. These measures were implemented against a backdrop of falling house prices, high levels of negative equity and personal debt, and increasing unemployment, with a collapse in the male-dominated building industry and increased emigration.

Studies so far have generally assessed the short-term effect of the crisis on suicide. Data is lacking on the medium-term effect and on the effect on national rates of attempted suicide.

The National Registry of Deliberate Self-Harm is the world's first national registry dealing specifically with non-fatal suicidal behaviour reported to hospital emergency departments. It provides a unique opportunity to assess, at the national level, the effect of the crisis on a well-defined form of medically serious suicidal behaviour.

■ The original article, by Paul Corcoran, Eve Griffin, Ella Arensman, Anthony Fitzgerald, and Ivan Perry, can be read at:
ije.oxfordjournals.org

And the Irish Cancer Society warns on TTIP

The Irish Cancer Society believes that public health legislation is under serious threat unless the planned trade agreement between the European Union and the United States is significantly altered.

The society calls on the government to:

• conduct national human rights, social and environmental impact assessments of TTIP;

• formulate a clear policy advocating the exclusion of investor-state dispute settlement (ISDS) in any form from TTIP, given the country's high risk of incurring serious costs from ISDS and its evident success in attracting American investment without taking this risk;

• establish an inter-departmental committee to assess the coherence of government policy on TTIP with respect to its possible effect on health, social issues, and the environment.

■ See more at: www.cancer.ie

TTIP: a corporate lobbying paradise

Which businesses are pushing most for the proposed Transatlantic Trade and Investment Partnership? Who's influencing EU negotiators?

Corporate Europe Observatory's eight new infographics reveal the corporate lobby behind the TTIP talks.

These are the corporate lobbying groups that had by far the most lobbying encounters with the director-general of trade in the preparatory and early phases of the TTIP negotiations (January 2012 to February 2014):

• **Business Europe**, the EU employers' federation and one of the most powerful lobbying groups in the EU;

• the **Transatlantic Business Council**, a corporate lobbying group representing more than seventy European and American transnationals;

• the **European Automobile Manufacturers' Association** (working for BMW, Ford, Renault, and others), which had as many lobbying encounters with the director-general of trade as the **European Chemical Industry Council** (lobbying for BASF, Bayer, Dow, and the like);

• the **European Services Forum**—a lobbying outfit banding together large services companies and federations, such as Deutsche Bank, Telefónica, and the City UK, with the same number of lobbying encounters as **EFPIA**, Europe's largest pharmaceutical industry association (representing some of the biggest and most powerful pharmaceutical companies in the world, such as Glaxo-Smith-Kline, Pfizer, Eli Lilly, Astra Zeneca, Novartis, Sanofi, and Roche);

• **Food Drink Europe**—the biggest food industry lobbying group, representing such transnationals as Nestlé, Coca-Cola, and Unilever;

• the **US Chamber of Commerce**, the wealthiest of all American corporate lobbies; and

• **Digital Europe** (whose members include all the big IT names, including Apple, Blackberry, IBM, and Microsoft), again with the same number of lobbying encounters with the director-general of trade.

■ See more at: corporateeurope.org

When policy is made by corporations, your privacy is a barrier to economic growth

It's becoming clear that the EU will soon sacrifice its commitment to data protection. This protectionist stance—aimed, above all, at protecting citizens from excessive corporate and state intrusion—is increasingly at odds with the "grab everything" mentality of contemporary capitalism.

A recent feature article written by Carl Bildt, the perennial hawk of Swedish politics and now also chairman of the think-tank Global Commission on Internet Governance, captures that neo-liberal mentality quite accurately. According to Bildt, "barriers against the free flow of data are, in effect, barriers against trade."

By the same token, building a fence around your house is also an offence against capitalism. Who knows what kinds of advertising deals could be made with your data?

Of course if the only stick for measuring our technology policy is how well it advances the interests of corporations, then there's much to dislike about data protection and virtually all privacy laws. And soon this may very well be our only stick; the most hideous aspect of the three trade agreements now under negotiation (TTIP, CETA, and the Trade in Services Agreement) is precisely that they describe a world devoid of any other political actors: it's only companies out there.

Then, a plethora of newspaper features and think-tank reports—many of them published with industry funding—rush to validate such framings by claiming that the treaties do not go far enough in considering all the other factors that affect trade and economic growth—once again, as if there is no world outside the corporate bubble.

Take "Uncovering the Hidden Value of Digital Trade: Towards a 21st-Century Agenda of Transatlantic Prosperity," a report published recently by two think-tanks—the Progressive Policy Institute in Washington and the Lisbon Council in Brussels. It doesn't even bother to say that what citizens want is bad or unachievable: it's simply written as if they didn't exist.

Its provenance is telling. The PPI, established in the early 1990s to inject neo-liberal ideas into the presidency of Bill Clinton, has emerged as one of the main advocates of hawkish US foreign policy and a cheerleader for America's global economic dominance.

The Lisbon Council has a more intriguing story. First there's its funding: its recent donors include the likes of Google, HP, IBM, and Oracle. Then there's its actual policy influence. Ann Mettler, its joint founder and, until last year, its executive director, has been put in charge of the European Policy Strategy Centre, an internal policy think-tank for the EU Commission.

The joint report is worth reading, if only for the boldness of its assumptions. The authors argue that Europe lags behind the United States in something they call "digital density"—the level at which countries consume, process and share data. But, they argue, if only six of Europe's leading economies were to raise their "digital density" to match the American level they would produce €460 billion in additional economic output per year.

Yes, it's true: privacy—one of the main barriers to high "digital density"—is also one of the barriers to economic recovery. We should all open up, so that Google and IBM can prosper faster.

Not surprisingly, the report urges Europe to rethink its commitment to reforming data protection laws; even if they are revised, the authors argue, they will be too suffocating. Worse, as some European politicians have baulked at making trade in data part of the TTIP agreement, the authors propose a compromise of sorts: they argue that we need to establish a "Geneva Convention on the Status of Data," which can exist outside the TTIP and still reassure the Europeans that making trade deals

with the United States won't water down their data protection laws.

In the light of the brazen transgressions of the actual Geneva Conventions by the Bush government, this is probably not very reassuring to most Europeans. It won't take long for American lawyers to find the privacy equivalent of waterboarding.

Governments, however, won't lose much under this new configuration: they will find a way to manipulate the new treaties to their advantage. The United States, once again, leads the way, demanding significant exceptions on matters of "national security."

Trade in Services Agreement

An important appendix to the Trade in Services Agreement has recently been leaked by Wikileaks. (Despite all the excitement about "open data," the drafts are still kept away from the public.) It contains a section on national security proposed by the United States that hints at what might be in the offing. It states that, regardless of what other articles of the treaty might say, nothing should prevent a government from "taking any action which it considers necessary for the protection of its own essential security interests." This, more or less, is the level of generality in which these treaties are written: there's no definition of "essential," let alone "security" or "interest."

The future advocated by the industry-funded think-tanks that actually shape the global policy agenda is exceedingly grim, whatever funky spin they add to it. Essentially, not only will citizens not have a right to privacy but their very attempts to hide something will be interpreted as either an offence against free trade or an effort to undermine national security.

But even if citizens vote to elect a government that promises to reverse this despicable trend, that government itself is likely to be sued out of it; the treaties will contain all the necessary legal instruments to do so. The twenty-first century of transatlantic prosperity has arrived indeed.

Protest at EU Commission offices

Below are pictured some of those who attended the People's Movement demonstration against TTIP and CETA outside the EU Commission offices in Dublin last week.

Brussels politicians—puppets of big business

Guy Verhofstadt, leader of the Alliance of Liberals and Democrats for Europe (ALDE/ADLE), told the Greek prime minister, Aléxis Tsípras, that he was "very angry" when Tsípras appeared at the EU Parliament. He was particularly angry at the SYRIZA government's failure to seriously tackle "nepotism" in Greece.

Observers would have been justified in thinking that Verhofstadt was perhaps making just too much noise about nepotism in Greece and perhaps not enough about nepotism in Brussels.

Now, a new link provided by Transparency International and Politico make it possible to unmask the hypocrisy of politicians like Verhofstadt. Styled "EU Integrity Watch," it is accessible to all at www.integritywatch.eu. An interactive version of this data-bank has been set up by the journalists at the web site Politico at www.politico.eu.

They don't provide a lot of laughs, but what they do offer are a number of clues by which you can unmask puppets of the transnationals, such as Guy Verhofstadt.

From the data it can be seen that of the five biggest organised lobbies, four represent major corporations: Business Europe, Google, General Electric Company, and the European Chemical Industry Council. The Worldwide Fund for Nature is the only other one that manages to make the top five.

The database also shows the outside jobs held by members of the EU Parliament. It turns out that Verhofstadt's moonlighting earns him some €230,000 a year from a number of transnationals.

Those who shout loudest against Tsípras and the Greek government turn out to have strong links with major corporations. Members of the EU Commission see corporate lobbyists extremely frequently, while those from trade unions and consumer groups are often ignored.

TTIP's aim of lifting ban on American oil exports goes against climate targets

The EU is pushing for the lifting of restrictions on the export of American crude oil and liquefied natural gas as part of a controversial trade deal that could explode Canada's tar-sands carbon bomb and push up carbon emissions.

Early this year American climate campaigners claimed a victory when Obama used his veto to block approval of the Keystone XL pipeline. This proposed pipeline would carry dirty Canadian tar-sands crude oil to refineries along the Gulf coast.

While the battle is far from over, Obama's decision holds strong strategic significance in the fight to keep fossil fuels in the ground.

However, the Keystone XL drama may prove to be little more than a sideshow to Big Oil's ultimate ambition: to overturn the ban on the exporting of American crude oil. In the EU, American oil barons have found themselves an unlikely ally. The EU is explicitly asking the United States to lift prohibitive restrictions not only on the export of crude oil but also on the export of liquefied natural gas, as a central

objective in TTIP, the contentious EU-US trade agreement.

The former EU commissioner for trade Karel De Gucht went as far as to say, "I cannot imagine that there will ever be a TTIP without such [energy] provisions."

The deputy chief TTIP negotiator, Hiddo Houben, giving an update on the EU's energy objectives, told members of the EU Parliament: "We are very much out of the media, trying to pursue this discussion with the United States. We are very carefully trying to avoid any public comments on this, because we feel that it is more propitious to try and negotiate this with them outside of the public eye."

If the removal of restrictions is so imperative, what on earth could warrant such aversion to public and media scrutiny? The dominant argument in favour of such measures is that American companies are benefiting at present from lower energy costs as a result of the shale revolution. By opening up American gas markets it would lower prices in the EU and allow European manufacturers to compete on an equal playing-field.

The EU is also very reliant at present on Russia for its energy needs. In the face of increased tension there is an urgent need to diversify the continent's energy supply. TTIP could do that.

There are some big concerns. Firstly, the economic and geopolitical case is not as clear-cut as advocates would have us believe. Secondly—and this is the big one—there's the effect it will have on our climate.

The United States does not have the infrastructure or facilities necessary for exporting LNG on a large scale to Europe, and the development of such an infrastructure would be expensive and time-consuming. If it were agreed, the transporting and liquefaction process is not cheap. So there is little reason to think that American LNG will be able to compete with low-cost Russian gas in the near future, which will probably remain the natural order of things for decades to come.

Even if all restrictions were lifted, cheap American energy would probably remain as it is now: little more than a pipe dream. If energy security and price are really such a concern to EU policy-makers they could put their weight behind some far better options, such as ambitious energy-efficiency measures, which could save €549 billion on the energy import bill by 2030.

The climate-change implications of turning the United States into a European fracking colony, on the other hand, are self-evident. Indeed the EU's most optimistic "economic assessment" of TTIP has found that it would result in an increase in emissions of carbon dioxide in both Europe and the United States.

Increased demand from Europe would ultimately lead to an expansion of shale oil and gas exploration throughout the United States, opening up new reserves and with them the accompanying emissions of greenhouse gases. It seems equally likely that much of the crude oil exported would be obtained from the Canadian tar-sands oil fields and brought to American ports by railway and future pipelines such as Keystone XL.

These tar-sand pits—scarring the Canadian wilderness, covering an area the size of England—have been described as "the biggest carbon bomb on the planet." The EU appears hell-bent on providing the detonator.

If we are to avoid the most severe effects of climate change, 80 per cent of known reserves

of fossil fuels must remain in the ground. It is inexcusable that the EU is pushing for measures in a trade deal that would probably lead to more investment being sunk in the exploration, extraction, processing and transport of fossil fuels, and in doing so potentially lock in high-carbon dirty energy for the foreseeable future.

With so much at stake, trade policy-makers cannot continue to plough a lone furrow, free from all climate and environmental considerations.

EU blamed for 100,000 work-related cancers

The EU Commission's drive to simplify laws for businesses—the "Better Regulation Agenda"—has come under fire from trade unions for blocking EU laws that could save thousands of lives each year.

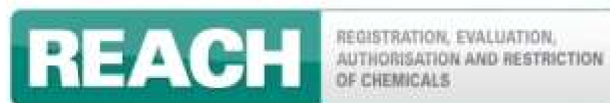
Laurent Vogel, a senior researcher at the European Trade Union Institute, said that more than 100,000 workers were dying from work-related cancers each year, and blamed the EU Commission for inaction.

The staggering figure is from official data coming from the EU health and safety agency. And it is probably underestimated, he claims. "100,000 deaths could be perfectly avoided," said Vogel, who was speaking at a Euractiv Institute workshop. "And the reality is above this figure, because it does not include the cases of cancers caused by endocrine-disrupters."

According to Vogel, the Commission's push for "Better Regulation," which aims at simplifying administrative rules for businesses, is virtually blocking attempts to protect workers who suffer from exposure to toxic chemicals in their daily work. "We have been discussing the revision of the carcinogens directive for the last ten years," he lamented, claiming that Better Regulation "has completely paralysed the process."

According to trade unions there is a "dramatic increase" in breast, prostate and other cancers caused by endocrine-disrupters, which Vogel said are linked to exposure in the work-place. He pointed the finger at Business Europe, the powerful trade association representing the interests of European employers, mainly large companies.

In a report published in May this year transparency campaigners accused the Commission and the chemicals industry of actively seeking to slow down work on the definition of criteria for regulating hormone-disrupting chemicals. Adopted in 2006, the "REACH regulation" requires chemical manu-facturers to register the 100,000 or so substances now on the market and submit them for safety screening and subsequent authorisation. Those that are considered to pose an unacceptable threat to human health or the environment may be phased out and eventually replaced, according to the "no data, no market" principle.



For trade unions, REACH and work-place legislation can live happily together. "We need market rules like REACH or the pesticides regulation," said Vogel, emphasising the benefits such laws bring to consumers and workers alike. But "we need also workers' protection rules."

Vogel stressed that binding limits on exposure to some chemicals "are not sufficient" to protect workers from exposure to hazardous substances. "For instance, if we take the existing binding limit values, even if they are fully respected they are still causing cancers," he said.

Data on workers' exposure to hazardous chemicals is collected in the Carcinogen Exposure database, an initiative of the World Health Organisation. But EU funding for this database abruptly dried up in 2004, a few months after the REACH proposal was put on the table. "The result is that there has been no

update on the data for Europe since 2004, despite an increase in the number of identified carcinogens," Vogel said. "At the time, the Commission gave no explanation of the reasons which prompted it to stop the financing," he pointed out, suggesting that the Commission bowed to pressure from powerful interest groups.

In the absence of a Europe-wide database the monitoring of exposure to chemical carcinogens is left to national registries, whose reliability can vary considerably. "They do not cover even nearly all relevant carcinogens, and under-reporting is very likely," said the European Agency for Safety and Health at Work in a report published last year. "On the whole, the information on occupational exposure to carcinogens in Europe is outdated and incomplete," the report concluded, calling for an urgent update of the database. Crucially, such patchy evidence would make the Commission particularly vulnerable to attacks from lobbyists when new exposure limits on chemical carcinogens are being proposed.

At the EU Commission, scientific evidence is provided by the Scientific Committee for Occupational Exposure Limits. However, defining new limits on carcinogens has proved nearly impossible. Only three have been adopted since the directive on the protection of workers against carcinogens was adopted twenty-five years ago, Vogel pointed out. And even when they are adopted those values are usually the result of a compromise between the need to protect workers' health and "economic pressure" from industries struggling to reduce their costs.

The People's Movement on Facebook

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By the numbers: The Greek economy

As the Greek government works out the details of an agreement with the EU for billions of euros in bail-out funds and severe austerity measures, the country continues to feel the effects of nearly a decade of financial turmoil. Here's how Greece's economy has fared: www.politico.eu

EU Parliament president's grab for power

EU Parliament leaders are considering new proposals to radically change the way the institution works by consolidating power with the president and the political groups while curbing the influence of individual members.

A draft paper now circulating at the parliament's highest levels examines how the institution can grab more power after it seized control last year of the process for electing the president of the EU Commission.

The document, obtained by Politico, calls for boosting the role of the president from "interlocutor to political power-broker," strengthening political groups by giving them more sway over the legislative process, and "reducing excess" in the activities of individual members.

The parliament's seniormost official, its secretary-general, Klaus Welle, submitted the paper last month to the president of the parliament, Martin Schulz, and leaders of the political groups.

Welle and Schulz have long been at odds over how to run the institution. Welle has fought to make the assembly more like the US Congress, including empowering individual members with a strong support staff. But Schulz has said it is more important to have power centralised at the top.

The new draft by Welle appears to give ground in that battle, with Schulz elevated beyond the post's traditional role as constitutional moderator. "The role of the President has visibly changed," Welle's paper states. "The President speaks for the House."

To solidify this new level of visibility, the paper says, "the President has charged the Secretary General and all Directors-General to play an active role supporting him in this new role."

In the paper, Welle addresses Schulz's concern that individual members advocate their national interests over those of the political parties, causing divisions within the parliament, according to an official who requested anonymity. The paper calls for more emphasis on the institution's political groups as the core structure. "Individual Members have more possibilities than any other parliament to express themselves. This includes an enormous amount of creativity, but can lead to anarchy as well," the paper states.

The paper, titled "First Reflections on European Parliamentary Democracy," says that political groups in the parliament are hamstrung by a tendency on the part of many members "to renationalise resources and voting through national delegations." Furthermore, it says, parliamentary committees complete "more than 80 per cent of legislation in first reading without giving the political groups the possibility to impact on the outcome in a serious and consistent manner."

To concentrate more power in the hands of the political groups, Welle proposes giving them a greater say in the first reading of legislation. Leaders of the political groups and committees, he writes, "should monitor all first reading agreement negotiations on a monthly basis."

The paper also proposes changing the role of individual members to reduce what it calls "excess." It identifies two practices now widely used by members of the parliament as worthy of concern: parliamentary questions, which are written enquiries from members to other EU institutions on any given subject, and are frequently used to score political points; and declarations of vote, in which members state after a vote why they were for or against a measure, which are aimed at their home audiences.

Asked to comment on the document, Schulz's office said only that it was an "internal administrative reflection/discussion paper." Welle did not respond to requests for comment.

A tale of two unions

Voters in Northern Ireland will have the opportunity to vote in a UK referendum on membership of the EU before the end of 2017. The result could have consequences for the whole island.

Northern Ireland's opportunity to vote on EU membership is a consequence of its

incorporation in the United Kingdom. It is the latest stage in a process that the former Taoiseach Garret Fitzgerald drew attention to some fifteen years ago.

Fitzgerald, the epitome of the Irish Euro-federalist, had set up the Irish Council of the European Movement in the 1960s. He drew attention to the tension between the Republic's EU policy and its Northern policy in the light of the Belfast Agreement and closer North-South co-operation.

"Ireland cannot on its own block the development of a core European federation and to attempt to do so would make us a pariah among our partners. And if Britain were to seek to do so, for us to join with our neighbour in what would almost certainly be a futile attempt would not be in our long term interest. We would have the invidious choice of remaining behind with what would certainly be an isolated UK, or else join the federal core, thus widening, possibly irretrievably the gap between ourselves and the UK including Northern Ireland.

"The former line of action would effectively involve abandoning any chance of participating in decisions that would affect our long term future—for all important decisions would thereafter be taken by the core federation, from which we would be absent. The latter would put great difficulties on the Belfast Agreement. For Irish policy makers this is a kind of nightmare scenario: potentially a stark choice between our European and NI policies."

So Fitzgerald's lifelong support for "pooling sovereignty" in the EU and euro zone became in the end "a kind of nightmare scenario," at least in relation to the North.

And Fitzgerald's predictions became a reality when, in the autumn of 2011, the chancellor of the exchequer, George Osborne, perhaps prompted by Washington, stated that the euro zone should move towards a fiscal union, with supranational control of budgets, taxes, and public spending, in order to shore up the euro, but that Britain would not join it. This was an important change in British policy, which had sought since 1961 to be at the heart of the EU, sharing basic EU policy-making with Germany and France.

It meant that, as the Irish state has become more and more caught up in the euro-zone fiscal union vortex, and Northern Ireland remains with sterling, the political-economic border is progressively growing higher and higher.

While it receives funding from the EU for various cross-border and community projects, Northern Ireland remains the most impoverished part of the UK. It has the highest unemployment rate. Its impoverishment has been attributed to its remoteness from the market with which it is integrated, coupled with a lack of control over its own economy. In other words, Northern Ireland, viewed as a region, has as much of a case for independence as Scotland or Wales, or as Ireland as a whole had before 1916.

Now that the EU's criminal treatment of the Greek people has dented the certainties of even the most ardent Europhiles in Britain and Ireland, the referendum presents a golden opportunity for democrats on the whole island to come together to offer an alternative to subordination to a German economic fiefdom in which most laws and policies are decided in Brussels or Frankfurt. It is a message that will resonate with democrats on both islands.

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