PEOPLE'S NEWS

News Digest of the People's Movement

www.people.ie | post@people.ie

No. 170 **2 July 2017**

Massive advance towards an EU Army

The EU's military capabilities are to receive a boost when joint defence plans are launched within the next three months.

EU leaders, at a summit meeting in Brussels on 22 June, endorsed a Franco-German push to get governments to announce whether they will sign up to the new pan-EU defence scheme. The French president, Emmanuel Macron, described the latest move as "historic," commenting that both France and Germany are "to go even further" than what had been agreed among all twenty-eight EU states. "For years and years there has not been any progress on defence. There has been one today," he said.

The German chancellor, Angela Merkel, echoed his views, stating that the proposal will make it possible for participating EU states to carry out missions *"throughout the world."* She added: "In the next few weeks and months we will look at possible projects, the criteria that will have to be met."

In November 2016 the fifty-six EU ministers of foreign affairs and defence agreed to the "Global EU Strategy on Security and Foreign Policy." This included new possibilities for the rapid deployment of EU battle groups, with air support, for civil and military operations in conflict zones outside Europe.

"EU defence policy was supposed to start in 1954," said the president of the EU Commission, Jean-Claude Juncker. "We proposed it in 2014. It's happening now." The president of the EU Council, Donald Tusk, said the plan would allow much deeper integration on defence.

Ireland and Denmark are not likely to join the "EU Defence Union" or EU Army—at least for the moment. The Taoiseach, Leo Varadkar, said that "Ireland's position on neutrality is long-standing," while Denmark is prevented from investing in EU security because of an opt-out from EU defence and security policies. However, a glance through the measures agreed during the last six months, outlined below, would lead one to question Varadkar's sincerity and what exactly that long-standing policy is!

There are a number of main areas that the EU has been pursuing in order to establish what it calls an "EU Defence Union," or EU Army: procurement policy, finance, battle groups, and permanent structured co-operation. Ireland has made commitments in a number of these areas while still standing on a policy of "neutrality."

At this point, if you're not interested in detail the following paragraphs can be summarised as follows: Ireland has signed up to everything except permanent structured co-operation. The latter—at the moment—seems to mean placing forces under a common command, as a number of member-states have already done.

So now back to the detail!

Under **procurement** policy and incentives, Ireland has agreed to—

• more power for the EU to enforce EU-wide tendering in defence contracts;

• an expanding remit for the EU over defence-industrial strategy and jointly built assets;

• an expanding remit for the EU in the purchasing and conduct of jointly owned assets;

• incentives for Irish defence-related companies to engage in the long-term development of EU-wide industrial strategy.

While Ireland has no defence industries *per se,* a secondary military use of many items of electronic hardware produced by transnational companies in Ireland has been documented.

The European Defence Agency and EU Commission have a target of 35 per cent pan-EU equipment procurement. Ireland (Paul Kehoe) has also approved measures that allow the EDA to have a greater role in standardisation and certification. And Ireland is a member of the EDA's Steering Board.

The EU refers to defence-industrial strategy as the "European defence technology and industrial base" and more recently has begun using the term "single market for defence." With the objective of "reducing duplication," the EU intends to integrate this market under co-ordinated joint projects and an EU-controlled policy. The aim is for the resulting combined EU defence-industrial strategy to serve the needs of the EU's "new level of ambition" in a military context.

Under **finance** rules, Ireland has agreed to—

• the creation of the EU's first central military budget, the European Defence Fund;

• the use of money from the European Investment Bank—€1.4 billion Irish shareholding—for the European Defence Fund;

• the creation of a "co-operative financial mechanism" to augment the European Defence Agency; the objective of the mechanism (which contributing member-states would participate in and contribute to on a strictly voluntary basis, according to the Commission) is to create incentives for defence co-operation by overcoming the lack of budgetary synchronisation between member-states and the problems this causes for the launch of defence co-operation projects;

• the creation of a "co-ordinated annual review of defence," a mechanism under which the EU will offer financial incentives for adherence to EU planning over the defence budgets of member-states; ministers welcomed the work carried out by the European Defence Agency, in close co-operation with the EU External Action Service, on the definition of the scope, principles and methods of this annual review.

The co-ordinated annual review of defence will also allow defence ministers to take stock of the capability development landscape, assess progress in the development of co-operative capability, and share information on defence spending. Ireland seems to fully participate as a member of the Steering Board of the European Defence Agency.

The European Defence Fund will begin with a budget of only a few billion euros, but this money will be dangled in front of policy-makers and defence companies to steer them towards joint activity and a policy environment that is under EU authority. Millions of euros have already been placed in an "unprecedented level of engagement" with defence companies, including industry conferences financed by the EU Commission, which began in April. Watch out for one in Ireland!

The EU's plan to subsidise the research and procurement of high-end defence technologies also involves, in 2018–19, redirecting €145 million that was originally allocated to the Connecting Europe Facility, a policy aimed at increasing energy security. Of that sum, €40 million was supposed to go to projects that contribute to “sustainable development and protection of the environment.”

According to the EU Commission and the External Action Service, the co-operative financial mechanism “will strengthen the European Defence Agency” as a central tool of EU defence capabilities. The mechanism appears to be separate from the European Defence Fund. It is designed to manage member-states’ money in a joint budget and will be spent on EDA research projects and joint assets.

The EU Commission is changing the lending criteria of the European Investment Bank to ensure that it supports the European Defence Fund. The EIB is an instrument of the EU and operates in accordance with EU policy. There has been no confirmation of whether Ireland will withdraw from the EIB, but to remain a shareholder means a level of participation in EU military policy. The EIB has placed funds in infrastructure projects, such as the Luas Cross-City tram line in Dublin, so it’s a bit unlikely.

Under **Battlegroups and permanent structured cooperation,** Ireland has agreed to—

• an increased size, scope and infrastructure of the EU’s military intelligence agency as a central “hub”;

• participating in an EU battle group in 2019, under the control of the EU Council;

• dropping objections to “permanent structured co-operation” (the first version of permanent military unification) by willing member-states; Ireland will not participate, but its permission was required for this co-operation to proceed.

Ireland has also agreed to—

• the reordering of EU agencies to include the “permanent planning” of EU defence missions and a “co-ordinated military command chain”;

• the creation of a permanent military headquarters, with staff responsible for strategy and operations; this was kept as a non-executive function of the EU, but executive power over EU military developments rests with the EU Council and EU Commission.

The EU Council—with Ireland’s consent—has agreed to reorder the EU External Action Service to “develop the necessary structures and capabilities for the permanent planning and conduct of CSDP [common security and defence policy] missions and operations,” with “distinct but coordinated civilian and military chains of command.” These will work under the political control, strategy and leadership of the Political and Security Committee of the EU Council. The plan includes the creation of an operational headquarters, to be called the Military Planning and Conduct Capability.

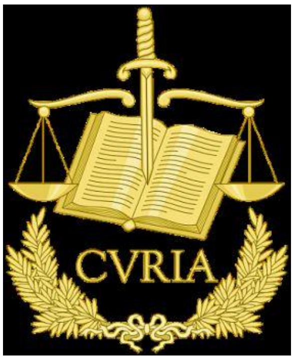
All this activity has largely gone unreported in an Ireland where the last independent opinion polls saw more than three-quarters of the population favouring a policy of neutrality and where the government regularly proclaims this neutrality, or “military neutrality.” While it is true that Ireland does not participate in “structured co-operation,” it does participate in battle groups and in EU “peace enforcement” missions through the Petersberg Tasks.

This outline of recent developments shows that Ireland has fully participated in decision-making and has supported (with the exception of permanent structured co-operation) the creation of facilities and mechanisms that will inevitably end in the creation of an EU Army.

"The future of princes without sovereignty"

■ *The Italian prime minister, Giuliano Amato, later vice-president of the EU Constitutional Convention, in an interview with Barbara Spinelli, La Stampa (Turin), 13 July 2000.*

"One must act 'as if' in Europe: as if one wanted only very few things, in order to obtain a great deal. As if nations were to remain sovereign, in order to convince them to surrender their sovereignty. The Commission in Brussels, for example, must act as if it were a technical organism, in order to operate like a government … And so on, camouflaging and toning down. The sovereignty lost at national level does not pass to any new subject. It is entrusted to a faceless entity: NATO, the UN and eventually the EU.



"The Union is the vanguard of this changing world: it indicates the future of Princes without sovereignty. This new entity is faceless, and those who are in command can neither be pinned down nor elected … That is the way Europe was made too: by creating communitarian organisms without giving the organisms presided over by national governments the impression they were being subjected to a higher power. That is how the Court of Justice as a supranational organ was born.

"It was a sort of unseen atom bomb, which Schuman and Monnet slipped into the negotiations on the Coal and Steel Community. That was what the CSC itself was: a random mixture of national egotisms which became communitarian. I don't think that it is a good idea to replace this slow and effective method—which keeps national states free from anxiety while they are being stripped of power—with great institutional leaps. Therefore I prefer to go slowly, to crumble pieces of sovereignty up little by little, avoiding brusque transitions from national to federal power. That is the way I think we will have to build Europe's common policies …"

Value for money? I don't think!

It's time there was an inquiry into the cost to the Irish taxpayer of financial transfers to the EU. The Republic is now a net contributor to the EU Budget—since 2014—rather than a net recipient and is now going to be faced with demands for additional funds to make up for the loss of Britain's net contribution after Brexit.

Each year the EU distributes about €150 billion.

The process involves the Irish government transferring money to Brussels and then trying to get some of it returned. Anyone with an ounce of sense can see that this system is irrational, time-consuming, and expensive.

Every year billions of euros are pumped around the European Union. The EU budget is riddled with waste and has given rise to many scandals. In most years the EU Court of Auditors, which is responsible for ensuring that EU money is properly spent, has declined to approve the EU's annual accounts. The two biggest areas of the budget, agriculture and regional spending, are particular offenders.

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 by a fraction of 1 per cent of each country's harmonised VAT revenue. These funds are collected by the member-states and passed to the EU.

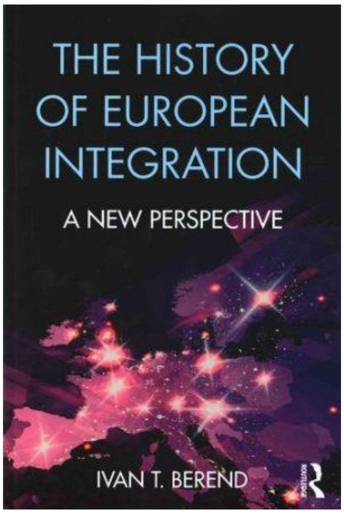
The EU does not yet impose its own taxes. This is the principal difference between the EU federation-in-the-making and normal states. But the Lisbon Treaty imposes the obligation on the EU to *"provide itself with the means necessary to attain its objectives and carry through its policies"* (Treaty on the Functioning of the European Union, article 311). This licenses the EU to raise its "own resources" to finance these policies and may be regarded as conferring on the post-Lisbon EU wide taxation and revenue-raising powers.

The relevant article empowers the EU to *"establish new categories of own resources or abolish an existing category."* This allows the EU to endow itself by means of any tax, so long as the EU Council agrees this unanimously and it is approved by national parliaments if that is constitutionally required by the member-state concerned. No further treaties or national referendums are now required to permit the post-Lisbon EU to impose its own taxes.

One-third of the EU budget goes on the common agricultural policy and one-third on various regional funds. The Commission 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 transnational companies based in the EU substantial freedom to decide in which EU country they would pay tax.

The EU as a "peace project"
The founding influence of the United States

An important new book by Ivan Berend, a historian at the University of California, *The History of European Integration: A New Perspective* (London: Routledge, 2016), uses the American national archives for the first time to show that the historical origins of the European Union lie in war preparations rather than striving for peace, and that the United States was the original author of EU supranationalism.



The "Cold War" between the United States and the Soviet Union took off in the later 1940s, and the possibility of it turning into a real war persisted until the 1980s. In the later 1940s, American policy was to push Europe's former imperial powers towards economic and political integration with one another.

In 1947 the two houses of the US Congress passed a resolution that "Congress favours the creation of a United States of Europe." The same year, US economic aid to revive Western Europe under the Marshall Plan was premised on support from the recipients for economic and political integration. "Europe must federate or perish," said John Foster Dulles, later US secretary of state.

In 1948 the American Committee on United Europe was established, supported by the Rockefeller and Ford Foundations. For years the Central Intelligence Agency channelled money to the European Movement. That organisation's national sections became the main non-governmental lobbyists for ever further integration in the different European countries, including Ireland, and have remained so to this day.

The European Movement's importance was underlined on 8 June last when the inaugural Annual Brendan Halligan Lecture was given in Brussels by Herman Van Rompuy, former president of the EU Council. (Halligan was the founder and former chairman of the Institute of European Affairs in Dublin, the successor to the European Movement.)

In 1949, at the time of NATO's formation, the United States wanted a rearmed West Germany as a member. This greatly alarmed France, which had been occupied by Germany only five years before.

Jean Monnet, who was America's man in the affair, came up with the solution. To assuage France's fears of German rearmament, Monnet drafted the Schuman Declaration (named after France's foreign minister, Robert Schuman), proposing to put the coal and steel industries of France, Germany and the Benelux countries under a supranational High Authority as "the first step in the federation of Europe."

A federation is a state; so the political aim of establishing a European state under Franco-German hegemony was there from the start.

The preamble to the German Constitution, adopted in 1949, speaks of Germany as "an equal partner in a united Europe."

Far from European integration being a peace project, the historical fact is that the first step towards supranationalism in Europe, the European Coal and Steel Community (1951), was advocated and supported by the United States in order to facilitate German rearmament in the early years of the Cold War, and to reconcile France to that fact.

Forty years later, in 1992, the central political purpose of the single currency, the euro, was to reconcile France to German reunification following the collapse of the USSR. This was monetary union for political union or, put crudely, the German mark for the Euro bomb, with Germany and France as effective joint hegemons of the European Union that was first mooted in the Maastricht Treaty (1992), which gave us the euro.

Following the Coal and Steel Community Treaty, and against the background of the Korean War (1950–51), the French government—again pushed by the Americans—produced an ambitious plan for a European Defence Community in 1952. As Monnet put it in his memoirs, "now the federation of Europe would have to become an immediate objective. The army, its weapons and basic production, would all have to be placed simultaneously under joint sovereignty. We could no longer wait, as we had once planned, for political Europe to be the culminating point of a gradual process, since its joint defence was inconceivable without a joint political authority from the start."

This proposed European Defence Community was to have a European Army, a European Defence Minister, a Council of Ministers, a common budget and common arms procurement under the overall aegis of a European Political Community—something that was achieved in effect more than sixty years later at the EU Summit last weekend. The treaty establishing the European Defence Community was ratified by the German Bundestag, but it caused a political storm on both the right and the left in France, and in 1954 the French National Assembly narrowly rejected it.

Chastened by this setback, the Euro-federalists decided henceforth to play down their ultimate goal of political integration and to stress economic integration as the supposed route to European prosperity. This would make supranationalism more easily sellable to the different national publics.

Berend's book goes on to describe how, when in the late 1970s American pressure for further EU integration lessened because of détente between the United States and the USSR, it was replaced by pressures for supranationalism from the European-based transnational companies. This gave us the Single European Act, with its "single market," and the other EU treaties since.

Prof. Berend is himself a left-liberal supporter of the EU, but the "new perspective" of his book's title is undoubtedly that, and it will transform the view on the EU of anyone who reads it.

Treaty with Japan a further threat to democracy

The Japan-EU Free Trade Agreement (JEFTA), now being negotiated between the EU Commission and Japan, will allow corporations to take governments to court if they introduce measures to protect people and the environment.

This can be seen in documents from the talks made public by Greenpeace. The proposed treaty contains no more than a few ineffectively mild agreements to promote sustainability.

Critics have long insisted that we need much better commitments on sustainability; and we're not getting them. Instead we're threatened with more special courts to which corporations will have access but not the public. The Commission has learnt little from the widespread criticism of other trade treaties, such as TTIP and CETA.

The arbitration system known as investor-state dispute settlement (ISDS) is there once again, despite the EU commissioner for trade, Cecilia Malmström, having promised that she had taken to heart the mass opposition to the earlier treaties. The right to make our own policies without having to fear that foreign corporations will claim millions in compensation is barely protected.

Even the Paris climate accord is at risk from JEFTA. And Japan is making the running. Take the issue of dairy products. The Japanese minister for agriculture, Yūji Yamamoto, has urged the EU to give way on its demand that Japan open its market to dairy products from the bloc. "Japan still needs a little bit more preparation period to create conditions for it to compete with European farmers," Yamamoto told reporters following his telephone talks with the EU commissioner for agriculture, Phil Hogan.

During the phone conversation Yamamoto told Hogan he wants the EU to accept Japan's request to maintain tariffs on important items, such as pork, timber and dairy products, on the grounds that rival items from the EU are more competitive. Yamamoto declined to comment on Hogan's response.

The telephone talks came after Yamamoto cancelled his trip to Europe to meet Hogan in person, opting to stay in Japan to concentrate on making arrangements for the free-trade deal.

Many of the roughly six hundred participants in a meeting between the Central Union of Agricultural Co-operatives, representing the interests of Japanese farmers, and the ruling

Liberal Democratic Party voiced concerns about an influx of farm products from Europe under the envisaged trade deal. A participant from Hokkaidō, Japan's northernmost main island, said that if imports from Europe of cheese, pork, wine and sweets increase, the Japanese market will be "taken over." He added: "The concerns of younger producers are extremely strong."

In the talks now taking place Japan and the EU remain apart over when or whether to eliminate tariffs on Japanese cars exported to the bloc and on EU farm products exported to Japan. They envisage a political decision on the issue, with the Japanese minister for foreign affairs, Fumio Kishida, eyeing talks with Malmström. The prime minister, Shinzō Abe, has also expressed eagerness to seal a broad agreement at a forthcoming Japan-EU leaders' meeting.

On the face of it, JEFTA goes directly against the views of the mainstream of the EU Parliament, rulings of the EU Court of Justice on public involvement in decision-making on such treaties, and even the Commission's own much-vaunted trade policies.

Now it looks as though the Transatlantic Trade and Investment Partnership (TTIP) is getting ready to make a comeback. What we're getting is party time for corporate capital, at the expense of people and the environment.

Fianna Fáil pushes CETA and TTIP

A very ill-informed and inaccurate private member's bill introduced by Fianna Fáil, effusive in its support for the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada and the Transatlantic Trade and Investment Partnership (TTIP), was passed by the Dáil last week, with little fanfare.

The Government has already agreed to the provisional ratification of CETA. Last year the Seanad adopted a cross-party motion opposing CETA, which has been ignored. A Sinn Féin amendment to the Fianna Fáil bill calling for a referendum was defeated. This week we are expecting the Canadian prime minister, Justin Trudeau, to visit Dublin, presumably to urge on the horses.

Trudeau spoke to the president of the EU Commission, Jean-Claude Juncker, by telephone last Tuesday and "urged proceeding" with a provisional application of the deal as soon as possible, "so that its benefits can be realised," a statement from the Prime Minister's Office says.

But it seems that the province of Québec will not be passing its implementing legislation until the autumn. There are no more legislative sittings before then, so there cannot be a provisional application of CETA at least until then.

CETA was supposed to be provisionally applied by 1 July, but it snagged on a dairy dispute, and now it appears to be grounded by a second series of concerns, this time from the pharmaceutical industry.

Canada has not been transparent enough about several aspects of CETA's implementation, an EU source said, having presented the decision on the cheese quota as a non-negotiable *fait accompli.* Apparently the Canadians wanted to give 60 per cent of the new EU cheese quota to Canadian cheese-producers, who obviously won't actually import cheese from the EU, because it would hurt their own sales.

It's the weird world of trade deals! The EU gives Canada tax-free, regulation-free, quota-free access for all their dairy and related products, and all the EU gets is unlimited tax-free milk exports and 18,000 tonnes of tax-free cheese, which cannot be exported without the help of Canadian cheese-producers!

There's one for Phil Hogan to explain!

Now the European pharmaceutical industry doesn't want the EU to set a date for implementing the deal until Canada publishes and engages in consultation on some regulatory changes promised to the manufacturers of generic drugs; and some member-states are expressing these concerns to the EU Commission.

Persistent legal confusion in Europe over whether the intellectual property measures affecting pharmaceutical patents can be applied without individual member-countries' ratification may also be prompting some to prefer to wait.

Although confidential industry consultations were held by the Canadian government, it has not revealed what's been decided or how it will work, and this is making European brand-name drug manufacturers nervous. If Canada is forced to consult more broadly, the implementation of CETA could be pushed back into 2018.

Canada's minister for international trade has travelled around Europe to promote CETA before the votes on ratification by individual countries' legislatures. But Canada's final regulatory work still isn't complete.

Elsewhere, both the French and the German constitutional courts are examining CETA to see if it is compatible with their constitutions.

And meanwhile the German chancellor, Angela Merkel, said last week that she wanted to resume talks between the EU and the United States on TTIP. "I am in favour of resuming negotiations on such a free trade accord—and also resolving all the problems together," she told her ruling Christian Democratic Party.

Can the common fisheries policy be reformed?

A study by Greenpeace on the EU's common fisheries policy in 2014 described its adverse effects: "The system is skewed in favour of powerful industrial scale fishing companies whereas it should be supporting our inshore low impact fishermen."

Take the issue of super-trawlers. As Liadh Ní Riada, a Sinn Féin member of the EU Parliament, put it recently, "the EU must stop tacitly backing super trawler operators at the expense of ordinary fishing communities. We know that they have a dubious history when it comes to obeying regulations around quotas, catches and dumping.

"We know all too well the environmental and economic damage they do to the territories they enter. Need we recount the shocking statistics? The nets that can easily ensnare more than a dozen jumbo jets; the fact that just 5 per cent of the catch in Irish waters in processed here, the dolphins, sharks, turtles and even whales scooped up and killed in their enormous drag.

"Australia has made moves to ban these monsters outright. Shouldn't the EU at least be talking about the possibility; at least be discussing the views of member states? Yet the European Council seems determined to reject any changes to regulation surrounding them."

But the super-trawlers are just one part of a wider problem. The common fisheries policy has been a disaster for fishing communities in both parts of Ireland since it was introduced in 1983. Between 1993 and 2003, 124 fishing vessels were decommissioned in Northern Ireland. In 1985 there were 1,159 sea fisher-men in Northern Ireland, while the number in 2009 (654) was little more than half that.

Fishing in Northern Ireland has been devastated by EU policy and the common fisheries policy. Brexit means that people involved in the industry can now look forward to new possibilities opening up. Taking back responsibility for fishing from Brussels to Stormont can mean a new fisheries manage-ment system that learns from the successes of the Faroes, Norway, and Iceland.

The Republic's fishing industry is not in so fortunate a position. Over recent years the EU has blindly presided over the ravaging of the renewable biological resources of the north-east Atlantic, including pillaging by heavily subsidised fleets from the southern EU countries, and has deplorably managed its nearshore and offshore resources.

Furthermore, the Republic's potential exclusive economic zone, out to 200 nautical miles, and the continental shelf further out still, would be a huge national asset going well beyond fisheries into offshore resources of all kinds: undersea minerals, oil and gas and even farmed seaweed, with its potential in certain specialised markets.

Of the present EU countries, Ireland has more potentially exclusive offshore-Atlantic economic territory than any other member-state apart from Spain and Portugal. This would offer huge economic benefits if sustainably managed in the Irish interest.

And most of the major participants in the management of the North Atlantic fisheries and offshore resources will be outside the EU after Brexit.

Can the EU common fisheries policy be reformed by a Republic increasingly isolated in marine matters? Or must our coastal commun-ities continue to be sucked of their life blood? No-one in official Ireland is even asking the question.

“Fair competition”—EU style

On the web site of the EU Commission we read that EU competition policy “is about applying rules to make sure businesses and companies compete fairly with each other. This encourages enterprise and efficiency, creates a wider choice for consumers and helps reduce prices and improve quality.”

At the EU level, the Commission is the supranational competition authority in charge of allowing or prohibiting such mergers. Although the Commission is given the role of competition watchdog, its record on the enforcement of merger rules up to now confirms a strong pro-concentration stance.

The EU has had supranational merger control rules on its books since 1990. Not only has it the power to permit or prohibit mergers above a certain turnover threshold but it can also demand amendments to proposed deals.

But is EU competition policy really about fair competition and benefiting consumers?

Since 1990 the Commission has approved nine out of ten notified mergers without imposing any conditions, and has taken a strong pro-merger and thus pro-economic concentration stance. As the former commissioner for competition Neelie Kroes, put it, “the merger tsunami is a good sign. It shows that the market itself is adapting to change, and that European companies are adapting to global competition. Healthy restructuring is taking place in many sectors … These processes … must be allowed to run their course without undue political interference.”

The recently proposed mega-mergers of the agro-chemical giants Bayer and Monsanto (yet to be officially submitted), of Dow and DuPont and of Chem China and Syngenta will lead to unseen economic concentration in the markets for seeds and pesticides and other chemical inputs.

These mergers will affect not only the future of biodiversity, wildlife and the conditions under which farmers produce their crops but also the lives and food choices of billions of people around the world.

Before these mega-mergers can take place, the merging companies will need to get the permission of several competition authorities. Judging from the EU Commission’s merger control practices over the past three decades, it is not surprising that it has already approved the merger of Chem China and Syngenta and the merger of Dow and DuPont, on the condition that parts of the companies will be sold off.

There is no other EU policy area in which such wide-ranging executive, judicial and legislative competence has been fused in an unelected entity: the EU Commission. The result is that democratically elected decision-makers have no formal role in the general course of the enforcement of EU competition rules.

Ironically, whereas cartels that reduce competition in specifically agreed areas are fiercely prosecuted, mergers and acquisitions that permanently eliminate all competition are stimulated.

The Commission has legitimised its pro-concentration stance by referring to "synergy effects," such as lower costs and therefore lower prices for consumers, product innovation, and the displacement of inefficient management structures. However, large transnational corporations have been the main beneficiaries up to now, and smaller and less competitive companies have suffered.

The Commission's policy of consolidating economic power in ever-fewer transnational corporations is therefore in the interest neither of consumers nor of society at large.

74 members voted in favour of its adoption.

Why not become a friend of the People's Movement on Facebook?

www.facebook.com/peoplesmovementireland

Well-oiled corporations and public investments

In December 2016, Corporate Europe Observatory published a story on the EU Central Bank's purchases of corporate bonds under its "quantitative easing" scheme—a programme set up to stimulate the European economy.

It makes sense to invest public money in response to a crisis; but the drawbacks of the EU model seem clear. Going merely for "well-oiled corporations" leaves out job-intensive small and medium-sized businesses. It also helps exacerbate climate change, saving us from one crisis by fuelling another, when it could be boosting renewable energy with the same money.

And while the ECB claims that investments are decided in accordance with neutral criteria, such as investment grade (assessment of the viability and security of an investment), this does entail a political choice—a political choice that does not seem to be affected by the opinions in elected assemblies throughout the EU.

From the outset, when the policy was introduced in June 2016, the ECB has been shy about publicising its purchases, referring to an alleged danger of manipulating markets. For that reason it has refused to reveal much information on how the bonds are selected, except for headlines on investment grade, and that they cannot be public entities or financial corporations.

Despite the serious concerns raised by a broad political spectrum in the EU Parliament and from seventy-six NGOs, there is to be no significant transparency about the ECB's purchases of corporate bonds, and certainly no change in its approach to the selection of investments.

Data uncovered by translating the published codes (ISIN codes) to the actual names of the bond-issuing companies shows a marked preference for companies that contribute to climate change, including oil companies, car manufacturers, motorways, and energy companies. And going through the purchases made since Corporate Europe Observatory published its first analysis of the bonds in December 2016 produces an interesting picture.

Remarkably, the two companies topping the list are Anheuser-Busch and Heidelberg Cement—a brewery and a producer of building materials—both known to be acquiring new companies recently. Some analysts suggest that mergers and acquisitions do indeed affect the interest of the ECB in a specific company.

But the most astonishing feature of the lists remains the companies linked closely to fossil fuels one way or another.

The list of companies that have benefited from at least three purchases still includes three car manufacturers (BMW, Daimler, and Volkswagen), two oil companies (Repsol and ENI), two motorway companies (Atlantia and Autoroutes du Sud de la France), and ten energy utility companies—companies that are involved in the whole fossil fuel supply chain, from the extraction of coal and gas to its burning for electricity or being delivered to customers.

The same companies have been aggressively lobbying for the weakening of action on climate change and stopping the move away from polluting fossil fuels towards renewable energy from the sun, wind, and water.

The picture becomes clearer when the purchases of individual national central banks is brought in.

In Spain and Italy in particular the number of new bond purchases directly linked to fossil fuels is staggering: 23 of 30 new bonds are from either oil, gas, electricity, or motorways. In Spain, 16 of 29 belong to the same categories.

As for the German Bundesbank, which bought 45 new kinds of bonds, 8 were from energy companies, a sector coming second only to the clear winner in Germany: car manufacturers, with 17 different bonds.

Put together, car manufacturers, oil and gas companies, energy companies and motorways make up 107 of the 271 different bonds bought since early December 2016.

The total present holdings show BMW and Telefónica on top (with 20 different bonds). In the top 20 of beneficiaries, energy companies top the list, with 81 different bonds; cars come second, with 50; telecommunications come third; and oil and gas companies are fourth, with 31.

Several questions have been asked, both in the EU Parliament and in national parliaments, about the purchases of the ECB; but when it comes to the crucial numbers, the door is shut in the face of members. For example, when the German political party Die Linke asked about the bond purchases it was told, “Such an overview is not in the possession of the government.”

And when asked about the opinion of the EU Commission on the corporate bond purchases, the German government replied that “the Commission respects the independence of the ECB, as does the government”.

People’s Movement · 25 Shanowen Crescent · Dublin 9 · www.people.ie
087 2308330 · post@people.ie