PEOPLE'S NEWS

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Sanctions proposed for states breaking EU budgetary rules

The EU Economics Commissioner, Olli Rehn, has proposed tough new sanctions against countries that break EU budget rules, including a suspension of some agricultural and other funding.

Rehn hopes to secure early agreement from EU finance ministers for tougher measures. Although the EU's existing budget rules include the possibility of fines, such penalties were never imposed, even as some governments breached budget guidelines set by Brussels. While the German chancellor, Angela Merkel, still wants changes to the EU treaties to suspend voting rights when finance ministers meet, the punitive measures Rehn is proposing, and incentives for governments to meet their budget targets, lie within the ambit of the treaties as they stand.

The proposals will go further than when Rehn first suggested a fundamental reform of the EU Stability and Growth Pact, a plan that included the submission of draft budgets to Brussels before their submission to national parliaments. The president of the European Council, Herman van Rompuy, has suggested a suspension of EU cohesion funding as a way of penalising rule-breakers. This, however, was seen to discriminate against poorer member-states, as they are the beneficiaries of cohesion funds, and such funds do not go to large, wealthy states.

Rehn's plan sets out the eventual possibility of suspending some disbursements from EU funding generally, the idea being to allow for equal treatment in the punishment regime. A further measure would be for governments to be compelled to make interest-bearing deposits with the European Commission if their budget plans are considered inadequate.

An EU source said that "we welcome the proposal but we all know it would require treaty change, an issue member-states will have to discuss among themselves." The source also suggested that any treaty change to introduce such economic sanctions could be added on to Croatia's forthcoming accession agreement, rather than going through the separate process of opening up the treaties.

Commission to propose "peer review" of member-states' pension systems

The European Commission has called for an increase in retirement ages in EU member-states. An EU official said that "the situation is untenable. Unless people, as they live longer, also stay longer in employment, either pension adequacy is likely to suffer or an unsustainable rise in pension expenditure may occur."

The Commission suggests that, as with the proposal to supervise national budgets, the EU could construct a system of surveillance and "peer review," with member-states checking up on each other to make sure their pension systems are "sustainable."

Although France, Britain and several other European countries have already announced moves to raise the pensionable age, the Commission now wants to make such moves automatic. Under its proposals, all governments would impose automatic changes to ensure that the longer people live, the later they retire, allowing each country to still have different retirement ages but ensuring that all progressively increase.

High Court judgement accords with PM referendum position

A body that is representative of the interests of employers may register an agreement with the Labour Court stipulating certain employment conditions, guidelines and wages in agreement with a body representing the interests of employees, generally a union. Such a registered employment agreement (REA) is then legally binding and may be amended from time to time to fall in line with inflation or prevailing economic conditions. An REA, once registered, is binding on all bodies in the industry, and a breach of its provisions is a criminal offence.

The REA in question relates to the electrical contracting industry and is negotiated by the TEEU with organisations representing electrical contractors. The applicants in this case were all electrical contractors who employ electricians. Some of the contractors sought to derogate from the REA, and, as a result, several are awaiting criminal prosecutions for failure to adhere to the terms.

Several of these contractors took a case to the Labour Court seeking to cancel the agreement, claiming, among other things, that the rates of pay under the REA were highly punitive in the current economic climate and that observance of the terms would lead to further job losses and uncompetitive conditions. The Labour Court refused to cancel the REA. The hearing of this application continued over eleven days, the longest sitting so far by the Labour Court.

In arriving at its decision to refuse cancellation of the agreement, the Labour Court considered the effect on the electrical contracting industry of the decision in the Laval case. It concluded that the cancellation of the REA would allow contractors, including contractors from low-wage countries, to provide services in Ireland without having to pay the minimum terms and conditions required under the REA. Conversely, in the absence of an REA, which is a "universally applicable agreement," contractors from low-wage EU countries could legally provide services in Ireland without having to pay the minimum terms and conditions required under the REA.

The High Court finding removes this beyond ambiguity in Irish law, and confirms the interpretation of the People's Movement before the Lisbon referendums. In fact contractors from low-wage EU countries may provide services in Ireland at the minimum terms and conditions pertaining in their home country unless they are engaged in an area where an REA applies.

In the Laval case the European Court of Justice was dealing with a labour dispute on a building site in Sweden where Latvian workers were working under terms and conditions below those demanded by the Swedish union. In its judgement the ECJ considered the Posting of Workers Directive, which provided as follows: "Member States shall ensure that whatever the law applicable to the employment relationship, the undertakings [companies] referred to guarantee workers posted to their territory the terms and conditions of employment covering the following matters which, in the Member State where the work is carried out, are laid down," among other measures "by collective agreements or arbitration awards which have been declared universally applicable . . . insofar as they concern the activities," such as "the minimum rates of pay, including overtime rates" and "health, safety and hygiene at work.

"For the purposes of this Directive the concept of minimum rates of pay referred to is defined by the national law and/or practice of the Member State to whose territory the worker is posted."

The directive also states that "collective agreements or arbitration awards which have been declared universally applicable" means "collective agreements or arbitration awards which must be observed by all undertakings in the geographical area and in the profession or industry concerned."In summary, this Directive provides that employers from one jurisdiction may be lawfully required to accord their employees the same minimum terms and conditions enjoyed by workers in another jurisdiction to which they are posted provided those terms and conditions are 'universally applicable'."

Explaining its decision, the ECJ found that "Article 3 of the Posting Directive seeks . . . to prevent a situation arising in which, by applying to their workers the terms and conditions of employment in force in the Member State of origin as regards those matters, undertakings established in other Member States would compete unfairly against undertakings of the host Member State if the level of social protection in the host Member State is higher.

"Secondly, that provision seeks to ensure that posted workers will have the rules of the Member States for minimum protection as regards the terms and conditions of employment relating to those matters applied to them while they work on a temporary basis in the territory of that Member State."

Sweden, unlike Ireland, did not have a system under which collective agreements could be declared universally applicable.

In the light of the existence in Ireland of universally applicable collective agreements, such as the REA, posted workers in Ireland in the electrical industry must enjoy the same terms and conditions as those to which Irish workers are entitled under the REA, which is universally applicable. Thus, under the REA foreign contractors from low-wage countries cannot undercut Irish workers or contractors.

The High Court found that the effect of the Laval decision and the Posting of Workers Directive is that posted workers in Ireland must enjoy the same terms and conditions as those to which domestic workers are entitled under universally applicable collective agreements. The REA is such an agreement, and therefore the finding of the Labour Court was correct that the cancellation of the REA would allow contractors from low-wage countries to provide services in Ireland without having to adhere to the terms of the REA.

Time to step up the campaign!

At the moment in Ireland jobs are being lost at the rate of 6,417 per month, or 1,481 per week. 89,000 people are in long-term unemployment, and the number of insolvencies is 25 per cent higher than this time last year. 46,200 more people have become unemployed since the

Government and main opposition parties bullied the country into a Yes vote in last year's second referendum on the same Lisbon Treaty that they had rejected the previous year. That is the equivalent to the population of Waterford, a substantial city—every man, woman, and child!

As Eamon Devoy, general secretary of the TEEU, the biggest engineering union in the country, has said, "our members are living through difficult economic times that have been created by a small group of powerful and greedy individuals, such as bankers, politicians and certain employers. When we had the opportunity last year to hold these people to account in the run up to the Lisbon Treaty, the TEEU was one of the few unions that used the opportunity to oppose the Treaty until such time as absolute assurances were given about workers' rights and the retention of jobs. The referendum is over and all the promises have been reneged on. Where are the promised jobs?"

But there is no "right to work" enshrined in any of the treaties of the European Union, from the Treaty of Rome to the Lisbon Treaty, as we pointed out in leaflets distributed at those demonstrations. The Rome Treaty established the European Economic Community on the classic "free" market principles of the "free movement of goods, persons, services and capital." It did not guarantee a "right to work." The Charter of Fundamental Rights of the European Union does not mention a "right to work" either. "Social Europe" is yet another soporific con perpetrated by the Euro elites.

The EU has given Ireland until 2013 to get the debt-to-GDP ratio down to 3 per cent, and the Government is making savage across-the-board cuts to achieve this. Most economists agree that it will take a generation to fix the financial mess in the banks' and Government's finances. Deflating the economy with more taxes and cut-backs may earn the praise of the European Central Bank and International Monetary Fund, but for ordinary workers and the poor and vulnerable it can only lead to more economic and social carnage. In the last budget, €73 million was taken from millionaires, while €760 million was taken from social-welfare recipients. Slashing benefits for the blind and the unemployed while increasing prescription charges for the sick is what the Government means by "tightening our belt," cutting welfare benefits for the first time in eighty years.

However, within the euro zone Ireland has lost the classic economic tools of all independent governments that seek to advance their people's welfare. That is why the investment and the "Lisbon jobs" promised last October by Fianna Fáil, the Green Party, Fine Gael, the Labour Party and their cronies in business organisations and trade unions never materialised. Those promises were nothing more than a political con to engineer a Yes vote to Lisbon.

It is clear that the Government's intention, backed by the ECB, is to achieve a competitive devaluation of wages throughout the economy, as we are no longer in a position to devalue the currency or to impose exchange controls, owing to our membership of the euro zone. So now, Government and opposition are engaged in a different type of con. They are trying to pretend that the country can deal with the economic crisis without addressing Ireland's membership of the euro zone and ultimately its membership of the EU.

The People's Movement seeks to draw attention to these contradictions by popularising our campaign slogan, "Where are the Lisbon jobs?" and to kick-start the public debate we so badly need about our membership of the euro and ultimately of the EU.

Newbridge asks, "Where are the Lisbon jobs now?"

A poster parade of the political parties' Yes posters will be held in Newbridge, Co. Kildare, on Saturday 14 August. The parade will assemble at the post office at 2 p.m. All are welcome. *Demand the jobs that were promised if people voted Yes to Lisbon!*

Barroso puts the frighteners on ETUC leader!

In a briefing to trade union leaders last week, the president of the European Commission, José Manuel Barroso, set out an "apocalyptic" vision in which crisis-hit countries in southern Europe could fall victim to military coups or popular uprisings as interest rates soar and public services collapse.

John Monks, general secretary of the European Trade Union Confederation, said he had been "shocked" by the severity of the warning. "I had a discussion with Barroso about what can be done for Greece, Spain, Portugal and the rest and his message was blunt: 'Look, if they do not carry out these austerity packages, these countries could virtually disappear in the way that we know them as democracies. They've got no choice, this is it.'"

A willing messenger, Monks warned that the new austerity measures themselves could take the continent "back to the 1930s." In an interview in *EU Observer* he said: "This is extremely dangerous. This is 1931, we're heading back to the 1930s, with the Great Depression and we ended up with militarist dictatorship. I'm not saying we're there yet, but it's potentially very serious, not just economically, but politically as well." He said that union leaders throughout Europe were planning a co-ordinated "day of action" against the cuts on 29 September, involving national strikes and protests.

Meanwhile Barroso has told MEPs, in talks to bolster EU economic governance, "What is at stake is the future of the euro and you could say to some extent the future of our European project."

EU fish stocks seriously depleted

A new study reveals the unsustainability of Europe's fishing industry. According to a report by the New Economics Foundation, Saturday last was "Fish Dependence Day," the day when the EU effectually starts to live off the rest of the world for seafood supplies. The study maps marine resources to a calendar year and pinpoints the day when the EU has nominally consumed all its own fish.

• www.guardian.co.uk/environment/2010/jul/09/europe-fish-decline

According to the reports' authors, that day is now a month earlier than when the group performed a similar analysis in 2000. Commenting on the study, the head of environmental economics at the NEF, Aniol Esteban, said: "The EU has some of the largest and richest fishing grounds in the world but at the moment we're not managing them properly. The upcoming reform of the EU's common fisheries policy presents a unique opportunity to ensure that these ecosystems are protected for future generations."

EU moves towards common investment policy

The European Commission took the first step on Wednesday towards a common EU investment policy, aiming to strengthen its negotiating hand in providing better protection for European investors, the Chinese paper *People's Daily* reports.

"'European investors need open, sound and predictable business environments to thrive and these proposals aim to strengthen the EU's ability to ensure level playing fields for them,' said EU Trade Commissioner Karel de Gucht.

"Under the EU's Lisbon Treaty, which took effect on Dec. 1, 2009, investment policy would for the first time be developed and managed at the European level. Before the entry into force of the Lisbon Treaty, investment was a policy field with a specific division of work between the EU and its member states.

"While the EU pursued the liberalization of foreign direct investment, in particular through its trade agreements with foreign countries, the member states used to seek for protection of investment flows, by concluding bilateral investment treaties. The Lisbon Treaty allows the EU to bring all these elements under the cover of a single EU common investment policy and thus to ensure its comprehensiveness.

"In the long run, a comprehensive investment policy will keep Europe as the world's number one player in the field of foreign direct investment, ensure the best deal for all European businesses, invigorate growth and create jobs at this crucial time,' de Gucht said."

Over half of Germans want an end to the euro

A new opinion poll reports that the majority of Germans want to ditch the euro and bring back the deutschmark. A decade after the introduction of the single currency, a new survey by Ipsos reveals that more than 51 per cent of Germans want to axe the euro.

Widespread anger over Germany's forced bail-out of Greece and other high-spending eurozone countries is driving resentment of the euro. An earlier opinion poll by Eurobarometer in February showed that 66 per cent of Germans were in favour of the euro, with only 29 per cent against. However, this opinion poll came just before the Greek financial crisis.

ING research says break-up of euro zone "would dwarf Lehman Brothers collapse"

A new report by the Dutch bank ING, entitled "Quantifying the Unthinkable," has warned that the break-up of the euro zone "would have effects that dwarf the post Lehman Brothers collapse." It predicts that a new Greek drachma would crash by 80 per cent against the new deutschmark, and that the currencies of Spain, Portugal and Ireland would fall by 50 per cent or more, causing inflation to soar into double digits.

It goes on to suggest that the German sphere would face a "deflationary shock" and that the US dollar would rocket to 85 cents against the euro equivalent, with a "temporary overshoot" to near 75 cents. This would tip the United States into acute deflation, threatening North America with a double-dip recession.

Britain fined £150 million for failing to fly the EU flag

The EU has fined Britain more than £150 million for failing to display the EU flag as part of EU-funded projects. The fines relate to funds given to Britain by the European Regional Development Fund, which has strict rules on the display of the EU flag on any project accepting cash.

But then the flag was removed from the Lisbon treaty—wasn't it?