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You weren't told you'd be paying EU taxes

Lisbon strikes again!

THE Lisbon Treaty contains a provision entitled "The Union's Resources," under which the European Union could provide itself with the means necessary to attain its objectives and carry through its policies. It could also establish new categories of "own resources"—Eurospeak for taxes.

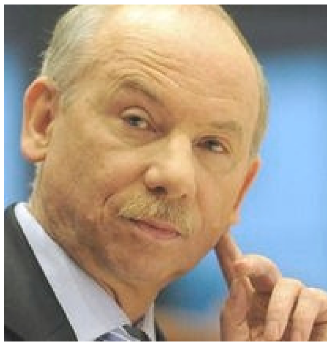
Though these measures require unanimity in the European Council, and would not enter into force until they were "approved by the Member States in accordance with their respective constitutional requirements" (which in Ireland would be a simple Dáil majority), it's clear that this provision would open the way for an EU-wide taxation system that would make the EU budget wholly independent of its member-states. This year the plan is to raise the budget by 5.9 per cent to €130 billion.

The main provision of article 269 of the Treaty Establishing the European Community, inserted through amendments by the Lisbon Treaty, reads: *"The Union shall provide itself with the means necessary to attain its objectives and carry through its policies. The Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision laying down the provisions relating to the system of own resources of the Union. In this context it may establish new categories of own resources or abolish an existing category."*

Now the Commissioner for Financial Programming and the Budget, Janusz Lewandowski, says that the feelings on the idea of an EU tax had changed in national capitals. "Many countries want to be unburdened," he said. "In this way, the door has been opened to think about revenues that are not claimed by finance ministers."

The thinking in Brussels, he claims, is that if the EU raised its own taxes, member-states could pay less to the EU from their national budgets. Member-states at present pay towards the EU budget according to gross national income, as well as VAT and customs duties.

While this is true, these EU taxes would be *in addition to* the ones we pay at the moment, perhaps easing the concerns of the Government but increasing the burden on the taxpayer.



Lewandowski pointed out that "if the EU had more of its own revenues, then transfers from national budgets could be reduced. I hear from several capitals, including important ones like Berlin, that they would like to reduce their contribution." Possible tax sources for Brussels could include an aviation tax and a financial transaction tax. Lewandowski also has his eye on the money raised from the auctioning of carbon dioxide emissions rights, something due to start in 2013.

However, both Germany and Britain have come out strongly against tentative plans by Brussels, while the French Minister of State for European affairs, Pierre Lellouche, has described the proposals as "perfectly ill-timed. Any extra tax is currently unwelcome. It is much more the time for the member states and also European institutions to make savings." He added that "the idea of a European tax raises fundamental political questions and would constitute a major transfer of sovereignty and tax-raising power."

The proposals are to be tabled towards the end of September, said the Commission spokesperson Patrizio Fiorilli, and "the finishing touches are being put on the proposals. They will have numbers and be precise.

Everything will be looked at, especially the weight of agriculture in the EU budget—currently 45 per cent of spending—but also the rebates accorded to Britain, Germany, Denmark, and the Netherlands. Meanwhile Spain has joined Poland, Austria and Belgium among the EU member-states that have already backed the concept.

Lewandowski is keen to point out that EU's founding fathers, who drew up the bloc's cornerstone Treaty of Rome, envisaged the EU as financing itself predominantly from its own resources, such as direct EU taxes.

■ See "You weren't told you'd be paying EU taxes!" (2009) at www.people.ie/english13.html.

Newbridge demonstration

UP to thirty people took part in the "Where are the Lisbon jobs now?" demonstration in Newbridge, Co. Kildare, on Saturday 14 August.

People were out in response to the spiralling jobs crisis and to demand the jobs that were promised by the Yes camp during last year's re-run of the Lisbon referendum. The turn-out reflects the concerns of the people Co. Kildare and of Newbridge in particular, which has been hit extremely hard by the economic downturn. The once-prosperous jewel in the crown of the

so-called Celtic Tiger has become an unemployment blackspot. "Yes" posters from last year's referendum promising jobs and prosperity were paraded and leaflets handed out, receiving a great response from the public.

Speaking afterwards, a local activist, Barry Healy, stated: *"We are all aware of the jobs crisis and its devastating effects in this country, and Newbridge in particular. People's anger, frustration and concern were communicated loud and clear today. The Yes vote didn't halt this trend—in fact it has accelerated. These promises were nothing more than a political con to engineer a Yes vote.*

"None of the major political parties appear to have a solution to the crisis. The current Government is determined to spin that the recession is over, but unemployment continues to rise to record levels.

"It seems their plan is to drive another generation to the four corners of the world, which must not be allowed to happen if this country is to have a future."

This is one of many such demonstrations and public meetings planned for the coming months throughout Ireland by the People's Movement.

Step up, Brian Lenihan!

Fine Gael gets it right!

IT is a mistake, however, to proceed to correct the sudden and catastrophic imbalances that have opened up in our public finances at the pace that is now being planned. The Government's objective is bringing our general Government deficit back down to 3 per cent of GDP by 2013. This has been forced upon us by the rules of Europe's Stability and Growth Pact, the rules of fiscal management that came as part and parcel of membership of the euro . . .

We no longer have our own money, or our own exchange rate, or our own interest rate. In addition, our own Central Bank has no real independent control over banking regulation or monetary policy. That is all coming from Frankfurt.—George Lee TD, 21 July 2009.

■ www.finegael.org/news/a/772/article/

Slovakia's decision not to take part in Greek bail-out will have "political consequences"

A VOTE in the Slovak parliament on 11 August has confirmed that the country will not help fund the €110 billion euro-zone bail-out of Greece.

The Minister of Finance, Ivan Mikloš, criticised the unfairness of poorer countries being roped in to bail out richer ones, and euro-zone policy-makers' lack of accountability. "I do not consider it solidarity if it is solidarity between the poor and the rich, of the responsible with the irresponsible, or of taxpayers with bank owners and managers," he said.

The Slovaks' decision was condemned by the EU Commissioner for Economic Affairs, Olli Rehn, who said: "I can only regret this breach of solidarity within the euro area, and I expect the euro group and the Council to return to the matter in their next meeting."

A spokesman for Rehn told *EU Observer* that Slovakia will not face any legal penalty for its U-turn, but should expect unspecified "political consequences."

In his speech Mikloš said: "It's true the top politicians in the euro zone are not excited by our position, and that we have irritated them quite a lot. But this is only because they have been creating alibis for themselves, and we have held up their behaviour to a mirror." He also said that EU fiscal rules should be changed to allow for the default of euro member-states.

Slovakia's new government came under fire from its euro-zone partners, particularly Germany, while EU finance ministers are now contemplating a reprimand or financial sanctions. An EU diplomat is quoted as saying that "in the group of the euro countries it is political suicide that the Slovaks back out."

"I am the first new type of ambassador for the EU anywhere in the world"

Lisbon strikes yet again!

JOÃO Vale de Almeida, the new EU ambassador to the United States and the first since the Lisbon Treaty took effect (John Bruton being referred to as an ambassador only in the Irish media), has announced that "I am the first new type of ambassador for the European Union anywhere in the world . . . Our delegations now cover a wide spectrum of issues well beyond the economic dimension, trade dimension and regulatory dimension, to cover all policies in the union, including foreign policy and security policy."

Vale de Almeida has no diplomatic experience but is a former journalist who served as a press spokesman for the EU Commission, as an adviser to the president of the Commission, José Manuel Barroso, and, briefly, as head of the Commission's External Relations Department; so it seems it's pay-back time for his loyalty to the old boys' club!

Vale de Almeida has also suggested that he will speak for Britain—and, by implication, Ireland—on foreign and security policy in America, as he is entitled to do under the terms of the Lisbon Treaty.

He did not wish to "impose himself" on member-states' ambassadors, who will continue to oversee "bilateral matters"; but, he declared, "where we have a common position, I am the one leading the show."

So, what about the EU budget?

THE 2011, EU budget proposals put forward by member-states will see spending go up by almost 3 per cent, to €126.6 billion, next year. But the plan provides €3.6 billion less than was earlier requested by the Commission. The biggest casualties are in cohesion funds for poor regions (down €1.1 billion) and money for stimulating economic growth and employment (down €841 million).

It all seems so depressingly familiar, with those in greatest need experiencing the greatest cuts. Reports indicate that Austria, Britain, the Czech Republic, Denmark, Finland, the Netherlands and Sweden voted against proposals in favour of even deeper cuts.

The member-states' paper is an opening salvo in negotiations with the European Parliament and the Commission, which will gather pace in September and October. The Lisbon Treaty gives MEPs more power than in the past, by extending their decision-making to what was previously called "compulsory expenditure," covering primarily farm spending, amounting to almost half the total.

However, in a bid to curry favour member-states opted to leave the Commission's proposed spending increase for the EU Parliament untouched, with a budget of €1.7 billion —5.½ per cent more than last year—on the table for the MEPs' own body. Doesn't it remind you so much of home!

Two important articles

IN this issue of *People's News* we reprint two full articles, one on the political nature of the European Court of Justice—an issue on which we have written on a number of occasions—and an article on the arrogance of the EU elite, which we touched on in the last issue.

The European Court of Justice in Luxembourg

Is the European court of justice a legal or political institution now?

In this perceptive article from the *Guardian* (London), Tuesday 10 August 2010, Prof. Michelle Everson argues that "the most curious feature of the European court of justice (ECJ), the court of the European Union, is not that it is a political court, but rather that it has until very recently been so successful in pursuing its political programme of the integration of Europe through law without attracting much public or even expert notice."

Michelle Everson is a professor of law at Birkbeck College, University of London, specialising in European economic law and European constitutional law. Her analysis broadly supports that of the People's Movement, though we would not agree that it is solely the result of "a younger and more ruthlessly European ECJ—trained carelessly," but rather is a product of the incremental creep towards federalisation so pervasive in all EU institutions.

THE most curious feature of the European court of justice (ECJ), the court of the European Union, is not that it is a political court, but rather that it has until very recently been so successful in pursuing its political programme of the integration of Europe through law without attracting much public or even expert notice.

Occasional busts of outrage in the popularly anti-EU press about decisions of "the European court" have generally related to the activities of the European court of human rights (the court of the Council of Europe) rather than those of the ECJ.

Equally remarkably, however, it took a respected US legal academic of the 1980s, Eric Stein, to point out to his European colleagues that "tucked away in the fairytale Kingdom of Luxembourg" the ECJ had "wrought a federal type constitution for Europe."

Today, however, what some might call stealthy politics of the ECJ seem at last to have been unmasked and have begun to threaten not just the legitimacy of the court itself, but the sustainability of the European project as a whole. UK press commentary around wildcat strikes at the Lindsey Oil refinery in 2009 was perhaps slow to realise that the labour movement's complaints about the import of cheaper European workers into the UK were also directed at ECJ decisions in the infamous Laval and Viking cases, which subjected national rights to strike to restrictions in defence of European market integration.

Nonetheless, the UK press did catch up: judgments of the ECJ can and do have a measurable impact upon social and economic organisations within the UK. Equally importantly, however, the recent political activities of the ECJ have also caught the eye of one of the most important national courts in Europe—the German constitutional court—which in its recent judgment on the Lisbon treaty signalled that should European law continue to threaten the core of the German constitutional settlement—the German "social state"—that court would be obliged to disapply European law.

In a European legal community in which there is no clear hierarchy between the ECJ and national constitutional courts, and the implementation of European law has depended largely on the co-operation or "acquiescence" of national judiciaries, the potency of German legal threats cannot be understated: they have the potential to stop European integration in its tracks.

In the UK, then we should be drawn to ask why ECJ politics have now become so important and what impact they might have on our social, economic and political constitution. As noted, the ECJ has historically established itself as a court with constitutional character and, in common with all constitutional courts, has always trodden a very thin line between the "legitimate" legal-constitutional politics of the establishment of principles of social and political organisation and the "illegitimate" personal-judicial pursuit of substantive political programmes.

The vital difference now is that whereas a cadre of European judges drawn from experienced national judiciaries was once, for all its pro-European activity, always very careful to limit the impacts of European law upon the cores of national life (the welfare state), today a younger and, more ruthlessly European ECJ—trained carelessly, as I was , in the supremacy of European law—seems far happier to emphasise the lowest common denominator of European legal integration: the assertion of market over social rights, or the pursuit of a neo-liberal notion of economic justice ("allocative efficiency").

Could or should the UK revolt against a self-asserted European legal supremacy that unravels our social settlement; will the legal systems of the UK join in German constitutional revolt and demand a much needed self-restraining correction in European law, or will they continue to acquiesce in unthinkingly Europeanised legal politics, perhaps limiting even further a badly eroded national right to strike?

Without a written constitution and, importantly, heirs to a historical context of constant friction between embattled judiciary and rampant politics, we are peculiarly exposed to European legal contamination: the House of Lords was always very happy to deploy the weapon of "supreme" European legal principles to overturn —correctly so, in my opinion—outdated and anti-democratic British constitutional conventions (Crown immunity from prosecution). Will the recently opened supreme court nonetheless realise that the game has changed, that a new generation of European judges could yet undermine legitimate legal-constitutional politics throughout the EU, implicating law in the brute substance of politics? For me, UK legal resistance towards the unpopular politics of the current ECJ would not be an anti-European act. Instead, it might just be the saviour of European law.

■ www.guardian.co.uk/law/2010/aug/10/european-court-justice-legal-political

Ignorance—what else?

The last *People's News* reported a recent Eurobarometer opinion poll that found that the majority of Spanish people—a sizeable 54 per cent—believe that "without the euro, with the peseta, we would have been able to confront the economic crisis." Mats Persson, director of Open Europe, a think tank based in London and Brussels that campaigns for radical EU reform, takes up the story.

IN an interview with Spanish daily *La Vanguardia,* the Head of the European Commission's Representation in Barcelona, Manel Camós, set out a rather customary EU explanation as to why people might hold such odd views: ignorance, what else?

So says Camós: *"This makes us think that the public has not understood the advantages of the* *euro because the experts, in general, are convinced that thanks to the euro we have had the* [*economic*] *development that we have had and that we can overcome the crisis."*

He goes on, *"both interest rates and the inflation rate have decreased. Before the euro in Spain the interest rate was higher than 14% and now, in spite of the crisis, it is around 4%".*

Señor Camós gives a reflexive reaction that is all too common amongst the EU establishment—whenever public opinion is unfavourable, it's because those pesky people just don't get it.

Problem is "the Spanish public" has given expression to a perfectly rational view. Most commentators agree that keeping up with an essentially German monetary policy has undercut Spanish competitiveness, for example, while low ECB interest rates have served to fuel the Spanish housing/private debt bubble, the effects of which we are now seeing. A currency devaluation to put this right is not an option for Spain which in turn will make the economic adjustment much more painful for ordinary people, as a squeeze on wages and unemployment takes up the slack.

In fact, as the eurozone crisis unfolded, even the political and monetary elite started to acknowledge that the euro hasn't been all plain sailing for the Spaniards and other eurozone countries.

Take EU President Herman Van Rompuy, for example, who now admits that the euro served as a "sleeping pill" for the eurozone. Or Bundesbank President Axel Weber who points out that "the benefits of monetary union, in particular lower interest rates and the elimination of exchange rate risk, have not always been used wisely and have tempted some countries to live beyond their means" (e.g. the Spanish housing bubble).

Or EU Commissioner for Competition Joaquín Almunia, a Spaniard himself, who noted that countries like Greece, Portugal and Spain have experienced "a permanent loss of competitiveness since they are members of the Economic and Monetary Union".

Of course, there are also benefits for Spain, but surely, any serious commentator or official should address these well-documented drawbacks before accusing people of ignorance?

Incidentally, the exact same argument was used last week by another leading Commission figure—Commissioner for Enlargement, Štefan Füle. Mr Füle took issue with an opinion poll which showed that 60 percent of Icelanders were opposed to EU membership, up from 54 percent in November. Füle lamented *"the current lack of broad public support for EU membership in Iceland . . . This shows that there is a need for more information about the EU and its policies. The decision should be based on facts and figures not on myths and fears."*

In Ireland, the Netherlands, France (after the No votes to the Lisbon Treaty/EU Constitution), Spain or Iceland, the answer is always the same: if you take a somewhat adverse view to anything EU-related, it's because you're ill informed or ignorant. This line was personified by Margot Wallström, the Commissioner in charge of "selling the EU" to the public during the EU Constitution/Lisbon Treaty debacle (Wallström's position has now been abolished—not exactly a ringing endorsement of her record).

This infamous clip of Wallström on Newsnight gives a hint of how hopelessly self-contradictory and untenable this approach is. In fact, you can just as well argue the opposite—that well-informed people tend to be more critical to grand and artificially constructed EU projects or to the idea of concentrating more powers in Brussels.

The Danes, who said No to Maastricht in the nineties and No to the euro in 2000, consistently rank amongst the most informed in the EU. What's more, before the Danish referendum on Maastricht in 1992 (to which the Danes voted No), an investigation showed that a representative sample of the country's voters was just as informed about key-EU issues as a cross-section of back-bench MPs (who were asked the exact same questions).

Likewise, studies show that the EU-wary Swiss were better informed about the EU than citizens in their neighbouring countries who were EU-members around the time of the country's rejection of the EEA.

Opinion polls keep on indicating that the support for the EU is dropping across Europe. 6 out of the 8 last referenda on EU-related issues have delivered negative outcomes (from the perspective of the EU elite that is). Camós, Füle and Wallström are clearly missing something.

And some humility wouldn't hurt. The eurozone crisis has landed a massive blow to the EU's political elite, who largely got it wrong on issues such as the likelihood of convergence, the risks of an enlarged euro and the drawbacks of single interest rates . . .

■ http://blogs.euobserver.com/persson/2010/08/03/ignorance-what-else/

So, what size is the Treaty of Lisbon?

Recent activities of the legal counsel of the United Nations

New York, 11 May 2010.—Today, the Treaty of Lisbon amending the Treaty on European Union and the Treaty Establishing the European Community was submitted for registration with the United Nations Secretariat in accordance with Article 102 of the Charter of the United Nations by H.E. Mr. Cesare Maria Ragaglini, Ambassador Extraordinary and Plenipotentiary, Permanent Representative of Italy to the United Nations, on behalf of Italy as depositary of the Treaty.

As you can see, it's a rather large tome; and the thousands of pages claimed by the No side are there for all to see!

EU Presidency

www.parliament.uk

Question. To ask Her Majesty's Government what is the annual cost of the Presidency of the *European* Council, and how it is met.

Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): In 2010, the cost of the office of the President of the European Council, including staff, travel expenses and salary, is €6 million. The cost is being met this year from within the EU's annual budget, using funds which had been previously allocated to other Council projects. The budget for the office of the President of the European Council in 2011, like all other EU institutions, is currently being decided as part of ongoing negotiations on the EU's budget for next year.

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