People's News

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Taking the Euro austerity medicine just doesn't work!

What does a country need to do to make a success of the euro? The European Commission and the European Central Bank would say the recipe is simple: Cut your budget deficit, slash wages, keep taxes competitive, boost your exports, and live with austerity.

There is just one problem: Ireland has been following precisely that formula and it hasn't done much good. The government is being squeezed at a time when the cost of bank bailouts is soaring. Blame it on the banks.

But if there is one country that proves what a mess the single currency has become, it isn't Greece, or even Spain or Portugal. It's Ireland. When countries break the rules and then get into trouble, it isn't that surprising. But if they stick to the rulebook like we have done and still run into as many problems, it suggests there is something badly wrong with the system itself.

As a stark reminder that Ireland is still a long way from market redemption, almost two years after the credit crunch burst the real-estate and asset bubble that had been building up in the country for most of the past decade credit rater Standard & Poor's lowered its grading on Irish debt by one level to AA-, stressing the heavy cost of rescuing a banking system struggling to cope with the collapse of the property market. S&P estimates the cost of recapitalizing the banks will be about €50 billion. That's almost a third of the economy.

It isn't hard to understand why the decision was made. Ireland ran a budget deficit of 14.3 percent of gross domestic product last year, the largest of any euro-area country. There is a mountain of debt building up and the economy remains in a terrible state. Over the past two years, it has shrunk about 10 percent, one of the worst recessions in the developed world. There isn't much sign of a bounce back, either. The Irish central bank predicts the economy will expand by only 0.8 percent this year - a weak revival for what used to be one of the fastest-growing countries in Europe, and one that based most of its growth on exports.

And yet, Ireland has been exemplary in its austerity drive. Public-sector salaries have fallen by an average of 13 percent. Taxes have been raised along with electricity prices while mortgage interest rates are creeping up as banks look to their shareholders. We seem to have been willing to tighten our belts. There is no sign of the street riots, strikes and political protests that took place in Greece.

Ireland is doing exactly what the ECB has told the government it should be doing. It is following the path laid down for Greece, Portugal and Spain, and doing so with admirable self-restraint and discipline. There ought to be some reward for all that effort. But there is very little sign of it.

There can be little question that the single currency has contributed to Ireland's woes. Unlike Greece or Portugal, the country wasn't looking to the euro to modernize a backward economy before it was introduced. The Celtic Tiger, as it was known, was doing fine all by itself. Nor, like the Italians, was it attempting to swap a permanently weak currency for a stronger one. The Punt was doing just fine.

We had one of the most successful economies in the world when we joined the euro in 1999. All we have got out of monetary union is massive financial and housing bubbles, the collapse of which will scar the country for a generation.

The European Commission and the ECB should be looking hard at the Irish experience. They should suspend the limit on budget deficits for at least five years until there is some sign of economic growth. There should also be exemptions from paying for the Greek bailout -- it's crazy for us to borrow money to give to a country that is in the same boat! A structured exit from the euro should be on the political agenda in order to begin a public debate on these policies that are leading Ireland to the brink and to set in train the process of examining the implications of such a withdrawal.

Drones over Ireland?

"Look up – it's not Aer Lingus – it's an EU drone watching you!" And this claim does not emanate from some screwball conspiracy theorist, but from the Austrian national broadcaster, ORF.

It is all part of a 5 year EU-funded surveillance project called INDECT. When first reported its main goal is to observe the internet for "automatic detection of threats and abnormal behaviour or violence". However, ORF is reporting that EU drones are now part of the project. The plan is to monitor automatically activity when groups of people spontaneously assemble in cities throughout the EU. "The aim: combating future uprisings in urban areas."

This surveillance network has been born out of the C4 war communication system. (C4 stands for "Command, Control, Computers, Communication".)And ORF reports that we are not talking about one or two drones, but an entire fleet. The mini-war communication system will link the drones to all other state-controlled monitoring structures and will be enhanced by bio-metric face recognition equipment.

The Austrian article also notes that in a city like London with its innumerable networks of cameras there has been a constant – and unwanted - growth in the number of personnel involved in monitoring video screens. Besides, big brother is only human and after a

certain length of time his concentration fades. To counteract the increase in personnel and big brother's human failings INDECT has developed an alarm system that automatically registers when a group of people gather or a particular person comes in focus.
And overseeing the entire project are Asst Chief Constable Drew Harris and his assistant Detective Chief Inspector Zulema Rosborough of N. Ireland's RUC – sorry, PSNI. The EU Commission apparently thought Northern Ireland "know-how" should be employed.

Now you can sleep easier in your bed, although you never know what the EU's surveillance people have under it.

The majority of our legislation comes from Brussels

A comparative study of Irish and EU legislation for 2008 gave the following results:

* Irish acts of national origin:	21
* Irish acts of EU origin:	4
* Irish statutory instruments of national origin:	414
* Irish statutory instruments of EU origin:	193
* EU regulations:	1,347

Legislation of EU origin, whether in the form of EU regulations or of national legislation implementing EU directives, was found to represent **78%** of the total.
http://eulaws.freetzi.com/

Huge under - spend of EU jobless fund

An EU fund for jobless workers with €2bn at its disposal has spent just €140m since 2007. This fund includes €17m to help workers who lost their jobs when Dell closed its factory in Limerick. Of the €140 million, €26 million has been returned to Brussels because projects were poorly designed or delays in payment meant intended recipients no longer qualified for the money.

The EU promotes the fund as its show of solidarity with workers who have lost their jobs. A brainchild of José Manuel Barroso, European Commission president, it was set up three years ago in 2007 to help redundant workers acquire skills or set up businesses.

The €114m spent to date equates to around €28m a year – just over 5 per cent of total capacity, and equivalent to one tenth of the European Commission's annual communications – or propaganda - budget.

Since June 2009 the Government had made four applications under the European Globalisation Adjustment Fund (EGF) for co-financing assistance for measures in support of redundant workers. Two EGF applications, in respect of redundant workers at the Dell plant in Raheen, Co. Limerick and the Waterford Crystal plant in Kilbarry, Co. Waterford have been approved by the EU budgetary authorities to date. Two further EGF applications in relation to redundant workers at the S R Technics facility at Dublin Airport and on behalf of certain redundant workers in the construction sector are currently under consideration by the European Commission. EGF applications made to date seek to support over 13,000 redundant workers.

EU leaders urge closer links with Nato

The leaders of the 27 EU member states have asked EU Foreign Minister Catherine Ashton to explore ways of strengthening the union's links with NATO. It comes as the US and NATO push to intensify EU military co-operation with the alliance and as the EU tries to give new momentum to its external relations.

Baroness Ashton was appointed under Lisbon Treaty rules to the post of EU high representative for foreign and security policy as part of a drive to promote the EU's interests and values more assertively globally.

The draft conclusions, according to *The Irish Times,* present closer relations with Nato as a way of exploiting Europe's bonds with Washington more fully. They say the EU-US partnership should concentrate on economic links as well as "working more closely on major international issues". They also say the EU and US should confront global challenges in a concerted manner.

The request comes amid debate within the EU on its military role- the Irish government recently called for debate on deeper EU military co-operation with the UN, including by directly supporting the planning and operational cycles of missions.

However, NATO's Secretary General Rasmussen called for increased "mutual support" between the EU and the alliance as part of a comprehensive approach to security through "talking together, planning together and acting together"

European commission interference in the run-up to last year's referendum on the Lisbon treaty.

Statistics recently compiled by Open Europe reveal how the executive "sought to sell the Lisbon treaty, especially to Irish journalists" via a series of meetings, seminars and other events. Stephen Booth, a researcher with Open Europe, said, "There was clearly a concerted effort to reach all Irish media before the referendum, which makes a mockery of the commission's claim that it would not interfere in what was a national referendum."

A commission spokesman said they did not wish to comment. Details of the spending come as the commission has just launched a major new communications drive aimed at beefing up its public image. This involves commission president José Manuel Barroso giving an annual state of the union address. It could also see him effectively having 24 hour coverage by photographers, film teams and journalists and the provision of four speech writers.

However, the claims were rubbished by UK Liberal Democrat MEP Andrew Duff who said, "This is absolute nonsense. In fact, I think the commission could have been more forceful than it was in endorsing the treaty in the run up to the referendum in Ireland. "The commission subsidises travel to journalists all the time and for a variety of things but it does so irrespective of whether they are for or against the EU. It is exactly what governments do

in member states." The build-up to the second referendum was marked by a particularly heated debate in Ireland with Pat Cox, a former president of the European parliament in the vanguard of those backing the controversial treaty.

Open Europe says that at least €351,765 was spent on Irish journalists and Lisbon-related seminars in the run up to the referendum in October. The figures were sourced from the EU's 'financial transparency system' for 2009. They show that in 2009 the commission organised several seminars for Irish journalists and a visit of Irish crime journalists to The Hague in August, costing €10,000.

In the same year there were visits of regional Irish journalists and those covering agricultural and political affairs to Brussels. Stephen Booth added, "Given that it's the commission's job to promote 'ever closer union', using taxpayers' money to wine and dine journalists clearly represents a conflict of interest. The special attention paid to Irish journalists in the run up to Ireland's Lisbon treaty referendum looks suspiciously like the commission trying to buy favourable news coverage. Using taxpayers' money for this kind of propaganda exercise is completely undemocratic and wholly unacceptable."

Meanwhile, MEPs want EU funding for journalists to be put "high on the list" of Commission's priorities In a resolution adopted last week, MEPs lamented that EU funding for journalist training has been cut for 2011 and called for the commission to "put it high on the list of priorities" when negotiating the next multi-annual EU budget starting in 2014. Open Europe's research revealed that €8 million was spent in 2009 on entertaining, training and 'informing' journalists. In 2009, at least €8.14m was directly spent on entertaining, training and 'informing' journalists with €2.6m spent on transport, accommodation and sustenance

Trichet wants voting rights suspended for eurozone's rule-breakers

ECB President Jean-Claude Trichet has added his voice to those calling for sanctions to enforce the euro-zone's budget rules, saying he wants to see a "quantum leap" forward in eurozone governance. Mr Trichet said that the "temporary suspension of voting rights is something that should be explored".

Mr Trichet said he wants sanctions imposed "quasi-automatically" - i.e. judged according to objective criteria - on members that flout fiscal rules in future. This would require EU treaty change. Mr Trichet also said, "I don't think that the euro area was close to disaster at all - seen from the inside." He added, "I know how Europe functions...Seen from the outside, I would say that it's always difficult for external observers to judge and analyse correctly the capacity of Europe to face up to exceptional difficulties."

EU – critical sentiment grows in Iceland

The support for the Icelandic Independence Party (Sjálfstæðisflokkurinn) has increased significantly this summer after the party underlined its opposition to membership of the European Union by demanding that the application would be withdrawn without delay. The Independence Party continues to be by far the largest political party and now has according to Capacent poll 35 percent of the votes compared to only 24 percent in the last general elections in Iceland in the spring of 2009.

The party which has lost most support according to the poll is the Social Democratic Alliance which is the only Icelandic political party that favours EU membership. Significant changes were made to the Icelandic center-left government last week with new ministers coming in and others leaving. After these changes political analysts have said there is more hostility against membership of the European Union within the government than was before they took place.

But what has been seen as the most interesting change is that the new government policy does not mention the EU issue at all unlike the original government platform. However, this is in line with repeated statements by government ministers in recent months that the ongoing EU application is not the policy of the government but merely the decision of the Icelandic parliament.

Meanwhile, according to Swedish national TV, opposition to EU membership has increased to 65% among Norwegian voters, according to a new poll. Only 25% are in favour.

The lecture by former Icelandic Finance Minister, member of the Board of Iceland's Central Bank and founder of Hymessin- the Icelandic group opposing EU entry – may be viewed at www.greavesschool.com

Fresh EU move to harmonise tax rules

New legislation on corporation tax will form part of a drive by the EU executive to revitalise the union's internal market.

This raises the prospect of the Government being forced into a battle with the commission and powerful states such as France "The commission will take steps to improve the co-ordination of national tax policies, notably by proposing a directive introducing the common consolidated corporate tax base ," states a draft of an imminent communique from the EU executive.

The policy would not harmonise corporate tax rates. It would, however, introduce a common European formula for the calculation of tax on the profits of firms operating in more than one member state.

The Government has often argued that this would undermine tax competition in Europe, decreasing the attraction of its own 12.5 per cent corporation tax rate. One of the main arguments against a CCCTB, as it is known, is that it would reallocate tax receipts to countries in which revenues are received. This would lessen scope to maximise the profits that companies record in Ireland.

EU tax commissioner Algirdas Semeta will introduce legislative proposals early next year. The plan was first aired in 2001. Agreement proved elusive and it was withdrawn in mid-2008 in the wake of Ireland's rejection of the Lisbon Treaty. Now, however, the commission believes the conditions are ripe for its reintroduction.

Britons to be given vote on transfer of power to Brussels

The British Government has announced plans for a “referendum lock” on any future surrendering of British powers to the European Union. The change has been hailed as one of the most significant attempts to protect the sovereignty of Britain over the EU for nearly 40 years.

Ministers will introduce the right to hold a referendum by amending the original 1972 European Communities Act under which Britain joined the Common Market.

The amendment, which could be law by next year, will allow for a vote if there is “any transfer of powers away from the UK and towards the centre”, according to a Whitehall source. It would cover any future treaty – successors to the previous Maastricht, Nice and Lisbon treaties – or any large scale transfer of power outside those treaties.

British legal advisers in Brussels would determine whether a transfer of power had taken place. MPs would then be given the chance to vote on holding a referendum. If they vote in favour, a referendum would be held.

Officials suggested that referendums could be triggered if the UK was asked to give up its veto over sensitive areas such as foreign policy or security. One said: “With the Lisbon Treaty there was a proposal to move from unanimity to qualified majority voting. This would now come under a transference of power as it affects the UK’s veto and would have triggered a referendum.”

Tory leader David Cameron angered Euro-critics last November when he abandoned a pledge to hold a referendum on the Lisbon treaty. Mr Cameron, who had previously agreed a “cast iron guarantee” to hold a vote, so we will have to wait and see!!

Highly paid Brussels lobby groups a travesty of democracy

Senior lobbyists working in Brussels can command larger salaries than the European officials they are paid to stalk, according to a new study on pay in the EU capital. The 'Brussels Remuneration Report', published by head-hunting firm Ellwood & Atfield (E&A) says a managing director of one of the city's leading consultancies can be paid as much as €400,000 per annum, while European Commission President Jose Manuel Barroso is paid roughly €300,000.

A secretary-general of one of the many trade associations represented in Brussels can top this €400k figure, while the head of an EU NGO office rarely gets paid more than €120,000 a year, said the report which is largely based on 200 one-to-one interviews. "With up to 80 percent of legislation in certain policy areas emanating from Brussels and an expanded EU of 27 countries, most interest groups are scaling up their representation in the capital of Europe," said Ben Atfield, co-founder of E&A.

With the smallest of changes to EU legislation potentially altering profit margins by millions of euros, it is not difficult to see why firms opt to pay Brussels-based consultancies to point them towards decision-makers. And with over 20,000 lobbyists based in Brussels and only a voluntary regulatory regime, there is plenty of scope to influence events.

Corporate Europe Observatory, says tactics have evolved over the years. "Generally in the 1980s and 90s, the commission was the main target, whereas the parliament was less so. "But as the parliament's power have increased under successive EU treaty changes, so has the lobbying."

For a successful lobby campaign, the most important thing is to be there right from the start of a new piece of legislation. This explains why firms go to great efforts to influence the EU's collection of over 1000 'expert groups'.

Commission units working on a new piece of legislation will frequently outsource the question to be tackled to one of these groups, which include industry officials, in order to generate ideas for their first draft. So if you can be in the group or dominate the group you have a good start. National governments, represented in the Council of Ministers, are also targeted, as witnessed by Italy's successful attempts to delay the start of a free-trade agreement with South Korea following extensive lobbying from carmaker Fiat.

Officials in political party offices are also increasingly been taken out for lunches and dinners around the capital as party politics grows. EU commissioners rarely used to attend party meetings, but now several will frequently turn up at the regular party gatherings on the eve of European summits. Likewise, MEPs are under increased pressure these days to vote along party lines, whereas it was remarkably absent in the past.

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http://www.causes.com/causes/523477