PEOPLE'S NEWS

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Demand a referendum to defeat another EU stitch-up

We should waken up to the fact that the country is threatened with yet another stitch-up, by courtesy of the Government and the Fianna Fáil "opposition."

But this is different.

Unlike previous stitch-ups, such as the infamous blanket bank guarantee of September 2008 and the equally discredited EU-ECB-IMF "bail-out" of last November, there is a strong case for holding a referendum on this one.

The measure in question is for the establishment of a permanent European Stability Mechanism, to which Ireland will be committed to contribute some €11 billion.

To establish this body it is proposed to amend the Lisbon Treaty by inserting an addition to article 136 of the Treaty on the Functioning of the European Union, which reads: "The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality."

A regime for debtors

Article 136 provides for budget discipline among euro-zone members by qualified majority, the "co-ordination and surveillance of euro-zone members," and the setting out of economic "guidelines." It's a budget "harmonisation" regime tailor-made to discipline indentured debtors like Ireland and the other smaller, peripheral EU countries

The amendment is a trigger for the establishment of the European Stability Mechanism, which is to replace the European Financial Stability Facility, the EU-ECB-IMF mechanism, when it expires in mid-2013. It was through this fund that the loan was pushed on Ireland last November by the European Central Bank and the EU Commission, in conjunction with the International Monetary Fund.

The German Constitutional Court is to rule shortly on the legality of the temporary "bail-out" facility under the German Constitution. There is strong possibility that the ESM is also open to challenge under the existing EU treaties.

The Lisbon Treaty is a self-amending treaty. Amendments can be made either by the "ordinary revision procedure" or by the "simplified procedure." The latter procedure is used for the ESM. EU bigwigs insist on using the simplified procedure to maintain the pretence that the amendment represents only a "limited" change to the treaty.

The right to say Yes or say No

Judges in the Crotty case famously reminded us that the essential nature of sovereignty is the right to say Yes or to say No; also that it is not within the competence of a Government, or indeed of the Oireachtas, to free themselves from the restraints of the Constitution, or to transfer their powers to other bodies unless expressly empowered so to do by the Constitution.

So should there be a referendum?

The effect of the change would be to alter the scope and objectives of the EU in very fundamental ways. It involves a commitment for Ireland to pay €11 billion into fund. "By ratifying the Treaty establishing the ESM, Member States legally commit [themselves] to provide their contribution to the total subscribed capital." (Term Sheet of ESM, Conclusions of European Council, Brussels, 24–25 March 2011.)

The ESM will be established by a treaty among the euro-area member-states as an intergovernmental organisation under public international law, and will be based in Luxembourg.

Article 122.2 of the treaties limits the provision of financial assistance to "where a Member State is in difficulties or is seriously threatened by natural disasters or exceptional occurrences beyond its control" and does not seem to permit the sort of conditional loan that was foisted on this country last November.

German constitutional challenge

The temporary "bail-out" arrangement under Article 122.2 is under challenge as being unconstitutional in the German Constitutional Court. The EU heads of state and heads of government agreed that a continuation of a legally dubious procedure would not be "appropriate"; but whether article 136 would be any better is open to question. Certainly the question should be examined by Irish courts.

The scope and objectives of the new arrangements are very much broader than arrangements for the Greek and Irish "bail-outs," with an emphasis on "a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole" and "a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole."

"The granting of any required financial assistance under the mechanism will be made subject to strict conditionality," "dealing with such cases of risk to the financial stability of the euro area as a whole," helping to "preserve the economic and financial stability of the Union itself."

"Assistance provided to a euro area Member State will be based on a stringent programme of economic and fiscal adjustment and on a rigorous debt sustainability analysis conducted by the European Commission and the IMF, in liaison with the ECB." (Terms Sheet of ESM, Brussels.) In effect, a complete suspension of national sovereignty.

The post-2013 arrangements will allow for the restructuring of debt in certain circumstances, but the current dispensation forbids this. Is this not discriminatory against countries like Ireland and Greece?

What can you do?

- **Urge your friends, your TDs, your local councillors, your trade union to demand a referendum now.**
- **Organise a local meeting in your area.**
- **Let us know what you're doing: post@people.ie.**

Greece, Ireland and Portugal should restructure their debts now

From the *Economist*

It is a measure of European politicians' capacity for self-delusion that Angela Merkel, Germany's chancellor, called the euro-zone summit on March 24th–25th a "big step forward" in solving the region's debt crisis.

Something between a fudge and a failure would be more accurate. The leaders fell short on almost every task they set themselves.

They agreed on a "permanent" rescue mechanism to be introduced in 2013, but couldn't fund it properly, because Mrs Merkel refused to put up money her finance minister had pledged.

The Brussels gathering did little to help Greece, Ireland and Portugal, the zone's most troubled economies. Their situation is getting worse—and Europe's leaders bear much of the blame.

Portugal's prime minister resigned on March 23rd after failing to win support for the fourth austerity package in a year. The country's credit rating was slashed to near-junk status on March 29th, while ten-year bond yields have risen above 8% as investors fear Portugal will have to turn to the European Union and the IMF for loans.

The economies of both Greece and Ireland, Europe's two "rescued" countries, are shrinking faster than expected, and bond yields, at almost 13% for Greece and over 10% for Ireland, remain stubbornly high. Investors plainly don't believe the rescues will work.

They are right. These economies are on an unsustainable course, but not for lack of effort by their governments. Greece and Ireland have made heroic budget cuts. Greece is trying hard to free up its rigid economy. Portugal has lagged in scrapping stifling rules, but its fiscal tightening is bold. In all three places the outlook is darkening in large part because of mistakes made in Brussels, Frankfurt and Berlin.

At the EU's insistence, the peripherals' priority is to slash their budget deficits regardless of the consequences on growth. But as austerity drags down output, their enormous debts—expected to peak at 160% of GDP for Greece, 125% for Ireland and 100% for Portugal—look ever more unpayable, so bond yields stay high.

The result is a downward spiral.

As if that were not enough, the European Central Bank in Frankfurt seems set on raising interest rates, which will strengthen the euro and further undermine the peripherals' efforts to become more competitive.

Some politicians are still pushing daft demands, such as forcing Ireland to raise its corporate tax rate, which would block its best route to growth. Most pernicious, though, is the perverse logic of the euro zone's rescue mechanisms. Europe's leaders won't hear of debt reduction now, but insist that any country requiring help from 2013 may then need to have its debt restructured and that new official lending will take priority over bondholders. The risk that investors could face a haircut in two years' time keeps yields high today, which in turn blights the rescue plans.

Home truths from Washington

Greece, Ireland and Portugal need their debt burdens cut sooner rather than later. That case is stronger than ever, not only because today's approach is failing but because the risks of restructuring are falling. The spectre of contagion is receding.

Spain, whose bond yields have fallen and whose spreads with Germany have tightened, has distanced itself from Portugal. Behind the scenes, sovereign-debt specialists are devising ways to minimise the impact of an "orderly restructuring" on banks. Most banks in the core of the euro zone can withstand a hit from the three small peripherals.

The big obstacle is not technical but political. Since many at Europe's core, particularly the ECB, remain implacably opposed to debt restructuring, the pressure has to come from elsewhere—not least from the peripheral economies themselves.

Ireland's new government is talking about forcing the senior bondholders of its bust banks to take a hit. Greece should stop pretending that it can bear its current debt burden and push for restructuring. But the best hope lies with the IMF. Its economists have the most experience of debt crises. Some privately acknowledge that debt restructuring is ultimately inevitable. It is time the Fund's top brass said so publicly and, by refusing to lend more without a deal on debt, pushed Europe's pusillanimous politicians into doing the right thing.

"The opportunity of the crisis"

"We have a shared currency but no real economic union. This must change. If we were to achieve this, therein lies the opportunity of the crisis . . . and beyond the economic, after the shared currency, we will perhaps dare to take further steps, for example for a European army."—**Angela Merkel**, Chancellor of Germany, 13 May 2010 (Open Europe international press survey).

"We violated all the rules, because we wanted to close ranks and really rescue the euro zone . . . The Treaty of Lisbon was very straightforward. No bailing out . . . It was wishful thinking to assume it [the single currency] was going to work without a much stronger, not a strait-jacket but something more coercive and stronger in terms of discipline . . . We have to have a much stronger convergence process, and discipline and sanctions . . .

"When you start in 1789 with the principles of a federation, the principles well laid out by the wonderful founding fathers of the US, you start from scratch . . . We start from twenty-seven different bases, with different histories, different rules, and we decide to converge."—**Christine Lagarde**, French Minister of Finance ("Towards a United States of Europe," interview in *Wall Street Journal,* 18 December 2010).

Peace activist addresses Dublin meeting

The hall in the Pearse Centre, Dublin, was full to capacity on Thursday 24 May when the People's Movement, PANA and the CPI jointly hosted a public meeting on the topic "The Peace Movement versus the EU and NATO."

The principal speaker was Iraklís Tsavdarídis, executive secretary of the World Peace Council.

Eugene McCartan of the CPI and Ronan O'Connell of the People's Movement also spoke. Ronan briefly introduced the People's Movement and recounted the movement's continuous campaigning against the militarisation of the EU, noting how the provisions of the Lisbon Treaty and such events such as the formation of battle groups belies the EU's marketing of itself as the peace-loving "good guy" of world affairs.

While the recent events in the Middle East featured heavily, Iraklís spoke on a wide range of topics, including the common cause between the people of Greece (his home country) and Ireland in the present crisis of free-market capitalism.

His analysis of the intervention in Libya and its place in the a wider context of recent history was highly informative and inspired a lively and interesting question-and-answer session afterwards.

The peace movement versus the EU and NATO

Iraklís began by talking about the similar situations in Ireland and Greece.

In both our countries the international economic crisis of capitalism has been used by the governments to put new and heavy burdens on the majority of the population, cutting salaries, allowances, and pensions, weakening employment rights, and privatising more and more state enterprises and social services.

Unemployment is increasing (in Greece officially 14.6 per cent), and more than 20 per cent of the population is existing below the official poverty line.

Both our peoples face a common front of EU, IMF and local financial privilege. The main beneficiaries of the crisis in both cases are the German, French and UK banks.

Recently, for example, a German magazine revealed that the savings of Greek citizens in Swiss banks exceed €650 billion.

In 2009, more than $\$1\frac{1}{2}$ trillion was spent world wide, half of it by the USA alone. The war industry is making huge profits.

Recently, people in several countries of the Middle East and North Africa have shown that it is possible to achieve democratic changes and to get rid of totalitarian regimes. The massive popular campaigns, especially in Tunisia and Egypt, are an example for all the peoples of the region and the world.

We have no illusions about the character of the regime in Libya, particularly recently. We distinguish on the one hand between the legitimate popular protests of the Libyan people and on the other hand political manoeuvrings.

So-called "humanitarian intervention" has been used as a pretext to justify aggressive attacks against Yugoslavia, Afghanistan and Iraq and now Libya, in breach of principles of respect for the sovereignty and territorial integrity of states. It is also used to impose violent "regime change," even against former long-term allies, such as Mubarak in Egypt and Ben Ali in Tunisia, when they have outlived their usefulness. Both these gentlemen were until recently members of the Socialist International, the body to which your own Labour Party is affiliated.

Libya is a major supplier of oil to the European oil multinationals, particularly British Petroleum and Total. Is it a coincidence that the Libyan contracts with the French TOTAL expired on the day France started its first military attacks? Was it by chance that the French President, Sarkozy, not only received the "opposition" forces in Paris but also recognised them as "legitimate representative of the Libyan people"?

France, the UK and USA have launched a full-scale war, from air and sea. More NATO partners have announced their readiness to be part of the aggression. From the Arab world, the UAE and Qatar have joined up, while Saudi Arabia invaded Bahrain in order to "export democracy" there.

Greece and its government, led by the president of the Socialist International, George Papandreou, allowed the use of ports and airports, facilitating the military operations from the very start.

NATO states which are not openly participating in the aggression, like Germany, are not opposing the operations.

Just a few months ago, when NATO held its summit in Lisbon and adopted its "New Strategic Concept," the WPC warned this that this represented a further expansion of NATO's activities. This New Strategic Concept is really about NATO acting as the "world sheriff," but not in defence of international law and the founding Charter of the UN but rather serving the interests of multinational corporations.

And of course the pretended EU and NATO concern about international law and the protection of human life is hypocritical and one-sided. Where is their version of international law in the case of the Palestinian people, who are suffering a slow genocide, deprived of their right to an independent state? What has been the effect of the dozens of resolutions of the Security Council and the General Assembly of the UN? Why is international law not applied in the case of the occupation of Western Sahara or the partial occupation of Cyprus up to today?

In the course of preparations for the military aggression and occupation of Iraq in 2003, the main argument was that the regime in Baghdad was in possession of weapons of mass destruction. Later, when this flagrant lie was revealed, nobody amongst the governments of the EU or NATO raised the question of the withdrawal of foreign troops from Iraq, or the killings of civilians. The destruction went on, and is still going on. Meanwhile the oil of the country is flowing, under US control, and a puppet regime has been installed.

In the case of Afghanistan, the US and its allies called for a "war against terror,"—against the Taliban, which had been trained, financed and guided for decades by the CIA. The invasion and occupation of Afghanistan resulted also in a puppet regime in Kabul and in new records in opium production and distribution by international drugs traffickers.

Lies were exposed after the murderous 78-day-long bombing of Yugoslavia by NATO in 1999. The policy of the USA, the EU and NATO to divide the former Yugoslavia and create EU and NATO protectorates like Bosnia-Herzegovina and Kosovo primarily served interests outside the country.

It is naïve to believe that somehow one bloc represents the "good guys" or is better than the other, The WPC never believed in the EU as a "democratic counterweight" to the USA.

The EU's complicity can be seen in relation to the crimes against the Palestinian and Saharawi people, who are under Israeli and Moroccan occupation, respectively. The double standards applied to Israeli aggressions against Syria and Lebanon, and the threats against Iran, speak for themselves.

All governments of the EU and NATO states share the responsibility for the imperialist crimes and plans of the two blocs.

The pre-emptive doctrine of the USA, the new strategic concept of NATO, the militarisation of the EU, along with the abuse of the UN and the prevailing of the "law of the jungle," creates an explosive framework for humanity worldwide.

The future of humankind cannot be seen in imperialist wars, occupation, and social injustice.

Corrib struggle is about what kind of Ireland we want

by William Callaghan, Dublin Shell to Sea (*Mayo Advertiser*)

There was something strangely apt about the way the former Fianna Fáil TD Pat Carey signed consents for the Corrib gas pipeline on the day of the recent general election. It perfectly encapsulated the cronyist, cowardly, short-sighted and undemocratic manner in which this Frankenstein's monster of a project was created and kept alive by a succession of Fianna Fáil ministers.

First, there was Ray Burke and Bertie Ahern, whose 1992 licensing terms literally handed ownership and control of Irish oil and gas reserves to privately owned oil giants. Next came Frank Fahey. As Minister for the Marine he signed the foreshore licence for the pipeline on 17 May 2002. Guess what else happened on that day? That's right: a general election. The onshore pipeline was exempt from planning permission because the refinery—several kilometres inland—was classified as the "shoreline."

This is just a sampling of the stroke-pulling that saw the Government assume the conflicting roles of developer and regulator of the project. This stubborn support for Shell's experimental project has led inexorably to the company's latest plan, to dig a 5-kilometre tunnel under Sruwaddacon Estuary (a Special Area of Conservation) to carry the notorious high-pressure, raw gas pipeline. This will involve up to 250 truck movements per day along public roads so narrow in places that two cars can barely pass each other.

I am baffled at how Pat Carey felt he had a mandate to issue these consents on his last day in office, considering he had been in the relevant ministry for a matter of days and was part of a minority Government, and considering An Bord Pleanála's permission for the pipeline was and still is subject to High Court proceedings by An Taisce and several local residents. This is typical of the state's approach to Corrib: we're dealing with a big "investor" here, so certain things can be compromised to keep it happy: health and safety, the environment, community consent, human rights, due process, fairness, democracy.

Since my first visit to the Rossport area, in May 2005, I have returned too often to count. So why are people like me drawn to this place? It's not just its natural beauty, though that is a factor. It's not just the inspiring spirit, determination and brave direct action of a people under siege in an isolated community, though that is something that has brought tears to my eyes and changes to my outlook on life.

Mainly it is because the Corrib gas saga raises the question: what kind of society do we want to live in?

The affected community's concerns about health, safety and the environment are often balanced against the "national interest," namely jobs, tax revenue, and a domestic supply of gas. But these supposed benefits are rarely scrutinised. If you do scrutinise them, they soon dissolve.

The project will provide only a handful of long-term jobs. The tax revenue will be tiny or possibly nil. That's the view of Brian Ó Catháin, who was head of the project until 2002. At a recent debate I attended in Dublin he predicted: "Corrib will never pay tax."

This bizarre situation arises because the licensing terms cooked up by Messrs Burke and Ahern allow oil companies extraordinarily generous tax write-offs before declaring profits. This write-off bonanza applies to all Irish oil and gas reserves, which together could be a hundred times bigger than Corrib. The Atlantic Margin alone, off the west coast, contains 10 billion barrels of oil or gas, according to the Government (worth €850 billion at today's prices), with further huge prospects off the south and east coasts and onshore. The portion of this revenue that would return to the state in tax is far below the 2 per cent % suggested by the corporate tax rate. In most countries the state "take" is between 50 and 90 per cent.

Oil companies and their allies in government argue that "attractive" terms are needed to encourage exploration and thereby guarantee a "secure supply." But this is where the pro-corporate nature of Ireland's terms really shines. Companies are under no obligation to supply the oil or gas to the Irish market, nor even to land it in Ireland. Oil can be loaded into tankers at the rig and shipped abroad. Depending on a field's location, gas could be piped to the UK. This would mean no domestic supply, no onshore jobs, and no new infrastructure.

Shell is expected to start working on its tunnel in the coming days. Local people will continue to resist this disastrous project. Like hundreds of campaigners from around Ireland, I will be heading to Erris to support them. I am motivated by a belief that no community should have to accept a project that threatens their livelihoods, their lives, and their environment, and a belief that Irish resources should benefit people in Ireland, not corporate shareholders.

How Government parties stand on the issues

Fine Gael policy—past and present

"I'm at a total loss to know as to why the Government is so benign, so benevolent, and so generous in terms of dealing with oil companies and effectively, in my opinion, selling the family silver, because that is really what's happening here . . . If you're giving a far a more generous set of terms and conditions than other jurisdictions are giving in terms of the development of your natural resources, one has to ask why, and I'm at a loss to know why."—**Jim Higgins**, Fine Gael MEP, 5 July 2001.

"We have no plans to change or review the current tax regime for oil and gas."—**Leo Varadkar**, Fine Gael spokesperson on energy, 3 November 2010.

Labour Party policy—past and present

"We will now, as a result of the changes this Government have made, get absolutely no return whatever from the development of any foreseeable oil find . . . What is most serious about this development is that there has been, up to now, a certain level of national consensus about how we should view our natural resources—even parties that did not really believe it were prepared to pay lip service to the notion that the natural resources of Ireland belonged to the people of Ireland. In the breaking of that consensus, and in their cold-blooded decision to give those resources away, Fianna Fáil have committed what I have already described as an act of economic treason, one for which I believe they should not be forgiven by the young people and by the people at large."—**Dick Spring**, leader of the Labour Party, 20 October 1987.

In November 2007 the Labour Party spokesperson on energy, **Liz McManus**, refused to support a motion calling for the renegotiation of the oil and gas terms, saying that it would leave the state open to paying compensation to the oil companies.

EU agricultural land grab

The most recent OECD-FAO *Agricultural Outlook, 2010–2019,* refers to EU agricultural productivity as "stagnant." It reports very positive projections for food production growth in the US, Canada, Australia, China, India, Russia, and Latin America, at levels ranging from 15 to 40 per cent, based mainly on yield increases.

In contrast, over the same period, according to the report, net agricultural output in the EU-27 will grow less than 4 per cent. Growth in consumption on a per capita basis will need to be met by imports. Meanwhile, demand is growing with population (70 per cent more food will be needed by 2050, according to the FAO), the cost of energy mounts, and prices trend upwards.

As the world's biggest food importer, Europe has enormous influence on global food prices and distribution as well as vulnerability.

A recent study by the Humboldt Institute has demonstrated that reducing productivity in Europe has led to the rapid expansion of land dedicated to European food needs. The OECD-FAO report calls this process a "land grab." Right now, an area of farmland the size of Germany is serving Europe in the developing world, risking not only high prices and disruptions in supply but further destruction of rainforests and other natural habitats.

New EU internal security body

The European Commission is testing the water for creating a new internal security body, on the model of Catherine Ashton's European External Action Service.

Speaking at a European Parliament hearing in Brussels on Wednesday 30 March, the Commission's Director of Counter-Terrorism, Olivier Luyckx, envisaged a new entity that would pull together existing security agencies—Cepol, Cosi, Eurojust, Europol, and

Frontex—under the EU Counter-Terrorism Co-ordinator, Gilles de Kerchove.

"There is new room for action at the EU level," he said. "This is how I see the change: to set up a system that would mirror the one that is being set up for monitoring external crises [in the European External Action Service], a one-stop shop for information-sharing."

Luyckx cited Guideline V on Operational Co-ordination of the EU's recently adopted Internal Security Strategy as containing the "embryo" of the project. "Today, crisis centres in member-states share contacts and information on a voluntary and informal basis. We need to go a step further and to see, while respecting the division of labour set up in the EU Treaty, how to make those linkages in a tighter way."

He emphasised that the new body would not be an EU intelligence service that would carry out its own operations in the field. "We have no mandate, no appetite and no perspective for doing intelligence work. But we are prepared to add value if mandated by member-states."

"Thinking about an EU intelligence service"

Speaking at the same hearing, the head of Austrian counter-terrorism, Peter Gridling, went even further. "It is time to ask ourselves this question: 'Is it realistic to start thinking about a future EU intelligence service?' I think it's realistic to start thinking about it."

Austria and Belgium first proposed a European intelligence service after the Madrid train bombing in 2004. But they were shot down by big member-states, not least Britain. Gridling noted that EU capitals still have "different positions" on the subject, and he laid out some of the obstacles in the way. He explained that EU countries' intelligence services work on rules such as "originator control" and the "need to know," designed to limit information to as few people as possible. He also said that member-states do not trust EU institutions to keep secrets.

"We should ask ourselves who would be the users, the consumers of intelligence, and are they trained users; are they conscious enough to understand the principles and the importance of secrecy, of protecting this information. Can we expect anything in the next two to three years? The answer for me is clearly No."

Gridling gave a rare insight into existing EU intelligence co-operation. All twenty-seven EU countries, together with Norway and Switzerland, share secrets inside a non-EU body, the "Club de Berne." They share secrets on terrorism in an offshoot called the Counter-Terrorist Group. This communicates with EU institutions through the Joint Situation Centre, which is a branch of the European External Action Service.

"The Club de Berne is an institution based on voluntariness," Gridling explained. "The members come together to speak about problems, to exchange views and exchange experience and information. These meetings on the level of heads of service take place frequently. The CTG is nowadays the interface between the Club de Berne and the EU . . . the Joint Situation Centre has been attending CTG meetings for years and acts as a gateway for the CTG to the EU institutions."

Remarking on the growing trust between EU countries, a former director of Spanish intelligence, Gabriel Fuentes González, told MEPs: "Some of the co-operation systems we have today would have been unacceptable twenty years ago."

For his part, André Vandoren, a senior Belgian intelligence officer, put forward the modest idea that EU countries should use one system of terrorist alerts. "I hope in the future we can have threat levels that are common for the twenty-seven countries, so that we are speaking the same language. For the moment we have different ones in each country. We can speak with each other. Okay. But that's the way to go."

Belgium's system goes from 1 (the lowest) to 4. The country is normally on level 2, but American, Israeli and Jewish interests are on 3. The last time it jumped from 2 to 4 was because of a plot to attack Christmas festivities in the winter of 2007. Greek parcel bombs last year saw it briefly go from 2 to 3 and back again.

"I'm sorry, but if you know Brussels, and with the EU and NATO here, I think 2 is the minimum," Vandoren said. "Antwerp is the second Jewish city in the world, after New York, and we have already had attacks in Brussels and Antwerp against Jewish targets."

■ From *EU Observer,* 31 March 2011.