PEOPLE'S NEWS
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"Europe Day" rededication demonstrates Government priorities

People's Movement protest

The People's Movement held a demonstration outside the Dáil on Monday 9 May to coincide with the special "Europe Day" rededication sitting taking place inside, presided over by Lucinda Creighton. A wreath was laid in memory of Irish democracy, now supplanted by EU-IMF rule. In a statement, the People's Movement said:

Sociologists call the phenomenon of increased commitment to a batty theory, at the very hour of its destruction by external evidence, "cognitive dissonance." Such a phenomenon can be guaranteed to be on display during Monday's "Europe Day" special Dáil sitting. As the gloss comes off the "European ideal," the Fine Gael-Labour Government and the Fianna Fáil Opposition are guaranteed to drop all pretence of political difference and join together in paeans of EU enthusiasm, loyalty and rededication.

It is not unreasonable for those of us not afflicted with the condition to ask members of the Government and the Oireachtas by what insane logic it was decided that it is more important to hold a special sitting of the Dáil to launch an EU propaganda week than to give priority to trying to come to grips with the 15 per cent unemployment, massive emigration, collapse in property prices, negative equity for

tens of thousands, unsustainable debt burden on the public finances, and the general economic contraction that threatens social and economic havoc to the country.

Monday's events will not even scratch the surface at providing solutions to these core problems, because that would require asking serious questions about how certain policy positions common to Fine Gael, the Labour Party and Fianna Fáil contributed to landing us in our present indebted state.

For example, how wise was it to abolish the Irish pound and join the euro zone, thereby abandoning the economic safety valves of an interest rate and exchange rate policy that suited our interests? Also, how did the adoption of euro-zone negative real interest rates at the height of the "Celtic Tiger" boom inflate the Irish property bubble, with disastrous consequences for our society? And now how are we going to be able to address our problems within the euro zone, and thus without policy flexibility as regards interest rates and exchange rates, except by way of unemployment, emigration, austerity, and the sale of national assets?

The elitist nature of the politics of "Europe Day" is best illustrated at the moment by the united determination of Government and opposition not to allow the people to decide in a referendum on a measure that would impose an obligation on our indebted state to fork out some €9.87 billion as its contribution to a dubious new permanent EU "bail-out" fund from 2013.

The fund, called the European Stability Mechanism, will do nothing to lessen this country's economic and social distress, nor the pain of last December's EU-IMF stitch-up. The EU authorities are dead set against a referendum in any EU state on this fund, even though it will mean changes to treaties that little more than a year ago EU heads of state and government were promising would not be changed for the foreseeable future.

The Government case for not holding a referendum is based on the opinion of the last Attorney-General, Paul Gallagher SC. It was the same Mr Gallagher who advised the Fianna Fáil-Green Government in September 2008 that a blanket state guarantee of all the debts of Ireland's private banks was legal, and that Irish law required that the creditors and bondholders of the Irish banks should not be touched in view of such a guarantee.

This opinion fitted in neatly with the insistence by the European Central Bank on a guarantee that no Irish bank could be allowed to fail, in case the German and French banks from which the Irish banks had borrowed would not be paid back.

It also opened the floodgates for payments of billions of euros to senior bondholders of Anglo-Irish Bank, without any question of them being asked to take a “haircut” or make any sacrifice at all.

It will be fascinating to see how the “Europe Day” enthusiasts twist and turn in their efforts to justify their disastrous enthusiasms, best encapsulated in their all-too-recent pro-Lisbon promises “Yes for jobs” and “Yes for recovery,” which are now starkly exposed to be the con that they always were.

And somebody was paying attention!

■ www.independent.ie/opinion/columnists/brendan-keenan/brendan-keenan-political-revolution-may-be-only-way-to-save-monetary-union-2644464.html.

Dáil watch on Europe Day

The following extract from a contribution by Pádraig Mac Lochlainn TD (Sinn Féin) given in the Dáil on “Europe Day” seems to succinctly outline that party’s position on the EU.

> Sinn Féin is proud to be a euro-critical party. While it believes Ireland’s place is at the heart of Europe, it also believes it is the responsibility of Government and Opposition to play a full part in EU affairs, and to this end Sinn Féin has long advocated greater attention to EU affairs in public and Oireachtas debates. However, what marks out Sinn Féin as distinct from the other major political parties in this house is that while we support those aspects of European Union policy that are in the interests of the people of Ireland, we are not afraid to oppose those policies which we believe are bad for Ireland. We do not believe that opposition to aspects of the EU project, whether in the form of directives, Council decisions, or treaties, makes us anti-European. Indeed Sinn Féin argues that when it critically opposes aspects of EU policy it is on the grounds that these policies are bad for both Ireland and the EU as a whole.

Richard Boyd Barrett of the People Before Profit Alliance pointed out that

> if this gathering were truly to reflect our current relationship with the European Union, Jean-Claude Trichet of the ECB would be sitting in the Taoiseach’s seat, flanked by the heads of the Bundesbank and the other big European banks, and all the public representatives in this chamber would be bound and gagged.

Next day Boyd Barrett was ordered to leave the chamber after a row with the Ceann Comhairle. Boyd Barrett shouted that it was “abuse” when he was told to sit down during questions to the Taoiseach.

The independent TD Luke Flanagan doesn’t mince his words!

> I often said in the last few weeks that I could not understand who is and who is not a socialist, but at this stage I know who is not a socialist. The members on the other side of the house are not socialist. One does not talk about there being some type of moral hazard in an individual defaulting on their debt while simultaneously believing there is no problem with a bank offering money to people it knows could never repay it if anything went wrong.
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> 21 per cent of people in this country, or 735,000, have €70 per month after they pay for everything. Will they be all right in the next couple of years after they pay the new water charges that will be introduced and the new housing tax to be imposed on us by our friends in Europe and the IMF? Our friends in Europe are also talking about increasing interest rates by 1 per cent, or, in their language, 100 basis points. That is only another €1,000 gone from one’s income.
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> Apparently, the difficulties in which we find ourselves are not the fault of Fianna Fáil or the previous Government, of which it was a part. Our problems are due, it seems, to the worldwide financial crisis. It did not take those opposite long to turn into the same beasts—and they were beasts—as those who served in Government before them. They should be ashamed of themselves.

And an important question from Pádraig Mac Lochlainn the following day:

> The Taoiseach will acknowledge that it will be rather

difficult for us to deliver on the goals we set ourselves in the national reform plan while at the same time implementing the austerity programme from the EU, the IMF, and the ECB. The Tánaiste has announced the diplomatic initiative. Does that initiative involve engaging with the governments of Greece, Portugal and, potentially, Spain on a counter-offensive to the narrative that exists in northern Europe, that the bail-out is a result of the recklessness of the peripheral economies, when in reality the recklessness of major financial institutions in the core states being allowed by the ECB and IMF to lend banking institutions in the peripheral states was the cause of the crisis? What engagements have taken place with those governments?

■ Enda Kenny's less than encouraging reply can be read at www.kildarestreet.com/debates/?id=2011-05-11.228.0&s=EUROPE#g271.3.

Head of Stabilisation Fund accuses Commission of inaction on Ireland

The European Commission has been accused by Klaus Regling, CEO of the European Financial Stabilisation Fund—the EU's new bail-out fund, set up in mid-2010 to provide funds to bail out euro-member states—of not doing enough to criticise the unsustainable growth of the Irish economy during the boom. Ireland was the first country to be provided with funds by the EFSF.

During the boom he said there had been "a lack of budgetary discipline" in Ireland, and the European Commission failed to criticise this sufficiently. (Mr Regling was EU Director-General for Economic Affairs from 2001 to 2008.)

At the time, the Commission considered the very large increases in expenditure to be an excessive stimulus to the economy. These increases were introduced by the then Minister for Finance, Charlie McCreevy, and implemented in order to "buy" the 2002 general election. Facing resistance from the Irish Government of the time, and with a lack of support from other EU member-states, the Commission backed down, and Regling halted a censure motion from the Commission. He now says that "we failed".

Mr Regling was joint author of one of two reports on the Irish banking crisis.

Is €1.9 billion pension levy the first step in a pension fund grab?

Financial advisers have warned that the Government's target take of €470 million a year from retirement funds would wipe out savings. The Irish Congress of Trade Union, the pensions provider

Irish Life and industry experts warned that a grab of €1.9 billion was an attack on average earners. The ICTU called for a small levy on top earners as a better prescription.

The latest figures from the Central Statistics Office show that among occupational groups "clerical and secretarial" workers (89 per cent) were most likely to have an occupational pension, and that they were more common among younger workers. Of those workers aged between 25 and 34 who had a pension, 85 per cent had an occupational pension; this compares with 64 per cent of those aged between 55 and 69.

Jerry Moriarty of the Irish Association of Pension Funds said the €1.9 billion bill could see the start of bigger levies. "We just see it as a tax on working people saving—that's what pension funds are," he said. "The Government thinks that it is just a pot of money, and that 0.6 per cent is not a lot, but this is money that people have saved for retirement. It could be the start of something bigger. It's a wipe-out, there's no question."

The IAPF said there are fears that this is the first step in a line of additional levies on savings, including credit union accounts. Mike Kemp, chief executive of the Irish Insurance Federation, said the levy was onerous. "This levy does not penalise those that are well off but ordinary middle-income earners."

New laws will be brought in to allow fund administrators to impose the tax, although the IAPF warned that legislation may be open to challenge under laws on constitutional property rights.

As we pointed out in our last issue, Irish savers have about €75 billion in private pension plans and €93 billion in deposit accounts, both of which present the opportunity for a Government smash-and-grab, in yet another move to appease the bondholders and our masters in the EU and IMF.

Irish banks continue to issue bonds to themselves in order to gain ECB loans!

Irish banks' controversial issuing of "own-use" bonds is to continue. "Own-use" bonds are issued by the banks to themselves but are guaranteed by the state and then posted as collateral for taking cheap loans from the European Central Bank. In the past week Irish banks have issued €12 billion of these bonds in order to roll over the original "own-use" bonds until August, illustrating the continuing problems in the Irish banking industry.

Blueprint for a federal superstate?

Speaking in Berlin on the occasion of "Europe Day," the EU Commissioner for the Internal Market, Michel Barnier, said that "one day, [Europe] will need an EU President," incorporating the functions of president of the European Council and president of the European Commission, arguing that "Europe needs a strong face and a strong voice." He also called for the creation of a single representative allowed to speak on behalf of euro-zone countries, and for a common EU defence policy. He also said that the EU diplomatic service should be called the European Ministry for Foreign Affairs.

On defence, Barnier asserted that

> we need to move towards a truly European defence policy. Sixty years on, work on a European defence community needs to be restarted, if necessary through the "structured co-operation" which is now possible under the Lisbon Treaty. A true military staff structure is required, systematically bringing together research efforts and resources, and favouring European products when purchasing equipment. All of this goes far beyond the necessary, but insufficient, co-operation between France and the United Kingdom, or between Germany and Sweden.
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> The EU needs to set up a permanent capacity to plan and carry out operations in the way suggested by Poland, Germany, and France. All in all, the objective must be that Europe is ready to take responsibility more and more for its own collective defence but also become a robust and credible partner for the United States.
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> The EU has legitimacy in the area of defence, as it has in other areas. This is the belief that has led France, under President Sarkozy, to take up its full role within NATO. Everyone who, like me, believes in the North Atlantic alliance needs to understand that the balance, credibility and strength of the NATO-EU relationship depend on the political impetus which will be given to European defence. It is an issue of trust, and I would recommend that nobody on either side of the Atlantic underestimate this requirement.
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> The new Europe needs to be a veritable "Federation of Nation-States." It needs a strong identity and a strong voice. One day a future president of the European Union, whoever he or she will be, should both preside over the European Council and chair the European Commission.
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> The drafters of the Lisbon Treaty were careful not to rule out this major and symbolic step forward. The individual who would become president of the European Union on a proposal from the heads of state and government could have their power vested in them by a Congress comprising both the European Parliament and representatives of the national Parliaments.

■ europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/317&format=DOC&aged=0&language=EN&guiLanguage=en.

More lies from Juncker

Criticism of Jean-Claude Juncker, Prime Minister of Luxembourg, who heads the Euro Group of finance ministers, for lying about a secret meeting of select EU finance ministers to discuss the worsening Greek debt situation, was widespread last week.

Ministers and their spokespersons throughout the euro zone had first denied or refused to comment on a widely repeated report that appeared in *Spiegel Online,* revealing that a secret meeting of senior EU officials was held in Luxembourg to consider a Greek exit from the euro.

■ www.spiegel.de/international/europe/0,1518,761201,00.html.

The same officials later confirmed that the meeting took place but that Greece returning to the drachma was never on the table. Juncker, it appeared, had invited finance ministers from France, Germany, Spain, and Italy, ostensibly under the aegis of the EU members of the G20 (although Britain, a member of the G20, was absent), along with Greece, the European Central Bank and Olli Rehn, the EU Commissioner for Commissioner for Economic and Monetary Affairs. Juncker's spokesperson was quoted by Reuters as saying: "I totally deny that there is a meeting. These reports are totally wrong." Later Enda Kenny said in the Dáil that he had "not spoken to Mr Juncker, who called the meeting in Luxembourg at short notice."

The development comes after Juncker had admitted the week before, during a conference on economic governance in Brussels, that over the course of his career, despite his Catholic upbringing, he often "had to lie" in order not to feed rumours, and that economic policy was too important to be discussed in public. "I am for secret, dark debates," he quipped, according to a report by *EU Observer.* The German press agency DAPD has quoted him as saying, "When the going gets tough, you have to lie."

The Austrian daily *Der Standard* attacked Juncker as a "master of lies." Meanwhile the influential German paper *Süddeutsche Zeitung* complained that no-one can believe what EU leaders, but particularly Juncker, say regarding the stability of the euro zone

any more. Meanwhile the Greek prosecutor has contacted German counterparts requesting assistance in tracking down those responsible at *Spiegel Online* for the initial report.

Would you believe it?

Euro-federalists financed by US spy agencies

Declassified American government documents have shown that the US intelligence services ran a campaign in the 1950s and 60s to build momentum for a united Europe. It funded and directed the European federalist movement. The documents were found by Joshua Paul, a researcher at Georgetown University in Washington. They include files released by the US National Archives.

One memorandum, dated 26 July 1950, gives instructions for a campaign to promote a fully fledged European parliament. It is signed by Gen. William J. Donovan, head of the American wartime Office of Strategic Services (OSS), precursor of the CIA. Washington's main tool for shaping the European agenda was the American Committee for a United Europe, created in 1948. The chairman was Donovan, ostensibly a private lawyer at that time. The vice-chairman was Allen Dulles, director of the CIA in the 1950s. The board included Walter Bedell Smith, the CIA's first director, and a number of ex-OSS figures and officials who moved in and out of the CIA.

The documents show that the ACUE financed the European Movement, the most important federalist organisation in the post-war years. In 1958, for example, it provided $53\frac{1}{2}$ per cent of the movement's funds. The "European Youth Campaign," an arm of the European Movement, was wholly funded and controlled by Washington. Its director, the Belgian René Boël, received monthly payments into a special account. When the founder and secretary-general of the European Movement, the Polish-born Joseph Retinger, bridled at this degree of American control and tried to raise money in Europe, he was quickly reprimanded.

The role of the United States was handled as a covert operation. ACUE's funding came from the Ford Foundation and Rockefeller Foundation as well as business groups with close ties to the US government. The president of the Ford Foundation, Paul Hoffman—a former OSS officer—doubled as head of ACUE in the late 1950s.

The State Department also played a role. A memo from the European Section, dated 11 June 1965, advises the vice-president of the European Economic Community, Robert Marjolin, to pursue monetary union by stealth. It recommends suppressing debate until the point at which the "adoption of such proposals would become virtually inescapable". And that policy has been adhered to ever since.

EU will speak with one voice at UN

Ireland's independent foreign policy . . . ?

The UN General Assembly has voted to give the EU "enhanced observer status." The EU "High Representative for Foreign Affairs and Security Policy," Catherine Ashton, said that "the resolution will in future enable EU representatives to present and promote the EU's positions in the UN, as agreed by its member-states."

The change means that the EU can address UN meetings through its own officials, rather than the country holding its rotating presidency, but it does not give it voting rights.

The EU has been working to upgrade its status at the UN since its member-governments approved the Lisbon Treaty in 2007.

"Founding Father" waiting for a miracle

Robert Schuman, an early architect of the European Union, has hit an obstacle on his way to becoming a saint, because of the lack of a miracle. Schuman, a former French foreign minister, was dubbed in 1960 a "founding father" of the Union by the European Parliament, a title recalling the "fathers" of the Catholic Church, such as St Augustine and St Gregory. The Institut Saint-Benoît, a foundation in Montingy-les-Metz, France, where Schuman spent much of his life, was set up in 1988 to promote his candidacy for sainthood. The foundation believes that Schuman was an "exemplary Christian," both in his personal life and in the "holiness of his politics."

The Vatican's embassy to the EU in Brussels, however, has said that "we are still waiting for a miracle. One miracle is required for beatification and two for sainthood." Recently Johanna Touzel, a spokeswoman for Comece, a liaison bureau between the Catholic church and the EU institutions in Brussels, has pointedly said that "it has certainly helped" in past relations that the three top men in the EU capital are Christians.

■ www.robert-schuman.com/fr/pg-saintete/institut_st_benoit.htm.

French trade union confederation warns of discontent at "pact for the euro"

Bernard Thibault, general secretary of the CGT, France's biggest trade union confederation, said that European unions would be stepping up their protests against the Franco-German "pact for the euro" adopted by euro-zone members last month. The pact aims to strengthen economic co-ordination in the euro zone, including proposals on wage restraint and pension policies.

"The pact is negative for workers and counterproductive for economic growth," Thibault said. "It has made labour costs the mechanism for exiting the crisis. The systems of social protection are not the origin of the international financial crisis; it is totally illusory to think that increasing social vulnerability will facilitate recovery."

The European Trades Union Congress, which brings together unions in thirty-six countries, including Ireland, would "debate new perspectives of mobilisation" at its congress on 19 May, Thibault said, including co-ordinated protests.

Meanwhile widespread protests have erupted in Greece in a violent reaction to government plans for €76 billion in fresh cuts and nationalisations. The protests and strikes, which closed hospitals, grounded flights, and stopped ferries, were timed to coincide with a mission by IMF and EU officials to the country. Demonstrators shouted, "Take your memorandum and go!" in marked contrast with Ireland, where these officials walk unbothered around Dublin.

The country's biggest public-sector and private-sector unions backed Wednesday's general strike, the second this year, to protest against the planned sale of state assets; a similar sale in Ireland is assured by the conclusions of the recent McCarthy Report. It was also reported that Greece was close to agreement for "supplemental" EU-IMF loans of €50 to 60 billion to meet its financing needs in 2012 and 2013.

Increasing doubts in Iceland

Iceland's Finance Minister, Steingrímur Jóhann Sigfússon, has voiced opposition to Iceland's application for EU membership, saying, "Iceland is probably better off with other forms of agreement and connections with the EU than full membership . . . I am still very sceptical when it comes to the overall benefits of membership."

Portugal reaches deal with EU and IMF

Portugal announced that it has reached an agreement with the EU and IMF for a €78 billion bail-out, spread over three years. The plan will include €12 billion in financial support for the Portuguese banking sector as well as pension cuts, but it is not expected to reduce the minimum wage or cut spending on education or health care.

The deal also gives Portugal more time to reduce its deficit than was previously planned. The government will have to cut its deficit to 5.9 per cent of GDP (from 9.1 per cent) by the end of the year and to 3 per cent by 2013. Details on the interest rate and the source of the bail-out funds have not been announced. Both decisions are expected to be made soon.

José Sócrates, caretaker Portuguese Prime Minister, suggested that the EU and IMF had recognised that "the situation in Portugal is far from being as serious as in other countries"—a sentiment with which we in Ireland are familiar!

That's why we need a referendum on the European Stability Mechanism!

The Community shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project . . .—**Maastricht Treaty** (1992), article 104b.

We have a Treaty under which there is no possibility of paying to bail out states in difficulty . . .—**Angela Merkel**, Chancellor of Germany, 1 March 2010.

And before the Irish "forced loan" . . .

The euro is in danger. If we do not avert this danger, then the consequences for Europe are incalculable, and then the consequences beyond Europe are incalculable.—**Angela Merkel**, Chancellor of Germany, 19 May 2010.

We cannot allow the bankruptcy of a euro member-state such as Greece to turn into a second Lehman Brothers . . . The consequences of a national bankruptcy would be incalculable. Greece is just as systemically important as a major bank.—**Wolfgang Schäuble**, German finance minister, 18 April 2010.

There is a grave threat of contagion effects for other member-states in the monetary union and increasing negative feedback loop effects.—**Axel Weber**, president of Deutsche Bundesbank,5 May 2010.

I wasn't asked . . .

The European Union plans to open an office in Benghazi, the Libyan city now in insurgent hands, to facilitate assistance to the Transitional National Council.

The EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, told the European Parliament: "I intend to open an office in Benghazi, in order to move towards the people . . . to support civil society, to support the National Transitional Council." She also said that the EU's support would include aid for the "security sector." But that could hardly mean any military involvement!

More expensive electricity—courtesy of the EU?

A single EU electricity market could end up leaving Irish consumers facing extra costs, according to the Economic and Social Research Institute. "A Review of Irish Energy Policy" points out that the EU is moving rapidly towards an integrated electricity market, and it warns that such a development could create extra costs for Irish consumers.

The report says that an integrated market would mean greater interconnection between the Irish and other European electricity networks, and that "there is a danger that EU rules could see Irish consumers paying for interconnection, which might end up raising their price of electricity."