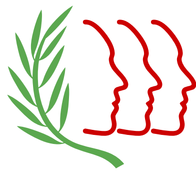

PEOPLE'S NEWS

News Digest of the People's Movement

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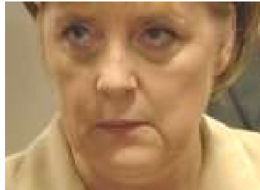
The EU's new hit squad

If you thought the EU couldn't get any less democratic, meet the Frankfurt Group.



Last month in the Old Opera House in Frankfurt, Angela Merkel and Nicolas Sarkozy met the EU's bureaucratic elite to mark Jean-Claude Trichet's retirement from the European Central Bank, and went on to form a small group that would wield power firmly but informally. And this group means business.

Not so long ago it would have been unthinkable that the head of one European government would try to destabilise or depose another. Now, two EU leaders have fallen in a week. As Sarkozy knows from recent experience, to enforce regime change one need only give a helping hand to the rebels.

The group cannot be accused of being secretive. At the G20 summit in Cannes its officials walked around with lapel badges saying *Groupe de Francfort,* and they met four times. Last weekend it was undeniable that an operation to remove Berlusconi had begun. When Merkel and Sarkozy were asked if they had confidence in him, they put on those well-documented wry smiles.

The European Central Bank, which is also part of the Frankfurt Group, gave only minimal support to Italy—leaving the bond markets to do their worst to Berlusconi. The International Monetary Fund, whose new head was also at the Opera House that night, made it clear that it would be sending its auditors regularly to Rome to inspect the books.

All this sent an unmistakable message: we have ways of making you quit. And quit he did, to be replaced by one of their own: Mario Monti, a former EU commissioner.

When Merkel spoke she admitted frustration with European summits and their cumbersome democratic mechanics. "The EU's ability to act and room for manoeuvre has proved slow and complicated," she complained. "If we want to seize the crisis as an opportunity, we must be prepared to act more quickly and even in unconventional ways."

Also in attendance was the new head of the ECB, Mario Draghi, an Italian with no love for Berlusconi. There too was Christine Lagarde, the new (French) director of the International Monetary Fund, who is in charge of bail-outs and can impose humiliating conditions (as she went on to do to Berlusconi). There also was José Manuel Barroso, president of the EU Commission, and Olli Rehn. The omnipresent Jean-Claude Juncker, prime minister of Luxembourg and head of the seventeen-member euro group, was there, with the president of the EU Council, Herman van Rompuy.

So the Frankfurt Group is, in effect, a merger between the EU hierarchy and German financial power. It would not have been possible in the pre-crisis era, when there were qualms about German might. But now, "the question of who could accept a German model has been settled by the market," as a German government spokesperson said recently. "We are really only talking about the details and the extent of the measures, not about their nature."

Papandréou set himself up when he decided to hold a referendum on the bail-out. He had recently berated the EU for "indecisiveness and errors." He found out just how decisive the slimmed-down Frankfurt Group could be when he was denied any bail-out money, which hastened his replacement by

Loukás Papadímos, a Frankfurt-trained former ECB official—one of their own.

Even Barroso had taken the remarkable step of destabilising Papandréou by calling for a coalition, breaking both protocol and the pretence that the EU Commission respected the sovereignty of its member-states.

Berlusconi was a harder target. He has dodged enemies for most of his seventeen years in politics, from the opposition to the Italian vice squad. Furthermore, Italy is not really broke. Strip out the interest on its debt and its books would not just be balanced but would have one of the biggest surpluses in the euro zone. Its prosperous north is one of the richest parts of the Continent, and its households are savers, with an astonishing €8.6 trillion squirrelled away. It is not at all clear who considered Italy to be in crisis if the bond market charged above a supposedly fatal threshold of 7 per cent on its government debt. But one answer might lie in a declaration that Merkel made last year: "We must re-establish the primacy of politics over the market."

This becomes easier now that the euro zone has created a giant apparatus whereby the strings of power can be pulled by a handful of people. The euro bail-out fund, with its supposed €1 trillion of fire-power," has a staff of only fifteen. It might now be possible to wield immense power over a continent of independent states by assembling a few like-minded people in the back room of a Frankfurt opera house. And all in the name of European unity and protecting the euro!

The views of the first "Mr Euro," Jean-Claude Juncker, on democracy are famous since he outlined the problem of government thus: "We all know what to do, but we don't know how to get re-elected once we have done it."

And the solution? You establish a group who were not properly elected in the first place and who won't be seeking votes again. And have them do what you like.

But a prime minister chosen by foreign power-brokers will be no more popular in Rome than he would be in Berlin. And already a third of Germans want out of the euro. That proportion will swell if Greece defaults within the euro. Even Michael Noonan—to his credit—is already speaking out against what he sees as a Franco-German coup, though unfortunately he didn't explain it, probably for fear of enraging people before the budget.

Or maybe it's the long shadow of the "Frankfurt Group"?

Goldman Sachs takes over the EU!

The first thing you need to know about Goldman Sachs is that it's everywhere. The world's most powerful investment bank is a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money. In fact the history of the recent financial crisis, which doubles as the history of the rapid decline and fall of the suddenly swindled-dry American empire, reads like a Who's Who of Goldman Sachs graduates.—Matt Taibbi, *Rolling Stone,* April 2010.

Goldman Sachs is about to take over Europe, but you wouldn't know it by reading the papers.

Mario Draghi, the new president of the European Central Bank, was formerly a managing director at Goldman Sachs, whose employees include Peter Sutherland, chairman of Goldman Sachs International, who is also on the steering committee of the Bilderberg Group and is an honorary chairman of the Trilateral Commission, having formerly been its chairman. Sutherland was vice-chairman of the architects of the Lisbon Treaty, the European Round Table of Industrialists, from 2006 to 2009. And we shouldn't forget that he is honorary president of the European Movement in Ireland.

But back to Mario Draghi, who worked for ten years at the Italian Ministry of Finance. It was an action-packed period, beginning in 1991, with Draghi representing Italy at the talks that established the framework for the common monetary zone. The fragility of Italy's application—high levels of debt, runaway deficits—was underlined the next year when Italy was expelled from the exchange rate mechanism and came close to running out of money.

In Italy, and later as a vice-chairman of Goldman Sachs in Europe, Draghi was a proponent of states and other institutions, such as pension funds, using derivatives to more efficiently manage their liabilities. Derivatives are financial instruments that

were created to reduce risk, and their use is known as hedging. The name "derivative" comes from the fact that their value derives from underlying assets, such as shares, bonds, and commodities.

One of the easiest ways to understand derivatives is to consider an early example: farmers and traders in Chicago in the nineteenth century buying "corn futures." A contract that guaranteed a certain amount of corn at a certain price at a date in the future helped reduce the risk posed by such events as drought or floods that could cause sharp swings in prices.

But that future also had a value in itself, one that rose and fell with the price of corn: when corn prices went up, a contract for corn at a cheap price was worth more. So futures came to be traded as avidly as the commodities they covered. In the years leading up to the financial crash, banks made billions by selling complex derivative contracts directly to buyers, pocketing hefty fees. The most common types of derivatives are "futures"; "forwards," which are futures traded outside of a regular exchange; "options," which are the right to buy or sell something at a specified date and price; and "swaps," or contracts involving an exchange of assets or payments.

In some cases, many experts now contend, these transactions helped mask the finances of Greece and Italy before those countries were allowed into the euro. In a paper he jointly wrote in the spring of 2002, only months after he joined Goldman Sachs to lead its effort to win investment banking business from European governments, Mario . Draghi argued that governments might use financial derivatives such as interest-rate swaps "to stabilise tax revenue and avoid the sudden accumulation of debt."

The description of how this would work has been described as being "in the spirit" of the controversial swaps scheme hatched by Goldman Sachs that masked the size of Greece's debts. It argued that "governments as well as pension funds can make use of derivatives to better manage their liabilities."

Goldman Sachs and Draghi have both said that he had no involvement in the Greece-Goldman initiative, though one Goldman executive in Europe has admitted that Draghi had discussed similar initiatives with other European governments.

In June, at an appearance before the European Parliament after his appointment, Draghi was asked about the Goldman Sachs swaps. He said that while at Goldman Sachs he had no interaction with the public sector, despite being hired for that purpose. "I was not in charge of selling stuff to the governments," he said. "In fact I worked in the private sector, even though Goldman Sachs expected me to work in the public sector when I was hired."

Pascal Canfin, a French member of the European Parliament's Economic and Monetary Affairs Committee, commented afterwards: "Are we supposed to believe that he had a discussion with Goldman executives that he cannot have business with sovereign governments, even though that was what he was hired to do? It's very weird. The swaps are not illegal—the question is, Did he lie before Parliament?"

Draghi's Goldman Sachs connection may get come home to haunt him.

In Italy he is known as Super Mario, a moniker he earned in the 1990s when, as the Italian economy neared the brink, he became the acceptable public face of his country to foreign investors. He oversaw one the largest European privatisation efforts ever, and paved the way for Italy's adoption of the euro. Italy liberalised its financial markets and privatised about 15 per cent of its economy in the period leading up to monetary union.

All central bankers must be politically adroit. In Draghi's case his deft touch and, perhaps more important, his essential malleability are legend.

And his economic and social credo for the ECB?

> "All euro-area governments need to show their inflexible determination to fully honour their own individual sovereign signature as a key element in ensuring financial stability in the euro area as a whole. The Governing Council . . . urges all governments to implement fully and as quickly as possible the measures necessary to achieve fiscal consolidation and sustainable pension systems, as well as to improve governance. The governments of countries under joint EU-IMF adjustment programmes and those of countries that are particularly vulnerable should stand ready to take any additional measures that become necessary . . .
>
> "The Governing Council therefore calls upon all euro-area governments to accelerate, urgently, the implementation of substantial and comprehensive structural reforms . . . Labour market reforms are essential and should focus on measures to remove rigidities and to enhance wage flexibility, so that wages and working conditions can be tailored to the specific needs of firms . . . These measures should be accompanied by structural reforms [and] the privatisation of services at present provided by the public sector. At the same time the Governing Council stresses that it is absolutely imperative that euro-area national authorities rapidly adopt and imple-

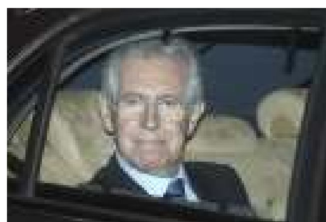
ment the measures announced and recommended in the Euro Summit statement of 26 October 2011."

More than any other institution, the European Central Bank is responsible for the economic wreckage that has overtaken European economies. In the years when housing bubbles were building throughout much of the euro zone, the ECB looked the other way. Its position at the time was that these bubbles, and the huge imbalances they created, were not its concern: its concern was keeping the inflation rate at 2 per cent.

The ECB ignored the housing bubbles, and the economy came crashing down around them. This may have been due to incompetence, or it may have something to do with the fact that many of their friends in the banking industry were making lots of money financing the bubbles. Either way, the consequences are the same.

The ECB, along with the European Commission and the IMF, has been taking advantage of the fiscal crises created by its own mismanagement to take away gains that Europe's workers have won. They have done this piecemeal, imposing harsh demands on one country after another as a condition of getting the support they need to finance their deficits. The ECB and its troika partners demand that countries make such changes as raising the retirement age, lowering the minimum wage, and reducing employment protection for workers. Of course business leaders welcome this, as higher unemployment rates and weaker protection will give employers much more power over workers.

Another one of our own!



Mario Monti, who has taken over from the Italian prime minister, Silvio Berlusconi, is best known as a former EU commissioner for competition. Less well known is the fact that he has just resigned as an adviser for Goldman Sachs Group Inc. Yes, them again!

The Brussels man, who in a highly unusual manoeuvre was appointed senator for life, is understood to want to form a slimmed-down government of some twelve non-politicians—technocrats. "Italy must again be, and must increasingly be, an element of strength, not weakness, in a European Union that we helped found and in which we should be protagonists," he said after his appointment.

An unelected government with an unelected prime minister would hardly seem the way to do it. Look out for more boys from Goldman Sachs!

Monti would not give any timetable for when the country could return to normal democratic rule, saying that the length of office of the new government depended on "the actions of the government, the reaction of the economy, of the markets, investors, of the European and international institutions." Not a mention of the Italian people! It's an ominous development.

Lord Acton famously said: "Power tends to corrupt, and absolute power corrupts absolutely." Less famously he said: "The issue which has swept down the centuries and which will have to be fought sooner or later is the people versus the banks."

"It is the system that is at stake"

In a parting gift to the hard-pressed Irish people, the outgoing president of the European Central Bank, Jean-Claude Trichet, warned on "Morning Ireland" that there should be no repeat of the deal to reduce Greek debt. Echoing Enda Kenny's mantra that "Ireland is not Greece,"he said: "Greece was Greece: everybody recognises that it is a special case—there is no doubt in the world!"

And then the punch-line: "But for all other countries, signature will be honoured—that is essential. It is the system that is at stake!"

So there you have it: stick with the EU-ECB-IMF memorandum, because we have to save the euro. Or maybe he really does mean the system!

Could the euro zone write its own treaty?

Could the seventeen euro-zone countries go it alone and write their own treaty? The German chancellor, Angela Merkel, has mentioned it a number of times; Sarkozy seems enthusiastic; and technically it is possible.

The Schengen Agreement, for example, governing the EU's borderless area, is an intergovernmental treaty. But it would seem that the seventeen euro countries would not be able to do anything to alter the existing treaties, only add to them. Essentially, you cannot change the treaty and you cannot do anything that goes against the treaty: you can only add to the treaty.

This would mean that article 126—the crucial article on monetary union, which says that countries should avoid excessive deficits—could not be changed. And it is just this article that Germany wants to tighten up. But there is nothing to stop the seventeen making an agreement about a "debt brake," for example.

However, such a treaty would also spell the end of the European Commission and the so-called community method, as it would inevitably imply new institutions and structures. It would also have consequences for the community method and role of the institutions—but of course some would like to see this. For France this has been a long-term ambition. But that would be the price, simply because you can't do something for the seventeen in a new treaty and take over the institutions of the twenty-seven.

Then there is the question of treaty change! The latest treaty change, on the European Stability Mechanism, was introduced using the simplified treaty procedure—the "self-amending" procedure. What is being talked about cannot be done by simplified treaty procedure: it can be done only by the normal treaty procedure, which involves a convention.

The Commission is due to bring out a paper next month outlining what is possible under the Lisbon rules, and specifically article 136, which describes economic and budgetary measures for euro-zone members; and the president of the European Council, Herman van Rompuy, has been tasked with doing more or less the same thing. He will come up with a report in December.

The general lack of enthusiasm for treaty change is not reflected in the European Parliament, where some see it as a marvellous opportunity to advance the federal Europe agenda.

A smaller euro zone, a facility for leaving the euro, and limiting national sovereignty

France and Germany have discussed plans for reducing the size of the euro zone and have had intense consultations on this issue over the last months. According to a German official, "the truth is that we need to establish exactly the list of those who don't want to be part of the club and those who simply cannot be part."

And Angela Merkel's CDU party may adopt a motion at its annual congress in favour of amending the EU Treaties to remove the clause that prohibits member-states from voluntarily leaving the euro zone. The text of motion states: "If a Member State of the monetary union is permanently unable or unwilling to comply with the common currency related rules, it may voluntarily withdraw from the euro zone, without leaving the European Union." If passed by delegates, this proposal would still have to be agreed by the other parties in Merkel's coalition before becoming government policy.

Meanwhile, speaking in Berlin, Merkel reiterated her call for treaty change, arguing that it was time for "a breakthrough to a new Europe," in which member-states would integrate further and national sovereignty would be limited. "A community that says, regardless of what happens in the rest of the world, that it can never again change its ground rules, that community simply can't survive," she argued.

If Greece departs, can Ireland be far behind?

The German government is drawing up contingency plans for Greece leaving the euro zone, with three scenarios of varying severity envisaged.

Under the so-called "basic" scenario, a Greek exit would contribute to the strengthening of the euro zone, now shorn of its weakest link. Under the "worst case" scenario, contagion would spread to Spain and Italy, which would necessitate the use of the European Financial Stability Mechanism, with an upgraded strength of approximately €1 billion. Finally, under a "worst worst case" scenario, Greek debt would skyrocket because of devaluation, resulting in stagnation lasting for decades, which would also suck in other countries.

Meanwhile the British prime minister, David Cameron, has said that the British government is drawing up a contingency plan in the event of a break-up of the euro zone, a scenario that the secretary of state for business, Vince Cable, described as '"Armageddon" for Britain's banking system. The planning covers emergency measures to keep the banking system going and involves the Financial Services Authority, the Bank of England, and the Treasury.

But if Greece departs, can Ireland be far behind? We recently saw the Tánaiste, Éamonn Gilmore, being asked three times on RTE news if the Government had any contingency plans should the euro fail, and three times he avoided the question. One could almost hear the cock-crow in the background!

Cameron sees the euro crisis as "an opportunity to begin to refashion the EU"

—while Merkel calls for "more Europe"!

David Cameron has set out his vision of a reformed EU and raised the possibility of repatriating powers by saying that the euro-zone crisis was "an opportunity, in Britain's case, for powers to ebb back instead of flow away to the European Union."

His vision of the EU was "one with the flexibility of a network, not the rigidity of a bloc . . . Change brings opportunities, an opportunity to begin to refashion the EU so it better serves this nation's interests and the interests of its other twenty-six nations too." However, caution is required, as the Conservative government reneged on its promise to hold a referendum on EU membership.

But almost simultaneously, Angela Merkel claimed in an hour-long speech to her party conference that "the task of our generation now is to complete the economic and currency union in Europe and, step by step, to create a political union. It's time for a breakthrough to a new Europe. Through the crisis, Europe is growing closer together, and Europeans are discovering that decisions taken in one country can have enormous impact on the rest of Europe.

"Europe is in one of its toughest, perhaps the toughest hour since the Second World War," she said.

Her minister of finance, Wolfgang Schäuble, won prolonged applause when he said: "We now need to build the political union we never managed to build in the '90s"; but many people are coming to the belief that the unspoken assumption is that what wasn't achieved in the '40s is now possible.

Merkel supported his call for further political and economic integration. She argued that "we are all part of European domestic politics . . . The task of our generation is to complete economic and monetary union, and build political union in Europe, step by step . . . That does not mean less Europe, it means more Europe . . . so that the euro has a future."

And Germany would like to see Europe push through changes to the Lisbon Treaty by the end of 2012 that would set the foundation for a common fiscal policy in the bloc, according to Schäuble. And if they get their way, we will face a referendum towards the latter part of next year.

Sarkozy pushes for "two-speed" Europe

With France's borrowing costs rising rapidly, and with its prized triple-A rating under threat—having already been "accidentally" downgraded —Nicolas Sarkozy (seen here entering the Dáil) is advocating a fast-lane EU for "core" euro countries.

"In the end, clearly, there will be two European gears: one gear towards more integration in the euro zone and a gear that is more confederal in the European Union." Central to his argument was that, as the EU will one day take on the Balkan countries, deeper economic integration at thirty-two, thirty-three or thirty-four member-states will be "impossible."

Keeping non-euro countries outside the room when it comes to discussions on euro-zone troubles has already sparked friction. The "outs," as they are called, have been clubbing together to make sure that their views are not completely discounted as euro-zone leaders rush through new policies. The division has also produced sharp friction between Sarkozy and the British prime minister, David Cameron, with Sarkozy saying that he is "sick of" of Britain telling euro countries what to do.

And, despite Starkey's talk about "core" euro-zone integration, the markets in the last couple of years have had no problem in rating countries within the euro area very differently. Sarkozy is keen to avoid the markets focusing too closely on France, as they are now doing with Italy.

Barroso is taking these plans seriously and in a panicky reaction exclaimed: "Let me be clear: a split

union will not work. This is true for a union with different parts engaged in contradictory objectives, a union with an integrated core but a disengaged periphery, a union dominated by an unhealthy balance of power, or indeed any kind of directory," omitting to mention that such a development would certainly weaken the Commission.

The EU is based on justice, equality and rule of law, he insisted, "not on any power or forces."

Barroso even went a step further and suggested that all EU countries should adopt the euro, directly challenging Britain and Denmark, which are the only two EU members that have ruled out ever joining the single currency. "No, the euro area is not an 'opt-out' from the European Union. In fact all the European Union should have the euro as its currency. So the challenge is how to further deepen euro-area integration without creating divisions with those that are not yet in it."

Belgium could become the next Greece

The Belgian EU commissioner Karel de Gucht has warned that his country could be in line for a Greek and Italian-type loss of market confidence if it does not quickly form a new government.

"Italy and Greece have been saved for now because they will have a new government. It may very well be that the financial markets look around and say, 'Who's next?' And then I think that Belgium is one of the possible victims," he said.

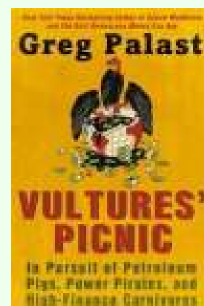
Belgium has struggled to form a coalition government for the past 517 days (a world record) amid growing differences between its French-speaking south and Dutch-speaking north. At the same time it has the EU's third-largest ratio of debt to GDP after Greece and Italy: almost 100 per cent.

Last Thursday Belgium was reprimanded by the EU commissioner for economic and financial affairs, Olli Rehn, over the fact it still has not provided the Commission with a national budget for 2012. "Belgium needs to step up, and full 2012 budgets should be available by mid-December," he told reporters in Brussels.

Government negotiators had earlier tried to put forward a new budget plan for cutting spending by €11 billion and so falling in line with EU deficit ceiling rules. But disputes over policy details put off the move to a later date.

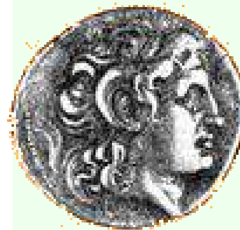
How Goldman sacked Greece

■ The following is an edited extract from Greg Palast's new book, *Vultures' Picnic,* out next week.



Here's what we're told—Greece's economy blew apart because a bunch of olive-spitting, ouzo-guzzling, lazy-arse Greeks refuse to put in a full day's work, retire while they're still teenagers, pocket pensions fit for a pasha, and they've gone on a social-services spending spree using borrowed money.

Now that the bill is due and the Greeks have to pay with higher taxes and cuts in their big fat welfare state, they run riot, screaming in the streets, busting windows and burning banks.



I don't buy it. I don't buy it because of the document in my hand marked "Restricted distribution." I'll cut to the indictment: Greece is a crime scene. The people are victims of a fraud, a scam, a hustle, and a flim-flam. And—cover the children's ears when I say this—a bank named Goldman Sachs is holding the smoking gun.

In 2002, Goldman Sachs secretly bought up €2.3 billion in Greek government debt, converted it all into yen and dollars, then immediately sold it back to Greece. Goldman took a huge loss on the trade. Is Goldman that stupid?

Goldman is stupid—like a fox. The deal was a con, with Goldman making up a phony-baloney exchange rate for the transaction. Why? Goldman had cut a secret deal with the Greek government in power then. Its game? To conceal a massive budget deficit! Goldman's fake loss was the Greek government's fake gain.

Goldman would get repayment of its "loss" from the government at loan-shark rates. The point is, through this crazy and costly legerdemain Greece's right-wing free-market government was able to pretend its deficits never exceeded 3 per cent of GDP. Cool. Fraudulent but cool. But flim-flam isn't cheap these days. On top of murderous interest payments, Goldman charged the Greeks more than a quarter of a billion dollars in fees.

When the new Socialist government of George Papandreou came into office it opened up the books and Goldman's bats flew out. Investors went berserk, demanding monster interest rates for lending more money to roll over this debt. Greece's panicked bond-holders rushed to buy insurance against the country going bankrupt. The price of the bond-bust insurance, called a credit default swap (or CDS), also shot through the roof.

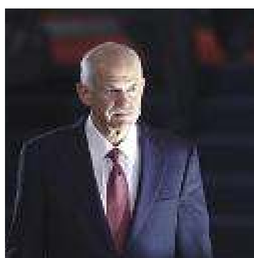
Who made a big pile selling the CDS insurance? Goldman. And those rotting bags of CDSs sold by Goldman and others? That's Goldman's speciality. In 2007, at the same time banks were selling suspect CDSs and CDOs—packaged sub-prime mortgage securities—Goldman held a "net short" position against these securities. That is, Goldman was betting that its financial "products" would end up in the toilet. Goldman picked up another half a billion dollars on its "net short" scam.

But instead of cuffing Goldman's CEO, Lloyd Blankfein, and parading him in a cage through the streets of Athens, we have the victims of the frauds, the Greek people, blamed. Blamed, and soaked for the cost of it.

The "spread" on Greek bonds, the term used for the risk premium paid on Greece's corrupted debt, has now risen to—get ready for this—$14,000 per family per year.

Why did the Greek government throw its country's fate into Goldman's greasy hands? What the heck was in the "Restricted" document? And why did I have to take it to Geneva, to throw it down in front of the director-general of the WTO for authentication, a creepy French banker I otherwise wouldn't bother to spit on, and then tear off to Quito to share it with the grateful president of Ecuador?

The people are irrelevant!



When the former Greek prime minister, George Papandréou, announced that he would call a referendum on the second euro-zone bail-out package for Greece, he argued that "we trust citizens, we believe in their judgement, we believe in their decision."

This caused a great deal of consternation among European politicians and decision-makers, who generally agreed that the decision was irrational and irresponsible, and that rather than looking a gift horse in the mouth the Greeks ought to be grateful that they were receiving a bail-out in the first place.

However, the frustration also partially stemmed from the fact that significant sections of public opinion were envious that the Greeks would be getting a say on the bail-out but that they would not, in particular in Germany. In some cases this was expressed more subtly, while in typical style, on its front page, the German tabloid paper *Bild* demanded: "Ms Merkel, we also want a referendum!"

Many comments appeared to denigrate, or even delegitimise, the principle of the Greek people being allowed to have a say on a matter of such crucial importance for the future of their country. For example, the parliamentary leader of the FDP (Liberal Party), Rainer Brüderle, said he was "irritated" by the plans. The FDP has made it a point of principle to stand up for the interests of German taxpayers during the crisis yet seem to believe that Greek taxpayers should be denied a say on measures imposed on them because of the irresponsible decisions of their political elite.

What is happening here before our eyes is the spectacle of a degeneration of democratic values and beliefs.

In the course of a frenetic couple of days Papandréou was ultimately forced to drop his plan for a referendum, mainly because of external opposition. This resulted in some petty triumphalism on the part of some European leaders, such as Nicolas Sarkozy, who somewhat glibly commented: "I am glad that there were enough responsible people in Greece who understood our message."

In a stunning display of double standards and in a reversal of its position of the previous day, *Bild* praised Merkel for her role in the death of the Greek referendum with a euphoric "Chancellor Angela Merkel has . . . brought the Greeks to reason. A major feat of strength, as if it were a deed of Hercules! The Chancellor is now truly Angela Mercules!"

However, Merkel might find herself having to fight some more referendum enthusiasts, this time closer to home. Inspired by the Greeks, senior politicians in the Christian Social Union (the Bavarian sister-party of Merkel's CDU) have said they support the principle of holding referendums on EU issues.

However, Peter Altmaier of the CDU was said to be "annoyed" by the two, riposting that "I find it highly problematic when we complicate the difficult situation that has emerged with the announcement of a Greek referendum even more with a demand for further referendums."

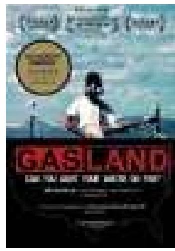
The idea of a German referendum was also criticised by Jürgen Trittin of the German Green Party, who said that "to ask for referendums when they are against Europe is not democratic but right-wing populism."

A further risk posed by "fracking"

A controversial method of extracting gas from the ground known as hydraulic fracturing or "fracking," which it is proposed to use for the extraction of gas in the Lough Allen Basin, was the "highly probable" trigger of earth tremors along the Lancashire coast this year.

The British energy firm Cuadrilla Resources said that a study of its drilling along the Fylde Coast, near

Blackpool, concluded that "it is highly probable" that the fracking "did trigger a number of minor seismic events." A tremor of magnitude 2.3 on the Richter scale was recorded in the area in April, followed by a second of magnitude 1.5 in May.



"The seismic events were due to an unusual combination of geology at the [Preese Hall 1] well site, coupled with the pressure exerted by water injection as part of operations," Cuadrilla said, citing a report it had commissioned. Cuadrilla's chief executive, Mark Miller, said the company "unequivocally accepts" the findings of the report, carried out by a team of independent seismic experts.

Fracking is the drilling of underground shale rock formations by injecting chemicals and water to release trapped natural gas. It is a highly controversial mining technique that contaminates ground and surface waters, polluting even domestic water supplies. The Lough Allen Natural Gas Company and an Australian company, Tambora, have both been granted onshore exploration licences to determine the feasibility of extracting gas from the underlying shale rock by means of this technique.

■ www.youtube.com/watch?v=MEIAkA9pjZM
■ www.youtube.com/watch?v=vt7Hh9sIlMk

"Social Europe under attack"

Is the penny dropping?

"Social Europe" is being killed off "to balance the books," the general secretary of the trade union Mandate, John Douglas, has warned. He made the comments in a speech to a conference organised by Belfast and District Trades Union Council.

Douglas gave the audience a run-down of how a series of grim austerity budgets had affected workers in the Republic. He told them that a team from the EU-IMF-ECB troika was in Dublin to rubberstamp yet another attack on jobs, services and living standards in the next budget—taking €3.6 billion out of the economy.

In marked contrast, he commented that there did not seem to be "any appetite" to "tax the wealthy." He also predicted that the current EU-IMF-ECB strategy would "turn Ireland, Portugal, Spain and Greece into an economic and social wasteland for decades." What was needed instead was a strategy to promote growth. "Growth is the only thing that is going to reduce the deficit."

■ To view the video "Was Social Europe a con?" with Alex Gordon of the RMT union speaking in Dublin, go to www.youtube.com/watch?v=0j3ViBGIlvM.

People's Movement budget protest

A date for your diary

Tuesday 6 December, 1 p.m., at Dáil Éireann (Kildare Street) and the EU Parliament offices (Molesworth Street).

People's Movement · 25 Shanowen Crescent · Dublin 9 · www.people.ie
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