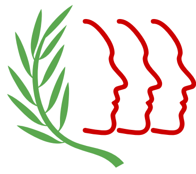

PEOPLE'S NEWS

News Digest of the People's Movement

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No. 65 **5 March 2012**

A massive No, and No again if necessary!

From now to the forthcoming referendum we should be informing and organising ourselves, our neighbours and friends, trade unions, social and community groups about what the grandly named "Treaty on Stability, Coordination and Governance in the Economic and Monetary Union" means for the future of this country and about the anti-democratic and anti-social dangers that it poses.

The treaty has been quite properly renamed the "Permanent Austerity Treaty." It provides for a permanent balanced-budget rule or debt brake of 0.5 per cent of GDP in any one year to be inserted in euro-zone members' constitutions or the equivalent.

But it has an equally obnoxious brother—the European Stability Mechanism (ESM) Treaty—which the Government will not be holding a referendum on and will be trying to push through the Oireachtas in the next few weeks with an absolute minimum of public scrutiny. It is in fact a virtual coup, with equally disastrous consequences for the country. Democrats of all political persuasions should be very concerned.

Yet, as the preamble to the ESM Treaty states, it and the Permanent Austerity Treaty are "complementary in fostering fiscal responsibility and solidarity within the economic and monetary union." So why a referendum on one and not on the other?

This treaty sets up the European Stability Mechanism. This also includes a permanent €500 billion bail-out fund and the contributions each of the seventeen euro-zone members must make to it. In Ireland's case this will amount to €11 billion, "irrevocably and unconditionally," in various forms of capital.

The changes represented by the two treaties would make euro-zone member-states permanently into regimes of economic austerity, involving deeper and deeper cuts in public expenditure, increases in indirect taxes, reductions in wages, sustained liberalisation of markets, and the privatisation of public property.

The European Commission and the European Central Bank are obsessed with "economic governance," which would require smaller euro-zone states in particular to make themselves permanently amenable to a regime under which the larger EU states would, regularly and permanently, vet members' fiscal policies and impose punitive fines on those failing to observe deflationary budget rules.

It should not be forgotten that after 2014, by courtesy of the Lisbon Treaty, the voting arrangements for making EU laws as well as voting on euro-zone matters will see a doubling of Germany's vote in making EU laws, from its present 8 per cent to 16 per cent, while France's and Italy's vote will go from their present 8 per cent each to 12 per cent each, and Ireland's vote will be halved, to 1 per cent.

We should work for a powerful No vote in the referendum on the Permanent Austerity Treaty, but we should also not be distracted from the anti-democratic process that the Government is using to bring the European Stability Mechanism into being.

The ESM Treaty was signed by EU ambassadors on 2 February—replacing an earlier ESM Treaty. The seventeen euro-zone states have agreed that this ESM Treaty No. 2 will be ratified so that it can to come into force by July.

This ESM Treaty must therefore be brought before the Oireachtas for approval of its ratification in the next few weeks before Easter. There will also be an accompanying European Communities Amendment Bill to implement the amendment of article 136 of the Treaty on the Functioning of the European Union, as well as the provisions of the ESM Treaty in Irish domestic law.

The "decision" of the twenty-seven prime ministers and presidents to give permission under EU law to the seventeen euro-zone member-states to set up a permanent bail-out fund for the euro zone must be agreed by all twenty-seven eu member-states in accordance with their respective constitutional requirements.

This means that the European Council "decision" to make this amendment requires approval either by the Oireachtas or by the people in a referendum. For the European Council to purport to authorise under EU law the setting up of a permanent bail-out

fund for a sub-group of EU states can arguably be said to be a significant claim to increased powers for the EU as a whole, as hitherto the EU treaties provided for no such fund, either directly or indirectly.

Arguably, therefore, this amendment would put the Economic and Monetary Union that Ireland signed up to when the people ratified the Maastricht and Lisbon Treaties on a new and different basis, which entails a significant move towards a fiscal union for the euro zone as well as an Irish commitment to a framework of accompanying supranational controls over national budgetary policy.

Therefore, the People's Movement believes that it would be unconstitutional for the Oireachtas to attempt to give the necessary approval of such a European Council decision without a referendum of the people in Ireland, especially when the Government is prepared to hold a referendum on the Permanent Austerity Treaty.

The EU member-states adopted the rules regarding 3 per cent and 60 per cent of GDP to ensure that euro-zone member-states would avoid excessive deficits and consequent borrowing, for that would affect all euro-zone states using the same currency.

But the excessive-deficit articles were not enforced once Germany, France and other states broke the excessive-deficit limits in the early 2000s. When Germany and France broke the rules of the EMU by running big government deficits in 2003, the EU treaty sanctions for enforcing the deficit rules were not applied against them, and they were thereafter effectually dropped for everyone else. Ireland did not break these excessive-deficit rules, however.

Now Germany and France are seeking to change the whole basis of the Economic and Monetary Union that Ireland signed up to by including, in addition to establishing a framework of controls over national budgetary policy, the permanent balanced-budget rule (0.5 per cent deficit rule) through the Permanent Austerity Treaty.

The ESM Treaty is to come into force once it is ratified by signatories representing 90 per cent of the initial capital of the fund; and the preamble to the ESM Treaty states that money from the permanent ESM fund will be given only to euro-zone states that have ratified the Permanent Austerity Treaty and its permanent balanced budget rule or "debt brake."

Greece saved for an uncertain fate!

How can one speak of default in the future tense when we're already bankrupt? . . . Don't you see the people scouring through refuse and sleeping on pavements? Those who led us to bankruptcy—the troika and the government—now claim they want to save us from bankruptcy. It's incredible!"—**Míkis Theodorákis**, Greek composer and songwriter.

If Greece's latest €130 billion loan was to be used for fiscal stimulus, it might be worth the commitment. Because that kind of money could put a lot of people back to work and kick-start the economy fast.

But the loan isn't going to be used for stimulus. It's going to be used to recapitalise the banks and pay off creditors, neither of which will do anything to boost activity or create jobs. So, why bother? Why dig an even deeper hole if it achieves nothing? If that's the case, Greece should just default now and begin rebuilding the economy ASAP. There's no point in putting it off any longer.

The "troika" (European Central Bank, European Union, and International Monetary Fund) demanded another €3 billion in spending cuts, even though unemployment is tipping 20 per cent and the economy shrank by 7 per cent in the last quarter. What sense does that make? You don't have to be a genius to see that Greece won't reach its budget targets if tax revenue continues to fall, because everyone's either been sacked or taking a pay cut.

It will just make a bad situation even worse. But the troika doesn't worry about these types of things. They don't care that their economic theories have failed miserably so far, or that their "austerity" measures have been a complete flop. They just keep plugging along, making the same mistakes over and over again, impervious to the criticism of reputable economists, oblivious to the abysmal results. They remain steadfast in their commitment to belt-tightening, convinced that a strict diet of bread-crumbs and water is the best way to nurse an ailing economy back to health. It doesn't bother them that the facts prove otherwise.

The Fitch ratings agency isn't convinced that austerity will work; in fact it lowered Greece's rating, saying that they now think a default is "highly likely."

Similarly, a "confidential report" that was given to euro-zone finance ministers suggests that there's a high probability that the slump in Greece will get worse and that the country's debt-to-GDP ratio will still be 160 per cent by 2020, a full decade after the implementation of austerity measures.

So even if Greece sticks with the hairshirts and follows the troika's diktats to the letter, its debt could still be at "unsustainable" levels eight years from today.

Why? An article in the high-circulation German weekly *Der Spiegel* puts it clearly:

Of course, the €130 billion would not solve the problem. It is only intended to buy time. Time until the financial markets have stabilised to the extent that they can handle the actual bankruptcy of Greece without a chain reaction. Without bank failures, no knock-on effects through the loss of credit insurance and no interest for the remaining problem of explosion of the Euro-zone countries.

They're all heart!

The EU Permanent Austerity Treaty

A new commentary on the treaty

www.people.ie/economy/auster1.pdf

And a new leaflet

www.people.ie/leaflet/auster2.pdf

The German role in the euro-zone crisis

The Economic and Monetary Union that Ireland signed up to under the Maastricht Treaty (1992) and Lisbon Treaty (2009) assumed that the deficit rules of 3 per cent and 60 per cent of GDP for every euro-zone state would be complied with and enforced by means of sanctions that are set out in those treaties.

When Germany and France broke these rules in 2003, the EU treaty sanctions were not applied against them, and they were effectually dropped for everyone else.

Now Germany and France are using the present euro-zone crisis to set about increasing their political sway over the euro zone by changing the whole basis of the Economic and Monetary Union that Ireland signed up to by establishing a permanent €500 billion so-called European Stability Mechanism bail-out fund, surrounded by a framework of controls over national budgetary policy, including a permanent balanced-budget rule (0.5 per cent deficit rule) proposed in the Fiscal Compact Treaty.

Remember that, under the Lisbon Treaty, in two years' time Germany's vote in making EU laws, as well as voting in euro-zone matters will double, from its present 8 per cent to 16 per cent, while that of France and Italy will go up from 8 to 12 per cent.

And Ireland's vote? Cut by half, to 1 per cent.

But what about the German economic model? Here is a typical portrayal, by Martin Hart-Landsberg at www.spectrezine.org:

As growing numbers of countries face renewed austerity pressures, there is a tendency to explain the trend by searching for specific policy failures in each country rather than considering broader structural dynamics. Key to the credibility of those who argue for a focus on national decisions is the existence of countries that people believe are performing well. Thus, the argument goes, if only policy makers followed best practices their people wouldn't find themselves in such a bad place. Recently, German has become one of these model countries.

Here is a typical framing of the German experience:

At a time when unemployment rates in France, Italy, the UK, and the US are stuck around 8%–9%, many are turning to the apparent miracle in the German labor market in search of lessons. In 2008–09, German GDP plummeted 6.6% from peak to trough, yet joblessness rose only 0.5 percentage points before resuming a downward trend, and employment fell only 0.5%. In August 2011, the standardized unemployment rate was about 6.5%, the lowest since the post-reunification boom of 20 years ago.

In other words, Germany seems to be doing things right. Despite suffering a deep decline it actually enjoyed a lower unemployment rate. So, how did it do it? Often cited are recent German policies which have increased labour market flexibility. But are these the best practices that should be adopted elsewhere? One way to answer that question is to look at what these changes have meant to German workers. A Reuters report concluded: "Job growth in Germany has been especially strong for low wage and temporary agency employment because of deregulation and the promotion of flexible, low-income, state-subsidised so-called 'mini-jobs'."

The number of full-time workers on low wages—sometimes defined as less than two thirds of middle income—rose by 13.5% to 4.3 million between 2005 and 2010, three times faster than other employment, according to the Labour Office.

Jobs at temporary work agencies reached a record high in 2011 of 910,000—triple the number from 2002 when Berlin started deregulating the temp sector . . .

Data from the Organization for Economic Co-operation and Development shows low-wage employment accounts for 20% of full-time jobs in Germany compared to 8.0% in Italy and 13.5% in Greece . . .

One out of five jobs is a now a "mini-job," earning workers a maximum 400 euros a month tax-free. For nearly 5 million, this is their main job, requiring steep publicly-funded top-ups.

"Regular full-time jobs are being split up into mini-jobs," said Holger Bonin of the Mannheim-based ZEW think tank.

And there is little to stop employers paying "mini-jobbers" low hourly wages given they know the government will top them up and there is no legal minimum wage.

As the *New York Times* astutely reported,

But hidden behind the so-called German economic miracle is an underclass of low-paid employees whose incomes have benefited little from the country's stability and in fact have shrunk in real terms over the last decade, according to recent data.

And because of government policies intended to keep wages low to discourage outsourcing and encourage skills training, the incomes of these workers are not likely to rise anytime soon.

That, in turn, means they are likely to continue to depend on government aid programs to make ends meet, costing taxpayers billions of euros a year.

The paradox of a rising tide that does not lift all boats stems in part from the fact that Germany has no federally set minimum wage. But it also has its roots in recent German politics, which have favoured measures to keep unemployment low and win support from employers . . .

The Confederation of German Employers' Associations says the introduction of a minimum wage would push up labour costs and lead to more unemployment. Jobs would simply move out of Germany and to Eastern Europe or Asia.

An ILO report, *Global Employment Trends, 2012,* shows the connection between these policies and the euro-zone crisis. For they have not only taken a toll on German workers, they have also greatly contributed to the crisis in Europe. The low wages and insecure employment conditions have enabled German employers to boost exports and limited imports.

The ILO report concludes:

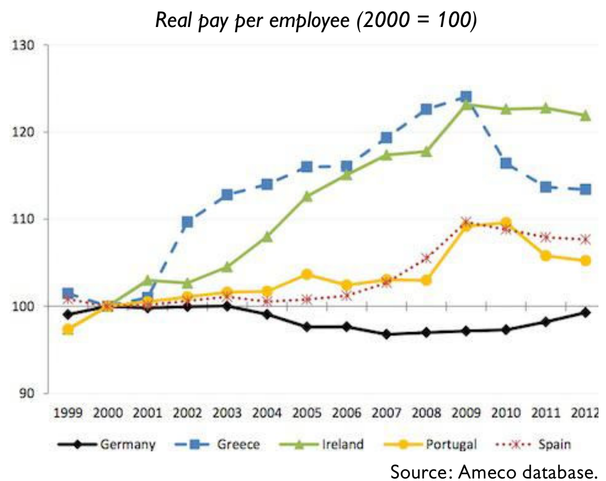
The rising competitiveness of German exporters has increasingly been identified as the structural cause underlying the recent difficulties in the Euro area. Crisis countries had not been able to export enough of their goods to Germany as domestic demand there was not strong enough because of low wages.

"German policies to keep down wages had created conditions for a prolonged slump in Europe as other nations on the continent increasingly saw only even harsher wage deflation as a solution to their lack of competitiveness.

The report called on Germany to enact swift changes. "An end to a low-wage policy would create positive spill-over effects to the rest of Europe and restore a more equitable income distribution . . . An end to a low-wage policy would create positive spill-over effects to the rest of Europe and restore a more equitable income distribution."

As the chart shows, German wages have been stagnating for more than a decade. No wonder Germany has been exporting so successfully and other countries in Europe have found it difficult to compete. While German politicians blame these other countries for their problems, the fact is that German growth has depended on the high consumption and borrowing in those other countries.

Real pay per employee (2000 = 100)



Source: Ameco database.

Israel to demolish EU-funded renewables

Six EU-funded wind and solar energy projects that provide electricity for six hundred West Bank Palestinians have been put on a "demolition list" by Israel, allegedly in response to a report by an EU mission that called for laws to prevent the financing of illegal settlements.

West Bank project managers say the "stop work" orders served against the projects are "a first step to almost automatic demolition."

Elad Orian, a joint founder of Comet-ME, which oversaw the renewables project, said that four hundred people would be left completely without electricity if the demolition went ahead. "The people will be left without light or the ability to charge cellphones [mobile phones], which is the only means of communication there."

The project, supported by Comet-ME and the German group Medico International, built a total of fifteen solar plants and hybrid systems for electrifying villages with a combined population of some 1,500 people.

Area C is a canton under full Israeli control, comprising some 60 per cent of the West Bank and—beyond the West Bank Wall—all of Israel's settlements, which are considered illegal under international law. Palestinians need permits to build in this region, but a study by the Israeli group Peace Now found that, between 2000 and 2007, 94 per cent of their applications were turned down.

The region, spanning the Dead Sea, Judaean Desert and Jordan Valley, is underdeveloped and the

German Foreign Office provided approximately €300,000 for the six hybrid wind and solar energy projects, which serve poor villages in the South Hebron Hills.

Some EU diplomats, and many non-governmental groups, see a link in the timing with a confidential report by the EU's regional diplomats into the building of settlements and the demolition of houses in Area C. It called on the Commission to draft legislation "to prevent/discourage financial transactions in support of settlement activity."

Less than two weeks after the report was leaked, notices were served on clean-energy projects in Haribat al-Nabi, Shaab al-Butum, Qawawis, and Wadi al-Shesh.

Fidelma strikes back

as Fianna Fáil returns from Damascus!

Senator Mark Daly (Fianna Fáil): Ireland and the EU have a democratic deficit. The direction the EU is taking is not democratic in nature. Since the failure of the euro started, we have seen that it was designed to fail. According to many commentators, it was not structured correctly. The new EU structures being put in place are also designed to fail. They lack consultation with—

Senator Fidelma Healy Eames (Fine Gael): The senator is living in his own world.

Senator Daly: If Senator Healy Eames believes that Europe is democratic in nature while the Germans and French dictate to everyone how it should be run, she is the one who is not living in the real world.

A very late conversion for Fianna Fáil!

Hungary to be punished

but Germany and France got away with it!

The EU Commission has announced that unless Hungary reduces its budget deficit to below 3 per cent of GDP by the end of the year it will be stripped of part of its 2013 allocation from the EU's cohesion funds, amounting to €500 million.

The Hungarian authorities have questioned the legality of the move. If the fine is imposed it would be the first time this clause in the Cohesion Fund—a fund to be used for environment and transport infrastructure—has ever been used.

The various commissioners and spokespersons delivering the message made all sorts of qualifying statements to accompany the decision. This is "not a kind of punishment" but an "incentive." "This is not about the Hungarian government." "This is about implementing the rules." "It is dissuasive," and can be reversed.

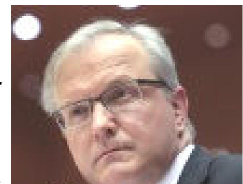
For years there has been discussion about the fact that the old rules underpinning the euro were never properly enforced. France and Germany had a get-out clause, by virtue of being France and Germany. If they were enforced, Ireland's position would not be so serious.

But the "six-pack" of legislation that came into force last year gives the EU Commission far greater surveillance and control over national budgets. Meanwhile two new laws, applying only to the seventeen members of the single currency, came into force last week. They require that all national budgets be presented to the Commission for "assessment" at the same time, by 15 October at the latest.

Designed only for euro-zone countries, the laws would effectually remove a troubled country's discretionary spending power and allow the Commission to unilaterally decide to send in a "task force" to monitor decision-making.

The rules were drawn up in remarkable time. And they represent a huge shift in relations between Brussels and national capitals.

When Belgium received its "do this or else" threat from the European Commission late last year the country's minister for climate and energy policy, Paul Magnette, demanded to know who exactly the EU commissioner for economic and monetary affairs was. *"Who knows Olli Rehn? Who knows where he has come from and what he has done? Nobody! Yet he tells us how we should conduct economic policy."*



It's a question that will be asked with increasing frequency. Over to you, Enda!

The pressure increases for co-ordinated corporate tax

France and Germany have moved a step closer to a full fiscal union by announcing a harmonisation of their corporate tax rates by 2013. The proposals are "a first step towards more European coherence" and support the "Euro-Plus Pact," setting out rules for economic and fiscal co-ordination, which not all member-states signed.

The move will join France and Germany in a

single “aligned” rate of business tax, known as a common consolidated corporate tax base, as a prelude to its introduction throughout the EU—a development that Enda Kenny has described as hugely damaging for Ireland’s low-tax regime.

But it won’t be long now until his mettle is tested, as the “own resources” provisions of the Lisbon Treaty come home to roost. Just to remind readers, he promised “constructive engagement.”

Austerity *is* working

“Austerity is not working” was the theme of an ICTU demonstration held outside the European Commission offices on 29 February. The demonstration was part of a series of demonstrations called throughout the EU by the European Trade Union Confederation.

The trade union top brass and full-time officials who seemed to make up the bulk of the demonstrators could not bring themselves to call for a repudiation of the permanent-austerity Fiscal Compact Treaty, preferring instead to make gentle noises about the need for a “social compact that put jobs and people first.”

To insert a balanced-budget amendment in the constitution or laws of all seventeen euro-zone members, as required by the Fiscal Compact Treaty, would make policies based on such priorities impossible, because it would not allow governments to run up a budget deficit when economic realities demand them. This is the situation in Ireland at present.

Countries might sometimes need to run up a budget surplus, sometimes to run a budget deficit, and sometimes to balance their budget. It all depends on the economic situation that a country finds itself in. But to put a balanced-budget provision into the permanent law of a country is economic bonkers.

But then this is about more than economic policy: it is about establishing a new, more intense degree of control over the budgets of euro-zone member-states by the EU Commission. And behind the Commission? Germany and France.

Until the ICTU wakens up to this reality and makes the necessary political commitment to resist it, austerity *is* working, because it is confusing its leadership and demoralising its members.

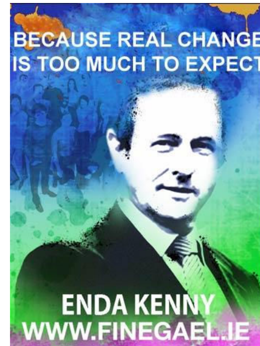
EU treaty fiddled to avoid vote

Kenny must have forgotten!

Germany’s minister for European affairs, Michael Link, who was visiting Dublin for talks with government ministers, has confirmed that EU negotiators sought to design the euro-zone fiscal compact in such a way as to avoid a referendum in Ireland.

He added that Ireland’s constitutional requirements will also help to determine the drafting of rules governing the role of the European Court of Justice in enforcing the new pact.

“As you know, concerning the next European Council, there are still ongoing negotiations concerning the role of the European Court of Justice. Also there, we are trying to design everything that is on the table in a way which would be okay in the eyes of the Attorney General and the Irish Constitution so that no referendum is needed.”

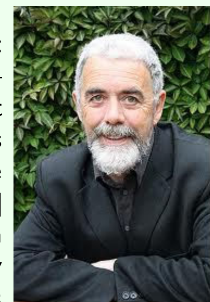


Officials in Brussels are negotiating the terms of a legal mandate under which the EU Court of Justice will act as a court of appeal in monitoring how member-states transpose the new debt rules into national law. *“The situation is that many people in Ireland, as far as I understand, are afraid that the compact would affect the Irish Constitution,”* Link said. *“We have tried everything to make clear that the compact is in line with the Irish Constitution and therefore of course we want, if possible, to have Ireland as an important member of the euro zone, also as part of the fiscal compact.”*

When asked if the fiscal compact agreed in Brussels last month had been designed in such a way that it would not require a referendum in Ireland, Link replied: *“Exactly.”* Surprise! Surprise!

The German minister’s comments contradict Enda Kenny’s denial in Dáil Éireann of a report that parts of the pact were explicitly drafted to give the Government a chance to avoid a referendum.

And a reply from Theo Dorgan to the report in the *Irish Times*



Sir,—

Denis Staunton writes: “Germany’s Minister for European Affairs has confirmed that European Union negotiators sought to design the euro zone fiscal compact in such a way [as] to avoid a referendum in Ireland” (Front page, February 23rd). “Michael Link, who was visiting Dublin [on Wednesday] for talks with Ministers, officials and members of the Oireachtas, added that Ireland’s constitutional requirements will also help to determine the drafting, at next week’s EU summit, of rules governing the role of the European Court of Justice in enforcing the new pact.”

I assume, as Denis Staunton seems to assume,

that Herr Link is telling the truth.

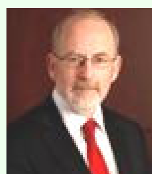
Two weeks ago, you reported on an interview with Taoiseach Enda Kenny: "However, when pressed in the interview on whether Ireland had insisted on the text being designed to obviate a referendum in Ireland, he said 'not at all'." As the Taoiseach is, of course, an honest man, we have to conclude one of two things: either one or more of his colleagues (or our representation in Brussels) have been lobbying for this without telling him, or our dear friends among the European Union negotiators have decided spontaneously to spare him the stress of putting the Fiscal Compact to the people.

Whichever option you choose, his authority and our sovereign independence have been savagely undermined.

—Yours, etc.,
THEO DORGAN

A blue moon!

It's not often that we print articles written by Fine Gael TDs, but this contribution by Peter Mathews deserves to be widely disseminated.



The last government agreed that the State should pay €31bn to IBRC (formerly Anglo and Irish Nationwide) over a 13-year schedule ending in 2025. The first payment of €3.1bn was made in March 2011. The next payment is due on March 31.

If the European Union and the European Central Bank force us to make this payment, it would amount to increasing the totally unjustified, odious debt burden on the people of Ireland. How is it unjustified? How is it odious?

Loan losses that occurred in the Irish banks following the financial collapse in 2008 were calculated in March 2011 at €75bn. In the 12 months since then it is becoming increasingly apparent that mortgage loan losses will get progressively worse. Evidence is mounting that the total loan losses in Ireland could rise towards €100bn.

Throughout 2008 and 2009 there was a slow motion run and controlled implosion of the Irish banking system. In response, the ECB advanced massive loans to the Irish banks and in turn the Central Bank of Ireland responded by providing Exceptional Liquidity Assistance (ELA) to the Irish banks.

Professors Karl Whelan, Brian Lucey and Dr Stephen Kinsella recently made excellent presentations to the Oireachtas Committee on the issue of the promissory notes and ELA. They showed how the Central Bank of Ireland effectively created €45bn ELA money "out of thin air." The Central Bank of Ireland doesn't owe any of this money to the ECB, they said.

On a once-off basis, money was created and pumped into the Irish banks to keep them solvent. When the Irish banks repay these ELA loans, the Central Bank of Ireland simply retires them. The money literally disappears. Therefore, the €31bn ELA money created by the Central Bank of Ireland, and advanced to IBRC to cover promissory notes, can and should be written off.

Specifically, on March 31 next, the write-off by the Central Bank of Ireland of €3.1bn ELA would mean that the Government wouldn't have to borrow that money to pay the €3.1bn promissory note. That promissory note could literally be torn up.

The same applies to all the remaining €25bn ELA loans to IBRC and the remaining €25bn promissory notes on IBRC's balance sheet. There is nothing dubious or wrong about doing this. Losses which should have been borne by bondholders have, wrongly, been dumped on the people of Ireland.

Normally, when banks collapse, their funders do not get all their money back. In Ireland, bondholders were redeemed all their money with interest at the insistence of the ECB. Since the end of 2008, as payments to bondholders fell due, neither the banks nor the State had the resources to pay them.

That is where the ECB stepped in. It lent approximately €135bn to our banks to enable them to repay the bondholders and also to replace lost deposits. The ECB became fully complicit in dumping this bill onto the people of Ireland.

Under normal capitalist principles, the ECB would not have shielded bondholders from the consequences of their investments. They would have to accept that Ireland is "taking one for the team." Taking all this into account, again under normal capitalist principles, the ECB could not object to writing off up to €75bn of the loans it advanced to the Irish banks.

If the ECB is unwilling to do this, then the Central Bank of Ireland should top up its Exceptional Liquidity Assistance loans to the Irish banks to €75bn (in the case of AIB and Bank of Ireland substituting ELA for ECB loans) and then write it off.

The ECB has a limited ability to prevent the Central Bank of Ireland from doing this. It can only veto a proposal by the Irish Central Bank with a two-thirds majority of its governing council. There are 23 members of the governing council, including Ireland's representative, Governor Patrick Honohan. So, if he and seven other members of the governing council support the proposal to write off the ELA money there is nothing Ms Merkel, Mr Sarkozy, Mr Draghi or anybody else can do about it.

But has Mr Honohan held discussions with ECB President Mario Draghi regarding writing off the ELA money? Has he lobbied other Central Bank governors? Has he lobbied the other eurozone countries in trouble so we can take a joint approach towards debt restructuring? Writing off that €75bn would have a massive positive impact on Ireland.

Firstly, this would allow AIB and Bank of Ireland to pass on these write-downs to mortgage holders and struggling businesses, providing a much needed stimulus to the Irish economy.

Secondly, it would allow us to "tear up" our obligation to redeem the €31bn promissory notes.

Overnight, our national debt would fall towards the Eurozone average and substantially improve our prospects of leaving the EU-IMF bailout programme. We have been damned with faint praise from the troika. But the current EU policy of "kicking the can down the road" just prolongs the crisis.

Our Government has shown willingness and fortitude in taking tough, necessary and often deeply unpopular decisions. It's now time for the ECB to establish fairness within the eurozone. If the European political establishment really believes we're doing such a good job, the best way to show it is to agree to lighten the debt load on the people of Ireland by €75bn.

■ Peter Mathews is a chartered accountant and Fine Gael TD for Dublin South.