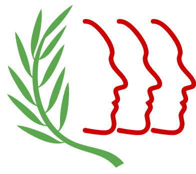

PEOPLE'S NEWS

News Digest of the People's Movement

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Why it is important to have a referendum on the ESM

Thomas Pringle TD, patron of the People's Movement, outlines the reasons

What is the European Stability Mechanism?

From 2013 the ESM will have the responsibility for providing loans to euro-zone member-states in difficulties—strictly conditional on the implementation of a range of "adjustment measures" and if the granting of the assistance is considered indispensable to safeguard the "stability of the euro area as a whole"—or, to put it more accurately, "assistance" conditional on turning a recipient country into a social and economic wasteland for the greater good of the euro.

And Éamon Gilmore has confirmed that it is the Government's intention to pass the treaty in the Dáil following the referendum on the Permanent Austerity (Fiscal) Treaty on 31 May.

Why amend the Treaty on the Functioning of the European Union to establish the ESM?

The EU authorities propose amending one of the EU treaties, the Treaty on the Functioning of the European Union, to give themselves a legal basis for establishing the ESM, using one of the self-amending provisions of the Lisbon Treaty. The Government proposes ratifying this amendment without reference to the people by way of a referendum. Part of the existing temporary EU "bail-out" arrangements will end in 2013.

The ESM was established under article 122 (2) of the TFEU but is under challenge in the German Constitutional Court. The German Chancellor, Angela Merkel, and French President, Nicolas Sarkozy, determined towards the end of 2010 to try to head off any further constitutional challenge and at the same time to take a further significant step along the road to total EU control of the economic policies of weaker member-states. The ESM, together with the Euro Plus Pact, is a quantum leap in EU economic government.

How can you argue that there must be a referendum on the ESM when the Government and Fianna Fáil "opposition" refuse to countenance one?

Article 6 of the Constitution of Ireland proclaims the right of the people "in final appeal to decide all questions of national policy, according to the requirements of the common good."

The Supreme Court laid down in the Crotty case that, as legal sovereignty in this state rests with the Irish people, only they can surrender sovereignty to the EU by referendum (or refuse to surrender it, as the case may be).

The ESM is for much more than making permanent the temporary mechanism by which Ireland, Greece and Portugal are at present being "bailed out." It is a surrender in matters of control of national economic policy necessitating an amendment to an EU treaty. The purpose of a referendum would be to determine whether or not the Constitution should be changed so as to make EU law superior to Irish law in the area set out in the proposed amendment.

The refusal of the Government to publish the opinion of the former Attorney-General, Paul Gallagher, and any legal opinion it has obtained since coming into office attests to the fear among the Fine Gael-Labour Party-Fianna Fáil troika of an assertive public opinion demanding what is the democratic and constitutional right of the citizens of this country.

Government decisions of fundamental importance for the future of this country for generations to come, such as the disastrous bank guarantee and, more recently, the EU-ECB-IMF "bail-out," were made without reference to the citizens. The almost seamless continuity between the policy of the new Government and that of the previous one has denied citizens an opportunity to say Yes or No to those decisions.

What will Ireland's ESM financial liability be?

The state will be legally obliged to the ESM to the tune of approximately €11.13 billion—€1.28 billion in cash and the rest in the form of callable capital and guarantees. Ireland has not been given an opt-out.

But that’s not the figure the Government gives!

No. The Tánaiste, Éamon Gilmore, gave a figure of €9.87 billion in response to a question from me in the Dáil on 13 April 2011, but in fact the country’s contribution is a set 1.59 per cent of the total subscribed capital of €700 billion, i.e. €11.13 billion. Gilmore confused the subscribed capital figure of €700 billion and the callable capital and guarantee figure of €620 billion when making the calculation.

But was Gilmore not at least correct to claim that “the manner in which the ESM is structured means that each country’s contribution will not affect its general government deficit”?

There is no cheap, troublle-free way out of the present crisis, and certainly not through buying in to the ESM. Ireland will have to issue debt or borrow to raise the money to be able to pay the €1.29 billion of paid-in capital for the ESM. This is money that could make a substantial contribution to the survival of the country’s health service or our welfare and education systems. Also, after 2013 will be the worst time to be lumbered with such a commitment. We should have exited the present EU-ECB-IMF “bail-out” regime from late 2012 and returned to the market.

The country would (in theory) have to refinance a lot of its own debt from the bail-out, and at the same time go into additional substantial debt to pay its share of the ESM. In short, the ESM simultaneously would make our bonds riskier and more susceptible to restructuring and require more of those very bonds to be issued, in order to pay for itself.

But isn’t this an example of EU solidarity?

The ESM would need €700 billion in order to borrow the €500 billion that would constitute its lending capacity: €80 billion in paid-in capital and €620 billion of “committed callable capital.” And Ireland, Greece and Portugal, the three countries that are now being subjected to euro-zone austerity schemes, will together be required to cough up or guarantee €49 billion of that sum. This is not “solidarity,” it’s robbery.

Could a situation arise whereby Ireland, Greece and Portugal would have to fork out more cash?

The German court of auditors recently showed how this could happen. In a report to the Bundestag’s budgetary committee, the court discovered that the paid-in capital that Germany and indeed any other euro-zone country might have to provide between 2013 and 2017 could be higher than foreseen.

According to the decisions of the EU summit meeting in March, Germany would pay €21.7 billion out of the €80 billion of paid-in capital for the ESM. Merkel had insisted that the German government should be able to pay that money in five equal yearly tranches of €4.35 billion, which would be counted as expenditure in the budget.

But the auditors pointed out that this agreement becomes invalid if one country is unable to bear its share of paid-in capital and if at the same time another state requires the aid of the ESM. In that case the rate of paid-in capital in relation to its total of €700 billion could decline under the 15 per cent that is required by the rating agency to guarantee the ESM AAA rating. In that case the ESM shareholders could decide by simple majority—and, as a consequence, against Germany’s wishes—that the capital stock, and therefore the German contribution, needed to be increased. This anomaly applies equally to Ireland, Greece, and Portugal.

But for weaker euro-zone countries there is an additional problem. With regard to callable capital and guarantees, euro-zone countries like Ireland will be required to pay cash down. Germany and France, whose sovereign bonds have an AAA rating, would not need to put up actual money to cover any shortfall of paid-in capital: a guarantee would do.

But as a guarantee has to serve as the equivalent of a prepaid cash payment, a guarantee by a non-AAA country would not cover the shortfall, so countries with lower ratings (yes, you guessed them correctly!) would have to pay cash.

So we are in a perverse situation. Countries with easy access to capital can provide cheap guarantees, while the weak countries must put up cash.

PM pamphlet

The People’s Movement pamphlet *The European Stability Mechanism and the Case for an Irish Referendum* can be found at www.people.ie/eu/esmref2.pdf.

Referendum appeal

The People’s Movement intends to mount a vigorous campaign in opposition to the EU Permanent Austerity Treaty, also known as the Fiscal Compact Treaty. The referendum is now only six weeks away, and we will be opening an office next week. Our first leaflet has been drafted, the first meetings have been held in Galway, Sligo, and Mullingar, with more

planned for the coming weeks, and we are now discussing campaign posters.

The People's Movement has not got a paying membership base and relies on voluntary contributions in order to raise funds. Referendum campaigns are expensive—one poster costs about €10—which gives the advantage to larger parties on the Yes side, which even enjoy subsidies from the taxpayer!

So once again we are asking for your support. We realise that these are difficult times, with many calls on your resources; but it is salutary to reflect that permanent austerity lies before us if we accept this treaty, and that things will only get worse. This treaty would also be signed in perpetuity.

Please send what you can to: People's Movement, 25 Shanowen Crescent, Dublin 9, or to our account: Ulster Bank, 33 College Green, Dublin 2 (sorting code 98-50-10), account no. 06330039: IBAN: IE61 ULSB 9850 1006 3300 39.

All contributions to the campaign will be acknowledged.

Everything to fight for

—Let's make a big effort!

There is only a "fragile majority" in favour of the Yes side, and the referendum needs a "full-scale general election-sized effort," according to Dr John O'Brennan, director of European studies at NUI, Maynooth. The latest opinion polls demonstrate a "very solid majority [of] 44 per cent to 29 cent in favour" of the treaty, he said, but "we've been here before." In 2001, before the Nice Treaty, and in 2008, before the Lisbon Treaty, an opinion poll showed 46 per cent to 23 per cent in favour.

"Ah, but where will we get the money if we don't vote Yes?"

One of the main positions taken by the Government in support of the Austerity Treaty is that of blackmail: Vote Yes or there will be no money from the European Stability Mechanism when we need another bail-out—despite their continued mantra that such a bail-out will not be needed! But, blackmail or not, it's a question that we will have to have answers for.

1. Even if we don't ratify and we can't gain access to the ESM, Ireland is small but important for the EU financial system, and so funds will be found elsewhere outside the ESM structures to lend to us. This would certainly be the case if such assistance was, in the words of the ESM, "indispensable to safeguard the financial stability of the euro area as a whole." Remember "contagion"!

2. If the EU doesn't come up with the money we are entitled to apply to the IMF, and their interest rates and conditions were more favourable than those of the EU and ECB! This is the same fall-back that all EU countries are entitled to as members of the IMF. After all, more EU countries have obtained IMF support than EU support in the last decade: Latvia, Lithuania, Poland, Bulgaria, Romania, Hungary, and Estonia.

3. Sweden and Britain both advanced loans at a favourable rate to supplement our first bail-out. Norway has a pension reserve fund of more than €500 billion and might be similarly inclined. When Argentina defaulted it was kept afloat by a number of countries until it re-entered the markets.

4. In the unlikely event that we get no loans and have to close the deficit, we can do so through instituting a progressive tax system, including a wealth tax (we have more than 20,000 declared millionaires) to fund social services.

5. The remaining money can be found through renegotiating (partially defaulting on) foreign debt. This would take courage and resolve but would ultimately be successful. The debt will have to be renegotiated in a a few years' time anyway.

6. Regardless of the referendum vote, Ireland is guaranteed funds under the current programme as long as it meets its targets. Michael Noonan said recently: *"There is a commitment that if countries continue to fulfil the conditions of their programme the European authorities will continue to supply them with money even when the programme is concluded . . . The commitment is now written in that if we are not back in the markets the European authorities will give us money until we get back in the markets."*

It is difficult to find a strategy, other than borrowing or selective taxation, that would create growth so quickly as to prevent a second bail-out, or close the deficit if a second bail-out was denied. But this is a rich country, and a number of strategic demands must be advanced to establish a new political and economic direction that would comfortably extract Ireland from its present situation even if over an extended period. These demands include:

- support for indigenous industries and the protection, reform and diversification of remaining state and state-sponsored companies, all of which are under threat from the provisions of the EU-IMF memorandum;
- the establishment of a constitutionally guaranteed State Development Bank to support families, small farmers and small businesses and of a development corporation to plan for sustainable growth;
- the nationalisation of our natural resources and utilisation of the vast wealth and potential that exists;

  The Government estimates that we possess €700 billion in proven reserves of oil and gas alone—all of which is exploited by transnational companies.

  Add to this the largest lead and zinc mine in Europe, and numerous other mineral resources, including a gold mine worth €8 billion. There is no state shareholding in any of these projects; in effect, no royalties are paid and there is an immediate write-off of development and exploration expenditure.

  Of course there are no restrictions on the repatriation of capital. It is difficult to estimate how much revenue this would generate by 2015, but it is unlikely to be significant enough in the short term.
- the repatriation of power over our seas and marine life.

  We provide 44 per cent of the EU's fish catch and hold only 4 per cent of quotas. The conservative estimate of the value of Irish fish landed so far by other EU countries under the common fisheries policy exceeds €200 billion. An immediate renegotiation of the fish quota would generate more revenue from tax on the increased earnings of fishermen—and increased numbers at work in the industry.

If you have any other practical ideas about how the deficit might be closed, particularly in the short-term, please send them to post @people.ie.

In case you hadn't noticed!

"Europe's vaunted social model—which places a premium on job security and generous safety nets—is already gone."—Observations by **Mario Draghi**, president of the European Central Bank, in the *Wall Street Journal.*

And where will we get the money from?

Not from Providence anyway—unless things change radically

The commercially viable Barryroe oil well recently announced off the coast of Co. Cork can pump oil at a rate of about 4,000 barrels a day—a good indication that the well has decent resources, particularly when the explorer, Providence Resources, says the well could have a total capacity of a billion barrels.

The present price of a barrel of crude oil stands at $120—meaning that, if the price held steady, the well could have a total trade value of $120 billion, or about €92 billion. But how much of that would the Government expect to receive? Under laws first introduced in 1987 and changed most recently in 2007, Ireland doesn't take any stake in an oil venture—nor does it require any explorers to guarantee any supply to Ireland.

So, even though oil and gas would be recovered from Irish waters, there is no implicit guarantee that it could be used to offer supplies for Ireland—even though, in some cases, the rigs drilling for oil could be visible from the Irish mainland.

There is also no guarantee that the oil being harvested from Ireland could be sold back to Ireland at a discounted rate. Instead the Government's sole revenue—if any—is through corporation tax, whereby the state takes a 25 per cent cut of the profits made from the extraction of natural resources within its territory.

This rate can get higher in line with the company's profits. Once the profit is $1\frac{1}{2}$ times larger than the money spent on extracting it, the tax rate gets higher, up to a ceiling of 40 per cent when the ratio hits $4\frac{1}{2}$:1. It sounds good, but this rate is among the lower rates of any country in the world. Norway's tax, for example, is 75 per cent; Britain's is just above 50 per cent; only Cameroon levies a lower rate than Ireland!

In exchange for this tax rate the Government effectually signs over the ownership of the oil or gas. But the difficulty in trying to ascertain where Ireland's sliding tax scale would kick in for Barryroe, or anywhere else, is simply that no exploration operations have yet begun since the present tax regime came in. The extraction of gas at Kinsale

took place under the previous tax regime in the 1970s.

William Hederman, a journalist who maintains the Irish Oil and Gas blog (irishoilandgas.wordpress.com) fears that the open-ended nature of the tax laws—which allow companies to deduct their exploration and development costs from their tax bill—could mean a smaller tax take than we might hope. *"That can include costs going back 25 years before a field goes into production,"* he says. *"It could include other unsuccessful wells drilled. They can write off the costs of other wells drilled in Irish waters."*

Not only that, but the fact that most companies drilling in Ireland have larger operations abroad—and are more likely to bring workers from those sites to Ireland than to hire local people—means that it's possible that companies could claim tax refunds for cash spent abroad.

"The Irish taxman, I would suggest, is going to find it very difficult to establish just exactly what costs are related to the project," Hederman states. He points out that estimates offered by Éamon Ryan in 2008 about the Corrib gas project suggested a net tax take to the state of about €1.7 billion—less than 18 per cent of the €9½ billion that the field was worth at that time. He also says that a study compiled by private consultants for Shell in 2003, which gave a more realistic account of precisely how much gas was available in those waters, suggested that the project would pay just over €340 million in tax.

While the market price of such gas perhaps doubled between those two dates, Hederman believes the net tax take from Corrib would be only about 7 per cent—and fears that a similarly low cut could be taken for Barryroe. At present, he argues, private companies *"get to keep it all, and do what they want with it."*

Beating a retreat

So he must be in with a chance!

The campaign manager of the French Socialist Party's presidential candidate, François Hollande, has confirmed that in the event of Hollande's victory he would push for "pro-growth add-ons" to supplement the budgetary discipline elements of the "fiscal treaty" on euro-zone governance, rather than renegotiating the treaty from scratch, as Hollande had argued for earlier.

Hollande—while backpedalling on previous, much stronger comments—also questioned the exact role of the European Court of Justice. He has reportedly also dropped a demand for euro bonds, instead saying he intended to add to the treaty "the capacity for Europe as a whole to issue bonds, not to mutualise sovereign debt but to finance new development projects."

Czech Republic suggests that it may join the EU fiscal pact

During Angela Merkel's visit to the Czech Republic the Czech prime minister, Petr Nečas, assured her that his country would comply *"de facto"* with the conditions set out by the treaty, despite being the only EU member-state besides Britain not to have signed the agreement.

Both politicians discussed "the future of Europe" at an event at the Charles University in Prague, where Nečas argued in favour of more "variable geometry," whereby like-minded states could integrate more closely together among themselves, while others could hold back.

"Even if the Czech Republic has not yet signed the fiscal pact, we know that the Czech government is keeping the option open," said Merkel. She added that over the next twenty to thirty years "we will pool competences step by step, but we'll only hand things over to Europe which can be done better in Europe."

But on a visit to Paris last week the president of the Czech Republic, Václav Klaus, reiterated that the Czech government had rejected the EU fiscal pact because it would transfer national control over its national budget to Brussels.

More flies in the ointment?

The minister for European and international affairs in the Baden-Württemberg regional government, Peter Friedrich, has insisted that Germany's sixteen federal states ought to be involved in discussions on implementing the "Fiscal Treaty," given that they will be affected by its provisions, such as the constitutionally embedded debt brake.

And a former German minister for justice, Herta Däubler-Gmelin, will launch a legal challenge in the German Constitutional Court on behalf of the "More Democracy" campaign against both the "Fiscal Treaty" and the ESM treaty establishing the permanent bail-out fund. She has argued that the EU

plans "cross a red line" by transferring too much power from national parliaments to the EU level.

And yet another fly in the ointment

Constitutionality of the ESM challenged in Estonia

The Estonian ombudsman for children, Indrek Teder, has submitted an application to the Estonian Supreme Court, challenging the constitutionality of the provision of the treaty establishing the ESM. The constitutionality of the treaty will be deliberated by the Supreme Court *en banc,* that is, with all nineteen judges of the Supreme Court sitting together. An oral hearing will take place on 8 May and continue on 9 May.

The Supreme Court will involve the Bank of Estonia, the minister of finance and the minister of foreign affairs and will ask seven scientific research establishments and recognised jurists to submit their opinions. The parties to the proceedings are required to reply by 20 April at the latest.

"This may be one of the most serious judgements in the twenty-year-long history of the Estonian constitutional review, therefore the Supreme Court will hear as many parties to the proceedings and as many experts as possible," said the chief justice, Märt Rask.

The constitutional question concerns the ESM's so-called emergency voting procedure, which, it is argued, is contrary to the Estonian Constitution and "jeopardises the principle of parliamentary democracy, the principle of parliamentary prerogatives," and the parliament's autonomy over public finances.

"This kind of rapid procedure can create a situation that will force Estonia to allocate finances without having the right to influence the granting and conditions of the financial aid," Teder stated. "By ratifying the Treaty Establishing the ESM, Estonia will assume an extraordinarily large financial obligation: in the worst-case scenario Estonia will be liable to provide up to €1.302 billion to the ESM. This sum corresponds to approximately $8\frac{1}{2}$ per cent of Estonian GDP."

Estonia's ESM commitment "is much bigger than any other obligation we have had on the international level, and Estonian people have the justified right to be involved through parliament in how that money will be used."

People's Pledge tastes success

The People's Pledge campaign in Thurrock, Essex, which concluded at the weekend, issued 47,995 ballot papers, and 14,590 people returned them by post or voted electronically, equivalent to a turn-out of 30 per cent.

The result will cause consternation among the main parties in the British Parliament, which have all tried to ignore the issue. In a constituency where the winning candidate had a majority of 92 at the last election, no politician can afford to ignore fourteen thousand local voters—almost as many as each of their parties polled in the general election.

The director of the People's Pledge, Ian McKenzie, commenting immediately after the figures were announced, said: *"This turn-out is astonishing and vastly exceeds anyone's expectations, including mine . . .*

"A turn-out this large proves two things. Firstly, electors will respond to political activity that engages them. The myth of the disinterested citizen is just that: a myth. Knock on enough doors, respectfully explain why you are there, and if your message is strong enough people will respond. And there's a lesson there for all of us coming into our own referendum!

"Secondly, the political parties at Westminster are going to have to rethink their attitude to a national referendum on the EU."

The group plans to hold a further ten such local referendums this year and a hundred in 2013.

■ For the latest results see www.peoplespledge.org/thurrock.

Intensified Irish austerity on the cards, says the Commission

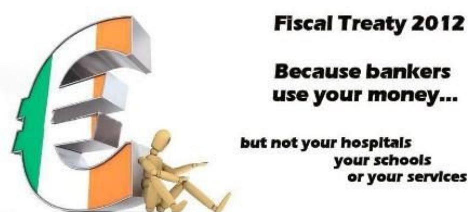
—to the Bundestag!

The case for a Yes vote in the coming referendum on the Fiscal Compact Treaty will not have been helped by the leaking of a European Commission report regarding the Irish economy. The report, which was seen by the German parliament, suggests that Ireland may have to implement further fiscal "austerity" to compensate for the slowing growth outlook. In addition, the report maintains that Ireland's return to the international markets may have to be delayed.

The need for further austerity advocated by the European Commission is somewhat at odds with the views of the IMF, which is of the opinion that if a

slow-down in growth derails Ireland's fiscal plans, further austerity should not be implemented.

This is the second time that information regarding the Irish economy has been leaked through the German parliament, which must reinforce the view that we are being run by Frau Merkel and Co.



Greek "austerity suicide" prompts violent clashes

A 77-year-old retired pharmacist, Dimítris Christoúlas, struggling to cope with EU austerity measures, shot himself in Constitution Square near the Greek parliament in Athens. He pulled the trigger after shouting, "I have debts. I can't stand this any more." The police said that his suicide note blamed politicians and the country's financial crisis.

Protesters and police clashed in Athens following the suicide, with petrol bombs hurled and tear gas fired. Hundreds of demonstrators gathered in the square outside the parliament, where many anti-austerity protests have been held in recent months.

The pensioner's death encapsulates the desperation of Greece's older generation, who have had their pensions and benefits cut by up to 25 per cent. Police data shows a 20 per cent increase in suicide rates since the debt crisis hit Greece in 2009, while the Ministry of health and Social Solidarity estimates that the figure was almost double that in the first five months of 2011, compared with the first five months of 2010.

Meanwhile the leader of the New Democracy party, Antónis Samarás, in a critique of EU austerity measures, argues: *"But what country can lose so much in such a short time? And what democracy can sustain so great a shock with such poor results? Two years ago our debt-to-GDP ratio was 120 per cent. Two years of severe austerity brought debt to 168 per cent of GDP. Obviously the medicine didn't work.*

"We need to allow for a recovery to jump-start the Greek economy. The longer we are stuck in such a self-perpetuating recession, the more we will drift away from our targets."

And the proposed EU Permanent Austerity (Fiscal) Treaty that we will vote on at the end of May seeks to perpetuate this situation for the benefit of banks and other financial institutions.

The corrupt commissioner: Pee Flynn

The EU Commission says it has no power to stop the pension of any former member after it was called on to block Pádraig Flynn's pension in the light of the Mahon Report. But it is open to the Commission to make an application to the EU Court of Justice to have the pension of a former commissioner stopped.

Members of the Commission are obliged, under article 245, to refrain from any action incompatible with their duties, and to give a solemn undertaking to observe the obligations arising from their duties after they cease to hold office; but that didn't stop Flynn.

In its report the tribunal accused Flynn of giving "astounding, incredible and untrue" evidence to it, and it concluded that Flynn had "wrongfully and corruptly sought a substantial donation" for Fianna Fáil from the developer Tom Gilmartin and then went on to employ the £50,000 he received for his personal benefit.

In 2006 the court made a ruling against the former French commissioner Édith Cresson but imposed no penalty in the form of a deprivation of her right to a pension or other benefits. It found that she acted in breach of her obligations as a commissioner but said this finding by itself constituted an appropriate penalty, having regard to the circumstances of the case.

It is timely to recall Flynn's whine on the "Late Late Show" about the difficulties of maintaining three houses, when he also asserted that he "never took money from anybody to do a political favour as far as planning is concerned." That's when he also described Tom Gilmartin as a man "who was not well" and whose wife was not well. This was a turning-point in the planning and payments tribunal, and the rest is history. Just to remind yourself: www.youtube.com/watch?v=s8T0Q03oJSc.

The shameful thing is that none of these crooks will ever be brought to justice in Ireland, nor has there been any real consideration of depriving them of further public money. But the Garda Síochána has recently taken an interest in some of the cases.

Even greater secrecy in Brussels

The right of journalists and ordinary citizens to gain access to internal EU documents is governed by a

regulation introduced in 2001. But it is already difficult to gain access, because there is no simple registry of what documents exist and also because it can take long legal battles to make institutions drop their objections—for instance on the grounds that it would violate people's privacy or threaten national security or that there is no "overriding public interest" in publishing particular information.

Now several EU member-states want a new definition of what constitutes an "EU document" to exclude vast swathes of material—such as informal e-mail messages—from access.

The EU Council, the European Commission and most countries are also keen to exclude documents relating to the appointment of senior officials and judges and to introduce "special protection" for papers on competition cases, proceedings of the EU Court, infringement proceedings, and legal advice given by EU institutions to their own policy-makers.

The pro-secrecy trend comes at a time when EU bodies are getting important new powers on the supervision of national budgets. Remember the Lisbon Treaty, which declares in its opening words that it wants "an ever closer union among the peoples of Europe, in which decisions are taken as openly as possible."

A contact at the Danish presidency stated that they are fighting a losing battle. "Looking at past discussions, you basically have three to five EU delegations on one side [pro-transparency] and everybody else on the other side," he said. So it seems that is envisaged is an "ever closer union" among the Brussels elite, while the rest of us are kept in the dark.

MEPs to back accelerated common consolidated tax plan

Members of the European Parliament are expected to put further pressure on member-states to reach an agreement on plans for a common consolidated tax base at this week's plenary meeting of the European Parliament in Strasbourg.

The issue is still deadlocked in the Council of Ministers, with several countries refusing to approve the plan, but MEPs are expected to vote in favour of the proposal on Wednesday next (18 April).

Members of the Parliament's economic and monetary affairs committee, which voted on the issue on 21 March, expressed support for the plan and called for it to be more ambitious than the Commission had first proposed.

Members are expected to support a report drawn up by Marianne Thyssen, a Belgian centre-right MEP, which says that a single set of rules for an EU-wide tax base should be obligatory for all companies after a short period of transition.

Two years after the law comes into force, all cross-border European co-operative societies would have to take part. After five years it would be compulsory for all companies, apart from small and medium-sized enterprises.

Under the Commission's plan, put forward by the commissioner for taxation, Algirdas Šemeta, in March last year, firms would be allowed to opt to remain under the corporate tax structure of the country where they are based, as is the case now.

The proposal could yet be advanced by "enhanced co-operation," whereby a smaller number of member-states decide to go it alone. Šemeta confirmed that it was an option when he appeared before the Parliament last month. And not a word from Kenny et al. about the corporation tax that wasn't on the table!

Some recent gems!

Marc MacSharry (Fianna Fáil): "One would have to welcome the developments in the past number of days [the promissory notes circus], but the reality is—not to take from the negotiating ability of the Government team, whom we support—[that] Europe has thrown us a bone, Europe owes us big time. The people, through no fault of their own, were forced to accept austerity measures and take on the cost of the bank guarantees and very prohibitive measures that nobody would ordinarily set out to implement. As a result, in my view, and history will prove it correct, the euro was saved. For that reason, Europe was entitled to give the concession on the promissory note. The reality is that there is an unsustainable level of debt and, by agreement, there must be a concession given to the reality that there is too much debt and that issue will have to be addressed."

This is a bit confused: supporting the Government team, forced to accept austerity measures, we saved the euro, etc., but in the end it's down to horse-trading with cap in hand. Sad!

Michael Noonan: "Many senators spoke about the jobs programme announced last May and asked how many jobs had been created, and so on; but that is to misunderstand the economy. It would be possible to answer these questions if we were in a command-and-control economy, such as those with which we were familiar in eastern Europe before the Berlin Wall came down. There a factory manager was able to outline how many he or she was supposed to employ before Christmas and how many more he or she was to take on before the spring."

Seems he was making a good case for a command economy!

Brendan Howlin: Government policy is "not an austerity strategy," says Howlin. Writing in the *Irish Times,* the minister was responding to an open letter from a number of economists warning that continuing austerity measures would lead to economic stagnation.

Jörg Asmussen: Asmussen, one of six members of the ECB's executive board, referring to debts associated with the banking crisis but taken on by the Irish state, has warned that "any desire to offload this debt could have dire consequences" . . . for his banker friends, of course!

Vote No to the EU Permanent Austerity Treaty on 31 May!