PEOPLE'S NEWS

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The Pringle case continues

The recent Supreme Court ruling in the Pringle case may be summarised as follows:

1. The court did not find Ireland's proposed ratification of the European Stability Mechanism (ESM) Treaty to be unconstitutional, requiring a referendum to amend the Constitution of Ireland to permit its ratification.

2. The court declined to injunct the Irish state from ratifying the ESM Treaty. The Government stated that it would ratify the ESM Treaty on 1 August; it would not wait until the EU Court of Justice determines the issues that the Supreme Court is referring to it.

3. The court referred three issues to the European Court of Justice in Luxembourg for a determination, with the agreement of both sides in the case.

The references to the ECJ relate to:

(*a*) whether the European Council decision of 25 March 2011 to amend article 136 of the EU treaties relating to the establishment of a permanent stability mechanism for the euro zone is valid; this relates to the use of the "simplified" treaty amendment procedure, as against the "ordinary" amendment procedure, in making this amendment to the EU treaties, as well as to the content of the proposed amendment;

(*b*) whether a member-state of the euro zone is entitled to enter into and ratify an international agreement such as the ESM Treaty in the light of various provisions of the existing EU treaties; and

(*c*) if the European Council decision is held to be valid, whether the entitlement of a euro-zone state to ratify an agreement such as the ESM Treaty is subject to the entry into force of that decision first—in other words, as the decision to amend the EU treaties does not enter into force until January 2013 at the earliest, is it permissible for the euro-zone states to ratify the ESM Treaty and establish the ESM permanent loan and bail-out fund before that date?

The Supreme Court's failure to injunct the state in Thomas Pringle's constitutional challenge, and the state's insistence on ratifying the ESM Treaty immediately, is of course disappointing. But the judges in the ECJ are going to have difficulty with the three questions that have been sent to them. The ECJ has never been confronted with this sort of challenge before, and it will be interesting to see how it meets it.

If the ESM is allowed to proceed with its present legal structure, it does not bode well for either the ECJ or the Commission in the future. Nor does it bode well for the integrity of the EU treaties and the institutional architecture of the 27-member EU, which the ECJ exists to uphold.

One important issue is whether monetary policy for the euro-area countries, which is an "exclusive competence" of the EU under article 3 of the Treaty on the Functioning of the European Union, is or could be affected by the operation of the proposed permanent ESM loan and bail-out fund. An important effect of the referral is that any of the 27 member-states may make submissions to the ECJ on the matter.

The Supreme Court will resume its deliberations on the matter on receiving the judgement of the ECJ.

The Government said it would immediately lodge the documents required to begin the ratification process with the secretariat of the European Council of the EU in Brussels. Formal ratification would take place once the secretariat had processed the documents.

"There is a principle within the EU that if an issue is before the ECJ that could affect everyone else, then implementation should be held off until it is resolved," Thomas Pringle said. *"If the ECJ agrees with me, then the ESM is not compatible with EU treaties and cannot come into force.*

"I think developments in the EU have become very worrying from a democratic point of view. Greece and Italy have had technocratic governments imposed on the people, and the ECB and European Commission are acting with the purpose of protecting the financial system and making the citizens of Europe pay for the debts of bankers."

Here are links to the two documents associated with the judgement:

■ Ruling ■ Reference to the ECJ

In Germany, the Constitutional Court is to rule on 12 September on the legality of the Austerity Treaty as well as on Germany's participation in the ESM. While there is broad public support in Germany for more rigorous fiscal discipline in the euro zone, many German voters worry about the bail-out fund, fearing that they will bear most of the cost.

If the Constitutional Court does not block the treaty it might impose conditions on how much of its budgetary authority the German parliament could delegate in the future. That could mean that, although the ESM could proceed, its actions might be constrained by a cumbersome decision-making process.

And now a new legal challenge lodged with the court on 13 August calls on judges to further delay their ruling on the euro zone's permanent bail-out fund, pending a verdict by the EU's court.

A group of plaintiffs, led by Professor Markus Kerber, who had already challenged the Greek, Portuguese and Irish bail-outs for allegedly being in breach of EU law, asked the court on Monday to further delay its verdict because a similar complaint has been lodged with the European Court of Justice as a result of the Pringle case.

"As long as the European Court of Justice hasn't taken a final decision on the incompatibility of these treaties," according to Kerber, "neither the Federal Constitutional Court nor the Federal President must take a decision." It would be for the first time for German judges to take the ECJ ruling into account, as they have never before asked this court for an opinion on EU-related matters.

The latest German complaint, which is also directed at the Austerity Treaty, suggests that the Constitutional Court "has no choice but to refer to the ECJ, in the light of the preliminary judgement awaited from Luxembourg on the Irish case."

And the president of the Austrian Constitutional Court, Gerhart Holzinger, has warned that it may take the court up to six months to rule on the constitutionality of the Austerity Treaty and the ESM, following a series of legal challenges from opposition parties.

Meanwhile, according to an opinion poll by the French market research group Opinion Way, 52 per cent of French people favour a referendum on the Fiscal Treaty, compared with 38 per cent who favour parliamentary ratification, with 10 per cent unsure. The study also found that most of the participants were unaware of the details of the treaty.

Draghi under fire for close ties with bankers

The EU ombudsman has launched an investigation into an alleged conflict of interest by the president of the European Central Bank, Mario Draghi, arising from his membership of a club of top bankers, the "Group of Thirty."

The ECB also confirmed that it received a request from the ombudsman and will respond in due time. The complaint was submitted last month by Corporate Europe Observatory, a transparency group based in Brussels, which criticised Draghi's membership of a bank lobbying group whose declared objective is to influence the debate on regulation of the financial sector.

"There is the opaque nature of the group's activities and of its membership," the complaint says. "There is no way for the public to know the details of the president's involvement, since the meetings of the members are confidential. Information on the discussions that take place and whether the members commit [themselves] to certain lines of action is not accessible to the public.

"In our view, given the above, the group has the characteristics of a lobbying vehicle for private financial interests and allows some of the biggest private banks in the world to exert a direct influence on the top executives of the European Central Bank."

With the ECB in line to receive greater powers of scrutiny over banks in the euro zone, independence from the private banking sector is becoming more important.

Draghi already came under fire shortly after his ECB appointment for his past as a manager at the American investment bank Goldman Sachs, where he oversaw European operations, which included debt swaps with Greece that allowed the Greek government to cover up its real deficit, and in the process earning a hefty fee for Goldman Sachs. The Greek people are now paying the price for that piece of creative accountancy.

30 GROUP OF THIRTY
Consultative Group on International Economic and Monetary Affairs, Inc.

The Bloomberg news agency has also begun a case at the EU court in Luxembourg against the ECB for its refusal to disclose internal documents that refer to the Goldman Sachs operations with Greece. The ECB said it decided not to release the documents in 2010, when Bloomberg first asked for them, because it would have "fuelled negative perceptions about Greece's ability to honour its debt."

Perish the thought that it might be covering up for Goldman Sachs and burying the past activities of its president!

A busy year for the EU "Instrument for Stability"

"Stability" is the latest buzz-word in both EU and NATO vocabularies. In a nutshell, it means achieving the West's strategic interests in the world.

Since 2007, Brussels even has its own well-funded "Instrument for Stability" (a budget of €282 million budget last year). It is another of the many arms (or is it tentacles?) of EU foreign policy. According to the annual report for 2011 its task is to "enable the EU to take a lead in helping to prevent or respond to actual or emerging crises around the world." So we learnt in late July from the EU "high representative for foreign affairs," Catherine Ashton, that 2011 was a "busy year" for the Instrument of Stability.

Of the funding for last year, 73 per cent went to the combined regions of Middle East and North Africa (31 per cent) and sub-Saharan Africa (42 per cent). The latter, the annual report states, needed "funding to support important stabilisation efforts." The Libyan war was directly linked by Ashton to this "instability," the rise of Islamic fundamentalist "terrorist activity" in the Sahel region. Iran's Press TV has reported that these fundamentalists were sent to fight Ghadaffi by Qatar and Saudi Arabia and now are a convenient reason for the EU to send an "anti-terrorist" force to uranium-rich Niger. Ashton announced this special mission on 16 July.

Will this mission be more successful than the failed venture in Yemen in 2011 to support what the IS annual report euphemistic calls "government enforcement agencies"? Meanwhile, across the Gulf of Aden, the IS was helping to fund "piracy trials" for Somalia. One wonders whether the evidence on behalf of the pirates would be accepted in this EU-funded court. Piracy was the only option local fishermen had after their livelihoods had been destroyed by the plundering of Somali fish stocks by EU-registered factory ships, as well as the dumping of toxic waste in the waters off the country.

The IS is not alone in its efforts to bring the pirates to "justice." Thirty states now have warships patrolling the coast of Somalia, to combating 1,500 poorly armed pirates. Many of these states have given their forces a mandate to carry out "the struggle against piracy" not only at sea but also on land. This dovetails perfectly with the drilling for oil in Somalia, where it is believed there are extensive oil deposits. Another country with a proven glut of oil is South Sudan, and the IS is there too, lending a helping hand.

Securing natural resources for the EU is all part of the IS terms of reference. It's called "stability."

Swiss opt for independence and neutrality

Only 17 per cent of the Swiss population want to join the EU, according to a new study by the ETH (Federal Institute of Technology), Zürich. This is a new low point. The continued independence and neutrality of Switzerland attracted the greatest support.

Swiss Europhiles are rapidly losing support. Two years ago 31 per cent of the population were of the opinion that Switzerland should join the EU; the corresponding figure now is 17 per cent. This is demonstrated by the newest opinion poll on the foreign and security policy of Switzerland, which the ETH conducts each year among a sample of 1,200 people. In 1999 a clear majority of 57 per cent wanted Switzerland to join the EU.

Also, a closer political association with the EU, such as the Federal Council is pressing on with, is rejected by two-thirds of the people. A clear majority of 81 per cent want simply to strengthen "economic co-operation" with the EU.

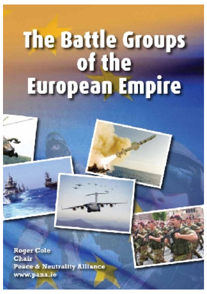
There is generally stronger support for the right of self-government and the autonomy of the country. 80 per cent agreed with the statement that "Switzerland should remain as far as possible economically and politically independent of other countries." And 90 per cent believe "strongly" or "very strongly" that they can live securely there.

Two-thirds of the Swiss people rejected the idea of "closer co-operation" with NATO, which the head of the Federal Department of Foreign Affairs, Didier Burkhalter, had offered to NATO in Chicago. Accession to NATO, as demanded by Burkhalter's Liberal Party, received support from only one in five.

The principle of neutrality, which a minority of integrationist politicians wished to dispense with, stands in higher regard than ever before: 95 per cent of those questioned supported neutrality.

Battle groups of the European Empire

A new PANA publication



From 1 July, for a six-month period, more than 150 Irish soldiers will be taking part in a 3,000-strong German-led EU battle group that can be sent anywhere in the world—including Syria or Iran—to take part in a war if the EU Council of Ministers decide to do so.

The Peace and Neutrality Alliance's new booklet, *The Battle Groups of the European Empire,* provides an analysis of how this happened, and how the people of the different countries within the emerging European Empire need to work together to oppose it.

■ The booklet can be downloaded here.

Grand plans!

A prestigious European think tank is calling for the establishment of an EU-controlled "Grand Area," stretching from the Arctic, through Central Asia and the Middle East, to North Africa. With this "Grand Area" the "Group on Grand Strategy" seeks to create a power base for the European federal state that it considers necessary to establish.

This "Grand Area" should also serve European interests in resources and deter foreign powers from meddling. The concept also includes the establishment within the "Grand Area" of a network of "European" military bases, outside national control.

■ The full report can be read here.

Decline of the euro zone

Professor Tim Congdon, using figures from the International Monetary Fund data-base, has produced the table of decline opposite. The numbers are immensely helpful, because they extend over a period of twenty-five years and so help in identifying trends. They begin in 1991, when the Maastricht Treaty was being negotiated and the euro was conceived, and end with forecasts for 2016.

In 1981 the euro zone's output accounted for 21.8 per cent of the world's output. Since then its share has plunged by a third—from 21.8 per cent in 1991 to 14.3 per cent in 2011.

Euro zone's share of world output (per cent), 1991–2016

1991	21.821	2004	16.989
1992	20.172	2005	16.541
1993	19.610	2006	16.235
1994	19.485	2007	15.881
1995	19.290	2008	15.534
1996	18.887	2009	15.015
1997	18.606	2010	14.556
1998	18.659	2011	14.253
1999	18.535	2012	13.861
2000	18.349	2013	13.478
2001	18.300	2014	13.100
2002	17.968	2015	12.722
2003	17.482	2016	12.350

Source: Campaign for an Independent Britain.

Governments cannot be too tightly bound by national parliaments!

The former Goldman Sachs executive, now Italian prime minister, Mario Monti has warned of the "psychological break-up of Europe," saying that he was "very worried" about resentment spreading about the EU, the euro, and also Germany.

He pointed out that "if governments allow themselves to be completely bound by the decisions of their parliaments without maintaining some room for manoeuvre in international negotiations, then a break-up of Europe will be more likely than closer integration," confirming the elite and potentially seriously undemocratic nature of the EU project. No doubt Monti prefers the situation where governments are bound by the "markets"!

The German minister of foreign affairs, Guido Westerwelle, reacted by warning that "the tone of the debate is very dangerous," while elsewhere, addressing the House of Lords sub-committee on immigration recently, his fellow-Goldman graduate Peter Sutherland said that the EU should "do its best to undermine" the "homogeneity" of its member-states, in order to make them truly "multicultural."

Of course this particular aspect of EU activity has little to do with culture but rather is directed towards the creation of a *demos,* whose allegiance would be to the EU rather than to any of its constituent states.

The EU commissioner for the internal market, Michel Barnier, however, is a man in a hurry. "Europe is moving towards a federation, because the crisis has shown that we could not go it alone. Time is running out: by 2016, the Union will have

transformed [itself] into a federation of European nations in which their fates are mutualised without erasing their differences. A federation—it means economic governance, collective management of our budget guidelines, a banking union, industrial policy, a budget much stronger. The federation will also build new institutions, such as a finance minister or president of the Union elected by the European Parliament . . .”

So if Barnier has his way, the centenary of the 1916 Rising could be marked by our integration in a federal Europe.

And, according to the *Wall Street Journal,* the secretary-general of NATO, Anders Fogh Rasmussen, has said that European countries should look to further integration to help resolve the possible break-up of the euro and to prevent a threat to security. “Of course the economic crisis represents a huge economic and social challenge in many societies in Europe, but, having said that, we have come a long way in preventing such crisis from turning into security problems.

“Overall, the euro has contributed to further integration in Europe, and the right response to current economic challenges is more co-operation, not less co-operation.”

And, not to be outdone, a group of ten EU foreign ministers, chaired by Guido Westerwelle of Germany, has suggested using the euro-zone debt crisis as a springboard towards closer integration, including creating a European monetary fund, army, and finance minister. This initiative aims to stimulate debate on radical new steps towards political union launched recently by EU leaders. It is also hoped that the debt crisis will galvanise thinking in other member-states about steps towards a “political union.”

“Own resources” back on the agenda

France has taken the lead in demanding new “own resources” for the European Union’s forthcoming long-term budget for 2014–2020, spearheading a campaign for the EU to be allowed to raise its own taxes to win additional sources of revenue.

Plans to increase the EU’s so-called “own resources” were advanced by the Commission in June last year, based on a provision of the Lisbon Treaty, when it tabled its budget proposal for the period 2014–2020. Suggestions include a tax on financial transactions, European VAT, a charge related to air transport, and a share of auctioning income derived from the EU’s carbon dioxide emissions trading scheme.

France’s push for “own resources” comes as negotiations on the EU’s future long-term budget enters a decisive stage.

Spain on the verge of €300 billion bail-out?

The Spanish government has conceded, for the first time, that it might need a full bail-out worth €300 billion if its borrowing costs remain unsustainably high. The minister for the economy, Luis de Guindos, brought the issue up with his German counterpart, Wolfgang Schäuble, as Spain’s borrowing costs surpassed 7.6 per cent.

If needed, the money would come on top of the €100 billion already agreed to prop up Spain’s banking industry. But Schäuble told de Guindos that he was unwilling to consider a rescue before the bail-out fund, the European Stability Mechanism, comes on line later this year.

Spain has repeatedly said it would not need to follow Portugal, Ireland and Greece in seeking a bail-out. A government spokesperson said: “We strongly deny any such plan. This possibility [of a €300 billion rescue] has not been looked at and has not been discussed.”

Spanish borrowing costs have since reached their highest level since the country adopted the euro, hitting 7.64 per cent for ten-year bonds—a level at which Spain cannot sustainably borrow from the markets. But following action from the ECB, the ten-year yield fell to 6.88 per cent.

Italy heads for further trouble

Italy’s public debt hit a record in June of almost €2 trillion, and the annual budget deficit was also bigger than a year before, largely because of Italy’s share of bail-outs for other euro-zone states, the Central Bank announced.

Public debt at the end of June rose by €6.6 billion to €1.973 trillion, the Bank of Italy said. And Italy's benchmark bond yields remain close to 6 per cent, despite austerity measures introduced by Mario Monti's government.

With the country in a deep recession, the markets are sceptical of Italy's ability to bring down a debt equivalent to approximately 123 per cent of output—the second-highest debt in the euro zone, after that of Greece.

And in another worrying sign for public finances the Bank of Italy reported that in the first half of the year the annual budget deficit, at €47.7 billion, was €1.1 billion higher than in the same period of 2011. This was due to an increase in spending to help other euro-zone countries, which rose to €16.6 billion from €6.1 billion between January and June 2011.

Italy itself is under pressure to request help from Europe's bail-out funds, a move now widely seen as the only way to bring down borrowing costs, which have soared in recent months, but which the government has so far resisted.

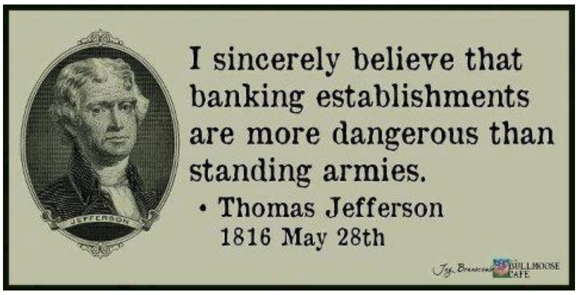
Greece and the euro

The president of the Euro Group, Jean-Claude Juncker, has joined the ranks of those who say it would be fine if Greece left the euro. "It would be manageable," he said, "but that does not mean it is desirable."

He added that it will not happen "at least until the end of the autumn," and that if it does happen he would know about it from government sources forty-eight hours before the media found out. The German minister for the economy, Philipp Rösler, had already said in late July that the prospect of a Greek exit has "lost its terror," while local politicians in Bavaria said Greece should go before the end of the year.

Juncker distanced himself from the German point of view, despite his own remarks. He said that some German politicians might not care what happens to the "little people" in Greece, and that ordinary Germans "talk about Greece as if this were a people who cannot be respected."

The Juncker interview, posted on the Luxembourg government's web site, comes amid more bad news for Greece. Its minister for finance says that the government still has to agree on €4 billion in cuts to get the next tranche of its bail-out. He said he will probably fire more public-sector workers and speed up the selling off of assets, with railways, the national lottery, an airport and state gas companies likely to go under the hammer.



His ideas were immediately attacked by the Democratic Left party, a ruling coalition partner, which called them a "fiasco," and by Syriza, the left-wing opposition party, which dubbed them a "crime."

Sources in the International Monetary Fund said that the ECB and euro-zone treasuries should consider writing off another €17 billion of Greek debt, and that the European Stability Mechanism might need to lend Greek banks €50 billion in a way that keeps the new loan off Greek national books.

In the meantime the country is rapidly running out of cash. A €3.1 billion bond held mostly by the ECB matures on 20 August, posing an immediate liquidity risk to the twice-bailed-out country. The spending cuts are due to be completed by 14 September, when euro-zone finance ministers are meeting in Cyprus for an informal gathering. They were originally due to be agreed in June, but after two successive elections Greece has missed all the deadlines for this year.

Elsewhere, the former chief economist of the ECB and architect of the euro, Otmar Issing, has said that the euro zone may split up—another voice in the chorus talking about a Greek exit from the common currency. "Everything speaks in favour of saving the euro area. How many countries will be able to be part of it in the long term remains to be seen."

Seen as one of the founding fathers of the euro, as he was at the ECB when the euro was launched in 1999, Issing contradicted the present head of the ECB, who last week insisted that the euro was irreversible. "We are still a long way off saying 'that's it, now we are sure to make progress.' Substantial reforms in almost all countries are still pending," he wrote.

Issing's book came out a few days after the president of the Euro Group of finance ministers, Jean-Claude Juncker, said that the area would "manage" a Greek exit, even if it was not desirable.

Another record for the Irish!

According to the International Monetary Fund, "in terms of fiscal costs, the continuing banking crises in Iceland and Ireland already rank among the ten costliest crises.

Fiscal costs have reached very high levels in Iceland and Ireland, in part because of the relatively large size of the financial systems in these economies, amounting to multiples of GDP."

Iceland and Ireland also feature among the ten costliest banking crises in the total increase in public debt, with public debt in both cases increasing by more than 70 per cent of GDP within four years.

With regard to loss of output, the continuing crises in Ireland and Latvia are among the ten costliest banking crises since the 1970s, with losses exceeding 100 per cent in both cases.

Ireland holds the undesirable position of being the only country at present undergoing a banking crisis that features among the ten costliest banking crises according to all three criteria, making it the costliest banking crisis in advanced economies since at least the Great Depression.

And the crisis in Ireland is still continuing, with the worst (for ordinary people) yet to come.

Euro-pessimism!

A new survey by Pew Research has shown that, among the eight EU member-states surveyed, an average of only 34 per cent of respondents believed that European economic integration has strengthened their country's economy, with majorities or near-majorities in most states other than Germany believing that it weakened their economies.

Among the five euro-zone states in the survey—Italy, Spain, France, Greece, and Germany—an average of only 37 per cent of respondents believed the euro was a good thing.

A new EU constitution?

The German minister of foreign affairs, Guido Westerwelle, has become the latest in a line of politicians calling for a referendum on handing over more powers to Brussels as part of a new EU constitution. "I hope that we have a real European constitution and that there will also be a referendum on it," he told Germany's largest-circulation newspaper, *Bild*.

The idea of holding a referendum on what Angela Merkel sees as the only way out of the crisis —the formation of a true "political union"—has gained momentum in Germany. "We need a political union. That means we have to give up further competences to Europe, step by step, in an ongoing process," she said earlier this month.

German politicians, both in the ruling coalition and in the opposition, in recent weeks have said that this is the only way to legitimise new transfers of power to EU institutions, which would go beyond what the German constitution allows. The minister of finance, Wolfgang Schäuble, from Merkel's own Christian Democratic Union, was the first to float the idea in June. He was followed by the Bavarian Conservatives and now members of the liberal Free Democratic Party, Merkel's junior coalition partner.

Only the best will do!

The Department of Foreign Affairs has issued a tender for the purchase of ten thousand men's ties as mementos of Ireland's presidency of the EU, which begins in January. The tender specifies that the ties must be of 100 per cent silk, of "classic contemporary design," and in teal and lime green, the colours of the EU presidency.

No indication is given of what the department is willing to pay, but in general tenders posted on the E-Tenders web site are valued at around €25,000. The department is also seeking tenders for scarves and pins to mark the presidency.

Time for state ownership of oil and gas resources

Last month it was announced that the Irish oil exploration company Providence Resources had found up to 1.6 billion barrels of oil at the Barryroe site off the coast of Co. Cork. The discovery was described by the firm's chief executive, Tony O'Reilly jnr, as "large and significant" and much bigger than had been expected.

Ireland is second-lowest in the world in government royalties for natural resource, after Cameroon, in contrast to Norway, which levies 78 per cent and has its own oil exploration company. No wonder it also has the largest pension reserve fund in the world, at over €600 billion!

According to article 11 of the Constitution of the Irish Free State (1922), "all the natural resources of the same territory (including the air and all forms of potential energy), and also all royalties and franchises within that territory, shall . . . belong to the Irish Free State . . ."

But under the present taxation arrangements with exploration companies, the state will benefit little from the Barryroe find, with the average tax on any profits at 20 per cent, and no provision for

royalties. As things stand, the state's take during the whole lifetime of the Barryroe well, based on current oil prices and the company's figure of $500 million for the cost of development, would be €20 billion, whereas with state ownership of the well this could be at least €100 billion over thirty years.

Instead we give it away free—in this instance to a company dominated by the O'Reilly family, one of whom enjoyed a multi-million severance package from Independent Newspapers while the workers in the company will only get about 20 per cent of their expected pensions if, as expected, Independent News and Media winds up its defined-benefit pension scheme because it faces a €148 million deficit.

Isn't it time the state took complete control of our natural resources for the benefit of all of us?

Providence Resources is also exploring a further five sites off the coast, including an area close to Rathlin Island.