PEOPLE'S NEWS

News Digest of the People's Movement

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No. 80 **13 February 2013**

Three-card trick

Three-card monte is a confidence game in which the victim, or "mark," is tricked into betting a sum of money on the assumption that they can find the money card among three playing cards placed face down. It is an example of a classic "short con," in which a confidence trickster's assistant, or "shill," pretends to conspire with the victim so as to cheat the dealer while in fact conspiring with the dealer to cheat the victim.

The promissory note deal is a bit like classic three-card monte, with Michael Noonan in the role of dealer, the president of the European Central Bank, Mario Draghi, in the role of shill, acting coy and only able to "take note" of the restructuring. And the collective "mark" is quite obvious: the Irish taxpayers, mortgage-holders unemployed who will still have to carry the burden of the austerity measures insisted on by the ECB, the Germans, Finns, Dutch, and Austrians, which are causing recession throughout the euro zone, so there is virtually no economic growth.

When the bubble burst in 2008 and Anglo-Irish Bank and other Irish banks became effectually insolvent, the ECB and the EU Commission forbade the Irish government to let them go bust, thereby imposing the burden of paying their bad debts on the Irish state and on Irish taxpayers, who were not responsible for them. In that way the German, French, British and other banks that were the principal creditors of the Irish banks were assured of getting their money back.

The purpose of the con was to ensure that Irish banks would be saved from suffering the consequences of their foolish borrowing, and that the "contagion" of putting national interests first in face of the debt crisis would not spread to other peripheral countries, thereby putting the very survival of the euro in question.

In 2010, when the government's burgeoning public-sector deficit consequent on taking on this private bank debt threatened to shut it out of the international bond markets, the ECB pressured it into a bail-out programme. A foreign "troika" representing the ECB, the Commission and the International Monetary Fund took over de facto the economic running of the Irish state to enforce that programme.

The total cost of bailing out private banks by the taxpayer—so far—is estimated to be €64 billion, approximately 40 per cent of annual GDP. If account is taken of the fiscal effect on the population of Ireland, which is small relative to total EU population, the cost is €8,956 per capita, compared with €191 per capita for the EU as a whole.

Real debt forgiveness means that governments and taxpayers in the creditor countries pay the bills of the "PIIGS" countries, but the pan-EU solidarity and fellow-feeling that would be required for that to happen clearly does not exist.

Inflating the euro would require the ECB to do the opposite of what it is charged with doing under the Maastricht Treaty and would outrage opinion in Germany and elsewhere. So, euro-zone membership rules out all sensible ways out of the crisis. Consequently, the prospect ahead is one of years of stagnation, as long as the euro zone holds together.

Contrast Iceland. Iceland's debt crisis in proportion to its population was much worse than Ireland's. Its banks had borrowed much more abroad than the Irish ones had. Iceland let its insolvent banks go bust and set up new, clean banks to keep credit flowing. It forced its foreign creditors to take a €60 billion loss on their improvident loans and came to an agreement with them on long-term repayment of the remainder. Iceland kept its own currency and restored its economic competitiveness by allowing its value to fall, imposing controls on capital to assist it in the process.

Since the crisis broke in 2008 Iceland has entered and exited an IMF lending programme and returned to borrowing on the international bond markets. Instead of the Icelandic state taking on past private bank losses, as the ECB pressured Ireland into doing, foreign investors see Iceland as facing the future rather than the past and the state there as being in a much better position to repay future borrowings. Iceland's economic growth in 2012 is estimated to be 3 per cent—Ireland's being virtually nil.

Iceland's unemployment is now 5 per cent, a third of Ireland's virtual 15 per cent, which would be 20 per cent but for heavy emigration—more than 80,000, mainly young people, in the year to April 2011 alone.

Compare this with Portugal's 16 per cent unemployment, Spain's 20 per cent and Greece's 25 per cent. In the initial panic in 2008 Iceland's government applied to join the EU, in the hope of a quick fix, but Icelandic public opinion has now turned strongly against that course. Back in the autumn of 2008 the joke used be that the only difference between Ireland and Iceland was one letter and six months; but that joke is now on us. The economic experts who predicted doom for Iceland and salvation for Ireland by following their very different courses have proved catastrophically wrong.

The promissory note deal does not address the fundamental issue facing the country which is how to free it from a political orthodoxy that takes no account of the internal and external forces that are destroying the democracy of the euro-zone's peoples by subverting their right to make their own laws and adopt economic policies which are in their own interests.

So much for the Peace Prize!

There is more than a touch of irony in the fact that only four months after being awarded the Nobel Prize for Peace, EU support for Northern Ireland's peace and reconciliation process could be in jeopardy.

Despite being portrayed as an example of a continuing EU "peace role," there was no provision for the present PEACE 4 programme in the European Commission's original budget proposal for the period 2014–2020.

It required intense lobbying by the North's First and Deputy First Ministers, Peter Robinson and Martin McGuinness, to reverse this decision. The lobbying shamed the president of the EU into earmarking €150 million in his draft budget, with a further €50 expected from the British and Irish governments.

Whatever the outcome of the negotiations for the 2014–2020 budgets, it is highly unlikely that there will be any increase in funds for PEACE 4, despite representations by Robinson and McGuinness: the more likely upshot is that funds for the programme will still be cut.

Trade union and community groups have long insisted that the local power-sharing set-up has not adequately dealt with the deep-rooted social deprivation and marginalisation that blights Northern communities and contributes to a sense of alienation among sections of them.

The EU commissioner for regional policy, Johannes Hahn, has claimed that the EU's role in the peace process could serve as an example to other conflict zones. Yet it is legitimate to question the perennial question about such EU initiatives. How can programmes with such bureaucratic governing and administrative structures, and with next to no democratic accountability, meaningfully contribute to an understanding, much less eradication, of marginalisation and powerlessness?

Is martial law for workers on the horizon?

The Greek government has used emergency powers to break an eight-day strike by metro workers—the third such manoeuvre used to bring an end to industrial action since the beginning of the present crisis.

This was in spite of a commitment the country made to the International Labour Organisation to engage in these "civil mobilisation" orders in future only in times of war. This is a sort of martial law for workers, where one is forced to provide labour on pain of imprisonment, and its use outside of national emergency is a breach of an internationally recognised fundamental human right.

However, the Greek government has just announced yet another civil mobilisation decree, this time against striking seamen, who were reportedly delivered military-style orders by coast guard officials last Tuesday evening. Workers who refused to comply with the command face up to five years in prison.

There has been an increase in strike-busting by European governments since the beginning of the crisis, and it is being used against workers engaged in industrial action in strategic branches of the economy, both public and private-sector, such as ports, transport, air traffic control, and refineries.

European governments—indeed 185 states out of the 193 member-states of the United Nations—are parties to the ILO's conventions, eight of which are called the fundamental conventions. Two of these are the Forced Labour Convention and the Abolition of Forced Labour Convention. The legal definition of forced labour is work that is performed in "the absence of a voluntary offer." Another way of putting it is to say that all work relations must be founded on the mutual consent of the contracting parties.

Forced labour does not include any service that is part of the normal civic obligations of a citizen, such as jury duty, or minor communal services, such as doing your recycling. And—just in case you end up there for not paying one of the many charges being imposed by the coalition government—it does not include prison labour, as long as is not performed for private companies.

But in 2010 Sarkozy used a labour requisition order to break a refinery strike that was part of a wave of protests against his pension "reform." A court ruled this quasi-military manoeuvre unconstitutional, and so the government issued a more limited requisition that managed to sneak through the courts.

The same year, in Spain, Zapatero militarised labour in air traffic control to break a strike against public-sector "reforms." The Ministry of Defence took over air traffic control facilities and was authorised to seize workers from their homes and march them to work. The penalty for breaching such military discipline is up to six years in prison.

Greece has engaged in civil mobilisation ten times since the end of the military dictatorship in 1974, and four of these decrees occurred in response to anti-austerity industrial action in the last two years, two of these four in the last few weeks.

The concept of "essential services" is a controversial one, but the ILO has stated that legislation requiring the provision of such services should be taken to mean only those services without which life or health is endangered: mere inconvenience or economic loss does not count.

The worry is that our own government has been put in such a situation by the Troika and bond markets that it might begin to opt for the easy option of labour conscription when it comes to industrial action that is highly disruptive in strategic industries. This becomes more immediate as the 24/7 alliance of trade unions and organisations representing more than 60,000 front-line staff in the public service have warned that they will take whatever collective action is necessary to protect their members' incomes from proposed government cuts under an extended Croke Park agreement.

Fisheries "reform"—again!

"Reform" has been a regular feature of the EU's common fisheries policy since its inception in 1970. It has been revised every ten years, beginning in 1972; yet it is widely viewed as a failure. As regards Ireland, despite annual catches in Irish waters of nearly 1 million tonnes, the Irish content of this is only 178,950 tonnes, or 18 per cent.

Bureaucratic and over-centralised, the CFP has allowed industrial-sized fleets to devastate fish stocks. Now the broad outlines of the revised policy are becoming increasingly clear. Although great play has been made of the fact that the proposed changes, which have been hailed as "the biggest overhaul of the CFP in decades," the proposals will inevitably end up in a process known as a "trilogies," with the Commission acting as mediator between the proposals from the European Parliament and those from the Fisheries Council.

In addition, some EU states with significant fishing industries have argued that the Parliament has not got the authority to set multi-year fishing plans, raising the possibility of a battle over EU governance that could lead all the way to the European Court of Justice.

The former president of the International Council for the Exploration of the Sea has expressed the view that "it is difficult to imagine how an organisation located almost entirely in Brussels can deal with the diversity of fisheries and coastal communities spread all over Europe."

Great claims are made for the new plans. A German member of the EU Parliament, Ulrike Rodust, who led the debate, said the reform should mean that fish stocks would recover by 2020, allowing fishermen to harvest an extra 15 million tonnes and creating 37,000 new jobs!

The present management system of the CFP is laid down in Regulation 2371/2002 EC and covers the "conservation, management and exploitation of living aquatic resources," including the "conservation, management and exploitation" and "conditions of access to waters and resources …" (article 1).

The main rule of access is that "Community fishing vessels shall have equal access to waters and resources in all Community waters." However, in "waters up to 12 nautical miles from baselines … Member States shall be authorised from 1 January 2003 to 31 December 2012 to restrict fishing to fishing vessels that traditionally fish in those waters from ports on the adjacent coast" (article 17). This restriction has been maintained; but beyond 12 nautical miles the general principle of equal access applies.

As for the fish resource allocation, Regulation 2371 stipulates that "the Council, acting by qualified majority … shall decide on catch and/or fishing effort limits and on the allocation of fishing opportunities among Member States … Fishing opportunities shall be distributed among Member States in such a way as to assure each Member State relative stability of fishing activities for each stock or fishery" (article 20 (1)).

The United Nations Convention on the Law of the Sea (1982) provides for a different approach. It provided for the establishment of exclusive economic zones (EEZs) as the main response under international law to combat over-fishing. Under the convention, the EEZ of coastal states reaches up to 200 nautical miles from the baselines. Perhaps as much as 90 per cent of the fish stocks of the world are found in these EEZs. Accordingly, adequate measures in these waters have a considerable potential for conservation.

The agreement on the EEZ is based on the general assumption that a coastal state has a self-interest in sustaining fisheries off its coast, and that this interest is stronger than any other state's interest. The likelihood that the coastal state would therefore establish efficient conservation measures in an EEZ is greater than the likelihood that two or more states would agree in such areas of the high seas. Therefore, the coastal state's sovereign right to exploit the marine resources corresponds to an obligation to ensure against over-exploitation.

The UN convention states that "in the exclusive economic zone, the coastal State has … sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed …" (article 56). This means in particular that it is the responsibility of the coastal state to manage the fish stocks of its EEZ. Accordingly, other states need the consent of the coastal state before their fishermen may legally fish in that state's EEZ. The historical or traditional fishing rights of other states were thus extinguished, unless recognised by the coastal state.

If a particular fish stock is not shared with any other coastal state or states, the management of that stock will be a concern for the coastal state alone. However, two or more coastal states often share fish stocks. The Convention on the Law of the Sea states that "where the same stock or stocks of associated species occur within the exclusive economic zones of two or more coastal States, these States shall seek, either directly or through appropriate sub-regional or regional organizations, to agree upon the measures necessary to coordinate and ensure the conservation and development of such stocks …" (article 63).

Although the coastal states have exclusive jurisdiction over marine resources in their EEZ, they must co-operate in the exploitation and conservation of shared fish stocks. Under the UN convention the coastal states have exclusive rights in the EEZ, but they “shall ensure through proper conservation and management measures that the maintenance of the living resources in the exclusive economic zone is not endangered by over-exploitation” (article 61).

In that context the allowable catch of fish and other resources in the EEZ is to be be determined on the basis of scientific advice. Article 61 thus reflects the obligation of the coastal state to ensure sustainable exploitation.

Other states have the right under the convention to participate in the exploitation “of the surplus of the living resources” (article 69). However, this right of a state to marine resources in a coastal state’s EEZ is mostly an abstract one, as the coastal state decides relatively freely upon the existence (or otherwise) of a “surplus.” It may be broadly ascertained under the law of the sea that the sustainable exploitation of fish resources in the EEZ is the responsibility of the coastal state. If two or more coastal states must be involved in the management, they must co-operate.

The common fisheries policy was formulated in 1970, at a time when the development of the EEZ was clearly seen. The principle of equal access was a means by which some EEC member-states sought to ensure continued access for their vessels to traditional (distant) fishing grounds, regardless of the development of the EEZ.

Under the Convention on the Law of the Sea there is no access to an EEZ for other states, unless the coastal state in question agrees to it. However, EU law requires that the fishing vessels of a member-state have equal access to waters and resources in all “Community waters.” This implies access for fishing purposes to all waters of an EU coastal state within 200 nautical miles, with the temporary exception of waters within 12 nautical miles.

Derogation, for almost forty years, from the principle of equal access has secured exclusive access for local fishermen in zones within 12 nautical miles of the coast of a member-state. The system of annual fixing of total allowable catch and other limits on fishing efforts, in combination with the principle of relative stability, have deprived the equal-access regime of the EEZ of most of its substance. All commercial fisheries in the EEZ of EU coastal member-states today are regulated, and access to resources depends on the allocation of fishing opportunities.

An abolition of the equal-access principle would exclude vessels from other EU member-states from possible future commercial fisheries in an EU coastal member-state’s EEZ. However, such a result would be fully in line with the present law of the EEZ.

Hasn’t the time finally come for the EU and its member-states to abandon “equal access”? Or would that be a “reform” too far?

Does a low corporation tax encourage inward investment?

The response to the euro-zone crisis has hastened the move towards increased fiscal integration among member-states, reflected in the Austerity Treaty (Fiscal Pact) and the proposed measures for a centralised authority to monitor national budgetary decisions.

This move towards a fiscal union is seen by the EU elite as necessary for embedding and stabilising the monetary union. The politics of this integration process, however, are deeply contested, particularly in relation to the proposed European financial transaction tax (FTT), which EU finance ministers approved on 22 January.

That decision authorises eleven member-states to push ahead with implementing an FTT through “enhanced co-operation,” and it now falls on the Commission to make a proposal defining the substance of the agreement. Michael Noonan claimed that Ireland could be the "honest broker" in discussions about the tax during its presidency of the European Council, despite opting out of the proposal.

Ireland has used tax competition as a strategy for increasing foreign direct investment (FDI), which has become a linchpin of the Irish development model, and Noonan desperately wants to keep that particular policy safely out of the spotlight.

Britain has adopted a similar strategy and is unlikely to become part of any fiscal union, and it is probably safe to assume that the Conservative government would be more likely to pull out of the EU than to accept increased interference in national budgetary decisions. Britain is not a member of the euro zone, will never accept a federal EU, and will continue to pursue tax competition as a strategy for luring corporate financiers and investment to the City of London.

This is not the case with the Irish government. It must accept increased fiscal centralisation, enhanced fiscal co-ordination, and potentially a financial transaction tax throughout the single EU market if it is to remain a member of the euro zone. This will put increased pressure on the traditional strategy of using tax competition as a mechanism of economic development.

Ireland in particular, given our proximity to Britain and shared liberal market institutions, is publicly opposed to a financial transaction tax and aggressively defends a low corporate tax regime (12½ per cent) in EU negotiations. Amazingly, this defence of the low corporate tax unites all the mainstream political parties, business lobby groups, trade unions, policy-makers, and mass media, because it is assumed that the low taxes attract foreign investment, which is crucial for economic and employment growth.

But do low taxes really affect the investment decisions made by transnational corporations?

According to the OECD, corporate and income tax reforms are crucial to maintaining inward investment in an era of capital mobility and globalisation. National governments must lower taxes to attract capital investment, ensure job creation, and attract human capital. This assumption has underpinned the tax reforms of the EU since the 1990s. It is a policy discourse that is particularly strong in liberal market economies, such as Ireland, Britain, and the United States. But a recent paper from Washington University in St Louis directly challenges these assumptions.

Comparing nineteen OECD countries, the report concludes that tax policy has no discernible effect on the flow of FDI. Sweeping tax reforms are not associated with substantial changes in FDI flows, and the effect of globalisation is significantly over-estimated.

This is not to say that domestic tax reforms do not matter for investment, but the priority accorded to them by politicians is radically overstated.

This conclusion is supported by comparative political economy literature from as far back as 2002 that specifically examines the strategy of corporate firms in making investment decisions, and the interactive effect of institutions and politics on fiscal policy outcome. This research illustrates that tax decisions are predominantly the result of domestic politics, not functional pressures associated with capital mobility and globalisation.

The implication is that governments can pursue alternative strategies to attract inward investment. For example, if high tax rates provide for an educated work force, high wages, a well-developed infrastructure, or other public goods, transnational corporations may choose high-tax countries rather than low-tax countries for investment. This high-value-added strategy is something that Ireland could pursue, but the IDA would have to stop marketing Ireland to foreign investors as a low-tax country.

Although low taxes may have less effect on investment decisions than we assume, they certainly shape the decision about where firms declare profits. This is the real problem facing Ireland. We have the second-best trade surplus in the euro zone, and productivity per worker is an amazing three times that of Germany. Transnational corporations in Ireland make four times as much profit per employee as the EU average, at €110,000 per employee, compared with €27,000 in other EU countries (based on 2009 figures). American transnationals in Ireland made €240,000 per employee, compared with €32,100 in other EU countries, in 2011.

And why are the pre-tax profits of the manufacturing sector ten times higher than other EU countries?—a fact that underpins the perception that Ireland is bouncing back from the crisis and that austerity and export-led growth are complementary, a formula constantly peddled by the government. The terrible truth is that American transnational corporations are engaged in transfer pricing. They declare profits in Ireland to take advantage of the low corporate tax regime.

The Irish government is stuck in a dependent strategy of using tax policy as a mechanism for taking credit for new investment in the country. In reality, successive governments have constructed a tax haven for American transnationals, not a strategy for employment creation, and it's time they faced up to it.

A milestone reached in Ballyhea!

More than two hundred people have gathered in Ballyhea, Co. Cork, for the hundredth rally in the town to demonstrate public anger at the decision to hold the taxpayer culpable for the bank debt.

For the past hundred weekends, people have been protesting at the bank bail-out, holding a sign that reads "Ballyhea says No to bond-holder bail-out". The march lasts only ten minutes and generally takes place around Mass times in the parish.

The demonstrators gathered last week at Ballyhea church in the cold, rain and wind to march through the town. They also made their way to Charleville where a similar protest took place.

The organiser of the protest, Diarmuid O'Flynn, said the march is gaining support every week. "We have people from all over the country. And hopefully … people will start to make the link between the austerity … and the bond payments that are continuing to be made." He said that when people complain about the household charge, stealth taxes and water taxes they should know that these are a consequence of the austerity measures being forced upon us while the government pays billions to foreign bond-holders.

■ Visit the Ballyhea protest Facebook page.

Marching to the EU drum

The minister of state for European affairs, Lucinda Creighton, recently described Ireland's position on military neutrality as "quite narcissistic" and said that she is "very supportive" of Ireland joining a common European "defence"—in other words, an EU army—but doesn't believe her party could gain "political traction for that in the short term."

Of course this is just empty rhetoric that hides the reality that we are at the point where we practise an increasingly precarious form of military neutrality.

The "triple lock" mechanism, drawn up in the wake of the rejection of the Nice Treaty, requires approval by the Government, the Dáil and the United Nations for any deployment of Irish troops overseas. But in September 2010, Fine Gael's then spokesperson on foreign affairs, Seán Barrett, argued that the triple-lock system, though "honourable," is "flawed," because of its requirement of a resolution by the UN Security Council for any overseas mission. Dropping this requirement would open the way for a government with a strong Dáil majority—such as the present government—to commit Irish troops to any conflict, anywhere in the world, without UN sanction.

Policing across frontiers

The European Gendarmerie Force is a combined police and militia force being formed from six EU member states, designed along the lines of the French Gendarmerie. It was established a few years ago to deal rapidly with any perceived threat of increasing civil unrest and to strengthen the EU's common security and defence policy. It was set up in September 2004 at the suggestion of the then French minister of defence. It has its headquarters in Vicenza in Italy, with a core of 800 to 900 members ready to be mobilised within thirty days, and an additional 2,300 reinforcements available on standby.

At present, membership of this force is open only to EU countries that have a police force with military status and therefore excludes Ireland, whose system of policing is by consent and is quite different from the one that operates on the Continent. Nor does Germany take part, as its constitution does not permit the use of military forces for police duties.

To begin with, the EGF comprised forces from France, Portugal, the Netherlands, Italy, and Spain; then Poland and Lithuania became "partner-countries" in 2007 and 2009, respectively, and Romania joined as a full member in 2008.

At the moment the only other EU country that has the relevant technical qualification to join the force is Bulgaria; but as the EU expands, Serbia, Albania, Georgia, Ukraine and possibly Turkey could also be accepted as full members.

However, the Netherlands Institute of International Relations suggested recently that the rules for inclusion might be relaxed, in which case all EU member-states might join and, in principle, operate throughout the European Union.

The force is managed by its High-Level Inter-departmental Committee, which consists of representatives of member-states' foreign and defence ministries and decides on the inclusion of other countries in the force and also on possible missions. There is also a presidency of the high-level committee, which lasts for one year, circulating among the various member-states. For 2013 it will be held by the General Commander of the Royal Dutch Constabulary.

The EGF was officially declared operational in 2006, but its status was not finally enshrined in law until 18 October 2007 in the Treaty of Velsen. According to article 5 of this treaty, the force may also be placed “at the disposal of … the UN, the Organisation for Security and Co-operation in Europe (OSCE), NATO and other international organisations or ad hoc coal-itions” for various missions.

Article 4 of the treaty states that the EGF could be placed under either civilian authority or military command for performing security and public-order missions, by supervising local police and including criminal investigation work. It could also conduct public surveillance, border policing, and general intelligence work. It could also train instructors and members of police forces to international standards.

Article 6.3 of the Treaty of Velsen allows the EGF to be deployed in another EU state with the simple agreement of that state. Two months after the signing of that treaty, on 18 October 2007, the Lisbon Treaty was signed on 13 December. This contained a “solidarity clause” (article 222), which introduced substantial changes so that the European Gendarmerie Force can now “assist a Member State in its territory, at the request of its political authorities.”

In 1998, during the military intervention in Bosnia, a similar force was organised under NATO’s Stabilisation Force (SFOR) to fill the gap between the military and police and which had the powers to make arrests, to use firearms, and to control civil unrest. This was followed in 1999 by a similar unit that was sent to Kosovo under KFOR, but here the force was also given “preventive and repressive resources for the suppression of unrest.”

In 2000, seven years before the signing of the Treaty of Velsen, the European Council and all twenty-seven EU states extended their “non-military crisis management” to include up to 5,800 members of a Police Rapid Reaction Force, consisting of police and gendarmerie units.

Since the signing of the Treaty of Velsen, the EGF has been involved in three operations. The first took place in Bosnia, from November 2007, shortly after the signing, when the force took charge of existing “integrated police units” and imposing Western-style state and law enforcement. This lasted until October 2010.

During January that year the EGF was sent to Haïti to give aid following the recent devastating earthquake. (The force was intended to deal with both human-made and natural disasters.) This time it did not operate in support of NATO or even of the UN but as part of a European unit called EUCO and was largely supplied by an EU quasi-intelligence service named the EU Situation Centre.

But in the third operation, which began in April 2009 and is continuing, the EGF has formed a close association between US and NATO forces. According to Statewatch, the creation of an Afghan police organisation was entrusted by NATO to the EGF, and since December that year it has been setting up a large law enforcement body in Afghanistan which now consists of 160,000 members.

This new aspect of European foreign policy fits neatly with the basic concept of the EGF, which operates outside parliamentary control, and this can be expected to determine the nature of future EU interventions.

The “solidarity clause” of the Lisbon Treaty makes it clear that the force will not only be able to control a population as a police, military and intelligence unit but will also be able to be deployed within the EU or outside it. Following the Lisbon Treaty, its operations will be subject to very little democratic control by parliaments—and the EU Parliament has no say at all, since, as the EGF’s legal adviser, Alfredo Vacca, says, it is not an EU asset.

While there is an enormous pool of more than 430,000 similar paramilitary troops now operating in EU countries alone, there are almost 2½ million such personnel in the world, which could be trained by the EGF to undertake global actions. These could serve a dual purpose, for example either to support a state riven by popular protest and civil unrest or to ensure the interests of the participating countries.

There are now three EU controls over Irish justice and home affairs: the European arrest warrant allows Irish citizens to be arrested in this country and sent to foreign jails without bail while awaiting trial; the European Police Office, Europol, whose members have diplomatic immunity; and now the European Gendarmerie Force, a multinational police force with military status, which is now authorised to enter any EU member-state, including Ireland, at the request of the government and could also operate globally as a paramilitary force.

Iceland wins again!

Britain will not be able to reclaim £2.3 billion in unhonoured deposit guarantees from the Icelandic government linked to the on-line bank Icesave, a court in Luxembourg has ruled. Icelandic taxpayers are not liable to finance compensation of an estimated 350,000 British and Dutch citizens who lost their savings in the wake of the collapse of the country’s banks in 2008, following a landmark court ruling.

In a statement, the court of the European Free Trade Association said that “the Directive did not envisage the alleged obligation of result to ensure payment to depositors in the Landsbanki branches in the Netherlands and the United Kingdom in a systemic crisis of the magnitude experienced in Iceland. How to proceed in a case where the guarantee scheme was unable to cope with its payment obligations remained largely unanswered by the Directive.”

The surprise judgement has delighted many people in Iceland, some of whom still blame Britain for precipitating a flight of capital in 2008 after it used emergency powers to freeze the assets of Landsbanki, the bank behind Icesave. The then British government had intervened to guarantee all retail deposits with Icesave—about £4.3 billion—in October 2008 after it was clear to regulators that Landsbanki was heading towards insolvency.

It failed days later, along with much of Iceland’s banking and investment sector. The country, with a population of 320,000, was forced to seek a bail-out from the IMF.

Of the £4.3 billion of deposits guaranteed with British taxpayers’ funds, £2.3 billion were covered by a guarantee scheme set up by the Icelandic government. However, the scheme was underfunded and failed to pay out anything.

The £2.3 billion has been the subject of four-and-a-half years of diplomatic and legal wrangling between Britain and Iceland. The ruling from the EFTA court rejected the British position and that of the Netherlands and the EU. They claimed the Icelandic government was required to ensure that its guarantee scheme functioned properly. Iceland successfully argued that this was not possible in a system-wide meltdown.

The judgement is now expected to force the EU to look again at its rules on the relationship between member-states and depositor guarantee schemes.

Back in 2008, as the bank failed, the chair-person of the Central Bank of Iceland, Davíð Oddsson, said in a televised address that “we have decided that we are not going to pay the foreign debts of reckless people. Placing such a burden on our children and grandchildren would be slavery, for other people’s fault.”

After Iceland’s financial crash a new government agreed repayment terms with Britain on unhonoured Icesave deposit guarantees. However, the president of Iceland, Ólafur Ragnar Grímsson, called a referendum on the settlement. “Enough is enough,” he said. “It is ridiculous to heap this debt burden on a nation so small.” The agreed payout by Icelandic taxpayers was overwhelmingly blocked by the vote in 2010, leading to further settlement talks.

A second settlement—with Britain agreeing to a lesser rate of interest on the claim—was reached, but this also rejected in a referendum a year later.

The EFTA surveillance authority brought forward the case against Iceland in December 2011, with the support of the European Commission.

Gardaí or soldiers?

The issue of reduced Garda resources has become a major concern around the country. Up to a hundred Garda stations are being closed over the next few weeks, while the Troika are insisting that the number of gardaí be reduced by 1,000, from 14,500 to 13,500.

At the same time the Lisbon Treaty “mandates Member States to increase their military capabilities with a view to increasing the capabilities available for the EU’s Common Security and Defence Policy.” In line with this obligation, Fergus O’Dowd told Dáil Éireann last year that the Defence Forces were recruiting six hundred more cadets!

One has to wonder where the government’s priority lies: with the needs of its citizens or the needs of the EU’s “defence” policy.

EU must spend more on military

In a foreword to NATO’s annual report for 2012 the general secretary, Anders Fogh Rasmussen, has urged EU countries to spend more on defence, despite the economic crisis. “If current defence spending trends were to continue, that would limit the practical ability of NATO’s European nations to work together with their North American allies. The security challenges of the 21st century will not go away as we focus on fixing our economies.”

NATO’s spending as a proportion of world military expenditure fell to 60 per cent in 2011, from 69 per cent in 2003, and will fall to 56 per cent in 2014. However, the latest EU figures show that some of the worst crisis-hit EU countries are still ploughing money into new weapons. In 2011, EU countries granted significant amounts of export licences to Greece (€783 million), Portugal (€397 million), and Spain (€1.6 billion).

Save the bee!

Something is killing honey bees, and even as billions of them are dropping dead around the world, researchers are scrambling to find answers and to save one of the most important crop pollinators on earth. "Colony collapse disorder" has hit beekeepers all over the world.

Now the European Commission has set out a proposal to ban certain classes of pesticides that are believed to be harmful to bees. Three neonicotinoids, the world's most widely used insecticide, could be banned from use on flowering crops throughout the EU as early as July. If member-states vote in favour of the proposal on 25 February the insecticides would be forbidden from use on corn, oil-seed rape, sunflowers and other crops throughout the EU for two years.

Greenpeace said that the banning of clothianidin, imidacloprid and thiametoxam "is only a very limited safeguard. The disappearance of bees is just a symptom of a failed agricultural system based on the intensive use of chemicals, serving the interest of powerful corporations like Bayer and Syngenta."

Meanwhile the *Wall Street Journal* says that a spokesperson for the giant pharmaceutical company Bayer said that "the proposed measures are not necessary" and that "neonicotinoids can be used safely and effectively." Britain, with German and Spanish support, is also against the ban.

This move, though only for two years—suggesting that the bee population might recover, only to be killed off again in a couple of years—is a good example of international co-operation necessary to address an international problem. But do we need the EU to do that?

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