PEOPLE'S NEWS

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Media black-out on two-day Dáil debate

Although they failed on this particular occasion, an attempt by the Independent Group of TDs, on the initiative of the Donegal South-West deputy Thomas Pringle, to start a public debate on how the Irish state can ever solve its fundamental economic problems without its own currency, monetary and exchange-rate policy was a very worthwhile initiative.

The private member's motion was in the names of Thomas Pringle, Richard Boyd Barrett, Joan Collins, Clare Daly, Luke "Ming" Flanagan, Tom Fleming, John Halligan, Séamus Healy, Finian McGrath, Mattie McGrath, Catherine Murphy, Maureen O'Sullivan, Shane Ross, and Mick Wallace.

It asked Dáil Éireann to note significant developments, such as "statements by leading EU politicians and policy-makers that the crisis of the euro zone provides an opportunity to push ahead towards a fiscal/political union," that "EU law-making from 2014 will be put on a straight population basis," and that "the president of the European Commission, José Manuel Barroso, has announced that the unelected EU Commission will set out a range of fundamental EU treaty changes by early next year."

Only one TD from outside the Technical Group actually considered whether statements by leading EU politicians and officials had any relevance. The Wexford Fine Gael deputy Liam Twomey claimed that Barroso was actually trying to start a debate within the EU but then made a bit of a fool of himself by claiming that Deputy Pringle's own attempt to have a debate in the Dáil was part of an effort by him to become the Irish equivalent of the deputy leader of the UK Independence Party, Nigel Farage (who for some reason the learned doctor believed to be a member of the Tory party).

A number of deputies took up the UKIP theme, while Olivia Mitchell accused Pringle of being "seditious" in raising the issue in the first place.

No-one addressed the fact that the German Chancellor, Angela Merkel, frankly expressed her neo-imperial ambitions as far back as May 2010: "We have a shared currency but no real economic or political union. This must change. If we are to achieve this, therein lies the opportunity of the crisis … And beyond the economic, after the shared currency, we will perhaps dare to take further steps, for example for a European army." Or that the then president of the EU Commission, Romano Prodi, said a decade earlier: "I am sure the euro will oblige us to introduce a new set of policy instruments. It is politically impossible to propose that now; but some day there will be a crisis, and new instruments will be created."

Did they not actually mean what they said?

None of the Europhile TDs disputed that from 2014 law-making in the EU will be put on a population basis, just as in a state. All seemed blind to the significance of this change, which stems from the Lisbon Treaty. From that year a qualified majority for the purpose of making EU laws within the Council of Ministers will consist of 55 per cent of the states—which means 15 out of the then 28—as long as that 15 comprises 65 per cent of the EU's total population of some 500 million.

Germany and France between them have half that amount, which gives them a blocking minority vote. As Germany is the most populous EU state, this means that from 2014 Germany's voting weight will increase from its present 8 per cent of Council votes (29 votes for each big state, out of a total of 345, Ireland having 7 votes) to 16 per cent. The voting weight of France, Italy and Britain will increase from their present 8 per cent to 12 per cent each, while the relative voting weight of smaller states will fall, in Ireland's case from its present 2 per cent to less than 1 per cent.

So while Gilmore might be chuffed to be able to tell the Dáil that on the day of the debate "I have returned from chairing the General Affairs Council of the European Union this morning"—echoing another political leader of a small EU state overheard declaring, "It is much nicer to be running Europe than running Slovakia"—the reality of power in the EU is very different.

A member-state on its own cannot decide a single European law. Its people, parliament and government may be opposed to an EU law, its government representative on the Council of Ministers may vote against it, but they are bound to obey it nonetheless once it is adopted by qualified majority vote. The "austerity" measures insisted on by the European Central Bank and the German, Finnish, Dutch and Austrian governments are causing recession throughout the euro zone, so there is virtually no economic growth.

"Progressive" solutions, such as debt-forgiveness, would mean that governments and taxpayers in the creditor-countries would pay the bills of the debtor-countries; but the pan-EU solidarity and fellow-feeling that would be required for this to happen does not exist.

Other solutions ruled out by membership of the euro zone, such as 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, membership of the euro zone rules out all sensible ways out of the crisis. Consequently, the prospect is one of years of stagnation, as long as the euro zone holds together.

As the Dáil motion quite rightly reminded us, policies based on "preserving the euro" or "stabilising the euro" are built on the illusion that Ireland can solve its problems while it lacks the flexibility and control over the money supplythat having one's own currency gives every independent state.

Needless to say, there was a total media black-out of the debate.

An enemy of the people?

Peter Sutherland has criticised judges in relation to a range of decisions made on EU treaty changes and the manner in which referendums are held.

Sutherland, a former attorney-general, was particularly critical of the Crotty Judgement (1987), which found that elements of the EU's Single European Act dealing with foreign affairs were in contravention of the Constitution of Ireland. The Government was obliged to hold a referendum to change the constitution in order to ratify the treaty. This, he said, was the crucial decision that forced successive Governments to take "extreme minimalist" positions in negotiations on subsequent EU treaty changes.

He described the Crotty decision as "clearly wrong" and was critical of other interpretations of the constitution by the judiciary, particularly the McKenna judgement (1995), which limited the right of the Government to finance campaigns in referendums as causing "distortions in the processes of democracy in this country."

Sutherland described the obligation placed on broadcasters flowing from the Coughlan judgement (2000) to give equal time to both sides in all referendums as "unwarranted interference" and "quite wrong." He also said that referendums tend to reduce complexities to banalities in public discourse.

Of course we don't know what he thinks is specifically wrong with those judgements; but with the strong possibility of a referendum on new banking rules next year, Sutherland—who is a director of Goldman Sachs—would have more than a passing interest.

Within hours the campaign against referendums was under way, with the professor of economics at Trinity College, Dublin, John O'Hagan, saying that a referendum should not be required to endorse the forthcoming EU treaty on banking union. O'Hagan referred to the judgements by Clarke and O'Donnell in the Pringle case in 2012.

The Government is already on record as expressing the view that a referendum would not be necessary. Enda Kenny has said that Ireland would "support, in principle, a banking union. In my view such a union could be achieved in a relatively short time if the political will exists."

But, referring to the proposed banking union, the German minister of finance, Wolfgang Schäuble, has admitted that closer integration between EU states could go ahead only with a Yes vote from the German public. Schäuble acknowledged that a referendum would be needed to cede national sovereignty to Brussels; but he added: "I assume that it will happen sooner than I would have thought a few months ago."

So what will happen here? Will the present attorney-general advise the Government to have a referendum, as she bravely did for the Austerity Treaty? Or will the forces against giving the people a say in important decisions affecting their lives win out?

It is ironic indeed that the cheerleader of the latter group, Peter Sutherland, received a state pension of €52,632 in 2010, according to official figures, which he has continued to claim since Ireland's economic demise in 2008, surrendering none of it. This is the same multi-millionaire who has called for harsher austerity measures, saying, "We have to bring our costs back in line with the European average, and if pay is part of that, then it has to be considered."

In another recent speech Sutherland, who is also a former member of the EU Commission, said that Ireland should be willing to give Brussels more control over the country's fiscal and budgetary policy as part of any efforts to save the European Union. In the same speech he lambasted those who have argued for "burning" senior bondholders or who have advocated default on the country's debts. "We should stop seeing this [defaulting on senior bank bonds] as a panacea. We have to recognise that, whatever the moral rights or wrongs of debt default, we can't do it unless we're allowed to do it. We don't have the alternative of ignoring directions that they [the ECB] have given. The reasons are that it risks contagion."

So, in Sutherland's world, we must accept further austerity, do what we are told, not do anything that risks "contagion," no matter what the social cost, do whatever it takes to save the EU, quietly surrender the remnants of sovereignty, and not be given a say in any of these measures.

It's hardly the attitude of a democrat.

"Labour market reform" on the march

The EU Commission has published its recommendations for member-states' economic and budgetary policies, and is increasing the pressure considerably to make member-states implement "reforms," not least of labour markets.

Before the launch of the recommendations there were rumours that Belgium would be fined for its breach of the rules on member-states' deficit. Had that happened, the fine could have been as much as €780 million. The Commission eventually decided that if the Belgian government has not introduced profound "structural reforms" before 2014, a fine is very likely.

A comparison between the Netherlands and Belgium is instructive. Both countries were subjected to the "excessive deficit procedure"—the first step of the EU correction procedure—in late 2009. They were both asked to reduce the deficit at the same pace; and, judging by 2012, their deficits are the same.

But the Commission approves of the measures taken by the Netherlands. So, it will be easier to sack people, and the maximum period for unemployment benefit will be shortened. Belgium is less willing to engage in this kind of reform, and has presented a different programme.

The commissioner for economic and monetary affairs and the euro, Olli Rehn, has attacked the Belgian wage-setting system. Belgium is asked to "fundamentally reform" the "wage norm mechanism," and Rehn consistently draws attention to wage-setting reform as the key. But in principle a system of automatic adjustment of wages to prices still exists, and this is a major nuisance in the eyes of the Commission.

It is EU policy to make wages adjust to "competitiveness," and, with a low growth in wages in such countries as Germany, Belgium is under political pressure. The president of the Commission, José Manuel Barroso, stressed once again recently that the rules are not there to make Germany "less competitive" but to make others adjust to low German wages.

The EU has been moving towards positive attacks on collective bargaining and wage-setting for years, with the strong support of the powerful business lobby in Brussels. Now the Commission is testing the powers it has acquired over recent years to push wage-setting in member-states, and Belgium has been singled out to be the guinea pig.

This is not because the Commission has suddenly discovered the solution to economic crisis. With regard to solving the crisis, there is no reason to believe that attacking wages will do the trick. On paper, Greece has improved its competitiveness, as wages have been brought down dramatically, but there is no sign of improvement.

Setting wages is not like setting the price of a bar of chocolate or a tractor but is linked to the right of wage-earners to be part of the bargain: they too can determine at what "price" their labour can be sold. For a century the trade union movement has fought for that democratic right and against the idea that labour can be considered a random variable, to be adjusted downwards by employers, or bureaucrats for that matter. It is a field where fundamental rights are at play, and interfering could roll back the successes of decades of social struggle.

The Commission is well aware of the stakes, and it is playing a politically motivated game. The numbers on deficits, growth and bond prices do not even seem to be the issue: the issue is to roll back social rights.

Barred by treaty from directly attacking wages, the Commission is using every possible back door to do it anyway. The trade union movement should acknowledge this and use all means at its disposal to put its foot down.

And where do Croke Park I and II fit into this picture? You can bet one thing: Ollie Rehn and his colleagues are keeping a close eye on developments—if they are not actually running the show!

Commission considers easing austerity for deep reforms

The EU Commission has recommended slowing down budget cuts in several euro-zone countries, giving France, Slovenia, Spain and Poland two more years to meet their deficit targets and giving one extra year to the Netherlands and Portugal.

However, it also warned that those countries would need to push ahead with stringent structural reforms, particularly in the labour market, and that growth will remain subdued in many countries for some time.

The Commission also called for an independent review of Slovenia's banking industry and warned that the country must step up privatisations and reforms if it is to avoid a worsening of the crisis. But in reality any changes are "largely semantic," as the euro zone remains on the same policy path.

In response to the recommendations, the president of France, François Hollande, warned: "The Commission doesn't have to dictate to France what it has to do … As far as structural reforms are concerned, especially pension reforms, it is up to us, and us alone, to say which is the best path to attain this objective."

The euro crisis continues

The European Central Bank warned last week that the euro zone's slumping economy and a surge in problem loans were raising the risk of a renewed banking crisis, even as general stress in the region's financial markets had receded.

And Germany drew criticism for lecturing other countries on excessive government debt while trying to protect its own banks from greater scrutiny. "They are very virtuous when they look at national accounts," said Stefano Micossi, director of an Italian business group, "but less when they are looking at their own banks."

The European Central Bank assesses the euro financial system every six months; but the latest report has particular importance as the ECB prepares to become the regulator of euro-area lenders. The report also raised concerns about whether banks were systematically underestimating risk, and served as a reminder of the monumental task that lies ahead for the ECB when it assumes its new powers next year.

A similarly dim snapshot of the state of the euro-zone economy was issued by the OECD. It warned of the dangers posed by weakly capitalised banks. The limited ability of European banks to absorb losses is a potential threat to achieving a lasting stability, the OECD said. "It is important to strengthen the capital of financial institutions so that they can withstand sovereign debt write-downs if rules prove insufficient to prevent sovereign crises," the report said.

Unemployment, especially in Europe, remains a persistent problem, contributing to the uneven pace of growth globally, the OECD said. It warned European countries that failing to address the issue would undermine the progress made from the fiscal and structural adjustments that many countries have pushed through in recent years.

EU fracking rules by 2014

The EU will draft rules for the production of shale gas by the end of 2013, José Manuel Barroso has announced. The framework would allow “the safe and secure extraction of shale gas in Europe.” The Commission will ensure that “the rules of the game are the same,” Barroso said, “while providing reassurance to the public that environmental and health safeguards are in place.”

However, there are concerns about the environmental impact of hydraulic fracturing, known as “fracking,” which is used to extract the gas. Fracking involves fracturing rock layers by means of a high-pressure mixture of water and chemicals—several of which can cause cancer—in a well-bore hundreds of metres underground.

The process, which typically uses between 4 and 5 million gallons of water per well, allows natural gas to be extracted from the rock. Approximately one-third of the water used in fracking comes back up to the surface. However, the biggest problem with fracking is the use of carcinogenic materials.

Although France and Germany lead a group of EU countries that have introduced a moratorium on fracking, other member-states are preparing to begin drilling more quickly. Britain recently announced its intention to begin drilling work in north-west England, while Poland and Romania have the most accessible deposits of shale gas.

David Cameron has offered robust support for European exploitation of shale gas, telling journalists that “no regulation must get in the way.” But the *Brauerbund* (brewers’ federation) in Germany is asking the government to “carry out more research” before allowing the process, as extracting shale gas by pumping water and chemicals at high pressure into the ground may pollute water used for brewing. Germany is Europe’s largest beer-brewer.

Lithuania is expected to put the extraction of shale gas at the heart of its six-month presidency of the EU, beginning in July. In April the country’s environment minister said that shale gas would top the agenda at the first meeting of EU environment ministers in Vilnius.

Meanwhile Co. Leitrim farmers took to the road before the G8 summit. They staged a tractor run from Manorhamilton to the “Ballroom of Romance” at Glenfarne, Co. Leitrim, to shine a light on their opposition to fracking on the national and world stage.

There is a temporary suspension of licensing while research is conducted on the controversial technique. However, there is no such suspension in Co. Fermanagh, where the G8 leaders will meet. The drilling company involved in the area, Tamboran, has stated that it intends to drill this year in Co. Fermanagh, only a few miles from the border.

Michael Gallagher, one of the organisers and a pensioner and sheep-farmer, spoke of the rationale behind the “tractorcade” and the importance of farmers taking this opportunity to raise the pollution risk of gas drilling on the all-Ireland agricultural and food industry. He said that farmers in the rest of the country might think it affects only the west, but he is concerned that the farming reputation of the whole country would be at stake should it be introduced in either the North or the South.

Michael, who comes from generations of farmers and will be leaving the farm in turn to his son, said that "these leaders, like the companies, are here for a short time and will be gone. We aren't going anywhere. We are tied to this place and the land we survive off. It's not just our livelihood, it's our life, and it's the lives of the next generation too."

Iceland's EU membership

Iceland's application to join the European Union has come to an end, the leader of the Independence Party, Bjarni Benediktsson, has said. He is minister for finance in a new government coalition with the Progressive Party.

The Progressive Party also opposes joining the EU. "We will not continue the accession talks with the EU until after a referendum," the coalition agreement states. The referendum will be held within the next four years.

Meanwhile the president of Iceland, Ólafur Ragnar Grímsson, told the parliament that the EU has lost interest in accession negotiations, because it doesn't want to risk a rejection in a referendum, and is unlikely to develop a permanent fisheries policy that Iceland could accept.

Following the collapse of Iceland's commercial banks in 2008, the then ruling Independence Party was voted out of office and replaced by the Social Democratic Party, which applied for membership of the EU in July 2009. Formal negotiations began a year later. Since then, approximately half the thirty-three negotiation chapters in the EU's body of legislation, known as the *acquis communautaire*, have been agreed.

The April election is viewed as a vote against EU membership, with only a quarter of the people supporting membership, according to opinion polls.

No other candidate-country has pulled out during talks, though Norway voted against joining the EU after the completion of negotiations in 1972.

Agreement on EU Patent Court requires a referendum in Ireland

Ireland will have to hold a referendum that would amend its constitution before twenty-five EU member-states can proceed with the plan to create a unified system to recognise each other's patents.

The minister of state for research and innovation, Seán Sherlock, has confirmed that the proposal to harmonise the registration and recognition of patents throughout the EU will need the creation of a single court to rule on disputes—and therefore a referendum for Ireland to acknowledge that court.

The Supreme Court has previously held that any transfer of sovereignty, or the transfer of judicial powers, to an international body requires a referendum—meaning that a vote will be needed to amend the constitution so that the new "Unified Patent Court" can be recognised.

The court would rule in disputes that arose as a result of the harmonisation of patents in the twenty-five member-states (not including Spain and Poland, which are opting out of the system) and would decide which patent remains in force in cases where conflicting patents were held in different countries.

At present patents can be enforced only at the national level, which means they must be formally translated into one of the official languages of the country concerned. The new system would circumvent this and grant automatic recognition to any new patent.

The Unified Patent Court Agreement was signed by twenty-four member-states on 19 February. Once this agreement enters into force after being ratified by at least thirteen member-states, the signatory countries will form a unified area as regards patent law. The agreement must be ratified by Ireland by 20 January 2014.

Shorts

One day after he rejected EU "dictates" on economic policy, the president of France, François Hollande, and the chancellor of Germany, Angela Merkel, called for the creation of a full-time euro president. The idea came in a joint text that says that "a full-time President for the Euro Group of finance ministers relying on wider resources" should be created after the EU elections in 2014. It also calls for more frequent euro-zone summits, for a "specific fund for the euro area" alongside the general EU budget, and for euro-zone countries to sign binding contracts on economic reform with EU institutions.

The leader of Italy's opposition Five-Star Movement, Beppe Grillo, has said that "the euro should be rethought … We are considering doing a year of campaigning to then call a referendum to say Yes or No to the euro and to say Yes or No to [membership of the EU]." In Italy it is possible to call for a referendum by collecting 500,000 signatures on a petition.

Members of the EU Parliament have voted to limit the scope of a proposed EU-US free-trade agreement by supporting French demands to exclude cultural and audiovisual services, genetically modified foods, and "geographic indicators." The resolution is non-binding, but MEPs have a veto over any resulting deal.

The Italian prime minister, Enrico Letta, has said that "Europe must not turn into a cage of duties, rules and procedures which often end up restraining everyone's actions." Monetary union "is not enough … Without the United States of Europe, the future of European peoples remains a chimera."

The EU Commission is planning to include new obligations on reporting corporate tax in a proposal for social and environmental "corporate transparency" put forward by the Commission last month, which it aims to put into law by May 2014.

A book by a Portuguese economist has instantly topped Portugal's best-seller list. *Why We Should Leave the Euro*, by João Ferreira do Amaral, has helped ignite a public debate in Portugal about the real cause of the country's economic pain. Is it only the austerity needed to secure bail-out loans, or is it the euro? Portugal "has no chance of growing fast within a monetary union with a currency this strong," Amaral said in a recent interview. "Thankfully, this issue has stopped being taboo, and there is now a lot of discussion here and abroad."

Unemployment in the euro area reached another record in April, hitting 12.2 per cent. Austria and Germany had the lowest figures, at 4.9 and 5.4 per cent, respectively. Youth unemployment continues to rise, reaching 24.4 per cent in the euro zone as a whole but 56.4 per cent in Spain, 42.5 per cent in Portugal, and 40.5 per cent Italy. Youth unemployment in Ireland is 30.4 per cent—lowered by emigration.

The anti-euro party Harmony Centre Alliance won 59 per cent of the vote in the Latvian local elections. The country's adoption of the euro in 2014 has just been approved by the European Commission.

In Britain the "Labour for a Referendum" campaign has been launched, chaired by John Mills—the Labour Party's biggest individual donor this year. The Guardian reports that a new opinion poll commissioned by the group shows that 40 per cent of those who voted for the Labour Party in 2010 want it to endorse a referendum on membership of the EU.

The French government has unveiled a plan to reduce benefits for richer households, creating budget savings worth an estimated €1.7 billion a year.

The anti-euro party Alternative for Germany already numbers 10,476 members, the newspaper *Spiegel* has reported—some 2,800 of whom have switched allegiance from Germany's established parties. In the state of Hessen this week Jochen Paulus switched from the liberal Free Democratic Party to Alternative for Germany, thereby becoming its first elected representative.

The president of the EU Commission, José Manuel Barroso, and the vice-president, Viviane Reding, attended the recent Bilderberg conference at Watford in Hertfordshire, according to the organisation's web site, joining such luminaries as Peter Sutherland in secret conclave. The meeting was not mentioned in the Commission's calendar.

Having woken up recently, Olli Rehn has criticised a Franco-German proposal to strengthen the economic governance of the euro zone without giving the EU Commission more powers. "In many aspects, they seem to suggest the wheel should be reinvented … Europe is too valuable to be left only for Germany and France," he said. Is this what is called "enlightened self-interest"?

The president of the European Broadcasting Union, Jean-Paul Phillpot, has urged José Manuel Barroso to force the Greek government to reverse its decision to close down the state broadcasting corporation, ERT—clearly identifying the root of the shutdown. The closure of the service resulted in a 24-hour strike by the two biggest unions represented, bringing the troubled country to a near-standstill. In a strongly worded letter, Phillpot told Barroso: "It is our unfortunate experience that the existence of public-service broadcasting has come under systematic threat in countries which have been pressed by the European Union or the troika to make savings."

Yet more federalisation?

Guy Verhofstadt, a Belgian member of the EU Parliament, a former prime minister and leader of the powerful Alliance of Liberals and Democrats for Europe, has said that a new round of EU treaty changes and referendums will be needed after the 2014 European elections. He called for a "new fundamental law for the EU" in order to give the bloc more cohesion.

The EU's struggle to co-ordinate policy in the euro crisis has fuelled calls for a much closer political union, with a euro-zone "government" and separate euro-zone budget. "There's a failure in the way we govern Europe—it's intergovernmental … We need a far more integrated Europe," Verhofstadt said, joining the growing chorus in Brussels demanding further federalisation.

Formal talks on revising the EU treaties should begin in early 2015, he said, as "it's necessary to deal with the problems—not just economic but also defence."

The Franco-German-Polish axis

Peer Steinbrück, leader of Germany's Social Democratic Party and Angela Merkel's main opposition in next September's elections, has laid out his foreign policy. But Germany's EU policy can hardly be expected to change in substance, regardless of whether or not Steinbrück seizes the chancellorship from Merkel. Although he is critical of elements of Merkel's vision for Europe, when it comes to substance he mostly agrees.

Nevertheless, when discussing the EU's role in the world he called for a Franco-German-Polish axis to shape its future. "This triad of Germany, France and Poland must take the initiative for a new beginning of European foreign and security policy," he said.

But even if Steinbrück becomes Germany's next chancellor, the general thrust of Germany's euro-zone politics will probably remain the same.

No debt restructuring here!

The EU Commission has responded angrily to the publication of a highly critical report by the International Monetary Fund that blames the EU for political failings during the €110 billion joint EU-IMF Greek bail-out in 2010.

The report argues that the EU's political failings contributed to the programme's lack of success, citing "poor implementation of reform by authorities, adverse political developments and inconsistent policy signals by euro leaders."

Olli Rehn rejected the IMF's argument that an immediate restructuring of Greek debt at that time was required, saying that "the report argues that an upfront debt restructuring in 2010 would have been desirable. We fundamentally disagree."

New print by Robert Ballagh

A new print, in a limited edition of twenty-five, by the artist Robert Ballagh is available from the People's Movement. The print depicts one star in the EU flag: a fractured EU member-state—Ireland!

The print, which is 37 × 30 cm, costs €125 unframed and €150 framed. All proceeds go to supporting our work. Phone 087 2308330 for your copy.

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