

15 May 2010

A dishonest debate among discredited political parties

Perhaps one of the more frightening aspects of the recent spat between Fine Gael and the government over the implications of the proposals contained in the EU Commission document on economic policy co-ordination within the euro zone is the abysmal ignorance on both sides of the argument over what the country signed up to under the Lisbon Treaty.

The Minister for Finance and the Minister for Foreign Affairs both claimed that there was a protocol attached to the Lisbon Treaty that protected the Irish taxation regime, particularly in relation to corporation tax.

The Fine Gael finance spokesperson seemed unsure about what he and his party had helped to foist on the people of the Republic less than a year ago and seemed to go on the defensive almost immediately when challenged.

No such protocol exists.

Instead, in the run-up to the second Lisbon Referendum, the EU heads of government went through an elaborate charade to pretend that they were addressing the concerns that had led to the rejection of Lisbon Treaty in the first referendum and came up with a series of 'guarantees', 'to address these concerns in conformity with that treaty' (i.e. the Lisbon Treaty).

So not a single comma in the Lisbon Treaty was changed. This would have been the case if the government had secured a protocol.

So in relation to taxation, the EU court has the power to order the harmonisation of national indirect taxes if it judges that these cause 'a distortion of competition' (article 113 TFEU, Protocol 27 on the Internal Market and Competition)

In addition, all the evidence points to the fact that tax harmonisation has not gone off the EU Commission's agenda and that it will emerge as an issue in the very near future.

In the meantime, this country's political elite seem unaware of the broader reality that monetary union has imposed fiscal rigidity, removed monetary independence and forced economic adjustment through the labour market. It is now time to think the unthinkable in relation to the euro.

Statement ends

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