

Who Wants Who – Fiat Euro! 7/2014

Westerners do not want Easterners, Swiss do not want anyone. Luxury cars for Portuguese. Reding's karma.

It happens, that even the American politician forgets that she too may be bugged. U.S. diplomat for European Affairs Victoria Nuland unwillingly said what she thinks about the EU, during a phone call with U.S. Ambassador to Ukraine, and her "[Fuck the EU!](#)" had found its way to headlines.

Swiss had agreed on something similar and they decided about [quotas for immigrants from the EU](#) in the recent referendum. Now, we easterners are used to things like that, even for the EU it took several years to finally let us dawdle around. But Western countries are rather shocked. Not so long ago, they were developing the plan to re-restrict the movement of Romanians and Bulgarians, and today they themselves are limited by Swiss decision. Barosso responded with patronizing "Switzerland needs the EU more than the EU needs Switzerland!" and the EU, as an answer, stopped negotiations concerning cross-border electricity trade. By this move, it punished Swiss but also itself because, as it is clear just from the definition, the trade is beneficial for both parts. But it is no win for Swiss either. Entrepreneurs already report the lack of skilled workers. And Swiss national football team without immigrants would look like the picture below.

German court also decided. Or rather did not - government bond buying program by the European Central Bank (OMT) was [proclaimed to be "maybe" illegal](#). But maybe not. They leave it on the European Court of Justice to decide (and it will not be hard to guess the result). And so, German judges can sleep peacefully - they said what they wanted (that ECB has no mandate to monetize the debt of Member States), they did not offend anyone and at the same time, they flipped the responsibility elsewhere.

The head of the newly formed single banking supervision, Danièle Nouy, also found courage for some strong words: "We must prepare for the fact, that some banks have no future...and we have to let them disappear." In addition, she [noted](#) that government bonds are not without risk. Meanwhile, European banks are [getting rid of bad assets](#) and raising the capital before the upcoming stress tests.

One of current candidates for bank and state bankruptcy - Slovenia - can once again [relax for a while](#). It raised \$3.5 billion in dollar-denominated bonds at lower rates than last year. The promise of ECB about buying bonds will just not let it go away.

Greeks are not candidates for the first, but for the third (for connoisseurs even fourth) aid package. So far, Greek politicians pretend to not need any help from outside. But they actually expect a "[gift](#)" from Troika, and especially from Germany, in exchange for honest fulfilment of assigned tasks. Whereas the Spaniards, like their northern neighbours, are working on [the package to revive](#) their stagnant economy. It should include simplification of tax laws and reducing some marginal tax rates.

Even Portugal is coming up with new ideas. Following similar precaution in Slovakia, where the treasury should be saved by "Tax receipt lottery" but instead of various small cash winnings or small cars, residents can prepare themselves for [60 luxurious automobiles per year](#). In 2013 the Portuguese government managed to spend 5.5% more than in 2012, and the amount does not take into account 700 million euro share of help to banks, so they

better hope in the success of the lottery.

But not only Portuguese will become rich, [we all will](#). Thanks to prostitutes and drug dealers. That is because member states' statistical offices will be obliged to include the shadow economy in the GDP calculations. On the one hand, there will be higher GDP numbers - which is pleasant, on the other it will mean greater contributions to the EU budget by some countries what may not be that delightful.

What might be missing in the EU budget is the contribution of the UK, if the country will decide to leave the Union. This was also the topic during [the visit](#) of Viviane Reding, where she noted that British people are not able to decide about such an issue in a qualified way. It stays unknown whether the lady is a Buddhist, but karma has acted immediately and Vice President of the Commission was surprised to find that her unlocked car was robbed - all luggage was stolen, including her favourite designer clothes.

The reason why Brits want to leave the EU is the transfer of power to Brussels and also the problem of migration of Eastern Europeans. That, however, presents greater problem in Romania. In less than three years, [number of doctors decreased by one third](#) and some specializations like cardiologist or radiologist are, in the 20-million country, now counted in tens.

Britain and the Netherlands are initiating [another suit](#) of Iceland for damaging their citizens after the bankrupt of Icesave, Icelandic bank, what was strongly rejected by then Prime Minister. Clients were entitled to compensation only from the deposit protection fund, which did not have enough money in such a huge bankruptcy. Icelandic people refused to compensate foreigners from their own sources in already two referendums. Maybe they could at least contribute to their education, especially to courses on the functioning of the fractional central banking, so next time they are not so naive.

Last week's economic news, however, reported only about economy of Turkey, Brazil and Argentina. Several countries' currencies [experienced a sharp downturn](#) after their capital begun to flee to U.S. due to the weakening of quantitative easing. The dose of monetary opium fell only slightly but we already feel strong withdrawal symptoms.

But in Venezuela, money are missing because of another reason. 15 years ago, a barrel of their oil used to be sold for \$8, today it is for \$100. The economy was, however, dependent on the constant rise of oil prices, which has ended in recent years. And so country is lacking dollars (on the black market, one dollar costs 12-times more Bolivar than on the official one), what causes major shortcomings. There is lack of basic foods in stores and some factories (including Toyota) were forced to stop production for lack of imported parts.

We should therefore leave the saying "Hasta la victoria siempre!" for hockey purposes only.

Martin Vlachynský

February 13, 2014

Translated by Stanislava Dohunová