# The full balance of empty houses – Fiat Euro! 9/2014

*Ghost towns. Spanish minimum. Broken rules.*

This week's headlines from Europe are dominated by the wild situation in Ukraine. The man with a gold-plated toilet brush and a pirate ship is lost somewhere and so the way for the European help (practically bankrupt country needs $ 35 billion for the coming years) is open. We can only hope that the situation will not turn out like the one in Egypt, where a billion-worth European aid became a (tear) gas.

But we will not worry about our eastern neighbour any longer and in this week's issue, we will focus on our own yard. The ECB is sad. Despite the fact that it pushes as much money as possible to the European banks, lending to private enterprises decreased again. The ECB is therefore considering two options. One is to do more open quantitative easing, i.e. printing money in American FED style. Such a policy is going to be extremely unpopular especially among the Bundesbank representatives. That is why it considers a termination or attenuation of sterilization (via withdrawal from circulation) money that got on the market through recent years' government securities purchases program (SMP).

UK’s The Guardian reported that there is more than 11 million vacant dwelling units in the EU, which are the result of a euro-bubble of the first decade of this millennium. Majority of them (3.4 million plus half a million unfinished and abandoned) are located in Spain. However, after recalculation per citizen, the leaders of this statistic are Ireland and Portugal. A demolition of number of these projects already started (especially in Ireland). Their value is sometimes even negative as they just occupy the land on which they stand. However, many owners still hesitate with destroying them. These are the banks which would have to admit considerable losses if they would write off mentioned projects.

Except the feeble banking system, Spain is struggling also with huge unemployment. The government led by the Prime Minister Rajoy is starting to lean more and more towards the policy of tax cuts. Their latest announcement is increase in non-taxable minimum to 12,000 euro (in Slovakia it represents 4,000 euro) and the unification of the fixed charges on 100 euros per month, for the period of 2 years for new recruits.

Endless bickering with Greece continued too, the latest issue consists of a disagreement between Greece and Troika about the recapitalization of Greek banks. While hosts think that 6 billion will be enough, Troika would like to triple the sum. But they found at least one consensus already. German Finance Minister Wolfgang Schaeuble officially admitted for the first time, that if Greece will need an "additional, limited assistance, we are ready to provide it." Supposedly, it may not be in the form of the debt relief, however, this is just a game with words - the extension of repayment or further reduction of interest rates actually means the debt relief. But there is nothing to wonder about - any reference about debt relief before upcoming European elections would be extremely unpleasant. German Eurosceptic party AfD was delighted this week, as the German court annulled the 3% quorum necessary to be elected in the European Parliament elections.

The notice about France, who in 2014 and probably in 2015 too, will probably violate the rule of 3% deficit and will reach 4% of GDP (respectively 3.9%), even though the original plan was to reach the amount less than 3%

for both years, flew almost without a notice through media. The fact that the report did not surprise anyone just shows what everybody thinks about the fiscal rules. Neither this time, we are not “playing for real”.

Meanwhile, the number of unemployed in France broke new record again and reached 3.32 million. Government's response to deteriorating economic situation is charmingly French. They simply prohibit the firms to bankrupt. More specifically, a firm that is viable (and of course, this status is assessed by the officer, who was never in business himself), has to look for a buyer during 3 months, otherwise it will get fined up to 30,000 euros per dismissed employee.

European Parliament approved the mandatory introduction of e-Call system to every new car after October 2015. This service locates the vehicle in case of an accident and automatically calls the emergency services. It should save a round 2,500 lives. The question, however, remains, how many people will actually go for such a new car, due to higher production costs (and also other vehicle regulations). On the other hand, the EU assures all of us who fear that the program could be misused to track cars, that there is no such thing possible. We can only trust now. After all, the NSA has promised not to bug Mrs Merkel (…instead of whom it is bugging German ministers).

It must be amazing, to be one of 50,000 Euro officials, I guess that nobody needs any further explanation. The latest advantage is the opportunity to get paid for a two-day trip to his former school. Once they are there, they should talk to current students about all those wonderful things that Brussels does for them. Euro officials can also join the courses related to the presentation to young people, just in case some eurosceptic youngster would occur in a class. And if the media would appear too, there are local press officials, ready to help directly on spot.

Oh, if only somebody hinted us what to say, when we were students!

**Martin Vlachynský**
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**Translated by Stanislava Dovhunová**