Time machine discovered in Brussels – Fiat Euro! 11/2014

Austria on the edge. Italian plans. Higher salaries for officers. Successful elections.

The amount of black sheep is increasing. Austrian Central bank governor Ewald Nowotny admittedthat neither his country may not meet the 3% deficit rule. He blames the additional costs of the bankrupt and nationalized bank Hypo Alpe-Adria. The costs should increase about 3.6 billion euro, what together with taking over bad assets will kick the state's national debt from current 74.4% of GDP to somewhere around 80% of Austrian GDP. Although the number is not official yet, the opinion of the head of central bank cannot be ignored. Dreamers and utopians can further reflect on respect for common rules, thanks to which the Eurozone will work one day, however, we ask: When will Slovakia also give up?

On the other hand, the one who does not want to let go is Italy. Former Finance Minister Fabrizio Saccomanni felt offended when the Commission warned his country of macroeconomic imbalances. According to Saccomanni, "the debt increased because the state had to pay debts to suppliers of goods and services." But what he forgot to state why this should not be counted. He was outraged by the fact, that the Commission did not take into account Italian share in rescuing other countries, which increased the Italian debt by 50 billion euro. However, he might have forgotten about the rescue of his own country, two years ago, when ECB bought Italian bonds for tens of billions of euros (not to mention other gigantic loans for the Italian banking sector).

However, the current PM is of another kind. At least he seems to be. He reaffirmed the intention to reform the labour market and introduced planned tax cuts. In the case of personal income tax, 10 million employees with the lowest income should save 10 billion euros on their taxes, per year. But let's not celebrate prematurely. Initially, lower taxes were to be balanced by cuts in spending but now, the low interest rates should be used and one part should be paid with a new debt. In the country with already more than 130% debt level, this cannot be a good idea. At least the Italian economy finally grew by 0.1% of GDP after two and a quarter years.

In Spain, the government-established expert group recommended to reduce the corporate tax by 10%. On the other hands, Portuguese policemen' protests resulted in a fight because of pay cuts. As one of protesters said: "I only work and sleep. And at the end of the day, my salary is no longer enough even to pay the taxes."

In other news, Greece got, at least for once, into the position of scolding ones and Germans were those who folded their ears. During the visit of German President, damages caused by German occupiers were on the list once again. Gauck accepted the moral responsibility and promised to create a fund to raise German awareness about this historic event. Greeks would rather get some juicy compensation, but this was not the case. Negotiations about the disbursement of the next April tranche for Greece continued. After five years, Greece banks are planning to get capital in the marketwhat could reduce the pressure on the recapitalization of public finances.

While one country after another is announcing a breach of the 3% deficit, Germans have a balanced budget. The first balanced budget after 45 years should come in 2015 and further thereafter until 2018, where the planning is ending so far. For current year is also planned a deficit of 6.5 billion euro at 300 billion budget (Slovakia has a planned deficit of more than 3 billion with 17 billion budget). But promises are promises, so let's wait for the reality.

German politicians had a rough time on the European level too, where they possess one of the leading words in creation of the common resolution mechanism. This should, with the help of common fund, bail the European banks in trouble. Negotiations had not really moved, although the Germans already started to consider the scenario of eight years lasting building of resolution fund instead of originally required ten. Impatience is slowly rising, as this problem blocks the creation of a banking union.

An unexpected challenge was presented by the former Dutch finance minister, according to whom, the membership in the euro area should be decided by citizens in a referendum. Possible "no" answer should be taken seriously, even if it would mean leaving the Eurozone.

EU officials god fed up with austerity measures and increased their salaries, which were previously frozen. And as only smart people work in Brussels, they increased the remuneration retroactively - they will get 0.8% more for what they earned in 2012. 2011 stays the same, 2013 was not the subject of a discussion yet. And that is how the freezing becomes just a farce. Officials freeze their salaries but two years later the loss is recovered by increase so no freezing is actually happening here. And yet, some still say that time machine does not exist!

Similar fads contribute to rising euroscepticism across the Union what, of course, disturb the officials - their chairs (or rather leather armchairs) are in a game. In the issue before the last one, we informed you about paid trips of officials to their former schools in order to lecture about the achievements of the EU. But that is not enough for some, therefore mandatory classes on the EU policies are in consideration now. The right view needs to be hammered in a heads.

Slovakia lives by upcoming presidential elections. Even in North Korea National Assembly electionstook place a few day ago. The Supreme Leader (not an irony that is the official title) Kim Jong-un also run. He got 100% of votes with a 100% participation in his district. With such a result he outrun even his father, who, in 2009, got 100% votes too, but only with 99.98% participation (I wouldn't like to be in shoes of that unfortunate who was absent).

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