

Fiat Euro 14/2012

Europe promised even more money which it doesn't have, Spain promises painful cuts, Slovakia higher taxes. Euro Bill keeps increasing, we will pray for its rescue and just 11-year-old Dutch children want to expropriate Greeks.

We will start this week rather gloomily. On Wednesday morning an older man, former pharmacist Dimitris Christoulas, committed suicide by [shooting himself](#) at the busy square in front of the Greek parliament in Athens. He left [a letter](#), in which he explains his step. Greek government took a prospect of decent retirement from him and he doesn't want to survive by fishing through garbage. He believes that „young people with no future will rise arms one day and hang the traitors of this country“. He compared Greek government to collaborationist authorities of the World War II. Following days people were demonstrating [against the government](#) on the spot of the suicide and [clashed with police](#). Greek Prime Minister issued a statement concerning the event ([35 words long](#)).



Last week in Italy two people tried to [set themselves on fire](#) for economic reasons. A 58-year-old businessman in front of a tax office, with which he had arguments concerning allegedly unpaid taxes, and a 27-year-old construction worker, who hasn't received his salary for a couple of months. Pierre Mariani, CEO of the Dexia bank, which went bankrupt at the end of the year

2011 and was [taken over by taxpayers](#) (who provided [EUR 10.4 billion in cash](#) EUR 150 billion in guarantees) earned in 2010 (salary and bonuses) altogether EUR 1.95 million. Exactly the same as the year before.

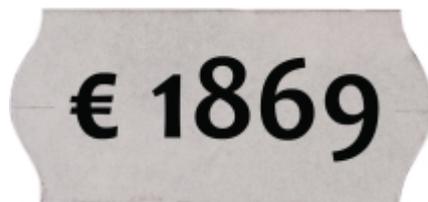
In Copenhagen meeting, ministers of finance [finally agreed](#) that capacities of ESM and the temporary EFSF will be joined. Euro fund with capacity of EUR 700 billion will be created, but the maximum limit of the loans will be EUR 500 billion. And now they want G20 countries to [contribute further money](#) to the International Monetary Fund. IMF welcomes the increase, but says it's [still not enough](#). "We think the primary role of the IMF is, and ought to be, supporting the poorer countries of the world, and those countries do not include European countries," said Canadian finance minister Jim Flaherty.



Spain presented a tough [austerity package](#) reaching EUR 27 billion in total (that is the value of annual public spending of Slovakia). Ministries will have to reduce their spending by 16.9% on average. For example, Ministry of Foreign Affairs will have to do with 46% of the resources it had last couple of years. There will be increase in taxes on electricity, gas and repeal of exemptions from the corporate tax. Before Slovakia starts increasing taxes as well, it

might be inspired by Slovenia. Government there plans to [decrease salaries of civil servants by 15%](#).

We updated [the Euro Bill](#). Bond purchases by ECB together with guarantees in various aid programmes pushed the Bill to EUR 1 869 per capita in Slovakia. Recently, Slovak president Ivan Gašparovič and commissioner Maroš Šefčovič [cried](#) that people criticizing Slovak participation in these future costs don't realize how much money we are receiving from the Union. We took this advice seriously: do you know that [Slovak guarantees](#) in the rescue funds already reached a quadruple of what we [received from the Union](#) during 7 years of the membership (net position of Slovakia- income from the Union minus Slovak contributions in the period 2004-2010)? Do the president and the commissioner know about that? I won't even touch the issue of meaningful [use of the euro funds](#) since the week is too short.



Officials working at the office of Herman Van Rompoy (remember? Our [re-elected president](#)) [made a joke](#) on 1st of April. They issued [unofficial press release](#), in which they proposed inviting the Vatican City to the next eurozone summit, as „The presence of His Holiness the Pope affords an opportunity to pray for divine intervention to save the euro. This is now seen as the most credible strategy“.

11-year-old boy from Netherlands Jurje Hermans came up with a [slightly more realistic idea](#) how to solve the eurocrisis. His proposal offers a dismal look on the current state of media and an uncritical pro-government education system. His basic idea is actually the foundation for many serious ideas that older (wiser) economists and politicians come up with. Greeks leave the Eurozone, hand in all euros to the government, which will then pay back the creditors. Those Greeks who won't want to voluntarily exchange their Euros for the new devalued drachmas will be punished with high fines. So to expropriate people is all what is needed. How easy. [This proposal](#) didn't make it to the finals of The Wolfson Economics Prize for the best contingency plan for a [break-up of the Eurozone](#) but the jury sent the author symbolic prize of EUR 100.

Greeks are starting construction of their [version of the Berlin Wall](#) on the border with Turkey to „prevent the entry of illegal immigrants. Luckily, it seems that eurofunds won't pay for this.

Sprechen Sie Deutsch? If you are looking for a job, you probably should. While the unemployment in the Eurozone reached [all-time maximum](#) level in February (10.8%), unemployment in Germany decreased in March to the [lowest level](#) (6.7%) since the German reunification in 1990. German language is used also in the country with the [lowest number of unemployed](#) in the Union – Austria. The other two German-speaking countries outside the EU (Switzerland, Lichtenstein) have even lower unemployment numbers than Austria.

The Swiss issued an [arrest warrant](#) for three German tax officials, who in attempt to reveal tax evasions done by German citizens bought stolen data of Swiss banks'clients and so violated Swiss bank secrecy. Germany is not obliged to extradict them, but they should probably avoid going for skiing to Switzerland. German deposits in the Swiss banks will now probably [face 41% taxation](#), out of which German public finance expects EUR 10 billion income. At least somewhere there are still laws and police enforcement working. Slovaks [outsourced investigation](#) concerning the Slovak case with fraudulent emissions trading to the Swiss police as well.

Have calm Easter

Juraj Karpiš