

# Welcome and Don't Forget Your Wallet! – Fiat Euro! 23/2013

*Latvians have been given the green light on their euro-traffic-light. German court is preparing its key decision. And the IMF is lurking on Frenchmen.*

The European Union as well as the eurozone are expecting a new member. While Croatia will put itself to the hands of the EU in 3 weeks, the eurozone could have a new member in the year 2014. The Commission has considered Latvia as a healthy enough and has recommended its [acceptance to the eurozone](#). Latvians celebrated this news by their own way – by [electing eurosceptic parties](#) in the local elections. It is not a surprise – one of their first tasks will be to vote for their entry into the European Stability Mechanism (ESM) and to send cash to Brussels. This participation of Latvia on the ESM and its debts is [still an open issue](#).

In Germany, the euro is also occupying the first pages of newspapers. In the country there has already been several lawsuits trying to question some of the steps, which were supposed to lead to an euro rescue. Especially, the lawsuits are focused on the creation of the ESM and the previous stability funds, which did not even give a significant hand to the rescue works. On the [next meeting](#) of the trial, the Federal Constitutional Court of Germany is expected to reveal its opinion on Outright Monetary Transactions (OMT), the program of the ECB.

This program allows the ECB to buy bonds of EU members. Several German academicians (and, surprisingly, also some leftist politicians) claim, that this step is in fact a direct monetisation of debt and therefore it is against the German law (as well as against the good fiscal manners). Previous suits were solved by court's Solomonic decision „Yes, but...” Controversial steps have been supported, but on the other hand, they have been tied together with a German parliament voting (e. g. Any decision to borrow sources from the ESM has to be accepted by the parliament). However, this approach will not be applicable this time, because the monetary policy is a part of the Bundesbank agenda and the Bundestag has not competences there. Court will have to say whether yes or no. In the case of a negative verdict, the problem will arise – the court has a jurisdiction only over the Bundesbank, not over the ECB. If Bundesbank follows the verdict, in the worst case it will have to leave the eurosystem. However, the decision will definitely come only after the elections in September.

Meanwhile in ESM, there are continuing the preparations of a special fund with the volume of several tens of billion euros, assigned for [direct bank recapitalisations](#). Following the mutual rules discourse, there is emerging a new debate about a second pillar of the bank union, i. e. about a resolution fund. This would be a fund collecting banks' money and using them to save theirs unlucky sisters. Thus, the healthier banks (among the others also the Slovak ones, which were restructuralsed with Slovka taxpayers' money at the turn of the century) would pay for the less responsible ones.

The recent discussion on competences of the EU and the ECB is nowadays in Germany more or less held only on the academic-law level, while in the UK, the debate is much more wide-spread. Ruling conservatives lead by the Prime Minister Cameron consider a referendum on a withdrawal from the EU a sure thing. What is even more interesting; the same opinions can be heard also from the side of their labourist opponents. A referendum [has been supported](#) by 15 Members of Parliament and by 150 councillors. Britons mostly dislike the

idea of transferring more competences to Brussels – or to Paris. Lately, there are attempts to [move the control](#) over the creation of some price indicators (e. g. the Brent Crude index of oil prices) from London to the hands of ESMA (European Securities and Markets Authority), headquartered in Paris. Allegedly, the important market indicators like these cannot be in the hands of the market and have to be controlled by a public regulator.

Proponents are using the famous case of the average interest rate LIBOR. In this case, there were revealed some suspicious practices of banks responsible for LIBOR. Though, this argument ignores the fact, that it was the Bank of England, which has "[asked](#)" [commercial bankers](#) for their co-operation with the Bank's attempts to get over the financial crisis.

Paris is still being criticised and warned from all directions. The IMF has decreased its forecast of French economic growth – if France will not continue with reforms, it will begin to get behind the rest of the eurozone. [According to the IMF](#), the most important is a reform of the labour market, and the tax burden in France should be decreased as well. The burden must be really high, if it's a problem even for the IMF. It was the IMF, who gave a [clear advice](#) to not decrease taxes to Greece when it was hit by the crisis and had sky-high unemployment rate.

Even though, Greece is going to [try it at least](#) as they consider to decrease the 23% VAT on foods & drinks. Greeks also increased the pressure on their, traditionally corrupted, public sector. At the moment, more than 2000 investigations of a violation of civil servants' duties are in progress. Another 500 civil servants have already been accused of criminal delicts, what is a higher accusation count than for previous 4 years altogether. However, still there has been just a symbolic 99 civil servants fired for their steps out of line. What is the count of the fired ones in Slovakia?

A trade war is breaking out between China and the EU. China has decided to support the EU's green energy goals by selling us [cheap solar panels](#). Though, Brussels wants them to be expensive, therefore it has imposed an import tariff on them. In return, China has started to investigate the import of European wine.

In the rubric "You will not make this up, it is France!" we are offering you a combo. Paris is threatening by a veto on the proposed customs union USA-EU, if it will not get a [cultural exception](#). French are probably afraid that chanson would not survive an inflow of Lady Gaga and 50 Cent CDs free of custom dues. The second absurdity is also from the area of culture. French minister of culture Aurélie Filippetti is willing to give some legal advantages to small book stores, which are being decimated by Amazon and similar bookstore chains. She suggests [banning free postage](#). Also [British book-sellers](#) are calling for similar steps. It is necessary to read books, but they just cannot be too cheap and easily accessible!

Today, we can only laugh on our ancestors, the book copyists, who were fighting [against printing press](#), because it was taking their jobs and incomes. Our successors will once laugh on our silly ideas.

Enjoy your free time near water, preferable not near the Danubian one.

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