

# Burnt, but not warmed — Fiat Euro! 26/2013

*The Dutch government has ventured on a publication of the important paper. Will also our representatives have enough courage to express their opinion?*

In Britain, there is a long-term discourse on the issue of setting a boundary to the power concentration in Brussels. This discussion will probably lead to a referendum on the EU leaving. All in all, Britons have always been considered as mischief-makers, who have troubles with friends-making in the Belgian capital.

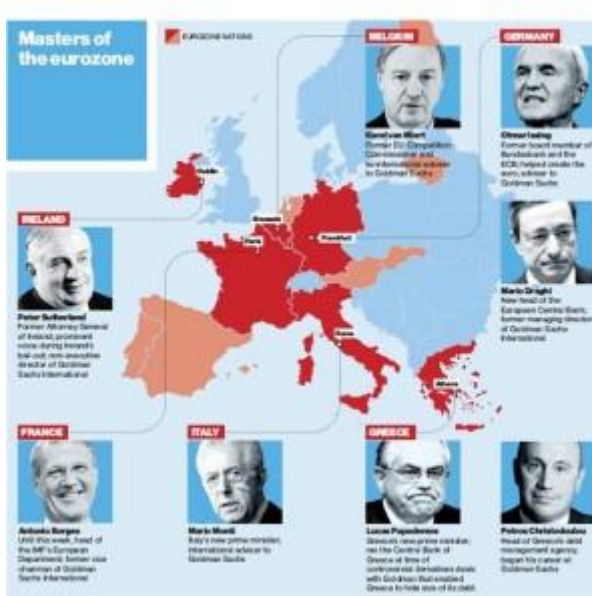
This time, a crucial enunciation has been done by the Dutch government. It has released an [official document](#) evaluating the power transfer from the national agencies to the European ones. There are 54 policy areas identified in the document, where competences should remain within the country. Even though it should be something normal, it is an extraordinary situation, when a government of an EU member takes courage to review the official routing of EU policies and draw consequences from this review. The power transfer from the local level to Brussels is practically happening behind closed doors of negotiating rooms and citizens can usually hear just a final result.

However, these decisions are crucial – from the European Stability Mechanism, which is sucking money from citizens, to miscellaneous ridiculous directives. E. g., due to [EU directive](#), car manufacturers cannot use the traditional air condition refrigerant any more, but only the new one called R1234yf. The old one has allegedly an impact on global warming. The problem is, that the new refrigerant is much more flammable and according to some manufacturers' tests, the risk of fire during road accidents is higher.

There are two new scandals. In Ireland, tapes from the September 2008 have [leaked](#). Tapes are containing the top management of Anglo-Irish Bank ironically singing the German anthem “Deutschland, Deutschland über alles“ after they were informed, that the bank will receive an aid (composed mostly from German money). Except the stupid joke, recordings contains also a confession of the capital markets manager saying, that he pulled the estimation of amount of aid needed out of his... It is possible, that Irish banks will need another aid to continue working, even though they already received an astronomic amount of money.

Another affair involves Italy. Budget machinations of the Greek government are well known. Recently, also [machinations of the Italian government](#) have been revealed. Using derivate operations, the Italian government has in 90ties artificially decreased its deficit level to fulfill the eurozone's entering criteria. Nowadays, consequences of these operations are showing themselves and could possibly cause losses to Italy up to 8 billion euros. However, considering the Italian debt which is running over 2000 billion euros, this does not look as particularly horrible amount. By the way, in those times, the Italian finance minister was the same person as the recent president of the ECB, namely Mario Draghi. We can only hope that he is able to do better calculations now.

Even though 8 billion is just a drop in the ocean, the same cannot be said about the overall condition of the Italian economy. The second largest Italian bank has [warned their top clients](#) by a private letter that Italy is possibly going to ask the EU for an aid within six months. In the case of potential rescue of the 3rd largest Eurozone economy, the previous rescues could be considered only as a pre-match.



In years 2008-11, the EU used **1/3 of its economic power** to bank rescue (despite of it, they are still not rescued) and even euro politicians are beginning to understand it is not possible to keep heads of **their comrades** above water forever. After the rehearsal on Cyprus they have decided to formulate a new bank rescue tactics. According to the new proposal, it will be primarily share-holders and junior creditors who will feel an impact of losses. Only after their participation gets over 8% of bank debts, EU governments and their tax payers will intervene. However, there are two pitfalls. The proposal has to be approved by the Parliament at first and even if it approves the proposal, it will come into force no sooner than in 2018. Enough time for EU “zombie banks” to completely suck out euro citizens’

wallets.

They will have their opportunity. Finance ministers of EU members has arranged this week (of course, only after the wide public debate, as we are in the EU used to...) that the ESM will be allowed to be used also for **direct bank rescues**. 60 billion out of its capacity has been allocated for this purpose. The condition of use is that a national government has to help the bank to increase its capital ratio (the Tier 1) to the level of 4,5% and subsequently it has to participate on rescue process by 20% of expenses. These allocated sources can be used also retroactively to previous bailouts. In Dublin, they can only celebrate. The possibility to transfer Irish debts to the account of the whole eurozone was one of the main goals of Irish presidency.

But watch out – **after 56 years**, Frenchmen are going to implement debt cuts! Despite of their talks about savings, the French government has just been raising taxes until now and their economy has paid them back. However, in 2014 first budget cuts since 1958 are going to be implemented! This year’s budget of 395 billion euros is planned to be lowered by 1,5 billion next year. Even though the cut is equal to less than 0,5% of French governmental expences, it is still better than nothing.

The last, we are going to take a look to the lives of Members of the European Parliament. The working method SISO (**Sign In Sod Off**) is very popular among them. The Dutch reporter Tom Staal has caught up the Czech communist Ransdorf and the Italian socialist Baldassarre when they were using it. Youtube video has already been deleted, but the funny Czech slapping part is **still available here**.

Though, the reporter should ask himself a question, whether is worse when Euro-MPs are working or when they are not. I wish you not to get euro-slapped!

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