Led by Italians – Fiat euro! 27/2014

Since July, Italy is holding a half a year presidency of the Council of the European Union. The agenda is clear.

J.C. Juncker has secured a major victory when he was nominated as a new President of the European Commission by 26 of 28 MS, on the last Friday of July. The only ones against were Hungary and the U.K., though it was David Cameron who initiated Friday's vote. Surprising unity of the European politicians caused Cameron the German media title "the loneliest man of Europe". Juncker will still have to pass a vote in Euro parliament.

Although, the victory, despite some hesitation of Socialist faction, is very likely. That is because the Socialist' candidate, Martin Schultz, won the vote on the chairmanship of the Euro parliament and became the first president to defend this mandate.

On the other hand, some of the old faces are moving away from their positions. Commissioner for Economy and one of better-known personalities of the Euro crisis Olli Rehn, "Ms. Regulation" Viviane Reding and two other commissioners gave up their positions, since they want to take the place of MEPs.

One of the few real results coming from those political shake-up in Brussels is encouragement of "the Southern" countries. Graziano Del Rio, Chief Advisor to the Italian Prime Minister, triumphantly announced the victory of Italy in the fight for more flexible financial rules. This country is stagnating economically already for about 15 years, during which the only help coming from the "pro-growth investments" was the increase of the level of debt on above 130% GDP. Yet apparently there is a need for more space on public spending.

And this is the country which takes over the half-year presidency of the EU. Let us see if Italy behind the helm will take the European boat, together with France and other allies, towards the formal abandonment of the financial regulations.

While some countries are lamenting over the non-existent savings and are asking to untie the hands of indebtedness, Germany is announcing its first balanced budget since 1969. Unlike most MS, Germany has not only been increasing taxes but also saving money on expenses. Estimated budgetary expenditures for 2015 are lower than they were in 2010.

The French debt, on the other hand, approached the nominal limit of two billion euro in the first quarter of 2014, what in relative terms represents 93.6%. The answer is classic tax increase. Limit of the tourism tax in hotels is expected to increase by 500%, what will allow some hotels to ask for 8 euro per night per person, in Paris is this value adjusted by two additional euro. The family of four can for 5-day accommodation in Paris therefore pay up to 200 euro more. Here we can add the recent increase of VAT in restaurant and hotel services from 5.5% to 10% and we find out that this is kind of in country to the recently announced plan of the government to increase the tourism in the country from 83 to 100 million arrivals a year.

Another sensation caused the start of the official investigation of former president and one of the main characters of the first phase of the euro crisis, Nicolas Sarkozy. He is suspected of financial machinations with the campaign money, to which allegedly contributed even Gaddafi. And so Sarkozy's heralded return to high politics becomes more joke than reality.

But especially interesting, though completely overlooked situation took place in Bulgaria. Anonymous reports about problems of two major banks began spreading across the country. Within moments the extensive run on the banks was launched, when people began to collect their saving in the panic. Banks had to get the emergency aid of 1.7 billion euro from the central bank. The situation eventually led to the dissolution of Parliament. Just a small reminder that you never store your savings in the system of fractional central banking, but you always just lend them to the bank. Bulgarian police charged five people of scaremongering. It will certainly be a humorous process, since the news were not that fake in the end.

The European Court of Auditors criticized the bank stress tests, which took place in Europe in the summer of 2011. Supposedly, the European Banking Authority did not have a sufficient mandate, nor the people to perform such tasks. But the verdict as this one can hardly surprise anyone. Several banks have passed this test and subsequently asked for help. The most famous case is perhaps Dexia, which three months after successful testing asked for another bailout.

Interests on government bonds continue in breaking the records. Ones on ten-year Spanish bonds are even the lowest for the last 225 years. The economic logic would hint us, that Spain should be doing fantastic. The reality is of course different, although in June (when the season started) number of unemployed dropped by more than 120 000 people. On the other hand, in 2013, nearly 550 000 people has left Spain, of which about 80 000 inhabitants with Spanish citizenship.

Greeks are preparing a new emission of their bonds. Although only three years but they should bring 2.5-3 billion euro to the country. This might be just enough for a huge hole which began to open rapidly in the form of the Greek Social Insurance and which will have to be solved later this year.

But enough with the euro crisis, let's get down to the Cuban beach! Many tourists admire specific Cuban fleet, consisting of American road cruisers from the 50's. But no need to rush, these veterans will not disappear from local roads so soon. Although the government has authorized the people to buy cars after half a century (until this time, only specific groups were allowed - diplomats, doctors, engineers,...), but due to the taxes counted in hundreds of percent, in the country with average wage of $20 a month, nobody can afford to buy them. During the first six months, 50 cars and four motorcycles have been sold.

Wind in your hair for the rest of the week wishes

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