

Everything for Growth – Fiat Euro! 29/2014

Who is heading to the Commission?

With a score of 422:250 votes, it was almost unexpectedly easy for Jean-Claude Juncker to conquer the chair of the head of the European Commission. He is a politician at its best - joining the political party at the age of 20, he started his career as the secretary in the Luxembourg parliament right after graduation, and gradually worked his way up to the quadruple Prime Minister of Luxembourg. As the head of the Euro group, he was one of the most important creators of European anti-crisis measures.

Brussels sighed. No French socialist made it to the top, and neither did German conservative what would only mean bigger conflict between those two countries. Juncker is perfectly easygoing, without any strong opinion - and without any ideas. In his [opening speech](#), he announced the need to prepare 300 billion investment plan to redeem the EU from seven years lasting economic crisis, he talked about securities for young people and deepening of integration. So actually everything what did not work out well yet.

And to make also the British a bit happy, Juncker promised a fair deal in the future and, of course, to squeeze European bureaucracy. Without such a promise, in Brussels it is not even possible to turn the microphone on.

The positions of EU Foreign Ministers and of the President of the Council still have five months to find their replacements. As we mentioned in previous article, France has sent former Finance Minister Moscovici, who is already peeking after some economic seat. But the person responsible for decline of French public finances is not to German liking. While Shauble kept somehow diplomatic position and "expressed doubts", CDU budget expert Norbert Bartle [was a bit ruder](#): "If you appoint the French Minister for the Commissioner for Economy, the one who has done absolutely nothing to make France respect the Stability pact, it will be as if you wanted to drive out demons with devils."

But Cameron did not please the Union with his nomination either. In addition to his changes to the cabinet, where he pulled up a few eurosceptic people, he is sending Lord Hill to Brussels, who does not dispose with the right personnel profile and [according to President of the EP](#), Schultz, has "radically anti-European views," and it is therefore possible that his nomination will be denied.

While the carousel of exchanging chairs is still spinning, in the European financial sector inconspicuous little fire arise. Last week in Bulgaria, the third biggest national bank had to close down after the run on two other. Bulgaria, as the first out-of-Eurozone country, has entered the United surveillance mechanism, but this might not be enough in current situation. In Hungary, banks have to pay huge sums for Orban's monetary policy. The biggest [Portuguese bank BES](#) had to explain couple of days ago, that financial problems of its parent company do not jeopardize it. In respond, Portuguese bonds jumped over 4% with the interest rate, Spanish bank Popular prefers to withdraw the bond issuing and Greece received only 1.5 billion euros instead of planned 3 billion. And nothing happened actually, the provincial European bank only sneezed.

In Slovenia, party which was established just a couple of weeks ago and which jumped into the deep end of problems, won the elections. Two years ago, we were talking about a country as of the hottest candidate for aid

from the EFSF. Even though it was successful to keep in check its huge banking sector' problems, the new decision of the European Court of Human Rights can get the country back in the game. The problem is, Slovenian banks are to pay **400 million euros** to depositors from the era of federal Yugoslavia, who have lost their money after the country split. And for such a tiny country it is indeed a solid amount.

The head of the Bank for International Settlements already **warned** that turbulent economic times are coming. Loose monetary policy of central banks around the world flooded the markets by liquidity. Today, the world is in similar situation as it was before the collapse of Lehman Brothers - but now with much bigger debt.

And they know it well in Greece. The Troika, from which the country hopes to get a **partial debt relief**, has wrapped up its visit in the country. In order to pay the next tranche of aid, Greeks needed to meet six goals, so far only one was fulfilled - the privatization of state energy company. But with the increasing threat of early elections and with almost certain victory of anti-reformist party SYRIZA, not only the commitment of Greek politicians to make painful reforms is in danger, but also our guarantees for Greek debt are...

However, the economic whipping-boy of the EU are French. On the occasion of anniversary of the Revolution, president **urged his countryman** to be proud of their country and to get rid of their "culture of complaint." This will be difficult as the government gives more than enough reasons to moan about. At least they **recalled the newest unpopular proposal** to raise the ceiling on the accommodation tax, which could increase for some hotels up to 500%. But there are plenty of issues to be improved. For instant, French Institute **IREF calculated** that the staff costs of the French central bank amount to 1.45 billion euros a year, while in comparable German Bundesbank it is only 700 million euros. The Slovak NBS has annual personal and social costs of 33 million.

The Court of Justice of the EU decided about the "right to oblivion" and caused not only wrinkles on the Google's face but also one of the greatest wounds on the freedom of Internet in recent years. The decision enables anyone to ask Google to delete the mention in indices (what will Google automatically approve, because of the huge number of requests). A whole lot of people who need to erase their sins from the web history immediately used this possibility. But **it is more and more clear in Europe** that such an approach is absolutely absurd and unsustainable.

But while you can hide the mention of your misdemeanors in front of reporters and voters, you can never hide before the secret services. German politicians did not bother with the fact that Americans bugged ordinary citizens. However, when they **repeatedly spied** on the Heads of State (while the one of procuring materials were those of previous investigations of spy affair), the roof is on fire. Head of the German branch of the CIA was expelled and relations between the U.S. and Germany gets cooler.

That forecasts about colder July were finally right!

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