The integration above our heads – Fiat Euro! 30/2013

The statistics coming regularly from EU member states keep reiterating one thing: the crisis is not over. Maybe drones will help eliminate it.

Brussels wants EU's own unmanned aerial vehicles, colloquially also called drones. According to EU Internal Market and Services Commissioner Michel Barnier, such a programme would help Europe"earn its sovereignty and not be forced to go buy equipment outside of Europe," namely from Israel and the United States. In the USA, such machines will soon help "farmers" with agricultural work. Who knows what Brussels' justification for this will be? Besides the obligatory war on terror, the reasons will probably also include facilitation of integration.

Britain has published the first of six papers titled Balance of Competences, which are supposed to evaluate the allocation of competences between the British government and Brussels. To the irritation of some Conservatives, the first set hasn't ended all that bad. Although the report found costly and inadequate interventions of Brussels into the British National Health System, it has concluded the division of competences in the majority of other areas to be reasonable. However, the most notorious British Eurosceptic Nigel Farage questions the whole system of reviews. According to him, they're nothing more than Prime Minister David Cameron's endeavour to appease the Eurosceptic fraction in his own party, while trying to convince the electorate to vote for staying in Europe.

The Bundesbank turns up its nose at the scale of securities the ECB accepts as collateral. According to the former member of the Executive Board of the ECB Jürgen Stark, the balance sheet of the Eurosystem is not only growing gigantic in dimension, but also scary in quality - many of the collaterals are actually backed by mortgages or consumer credit.

For example, coverage by a Spanish mortgage isn't such a bargain. The statistics from May have shown further negative development in level of nonperforming loans within the Spanish banking system, which has currently reached 11.2%. In addition, we shouldn't forget that a part of the bad loans has already been transferred to the newly-created state-run "bad bank" SAREB, which is not included in the statistics. House price level in Spain has been seemingly inexorably decreasing for several years. This concerns not only houses, but also land lots. Real estate analysts estimate that by 2017, 90% of land in cities will have none or just minimal value. The only exceptions are the centres of larger cities and some portions of the seashore. The real estate bubble burst has already led local banks to accept help from the EU (which is co-guaranteed also by Slovakia with a modest amount of €1 billion). The Bankia bank suffered a loss of €19.2 billion last year, while it reports a profit of €200 million for the first half of 2013; two other big Spanish banks recorded profits as well. We'll see how long this lasts but at least the government can be happy. Not only Spanish banks, but also Italian and Portuguese ones have been intensively increasing their government bond holdings. One would even say that the banks and the state sleep in one bed.

The Troika has again postponed the disbursement of Greece's tranche because the country doesn't fulfil the required conditions, but this doesn't surprise anyone anymore. In the end, Greece will get the money anyway. What's more interesting are the words of the German finance minister Wolfgang Schäuble. Besides his traditionally encouraging words about Greece's effort, warned the country to halt the rumours about another bankruptcy. Nevertheless, he didn't give any advice on how the country is supposed to get rid of the 160% debt (which has increased by 24% annually). With an unemployment rate of 27%, this will hardly be achieved by growth.

Cyprus is getting prepared for a similar fate. The government is planning to grant a tax amnesty for undeclared foreign money until the end of the year, provided that its owner uses it for buying Cypriot state bonds or for domestic investment.

Another candidate for bankruptcy – Slovenia – has a new boss of the central bank. He will assume the exceptionally difficult role of correcting what his predecessors have messed up. Slovenia says in defence that it won't need any help. For now, however, they have only come up with the idea of creating a state bank to which the bad loans from other state banks will be transferred. Hopefully, this clever strategy will help.

The newest data on government debt and deficit gave a reason for joy only to few EU member states. In the first quarter of 2013, the eurozone debt reached 92.2% of the GDP, of which Greece (160.5%), Italy (130.3%), Portugal (127.2%), Ireland (125.1%), and Belgium (104.5%) form the leading pentad. An interannual decrease in debt to GDP ratio has been recorded only in Denmark (-0.2%); taking into account the EU27, it was also joined by Latvia (-5.1%) and Lithuania (-1.9%). The lowest debt is recorded in Estonia (10%), Bulgaria (18%), and Luxembourg (22.4%). It's a mystery that the Baltic states are able to lower the debt and the unemployment at the same time. Could this be caused by cuts in spending?

In Germany, turmoil has been caused by the European Commission's proposal to provide subsidies for building new nuclear power plants. These could allegedly become part of the EU's green strategy. Naturally, the Germans don't approve of this too much, since they are on the contrary planning to gradually shut their own nuclear power plants down. It seems that Germany and France have more friction points than none.

Wishes of zero friction and a lot of solar energy for the following days from

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