

No Plan B – Fiat Euro! 32/2013

Spanish PM found an enemy. There's no Plan B for Greece. In Soviet Russia, you rip off the bank!



The head of Spanish government Mariano Rajoy has a problem. The country with a galloping debt he's leading has been in recession for two years and the unemployment rate amounts to 27%. On top of that, he also has to [face the parliament inquiry](#) and, more importantly, he has to face the voters about allegations of his illegal income. Politics knows a proven recipe for such hard times: find an enemy!

Besides the affluent people, speculators, and financial tycoons, he also started inveighing against Gibraltar. The Spanish never liked this piece of land which the British took over 300 years ago and now decided to "sweeten" it up for its inhabitants again. They started [extending](#) the usually careless border checks up to several hours. Who cares that this will affect mostly the 7,000 Spaniards daily commuting to this territory of 30,000 citizens to work? The prime minister showed his muscles! Let's just hope that the Moroccans won't notice that the Spanish have the towns of Ceuta and Melilla in "their" territory.

Let's see what kind of an enemy our politicians will find when trying to explain new problems. For example, when we'll have to lend again to Greece, which has found an unfilled [gap equal to €11 billion](#) in its budget for 2014 and 2015. However, as [Greece's finance minister said](#), "this is not our greatest concern. It is a small amount of money." The Greeks are waiting for the Troika to figure it out somehow, since "there's no Plan B". In a year, the mythical economic growth is supposed to come and things will look better. Well, maybe it would be more realistic to rely on Hercules to get them out of problems. For now, only the amount of unpaid taxes is growing in the country, totalling €60 billion. "How much of it will people really be able to pay" remains a question for the Delphic oracle.

Debt is a hot topic also for Italy. Amounting to almost 2 trillion euro, Italy has the highest nominal debt in the eurozone. Administration of issuing and especially selling hundreds of billion worth of bonds is no piece of cake: in 2013 alone, they had to find investors for bonds [worth 450 billion](#).

The country is busy with other events though. Especially with the absurd decision of the Supreme Court regarding the ex-PM Berlusconi who is facing imprisonment and a ban to assume a public office for tax fraud. The Court has ruled that a 4-year imprisonment is fine, but a 5-year public office ban [is excessive](#). Realistically speaking, he won't go to prison given his high age anyway, so everything remains the same. The case is not closed yet, but the result has delighted 1,500 fans who came together to [support their favourite celebrity](#).

Portugal has been increasingly contemplating [lowering taxes](#) to finally kick-start its economy. There's one catch though: to sustain the deficit level, higher taxes have to be at least partly replaced by saving, and that's a problem. Similarly to other PIIGS states, Portugal is also a black hole for money. To illustrate this point, the ECB provides the Portuguese banks with loans [worth €50 billion](#). For comparison's sake, the temporary bailout fund for Portugal was agreed to cover €78 billion.

The whole world is involved in saving the eurozone. We have come to a situation when developing countries are helping the [developed ones via the IMF](#). Dissatisfaction with this fact is on the rise within the IMF, and Germans are called to take responsibility for eurozone. Germans are, according to the Fund's representatives, [spending too little](#). It seems that the rumours about excessive consumption causing the crisis have already been forgotten.

However, it's illusory to think that an increase in import would help Greek or Spanish producers: Germany is buying stuff [from elsewhere](#).

At least the EU's unemployment rate decreased after two and a half years. It fell in June from 11% to 10.9%. Not in the eurozone though, where it remained at 12.1%. Such numbers don't make the eurozone an attractive place. Only 40% of Latvians agree with their country's eurozone entry next year. True to the rule "the opinion of citizens is important as long as they desire what we do", the Latvian government launches a massive [campaign to popularise the euro](#). The goal is to raise the support to 60%. Or is it maybe rather according to the rule "we'll convince you for your own money"?

Don't worry, we haven't forgotten about the section "You can't make this stuff up, it must be French!". Most recently, French farmers have been [smashing chicken eggs](#) along the roads. They say there are too many eggs, which push the price down, and they demand the overall egg production to be decreased. We have a message for them: So go and lower the production!



We'll end with funny news from Russia. The terms and conditions in small print are a nightmare for many customers of financial or other institutions. In Russia, however, small print is a nightmare for banks. A certain [client rewrote the terms](#) for his credit card written in font size 3-or-smilar to his advantage and sent the agreement to the bank to sign it. The bank accepted it and it discovered the client to be paying substantially less than expected only after two year. It cancelled the card and sued the client, but he won and didn't have to pay the fees. However, the joke continues. One of the added conditions was that the card can only be cancelled if the bank pays the client 6 million Russian roubles.

Litigation continues in this matter.

Be careful about what you sign!

Martin Vlachynský
Translated by Tomáš Herda