

The new look of EU – Fiat Euro! 34/2013

Election discussion in Germany just has started. What will be left of EU? French politicians fantasize.

Germany plays the first fiddle this week. Monetary gourmets definitely received the news, that German ministry of finance recognized Bitcoin as a real currency which can be also used as an unit of account. The member of financial committee of Bundestag Frank Schaeffler even stated it is a first step to the money denationalization.

However, dominant topic is the election, scheduled within a month. In the beginning of August Angela Merkel stated, that some Brussels competencies should be declined and remained within the country. This had a huge response in Great Britain, which makes an effort to get the same. There has been a speculation of Britain-Germany-Dutch alliance, of course in case of Angela Merkel's victory. Although not all German parties share the same opinion. Candidate of Green party Jürgen Trittin announced, that Greens prefer to move more power for the Commission and European parliament.

Another Greek bankruptcy and third bailout is also a hot topic these days. At first Angela Merkel and Prime Minister Schäuble kept calming down the voters that this is not going to happen again. But three days later Schäuble admitted that there is no other way to get rid of all the debts than another bailout and bankruptcy. Of course, voter doesn't want to hear about third bailout within four years of struggling with the crisis. Unfortunately, we have got a bad news for him (and also for other tax payers): This is not something unusual. This is the new look of EU in case we keep doing that. It will become a transfer union, in which money from richer countries will move to poor countries. In other words being rich will become a disadvantage.

Britain and Netherlands want to discuss about internal immigrant policy across EU countries. Dutch minister of social affairs Lodewijk Asscher would like to take a look on one of the EU pillars - free movement of persons. According to him people from Eastern Europe overcrowd labor markets in Western Europe. Funny thing though, what would actually be left of EU for Slovakia, if the free movement of persons was restricted? Only Brussels regulations and euro funds used for building watchtowers and new pavements, which eventually will be paid by our own money.

Fortunately, at least German government realizes, that people keen to work are an asset for an economy and certainly not a burden. The chief of CSU invites young Europeans to Germany. "Bavaria and Germany needs you!" Clever man is a precious asset for every country.

Non-performing loans in Spain reached 11, 61 %. The record was beaten again. Real estate market is not in a good condition as well. While in 2006 citizens spent 9 % of GDP to buy realties, in 2012 it was only 2 % of GDP.

Irish people also experienced real estate meltdown and many of them have already started destroying unsuccessful projects financed by cheap money. Experience with Troika wasn't that great either, with the bill for administration of Troika services reaching 220 million euro, which is more than 40 euro per citizen. Moreover it doesn't include interest costs so basically it's something like loan account fee, which Slovakian parliament forbade recently.

European officials keep repeating that they chose the right steps to tackle the crisis, so a different opinion from official circles is a refreshment. For instance member of Czech National Bank board Eva Zamrazil in one interview noticed that crisis is still an issue and that the current approach of central banks in euro area scares her as well.

We can't forget about France of course. The worse economic situation, the more pathetic are the country leaders. During the presentation in President's palace, the ruling Socialistic Party introduced the idea of a third industrial revolution, thanks to which in ten years France will reach full employment. Furthermore buying a real estate will become convenient experience and government borrowing should go easy. So typical - the country keeps borrowing money even in a dream. How is that going to happen? For example, thanks to development of new car with extremely low consumption. The car company PSA, currently in serious financial troubles, already received 80 million euro from tax payers to create it. According to President Hollande Europe needs strong France and world needs powerful France. How did he get that idea is unknown.

Brussels regulators won't take a break. Currently they came up with an idea, that garbage collection should run every two weeks, not one. You will have to divide it into at least 5 different bins. Does it matter anymore, that there is no demand for recycled commodities, since recycling bears higher costs than production of new ones?

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