

# Brussels did (not) get startled – Fiat Euro! 40/2013

*Eurosceptic Barroso. Advertising giant. Risky bank purchases.*

Government's clerks are shut down in the United States, only those who send people to prison are still in work. So far, the world hasn't noticed it yet, except of the unlucky landmarks visitors led by pocket travel guides.

Nobody can shut down Brussels' officials. But they see problems coming. German election results did not end up as catastrophe for them, as the Merkel's strong words don't usually turn into strong actions and the eurosceptic AfD didn't enter the parliament with narrow 4.7% share of votes. But the same nightmare came true in [Austria](#). Two eurosceptic parties have won over 27% of the vote and they have reached over 30% adding the third party, which didn't enter the parliament. One of those which did, Team Stronach, openly talks about return to the Schilling.

Nigel Farage's UKIP is trying to [build a local alliance](#) with the conservatives. While David Cameron has refused any cooperation with the party, the eurosceptic wing listens attentively. Michel Barnier – the Commissioner for internal market and services - [stated](#), that eurosceptic voices should be taken seriously. So he wants to take a typical Brussels' action: „We must have a debate in the following years.“

Surprisingly, maybe under the influence of his upcoming retirement, the initiative has been taken by Barroso. The Commission prepared a list of regulations, including the famous [hairdressers' regulation](#) or soil quality regulation, whose effects will be reconsidered. The list faces a criticism of the officials who are threatened by loss of their power. But as the newly found eurosceptic Barroso said: „I strongly believe the EU should not meddle in everything that happens in Europe.“

But before we will glow with the forthcoming reform happiness, let's remind some negatives of the EU. For instance, the EU funds. The EU anti-fraud agency OLAF [has commissioned a report](#), according to which 2.2 billion euro was stolen in public and EU funds in eight member states (France, Italy, Hungary, Lithuania, Netherlands, Poland, Romania and Spain) in 2010.

Or foreign aid policy. We informed you about the EU funded African roads, which have quickly fallen in disrepair as the European financial support had run off. Or billions of euro lost in the Egyptian chaos, formerly sent as a human rights support. Recently, the European Court of Auditors [published a finding](#), that less than a half of 1.9 billion euro worth of 16 aid projects examined in Congo have delivered most of the expected results. In addition, the think-tank New Direction [published a report](#), which says that the EU spends 7.5 billion euro on non-governmental organizations. It is almost as much as the budget revenue of Latvia. Two thirds have been spent on organizations with humanitarian or social missions. The British organization TaxPayers' Alliance has presented the EU Fiscal Factbook There you can read, that EU has 44 diplomats in Barbados, bigger advertising budget than Coca-Cola, or that 156 million euro worth of fishes are dumped dead into sea every year. Due to fishery quotas. In spite of such waste, the Commission still wants more. The 2013 budget has just been increased by 7.3 billion euro and the Commission [already demands](#) extra 3.9 billion euro.

No wonder, that there's a wide-spread eurosceptic mood among the EU citizens reflected also by the elections results. Eastern-Europeans have one more reason for that. Most of them were second-class citizens just until the recent labour market opening. Romanians and Bulgarians still stay there. The French [oppose border check-free travel](#) for them.

And the eurocrisis? No fresh news. Spain's debt will probably [reach 99.8% of GDP](#) next year (the highest value since 1909). Greek Prime Minister self-confidently said, that the European partners [shouldn't procrastinate too long](#) to find a solution of his problems - specifically to cover the gap in his budget for the upcoming year. We

should mention that the Greek public expenditures are now 12 billion higher than in the last pre-crisis year of 2006. The Italian Prime Minister [won a confidence vote](#) thanks to the Berlusconi's about-turn and his following support vote. German mayors [criticize](#) the federal government's spending reduction plan. The plan places all the burden of reducing the budget deficit on townhalls, which are usually more accountable budget managers than the federal government.

There are clouds over the banking system as well. The Bundesbank president Jens Weidmann [expressed his worries](#) about banks motivated to buy too much government bonds. „The assumption that government bonds are risk-free has been dismissed by recent experience.“ The Irish government announced that it has ensured the financing of both this and the next year. But the Irish central bank is [concerned about a 9.3 billion euro](#) worth of mortgage debt, which is behind in payments for almost two years. Brussels' solution? More money for the banks. Allegedly, the EU is thinking about a transformation of the [Balance of Payments](#) fund, which has about 40 billion euro available (after part of the fund being used to help Latvia, Hungary and Romania). It should be turned into a bank backstop for member states outside the euro bloc.

At the end, let's have a look at the „you can't think this up, it's France!“ section. Many important companies are under the threat of a closure. The politician's response is typically graceful for the French – close a factory, get fined! Measures like this spread fear. So much, that neighboring Swiss army [simulated an invasion](#) of bankrupt French. The scenario describes France attacking Switzerland to retrieve money it had apparently „swiped“ from France. Military attack is a fiction, but Swiss [aversion against unpopular](#) French managers and bankers attacking their labour market is a real thing.

Hope you are more popular at your work!

**Martin Vlachynský**  
**Translated by Michal Kollár**