

A question of self-confidence – Fiat Euro! 41/2013

Irish voters saved senators' chairs. Doubts in the IMF. Brussels watches over vacuum cleaners.

Big cars are said to be confidence enhancers. Is this theory applicable for the big Europe? Nick Clegg, leader of the British liberals, [said in a speech](#), that Britain wouldn't be taken seriously by the Americans and Chinese if it had quit the EU. I'm not sure what „to be taken seriously“ means. For Norway, a little non-member country, it involves [to be asked](#) by the Americans and Russians to help destroy Syria's chemical weapons.

The European foreign policy is really successful sometimes. Recently, it has won a battle against Russia for a new „gas“ ally – Azerbaijan. The country's current progress is striking, sometimes even shocking. For example, they publish election results [before the polls even open!](#) I believe European diplomats will make clear, that our new ally is a true follower of democratic and European principles.

Nick Clegg opposes the EU withdrawal referendum, which is (grudgingly) supported by his stronger coalition partner David Cameron. However, a referendum may surprise sometimes. The Irish one, to the surprise of virtually everyone, has just rejected a government proposal to [abolish the upper house](#) of the parliament. An Irish voter suspects a scam when he is told that the deputies have decided to abolish half of their offices. Therefore, all the senators stay in work, but they will have to save the planned 20 million euro on something else.

Money was the Commission's hot topic. The commissioner in charge of regional aid, [Johannes Hahn said](#), that „billions of euros of EU taxpayers' money has in the past been spent with no clear strategy or benchmarks.“ He promised to set new conditions and targets to measure results in the next financial framework. It's a pity, that nobody in Brussels has noticed it for several years. We will see, how long it will take to change it.

Some interesting [documents](#) have leaked from the IMF. According to them, there was not too much optimism about the Greek crisis scenario among the members in 2010, that contradicts the fund's public statements. One third of the non-european members strongly objected the bailout of Greece. Argentinians claimed, that the whole rescue plan only postpones the unavoidable Greek default. The default really happened two years after that. Well, Argentina knows something about defaults. The official predictions of the IMF are usually very optimistic in general. [Zero Hedge has made](#) an over-time revision of IMF's last 8 growth forecasts and found out, that the following reality was much worse. But it's nothing special. [Commission](#) employs similarly optimistic (and well paid) fortune-tellers.

Predictions for Greece are still pessimistic. Possibility of reaching a primary surplus looks like the legendary El Dorado for many people. Other news are full of warning signs. The proportion of bad (defaulted) loans [constituted 29%](#) of Greece's four largest banks' loan books, more than a double of bad loans of Spain, which is hit by the real-estate bubble. Also Klaus Regling, the head of the ESM said, that Greece is not in a condition to raise money on the open market.

Greek politicians are trying to collect additional funds in many ways. They have calculated, that the social security contributions owed by enterprises are worth staggering 14 billion euro. And they are ready to seize companies' assets in order to obtain it. Maybe they just haven't noticed the 30% unemployment rate and the fact, that most of the companies are not able to function properly, neither to fund the welfare system. Seized assets would be the last levy collected ever from these companies, since they will go belly-up.

Nobody would like to walk into such a destiny. The Slovenes, represented by their Prime Minister, resist the European financial help. But the head of Slovenia's central bank has [admitted](#), that the country will consider asking for outside help as the GDP shrinkage prediction worsened from -1.9% to -2.6%.

Even non-member European countries can't rest. For example, Iceland has still not recovered yet. There are still imposed capital controls (like in Cyprus) which cause more problems. With no fresh inflow, private sector is running out of foreign exchange, which makes difficult for companies to [repay foreign debts](#). The government tries to use the Cyprus scenario and threatens, that bigger depositors will have to share responsibility with banks. This European week was more funny than usually. In the „you can't think this up, it's France!“ section we should mention, that the bill restricting discounts on books [has been finally approved](#). Book prices were always regulated in France (editors must set a unique selling price for their books, just like cigarette companies in Slovakia), but stores could apply a discount of up to five per cent and free postage. The bill is supposed to favor little retailers. So France will have more booksellers – and less book readers. The question is, what is the booksellers diversion good for, if not to spread book reading?

Germans didn't want to stay behind. Companies lament the loss of their competitiveness after a huge rise in electricity prices for households and enterprises caused by politicians and mass support of the renewable energy sources. And the solution? Grant [power-fee waivers](#)! Naturally, only to the big ones, who have more capable lobbyists.

And the last joke for the end. James Dyson, the inventor of the cyclone vacuum cleaner is [challenging the EU's labelling policy](#) for hoovers in court. Well, this is not a joke, the regulation is recorded as [N°665/2013](#) and is 23 pages long. He says, that the testing methodics handicaps cyclone vacuum cleaners and labels them with worse results than they would have reached in reality. Also this contributes to the crisis...

Don't let others drain you!

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