Barroso: From now on we spend your money at full blast – Fiat Euro! 17/2013

Commission president Barroso proclaimed recently, that austerity has reached its limits. As money doesn't come to budgets just as a gift from the heaven, the conclusion is simple: you will have to contribute more to your governments.

Slovak citizen have an advantage, as they can see the lie about the austerity quite easily. They just need to look around. For example a small village of Oslany bought a cleaning car for 400 000 euro from European funds to keep clean its 14 km of roads. For such money and with the current gold price, they could for example lay an 80cm-wide golden strip through the entire length of their local roads.

Not only money waste, but an open embezzlement of finance in EU - pointed out Brits. A Committee in the House of Lords created an analysis according to which not 400 million euro, as estimated by the Commission, is fraudulently spent each year, but rather twelve times more, around 5 billion euro. You do not have to hope that the situation in national budgets is better. Our project State Wasterecorded cases of public money wasting exceeding 3 billion euro in Slovakia in the 2007-2012 period. This is exceeding by more than half of the whole personal income tax collected in Slovakia last year.

Politicians did not apply austerity to the banking sector either. According to a latest report from Eurostat the bank system rescue in Eurozone in 2012 lifted deficits in Eurozone on average by 0.6% of GDP. Such "austerity" is of course reflected in the health condition of individual budgets. Updated numbers for 2012 are just one big disaster for Europe. Debt in the EU exceeded 85%, in Eurozone 90% of GDP. Only Germany managed to record a budget surplus of 0.2%, all other states were in deficit.

The record holds Spain with its deficit of 10.6% GDP. In February they still claimed that this figure would only be 6.7% and the original deal with the Troika said 6.3%. Spain therefore missed the target quite spectacularly and the latest valid deal, i.e. to get deficits under 4.5% this year and to 2.8% next year is nothing but funny, perhaps even to those who created it. It isn't very funny to us however, the taxpayers. For example in Slovakia our politicians promised to Spain 200 euro of taxpayer's money per each citizen. For now. Unemployment in Spain broke 27% level. The question is: how do these unemployed guys want to reduce their deficit? We believe Troika will come up with some answer. For now, the solution is a classic one – a 2 year postponement for the target achievements.

Italians re-elected president Napolitano, they however remain without government. The Black Horse of the last elections, a comedian Beppe Grillo, doesn't add any optimism. According to him, Italy might go bankrupt already this fall.

In Greece, there are again strikes in Tax offices. Greek state administration collected half a billion euro less than it wanted during the first quarter in 2012. Despite this, they managed to record primary budget surplus. Too bad they have a debt of 156% GDP. The overall budget deficit in Greece for 2012 reached 10% GDP, a figure even higher than that in 2011. Paradoxically, one of the better steps Greek government could do is just to default on their whole debt and start from zero again, with budget surplus. But this would sadden all of us, as we guaranteed them quite a lot of money. And we've been saving them for three years in a row…

Similar faith awaits Cyprus as well. Parliament will have to approve the whole package, which put a bit mot uncertainty into the situation. Nevertheless, the first steps were already approved.

Some fresh breeze came to Portugal. Country is still in a disastrous state economically, but the government managed to create another austerity package after the previous one was cancelled by the Constitutional Court. More importantly however, the local politicians started thinking in new dimensions and promised to start up the economy not via tax hikes (like our government in Slovakia is trying to), but via tax decreases. Also the corporate income tax rate, which is currently 24%, will probably go down. If the proposal goes through, Portugal will get into the group of everyday growing list of countries, which are offering companies lower taxes than Slovakia.

This week, the issue of financial transaction tax stirred the water again. Just a reminder, this tax (called Tobin's tax) is planned in 11 EU countries including Slovakia. There is a strong critique against this tax, from the stance of stock exchanges, banks, London, Stockholm (who already tried this tax 20 years ago and doesn't have good experience) and of course, think-tanks. A new document shows that even some politicians who originally came up with the financial transaction tax are now afraid of it. This tax concerns also the bonds, and it can therefore worsen financing of state budgets, which would complicate the life for many of them.

Power centralization in Brussels has many forms. The traditional ones are various regulations or compulsory contributions to the budget. But there are also less striking manifestations. For example Europol, EU's crime intelligence agency, demands access to all police data in the member states. If you ever went to police for a deposition on the rage of your drunken neighbour, Europol would have reach on a complete file about you.

We'll finish optimistically. A proposal to erase unemployment of the youth in Europe is closer to its first reading in European Parliament. Young people up to 25 years should have a guaranteed job. Some big problems really have very simple solutions.

We wish you the rest of the week without irony

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