

The Citizen and his Representative

or

PISA in the German Federal Diet

or

The New Doctrine of Euronomics

by

Dieter Spethmann

As my readers know, I have been endeavouring for years to find an answer to the question to what extent certain representatives in the German Federal Diet are aware of the complexity of their task, more commonly expressed: whether and to what extent they understand what they decide in each single case. The Federal Constitutional Court has dedicated quite a number of pages to this matter in its decision on the European arrest warrant.

The website abgeordnetenwatch.de has been, and still is, of great help to me in this respect. On December 10th, 2006, it published the following letter of mine to a lady representative (MdB):

Dear Mrs. ...,

France, Spain, Italy, Portugal, Greece and Ireland incur foreign trade deficits year after year. They don't try hard enough to succeed in global competition. According to the regular rules applying to economy, they would have to take up interest-bearing and redeemable credits abroad to finance such deficits. But they don't. Rather, they accept being alimented by their brothers within the Eurosystem: Germany, the Benelux states, Austria, Finland. For these countries, in contrast, achieve surpluses year after year, which they (are forced to) make available to their deficit brothers. Thus, the surplus countries are prevented from improving their "terms of trade", which is, however, indispensable to increase mass purchasing power, particularly in Germany. Do you think this is all right? If you do, which are the legal grounds for this practice, a practice that is inconsistent with Article 103 of the Treaty Establishing the European Community?"

In this Article 103 of the EC Treaty the member states of EU27 promise each other faithfully not to be mutually liable, that is, not to seek financial support of any of the other states.

Article 103

“The Community shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project.”

If things were different, the EU budget, with regard to which the 27 members, when drawing it up, usually haggle over the second decimal place, would be nothing but a sheet of paper. But then, maybe our politicians do not realize that there are financial transfers beyond the EU budget? This could be possible after all. For, since the Euro has been introduced, I have been watching processes that have a more far-reaching effect than anything that has happened since the commencement of the European Treaties – processes that are diametrically opposed to the wording and the spirit of Article 103. Václav Klaus, the President of the Czech Republic, talks about “monetary socialism”. On May 30th, 2007, after more than five months of studying, weighing up, formulating and polishing the wording of an answer on the part of the addressee, I received the following reply:

“Dear Mr. Spethmann,

in the Lisbon strategy, the EU has formulated the objective to become the most dynamic economic area worldwide. This requires that growth in the entire Union be made a continuous one. The members of the EU have established certain criteria in an effort to promote economic growth, employment and the transition into a knowledge-based society in all member states.

If Europe wants to achieve its ambitious goals, it must strengthen the common economic area. In Germany, economically stronger federal states support the weaker ones. Within the EU, support funds are likewise allocated according to the principle that weaker regions should be enabled to catch up with the stronger regions. While in former times, economically

weaker countries, which were at a disadvantage particularly in terms of foreign trade balance, were in a position to increase their international competitiveness by devaluating their currencies, this is no viable option in the Euro zone. Among other things, this has contributed to strengthening the German economy. In a unified economy, the weaker countries must improve their competitiveness by means of internal reforms.

Germany is export world champion, that is, our country enjoys enormous trade surpluses. However, some of those countries that buy German products, also within Europe, import more goods and services than they export and consequently have trade deficits. The strengthening of the German economy thus achieved does not only have a positive effect on our national economic growth but also provides a chance of economic growth for the entire EU. The other countries' foreign trade deficits, however, are not as such detrimental for Germany, but, instead, help secure our position as the export world champion.

This is not changed by the fact that Germany, as a part of the EU – which is not only necessary and useful from an economic point of view, but also brings about political stability and is, therefore, not questioned by me and my party – is obliged to support the weaker countries and to pull them along towards the upswing. That is why I generally consider the mechanism of mutual support within the EU, which is criticized by you, as a necessary and positive one. By the way, also the regions within Germany that still need catching up economically, profit from this mechanism.

Yours sincerely

..."

So, no word of response to my question regarding adherence to Art. 103 of the EC Treaty. But a new doctrine: Euronomics.

Amazing, but deserving of thanks. For thus, the citizen comes to know that any provision of the legally effective EC Treaty only exists on paper whenever the EU wants something different. A new doctrine? At any rate, a dubious way of acting on the part of our political class. But apart from this question of law:

The "Lisbon strategy", a political objective formulated by the EU in 2002 with a streak of megalomania, that is, to become the most dynamic economic area worldwide by the year 2010 (an objective that never was nor is realistic at all), this strategy is meant to justify what happens within the Eurosystem in terms of "setting off". How is it possible that a political

statement of intent lever out the formal system of articles of a EU agreement?

Therefore, I asked my correspondence partner the following additional question immediately upon receipt of her reply:

Dear Mrs. ...,

thank you for your inconsistent reply. If Germany (and the other five countries) did not achieve export surpluses, the seven deficit brothers would have to make every effort to maintain their standard of living. Then it would become obvious that they cannot keep pace in global competition without devaluating their currencies. But instead, Germany transferred approx. 7% of its GDP (approx. € 160 billion) in 2006 alone – unnoticed by its citizens – as cross-subsidies to our deficit brothers. What do your voters say?

Yours faithfully

Dieter Spethmann”

This time, the answer came within 24 hours:

“Dear Mr. Spethmann,

thank you for your new question and your comment on my previous reply.

The FDP (Liberal Democratic Party), as a European party, feels bound by the obligations Germany has assumed within the scope of the European Union. There is no alternative to the EU. The common economy and currency area is of enormous advantage to all member states and particularly to Germany. Also, the common agrarian policy as well as the agreement among the EU countries regarding defence and security issues are to be rated positively. But the merging of Europe also requires mutual support. The obligation to support others taken on by Germany and all other member states corresponds with the help that Germany receives from the EU and, thus, from the other member states.

The FDP does all it can do to ensure the strictest possible budget discipline both in Germany and in Europe. All expenses are subject to constant review. Thus, the FDP has advocated the agrarian reform that has most recently been implemented, as now EU funds are being used in a more purposeful way and no longer encourage overproduction. There is, however, no doubt about the basic principle of mutual support by financial transfers within the EU being necessary and right.

The FDP's confession to Europe and the EU is inseparably connected with the party's political programme. The voters of the FDP, who have enabled their party to enter the European Parliament with 6.1% in the latest election, know this. I am sure that – even if some absolutely legitimate criticism is levelled at the allocation of funds by, or the politics of, the EU – the voters of the FDP are as much convinced as I am that the merging of Europe and the EU is a guarantor of stability, peace and economic growth in Europe.

Yours sincerely ... MP"

No doubt. There we have a new doctrine, as we learn from the two letters quoted above. The reader may choose between "all is permitted that pleases" and "the end justifies the means". In my words: Euronomics.

In particular:

Firstly. The Eurosystem is an expropriation-like intervention in the economies of those Euro member states that either have lower inflation rates than the others or achieve current account surpluses. For Germany, both are true. Hence the "drain" of approx. 7% of our GDP in the past year as cross-subsidies to other Euro brothers.

Secondly. All these processes take place without the public being informed. Nothing can be found about all this in any reporting, not the EU's nor the ECB's nor the Federal Government's.

Thirdly. This way of acting allows the representatives of the German Federal Diet to declare as "safeguarding of Germany's interests" and as "legal" what it is not in reality. The replies of my correspondence partner leave no doubt about that: Euronomics, a new doctrine.

Fourthly. To me, all this is a breach of the German Constitution.

Finally. Now I understand why the members of the German Federal Diet are not annoyed that Germany – despite the efforts of its citizens – only ranks on the 20th place in the world in terms of per-capita income, whereas in 1989, the country had ranked at the top. Now I understand why the German Federal Diet is not confused about the Euro states Luxembourg, Ireland, the Netherlands, Austria, Belgium and Finland with their respective per-capita income ranking above Germany. Now I understand why there is no comment on Germany's constant downslide to be found in my correspondence partner's answers. It is plainly not of interest. I, however, deem this to be the key issue: The wellbeing of our people, the reward for hard work, diligence and decency.