The economic crisis and the EU

In efforts to resolve the financial crisis a recapitalisation of banks has taken place in EU Member States using taxpayers’ money. The Hungarian government has been helped out by the IMF to the tune of £11.2 billion.

EU member states in eastern and central Europe are in dire economic circumstances. Latvia now has an IMF loan of £1.7 billion. Ireland, Greece, Portugal and other member states have economic problems and in all these eurozone countries there is growing unemployment and related social problems.

All this is opposite to the criteria and rules of the EU Growth and Stability Pact. Hungary and Latvia were not helped by the euro. All this shows that the Pact has been shredded and the euro system has failed.

The euro is controlled by the European Central Bank (ECB) which dictates interest and exchange rates. These are two key levers which should instead be used by national governments to control their economies. Britain is in the penultimate stage to join the euro and has also carried out the criteria.

By obeying the strict criteria of the euro considerable damage has been done to the public sector. Control of economies in the eurozone is exercised by the EU Commission, Council of Ministers and ECB directly over national interests. The crisis is being used as an excuse to press for complete ratification of the Lisbon Treaty which would impose the euro on all member states.

Leading Europhiles like Denis MacShane and others claim that Britain should join the euro to help resolve the fiscal crisis. Ireland is being pressed to ratify the EU Constitution. Cuts in public sector spending and the forcing down of wages continues and will worsen in any recession and be used to resolve the problems of bankers whilst workers are asked to tighten their belts.

Nation states with the right to self-determination and their governments are the only institutions that can control the movement of big capital and clip the wings of the trans-national corporations and banks. This means democratic control of the major banks, including the Bank of England, and full public ownership and democratic accountability of railways, postal services, NHS, and the energy industry.

To revitalise the economy, Britain must return to creating wealth based especially in manufacturing, hi-tech and trade across the world.

An end must be made to the dependence on service industries especially the financial sector. To return to an economy based on manufacturing requires massive investment and where appropriate protection of home industries. It is the only way to ensure jobs and a decent safe future for the peoples of Britain.

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