
Economics in Brief

Greece

Supreme Court Puts Debt Before People

June 17—The Greek Supreme Court has issued a ruling putting the payment of government debt above “personal” lives, while an administrative court ruled that bank accounts can be seized from debtors without warning.

After deciding to accept the Ministry of Finance’s appeal in the first of these cases, the Supreme Court published the justification for its ruling, arguing that personal interests cannot override the government’s financial policy. This followed a decision by a lower court that the dismissal of the entire Finance Ministry cleaning staff was illegal. The Supreme Court claims that the abolition of the cleaning staff positions will “not cause any problems” and that the “preservation of the financial policy during a period of exceptional financial difficulties on a nationwide level” is paramount.

The Council of State, Greece’s highest administrative court, meanwhile, ruled June 16 that the state and insurance funds are within their rights to seize—without prior notification—the contents of bank accounts belonging to individuals who owe them money. This overturns an earlier judgment that the seizures are unconstitutional if account holders do not receive prior notification.

Greece’s public sector workers union, ADEDY, has announced a nationwide strike, starting June 18, to protest the government’s plans to lay off some 6,500 civil servants by the end of the year, as demanded by the country’s creditors.

Government Bonds

IMF Calls for Massive Purchases by EuroBank

June 19—In a paper “obtained” by the *Financial Times* and Reuters, which was presented June 19 at the EU Ecofin meet-

ing in Luxembourg, the IMF called on the European Central Bank to start massive purchases of government bonds.

Although never using the term “quantitative easing,” that is what it is. “If inflation remains stubbornly low, the ECB should consider a large-scale asset purchase program, primarily of sovereign assets according to the ECB’s capital key,” the statement reads. “This would boost confidence, improve corporate and household balance sheets, and stimulate bank lending.”

It remains to be seen how the German Constitutional Court will react. Its last ruling stated that such asset purchases can be allowed only in a limited time-span.

European Union

Income Declines, Poverty on the Rise

June 19—The European Union statistical agency Eurostat is reporting figures that show how the EU is destroying the living standard of its member states, especially those “rescued” by bailouts (for the banks). Eurostat’s latest figures show that the income disparity among EU nations is not only widely contrasting, but that this income is also declining as well.

For example, the EU’s greatest “success story,” Greece, has had its population’s income and purchasing power constantly shrinking, and is now 25% below the EU averages. According to the Eurostat report, the highest level of Actual Individual Consumption per capita in all 28 EU member-states is in Luxembourg and Germany, which are almost 40% and 25%, respectively, above the EU28 average. Austria, Sweden, Denmark, Belgium, Finland, France, and the United Kingdom recorded levels of between 10% and 20% above average, with the Netherlands just under 10% above.

In contrast, in the countries subjected to bailout, such as Ireland, Italy, Cyprus, and Spain, the levels were as much as 10% below average; Malta was between 10% and 20% below; Lithuania, Slove-

nia, Portugal, Poland, Slovakia, and the Czech Republic were between 20% and 30% below; Latvia, Estonia, Hungary, and Croatia were between 30% and 40% below; and Romania and Bulgaria were around 50% below the average.

The fact that this is not the whole story and that poverty is increasing dramatically is revealed in a new study on poverty in Great Britain by the Poverty and Social Exclusion project, which found that the number of British households living below the poverty line doubled over the past 30 years, in spite of nominal doubling of the British economy, according to the *Guardian*. This means that 33% of households, up from 14% three decades ago, endure below-par living standards—defined as going without three or more “basic necessities of life,” such as being able to adequately feed and clothe household members, and to heat and insure their homes.

Russia-China

Gas Pipeline Project Starts in August

June 19—Russia’s energy giant Gazprom said June 18 it will start welding seams of its pipeline for gas supplies to China in August. “We have a clear action plan. We have distributed all duties and we have set tough deadlines,” Gazprom said in a statement, citing CEO Alexei Miller.

“Our goal is to weld Power of Siberia’s (the unified Gazprom gas transmission system) first joint as soon as August,” the Itar-Tass news agency quoted Miller as saying.

The same day, vice-president of Gazprom Alexander Medvedev said the company and China National Petroleum Corporation (CNPC) have inked a \$25 billion advance payment agreement for gas supply.

The 30-year contract for the east route pipeline will provide China with 38 billion cubic meters of natural gas annually, starting in 2018.