# PEOPLE'S MOVEMENT
# GLUAISEACHT AN PHOBAIL

**Press statement** **www.people.ie**

**23 September 2011**

The People's Movement welcomes today's wake-up call in this morning's *Irish Times* by twenty six Oireachtas members and one MEP warning about the implications of a commitment by the government to a very significant diminution of the sovereignty of the state, hoping that it can sleep-walk the country into it. We agree wholeheartedly with their demand that the issue must be put to the country in a referendum.

The government should come clean with the Irish public about the European Stability Mechanism treaty. Signing this treaty last July, finance minister Noonan committed the state to "irrevocably and unconditionally" contribute some €11 billion towards a euro-zone fund from 2013 onwards with the possibility of demands for further sums down the line.

The Fianna Fáil party should explain why it apparently supports the government action and the amendment to the EU treaties to permit the 17 euro-zone countries to set up a permanent bailout from 2013 to replace the current temporary bailout fund that was established in April last year for Greece and which has since been applied to Ireland and Portugal.

It is reasonable, given the state of our economy for people to know the full details of the cost and implications of this. Initially we will have to borrow €1.27 billion to pay into this fund and its proponents are happy that we should pay €11.1454 billion in the end.

What guarantee can they give us that the country will get any benefit?

Also if the state were to receive ESM assistance there are no limits to the "strict conditionality" provisions that might be attached in light of the fact that the treaty formally subordinates Ireland's interests to those of "the stability of the euro area as a whole". It would mean a regime of unmitigated austerity for decades to come.

And for whose benefit? Certainly not the people of Ireland.

**Notes for editors:**

This initiative seeks to warn the Irish public about some of the consequences that can arise from European Stability Mechanism (ESM) and the treaty to establish it which the government has already signed up to and which it proposes to ratify in the near future.

The ESM treaty follows the decision of the 27 EU states to amend the EU treaties by adding a new clause to Article 136 TFEU taken under the new, so-called "self-amending" Article 48.6 of the TEU that was inserted by the Treaty of Lisbon.

This Article 48.6 permits the European Council of EU heads of state or government to amend the main policy areas of the treaties without calling an intergovernmental conference, so long as the amendment "does not increase the competences" of the EU.

The proposed amendment to Article 136 TFEU reads: "The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality."

The treaty commits the State "irrevocably and unconditionally" to contribute vast sums to a permanent euro-zone fund, the European Stability Mechanism (ESM), from 2013 without any guarantee that it will bring Ireland any benefit, and which could be used to put the Irish state under a regime of permanent austerity by "stabilisation" measures such as the Euro Plus Pact.

The post-ESM treaty monetary union would be based on the possibility of significant financial resources being transferred from richer member states to poorer ones through loans, financial guarantees, debt buy-backs, remission of interest rates and relaxation of loan maturity terms, interwoven with provisions for "strict conditionally" and supported by the structure of rules and policy enforcement mechanisms that are set out in the Euro Plus Pact currently before the European Parliament.

If the state were to receive ESM assistance, there are no limits set in the ESM treaty to the "strict conditionality" provisions that may be attached. There is no reason that loans or grants or overdraft facilities should not have attaching to them such conditions as that an Irish Government will introduce a balanced budget constitutional amendment here or whatever Germany and France require of it in the interests of safeguarding 2the stability of the euro area as a whole2.

**For further information contact Kevin McCorry at 086 3150301**