



LVMI-EUROPE

Ludwig von Mises Institute-Europe



LVMI-Europe Newsletter November 2011

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LVMI-Europe

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Coming up:

- **December 7th, 2011:** Mises Circle: "The Tragedy of the Euro" by Philipp Bagus. Introduced by Mr. Andreas Kanzounidis from the Office of MEP Derk-Jan Eppink.

Past Events:

- **November 3rd, 2011:** Book launch of the book "Freedom Inc" organized by the Ludwig von Mises Institute-Europe together with the Friedrich Naumann Stiftung. Speakers: Isaac Getz, ESCP and Brian Carney, The Wall Street Journal.
- **November 23rd, 2011:** Dinner Debate organized by the Ludwig von Mises Institute-Europe: "A bright future for European contract law?" with Erik Van Den Haute, Professor of Law at ULB and attorney at the Brussels bar.
- **Report November 23rd, 2011:** Mises Circle, European Parliament, Brussels: Pieter Cleppe, Brussels Bureau Chief of Open Europe - Frederic Bastiat's The Law.

● Presidential Address



Ludwig von Mises Institute Europe VZW

Similarities and Differences between the „Arab Revolution“ and the „99% Movement“

Why is (almost) everyone pro the Arab Revolution and why are there doubts about the 99% movement?

Several aspects have to be considered:

I What kind of democracy is the goal of both parties?

II What are the similarities?

III Which are the differences?

IV Is this a struggle between parliamentary democracy and direct democracy? Between rich and poor?

V What are the chances for direct democracy?

I The democracy which both movements have in mind is about the same: direct democracy. At least, a purer version of it. However, in the Western world, we have already Parliamentary democracy. That is only a dream for the Arab world. There they are only starting to build up their systems, whereas we started in 1795.

II The similarities are the following:

It is hard to define and describe the motives of the Arab revolution and of the 99% movement. The Arabs saw that money was coming in their countries through tourism, selling of oil and other lucrative sources of income. They also saw that there were not enough opportunities to get a education, a job or even basic rights of justice and freedom. They were protesting not only against the presidents of their countries, but also against the very cruel and unjust laws, laws that made it possible to prosecute anyone and keep them in prison without a trial for an indefinite amount of time.

The 99% movement are protesting also against abuse of money and power, but they do not have to fight for freedom. They already possess it.

III The difference between these two movements is that the people of the 99% movement already have all the liberty in the world. They will neither be prosecuted nor tortured. They want their share in the profits of the banks and the stock market. Is that all? Perhaps not. As Michael Fleischhacker wrote in his article, „Sie spüren, dass etwas zu Ende geht und etwas Neues beginnt“ (They feel that something is ending is that something new begins), and they want to participate in it.¹

IV The upcoming time will surely be marked by a struggle between direct democracy and parliamentary democracy (in the West). Movements like C1000 are a proof of that. In the Western world, the rage against „the rich people“ will continue even if people stop to protest in front of Wall Street. Though the regular distinctions between „left and right“ will not apply anymore. Are „Die Wutbürger“² leftists or right wing? I think that that is not even relevant today.

In the Arab world this struggle is vital and serious. These people are fighting for their lives.

¹ Michael Fleischhacker: „ Sie spüren, dass etwas zu Ende geht und etwas Neues beginnt“ in „Die Presse“ of August 20. English translation added.

² Die Wutbürger is a saying in the German language and hard to translate, but is very to the point. It indicates well the anger of the citizens.

V The struggle between rich and poor will continue, but will be more appealing in the Western world. Will this struggle be succesful? That is hard to say. Everybody prays that the protests of Tahir square and of all the other countries will succeed. In the Western world, however, people just want their lives to go back to the way they were before. That is a very big difference.

Yours sincerely,



Annette Godart-van der Kroon,
President Ludwig von Mises Institute-Europe

● “Freedom, Inc.: Free your employees!”

● Time and Venue

November 3rd, The Friedrich Naumann Stiftung, Brussels

● Organizers

The Ludwig von Mises Institute-Europe together with the Friedrich-Neumann-Stiftung für die Freiheit

● Speakers

Isaac Getz, Professor of Organizational Behaviour
ESCP Europe Paris Campus

Brian Carney, Member of the editorial board of the
Wall Street Journal



During this lunch debate, Brian M. Carney and Isaac Getz presented their newly published book called “Freedom Inc.: Free your employees and let them lead your business to higher productivity, profits and growth.” This event was organized by Ludwig von Mises Institute-Europe in cooperation with the Friedrich-Neumann-Stiftung für die Freiheit.

The idea for this book was born during another event organized by LVMI-Europe where Brian M. Carney was moderating. The main question was basically: Why do we lead our companies like Stalinist organizations even though freedom is so highly appreciated and works well in other dimensions of our society? Superiors constantly interfere in the way their

employees work, suspect the employees of stealing from the company etc. In short, they think that employees do not feel any individual responsibility. Usually employees are given little or no freedom in their day-to-day work. Companies treat them like adolescents unable to make their own decisions.

Trust is a key question. If you trust people to work for you, why couldn't you trust them to make day-to-day decisions in their own jobs? The time that is wasted in different bureaucratic procedures is usually not counted at all - only the supposed savings. The authors of the “Freedom, Inc.” want to give this kind of control back to employees. One of the main theses of “Freedom, Inc.” is that this kind of freedom leads to prosperity and happiness. Happy employees are usually also productive employees. An important question raised during the Q&A session is: Why do most companies still want to control us?

Professor Isaac Getz started his part of the presentation by stating that each time we tell our subordinates how to do their jobs, we take the responsibility away from them. Instead of giving solutions, the superiors should just ask their employees to come up with a solution of their own. As soon as you give the solution, the problem is yours. When treated as equals, the employees become more resourceful and show more initiative, and are engaged in their jobs. According to the statistics, currently only 27% of employees are engaged while 59% are not. 14% of all employees are even actively disengaged meaning that they are acting out their unhappiness with their jobs. However, according to “Freedom, Inc.”, these figures can be changed. The key is to act on the working conditions. If the environment is right, it can also be seen in the employees' performance. The three main elements of a good working environment are treating everyone as equal, giving them the opportunity to grow and letting them take initiatives themselves. This way people will become willing to take initiatives and will be able to execute their own ideas.

Time and Venue

November 23rd, European Parliament, Brussels

Organizers

Mises Youth Club

Speakers

Pieter Cleppe, Brussels Bureau Chief of "Open Europe"

The topic of November's Mises Circle was Frédéric Bastiat's "The Law" introduced by Pieter Cleppe, Brussels Bureau Chief of "Open Europe". Frédéric Bastiat (1801-1850) was a French classical liberal economist and member of the French parliament. Despite it being short, "The Law", first published in 1850, contains the very essence of liberal theory.

In Bastiat's theory, person, liberty and property are the three key concepts that people are entitled to defend. Bastiat was a guardian of natural law since he saw natural law as a gift from God. According to the principle of non-aggression, people have the right to use violence in order to defend these rights as long as the use of violence remains proportionate. Also the state can act as a substitute of the individual forces in defending these rights. Thus, in Bastiat's thinking, the individual is in the center of attention and the collective is always second in order.

According to Bastiat, the law has been perverted by stupid greed and false philanthropy. Bastiat also makes a distinction between legal and illegal plunder. It is quite obvious that, for example, stealing and aggression are forms of illegal plunder. The concept of legal plunder, however, is a little more complex. If the law takes from one person something that belongs to him/her and gives it to someone else to whom it doesn't belong to, that is a form of legal plunder. Also tariffs, public schools, guaranteed profits etc.

are different forms of legal plunder. Bastiat opposes solidarity because it destroys liberty. The roots of legal plunder lie in stupid greed and false philanthropy.

Bastiat also says that law is enforcement. This is supposed to work both ways, so that every form of force is also law. However, law should lead to justice, meaning equal rights. Not all forms of force lead to justice. These forms could be seen as perverted. Bastiat also argues that the government should not try to organize education, labor etc. by law since it will not succeed in organizing these rights without destroying justice. Bastiat sees paternalism and philanthropy as anomalies. Real absolute rights, such as the freedom of speech, should be applicable in the whole world. Because social rights, such as free health care or public education, cannot be applied worldwide, these are not real absolute rights according to Bastiat.

Bastiat was more radical than most classical liberals. He was against almost any action by the state except for defending individual person's liberty and property on behalf of individual forces. According to Bastiat, the state has to be 100% justified by the non-aggression principle. Some could even call him an anarchist libertarian. However, he was a member of the French parliament so he probably would not have called himself an anarchist.

During the debate, the discussion concentrated on the question whether there is any aspect in the EU that does not violate Bastiat's principles. It can be argued that Bastiat would be in favor of opening borders since he promoted free trade and the abolition of all kinds of tariffs. However, any further integration can be seen as violating the primary goal of open borders. Thus, Bastiat could actually be in favor of a European union but not the European Union in its current form.

● “A Bright Future for European Contract Law?”

● Time and Venue

November 23rd, At elier Europ en, Brussels

● Organizers

Ludwig von Mises Institute-Europe

● Speakers

Professor Erik Van Den Haute, Professor at ULB and member of Brussels bar



The November 23rd Dinner Debate, organized by the Ludwig Von Mises Institute - Europe, was held at the At elier Europ en and was focused on the topic “A Bright Future for European Contract Law?”. Professor Erik Van Den Haute was the featured speaker, and was able to shed some light on the current state of European contract law as well as provide some helpful and fascinating insights on the situation.

Professor Van Den Haute opened the debate by noting that the topic of contract law in 2001 brought up a couple of interesting questions: one, was the action of the market hindered by cross border transactions, and two, would cross border transactions lead to issues of non-uniformity? There were several possible actions in regard to these questions, including leaving the market to its own devices, reviewing and approving existing European Commission law, and adopting a European instrument. In the process of debating these and other options, the 2003 action plan was created, focusing on developing a more coherent contract law plan. Specifically, these goals included more coherent law, more coherent terms, and an optimal instrument. Evidently, political will to adopt a political instrument was strong, and an optimal instrument was defined as a set of common rules in contract law that would not

replace national laws, but act as an alternative.

The question that must be asked at this point is does this actually work in practice? The promoters of the idea would say that it is the ultimate solution for various reasons, such as there would be no more translation costs or clashes between foreign legal systems. This idea, according to Professor Van Den Haute, sounds similar to “cloud computing”, or stocking data on the internet; an optimal instrument would be a borderless system that transcended national law. However, there remains the fact that national law still exists and that the likelihood remains that appearance before national judges will still be a regular happening. It needs to be noted that the system will not necessarily make things easier, but is helping to harmonize the various legal systems.

In addition to harmonizing legal systems, the instrument would harmonize consumer-customer relations since there would be a general way to deal with problems that would arise. However, an issue that arises is that solutions would not be fitted to the problems. Also, consumers want problems solved, not legal complications, and this instrument could also increase the complexity of legal situations.

Promoters also say that business relations could be improved by this new instrument, but the question remains as to whether this system is really useful or not. There are already similar existing laws, such as Unidroit, that serve almost the same purpose and that are rarely referred to already.

So, is there really no point to these initiatives? It takes a lot of work to find common points and to bring legal systems together, and we know that the goal is really understanding of differences. It is necessary to remember that, as Professor Van Den Haute noted in the words of Jonathan Swift, “Nothing is great or little otherwise by comparison.” It would be possible to make minor technical changes to these systems and make them more similar to each other rather than trying to create a whole new system to encompass them all. Our goal should perhaps

be simplicity rather than perfect harmony, and the point was made that in the EU sometimes there is a tendency to try to adapt to change by creating new laws rather than adapting existing laws to fit the needs. The evolution of contract law will surely continue

to be a fascinating and necessary topic as the European Union continues to develop and change.

● Euro-crisis in Greece and Portugal

● Time and Venue

November 9th, European Parliament, Brussels

● Speakers

Henrique Burnay and Andreas Kansouzidis

This month's Brussels Network Meeting focused on the ways in which the current economic crisis is affecting Greece and Portugal, featuring as guest speakers classic liberals Henrique Burnay from Portugal and Andreas Kansouzidis from Greece.

Andreas Kansouzidis started the discussion by describing a bit the financial situation in Greece, explaining the difficulties facing the Greek public and private sectors. The Greek public sector is quite inefficient and in need of reform. The Greek private sector has the problem of being overrun with bureaucracy and sometimes rife with corruption. In fact, Greece was ranked 109th for the ease of doing business and 149th for the ease of starting a business, which are, for an EU country, quite low. The Greek people are frustrated and scared, which has led to uncertainty in economic terms. They are tired of the difficulties that are involved in economic processes and are ready to radically change and reform the system. However, external pressure is necessary to drive real changes since internal party politics have gotten in the way of effective reform from the inside. At this point, most people see the EU as the instrument that is going to provide that pressure.

Other problems that are presenting issues to Greece are capital flight and brain drain. Two hundred billion euros have already left the country, and many businesses have relocated to Bulgaria. Also, many Greeks with high levels of education are leaving to work elsewhere, such as Australia or London. There is also a lack of a classic liberal movement in Greece, with a highly polarized party system that does not set up a promising future for classic liberalism. There is overall little trust in politicians.

In Portugal, there are also issues that have caused problems economically. When the crisis started, elections were called and help was requested at the same time. However, an increasingly liberal agenda has been put into place which promises reductions of public expenditures and increased revenues. There is, in this agenda, the promise of reforms that would greatly help the economic situation. Mr. Burnay notes that despite the facts that reforms are happening, it is not necessarily in the way the Portuguese want. The complete reforms have yet to be seen, and there may in fact be no way to recover from internal expenditures. For the time being, people haven't felt the losses so much, but it is likely that next year will find a much more noticeable loss. Some of the good news is that 80% of Portuguese voters have voted for liberal parties that will likely put more liberal practices into place and will result in more thorough and helpful reforms.

Membership

If you are not already a member, we encourage you to sign up for membership at an annual cost of € 75 for an individual membership.

Individual membership includes:

- Regular invitations to the LVMI-Europe symposiums, conferences and dinner debates, and conferences also in the European Parliament
- Reduction on entrance fees or free entrance for the LVMI-Europe events
- The LVMI-Europe monthly extended newsletter
- Free LVMI-Europe research papers, articles and publications
- Contact with our staff to enable your input and feedback

Memberships for students is free of charge

Corporate memberships

- ❖ Bronze Membership: 2000 €
- ❖ Silver Membership: 5000 €
- ❖ Gold Membership: 10000 €

Bronze Membership

-Regular invitations to our dinner and lunch debates, symposia and conferences which provide excellent networking opportunities, notably with senior decision-makers, commissioners and MEPs

-Free copies of newsletters, updates, publications and event reports

-Recognition of your support in our annual report

-Free entry to our debates

Silver Membership

-All benefits of Bronze corporate membership +

-Free participation at our events and entitlement to invite a complimentary company designate, partner or customer, to attend the LVMI-Europe events free of charge

-Possibility to suggest research topics and the organization of events adapted to the interests and needs of your company

-Your company's Logo on the LVMI-Europe event invitations

-Your Logo on the LVMI-Europe homepage with a hot link to your company's homepage

Gold Membership

-All benefits of Silver corporate membership +

-Your banner at the LVMI-Europe events

-Private briefings available to Corporate Management by the President of LVMI-Europe

-Organization of conferences and research projects adapted to the needs and interests of your company in order to help you promote your strategic objectives

-The Right to vote on the Institute's policy, choice of research topics, members of the board

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Who we are...

The Ludwig von Mises Institute-Europe was established on 12th October 2001 as a non-partisan think tank fostering an open and free society.

It bears the name of Ludwig von Mises, one of the most prominent libertarian economists of the whole XX century, and one of the main representatives of the Austrian School.

The Ludwig von Mises Institute-Europe primarily aims at:

- **Exchanging and** promoting the principal ideas and merits of Classical Liberalism with a particular focus on the ideas of the Austrian School
- **Bridging** the gap between “Brussels” and the European citizens and between Eurocrats and Eurosceptics
- **Acting** as an interface between top academics, senior business leaders, respected media commentators, and leading politicians across the EU and in Brussels
- **Teaching** young professionals and students from all over the world to learn about the workings of the European Institutions
- **Connecting** world-wide liberals and organizations at national and international levels

...and what we do

Since its foundation in 2002, the Ludwig von Mises Institute-Europe has successfully organized a variety of conferences, symposia, discussions, targeted dinner debates and lunch debates, discussing topics like: The growing role of the EU; Knowledge & Innovation; Transatlantic Relations; Tax Competition; Better Regulation; and Islam and the EU.

The Ludwig von Mises Institute-Europe is a non-partisan think-tank fostering an open and free society and dedicated to bridging the gap between believers in the free market across artificial boundaries that often divide academic, business, and political circles.

Members include former Prime Ministers, MEPs, former commissioners, key politicians, senior academics, business leaders and prominent journalists.

Ludwig Von Mises Institute-Europe has as the sole objective to creating prosperity for every individual, while initiating new and unaccustomed ways of analysis and debate in order to ensure Europe’s future prosperity and security in the global village.

Educational Programme

- During the whole year the LVMI Europe offers internship positions to students from universities all over Europe and beyond.
- Interns get the chance to fully develop skills that are essential for organizing events, writing research papers, editing publications, website management, database management and network management.
- Having a good cooperation with universities helps us with research work and allows us to give interns a chance to develop their skills at the Institute. We maintain close relations with the Universities of **Leyden, Bologna, Cagliari, Lille, Tampere** and **Brussels** (VUB/Vesalius). This does not mean that all of our interns are exclusively European: we have previously had interns from all over the world.

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