

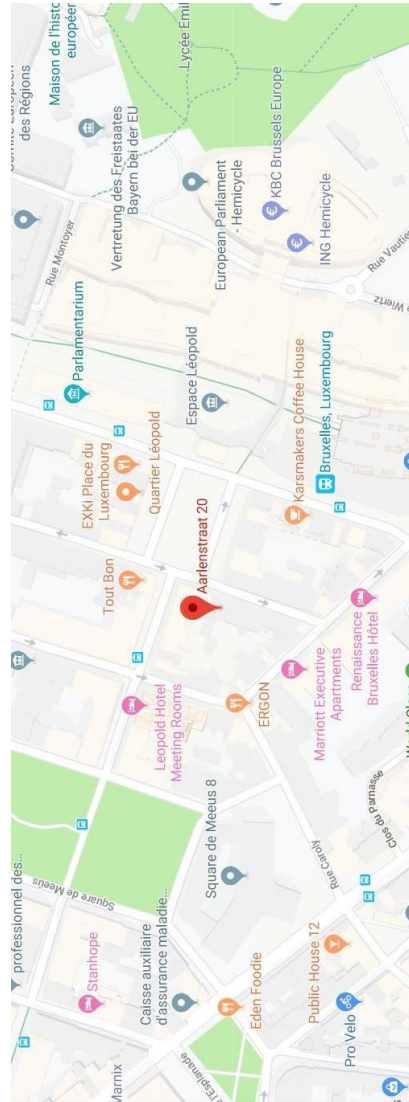


Program

- 2.00 pm **Registration**
- 2.30 pm **Opening words by Annette Godart – der Kroon, President LVMI Europe**
- 2.45 pm **Heiko de Boer, PICTET and former Director AXA Bank**
- 3.15 pm **Alasdair Macleod, Finance and Economics**
- 4.00 pm **Max Rangeley Editor and Manager, The Cobden Centre**

Discussion

Moderator: Nuno Lebreiro, Treasurer LVMI Europe



INVITATION

Conference:

The European Banking Union and the future financial situation in Europe

Date:

18th November 2019

Time:

2:00 – 5:00 p.m.

Venue:

**Holland House,
Rue d'Arlon 20, 1050, Brussels
1st Floor**

Rsvp before 16th November 2019

Topic explanation

The reason why this topic should be discussed, is the following. At first, it started with an issue around the Banking Union. A pending (since 2014) constitutional complaint of several claimants against the Banking Union has taken place before the Bundes – Verfassungsgericht, the Federal Constitutional Court (BVerfG) in Karlsruhe. Sceptics fear that Germany loses significant powers by the Banking Union and must run at the same time more risks. The negotiations took place on November 26, 2018.

The plaintiffs hoped, that- given the risk in the Italian banking sector- the German public finally «recognizes the seriousness of the situation and that the German Government will refrain from a participation in the extension of the liability” and “will take a distance to the **Vergemeinschaftung** (mutualization) of risks”.

According to the plaintiffs “Karlsruhe” must declare the approval of the Government to the Banking Union invalid because it violates the German Constitution.

The Banking Union should, according to the ideas of the Brussels administration, rely upon three pillars.

-The single supervisory mechanism, (**SSM**) is the first.

-The second is the single resolution mechanism, (**SRM**) by a central authority, the single resolution Board (**SRB**).

Brussels has already built these two pillars. The European bailout (European stability mechanism, **ESM**) acts as a so-called back stop if the money from the Fund should not be enough. However, the Member States are liable for the ESM. This is a great danger, because here ultimately unlimited liability risks for Germany would lurk.

-The planned third pillar, the common deposit guarantee (**EDIS**) is particularly controversial because the settlement of the institution and the deposit protection are closely interrelated.

The verdict of the Bundesverfassungsgericht on July 30, 2019 was the following: “From the point of view of the German Constitution, the participation of the Federal Government and of the Bundestag in the implementation of the SSM Regulation and the SRM Regulation does not raise any serious reservations”. Even the news anchors and the economists – who are pro-ECB – start to doubt whether the ECB is still on a sustainable course, because Dottore Draghi, almost at the end of his mandate, has quickly announced on 12.9.2019, that right in time before the inauguration of Ms. Lagarde at November 1st, the bond purchases amounting to 20 billion, will be resumed monthly. With this action he saves the non-economist Lagarde to justify a program, in whose decision she was not involved.

On the upcoming event the following points should be discussed:

1 The Banking Union: Should the burden and the debts be redistributed among the countries or should each country bear its own debts?

2 If the policy of the ECB, to keep the interest rate almost to zero, will be continued, then Pension funds and Insurance companies will have problems to find the right opportunities to invest their money. Hence the investors might turn to different possibilities, like Gold, Bitcoin, cryptocurrency etc. Facebook, Visa, Mastercard and Co have the intention to create their own currency, according to “Die Zeit” of 27-6-2019. Until now they did not succeed, but suppose they’ll manage to accomplish that, how would the financial world look like?

3 That brings us to point three: It is obvious that the role of the banks is diminishing. They are abolishing themselves. Also the variety of currencies will increase. What will the future bring us? Redistribution, low interest rates, new forms of finance (surely)? What will be the policy of the ECB under Lagarde?

To quote a serious German newspaper: “it is time for the ECB to recognize its limits again. As an economic government it does not fit. The bank must take a step back, referring the responsibility back to the real economy politicians.”

Ludwig von Mises Institute Europe was officially established in 2002. The Ludwig von Mises Institute-Europe primarily aims at finding creative solutions to promote a competent, competitive and creative Europe and with it, the role of entrepreneurs (SME’s) and a decentralized EU with less harmonization, free from useless bureaucracy. Since its foundation, the LVMI-Europe has successfully organized a variety of conferences, symposia, discussions, targeted dinner debates and lunch debates. The institute has accomplished several publications and edits a monthly newsletter. Members include former Prime Ministers, MEPs, former European Commissioners, key politicians, senior academics, business leaders and prominent journalists.

EUROPOLIS: A German contribution to European policy. Even though deeply committed to the idea of European integration, Europolis intends to set a counterpoint to the current governance of the EU-institutions. This is overdue in a system with a lack of accountability and within a Euro-group which regards itself as entitled to press ahead and to regulate the European integration process. In the meantime, Germany has abandoned its role as shaker and mover. At present, legitimate debate about renewed governance in Europe is stifled. Reforms are in automatic opposition to the pathological national interventionism by French policy and to the prestigious and French associated institutions. All of these want public service instead of competition, protectionism, and industrial policy instead of the completion of the European internal market, structural policy and regional subsidies instead of competition between the regions. Europolis’ ambitions are different:

- ▶ the promotion of more competition
- ▶ ensuring institutionally the stability of currency and prices
- ▶ promoting the consolidation of public finances
- ▶ giving priority to the principle of subsidiarity.

Europolis values rigorous academic research and is independent of any political party.

The *Cobden Centre* is an independent educational charity founded formally to undertake research into economic and political science and to disseminate the results thereof and to advance the education of the public in economic and political science.