



LVMI-Europe Newsletter

Autumn edition 2021

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- Herman de Croo, Minister of State and Honorary Speaker of the House of Representatives
- Mart Laar, former Prime Minister of Estonia
- Alexander Graf Lambsdorff, Deputy Chairman of the FDP Bundestag group
- Earl of Stockton, Chairman of Macmillan Publishers

Honorary members:

- HSH Prince Philipp von und zu Liechtenstein
- Dr. Hanns-Martin Bachmann, former head of the Hessen Representation to the EU

I. LVMI-EUROPE AGENDA

December 2021

Dinner debate (topic and time to be confirmed)

November, 2021

Conference Free Market Roadshow, "The Way Out of the Gridlock". A cooperation with Austrian Economic Centre and European Liberal Forum in the European Parliament (date to be confirmed).

Past events: 2021-2020

October 15, 2021

Meeting for the design and setting up of the research project

September 27th, 2021

A Get-together for members and Alumni of LVMI Europe in Holland House.

July 15, 2021

Brainstorming meeting in Holland House to start a research project.

June 30, 2021

General Assembly in Holland House.

May 26, 2021

Board meeting in Holland House.

April 21, 2021

Conference “Disruptive Innovation II: Banks versus Crypto Currency.” With Ondrej Kovarik, MEP in Holland House.

February 24, 2021

Ludwig von Mises Institute- Europe “Private Cyber Security Firms and States”.

October 1, 2020

Lunch debate on “Future Federalism for Europe”: some concrete proposals”, Holland House.

September 16, 2020

A get together for members LVMI Europe in Holland House.

July 7, 2020

General Assembly 2020 at Holland House, Rue d’ Arlon 20, 1050 Brussels.

June 10, 2020

“Regulating private security in Europe” a conference with MEP Hilde Vautmans in the European Parliament (postponed).

June 4, 2020

Board Meeting LVMI Europe at Holland House, Rue d’ Arlon 20, 1050, Brussels.

May 6, 2020

Free Market Roadshow, “Disruptive innovation”. A cooperation with Austrian Economic Centre and European Liberty Forum in the European Parliament. (Postponed).

March 4, 2020

Lecture on Austrian Economics for students of LVSV at the University of Antwerp.

January 20, 2020

Conference on "Artificial Intelligence", Hosted by MEP Maria Carvalho. in the European Parliament. Speaker Max Rangeley, Cobden Centre, Stefan Moritz (European Entrepreneurs)

II. PRESIDENTIAL ADDRESS

For the first time, the leaders of the "Quad", the four-country alliance of the US, Japan, Australia and India, did meet at a summit on September 24, 2021. The alliance has been around for some time, but the four countries are now joining forces even more to curb the growing Chinese influence in the Far East¹.

"Quad", the alliance between four major democracies in the so-called Indo-Pacific region: US President Joe Biden, Japanese Prime Minister Yoshihide Suga and his Australian and Indian counterparts Scott Morrison and Narendra Modi. Quad then stands for Quadrilateral Security Dialogue (QSL) or four-sided security dialogue.

Those four Quad countries have been holding annual military exercises for a long time, especially the Navy. The strategic importance is clear: to contain the land-forces of China, which has very limited ways out to the ocean. Especially, China is claiming most of the South China Sea and the Quad -and most other states in the region- wants to oppose that in the name of free shipping. The four countries strengthen their naval powers and carry out patrols in the sea in question, which is very important for global trade.

The US, Japan, Australia and India are also joining forces to roll out 5G internet and secure communication - apart from Chinese disruption - and especially to enable the supply lines of very rare minerals (rare earth minerals) and safe supply and production of strategic goods, including in microchips, but that also concerns mouth masks, medical equipment and technical parts, the production of which is to be kept out of the influence of China.

A final point is to finance infrastructure and logistics hubs in countries in the Indo-Pacific (Indian and Pacific) to prevent countries there from being put in the "debt trap" and influence of China's Belt and Road initiative. The Quad lags a bit behind, although Japan has always had a great economic influence in that region.

For the QUAD, vaccination diplomacy in the poor countries is a possible strategy that restricts China's growing influence, without explicitly giving the impression

¹ News from VRT News dd September 2021.

to be an anti-Chinese alliance. That's not in the interest of countries like India and Japan, which previously ignored the QUAD in case they could improve their relations with Beijing;

The Quad is reminiscent of the US-British-Australian Alliance (AUKUS) announced on September 15, 2021 that pursues the same aim.

The US, Australia and the UK unveiled a new defence alliance called Aukus. Americans and British had negotiated a deal with the Australians on nuclear-powered submarines. It was meant as a complementary asset to Quad. This is the Aukus element that has offended the French so much, for whom Australia would terminate a long-standing contract to supply submarines with diesel engines².

The anger in France over this betrayal knows no limit³. According to Mr. Arnaud, the plan has been developed by a very small team and did not bother the European aspect; As we know, France recalled its ambassadors in the US and Australia. Joe Biden is being compared to Trump. The French government threatens to torpedo an EU trade agreement with Australia⁴.

Berlin reacted only 5 days later, when Heiko Maas, Minister of Foreign Affairs, expressed his understanding of the French anger.

One of the reasons of Aukus was that Australia had gotten into an unclear middle position between Washington and Beijing. Aukus now means that the government in Canberra sees China primarily as a security risk (and it has chosen sides)⁵.

According to the newspaper "Die Zeit", the China policy must not be left to the US or the injured French, and the French must be prevented from kicking NATO into the bin out of sheer anger... Biden has taken the Alliance to an even deeper point after the debacle in Afghanistan

Can China's aggressive policies be constricted without fueling a new Cold War? What can it cost us to maintain NATO? And how can the French be prevented from exerting themselves out of anger?

Both alliances fit into the "pivot to Asia", the reorientation towards the Far East that President Barack Obama announced a few years ago.

There is more to be reconsidered:

- Transatlantic NATO may remain important, but Europe will have to come more and more from under the American umbrella and pursue its own

² Die Zeit "Mächtig einsam" dd 30-9-2021 p.14

³ Die Zeit "Wie abgetaucht" dd 23-9-2021, p. 1

⁴ Die Zeit "Sie haben uns verraten" dd 23-9-2021 p. 10, an interview with the French diplomat Gérard Araud

⁵ Die Zeit "Mächtig einsam" dd 30-9-2021 p.14

policy, including in the Far East. That means that we must think of an independent European Army.

- The following question can be posed:
How can these co-operations function? Quad and NATO go well together, but how is that to be combined with AUKUS?
- China will try to break its isolation. The Chinese have applied for membership of CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership). That is a free-market Agreement, containing quite a diverse group of countries around the Pacific from Canada and Peru to Vietnam and Singapore. According to “Die Zeit” that is a very clever diplomatic move.
- There will have to be a lot of consultation between all those alliances. This means that everything will be delayed and misconceptions can arise.

Now that the SPD has won the elections in Germany, the question arises "how Europe is going to assert itself geopolitically against China and Russia if the party that is preparing to govern in “the most important

country in Europe” (=Germany according to “Die Zeit”) remains largely rigid in antimilitarist thinking?⁶



Annette Godart-van der Kroon

President of the Ludwig von Mises

III. “AFGHANISTAN’S HUMANITARIAN FUTURE: WHAT IS NEXT?”

Organizer: The German Marshall Fund of the United States

Date: 21st September 2021

Location: Online

⁶ Idem

Speakers:

Magdalena Kirchner, Country Director Afghanistan, Friedrich-Ebert-Stiftung

Jacob Kurtzer, Director and Senior Fellow, Center for Strategic and International Studies

Fulya Memisoglu, Department of Political Science and International Relations, Yildiz Technical University

Moderator:

Ian Lesser, Acting President, The German Marshall Fund of the United States

Discussion:

Ian Lesser opened the event welcoming all the persons present and making a brief introduction about its topic. The event was structured in three parts. First, Mr. Lesser asked each of the speakers to share some thoughts about the topic, and then a conversation among the speakers took place. Finally, there was a question round. This is a crisis that has Afghanistan been mired for many decades. The humanitarian dimension of this is not new but it has entered a new and critical phase with the very rapid collapse of the country and the Taliban takeover in Afghanistan.

The first speaker who took the word after the introduction was Mrs. Kirchner. She was particularly asked about the recent un-hosted donor conference which raised roughly a billion dollars for Afghanistan, the future use of this aid and its distribution, and whether she thinks that the Taliban will work with the donors on this. She answered that the humanitarian future of Afghanistan is the present and that it is the crisis that exceeds. We already had months of a looming food crisis by a severe drought that not only caused a lot of people to leave their homes -a lot of Afghans are dependent on agriculture-, but they also have seen a severe hit on Afghanistan by the corona pandemic last year, and this year they are just coinciding with the Taliban's military campaign. The worst fact is that Afghanistan lives an economic crisis that has already started in 2014 and with the withdrawal of troops of international organizations, the economic crisis bottomed out because banks collapsed and that has not been recovered yet. This is basically the country that the Taliban took over. Afghanistan is one of the countries that is the most dependent on international aid, both in governance and humanitarian. By next year, 97% of Afghans might be dependent on aid. Especially, the situation of women and children is extremely grave. The need for the humanitarian aid is quite high but is the easier part, because they had a severe disruption of transportation. The deliveries of humanitarian aid into the country are only slowly starting. This must be renegotiated, and humanitarian agencies

can lead the way because they have been negotiating with the Taliban in the provinces during the past years. The female rights are now a very important issue. We have seen there is no Ministry of Women now, and the deprivation and exclusion of women not only from education but also from the work force is a severe problem also for humanitarian aid agencies where women are not only important in running the bureaucracies of these organizations, but they are also on the ground providing military, humanitarian, and medical aid.

The Taliban will allow aid coming into the country because they do not want to see the people under their rule die from starvation, but the compromises that they might be ready to make for humanitarian aid, are low. It will be very critical for humanitarian agencies. Mrs. Kirchner thinks that the recognising of the Taliban Government is something we might see more next year. The question of recognition and then working constructively in building infrastructure and recovering Afghanistan from by war will be certainly critical.

The second speaker was Mr. Kurtzer, and he was questioned about the plans of the United States. He replied that there is a lot of anger and frustration in Washington, which reflects the fact that for 20 years people across the Government and policy spectrum have lived, worked, and tried to achieve a better outcome for Afghanistan than what we have today. In his opinion, related to the problem in the United States of hyper politicization of every issue, there are partisan attempts to politicize this humanitarian catastrophe and that is an urgent thing to avoid. We should take a moment to reflect and think about what is necessary and what is the best possible outcome for the Afghan civilian population which in his opinion means trying to tone down the political rhetoric.

The compounding effect of economic isolation is going to dwarf those humanitarian challenges: if Afghanistan has no financial reserves, if people are lining up for days or weeks to get access to money from the banks, this is an externally imposed constraint on the ability of people to sustain themselves and that is not a problem that a U.N. agency or a non-Governmental organization can resolve. Humanitarian aid is meant to be a short-term solution to an acute problem, and we are looking at a situation of total economic collapse. We have two options: in the first we can find ways to provide humanitarian assistance accepting that some of that is going to be spillage to the Taliban. The second option, which is total economic isolation, sanctions and other restrictive measures which may starve the Taliban of resources but will also starve the civilian population. From his point of view, we need to find a way either through the World Bank or other mechanisms to start to release some money, to alleviate the impact of the existing sanctions, and absolutely must not impose further sanctions by designating the Taliban as a foreign terrorist organization that will have a massive and debilitating impact on the ability of aid organizations to respond there. The speaker continued saying that a key point would be that for 20 years the United States Government has managed to muster up huge reserves

of funding for military operations, for contractors, and for the associated development and bilateral assistance, and they are now in a situation where they are compelled to advocate and plead for hundreds of millions of dollars for humanitarian response. The United States Government should fund the appeal and make sure that those organizations that are able to navigate that very complex operational environment have the resources to do so and are not hamstrung by a lack of resources.

Then, the moderator introduced Mrs. Memisoglu and asked her to speak about the refugee side of this crisis, both from the perspective of neighbouring countries but also as it plays into the broader questions about humanitarian assistance and policy.

Mrs. Memisoglu explained that since January, almost half a million people have been internally displaced and this not only tells us about the situation in Afghanistan but also how possible refugee movements can take place, because most of the time Afghans arriving in Turkey or elsewhere have experienced multiple displacements starting with internal displacement.

She remarked that is important to not use the refugee crisis rhetoric now because in most of the neighbouring countries, Turkey, and Europe, the numbers have not drastically increased but the public perception creates social tensions. Iran and Pakistan continue hosting over 90% of the refugees and both political leaders apparently are sharing these unofficial statements that they are willing to collaborate on curbing any possible refugee influxes, and they are keen to do this through closing the borders which are already closed but also setting up tents. The latest statements of Pakistan told us that they are only going to take Afghans temporarily until they are resettled into a third country. Even though Turkey is not one of the first country of asylums, Turkey has been a significant transit hub and a destination country for Afghans for the past two decades, and especially since last three years the numbers have drastically increased, and they are almost half a million population in Turkey in addition to 3.6 million Syrians. Turkish statements were also quite clear that Turkey does not have the capacity to accommodate any more refugees but according to recent numbers there was also not a drastic increase.

In addition, Mrs. Memisoglu talked about secondary movements which involves Europe. According to numbers, from July, Afghans constituted 50% of the new applications, but the recognition for asylum rates for Syrians are over 90% while for Afghans these remain 45%. So even if Afghans manage to seek safety in Europe it is highly likely that their application could be rejected. Mrs. Memisoglu also remarked the problems according to the unaccompanied minors coming from Afghanistan. Half of the unaccompanied minors arriving to the EU were Afghans last year.

To conclude her speech, she said a few words about the study they conducted last year with 3000 Afghans in Turkey that was about understanding their return intentions. This study showed that the major push factors they defined when leaving Afghanistan were violence followed by economic and then personal or family reasons, and in most cases their answers indicated that these were all intertwined factors, and even if they are deported or forcefully returned, there was a very high tendency that they could go back to Afghanistan and when they have the financial means they could come back.

Then, Mr. Kurtzer remembered that there are conventions and international agreements about migration. Migration is a right and if people fear that they are at credible risk of persecution by virtue of their ethnicity or the work that they have done, or their gender as might be the case in Afghanistan. Doing whatever we can to enable them to find safe refuge is our responsibility. The challenge is that the context in which we are engaged in from a perspective of Washington is one that is already extremely complicated from a geopolitical perspective. He also pointed the incoming problem of the de-professionalization of the country.

The moderator asked Mrs. Kirchner about her opinion after these latest interventions. From her point of view, the biggest employer Afghanistan had, was probably the U.S. Government or the International Community, especially for women who are single. The second biggest employer was the Government, and both have been reduced. We were informed, that many people have not received salaries for several months, not only when the Taliban took over, so we have a huge workforce without any alternative income than our skilled labour. Now, there is certainly more repression so people still have an interest in leaving the country, being it for pure security reasons, being just for ideological reasons that do not favour to live in the country where their daughters would be deprived of the right to education or being it for economic reasons. There is no interest in the neighbouring states, Turkey and the European Union in a Taliban policy of open borders, there is pressure on opening borders for the transfer of goods into the country humanitarian but not the flow of people.

There are so many dimensions to the humanitarian strategy and assistance that we can envision over the next years. The moderator continued asking the following question: Who will take the lead in this multi-year process of reconstruction, stabilization, and humanitarian assistance? Mrs. Memisoglu answered that if we were having this presentation two months ago she would have probably flagged out Turkey, but that turned out not very positive on Turkey's side since Taliban made it very clear that they do not want any foreign troops being present in the country, but when it comes to other financial issues such as development aid and infrastructural assistance as Mrs. Kirchner mentioned, Turkey would have the potential to play an important role in that. She would also flag out China.

Then, Mr. Kurtzer pointed that it is an interesting question because there is the technical side of it which is a humanitarian universe sectoral question and then there is the broader side of it which is how the humanitarian fits in the political and economic questions. On the technical side he thinks a lot of people are falling back on the idea of a large U.N. lead response. The problem is that running a large humanitarian operation through the U.N. does not get the most positive impact. There are a multitude of Afghan NGOs and civil society organizations that are best placed to meet the needs of their communities and their co-nationals, but those organizations are unable to navigate sanctions by the U.N. and by the United States and by other European organizations and this is why he thinks that question is so critical because if those sanctions are mitigated in various different ways either through the provisional general licenses or through getting rid of the designations entirely in the short term, the U.N. and donors can work much more closer with those local organizations and achieve a two-part impact: better response right because those organizations are closer to the communities, and empowering local organizations by funding them will give people jobs. On the technical side he thinks it has to be an un-led operation. He thinks we should be a little bit more thoughtful about whether there are entities, organizations or states that are able to play a kind of neutral intermediary role in negotiating between the U.N. and international donor funded humanitarian response, and the Taliban authorities.

Then, Mr. Lesser asked Mrs. Kirchner whether this is possible to work on the one hand with the Taliban on humanitarian reconstruction in the country and on the other hand have an over-the-horizon counter terrorism operation ongoing well. She answered that counter-terrorism cooperation with the Taliban entity would be that they point at people they do not like and say they are ISIS so we would fall into a trap if we followed the idea of kinetic counterterrorism support. They will get enough support in that regard from the Chinese and probably the Russians. Mrs. Kirchner underlined the problem with the sanctions, each international organization that is now in Afghanistan has to pay tax revenues to the Taliban government, but they would not be allowed to pay taxes to a Taliban Government as it is not recognized and under sanctions, which limits their ability to be active and operating. That means they cannot pay their staff and even endanger them and the operations. From her point of view this is something where we have to be pragmatic and be aware of the limitations that are actually on the ground. She was also aware about legitimize Taliban so easy.

The next point of the event was to answer some questions posed by the audience. The moderator asked the speakers about some questions related with untapped resources, criminality in the economy, drug trade and its role influencing refugee migration, policy elsewhere...

Mr. Kutzer started answering the question about resources and said that the question becomes one: Are we going to achieve a better outcome for the Afghan

civilian population and the world through total isolation or through allowing some sort of economic activity to re-engage? Looking around the world and seeing the countries that have been in total isolation, he concludes that for the sake of the Afghan civilian population some level of economic normalization economic activity is far superior to billions of dollars of humanitarian aid. On the question of criminality from his point of view, the more normalized the environment can be, the less opportunity there is for criminal networks to exploit vulnerable people. So if the situation between states and the Taliban can be brought down a few notches and we can get to some sort of normal border crossing, flight path regularity... it undermines the opportunity for those criminal networks to exploit those people who choose to leave.

Mrs. Memisoglu added that obviously there is a drug trafficking dimension and a human trafficking dimension that involves the refugees, and this creates a very negative public perception in possible host countries, which we must fight to avoid. She thinks that we need effective integration policies for those who are already in host countries.

Then, the moderator asked if there is a risk that we will face a kind of Afghanistan fatigue. Mr. Kurtzer answered by telling us that they are trying to encourage increased funding and creative thinking around some restrictive measures and the sanctions.

Mrs. Kirchner continued saying that her company has a lot of offices in "forgotten" conflicts areas like Yemen, Ethiopia, or Syria. She thinks that about basically 100% Afghans being poor happened under our watch, so the important thing is to implement good policies that can be helpful for Afghans.

Mrs. Memisoglu agreed on the fact that the fatigue is most felt in the refugee case because since 2015 especially with the Syria displacement, many countries even though they are not immediate neighbours of Afghanistan, Europe and Turkey, are feeling the pressure and it would be highly difficult for Governments to convince their nationals that they have to increase their resettlement numbers.

At this point, Mr. Lesser asked the speakers about the role that China could possibly play on any of these fronts. Mr. Kurtzer started again, and clarified that Chinese give humanitarian assistance much closer to what we would call disaster response and tend to shy away from these complex emergencies where conflict overlaps. There is plenty of natural disaster to respond to in Afghanistan: drought, covid... We will see the Chinese playing a slightly more assertive role in responding to the humanitarian issues to achieve whatever their strategic aims might be. They have already announced the 30 million dollars contribution. The Chinese tend to not support the international organizations that we are most comfortable with, the U.N. agencies and the NGOs. They tend to give their humanitarian assistance bilaterally.

Mrs. Kirchner answered that what might be interesting to watch as well is the cooperation between the Taliban and the Chinese Government on the border security. She thinks they will continue with what they did with the previous Government: investments in border security, and maybe training even some special forces. There is a high interest from the Chinese side on what is happening on the Afghanistan's Eastern border and also because its relationship with Pakistan, neighbour country of Afghanistan, China is interested in the stability in Afghanistan.

Finally, Mrs. Memisoglu added that to be one of the prominent global humanitarian actors in a country like Afghanistan, it would also require some internal dynamics to be in place, regarding human rights, the refugee policy, etc. In those cases China seems to be quite distant.

Almost finishing the event, the moderator posed the following question: Why did the Afghan Government collapse so quickly? Mrs. Kirchner answered that nobody knows why exactly it happened but named a few points that were determinant. The first is the departure by NATO. She thinks that it was even worse than the soviet withdrawal which was always seen like a parallel one because for a lot of Afghans elites their president was not Ashraf Ghani but Joe Biden. There has been so much hope with Joe Biden, and then he basically said, "everything we said before does not matter to us anymore", and then accelerated the departure of elites. That created a moral crisis that was difficult to contain by a government that did not really have any tools at hand. The last point was the evacuation; there was the miscalculation that created a domino effect that then led to the decision to evacuate the U.S. embassy which was at the moment when it was clear that Kabul would fall. We are happy that it did not turn out into a disastrous scenario, but a lot of people were still shocked and caught by surprise.

Mr. Kurtzer added that all started in January of 2002. The United States tried to create a military in its own image that relied on infrastructure techniques and methodologies that were not sustainable in the absence of U.S. support. The same happened with the Government: a technocratic system of Government that was created that relied on international expertise, funding, and support. When the security forces collapsed, the Government was going to collapse and, in both cases, the United States spent a lot of money creating unsustainable structures. For 20 years girls went to school, for 20 years people had access to better healthcare, and it is a profound human tragedy that those gains are lost. Mr. Kurtzer thinks that there is going to be PhDs, books, and all sorts of stuff written on why the Government collapsed but it has to do with this idea of trying to create systems and structures that were not fit for the purpose, trying to do too much.

IV. HOW TO BOOST LOCAL DEMOCRATIC RESILIENCE IN CENTRAL AND EASTERN EUROPE?

Organizer: German Marshall Fund

Date: 21st September 2021

Location: Online

Speakers:

Clara Volinteru | associate professor at the Bucharest University of Economics studies

Paul Costello | cities program manager

Topic:

The aim of this conference is to discuss the nexus of cooperation between civil society and local governments, and how this partnership can contribute to improving local democratic resilience in the Central European region.

The moderator, Mr. Hegeduce, stresses the importance of cities having the right institutions, resources and economic instruments in place, and that these are seen as an integral part of the rule of law.

"Cities in Central and Eastern Europe think that their role in the economy is very small, but in reality, this is not the case, cities have a great weight in the regional economy and in national democracy. When mentioning cities, it is important to include local governments, citizens and the local business environment. In summary, the convergence of Central and Eastern Europe depends to a large extent on the economic growth and the growth rate of cities in the region. There is a positive correlation between economic growth and development and civic engagement and quality of democracy". This is how Mrs. Volinteru started.

Many articles have been published recently on democratic resilience, but especially in Central and Eastern Europe where signs of problems can be observed. Whether we focus our attention on Romania, Poland and Hungary, the largest economies in the region, we notice that the growth of cities has been one of the driving forces for these countries. These three countries also have a difference between them which is the urban population. In Hungary the urban population is high while that of Romania is low. Romania, Poland and Hungary have gathered the largest share of EU funding and GDP growth in the past years and amassed one of the largest shares in the region of foreign direct investment.

Poland and Hungary have registered a decline in the democracy index at national level as we can see in the liberal democracy score by the varieties of democracy index from the Gothenburg institute and there were also recent pandemic

violations in terms of democratic standard issues that have not been found in the Romanian case, therefore it's interesting to see how this type of democratic resilience at local level plays out both in a contentious environment like the one in Hungary and Poland where cities are in fact struggling against the national governments and in a more cooperative environment political like the one that we can find in the Romanian case study.

For all of central and eastern European countries the convergence to the European union has been one of their major sources of democratic consolidations.

Mrs. Volinteru also mentions the importance of building policies so that growth does not only affect cities, but to have redistribution objectives towards rural regions that are lagging behind. It is necessary to build in a very focused way what we call "differentiated pathways" for growth with cities that need more freedom and space to expand, and that will also need to consolidate their internal attributes.

In terms of the national policies at this balance between central and local governments we can see the differences between central and eastern Europe. The highest amount of centralization: Hungary where the national government spend more than local governments by five times and a much more decentralized Poland where the central government is almost on par with local governments. If we want accountable cities, we actually need to have local governments that have the power to manage their city affairs to the full of the extent. An important vector in the development of civil society has been capacity-building platforms or incubators. Civil society in central and eastern Europe holds many faces, probably much like elsewhere. It is less organized than in western Europe, it is more divided between progressive and conservative ideas and sometimes the actors who are better organized are not the ones that are necessarily building on chains of representation of social needs but rather on more narrow interests in the society. So there need to be some targeted action towards building better capacity at local level for civil society actors but overall in the secondary cities where we have that capacity, mutual engagement works very well towards the co-production of public services at a local level.

Multi-level framework consists of:

- International community
- European institutions
- National governments
- Local governments
- Civil society organizations

Finally, Mrs Volinteru said “from now on, cities will not only have to deal with pandemics but also with climate action, various disaster relief initiatives and all kinds of local response depends on the social capital that is fostered among the community and its elected leaders”.

“I have reflected on what Mrs Volinteru presented in her paper and also on what is relevant for cities and societies beyond the three countries studied in depth. In the GMF programme we work with cities in Europe and North America on different themes, among which the strengthening of democracy stands out. We work on most projects, convening city leaders and practitioners and bringing them together with experts and researchers.” This is how started Mr. Costello’s turn, commenting on Mrs. Volinteru intervention.

Mr. Costello continues, “Furthering global diagnostics on this issue- which is very important -and the mutual engagement, it takes a step beyond what we could collect until now. The data on what institutions are offering for participatory mechanisms or forms. We can also measure voter turnout just to know that the OCD does but how they work together is really what is important there if on either of these things if it’s one-sided it’s meaningless the best of intentions and you can organize the most participatory mechanisms at the local level but if people don’t participate then it’s something’s wrong it’s not working and even with good intentions it’s not properly done and the ultimate effect is really zero and this is kind of the circular relationship that’s mentioned in the paper and I think this not just on this sort of civic engagement or mutual but this dynamic relationship is really key and when we think about measurements of democracy at the local level we look to really get those kind of elements in different aspects of local governance”

The inputs and participation of citizens matter and it translates into actual policy outcomes that obviously encourages further participation, so it’s often self-reinforcing in that sense. Really to a better understanding how those dynamics work it is very important for local leaders. An ongoing project called cities fortifying democracy, bringing together six American and six European cities around the topic of strengthening democracy and on participation one of the things that the cities are flagging as a challenge.

Concerning issues of climate and racial injustice, cities are not always sort of equipped institutionally legally to respond with the sort of urgency and pressure that new groups who perhaps haven’t been as engaged in the past or haven’t been included in certain mechanisms expect. Some mechanisms can also generate more frustration or worse, in certain situations and this also goes to the issue of taxation and fiscal governments. Fiscal decentralization is a potential danger for these capital cities. In national economies where there can be an incentive to lower taxes and attract and siphon businesses and wealth from the surrounding regions will deteriorate one of the key problems.

Mr Costello ended his speech as follows “Well to mention a concept that encompasses the differences between cities and peripheries, and is defined by an absence or decline in prosperity and opportunity. Cities have traditionally been rooted in regional economies, yet now, increasingly, they are becoming nodes of a global economy, disconnected from their regions and their nation economically. Cities are modernising, but at the same time, they are suffering from backwardness, becoming much less accessible to lower middle-income workers Housing is an ongoing problem in many cities, while at the same time, the political discourse is inclusive and diverse open cities”

V. GET TOGETHER

Organizer: Annette Godart van der Kroon, president of LVMI

Date: 27th September 2021

Location: Holland House, Brussels

The event brought together members and guests of the Institute at Holland House. They enjoyed a pleasant aperitif while conversing and discussing the issues that concerned them. In a relaxed atmosphere, the most current political and economic issues were put on the table.

This is what makes the get together stand out, the closeness between the members and the possibility to discuss topics from different points of view.



VI.COMMENT ON THE SPEECH OF CHRISTINE LAGARDE GIVEN SEPTEMBER 9, 2021

The speech was given as MEPs had asked to focus on the current rise in inflation – is it temporary, or perhaps a more permanent trend? – and on the prospect for post-pandemic financial stability.

It is in these contexts that the revision of the ECB’s monetary policy strategy was discussed. One of the central innovations of the strategy is a reformed approach to fulfilling the ECB’s number one mandate, *nl.* price stability. More recently, Lagarde said, that Pandemic Emergency Purchase Program (PEPP) has been effective, not only in securing the favorable lending terms needed for the recovery, but it has also helped “improve the outlook for recovery. inflation of one to two percentage points.”

Lagarde highlighted the new provisions on forward guidance on monetary policy with the three conditions for determining a decision on interest rates.

These three conditions consist of an analysis of the inflation rate at certain times and over the entire duration of the ECB's projection horizon, usually three years.

"We believe these factors are largely temporary," said Lagarde, adding that the ECB would keep a close eye, reviewing the situation every three months.

Lagarde repeated the slogan that a 2% inflation should be aimed at. To summarize: it is obvious that according to Christine Lagarde /ECB the inflation is temporary and that now it is not yet the time for changes.

The new role of the ECB beyond guaranteeing price stability and towards financial stability is not undisputed, and on the specifics of financial market risks, Lagarde referred the ECON committee to the new dedicated authorities such as the 'European Banking Authority (EBA) and the European Securities and Markets Authority. and European Banking Authority (ESMA).

She insisted that the ECB also had a role to play, because "there can be no price stability if there is no financial stability and viceversa".

But the inflation starts to alarm the people ⁷ Issing stated the following⁸ The environment that determines inflation is changing. Globalization is faltering; Companies sometimes bring the production back from cheaper countries into more expensive ones. That drives up the prices. Likewise, the population capable of working in the industrialized countries, even in China, is getting smaller. This drives wages and inflation.

What are the consequences of this high inflation?

- Wealth will be redistributed on a large scale, not from rich to poor, but erratic. He, who has his money on an account, loses. The persons who have debts, win. Prices of real estate and shares are rising particularly fast. Their owners are then also among the winners. These are rarely the poor⁹
- The Central banks must -slowly- take leave of the expansionary monetary policy.¹⁰ They have to raise the interest rates. The Central Bank of Norway has already done that.
- The danger is explicitly there when the inflation will grow from 2 % to 3 or 4 %. That would be a shock for the markets, that would be a shock to the investors.

⁷ (Die Zeit, dd 30 September 2021, p. 27)

⁸ Die Zeit dd 5 August, 2021 p. 12

⁹ (Die Zeit 7 October, 2021 p. 23

¹⁰ (Die Zeit dd 7-10-21, p. 23

- Professor Charles Goodhart, LSE is convinced that the inflation will last much longer and will not be temporary.¹¹

Now the contention is the following: “there is no general theory about inflation”,

According to Die Zeit ((7 October 2021), there is no general theory about inflation that helps to predict price increases seriously and reliably. The models have failed. The current high inflation has not been predicted by anyone in the government, not by the research institutes, the ECB, or the US Federal Reserve. Only Charles Goodhart, an emeritus professor of the London School of Economics, has predicted the high inflation this year at a moment that the "ECB, governments, the American Central Bank and many research institutes did not expect that" All according to Lisa Nienhaus in Die Zeit dd 7-10-21, p. 23.

A pity, because the **Austrian School of Economics has warned for years** for this inflation. The reason why nobody/ the broad public is not informed about this is, because we lack enough PR.

Rahim Taghizadegan, Ronald Stöferle, Mark Valek, Heinz Blasnik in the book – “Austrian Investing between Inflation and Deflation”, Brendan Brown, Jesús Huerta de Soto, all the thinkers of the Austrian School predicted great misery because of the upcoming strong inflation.

Let us see what von Mises, Hayek and other economists said about this:

“Inflation and credit expansion, the preferred methods of present-day government open-handedness, do not add anything to the amount of resources available. They make some people more prosperous, but only to the extent that they make others poorer”¹². According to von Mises inflation is a policy. ¹³ “Inflation is the fiscal complement of statism and arbitrary government. It is a cog in the complex of policies and institutions which gradually lead towards totalitarianism;¹⁴

Von Mises has written a lot about the origin and the dangers of inflation and about sound money.

VII. ANNOUNCEMENT OF THE RESEARCH PROJECT

“The developments in the (financial) market from a Classical Liberal perspective”

¹¹ Die Zeit dd 30-9-21, p. 27

¹² Von Mises “Bureaucracy” {1944}1969, p. 84

¹³ Von Mises “Economic policy”, 1979, p. 72

¹⁴ Von Mises “The theory of Money and credit’{1912} 1981, p. 468

Chairman of the project:

Henri Malosse, a French business representative and the 30th President of the European Economic and Social Committee (EESC) and now President of the Jean Monnet Association and president of Vocal Europe,

There is also an Advisory Board and a Core Committee.

Topic

Discuss and contribute to solving the problems of current economic challenges and developments in financial markets, from a Classical Liberal perspective and the Austrian School of Economics, among others as caused by central bank policies like zero percent interest rates and q.e (quantitative easing) and the overheating of the economy.

Aim:

To increase our understanding of economic developments, such as the instability in the economy and the booms and busts in the financial world and in the real economy, by sound economic analysis and based on liberal economics and the theories of the Austrian School of Economics and to providing alternative economic solutions.

Tools

- The Austrian Business Cycle theory (ABC)
- The production structure
- Price formation

VIII. EUROPEAN UNION LEGISLATION

Regulation (EU) 2021/1433

On conformity assessment and market surveillance procedures in the context of the threat posed by COVID-19.

From 1 October 2021, market surveillance authorities will no longer be able to authorise PPE that has not successfully passed the relevant conformity assessment procedures under Article 19 of Regulation (EU) 2016/425.

Regulation (UE) 2021/1447

Amending Implementing Regulation (EU) 2020/1534 imposing a definitive anti-dumping duty on imports of certain prepared or preserved citrus fruits (namely mandarins, etc.) originating in the People's Republic of China, following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council.

Regulation (UE) 2021/1464

Implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.

Commission Implementing Regulation (EU) 2021/1472

Amending Council Regulation (EC) No 1210/2003 concerning certain specific restrictions on economic and financial relations with Iraq.

(1) Annex III to Regulation (EC) No 1210/2003 lists the public bodies, corporations and institutions, and natural and legal persons, entities and bodies associated with the previous Government of Iraq, covered by the freezing of funds and economic resources located outside Iraq as at 22 May 2003, as set out in that Regulation.

(2) On 8 September 2021, the Sanctions Committee of the United Nations Security Council decided to remove 28 entities from the list of persons and entities covered by the freezing of funds and economic resources.

(3) Annex III to Regulation (EC) No 1210/2003 should therefore be amended accordingly.

Commission implementing regulation (EU) 2021/1475

The definitive anti-dumping duty imposed by Implementing Regulation (EU) 2019/915 on imports of certain aluminum foil in coils originating in the People's Republic of China is extended to imports of certain aluminum foil in coils consigned from Thailand, whether declared as originating in Thailand or not.

In March 2013, by Implementing Regulation (EU) No 217/2013, the Council imposed the definitive anti-dumping duty on imports of certain aluminum foil in coils ("small rolls") originating in the People's Republic of China ("China") following an anti-dumping investigation ("original investigation"). The measures took the form of an ad valorem duty ranging from 14,2 % to 35,6 %.

The Commission officially advised the authorities of the PRC and Thailand, the exporting producers in these countries, the importers in the Union known to be concerned and the Union industry of the initiation of the investigation. Questionnaires and/or exemption request forms were made available to the producers/exporters in the PRC and Thailand, and to importers in the Union known to the Commission or which made themselves known within the deadlines specified in Article 3 of the initiating Regulation.

In accordance with Article 13(1) of the basic Regulation, in order to determine whether circumvention is taking place, the following elements should be analysed in turn:

- whether there was a change in the pattern of trade between China, Thailand and the Union,
- whether this change stems from a practice, process or work for which there is insufficient due cause or economic justification other than the imposition of the anti-dumping measures in force,
- whether there is evidence of injury or that the remedial effects of the existing anti-dumping measures are being undermined in terms of the prices and/or quantities of the product under investigation; and
- whether there is evidence of dumping in relation to the normal values previously established for the product concerned.

The investigation has not brought to light any evidence of due cause or economic justification for the importation into the Union of small rolls consigned from Thailand, other than the following to avoid payment of the anti-dumping duties currently in force. Indeed, the information provided by the applicant shows that the website of a Thai producer of small rolls explicitly mentioned the avoidance of anti-dumping duties as one of the reasons for setting up production in Thailand.

Delegated regulation (EU) 2021/1527 of the Commission

Supplementing Directive 2014/59/EU of the European Parliament and of the Council as regards regulatory technical standards concerning the contractual recognition of depreciation and conversion powers.

The reasonable period of time referred to in the third subparagraph of Article 55(2) of Directive 2014/59/EU shall be three months from the day on which the resolution authority receives the notification referred to in the first subparagraph of Article 55(2) of that Directive.

2. Where the notification referred to in the first subparagraph of Article 55(2) of Directive 2014/59/EU is incomplete, the resolution authority shall indicate to the notifying institution or company what information is missing. The period referred to in paragraph 1 of this Article shall start when all missing information has been submitted.

3. Until 6 October 2022, where the notification is complex, the resolution authority may extend the period referred to in paragraph 1 by six months.

From 7 October 2022, where the notification is complex, the resolution authority may extend the period referred to in paragraph 1 by three months.

4. The resolution authority shall inform the notifying institution or company of the extension and the reasons for the extension.

Regulation (UE) 2021/1696

Extending to the non-participating Member States the application of Regulation (EU) 2021/840 of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the Pericles IV programme).

Article 139 of the Treaty on the Functioning of the European Union provides that the measures relating to the use of the euro referred to in Article 133 thereof shall not apply to Member States with a derogation.

Exchanges of information and staff and the assistance and training measures implemented under the Pericles IV programme should, however, be uniform throughout the Union. The necessary steps should therefore be taken to ensure the same level of protection of the euro in Member States where the euro is not the official currency.

Regulation (UE) 2021/1722

Supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council as regards regulatory technical standards specifying the framework for cooperation and exchange of information between the competent authorities of home and host Member States in the context of the supervision of payment institutions and electronic money institutions providing cross-border payment service.

First of all, the subject matter and scope of application are set out. Member State of origin and host Member State in accordance with Title II of Directive (EU) 2015/2366. This Regulation shall also apply *mutatis mutandis* to the framework for cooperation and exchange of information between the competent authorities of the home and host Member States concerning the exercise of the right of establishment.

The competent authorities shall designate a single point of contact for receiving and transmitting requests for cooperation and exchange of information in accordance with Article 4. The single point of contact shall be a dedicated functional mailbox.

Requests for information and replies sent by the competent authorities to each other pursuant to this Regulation shall be in writing in a language customary in the sphere of finance or in any language of the Union accepted by the competent authorities of the home and host Member States.

No later than 20 working days following receipt of a request for cooperation or exchange of information, the requested authority shall provide the following information:

- a) all relevant information specified by the requesting authority;
- b) on its own initiative, any essential information

IX. LVMI-EUROPE MEMBERSHIP INFORMATION

LVMI-Europe's Individual Membership Program offers journalists, executives, politicians, civil servants and other individuals the opportunity to stay informed and learn about European and international politics and economics from a liberal, yet nonpartisan point of view.

→ What we offer

Stay updated ~ As private member, you will receive LVMI-Europe's extended monthly newsletter informing you about all relevant events.

Our newsletter covers the latest events organized by the institute, announcements of future events, comprises exciting articles and summarizes the most interesting conferences in Brussels. LVMI-Europe will be your window to European and international politics and economics and will provide you access to independent and liberal studies, opinions, and publications.

Be in the right place at the right time ~ As individual member, you will also be invited to all LVMI-Europe events.

Since its foundation, the institute has successfully organized a variety of conferences, dinner and lunch debates. These events provide an opportunity to share your opinions, learn more about contemporary issues, gain access to the European Parliament and to connect with a highly prestigious international network.

Moreover, the institute collaborates with a wide range of think-tanks and organizations, giving you a wider opportunity to network and contact institutes and persons relevant to your specific interests.

Stay connected through a dynamic interface ~ The institute's staff is composed of young political analysts and economists.

They are always open and willing to provide members with additional information regarding our research programs and to receive feedback. As individual member, you will have access to LVMI-Europe staff, who will update you on your topics of interest and always appreciate your proposals for future LVMI-Europe research.

→ **Individual membership (75€/year) includes:**

- Giving your support to liberalism and getting a unique chance to express your voice in Europe;
- Regular invitations to the LVMI-Europe symposia, conferences and dinner debates;
- Free access to regular LVMI conferences (In case an entrance fee is asked, members obtain a reduction);
- LVMI-Europe's monthly newsletter;
- Free access to LVMI-Europe research papers, articles and publications;
- Regular information on important events in Brussels;
- Contact our staff to provide you with information on the topics of your interests;

Membership for *students*: 10€/year (a student card should be presented)

Membership for *Alumni*: 40€ /year for two years

Corporate Membership:

→ **Bronze Membership (1.500€ p.a.) includes:**

- 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;
- Free access to the Institute's library;
- Recognition of your support in our annual report;
- Free participation in our conferences, dinner and lunch debates in the European Parliament.

→ **Silver Membership (2.500€ p.a.) includes:**

- All benefits of Bronze corporate membership +
- Free participation in our events and entitlement to invite a complimentary company to designate, partner or customer, to attend the LVMI-Europe events free of charge;
- Possibility to suggest research topics and theory 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 hyperlink to your company's homepage.

→ **Gold Membership (5.000€ p.a.) includes:**

- All benefits of Silver corporate membership +
- Your banner at the LVMI-Europe events;
- Private briefings available by a 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 and members of the board.

* *Registration forms for individual, as well as corporate memberships can be found on our website at: www.vonmisesinstitute-europe.org/membership.*

Would you like to know more information about becoming a member, donate, announce your book on our website or in the newsletter? Or for any other questions,

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