



**LVMI – EUROPE Newsletter**  
**Summer Edition 2023**

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## LVMI-EUROPE: Agenda

### Upcoming Events:

**January 2024** “The political role of the judge in the US and in Europe” (tbc)

**December 2023 (tbc)**

Event with Cercle Economique (tbc)

**November 21, 2023**

Launch of the book “The Austrian School of Economics in the 21<sup>st</sup> Century” during a round-table lunch at the Institute of Economic Affairs (IEA) in London

**October 2023 (postponed from April 25, 2023) tbc**

Launch of the book “The Austrian School of Economics in the 21<sup>st</sup> Century” in Holland House, Rue d’Arlon 20, 1050 Brussels

**September 27, 2023**

Dinner debate “Towards a new European Impetus Post-Brexit” with Professor Rudy Aernoudt

### Past Events:

**June 14, 2023**

General Assembly

**May 17, 2023**

Board Meeting

**January 7, 2023**

Publication of the book “The Austrian School of Economics in the 21<sup>st</sup> Century”

## Presidential address Summer edition 2023

An article by “Die Zeit”<sup>1</sup> referred to a statement by a MEP for the Alliance 90/The Greens, Jutta Paulus reminds us of the events in 1928 when the conservative parties did join the Nazi’s in Germany. Believing that they could control the Nazi’s they were totally wrong in their calculation as we all know.

The same happened with Trump. People around him thought, that they could advise him and temper him, but as we all know now that was a miscalculation;

So, there we are: the eternal question, who to approach, which party to co-operate with?

The remark of Ms. Paulus was in response to the voting down of a regulation proposed by the European Commission, which dealt with the renaturation of damaged areas and stricter controls in the use of pesticides, by the EPP-EP Group and ECR Group just recently. Die Zeit imputed this behaviour of Manfred Weber, leader of the conservative EPP-EP Group, to the hatred he might have developed against the European Commission and especially to Ursula von der Leyen, because she was elected to become president of the European Commission, supported by Macron, who did think Weber ‘too light’ for the function., And now he could get his victory.

According to me that is far-fetched. Ms. Paulus has good reasons to hate this decline of the regulation, because she defends other aims, like renaturation.

But Weber has other concerns. It is not hatred that drives him, it is calculation.

He has to take care that the conservatives stay intact, but more so that the EU stays intact. After all, the BBB, a Dutch party, had a huge victory in March 2023 in the elections to the Provincial Councils and became the largest party in the Netherlands. And that was the result of the whole Dutch agricultural policy and related measures.<sup>2</sup>

Right after this victory the possibility was discussed that this could also happen in Belgium. Not only that, but the possibility of a NEXIT is not unthinkable and we all know that we cannot afford that. The Netherlands is a net-payer, so we certainly cannot afford to lose that country, but more importantly of all: we have seen what BREXIT has brought about.

The EU must have learned something from BREXIT

Weber knows that we cannot afford not to listen to these election results,

The EU has grown up. It has become a political force. It has to cope with the Chinese Republic, Russia, even US. To be political can mean, that the acts are not always clean. Politics can be very dirty and calculated. It is a “Gratwanderung”, a balancing act so to speak.

The EU cannot act as a moral compass all the time. We have to compromise from time to time. If the EU wants to pursue a too straightforward and strict policy, then there will be more protests. It all reminds me of the struggle between the followers of the Leiden theologian Franciscus Gomarus (called Gomarists, counter-protesters or precisers) who believed that God had predestined whether someone would get to heaven or be doomed to hell. Man would therefore have no influence on this. However, the followers of Gomarus’ compatriot Jacobus Arminius (Arminians, remonstrants or rekkelijken) emphasized their own responsibility. Man, in their conceptions, would have free will to choose between a life of virtue or sin.

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<sup>1</sup> Die Zeit, “Zu nah?” June 7, 2023 p. 9

<sup>2</sup> BBB-BoerBurgerBeweging is a Dutch political party that aims to work for the quality of life in the countryside and for the agricultural sector.

Unfortunately, the counter-protesters won, because the stadtholder, Prince Mauritz won the battle staging a coup d'état and eliminating the Grand Pensionary Johan van Oldenbarnevelt. A very long time the "Precises" controlled the country with all the horror we can imagine.

So, to conclude: the EU has grown up and tries to keep the EU intact. Manfred Weber has exactly indicated where to keep into the bounds: it will stop for him, in case of hatred and he is of course pro-Ukraine, Pro-Rule of Law and pro-EU. That should be enough guaranty.

# Conference Report: Challenges to Democracy in Latin America: What Role for the EU?

**Venue:** Representation of the State of Hessen to the European Union

**Date:** 30 May 2023

**Hosted by:** Hanns Seidel Foundation

**Reported by:** Olivia Santini, Assistant, Ludwig Von Mises Institute – Europe

## **Welcome and introduction:**

**Friedrich von Heusinger**, Head of the Representation of the State of Hesse to the EU

**Markus Ferber**, MEP, Chairman of the Hanns Seidel Foundation; Member of the Delegation for relations with the countries of the Andean Community; Member of the Delegation to the Euro-Latin American Parliamentary Assembly

## **Moderators:**

**Jorge Sandrock**, Head of Projects, Hanns Seidel Foundation Chile

**Ken Godfrey**, Executive Director, European Partnership for Democracy (EPD)

## **Speakers:**

**Verónica Cando**, Deputy Minister of Social Inclusion, Ecuador

**H.E. Amb. Christina Kokkinakis**, Director, Values and Multilateral Relations, Deputy Managing Director, European External Action Service

**Jatzel Román**, Former Dep. Minister for Foreign Affairs (2020-22), Dominican Republic

**Marta Batres**, Former Deputy (2015-22), Legislative Assembly of El Salvador

**Mayerly Brinceño**, Advisor to the Senate and Social Leader, Columbia

**Julio Isamit**, Director of the Res Publica Institute and Former Minister of National Assets of Chile (2019-22)

**Christophe Hansen**, MEP, Member of the Delegation to the Euro-Latin American Parliamentary Assembly (DLAT) and of the Delegation for relations with the countries of the Andean Community (DAND)

Mr. Heusinger and Mr. Ferber welcomed attendees and introduced the panelists.

Mr. Sandrock began the first panel discussion “Social inclusion and migration – challenges for the stability of democracy” by explaining that there are more autocratic than democratic nations in the world today. Populism, corruption, and disinformation campaigns are rampant. Less economic growth has resulted in frustration for many Latin American countries

Mr. Sandrock discussed how Latin America is a natural ally to the EU. Representatives from a new generation are playing important roles in political and legislative areas in Latin American and Caribbean governments

Mr. Sandrock asked Mr. Romá about regional solutions to Haitian migration to the Dominican Republic. Mr. Romá replied that the parliament and judiciary were recently dissolved in Haiti, and the president was assassinated. Haiti is nearly a dissolved state. The urgent issues being addressed are the food supply, because 45% of the population suffers from hunger, and restoring peace in the country.

Haiti’s constitution is modelled after France’s. Only 18% of Haitians participate in elections. EU troops regularly intervene in Haiti to restore peace, but the interventions have not led to long-term stability. Further, 15,000 Haitians have been blocked by U.S. authorities at the U.S.-Mexican border. Wealthy Haitians are leaving and taking their wealth with them. Moreover, preemptive measures are needed from the EU and Latin America to prevent the state’s dissolution.

The panelists transitioned into a discussion about Venezuelan immigrants. Ecuador has 500,000 Venezuelan migrants, one of the biggest Venezuelan migrant populations. This has resulted in strain on resources and services in Ecuador. Ms. Cando emphasized the need for planning and programming, especially at the educational level, to keep up with demand.

The subject turned to the upcoming EU Council summit. All Latin American countries have been invited regardless of whether they are democratic. This summit will provide an opportunity to strengthen cooperation with the EU. Further, it will allow Latin American countries the opportunity to strengthen their regularization frameworks, which allow citizens access to their rights. Additionally, Ms. Cando emphasized the importance of implementing new policies in Ecuador to support mental health, especially for migrants.

The second panel “Populism and risks for the rule of law” was moderated by Mr. Godfrey, who discussed how a new strategy is needed for Latin America and the Caribbean. Both the EU and Latin America must review their partnerships. Further, the EU wants to continue to act as an investor in Latin America and hopes to partner with new countries. It has recently invested \$3.3 million in a program for health, education, and the legalization process in Latin America.

The EU and other democracies are seeking a multilateral order. The crisis caused by the Russian invasion of Ukraine has had significant ripple effects. Therefore, it is more important than ever that EU states and democratic nations stand together.

Mr. Hansen pointed out that one issue that the EU and Latin America could collaborate on is cybersecurity. Cybersecurity has become a major issue in both Latin America and the EU,

especially over recent years. Estonia has a cybersecurity center in Latin America that the EU could potentially connect with to strengthen their ties with the country.

Mr. Briceño briefly discussed the issue of organized crime in Guatemala, El Salvador, and Honduras. He emphasized the crime epidemic in El Salvador, where there is a “tradition” of civil war. Salvadorans are the third biggest migrant population in Latin America after Cubans and Venezuelans.

# Conference Report: Countering SLAPPs in the EU: Lessons learned from Poland, Hungary, and Slovenia

**Venue:** Zoom

**Date:** 30 May 2023

**Hosted by:** German Marshall Fund

**Reported by:** Olivia Santini, Assistant, Ludwig Von Mises Institute – Europe

**Moderator:** Daniel Hegedüs, Senior fellow, GMF Central Europe Programming

**Speakers:**

**Paulina Milewska**, Senior advisor at the European Center for Press and Media Freedom

**Dominika Bychawska-Siniarska**, Senior advisor at the Prague Civil Society Center

**Zselyke Csáky**, Senior fellow at the European University Institute in Florence

Mr. Hegedüs welcomed attendees and introduced the conference’s speakers. He defined SLAPPs as Strategic Lawsuits against Public Participation and explained how over the course of the past decade, they have become a standard tool used by illiberal actors to assert authoritarian rule in the EU and elsewhere. SLAPPs are used against actors involved in the independent and free media, civil society, and academia, diminishing their resources, and deterring them from engaging in critical journalism.

Mr. Hegedüs described how there is a fundamental difference in the way that SLAPPs are enacted between member states. In central European countries with authoritarian tendencies, politicians, media outlets, and companies affiliated with the incumbent party file SLAPPs to pursue their political interests. The following guiding questions for the discussion were posed: What are the experiences with the politically motivated deployment of SLAPPs in central Europe? What can we expect from the upcoming EU legislation in addressing them? What lessons are offered by other existing anti-SLAPP legal regimes like the ones in Australia, Canada, or the United States?

Ms. Milewska was asked to present the main findings of her paper, “Countering SLAPPs in Poland, Hungary, Slovenia and the rest of the EU.” The paper provides an analysis of different SLAPP cases in Poland, Hungary, and Slovenia. It also explores anti-SLAPP legislation in Australia, Canada, and the US, which inspired the EU’s anti-SLAPP proposal, as well as analysis of the proposal’s implications.

Ms. Milewska transitioned into a discussion of how SLAPPs became prevalent throughout the EU. The first research on SLAPPs was conducted in the ‘80s by two American scholars who took note of what was happening to different activists, journalists, and NGOs who were being prosecuted based on defamation of powerful individuals, companies, and politicians. They coined the acronym



SLAPPs and encouraged the first discussions on the subject, with anti-SLAPP legislation in the US, Australia, and Canada being subsequently introduced.

SLAPPs in Europe weren't discussed until a prominent investigative journalist in Malta, Daphne Galizia, was assassinated in 2017. She had about 50 open civil lawsuits against her at the time of her death, which were brought against her by various politicians and wealthy businesspeople. Alongside various advocacy organizations, her sons launched a campaign aimed at opposing SLAPPs in the EU.

Ms. Milewska discussed why she had chosen Poland, Hungary, and Slovenia for her research. In these countries, SLAPPs serve as one of many tools used to destroy the independent media. Ms. Milewska discussed one of the most well-known cases in Poland involving the newspaper *Gazeta Wyborcza*, which currently has more than 90 SLAPP cases against it, filed by prominent figures in the governing coalition.

In Hungary, there are significantly less SLAPP cases and lower political officials are the ones who typically file them. The Hungarian government generally uses different tools to suppress the independent media. *Forbes Hungary* was one of the most notorious SLAPP cases filed by a wealthy family with political connections. As a result of the lawsuit, *Forbes Hungary* was forced to withdraw its December issue.

Ms. Milewska transitioned into a discussion of anti-SLAPP legislation in the U.S., Canada, and Australia and how the EU could adopt similar policies. In the U.S., each state has their own anti-SLAPP laws with differing levels of protection for SLAPP targets, so often people and corporations “forum shop,” meaning that they choose the best place for them to sue to ensure the best chance of winning. Civil society groups in the EU argued that since cases can't be brought to other states in the EU, the EU has a responsibility to implement SLAPP legislation. Further, Canada supports SLAPP victims with an array of tools. However, it is like the U.S. in that only two provinces in Canada have their own anti-SLAPP laws.

In April 2022, the EU proposed a directive that was warmly welcomed by the Coalition Against SLAPPs in Europe. The directive proposed several measures, including the early dismissal of manifestly unfounded court proceedings. This is important because SLAPP victims suffer financially from long court proceedings. However, the word “manifestly” is problematic because its meaning is ambiguous. The proposal also includes several recommendations for member states, including awareness raising campaigns, training for legal professionals and SLAPP victims, aggregated data collected at the national level, and targets of SLAPP receiving pro-bono independent support. However, it remains unclear how the directive will look in its finalized form.

Ms. Milewska concluded her discussion with a series of her own recommendations. First, she stated that the directive should not be like the Council's proposal because it will not be as effective as it should be. Another recommendation that she made was to ensure democracy in countries like Hungary and Poland because SLAPPs cannot be fought without judicial independence and rule of law. Ms. Milewska also suggested that governments should be responsible for managing databases based on SLAPPs. Furthermore, since SLAPP cases in Hungary and Poland can be initiated based on criminal law, it must be noted that the current directive does not cover those cases.

Ms. Milewska contended that restoring “traditional independence” and rule of law in authoritarian countries must be the priority, because without them, anti-SLAPP legislation would be ineffective. Finally, she reiterated that provisions must be made regarding cross-border and criminal law cases.

Mr. Hegedüs then directed the following questions to Ms. Csáky: How do you see SLAPP related trends in a regional comparison? What are your takes on the SLAPP-related particularities in Hungary? What is the explanation for these obvious differences between Poland and Hungary when it comes to SLAPPs? Is it that simple that SLAPPs are a tool for want-to-be autocrats who are still fighting independent media but not controlling it, or are the reasons more nuanced?

Ms. Csáky noted that attacks on the media is an important topic in the EU, specifically in the countries they were discussing. According to a 2022 UNESCO report, SLAPPs in the EU have been on the rise. The directive is thus welcomed in the EU because they have been a growing concern for many European countries.

Ms. Csáky argued that the proposed directive has two positive elements, including that it has both preventative and punitive arms. Additionally, it would reduce forum shopping, making it difficult for actors to choose the country that they could initiate a SLAPP in.

Some of the directive’s weaknesses include the lack of a cross-border element, which limits the scope of the legislation. Further, harmonized implementation would be difficult because each member state has its own definition of a cross-border case.

Ms. Csáky argued that the EU must incentivize states to implement the directive’s recommendations, or to implement their own anti-SLAPP laws, because some recommendations may not be agreeable to certain member states.

The EU should provide funding for members states to hold trainings and launch awareness campaigns, otherwise local civil society and governments would have to fund these.

Ms. Csáky added that there are some states where action on this directive isn’t likely to be taken, specifically in Poland and Hungary because SLAPPs are either used by the ruling elite or businessmen to fuel their interests. In these cases, governments are not inclined to solve the issue of SLAPPs.

Ms. Csáky reiterated Ms. Milewska’s earlier point that in Hungary, SLAPPs do not serve as a primary tool for controlling the independent media due to media capture, so there isn’t a need now for government-allied actors to pursue SLAPPs.

In the past month, the Hungarian Parliament voted to partially decriminalize defamation, which has largely been gauged as a positive measure because Hungary and other European countries have long received criticism for having criminal defamation laws in place. However, some have been arguing that the Hungarian government has only taken this step because pro-government media in Hungary has lost 10 times as many cases as independent media in front of the court.

Ms. Csáky noted that SLAPPs continue to have relevance in countries like Hungary because several prominent journalists have recently been targeted by programming media as the “dollar media,” suggesting that they are traitors. She noted that this is an example of reactive legislation being problematic, claiming that the EU is “just playing catch-up.”

Ms. Csáky emphasized the importance of building up local capacities and local awareness through building capacities in the member states.

Finally, Ms Csáky contended that there is other current EU legislation that would target a wider set of issues pertaining to media, specifically the pending European Media Freedom Act, which would address issues pertaining to media ownership, transparency, and pluralism. Many of Hungary’s media-related issues would better solved through the European Freedom Act.

Mr. Hegedüs asked Ms. Bychawska-Siniarska that, given that she has been working with freedom of expression and freedom of media for over a decade, how do the conclusions of Ms. Milewska’s research and Ms. Csáky’s recommendations resonate with her own experience in this field? When it comes to resilience building and SLAPP cases it is surprising how the ECHR is appearing as a potential safety net?

Ms. Bychawska-Siniarska stated that as far as legal environments, Poland has a lot of criminal responsibility. Criminal defamation, blasphemy, and defaming symbol laws have been exploited to silence activists. The state, its agencies, cooperating organizations, and regulating bodies use SLAPPs to “chill” the media. The Broadcasting Council has recently imposed a fine on broadcasters critical of the state and Christian values, which has been supported by state legislation.

Ms. Bychawska-Siniarska explained how Poland’s major journalistic associations came together to campaign against defamation. Following this campaign, the statistics of SLAPP use in Poland decreased by 50%. Moreover, Ms. Bychawska-Siniarska strongly believes in the power of organizing against SLAPPs.

The ECHR has been highly critical of Poland’s defamation laws. It has outlined a series of standards that should be applied by member state courts. The deteriorating independence of the courts has resulted in refusal by many courts to enforce these standards.

Ms. Bychawska-Siniarska emphasized the need to educate lawyers on SLAPPs and provide legal aid to all SLAPP targets. She reiterated her point about the powerful effects of solidarity actions.

Ms. Bychawska-Siniarska recommended that civil society and activists in Poland come together to advocate for legal changes without waiting for the directive. She also suggested that training lawyers at the local level should be prioritized because activists at the local level are often the ones without support or sufficient resources to combat SLAPPs.

Ms. Bychawska-Siniarska recalled her conversations with local journalists about the possibility of forming an organization supporting SLAPP victims that would provide legal support and funds.

In some cases, the threat of this organization was enough to prevent local governments from pursuing SLAPPs against journalists.

Mr. Hegedüs posed the question of how the donor community can best aid SLAPP targets. Ms. Milewska then discussed how there are different types of support for countering SLAPPs catered to the needs of different groups. For groups operating at the national level, SLAPPs remain burdensome despite often having in-site lawyers. Financial support is often still needed. For smaller media, finding an organization that would take their case would be the best route. For freelancers, both legal, financial, and psychological aid is typically needed.

Ms. Csáky suggested that that cross-border donor support is a powerful tool because different states have different experiences with SLAPPs.

Ms. Bychawska-Siniarska believes that donors need to start investing in non-strategic cases. The main goal is to train lawyers and convince courts to apply ECHR standards.

Ms. Milewska gave the final recommendation for donors that they should support advocacy campaigns.

Mr. Hegedüs asked whether insurance could offer protection against SLAPPs and whether the panelists saw any opportunity for judges to enact change.

Ms. Bychawska-Siniarska replied that donors should invest in both attorneys and judges in capacity-building efforts. She added that she knows of many organizations in Poland that have supported these efforts in the past and could be willing to resume them.

Ms. Csáky added that even though the SLAPP directive may be “watered down” in countries like Poland and Hungary, it will still serve as a helpful tool.

Mr. Hegedüs thanked the panelists for their participation and thanked attendees for joining.

## **Conference: Digitalisation and efficiency: can the Gigabit Infrastructure Act put Germany on the fast track?**

**Venue:** Representation of the State of Hessen to the European Union

**Date:** 1 June 2023

**Hosted by:** Verband für Telekommunikation und Mehrwertdienste (VATM) and the Representation of the State of Hessen to the European Union

**Reported by:** Olivia Santini, Assistant, Ludwig Von Mises Institute – Europe

**Welcome and impulse:** **Prof. Dr. Kristina Sinemus**, Minister for Digital Strategy and Development in Hesse

**Keynote speaker:** **Mr. Jürgen Grützner**, Managing Director at VATM

**Speakers:**

**Alexander Schweitzer**, Minister of Labour, Social Affairs, Transformation, and Digitalisation of the State of Rhineland-Palatinate

**Christian Sommer**, Chief Legal Officer of Vantage Towers

**Renate Nikolay**, Deputy Director-General at the European Commission

**Prof. Dr. Kristina Sinemus**, Minister for Digital Strategy and Development in Hesse

**David Zimmer**, CEO, Inexio

Prof. Dr. Sinemus welcomed all participants and introduced the topic of the conference, the Gigabyte Infrastructure Act. The keynote speaker Mr. Jürgen Grützner introduced the five speakers present.

Mr. Grützner discussed how the EU has agreed upon its digitalization goals, and that the question that remains is how to get there. He emphasized that a lot of progress has already been made in Germany and across the EU, but that there is still more work to be done.

Mr. Zimmer then pointed out that for the first time in Germany, digitalized administrative procedures are functioning quickly. However, more of the toolkit needs to be developed. The platform must continue to allow for the acceleration of procedures. Furthermore, Mr. Zimmer discussed how there should be continued development of every type of software.

Ms. Nikolay reiterated that the EU has the shared goal of having a functioning gigabyte network accessible to every citizen by 2030. If the EU does not accelerate its progress, this goal won't be met by 2030. Bureaucracy is one barrier that remains in the way of acceleration, as well as questions not explicitly addressed in the directive. Additionally, Ms. Nikolay contended that a directive would be too slow because transposing it into member state law is such a lengthy process. Thus, regulation is needed. She also touched on resiliency being a key topic that is part of ensuring economic and connectivity security, and that this subject will be of high priority at the next

European summit. Finally, Ms. Nikolay emphasized how the GIA is only one part of the much bigger digitalization picture in the EU.

Mr. Sommer then introduced his company, Vantage Towers, which is three years old and already active in ten member states. It is a passive infrastructure company that has 83,000 towers throughout Europe. He believes that the GIA is progressing in the right direction overall and that the acceleration of procedural processes needs to continue to be prioritized. He remarked that his sector is already doing a lot of what the GIA is proposing in terms of looking for new, innovative solutions. Mr. Sommer expressed worry that other countries are a lot further in their digitalization process than Germany, and that the “one size fits all” approach that the Commission has been favoring may not be feasible for countries in the early stages of the process.

The question of whether a directive or regulation is a better fit for the legislation was raised, and Ms. Nikolay responded that regulations could allow room for national specificities. She contended that regulations are not as “black and white” as many perceive them to be. Ms. Nikolay argued that the goal of digitalization is important for all the member states, and that the extra “push” of a regulation would ensure that this goal could be realized.

Prof. Dr. Sinemus added that if the regulation is feasibly implementable, everyone can reach an agreement. She contended that the conditions of legislation aren’t agreeable to all parties now. Further, she agreed with the Commission’s route of regulation. Prof. Dr. Sinemus then posed the question that, given that many think the EU is going towards symmetrical regulation, what does this mean for investors?

Mr. Zimmer replied that symmetrical rules in an asymmetrical market often result in one company becoming a monopoly. He hypothesized that the resulting planning insecurity would block progress because investments aren’t promising. Mr. Zimmer emphasized the need for what he termed “an even playing field” in the German market.

Ms. Nikolay reiterated that the GIA is only one part of the picture. There are many positive signals for potential investors, such as Germany’s digital strategies. Additionally, she discussed how we are amidst a digital transition wherein traditional roles are being challenged. Ms. Nikolay emphasized how a lot is changing which goes well beyond the GIA. This disruptive digital transition will result in evolving business models, so investors will need security that can be provided to them via new regulations.

Mr. Schweitzer added that there has already been some conflict between different infrastructure and telecommunication providers over different municipalities. He also posed the question of public versus private expansion and discussed how in his state, it often takes a long time until a company agrees to expand, which has left some residents without access to the gigabyte infrastructure.

Mr. Sommer added that in his sector, many companies didn’t wait for the GIA to pursue innovative strategies and numerous achievements have already been made. Furthermore, Mr. Sommer contended that these advancements need to be considered in the regulation.



Ms. Nikolay then discussed how these worries must be addressed in the regulation and how the Commission needs to consider how to deal with specific situations in member states without losing sight of the goal.

Mr. Sommer received a question about barriers to the success of his sector, to which he responded that he sees the developing market as successfully functioning but able to be improved. Further, he perceives major risks for his company because it must plan decades in advance, and he emphasized the need for security of planning. Additionally, Mr. Sommer noted that Vantage Towers works with 100,000 landowners who own the property on which their towers are located and that measures such as regulated prices would de-incentivize companies from choosing sites based on their prime connectivity and instead force them to choose less ideal, cheaper sites. Moreover, Mr. Sommer contended that less regulations are needed, not more. He agreed with the need for nuance within these regulations but emphasized that they should only target areas where things are not already functioning. Although he claimed that a directive would be effective in that it could better accommodate local specificities, he said he was also open to a regulation that allows for some flexibility.

Ms. Nikolay reiterated that she did not have any major concerns with the proposal and that the Commission had made “good first contact” on the subject.

Prof. Dr. Sinemus added that given the current digital transformation, there are several regulatory systems that need to be rethought which require new, innovative policies. She emphasized the need for “living, breathing” regulation systems that allow for a certain flexibility and pointed to the EU’s AI regulation as a good example.

Mr. Zimmer made his concluding remarks, comparing regulation to “throwing a stone into the water.” He said that companies will have to make their way around it, and that the question is how much energy it will take to do so. Furthermore, he contended that regulations can sometimes lead to blockages and slow water flow. Finally, Mr. Zimmer remarked that the EU shouldn’t delay by attempting to make perfect regulations before setting the digitalization plan into motion.

## **Conference Report: The Great European Monetary Policy Debate – How to protect the purchasing power of money?**

**Venue:** European Parliament

**Date:** 7 June 2023

**Hosted by:** MEP Johan Van Overtveldt (N-VA, ECR), in partnership with Alumni for Liberty, BrusselsReport.eu, Cobden Centre, and the Tholos Foundation

**Reported by:** Olivia Santini, Assistant, Ludwig Von Mises Institute – Europe

**Moderator:** Mr. Pieter Cleppe, Editor-in-chief, BrusselsReport.eu

**Speakers:**

**Mr. Johan Van Overtveldt** MEP (ECR – N-VA), former Belgian Finance Minister and Chair of the EP Committee on Budgets

**Dr. Barbara Kolm**, Vice President of the Austrian Central Bank and Director of the Austrian Economics Center

**Mr. Jorge Jraissati**, Director of Alumni For Liberty and Venezuelan economist focused on international development

**Mr. Max Rangeley**, Editor of The Cobden Centre, a UK think tank promoting honest money

Mr. Cleppe welcomed participants and introduced the speakers. He posed the following questions: To what extent are central banks responsible for inflation? How are they fighting inflation?

Mr. Overtveldt responded that central banks were too late to recognize the issue of inflation. Initially, he said, rising inflation had nothing to do with Russia's invasion of Ukraine or gas prices. Central banks were taking for granted that what they said about inflation would follow.

Mr. Overtveldt discussed how he had met Paul Volker, the chairman of the federal reserve, in 2016, and he had warned him that inflation would come back. He said that we can never fight inflation without real interest rates. Mr. Overtveldt added that the European Central Bank is far from having real interest rates and that if they don't raise rates up to the inflation rate, inflation will not be conquered.

Mr. Overtveldt pointed out that there was a massive difference in interest rates from 2021 to 2022. He suggested that the 2% inflation target needs to be thrown out and that we must stop solely relying on the consumer monetary index. He concluded that the EU must have a balanced view on the state of monetary policy.

Dr. Kolm contended that monetary and fiscal policy should not have been kept separate and independent. The issue of inflation can only be solved with close collaboration between the two. Dr. Kolm added that the real interest rate is below 0 in Europe today and that this explains the decline of real rates and the slowdown of productivity.

Dr. Kolm argued that we can generate growth again by examining the global factors affecting interest rates. For instance, we saw the first sparks of inflation after the announcement of the Green



Deal in 2018. Lockdowns were another source of inflation because supply and demand were disrupted, causing distorted prices. The war in Ukraine has created an external shock resulting in more inflation. Ms. Kohn suggested that we could get back to the normalization of monetary policy by raising interest rates.

Dr. Kolm argued that the EU should have started raising interest rates in 2016. This was not done because the EU needed to bail out states in the south.

The low interest rates have provided additional liquidity with unique conditions for banks which changed their business operations and models over the course of the past fifteen years. These models will have to be redesigned as interest rates rise.

Finally, Dr. Kolm emphasized that inflation can only be targeted through raising interest rates.

Mr. Jraissati discussed how politics have shaped monetary policy in Venezuela. He discussed how Venezuelans don't have the luxury or institutional platforms to debate monetary policy.

Mr. Jraissati argued that inflation is a political problem. There is a two-way relationship between political stability and economic performance, with a lack of harmony resulting in populism. For example, Hugo Chavez was elected democratically and imposed monetary policies to finance his elaborate plans. This resulted in the dismantling of democracy.

Politicians blame corporate greed and businesspeople from problems they create. Mr. Jraissati emphasized the need to challenge the narrative that businesspeople create inflation.

Mr. Jraissati discussed how inflation also needs to be seen from a moral perspective. We need institutions that protect people's wealth.

He then recommended monetary and fiscal measures to improve the inflation rate. He endorsed the 2% maximum inflation rate and argued that loans should be used to improve structural aspects of the economy instead of funding short-term spending.

Mr. Jraissati emphasized the need for productivity growth in Europe. He noted that total factor productivity is almost stagnant. Further, he argued that the EU needs to mitigate inequality of productivity and focus on economic inclusion. Policies should be implemented that allow everyone to access good jobs. Additionally, structural transformation should be incentivized in the EU. Mr. Jraissati believes that the EU has the capacity for growth but there are regulations and policies that are blocking it.

Mr. Jraissati discussed how we are living in a different era of geopolitics. Therefore, the new economy that the EU must design needs to have an element of resilience. One way to build resilience is to mitigate the leverage that China has in the region. Further, Mr. Jraissati emphasized the importance of democracies protecting one another from economic attacks.

The EU should continue decoupling from the Russian and Venezuelan economies. Dictators such as Putin have recently been emboldened, and thus Mr. Jraissati believes that the EU must have a strong economy to fight his influence.

Finally, Mr. Jraissati discussed how EU states should not subsidize consumption to the point of destroying the economy. Being from Venezuela, Mr. Jraissati has seen firsthand how people's lives are destroyed when they leave a country devastated by hyperinflation.

Mr. Rangely began by discussing how inflation is only the tip of the iceberg in terms of the current economic crisis. The recent series of bank failures and the blowing up of the UK's pension system are evidence of this. These are the predictable consequences of 0% interest rates.

Mr. Rangely discussed how there has been a historically unprecedented buildup of economic risk and debt that has taken place since the 1980s. Central banks have gotten out of recessions by creating inflation bubbles. This 40-year period of buildup is unprecedented.

Mr. Rangely then transitioned into a discussion of how money is created in today's modern economy. Banks create loans by making money out of thin air, they do not lend out savers' money. There are ethical considerations that come with this system. For example, if you need a loan of £500,000 and you spend years paying your mortgage but are suddenly unable to make a payment, your house is taken away.

From a macroeconomic lens, when people pay off or default on debt, money is destroyed. This is a pro-cyclical monetary system. There are feedback systems that occur during booms and busts.

Mr. Rangely then discussed key economic thinker Friedrich von Hayek. One of his main ideas was that interest rates are a critical pricing mechanism. When central banks set interest rates low, there are distortions in the economy. Mr. Rangely commented that inflation is not something that has just happened over the past five or ten years. Banks around the world have set interest rates lower during recessions, creating debt bubbles. For example, the housing bubble burst in 2008, after years of 0% interest rates.

There was 100 trillion dollars of aggregate global debt in 2008, which is now 300 trillion.

Mr. Rangely concluded his discussion by reviewing his key points. First, bankers create new money when they make loans. According to Hayek, interest rates are a core pricing mechanism just as important as the price of food and other necessities. Finally, when new money is created, the beneficiaries are the people who receive that money first.

Dr. Kolm reiterated the importance of making sure fiscal and monetary policy go hand and hand to prevent overspending.

Mr. Jraissati echoed this claim, adding that the central bank needs to follow what fiscal policy is trying to do. Fiscal responsibility is needed, and the current level of government debt and deficits are unacceptable. He then argued for a Keynesian approach, raising interest rates, and ensuring fiscal stability.

The panelists were asked a question from the audience about whether growth needs to be controlled to prevent environmental degradation. Mr. Rangeley replied that economic prosperity means environmental prosperity. Mr. Jraissati added that without growth, there is no prosperity. Growth needs to be channeled in ways that benefit the most people possible.

Dr. Kolm concluded by discussing how competition on a national level should be more encouraged. Further, the EU can aim higher to achieve its economic goals and the time to act is now.

## **European Union Legislation**

[Commission Implementing Regulation \(EU\) 2023/914](#)

:as part of its initiative to further simplify EU merger control procedures, the Commission has repealed the Consolidated version of the Commission Regulation (EC) No 802/2004 of 21 April 2004 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings as amended by Commission Implementing Regulation (EU) No 1269/2013 of 5 December 2013, and adopted on 20 April 2023 its replacement, Commission Implementing Regulation (EU) 2023/914.

Regulation (EU) 2023/1077 of the European Parliament and of the Council

:on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part

Regulation (EU) 2023/988 of the European Parliament and of the Council

:on general product safety, amending Regulation (EU) No 1025/2012 of the European Parliament and of the Council and Directive (EU) 2023/1828 of the European Parliament and the Council, and repealing Directive 2001/95/EC of the European Parliament and of the Council and Council Directive 87/357/EEC

Regulation (EU) 2023/977 of the European Parliament and of the Council

:on the exchange of information between the law enforcement authorities of Member States and repealing Council Framework Decision 2006/960/JHA

Regulation (EU) 2023/969 of the European Parliament and of the Council

:establishing a collaboration platform to support the functioning of joint investigation teams and amending Regulation (EU) 2018/1726

Directive (EU) 2023/970 of the European Parliament and of the Council

:to strengthen the application of the principle of equal pay for equal work of equal value between men and women through pay transparency and enforcement mechanisms

Regulation (EU) 2023/955 of the European Parliament and of the Council

:establishing a Social Climate Fund and amending Regulation (EU) 2021/1060

Regulation (EU) 2023/988 of the European Parliament and of the Council

:on general product safety, amending Regulation (EU) No 1025/2012 of the European Parliament and of the Council and Directive (EU) 2020/1828 of the European Parliament and the Council, and repealing Directive 2001/95/EC of the European Parliament and of the Council and Council Directive 87/357/EEC

Europolis - Press release 24-4-2023

## **Plaintiff group Europolis requests the German Constitutional Court to rule on the complaint against PEPP**

The attorney in charge of the constitutional complaint against the PEPP, Professor Kerber, addressed a writ to the Karlsruhe Court to underline the obsolescence of the Pandemic Emergency Purchase Programme (PEPP) in times of galloping inflation and stressed the need for a quick ruling:

„In view of inadequately high money aggregate M3 the total reinvestment of all redeeming sums of 1,8 trillion PEPP is incompatible with the inflationary dynamics. The Court could give the Bundesbank a recommendation to stop reinvesting whilst the money aggregate is still too high.“

According to the Europolis-plaintiff group the current features of EMU with galloping inflation, unsustainable public debt and an inadequately high money aggregate are incompatible with the prerequisites of the German consent to the Euro decided in 1993 by the Constitutional Court in its Maastricht ruling. Under such circumstances the Maastricht ruling obliges the German government to seek an exit from EMU.

Kerber: „ In view of the current disorder Germany’s exit from EMU is not only an option but has become a constitutional obligation.“

However the German government prefers political silence.

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