

A proper answer to Mario Draghi's report

I have to agree

with Mario Draghi's assessment of the situation: the EU is increasingly lagging behind in almost all economic sectors. The fact that we have become more and more weightless in the tech sector, and that our once famous car industry is now fading into insignificance, all mean that **we built the EU economy under fundamentally flawed rules !**

I think it's wrong

Draghi's proposal to pour €800 billion into the EU economy. The utilization of this huge amount is at least doubtful: according to my experience so far, the billions allocated to research and development and innovation have been used very poorly: this is especially the case with micro and medium-sized enterprises. Furthermore, if we see the fact that the EU's economy and the regulation of the economy function incorrectly and are out of date, we can easily see that no matter how much support we pour into this faulty structure, the structure will still remain faulty and there will be no breakthrough in competitiveness!

These times require historic action and we must break down many taboos in order to regain our competitiveness, stop the fall in our living standards and live safely!

General Policy:

Instead of supporting the structure that made the EU lose its competitiveness, we must destroy it and build a new one instead!

Once we have found this new structure, let us provide financial resources only then.

As Lajos Kassák said: "**Destroy in order to build and build in order to win!**"

NEW PRINCIPLES

the new principles I propose :

"Tech doesn't work in old age"

Having experienced the poor performance of Europe in the tech sectors (only 4 of the top 50 tech companies in the world are European!) we need to introduce a new principle:

In dynamically developing sectors (tech, automotive industry, robotics, industry 4.0, AI, IT), it is necessary to encourage the company leader to be a person younger than 40 years old, unless the founder himself remains the leader (as we saw in the case of Steve Jobs or Elon Musk). . The continuous closure and stiffening of the personality in these industrial sectors requires that there are always young leaders with a fresh outlook at the head of the companies.

If anyone doubts that this can be a real solution to our problems, then just remember the rise of NOKIA (it went from being the world's leading brand to almost nothing, simply because narrow-minded executives thought that the preference in the customer decision was battery life and not experience provided by Apple). We can also see the rise of solar panel production in Europe, and then its complete destruction. We no longer even remember the world-renowned Eastern European bus production, instrument industry, and light industry.

Our very first response to falling behind must therefore be to rejuvenate the company's management. A refreshing exception is when the founder himself remains at the head of the company.

Second principle:

"You can't win a horse race with a lame horse"

The 2024 US presidential election campaign pointed out that too old people should not be allowed near power. Their insight is narrowed, they cling to power convulsively, their thinking is outdated. Europe needs young leaders!

The second basic principle is that **in the EU bodies (EU Council, Parliament, committee leaders, all MEPs) no one over the age of 60 can run for office and must resign from office at the age of 64.**

All this does not mean that wisdom and experience should not be valued: on the contrary! It should be possible for anyone of any age to play a role as a consultant, but this is no longer imaginable as a decision-making authority.

This regulation obviously hurts many people: but let's look at how ineffective the economic policy, the transition to green energy, the population policy, and more could be listed. The only truly significant historical achievement of the outgoing generations was the creation of the EU.

Third and Fourth Principles:

"Don't keep water in buckets with holes"

We cannot sacrifice our competitiveness and safety because of the forced green transition!

Today, energy prices in the EU have become so high that energy-intensive manufacturing activities practically cease. What we do is not competitive on the world market either, because it is expensive.

It is necessary to make it green, but in such a way that competitiveness remains!

Why hasn't this been done so far?

Because the whole strategy was thoughtless!

With the means at our disposal, it is not possible to carry out the green transition without maintaining competitiveness! As long as India and China burn cheap coal, we in the EU will never be competitive.

What is the solution? How to untie the Gordian knot?

There has been no new technology in the energy industry for 70 years, but only efficiency is improving. **With the available technologies, it is not possible to carry out the green transition while maintaining competitiveness!**

We must devote our resources to basic research: we must discover new, cheap, significant, sustainable energy sources!

At the same time, the practice of sharing our scientific results with competitor China, where they then use them, must be stopped immediately. Conversely, what kind of knowledge transfer is there? If we want our knowledge to remain valuable, we should only share it in an extremely closed way, only with our closest partners! The sale of knowledge must be strictly prevented! Scientific researchers trained in the EU must be held in the highest esteem both morally and financially, but they must be strictly limited so that they continue their research work outside the EU and thus, in the end, do not enrich the EU by defying the rules.

Let's look at an example: there are 8 Hungarian Nobel Prize-winning scientists, and another 7 who have Hungarian ancestry but were already born abroad. Almost all of these geniuses lived and did research in the USA. None of them stayed in Hungary! This is how Europe loses its best.

The EU does not have particularly significant natural resources, so our knowledge can be the greatest asset!

Fifth principle:

"There is no need for population growth, on the contrary"

"The EU is entering the first phase in its recent history when growth is not supported by population growth. " (Draghi)

This process can be positive if we take advantage of the opportunities that open up in this way: it becomes possible to provide better quality health care, produce better quality food and, in general, quality can replace quantity.

The lost physical workforce can be replaced with robots, automation and generally increasing efficiency. And the lost intellectual workforce with the help of AI. These two economic areas must be significantly focused on.

Both areas can represent a new basis not only for the economy, but also for the defense industry. The concentration of the fragmented European industry is necessary, which also frees up labor that can be transferred to other areas.

The Sixth Two Principles:

"Your business is always unprofitable. What does he live on? - I'm closed on Saturdays!"

Businesses that are permanently unprofitable or operate in areas that are taxed only a little, but are not of critical importance, must be terminated - even by administrative means. The manpower freed up in this way must be directed to competitive companies.

The large companies and institutions that have become a barrier to development must be re-created. What is not useful enough is harmful.

Seventh principle

"Corruption is an eternal shame"

The development of the EU is hampered by pervasive corruption. The penalty for corruption must be increased, corrupt persons are obliged to pay back double the benefit they received from corruption and can never hold political or public office in their lifetime, they lose their right to vote forever and cannot hold any leadership position, they cannot own any economic enterprise either directly or indirectly. Their standard of living must be kept within a framework that corresponds to the current minimum wage.

Eighth principle

"You shake your hand in vain, it doesn't make your wings grow"

Draghi's proposal is to inject even more cash into the ailing EU economy (€800 billion) and this will increase competitiveness.

In my experience, it won't work that way, or if it does, all that money will result in very little improvement in competitiveness.

Why is this so?

The R+D(+I) applications and grants are scattered. Support goes to countless small projects, and a significant number of them do not result in any improvement in competitiveness that can be interpreted at the EU level. Most businesses apply for development funds because this money means direct income for them. They formally carry out an R+D+I project, but in reality the only goal is to get a secure income for the duration of the project. (High, secure salaries, little controlled expenses).

We only grant support to those large-format R+D+I projects that guarantee a real, measurable result. The password is industrial concentration, industrial focus.

Don't disburse smaller amounts of the funds intended for support, stop these programs immediately!

The EU's economy and economic legislation and management are structurally flawed. If we pour money into this, we will only postpone the collapse of the structure and in the end the decline will be even greater!

How do we make the EU competitive?

Selection reduction:

Parallel developments are taking place at the manufacturers, with very few results.

As an example: Automotive manufacturers typically produce too many size variations of practically the same car. That's why they're expensive, not because they're particularly good. (In contrast, Tesla captures the market with just a few models.)

The most effective way to increase efficiency is to limit the number of manufactured products: there should be fewer product types, fewer brands, but all this cheaper, better, and more efficiently.

Good examples are Ryanair, Wizzair, Jet2 and similar low-cost airlines: thanks to their increased efficiency, all EU citizens can now travel freely. This would have been unthinkable 30 years ago! What was the recipe? To reduce services, simplify everything and be cheap. Respond quickly to changes.

Let's put small and medium-sized enterprises in a position to:

We will put micro and medium-sized enterprises in a different position than before: support digitization, e.g. by providing software licenses free of charge, digital training, and establishing joint procurement and sales platforms. For the values created through innovations, there is a significant tax discount and, in a predictable manner, capital or loan benefits. Boosting venture capital funds and at the same time leading these funds to the stock exchanges. Reduction of the loan assessment period of EBRD and other large banks to 6 months. Creation of a single EU stock exchange. Creating a single EU capital market that is easy to access.

Ninth principle

We need strong, efficient companies

How to establish industries or create new ones?

Let's look at a concrete example:

The EU was a pioneer in solar panel production. In the 1990s, German companies were world leaders in both production and research and development.

Today, production has practically ceased throughout the EU.

What is the current response? We give €100 million per country in non-reimbursable support to dying factories to get them back on their feet. It won't work because China has created such concentrated 100 GW capacities that a 1-2 GW factory cannot compete with!

What is the solution?

Companies that are going out of business or have already closed down must be channeled into an industry concern/cluster. We create companies that use the available capacity of the EU.

Furthermore, with a significant investment, we create the entire value chain in the same concern: in the production of solar panels, for example, from energy production (here either water or nuclear

only comes into question due to the 0-24 hour production), from silicon production to wafer and cell production to the finished product.

At the same time, we have to protect the market.

So the answer is industry concentration.

Tenth principle

Former greatness is no guarantee for the future.

New players have entered the world market who play by different rules. We can stick to our old rules, but then we lose the race!

(Consider that when we created the rules in response to a given economic and social situation, at that time our rules were modern and fresh. Since then the world has changed, our rules must change too!)

We become obsolete and losers if we don't renew ourselves before it's too late!

We have little time, only a few years, to implement all these reforms.

If we don't move, the world will move beyond us! It would be a shame if we had to lie to our grandchildren and say that we did everything. Because that wouldn't be true.

Fortunately, we are only at the last minute, but not past the last minute. When will it come? We will notice! We are better off taking the easy way out, which means immediate comprehensive reform.

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