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European Elections Show The Mistakes Of Interventionism



The current European election polls show the growing discontent of citizens with the bureaucratic and interventionist economic policies of the European Union.

It is not just the disastrous result of the ideological and antisocial use of Agenda 2030; it is not only because of political shortcomings in energy, industry, farming, and agriculture. Nor is it solely due to the disastrous fiscal policies implemented by EU members.

What really matters is that if we want to defend the European project, we must reverse the misguided interventionist policies, or we will condemn our old Europe to be the museum of the world.

The data **published** by Eurostat on household electricity bills is very worrying. The price of electricity for households is competitive only in Kosovo, Bosnia and Herzegovina, Georgia, Montenegro, and Turkey, and most are not even members of the European Union.

Increased regulated costs and taxes burden electricity prices, resulting in a huge loss of competitiveness.

Electricity prices for industry in Germany are approximately 80% higher than in the United States and 200% higher than in China, according to a study by the Charles Stanley Group and the IEA.

Although the rise of renewable generation and the sharp decline in natural gas prices to pre-Ukrainian war levels have allowed most pool prices to fall rapidly, the total electricity bill remains extremely elevated in all EU countries, according to Eurostat, due to the combination of high regulated costs and chained taxes.

Regulatory and bureaucratic barriers

The EU should be leveraging its potential in renewables, natural gas, hydrogen, lithium mining, and other metals essential for the energy transition. However, regulatory and

bureaucratic barriers continue to burden investment, especially in distribution.

The failure of the bureaucratically implemented Next Generation Fund must not be forgotten. The euro area is in economic stagnation despite declining natural gas prices and the largest fiscal stimulus plan in decades. It is shocking to read that the main beneficiaries of these funds have been state-owned enterprises and public administrations.

The EU GDP gap with the United States has only increased with an alarming acceleration in administrative hurdles and rising taxes

As far as employment is concerned, the EU unemployment rate is 6.0%, almost double that of the United States, and there are still thousands of furloughed jobs, disguising the real jobless rate.

The EU GDP gap with the United States has only increased with an alarming acceleration in administrative hurdles and rising taxes. The average productivity gap with the United States stands at 18%, according to Bloomberg Economics.

What has happened and how can it change?

A suffocating system

Ideologists have taken the harmless goals of the so-called Agenda 2030 and created a suffocating system in which it is increasingly difficult to invest as we should and could.

Taxation is confiscatory in most countries; regulation is absurd, bureaucratic, and obstructive; and it achieves the opposite of what it pretends to protect.

Instead of learning from the collective mistakes, it seems that the EU members are running a race to see who is faster at copying the French model of stagnation and bloated

government spending.

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Not all is negative. Despite the barriers to trade and growth, European businesses are competitive and have proven to manage the cycles admirably. In all measures of competitiveness, large European companies rank higher than most US and Chinese ones.

The banking sector has also strengthened despite the headwind of negative nominal rates for years. The financial and business communities have proven to be innovative, adaptable, and competitive. The EU just needs to reduce the regulatory and tax burdens.

Read the warning signs

It is not a question of eliminating the policies that EU member nations share. What the EU must do is read the warning signs of discontent and ease the bureaucratic limitations and excruciating tax wedge.

Europe needs to abandon a misguided energy and climate ideology and remember that there is no successful energy transition if it is not competitive.

Energy needs to be abundant and affordable. Environmental restrictions cannot be constructed under the “not in my backyard” principle while destroying competitiveness and growth and subsidising other countries to pollute for us.



A short-sighted and interventionist view of environmental objectives has led to the destruction of growth potential and increased external dependence - Daniel Lacalle

The loss of industry is a real concern. No economy thrives by singing songs around a campfire and penalising its industrial leaders.

Europe has all the ingredients to grow and thrive in technology, industry, farming, agriculture, and energy. However, a short-sighted and interventionist view of environmental objectives has led to the destruction of growth potential and increased external dependence.

Additionally, confiscatory taxation has led the EU to be completely absent from the technological race, becoming a mere distributor of Chinese and American innovation.

The EU boasts of reducing CO2 emissions because it does not grow, while other economies are reducing their emissions faster and slashing the energy intensity of growth without penalising their growth and capacity for development.

The issue is that ideological activists remain unwavering in their beliefs, and when their policies fail, they consistently resort to repressing citizens. When faced with a mistake, they tend to double down.

In these elections, EU citizens are sending a warning sign. Enough is enough. If major parties ignore these signs, populism and extremists will end up destroying a project that is worth defending and only needs to remember that it must strengthen through

competition, technology, and innovation.
Bureaucracy and high taxes will only make the
EU weaker.