



Guten Morgen!

- 1 Wake up and get a feeling for what was in the minds of public-affairs-insiders in Berlin when they woke up while you were still asleep.
- 2 Get a bit of solid intel with a bold spin that no newsletter-journalist would dare to give and ...
- 3 No matter whether that spin was dull or genius: Be inspired for your business overseas after reading this.

PA experts in the US inspired us, for there are major changes in the EU during the crisis that require to be assessed by some PA specialists on the EU/Berlin-site. So, until June that's what we're gonna do. We'll plan to publish every Saturday morning. But we are just human and might have one drink too many on Friday evening. In any case, ping us if you need to know more before others do.

Anna

Christian

FIRST, SOME SOLID INTEL:

Did the German Constitutional Court just sentence the whole EU to economic failure?

The Federal Constitution Court in Germany decided, that whenever the German Central Bank (GCB) wants to participate in the European Central Bank's (ECB) PSSP program (the program, where the ECB takes a hell of a lot of money to buy government bonds on the secondary market for interest rate stabilization), the German Parliament can ask the ECB to prove the proportionality of this. If it succeeds, then the GCB is free to continue participating.

The FCC cannot rule over the ECB (as the ECB is an EU-Institution, only the European Court of Justice can), but it can rule over the GCB, and that's what it has done. Now, just as with moms and their kids, the German Parliament can tell the GCB: "If ECB can prove they are doing the right thing, you can still play with them." And most experts expect exactly this to happen.

In their opinion the FCC stated that the current practice would display an exceedance of competence level in the regular power structure. And we expect the following discussions to focus on a definition of "exceedance".

Opposed to what you might have read, in our view this decision will rather have political consequences than crashing the eurozone (see next article for more). After all, the German court ruled that the EU (read: one of it's institutions) overstepped its competences. And that stings.



Leak explains the EU-recovery plan

This week, we got a peek at a leaked EU Commission paper (author: unknown) about a possible recovery plan. Its priorities of digitalization and climate protection show a unique ambition. All measures in this paper follow the logic: Everyone should get help, but those who even in this situation invest in our common future, should definitely get more help. There are A LOT of ideas for promoting energy efficiency in building industry, renewable energy supply, digital solutions, cyber-security and, and, and....

Big question though: The financial side. Especially after the court ruling in Germany, the proposed financing instruments are under scrutiny and the political implications of the first ultra-vires-ruling might be explosive. And now considerations of an extended EU budget or "non-conventional" finance instruments like EU-issued Recovery Bonds will be rendered way more complicated. Which might be the biggest impact of this ruling.

Reach out if you would like a detailed summary of the paper.

Further loosening of restrictions in Germany

After listening to our favorite US-podcast (PIVOT!) and reading some US-news in recent weeks, we can't help but add some comments to the praises of German crisis management. Yes, we have lower infection rates, and yes, we have further loosened restrictions and have even allowed for soccer games, but the discussions here are far more complex. While in the first weeks Chancellor Angela Merkel had a firm grip on things, and a whole nation behind her, the situation has changed. Our 16 Prime Ministers of the States seem to have realized that ultimately, they are the ones with executive power in lockdown questions, and they decided to use that in a rather uncoordinated way. One loosened the restrictions a bit, while the other did not want to stand behind the decision, and now it's almost a competition on who opens his state faster. Merkel is highly frustrated about what in her view, is the wrong strategy. Still, with nothing substantial to rely on except her gut feeling, there is nothing to be done about her eroding influence. While some epidemiologists are warning of a much more regionally diversified second wave by end of summer, the biggest (but certainly not best) German daily paper the BILD, just yesterday wrote that according to some of the (really) smart experts, the lockdown was a huge mistake. So, the situation might look good on paper, but we're in no way out of the woods.

Code is Law

The attempts of creating a Corona-App, show once again, who is really in charge in the EU: BIG TECH. EU countries finally agreed on a common approach that is supported by data protectionists. Apple and Google agreed as well, but added some conditions of their own, to prevent data being received by people or institutions who should

not have it. What seems like a noble purpose loses its charm when you think about how both companies exploit their users' data.

Next chapter in the App-Sitcom: The German Government has commissioned German companies SAP and Telekom with app development. They still will need Apple and Google though, cause, you know, 99% of smartphones are using their operating systems. And the French are not amused after Apple refused to cooperate on an App the French have already developed: "We will remember that."

First, it makes you wonder if the app will be released before the end of the pandemic. And second, as political scientist Timothy Garton Ash said: "In terms of technology, legislation is like an old man, desperately gasping while trying to catch the bus."

The new global leader?

You might remember our little excursus on who is in charge of what in the EU in the last episode. Now, with her international donor conference for a Corona Virus vaccine EU Commission President Ursula von der Leyen totally NAILED IT. She wanted €7.5 billion and it only took her 40 minutes to get already half the amount. In the end, €7.4 billion came together in the conference hosted by the EU, where messages of various head of states and governments were displayed, speaking out for a globally united fight against the virus. It sent out a clear message to US-President Trump that trying to solve a global crisis using solo efforts, is certainly not the right approach.

But more importantly, the conference was a clear sign of the potential strength of the EU and more particularly of Ursula von der Leyen to handle a severe crisis. Often in the past, she had been perceived as weak and commandeered by Merkel, Macron and Co. Now, she has proved everyone wrong.

INFOBOX



Football and soccer.

Did you ever wonder how American football got its name? After all, it's quite a weird name for a game in which players carry the ball with their hands 99% of the time. While soccer goes back around 2 millenniums, "The origin of (American) football is generally dated back to November 6, 1869, when teams of the universities of Rutgers and Princeton in New Brunswick (New Jersey) played 6:4 - according to rules similar to those of (European) football". American football rules slowly emerged in the following years, completely changing the nature of the game. Yet no one ever thought to give it its own name. And now we have to use the word soccer to avoid confusion.



By Anna,
Senior Consultant

WHAT'S ON OUR MINDS TODAY:

German Football.

On a side note, and before we get into the issue at hand: I am talking about the original version of football here, the one that you (a.k.a. the US) kindly renamed to "soccer". (Please check out the info box in the PDF)



Soccer is a pretty big thing here in Germany, like American football and baseball and basketball combined (since we are not really into any of those). Not allowing the German clubs to play because of Corona was pretty much DEVASTATING for about 50% of the German population.

Thus, finding a way to let them play again has been a top priority on the political agenda. After all, no politician wants their voters THAT unhappy. Now the DFL (read: the German soccer NFL) came up with an elaborate plan of testing, quarantining, testing again and social distancing.

Politicians were like:



Then a German national league player posted a video of a training session, ignoring about every rule they set, shaking hands and whatevs.

The video went viral, everyone got upset, politicians were like:



But ultimately, it's SOCCER, the holy grail of German leisure time.

So, (unlike with schools, that are still partially closed, and kindergardens, that are not supposed to open for months to come, and borders, that will stay closed for now, just in case) for soccer everyone waved their concerns and the season starts next week. The only question remains, since the teams won't be able to social distance, if the fans in front of the TVs will...

ABOUT KRAUTSHELL:

We just assumed that you receive way too many and way too many newsletters, while still not getting the intel you need. With "In a Krautshell" we want to give pros in corporate and public politics an executive-style glimpse into what is going on in Germany and Europe. Feel free to give us some feedback, correct bad English we Germans think to be appropriate and let us know whether or not you find it insightful what we are doing here.

We are **ERSTE LESUNG** (transl. first reading), a full-service public affairs consultancy with offices in Berlin and Brussels and your on-site support for consulting and government response in Germany and the EU.



Anna, Senior Consultant at Erste Lesung
Creative doer, in the United States A LOT. Reach out for a to-do-list. anna@krautshell.com



Christian, Founder and MD at Erste Lesung
Creator and thinker, reach out for vision and strategy. christian@krautshell.com



Jonny, the one with control and overview, in charge of execution. Reach out for everything else. jonny@krautshell.com