



Chapitre du Luxembourg

Report on the Conference of the CAPPF Luxembourg Chapter

The Synod on Synodality and The resilience of the International and European and Monetary System

3 March 2025, Luxembourg Archbishopal Residence

Speakers:

H. Em. Jean-Claude, Cardinal Hollerich, Archbishop of Luxembourg, Member of the Council of Cardinals, General Rapporteur of the Synod on Synodality (2021-24), Member of the Pontifical Councils for Culture and Interreligious Dialogue.

Mr Pierre Gramegna, Managing Director of the *European Stability Mechanism*, Minister of Finance (2013-2022) of the Grand Duchy of Luxembourg, former Ambassador of Luxembourg in Tokyo (1996-2002).

Participants:

Thomas Antoine, Honorary Ambassador of Belgium, FCAPP member

Lorenzo Botrugno, accountant

Christophe Déage, President of FCAPP Luxembourg

Irini de Saint Sernin, FCAPP member and PR Bollandistes

Monica Meyer, FCAPP member

Ulrik Möller, President of the Council of Christian Churches in Luxembourg

Nicolas de Saint Sernin, solicitor

Bruno Théret, founding member of FCAPP

Dr Yves Wendling, Honorary Consul of the Grand Duchy of Luxembourg for the Grand Est region, President of Luxembourg Économie.

Moderator: Christophe Déage

Rapporteur: Thomas Antoine.

The meeting focused on two topics:

- 1) The Synod's review and outlook by Father Cardinal
- 2) The resilience of the international and European monetary systems by Pierre Gramegna.

In his foreword, Christophe Déage reminded the audience that the next **FCAPP International Assembly and Conference will be held in Rome from 15 to 17 May 2025.**

1) **The review and outlook of the Synod on synodality**

The process of each synodal meeting was ‘Conversation in the Spirit’, in short:

- An initial round table where we listen fully to each other.
- A moment of reflection and prayer.
- Dialogue and discernment towards the search for a consensus.

This method allowed for a great depth of mutual listening, dialogue and reciprocal enrichment, which certainly contributed to the fact that, in the end, the proposals adopted in the final document were adopted with scores of 95% in most cases, and that Pope Francis adopted this final document without making any changes. This is why this method is now also used for other meetings where it is important to reach a consensus in a situation of complexity and great diversity.

The Cardinal Father, who was the general rapporteur, briefly presented to us the conclusions and modus operandi of the Synod, which exceptionally lasted three years, from 2021 to 2024.

The modus operandi: this synod began with a grassroots consultation, from parishes to dioceses and episcopal conferences, culminating in Rome, taking into account the sensitivities of the different continents.

The Cardinal Rapporteur travelled the world for three years. The Synod of Bishops met in Rome in October 2023 and 24, with at least 10% of the participants who were not bishops. The selection of these non-episcopal candidates was subject to a distribution, in order to include lay people and women. In addition, there were fraternal delegates from other Christian

churches (12 initially and then 18). They participated in the discussions but not in the final vote.

The discussions were held in the Paul VI hall, given the large number of bishops and other participants (368) from 120 countries, around 36 round tables in Spanish, Portuguese, Italian, English and French;

It is remarkable that, thanks in particular to the synodal process described above, the final text was voted on almost unanimously, with all 155 paragraphs receiving well over two-thirds of the votes (a sign of consensus). This is probably one of the reasons why the Holy Father approved it as it was, without amending it or accompanying it with an apostolic exhortation, thus fully incorporating it into the magisterium of the Church.

The outlook: this 51-page final document, entitled

'Towards a Synodal Church: communion, participation, mission, requires the setting up of working groups for its implementation, one of which will deal with the training of seminarians (taking into account the scandals within the Church) and another with the process of appointing bishops, with better consultation of the laity, as was the case in the early days of the Church, when bishops were elected.

In short, this document draws inspiration from the first millennium of the Church to prepare for the third!

The aim will be to develop canon law accordingly, particularly with regard to the status of episcopal conferences.

With regard to diocesan finances, **economic councils** will be set up with external experts.

Resistance to change has come mainly from certain dioceses in North America and Central and Eastern Europe, which feared attacks on doctrine. However, what is at stake is rather the Church's attitude towards humanity; we must first welcome and repair men in order to bring them to the truth. The Cardinal Father expressed the wish for a great synod to bring together all the Christian churches around the theme: **'How to bear witness to Christ in the world'**, through a merciful Church that radiates the love of God.

After thanking the Cardinal for this inspiring sharing of the synodal method and process, Christophe Déage introduced the second topic of our meeting by asking whether, in this era of polarisation, Europe should or should not use the euro as a 'weapon' of negotiation.

2) **The resilience of the international monetary system by Pierre Gramegna.**

For Pierre Gramegna, the altercation at the White House between Presidents Trump and Zelensky constitutes a political earthquake of a magnitude comparable to the fall of the Berlin Wall or the 9/11 attacks in New York.

The trust underlying the transatlantic alliance has exploded in mid-flight!

This geopolitical shock will test the resilience of our societies and our economies; what role will currencies play?

Let's remember the power of currencies: **they represent the economic strength and sovereignty of states.** Of these national currencies, only a dozen stand out for their role in international trade: the dollar is used for more than 50% of international transactions and global reserves, the euro for nearly 25%, followed by the yen, the pound sterling, the Swiss franc, the renminbi, etc.

It is worth noting the discrepancy between the share of transactions and GDP: the eurozone, for example, accounts for only 16% of global GDP while handling 25% of transactions; this is even more striking with the Swiss franc, which accounts for nearly 5% of transactions and reserves. It is not Switzerland's economic power (0.86% of the global economy) that ensures the importance of the CHF, but the country's stability and the quality of its institutions.

The currency is therefore also a safe haven.

What about the resilience of the euro? Created in 1999, it now brings together 20 EU countries, soon to be 21 with Bulgaria in 2025. The euro has been able to assert itself thanks to the progressive integration of European economies; the common currency came after the common economy...

The seven EU countries (Poland, Sweden, the Czech Republic, Romania, Hungary, Bulgaria and Denmark) that are not yet part of will join the Eurozone as soon as they are in a position to do so, with the exception of Denmark, which has an exemption clause but has in fact linked the Danish krone to the euro, and is doing very well. In contrast, the Swedish economy appears relatively weak, as the Swedish krona is not pegged to the euro. Denmark has therefore made the right choice, that of a 'strong' currency.

The euro boosted European growth from 2000 until the financial crisis of 2008. Until then, all the countries in the euro area borrowed at the same favourable rate. The crisis scattered the ranks and led to differences in rates depending on whether one was lending to Germany or Portugal, for example, or to Greece, the famous '**spread**' arose. Before the euro, the economies of Southern Europe had a habit of sliding devaluations of their currencies to compensate for their competitive weakness, thus adjusting to the market.

(We remember the growing gap between the NF and the DM, which were at parity in 1960 and were trading at 2.7 NF to one DM in 1999, illustrating France's loss of competitiveness compared to Germany) Editor's note.

When the spreads widened (with some Greek government bonds bearing interest rates of nearly 20%), the southern countries of (Greece, Spain, Portugal, Italy and Cyprus) turned to the IMF to obtain loans at more favourable rates. The IMF balked, because its vocation is not to help developed countries and the amounts to be lent were colossal (200 billion euros for Greece alone), far beyond its capacities.

Faced with this centrifugal process that threatened the cohesion and therefore the survival of and the euro zone, it was decided to create, in 2010, the European Financial Stability Facility

(EFSF) as a temporary structure, followed, in 2012, by , the European Stability Mechanism (ESM). This permanent institution was provided with a capital of 720 billion euros, of which 13% was paid up, i.e. 81 billion euros. This strong capitalisation was to serve as a guarantee that indebted countries could once again borrow at reasonable rates (AAA) and this funds in return for reforms to be implemented. Thanks to the EFSF and the ESM, five countries have received a total of 295 billion euros in financial support (Ireland, Portugal, Cyprus, Greece, Spain). Thea Greece was thus able to borrow some 200 billion euros at under favourable conditions, which were based on and structural reforms that ultimately enabled it to revive its economy. The countries of the south of the euro zone that have benefited from assistance of the ESM currently have the highest growth in Europe (Spain almost 3%)!

Today, the crisis is over, but the ESM remains a solidarity mechanism in addition to that of the euro: a kind insurance against the spread. The intervention of the ESM is always conditional. In addition to financial support programmes, the ESM also makes available guaranteed credit lines, which open up, also relate to the financing of preventive measures designed to avoid crises. Thus, during the Covid crisis that paralysed economic activity, the ESM set up a credit line of 240 billion euros in order to help its member countries finance health expenses.

In recent years, the climate crisis and now the Ukrainian crisis have resulted in a call for massive increases in sectoral spending (combating global warming, armaments) in EU countries. Will the ESM be able to guarantee AAA loans in order to help benefit of in the euro zone? It is possible, but it will require the consensus of the 20 countries in the euro zone and a link to its mandate, which is to safeguard the financial stability of.

As a reminder, the American demand that its NATO partners increase their defence spending to at least 2% of their GDP dates from the NATO Summit in Wales (Newport) in 2014, under the Obama presidency.

The ESM currently manages , with some 250 billion euros outstanding. It can also borrow around 420 billion euros on the markets.

The transatlantic crisis had been looming since the Obama administration, but President Trump's institutional vandalism has exacerbated tensions and is deconstructing the rules of the game that have prevailed since 1945: promotion of international trade and progressive and reciprocal lowering of customs duties and other trade barriers (GATT then WTO); respect for the rule of law and international institutions (UN, IMF, Paris Agreement, etc.), encouragement of international cooperation.

But today, Trump is not only transactional but predatory: a one-sided agreement to seize Ukraine's mineral resources, without even wanting to ensure their security; vulgar, offensive and humiliating language: 'you don't have the right cards in your hand'. It's the law of the strongest.

Trump does not like Germany (despite his origins), the EU and any legal construct. Trump prefers 'the law of the jungle' to 'the rule of law'.

Faced with this major upheaval, the EU must be strong and united; the euro can help it to do so. *(It so happens that among the most pro-American countries in the EU, some are not in the euro area: Hungary, Poland, the Czech Republic, Romania... Denmark changed sides after the Greenland affair) Editor's note*

The USA has long used the dollar as a weapon; a bargaining chip that they can print at will to fill their gigantic trade deficit.

The BNP Paribas case is an example. To circumvent American sanctions, BNP Paribas financed operations with Iran in euros. The US claimed that in order to change euros into Iranian rials, BNP had to use dollars, and on this basis imposed an astronomical fine of 9 billion dollars on the bank, which had to comply or risk losing the entire US market. Vae victis!

If Britannia rules the waves, Washington waves the rules! Editor's note

In response, the BRICS countries are now avoiding transactions in dollars.

For its part, the EU has frozen Russian assets in Europe, 200 billion euros held by the private company Euroclear. Frozen but not seized, as this would be contrary to international law. However, the considerable interest on this sum is being seized for the benefit of assistance to Ukraine.

Major currencies are becoming instruments of war: the ***weaponisation of currencies***. This is not the European tradition.

In any case, we are leaving the dollar-centric world, especially with the emergence, which nevertheless represent only 1% of the total world monetary mass, or 3,000 billion dollars out of 300,000 billion dollars, even if the trend is towards an increase.

The digitisation of currencies is the result of banks' reluctance to carry out payment transactions, as they earn nothing from them. The private sector has stepped into the breach with PayPal, Revolut, etc., and all the *shadow banking*.

Cryptocurrencies such as *bitcoin* have no guarantees and are highly volatile. On the other hand, so-called 'stablecoin' cryptocurrencies such as Libra, which are backed by currencies or commodities, offer a degree of stability. However, they are not guaranteed by governments through central banks either.

So why does Trump, who is supposed to defend the dollar as a sign of American strength, prefer cryptocurrencies? Because he doesn't like the state, the establishment; he prefers the private sector and the cohort of plutocrats and oligarchs invited to his inauguration.

This option, rather than the dollar, deprives him of the instrument of an effective and coherent monetary policy. In any case

Another question: what is the impact of this surge in customs duties (*tariffs*) on inflation and world trade? A general impoverishment is to be feared, and therefore a destabilisation of the world.

Can Trump's power be controlled by the American institutions, the famous '*checks and balances*'? Trump's brutality and institutional vandalism have caused astonishment, the opposition is being outpaced, but a fundamental reaction caused by the negative impact on the American economy (inflation) is anticipated.

Yves Wendling emphasises the weakness of the EU with the emergence of anti-European nationalist parties; there is a wind of anti-solidarity, anti-immigrant, anti-EU revolt blowing. Citizens' support for the European project is fraying , and opinion is tiring of Ukraine.

Pierre Gramegna confirms this diagnosis; in Italy, more than a quarter and perhaps half of Italians are against Meloni's policy of support for Ukraine. Trump's about-turn on Russia is causing confusion among pro-American and pro-Ukrainian politicians. It is important to raise awareness among Europeans so that they can be proud of their heritage and take ownership of it, for example the '4 freedoms plus 1' as mentioned by Enrico Letta in his report.

Ulrik Möller confirms this loss of confidence in industry towards the establishment: at a conference with industrialists, particularly from SMEs, they expressed their distrust of the institutions. A feeling of alienation, of a loss of the common good.

Thomas Antoine blames this alienation on the European institutions, which have become bureaucratic and obsessed with regulation. Such is the verdict of French employers, who, in a recent forum, lament the difficulty of investing in Europe.

Irini de Saint Sernin looks ahead to the theme of the Foundation's next international conference, emphasising that trust can only be restored through a kind of rebirth of the European and global community, based on a dialogue that allows for the expression of widely shared and embodied ethical foundations to be updated.

Pierre Gramegna emphasises in contrast that in Europe, 1/3 of investments are financed by the markets (stock exchanges) and 2/3 by the banks. In the USA, it is the other way around. The levers for impacting the economy are different.

Bruno Théret reminds us that it is the demand for competitiveness linked to globalisation and therefore the opening up of markets that has pushed industry to relocate, to the detriment of employment and the sovereignty of the EU. A reverse trend is beginning.

Will this help make Europe stronger? Christophe Déage finally asks what can be done to ensure that a soft power based on ethical foundations and a cooperative approach can once again make Europe and the universal values it represents attractive on a global scale?

Pierre Gramegna concludes that European integration and its economic and social progress cannot be taken for granted. How can one be, as some say, for the Euro and against Europe? It is up to all of us to contribute to dialogue on a scientific basis, to raise awareness of the issues at stake and to discernment.

In the personal conclusion of your Rapporteur, the Europe that has, in the name of secularisation, eroded its moral and spiritual capital no longer offers a project that makes people dream; the Centesimus Annus Pro Pontifice foundation brings a message of hope in the face of the disarray of man alienated in a society atomised by individualism, undermined by the abandonment of the rule of law or suffocated by the inflation of regulations. This situation calls for a pedagogy of the common good in the face of consumerist individualism.