

# The Lithuanian Free Market Institute 2013

*The year in review*



## President's address

Although macroeconomic indicators in 2013 were quite promising, tension in the political arena increased. This tension was caused by the government's unjustified, imprudent decisions and proposals which hurt working and creative people. For almost twenty years now politicians have repeatedly been infected with the idea of progressive income taxes as if with the flu virus. We participated in a governmental working group on tax reform and throughout the year we argued in public discourse that progressive taxes were unjust, ineffective and harmful. We also spoke against new taxes and showed in a policy brief that tax increases could lead to a decline in budget revenues.

Admittedly, the year 2013 brought more uncalled-for initiatives. They culminated in a referendum against land sale to foreigners. Obviously, threats to people's ownership may come from a certain part of the society. This only confirms that our attention to public education is necessary and timely.

Therefore in 2013 we actively pursued a number of educational initiatives. We organized four international conferences and invited more than 20 foreign economists, philosophers and other professionals to Lithuania. We published an extensive review of the Austrian Economic School and took part in the Vilnius book festival (and we participated in the 2014 Vilnius book fair). We expanded the already traditional Realistic Analysis of Economics course into a four-module programme. With the help of partners we launched a cross-country outdoor advertising campaign "Entrepreneurs see it differently." We spoke about the entrepreneur's input to the society's well-being and economic growth on radio and TV. Finally, our team visited ten Lithuanian municipalities.

When dark clouds seemed to be gathering over freedom, beams of liberty would shine out from the most unexpected places. Take the radio listeners in Alytus who, when asked how the government could help business, answered "they should not disturb and we will do the rest." And an el-



derly radio listener who on a Lithuanian Radio programme on entrepreneurship gave a sermon that could be envied by many diplomaed economists. And seniors in Tauragė who explicitly said during a meeting with us that they did not like it at all when someone else sought to decide what they were to do with their property.

This understanding and belief gives energy. Personal freedom and responsibility is not a norm to be imposed by someone but the most precious and valuable thing Lithuania's citizens possess. Safeguarding freedom is not our duty but our honour.

I wish you a prosperous year!

Žilvinas Šilėnas  
LFMI President

## Lithuanian Free Market Institute

The Lithuanian Free Market Institute (LFMI) is a private non-profit non-party organization established in 1990 to promote the ideas of individual freedom and responsibility, the free market, and limited government intervention.

### The Board of LFMI. We appreciate their continued support and advice

Established in 2002, the Board of the Lithuanian Free Market Institute is an advisory body. It consists of individuals who uphold the LFMI mission and actively contribute their ideas to its success.

*Chairperson of the LFMI Board –*  
**Elena Leontjeva**, founder of LFMI

*Members of the LFMI Board –*

**Gintautas Bartkus**, Baltic Legal Solutions Lietuva

**Vytautas Bučas**, Invalda privatus kapitalas

**Giedrius Dusevičius**, Swedbank

**Arturas Feiferas**, Kapital bank

**Juozas Kabašinskas**, COGNAC boutique

**Dr. Kęstutis Kėvalas**, auxiliary Bishop of Kaunas

**Dr. Virginijus Kundrotas**,  
Baltic Management Development Association, ISM University of Management and Economics, Adizes Institute

**Dr. Šarūnas Nedzinskas**, DNB bankas

**Dainius Pupkevičius**, KPMG Baltics

**Prof. dr. Paulius Subačius**,  
Lithuanian Catholic Academy of Science

**Egidija Vaicekauskienė**, Nematekas

We are also thankful for LFMI's long-term board member **Dr. Kęstutis Bagdonavičius** for his time, insight, and advice. We wish him all the best in his other endeavors.



### LFMI remains among the world's strongest think-tanks

LFMI is ranked among the best think tanks in Central and Eastern Europe and the world, according to the think tanks' index "Global Go To Think Tanks." Researchers at the University of Pennsylvania (USA) assessed 6826 think tanks of 182 countries. LFMI ranks 11th in Central and Eastern Europe, and 121st in the world ranking.

### In 2013 prominent economists, researchers, and presenters visit Lithuania at the invitation of LFMI:

**Yuri Maltsev**, Professor of Economics (Carthage College, USA), one of few economists who worked in the Soviet Union during the Cold War period; and who has later made a successful career in the West.

**Friedrich Schneider**, Professor of Economics (Johannes Kepler University, Austria), one of the most prominent researchers of the shadow economy.

**Hardy Bouillon**, Professor of Philosophy, member of New Direction – The Foundation for European Reform (Belgium).

**Hannes H. Gissurarson**, Professor at the University of Iceland, former board member of the Central Bank of Iceland, and advisor to Prime Minister David Oddsson.

**Jan Oravec**, founder of the F. A. Hayek Foundation (Slovakia) and president of the Slovak Entrepreneurs Association.

**Stephen Davies**, historian, education program director at the Institute of Economic Affairs (UK).

**Samuel Gregg**, research director of the Acton Institute (USA); has a Doctor of Philosophy degree from the University of Oxford.

**Pascal Salin**, Professor Emeritus (Université Paris-Dauphine, France), former president of the prestigious Mont Pelerin Society.

**Juan R. Rallo**, director of Juan de Mariana Institute (Spain).

**Robert Nef**, chairman of Liberal Institute (Switzerland) and lecturer.

**Pieter Cleppe**, head of Open Europe's Brussels office.

**Marc Sidwell**, managing editor for City A.M., a business-focused newspaper (UK).

### Economics Online students ponder the question: Who owns the moon?

In autumn, we invited pupils to join our fifth annual free interactive economic courses. The updated online platform allows pupils to choose a task to complete, within a week or several months, and to take consultations or rely only on their own knowledge. We do not create hypothetical realities; we teach people how to understand the real world. During the whole course pupils could get help from the LFMI's head of Education Centre and a group of experts.

By the end of 2013, more than 1700 pupils registered for these courses! Every year, the best pupils are invited to the annual summer camp. Last year, 25 pupils participated, with training led by the experts of LFMI, member of the Parliament R. Šimašius, supervisor of *skaitykle.lt* D. Taliūnas, and teambuilding expert C. Brebbia.

### Renewed Realistic Analysis of Economics II with prominent Lithuanian and foreign lecturers

For those who have doubts about traditional interpretations and who wish to strengthen their arguments in the fields of economics, ethics, law, and investment, we offered a series of 17 lectures. For the sixth time, the courses achieved all planned aims. We had 80 participants and four foreign lecturers – S. Davies (United Kingdom), S. Gregg (United States), P. Salin (France), J. R. Rallo (Spain). Lithuanian lectures included G. Azguridienė (Vilnius University), E. Aleksandravičius (Vytautas Magnus University), R. Vainienė (Mykolas Romeris University), LFMI's experts V. Žukauskas and R. Senavaitis, and others.

### High-performing students intern with LFMI

Every year high-performing students of economics, law, philosophy, communications, and other areas choose to intern with LFMI. Interns have the freedom to implement their ideas and are expected to show initiative and responsibility. A total of 33 students interned with LFMI in 2013.



**Any questions?**  
 Contact Marija Vyšniauskaitė  
[marija@lri.lt](mailto:marija@lri.lt)  
 Marija coordinates educational initiatives.



**With a new book at the Vilnius Book Festival**

In 2013, we released the book by economics professor Jesus Huerta de Soto "The Austrian School: Market Order and Entrepreneurial Creativity." For the first time we dived into the excitement of the Vilnius Book Festival. We presented our latest books and hosted a discussion which was attended by a large number of people. We asked whether art should be supported by business or by the people. We looked for answers together with the journalist and musician A. Lukošius, the founder of the arts and education centre Rupert D. Žakaitis, and the entrepreneur and curator of cultural projects M. Splinter.

**LFMI's books now available in e-format**

In order to avoid carrying an extra suitcase on summer holiday, we have taken care that all LFMI books can be downloaded in electronic format from early summer 2013! The books are distributed through [skaitykle.lt/leidykla/llri](http://skaitykle.lt/leidykla/llri)

**Full house in meeting with the film director from the United States**

Is the economy getting better or are we just benefiting from one more economic "bubble"? To find an answer to this question, we invited Jimmy Morrison, director of the documentary "The Bubble." In this film, famous economists, investors and entrepreneurs shared their ideas on the causes and consequences of the global economic crisis. The meeting was hosted at the cinema "Pasaka," and attracted about 50 residents of Vilnius. The event featured not only discussions, but also a review of the most interesting passages of the film, as well as the details of making the film.

**4th annual Think Tank School a great success**

In March we held the fourth annual Think Tank School. A total of 30 participants from 14 countries participated. LFMI's president Žilvinas Šilėnas lectured on strategic planning and vice president Edita Maslauskaitė spoke about fundraising. The experience of various non-governmental organizations on topics including establishment, management, and communication was shared by the experts of Open Europe, The Taxpayers' Alliance, European Students for Liberty, and Atlas Network. The success of the LFMI project was the result of more than 20 years experience.

*"In a broad or general sense, entrepreneurship actually coincides with human action. In this respect, it could be said that any person who acts to modify the present and achieve his objectives in the future, exercises entrepreneurship."* –

Jesus Huerta de Soto

*From the beginning of 2013, we began promoting the initiative "What is the role of entrepreneurs?" We believe that a better understanding of the role of the entrepreneur in the economy, and their contribution to the public good, can create a better future. Through LFMI's initiative, this theme has appeared about 100 times in Lithuanian media since 2013; on television and radio broadcasts, publications in print, and online portals.*

### What Lithuanians know about entrepreneurship

A representative survey of Lithuanians indicated that we appreciate the hard work of the entrepreneurs but underestimate the essential element of business activity – creativity and innovation. Together with historian Prof. Dr. N. Šepetys, literary expert Prof. Dr. P. Subačius, assoc. Dr. N. Putnaitė, and psychologist A. Griškonytė, we considered the causes of such an approach. We have come to a conclusion that our history, literature and religion have significantly influenced our attitude towards entrepreneurship and entrepreneurs. The findings and insights were released in a special publication which was distributed during lectures by LFMI's experts, at universities and schools, as well as in public libraries and meetings.

### Broad discussions about the role of entrepreneurs

In spring we invited entrepreneurs, academics and media representatives to the international conference "The Image of the Entrepreneur: What and Why?" Professor of Economics J. Maltsev (USA) opened the conference by talking about the influence of the Soviet regime on business and the future prospects for the region. We also presented the findings of the aforementioned survey. Businessman I. Laurs, rector N. Pačėsa (ISM University of Management and Economics), editors M. Garbačiauskaitė (delfi.lt) and M. Sidwell (City A.M., UK) and others participated in a discussion about the role of the entrepreneur in our society. The conference attracted media attention: LFMI experts participated and commented on various television and radio broadcasts. Topics including the image of the entrepreneur in society, the role of entrepreneurs, and the survey findings appeared in the news portals and the press.



VISUOMENĖS POŽIŪRIS Į VERSLININKĄ:  
KOKS IR KODĖL?





**Kaip pasaulį mato verslininkai?**

Lietuvoje pradėta vykdyti socialinė akcija „Verslininkas mato kitaip“ pasiekė ir Uteną. Autobusų stotelių stendai jau papuošti plakatais. Socialinė akcija kviečia lietuvius iš arčiau pažinti, ką veikia verslininkai, ir atskleidžia – verslininkai kiekvieniame žingsnyje mato galimybes sukurti kažką naujo.

Pragyta ir šis savaitės mokymas, kuris vyks Utenoje, kurio metu bus pristatyti verslininkų mąstymo būdai. Utenoje bus pristatyti verslininkų mąstymo būdai. Utenoje bus pristatyti verslininkų mąstymo būdai.

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**TV interview series: What do we know about entrepreneurs?**

In the most popular morning TV show “Labas rytas, Lietuva” (Lithuanian National Radio and Television) we explored the activities and attitudes of entrepreneurs from various perspectives. What does the history of Lithuanian business tell us? Is our business culture socially responsible? We wanted to encourage people to look to business with a new prospect and to be skeptical of the myths still associated with entrepreneurship. Different themes were analyzed by LFMI president Ž. Šilėnas, senior policy analyst K. Leontjeva, historian Dr. A. Ambrulevičiūtė, entrepreneur G. Azguridienė, and others. LFMI’s experts presented their insights on the role of the entrepreneurs on numerous broadcasts of the national and regional radio stations.

**Video contest “Looking for Innovation in Business”**

In 2013, we invited 15-to-28-year-olds to provide insights on how entrepreneurs and good ideas contribute to making our lives more comfortable and satisfied. Participants’ entries were evaluated by LFMI’s experts and business representatives from Pixelmator and Uoga Uoga. Technical competency was rated by a representative of the film festival “Vilnius film shorts” and by the film and advertising creators Artbox. The award for the first place was 3500 Lt, and 1700 Lt and 1000 Lt for the second and third places, respectively. The winners were announced in an awards ceremony – complete with a red carpet, screenings of finalist videos, and an audience of at least fifty contestants and their friends, members of the commission, and entrepreneurs.

**LFMI’s initiative “Entrepreneurs see it differently”**

Since November 2013, people in the streets of twelve Lithuanian cities have directed their gaze towards a series of eye catching posters showing that entrepreneurs see value where others do not. For those willing to learn more, the posters link to a special project’s page where relevant studies, books, articles etc. can be found.

*The project is supported by the John Templeton Foundation. The project’s partners from Bulgaria, Georgia, and Kyrgyzstan, have implemented similar initiatives designed to introduce the role of entrepreneur in their countries.*

What is the role of entrepreneurs?

In 2013 we debuted a new program entitled "Self-determination in regions." We seek to show the local communities how to take individual initiative and foster self-help.

During the year we visited numerous cities across Lithuania: Kaunas, Šiauliai, Tauragė, Alytus, Panevėžys, Plungė, Marijampolė, Anykščiai and Telšiai. In each city we met with the municipal authorities, citizens, businesses, and the media. We also gave lectures in colleges and schools.

We explained the importance of investment and private initiative in the municipalities. We also introduced the latest results from the Lithuanian Municipalities Index. We discussed the vicious social system that encourages individuals not to look for ways to improve their lives, but rather to seek more benefits and welfare assistance from the state. We believe that with joint efforts, local authorities, business, and the individual can build a better future for themselves and for future generations.

### Lithuanian Municipalities Index 2013 generates 100 media appearances

In 2013 we presented the third edition of our Lithuanian Municipalities Index. The study assesses how municipalities ensure people's economic freedom, i.e. freedom to choose services, products, and suppliers; and their freedom to act. It also evaluates whether the municipalities manage tax payers' money effectively. This index is the most interesting LFMI study for the municipalities, citizens and the media. In only a few days the results of the index appeared widely in national and regional media.

The Klaipėda city municipality was announced as the best municipality out of 7 city municipalities in Lithuania. Kaunas was ranked first among 53 district municipalities. Municipal policies can both improve and worsen the conditions for residents and businesses. Once again, we pointed out that investment is an important source of productivity and wage growth. Statistics show that Lithuanian municipalities with more investment have lower rates of unemployment, and populations that earn more and are less dependent on social benefits from the government.





## Savivaldybės pastangos pritraukti investuotojų matomos tik jai pačiai

Lietuviai, amerikiečiai Plungėje veikia Lietuvos šiluminės energijos sistemos (LSES) atnaujinimo projekto parengimą, kaip Plungės šiluminės energijos sistemos savivaldybės ir investuotojų bendradarbiavimo rezultatas. Tačiau, kaip patvirtina savivaldybės vadovai, šie investuotojai dar nepasiekė reikiamos informacijos apie šiluminės energijos sistemos atnaujinimo projekto ypatybes, todėl dar nepasiekė reikiamos informacijos apie šiluminės energijos sistemos atnaujinimo projekto ypatybes.

„Savivaldybės ir LLES prezidentas Žilvinas Šilėnas, vyriausiasis ekonomistas Kaetana Leontjeva, pradėję vadovauti Lietuvos šiluminės energijos sistemos atnaujinimo projektui, pirmą kartą susitikė su investuotojais Plungės rajono savivaldybės administracijoje. Šis susitikimas buvo pirmasis, kuriame investuotojai galėjo išsiaiškinti, kaip atnaujinimo projekto ypatybės atspindi Lietuvos šiluminės energijos sistemos atnaujinimo projekto ypatybes. Šilėnas ir Leontjeva išsiaiškino, kaip atnaujinimo projekto ypatybės atspindi Lietuvos šiluminės energijos sistemos atnaujinimo projekto ypatybes. Šilėnas ir Leontjeva išsiaiškino, kaip atnaujinimo projekto ypatybės atspindi Lietuvos šiluminės energijos sistemos atnaujinimo projekto ypatybes.“



Šiluminės energijos sistemos atnaujinimo projekto ypatybes aptariantys Plungės rajono savivaldybės ir LLES prezidentas Žilvinas Šilėnas (dešinėje) ir vyriausiasis ekonomistas Kaetana Leontjeva (kairėje).

ar šiluminės energijos sistemos atnaujinimo projekto ypatybes. Šilėnas ir Leontjeva išsiaiškino, kaip atnaujinimo projekto ypatybės atspindi Lietuvos šiluminės energijos sistemos atnaujinimo projekto ypatybes. Šilėnas ir Leontjeva išsiaiškino, kaip atnaujinimo projekto ypatybės atspindi Lietuvos šiluminės energijos sistemos atnaujinimo projekto ypatybes.

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Plungės rajono savivaldybės ir LLES prezidentas Žilvinas Šilėnas (dešinėje) ir vyriausiasis ekonomistas Kaetana Leontjeva (kairėje).

## Lietuva veržiasi į „Titaniką“



„Lietuva veržiasi į „Titaniką““ - straipsnis apie Lietuvos šiluminės energijos sistemos atnaujinimo projektą.

## Šalyje — daugiau, Alytaus apskrityje — mažiau

Lietuvos laisvosios rinkos instituto ekspertas Kaetana Leontjeva įvertino: įmonių bankrotas Lietuvoje susijęs su nestabilia šilumos tiekimo sistema arba neteisėtos struktūros pasiskirstymu. Tačiau, kaip patvirtina savivaldybės vadovai, šie investuotojai dar nepasiekė reikiamos informacijos apie šiluminės energijos sistemos atnaujinimo projekto ypatybes.

„Pasakyti, kodėl padidėja bankrutavusių įmonių skaičius, sunku. Galbūt kai kurie verslininkai pasirinko netinkamą verslo strategiją, tačiau apskritai ekonominių, politinių priežasčių: dėl mokesčių sistemos, dėl reguliavimo. Eilomenarus pavyzdys — žmonės turi žemę, bet jos paskirties derinimo procedūra užtrikusi penkerius metus. Kas norės užsimiti statybas, pietus, kaitu negali disponuoti ja kaip“



Kaetana Leontjeva, Plungės rajono savivaldybės ir LLES prezidentas Žilvinas Šilėnas (dešinėje) ir vyriausiasis ekonomistas Kaetana Leontjeva (kairėje).

**TAURAGĖS kurjeris**

Pagėgų žinios Desertas Priedai Juomonė Informacija

Aštuolios / Krašto žinios

**Apie ekonominę laisvę — paprastai ir aiškiai** (d)

Karolina STAŽYTĖ | karolina@kurjeris.lt

2013-10-23 15:26

Tauragės Birutės Baitrušaitės viešojoje bibliotekoje apsilankęs Lietuvos laisvosios rinkos instituto (LLRI) prezidentas, ekonomistas Žilvinas Šilėnas kvietė pasidiskutuoti, kodėl vienos šalys gyvena gerai, o kitos — blogai.

Ar tai ekonomisto, valstybės iškvietimas ir

**Kviečiame į diskusiją**

**KAIP PLUNGIŠKIAMS GYVENTI TAIP GERAI KAIP ŠVEICARAMS?**

**Dalyvauja:** Ekonomistė Kaetana Leontjeva (Lietuvos laisvosios rinkos institutas)

**Kada? Kur?** Šeštadienis, 2013 m. spalio 26 d. (šeštadienis) 17.00 val. Plungės raj. savivaldybės viešoji biblioteka, Patajos str. Plungė

**Keletai pasidiskutuoti** LLRI, įspėjimas: tel. (8-4) 236 236



Kaetana Leontjeva, Plungės rajono savivaldybės ir LLES prezidentas Žilvinas Šilėnas (dešinėje) ir vyriausiasis ekonomistas Kaetana Leontjeva (kairėje).



Lietuvos laisvosios rinkos instituto prezidentas Žilvinas Šilėnas taurogėse aiškino, kodėl vienos šalys gyvena gerai, o kitos — blogai. Autoriaus nuotrauka

## Municipalities and investments

In the districts of Tauragė, Kaunas, Panevėžys, Plungė, Telšiai, Anykščiai, Marijampolė, Alytus and Kaunas municipalities, our LFMI policy analysts met with local authorities and discussed the importance of investment. Reports on attracting investment, territory planning issues, and cooperation with the private sector were presented by LFMI's president Žilvinas Šilėnas and senior policy analyst Vytautas Žukauskas. Policy analyst Laurynas Rekašius introduced the results and conclusions of Lithuanian Municipalities Index.

## Challenges of social support in municipalities

LFMI's senior policy analyst Kaetana Leontjeva held a series of meetings with municipal officials, executives and social workers to discuss social welfare issues, such as possibilities for socially disadvantaged people to return to the labour market and improving co-operation with non-governmental organizations. Social support staff shared their views on how to ensure a more efficient allocation of funds and support.

## Community discussion: how to avoid reluctance to work?

In the public libraries of Plungė, Tauragė, Alytus, Panevėžys and Kaunas, we met with the local communities and discussed current social policy: how to help those in need without diminishing their desire to work and become self-sufficient. The discussion included valuable insights from LFMI's staff, K. Leontjeva and Ž. Šilėnas. Thoughts about work and community welfare were shared by auxiliary Bishop of Kaunas K. Kėvalas and S. Filipavičius (Holy Trinity Parish of Troškūnai) in Kaunas and Panevėžys. Each meeting gathered about 50 participants, including local media.

We can create, work, earn

2013 marked the Lithuanian Presidency of the European Union Council and higher attention to the EU issues. We joined the debate on EU related issues which directly impact the future of Lithuania. What is the interest of Lithuania in the EU Council deliberations? What is Lithuania's position on the economic and monetary union, the banking union or inter-bank settlement regulation? The progress and future of Lithuania depends on whether we are willing to take an interest and raise the key issues: whether the actions of the EU are justified, beneficial and take into account who will be paying for them.

**International conference on the future of the EU**

In June we invited experts, government officials, entrepreneurs, and academics from across Europe and other nations worldwide to the international conference "To Save or Not to Save: Will Austerity Programs Alone Save Europe?" Reports were presented and a discussion was held by foreign visitors, including R. Sally (European Centre for International Political Economy), T. Palmer (Cato Institute, USA), J. Fund (Wall Street Journal, USA), R. Rahn (Institute for Global Economic Growth, USA), and others. The discussion was also attended by P. Auštrevičius (Member of Parliament, Lithuania), N. Mačiulis (Swedbank), B. Gruževskis (Institute of Labour and Social Research, Lithuania), and Eglė Radišauskienė (Ministry of Social Security and Labour, Lithuania). The conference was organized in cooperation with the Austrian Economics Center.

**LFMI presented proposals to reduce the EU budget by half in Brussels**

The budget of the European Union could function at half of the proposed cost to EU taxpayers while boosting economic growth. Together with the Brussels based think-tank New Direction — The Foundation for European Reform, LFMI presented its study "50:50 to 2020" in Brussels, as European leaders gathered in the city for a second attempt at finalizing the EU's budget for the next seven years.

Yet another report "Helping Themselves" presented in Brussels showed that the EU spends €7.5 billion a year on non-governmental organisations, even ones acting against the public interest. This spending on NGOs is buttressing a culture of professional lobbying and fundraising by politicised charities which no longer reflect citizens' priorities.



**NEW DIRECTION**  
THE FOUNDATION FOR EUROPEAN REFORM

**50:50 for 2020**  
How the European Union's budget could be cut by half

Kaetana Leontjeva  
February 2013

Lithuanian Free Market Institute



### Adopting the euro: good or bad?

In 2013, we continued to argue that the goal of the euro adoption was a politically disciplining factor. We also pointed out that the government should aspire not only to introduce the euro, but also to have a stable currency. The main risk of adopting the euro is its future strength and stability. Firstly, a stable euro requires responsible monetary policy. The second condition is a stable and constantly growing European economy. Finally, we need a responsible fiscal policy. We will continue to encourage politicians to adequately assess the risks as we move towards the announced date of the euro adoption in 2015.

### International conference: the importance of preserving the EU's four freedoms

One of the main aims of the EU is the common market. It is therefore vitally important that its four freedoms - the free movement of goods, services, capital, and people - always remain free. How strong is the foundation of Europe; and what awaits us in the future? In September we organized an international conference which brought together economic experts and representatives of numerous European civil institutions, including Prof. H. H. Gissurarson (University of Iceland), Prof. H. Bouillons (New Direction, Belgium), J. Oravec (Slovak Entrepreneurs Association), C. Stagnaro (Bruno Leonini Institute, Italy), P. Cleppe (Open Europe, Belgium), Prof. R. Vilpišauskas (Vilnius University, Lithuania), and others. The conference brought together more than 100 participants. At its end, a resolution was signed. The news portals delfi.lt, 15min.lt, and Irytas.lt, and the magazine IQ, took exclusive interviews about the problems and perspectives of the EU.

### More Liberal Voices – a project gathering like-minded European think-tanks together

In 2013, we brought together like-minded think-tanks across Europe. Along with our Slovak, Polish, Czech, Bulgarian, Hungarian and German partners, we made sure that EU decision-makers would get more insights on European economic problems based on the free-market principles. We submitted to the European Commission our comments and suggestions regarding shale gas and other non-traditional fossil fuels in Europe, sustainable buildings, sustainability of food systems, the European Taxpayer's Code, policy of the climate, and energy.

Our aim is to become the country with the lowest taxes, at least in Europe; and we are able to justify the need for tax cuts. At the same time, we show that a balanced budget is a real possibility through purposeful spending and prudent usage.

### Kaetana Leontjeva joins governmental working group on tax reform

In January 2013 LFMI's senior policy analyst Kaetana Leontjeva was invited to join a governmental working group on tax reform. The working group incorporated in its reform package two proposals from LFMI, namely proposals to increase the amount of tax-exempt income and to put a cap on social security contributions. Kaetana opposed the proposals to tax interest and all investment income as harmful to the society and the economy and not beneficial for the national budget.

### Five reasons for capping social security contributions

We presented a detailed analysis in response to fears about potential losses and negative effects of caps on social security contributions for public finances. We argued that due to new jobs and an increase in consumption, the loss of public finances could be as low as 40 to 65 mln Lt. We put forward five arguments in favour of a cap on social security contributions, including justice, higher salaries, investments, incentives for emigrants to return to Lithuania, and finally, income legalization. The analysis was presented to relevant authorities, members of parliament, and the media.

### Policy briefs: tax increases cost millions in uncollected budget revenue

There are concerns about the introduction of new taxes in Lithuania. We analyzed numerous cases of tax increases in the period from 2008 to 2012, including social security contributions and compulsory health insurance contributions charged on salaries, tax increases for dividends from 15 to 26 percent, and a real estate tax. We demonstrated that the authorities underestimated the implications of tax increases for budget revenues. We published the findings in a policy brief and introduced them to the members of parliament, the public, and the media.



**LIETUVOS RESPUBLIKOS  
MINISTRAS PIRMININKAS**

**POTVARKIS  
DĖL DARBO GRUPĖS SUDARYMO**

2013 m. sausio 16 d. Nr. 22  
Vilnius

- Siekdamas įgyvendinti Lietuvos Respublikos Vyriausybės 2012–2016 metų programos nuostatas dėl mokesčių politikos, s u d a r a u šią darbo grupę pasiūlymams dėl Lietuvos mokesčių sistemos pertvarkymo parengti (toliau – darbo grupė):
  - Stasys Jakeliūnas – Ministro Pirmininko patarėjas finansams (darbo grupės vadovas);
  - Sigitas Besagirskas – Lietuvos pramoninių konfederacijos Ekonomikos ir finansų departamento direktorius;
  - Daiva Brasiūnaitė – Finansų ministerijos Mokesčių departamento direktoriaus pavaduotoja;
  - Artūras Kapitanovas – Lietuvos prekybos, pramonės ir amatų rūmų asociacijos mokesčių ekspertas;
  - Romas Lazutka – Vilniaus universiteto profesorius;
  - Kaetana Leontjeva – Lietuvos laisvosios rinkos instituto vyresnioji ekspertė;
  - Kęstutis Lisauskas – Investuotojų forumo Mokesčių grupės vadovas;
  - Audronė Miknevičienė – Finansų ministerijos Fiskalinės politikos departamento Planavimo ir analizės skyriaus vedėja;
  - Dangutė Pranckėnienė – Lietuvos smulkiųjų ir vidutinio verslo tarybos mokesčių ekspertė.
- P a v e d u darbo grupei:
  - įvertinti mokesčių pokyčių galimybes ir iki 2013 m. balandžio 30 d. pateikti Lietuvos Respublikos Vyriausybei atitinkamas išvadas ir pasiūlymus dėl darbo pajamų ir smulkias bei vidutinio verslo apmokestinimo, taip pat dėl pridėtinės vertės mokesčio tarifų būtinoms maisto produktams dydžio;
  - atsižvelgiant į būtinus mokesčių sistemos veikimo principus – efektyvumą, paprastumą, teisingumą ir konkurencingumą, parengti ir iki 2013 m. birželio 30 d. pateikti Lietuvos Respublikos Vyriausybei pasiūlymus dėl mokesčių sistemos pertvarkymo. Galimos mokesčių sistemos pertvarkymo sritys – mokesčių skaičiaus ir mokesčių administravimo naštos mažinimas, mokesčių progresyvumas, atskirų mokesčių tarifų dydžiai ir kita.
- Pasiūlymai dėl Lietuvos mokesčių sistemos pertvarkymo turi būti subalansuoti, kad juos įgyvendinus nepadidėtų valdžios sektoriaus deficitas.

**Faktai ir analizė**

## AR MOKESČIŲ DIDINIMAS ATNEŠA DAUGIAU PAJAMŲ Į BIUDŽETĄ?

**SANTRAUKA**

Parodomu, kad didesnis mokesčių našumas, ypač darbo pajamų mokesčių, neapneša daugiau pajamų į biudžetą, o tik padidina valdžios išlaidas. Didesnis mokesčių našumas, ypač darbo pajamų mokesčių, neapneša daugiau pajamų į biudžetą, o tik padidina valdžios išlaidas. Didesnis mokesčių našumas, ypač darbo pajamų mokesčių, neapneša daugiau pajamų į biudžetą, o tik padidina valdžios išlaidas.

2009 m. mokesčių našumas buvo 12,2 proc. ir 2012 m. mokesčių našumas buvo 12,2 proc. ir 2012 m. mokesčių našumas buvo 12,2 proc. ir 2012 m. mokesčių našumas buvo 12,2 proc.

2012 m. mokesčių našumas buvo 12,2 proc. ir 2012 m. mokesčių našumas buvo 12,2 proc. ir 2012 m. mokesčių našumas buvo 12,2 proc.

KASOS KVITAS  
UŽ SUMOKĖTUS MOKESČIUS 2013 M.

SOCIALINĖ PARAMA, VALSTYBINĖS PENSIJOS IR KITOS SOCIALINĖS IŠMOKOS IR PASLAUGOS PENSIJOS	1 036
LIGOS PAŠALPUS IR MOTIVYSTĖS IŠMOKOS	2 759
PARAMA BEDARBEIAMS	415
SVEIKATOS APSAUGA	137
PALŪKANOS UŽ VALSTYBES SKOLA	1 536
NARYSTĖ EUROPOS SĄJUNGOJE	775
SUBSIDIJOS VERSLUI	419
SUBSIDIJOS ŽEMĖS ŪKIUI	235
VALSTYBINĖS MOKESČIŲ INSPEKCIJOS IR „ŠODROS“ ADMINISTRAVIMAS	970
SAVAIVALDYBŲ IŠLAIKYMAS	138
IR JŲ TEIKIAMOS PASLAUGOS	1 090
GYNYBA	311
ENERGETIKOS POLITIKA	262
APLINKOS APSAUGA	273
KELIAI	534
GELŽINKELIAI	181
KULTŪRA, TEATRAI, MUZIEJAI	132
ŠVIETIMAS IR MOKSLAS	1 463
UŽSIENIO POLITIKA	104
PRIEŠGAISVINĖ APSAUGA	84
SIENOS APSAUGA	59
POLICIJA	212
TEISMAI	72
KALEJIMAI	66
KITA*	1 488
<b>VISO</b>	<b>14 734</b>

LYGINANT SU 2012 METAIS, ŠIŲ KVITAS UŽ SUMOKĖTUS MOKESČIUS PADIDĖJO 566 LITAIS ARBA 3,8 PROC.

\* KITOS MINISTERIJOS, TARNYBOS, TARYBOS, INSPEKCIJOS, KOMISIJOS, DEPARTAMENTAI, PROKURATŪRA IR T.T.

Lietuvos laisvosios rinkos institutas  
www.trinka.lt




### Tax Freedom Day and a symbolic receipt of government spending

The annual Tax Freedom Day occurred on the 15<sup>th</sup> of May in 2013, two days later than in 2012. On this occasion, we held a press conference to present a symbolic receipt for the expenses of the public sector per average taxpayer in the country. We calculated that in 2013 the total public expenditure per resident was 14,734 Lt. In comparison with 2012, this figure showed an increase of 566 Lt. The Tax Freedom Day is a symbolic day of the year when the average taxpayer stops working for the public sector and start earning money for themselves. In celebration of the day, the receipt swept through the media.

### The new budget dangerously far from the reality

We put the spotlight on flaws in the new national budget and cautioned that the budget revenue plan was too optimistic, with costs (excluding EU funds) showing an alarming increase to 1.4 mln Lt. The estimated 6 percent increase in government expenditure was almost twice as rapid as the expected growth of the economy (3.4 percent) and was the most atrocious increase during the entire 2008–2013 year period. This means further growth of public debt and creates presumptions for inefficient and wasteful use of budget funds. We proposed reducing VAT, excise duties, and income tax revenue plans.

### LFMI’s video attracts 2,000 viewings

The EU budget is “missing” a fifth of revenues due to tax fraud and tax evasion. The European Commission announced this news in a video The Missing Part. In our opinion, a much more important question needs to be asked: what is an individual’s personal budget after taxes? Therefore, in our interpretation of the EC video we highlighted the reasons behind tax avoidance and drew attention to the causes, rather than the consequences, of tax evasion. We were also mindful to assess the impact of taxes on household budgets and to stress the need for sufficient income after tax.

Government watch  
Reducing the tax burden

## The new edition of Shadow Economy in Lithuania on undeclared labour

LFMI's analysis revealed that in 2012 the undeclared labour market involved 22 percent of the Lithuanian population. According to the survey, most people enter the shadow labor market because of the prospects of higher income or have legal jobs in combination with "under the table" earnings. Once again, we drew the authorities' attention to the high taxation of labour and a lack of legal job opportunities.

It is also important to consider a relatively lower level of productivity and salaries in Lithuania. Even a smaller tax burden in Lithuania harms its citizens more than, for instance, that of Germany. Consequently, the shadow economy offers an alternative to those seeking to avoid the tax burden. Labour relations in Lithuania are taxed at more than 40 per cent, which is more than the EU average. The study was presented to relevant public authorities and the media. We put forward a number of solutions that would help increase people's income and quality of life. Firstly, we drew attention to the need to increase labour productivity by attracting corporate investments.

## Baltic survey shows smuggling driven by high taxes and a low standard of living

Lithuanians, Latvians and Estonians do not justify smuggling and illegal consumption of goods, according to a second representative opinion poll LFMI conducted in the three Baltic countries. A total of 3,033 citizens were interviewed. We found out that one in three Lithuanians purchased illegal cigarettes, gas, and fuel. People in the Baltic States agreed that excise tax cuts would be the most effective way to fight smuggling, illegal production of goods and undeclared commerce. The survey findings were presented in Lithuania and at a special press conference in Latvia and generated extensive media coverage.

**Penktadalis Lietuvos darbo rinkos - šešėlyje**

**Makroekonomika ::**

**Lietuvos gyventojų buvo klausiami, ar jie arba jų šeimos nariai 2012 m. naudojosi bent vienu iš nelegalių pajamų gavimo būdų - dirbo neoficialiai arba dirbo oficialiai, bet dalį pajamų gavo vokiulyje.**

5% Lietuvos pažymėjo, kad darbo samdomą darbą neoficialiai, 8% - kad gavo dalį pajamų vokiulyje, 9% Lietuvos teigė, kad naudojosi abiem nelegalių pajamų šaltiniais.

Salis gyventojų nuomone, dažniausiai žmonės įsitraukia į darbo rinkos šešėlį dėl finansinės nelegalaus darbo ir vokielių naudos. 62% apklaustųjų teigė, kad svarbiausia priežastis yra ta, kad nelegaliai į rankas gaunamas darbo užmokestis yra didesnis nei dirbant legaliai. Kad sunku rasti legalų darbą, minėjo 52% gyventojų. „Darbo santykių apmokestinimas Lietuvoje siekia daugiau nei 40%, tai yra daugiau nei vidutiniškai visose ES šalyse. Svarbu ir tai, kad dėl santykiškai mažesnio produktyvumo ir darbo užmokesčio net ir kiek mažesnė mokesčių našta Lietuvoje nei, pavyzdžiui, Vokietijoje gyventojus slegia labiau. Ir atitinkamai žmonės, vengdami tos naštos, yra labiau linkę rinktis šešėlį“, - teigia Lietuvos laisvosios rinkos instituto (LLRI) vyriausiasis ekspertas Vytautas Žukauskas.

**Didinti produktyvumą**  
Pasak p. Žukausko, ieškant būdų, kaip didinti žmonių pajamas ir gerinti gyvenimo kokybę, pirmiausia reikia galvoti ne apie didesni apmokestinimą ar persikirstymą, o apie darbo produktyvumo didinimą, kurį užtikrinti gali tik didesnės įmonių investicijos. 43% gyventojų teigė imantys atlyginimą vokiulyse, nes nenori prarasti socialinės paramos, kurios tektų atsikvyrkui gaunant legalias pajamas. 2010-2012 metais kasmet socialinei pašalpai, nedarbo draudimui išmokoms ir kompensacijoms Lietuvoje išleidžiama daugiau nei 1 mlrd. Lt. „Valstybės teikiama parama bedarbiams ir mažas pajamas gaunantiems žmonėms gali paskatinti darbo rinkos šešėlį. Kuo didesnė ši parama, tuo labiau ji skatina žmones ieškoti nelegalių pajamų šaltinių, kad

**22%**

Teik Lietuvos gyventojų dirba šešėlyje.

SALIS LIETUVOS LAISVOSIOS RINKOS INSTITUTO (LLRI) VYRIAUSIASIS EKSPERTAS

jos neprarastų“, - pasakoja p. Žukauskas.

Anot jo, neįmanoma padidinti minimalio mėnesinio atlyginimo (MMA) pasekmę yra augantis darbo rinkos šešėlis. Eksperto teigimu, nelankstus Darbo kodeksas taip pat yra viena iš priežasčių, dėl ko auga darbo rinkos šešėlis.

**Lietuvos šešėlinė ekonomika**

Periodinis leidinys  
2012 m. I pusančia

N. 2



**Lietuvoje kas trečias rūko kontrabandinis cigaretes ir piliasi kontrabandinius degalus (160)**

Legal karamolis, vanduo ir t. t.

Lietuvos laisvosios rinkos instituto (LLRI) apšviestas apklausa atskleidė, kad 35 proc. Lietuvos gyventojų per pastarąjį mėnesį gėrė kontrabandinį cigaretes, 18 proc. - alkoholinių gėrimų, 20 proc. - degalų ir kuro.

Apšviestas motis, kaip geriausia kovoti su kontrabanda, yra mažinti mokesčius. Tačiau ir Lietuvoje kontrabandinis - nelegalus prekybinis prekių pervežimas yra visu paplitęs nei Europoje.



**IQ TV Friedrichas Schneideris**

Intelligent Media

QR code





### International conference "Shadow Economy and Taxation" held in Vilnius

The European Union and Member States lose billions in unpaid taxes every year from counterfeit and smuggled goods. The conference brought together revenue and customs authorities and policy makers from the EU member states, the World Customs Organization, Interpol, Europol, renowned academics, leading private sector representatives and industry experts. The speakers included Prof. F. Schneider, presently one of the most renowned scholars on the topic of the shadow economy, A. Šipavičius (Lithuanian Customs), Prof. L. Shelley (George Mason University), C. van Heuckelom (Europol), Dr. N. Mačiulis (Swedbank), S. Di Meo (Interpol) and others. The discussion focused not only on the present situation, but also on prevention of shadow economies. The event was organized in cooperation with the International Tax and Investment Center.

Government watch  
Reducing the tax burden

**Faktai ir analizė**

## AR ATSISKAITYMŲ GRYNAISIAIS RIBOJIMAS SUMAŽINS ŠEŠELINĘ EKONOMIKĄ?

**SANTRAUKA**

Atsiskaitymų grynaisiais ribojimas nėra efektyvi priemonė kovoti su šešeline ekonomika, šiek tiek mažiau, kad Europos šalyse, kuriose per pastaruosius 20 metų elektroniniai atsiskaitymai auga greičiausiai, šiek tiek sumažėjimas lemia mažesnę grąžą pinigų plovimui, tačiau didina, reguliavimo, ir ne mažiau patvirtinti sukurti elektroninių atsiskaitymų augimas nėra per šiek tiek elektronikos mažina.

Grąžinų ribojimas paveiks tik tuos, kurie jau teikia įstatymų ir veikia legaliai. Šis sukurti nesutvirtintų įstatymų galimas atsiskaitymų užtikrinimas, kuriame šiek tiek sumažėja apyvartinis greitis, padidina šiek tiek šiek tiek (šiek tiek) bus priemonė sumažinti elektronikos atsiskaitymų, kurie koresponduoja fakto ribojimas beveik nepaveiks to, kurie jau veikia legaliai. Naudojant reguliavimo reikalaujama šiek tiek sistema, nes jie jau sukurti ir priemonės. Tam tikru atveju grąžinų ribojimas gali ir padidinti šiek tiek.

Apie šiuo tvirtinama šiek tiek atidarymą pažinti yra šiek tiek oficialūs, šis ti sukurti PAVO ir šiek tiek mažiau. Šiek tiek atidarymą atsiskaitymų grąžinimas, vengia tu, kad šiek tiek šiek tiek atidarymą pažinti šiek tiek grąžinimas sumažinti mažesniu, bus reikiama koki kaip reikalaujama sumažinti pinigai ir šiek tiek mažesniu ir mažesniu. Atsiskaitymą grąžinimas

Ribojimas turėtų ir kiti negamyti atsiskaitymų, PAV, jei mažiau, sudarymą tarp atsiskaitymų šiek tiek. Šiek tiek mažesniu veikia tiek grynaisiais, tiek elektroniniais pinigais ribojimas įstatymais mažina koresponduoja bei sukurti priemonės padidina grąžinimą. Tai šiek tiek padidina yra ir šiek tiek padidina, pigesniu ir mažesniu, bet turi padidinti patvirtinti, ir ne mažesniu. Nors šiek tiek atsiskaitymų grąžinų, kiti ir kiti atsiskaitymų grąžinų.

Dažnų grąžinų atsiskaitymų grynaisiais ribojimas šiek tiek sumažinti šiek tiek yra dar vienas aspektas, kad apyvartinis greitis sumažinti šiek tiek veikia veikia veikia veikia, bet ir sukurti veikia.

Atsiskaitymų grynaisiais ribojimas šiek tiek sumažinti, mažesniu, mažesniu ir mažesniu, tačiau reikiama šiek tiek padidinti šiek tiek, kurie jau veikia legaliai.

Šiek tiek mažiau, bet šiek tiek mažiau, kuriame elektroniniai atsiskaitymų auga greičiausiai, šiek tiek sumažėjimas lemia mažesnę grąžą pinigų plovimui.

Grąžinų ribojimas įstatymais mažesniu koresponduoja tarp atsiskaitymų šiek tiek, bet yra šiek tiek mažesniu šiek tiek sumažinti ir kiti atsiskaitymų grąžinų.



### Lithuania's President meets with LFMI and other NGO representatives

In commemoration of the Anti-Corruption Day, Lithuanian President Dalia Grybauskaitė met with numerous Lithuanian non-government organizations fighting against corruption and undeclared activities. During the meeting LFMI's senior policy analyst Vytautas Žukauskas had this to say: "The shadow economy is not only about legal violations or human tolerance of illegal activities. First of all, we must discern the underlying reasons why people get involved in the shadow economy."

**Mūsų nuomonė ::**

## Grynujų ribojimas - ne išeitis

Jau šį rudenį bus svarstoma, ar riboti atsiskaitymų grynaisiais didinamu nei 10,000 Lt. Šiek tiek šiek tiek ribojimą nesuteikia.

Dabartinis valdžios institucijų atsisakymas prieš šiek tiek yra griežtesnė kontrolė ir tvirtumas, nors tyrimai rodo, kad šis būdas nėra efektyvus - daug kalbėjusi, nesprendžia šiek tiek susidarymo prieštariškų problemoms, dėl por didesni mokėjimų ir reguliavimo sąnaudų.

**Sikamintieji grynųjų ribojimą teigia, kad laisvė, kuriose daiktams naudojami negyvybei pinigai, šiek tiek yra mažesniu. Nors tyrimai rodo, kad mokėjimai grynaisiais (pvz., skaitmeninio pinigais) gyvenimo būdu pasikeičia šiek tiek. ES šalose nėra ryšio**

**VYTAUTAS ŽUKAUSKAS**  
Lietuvos laisvės rinkos instituto vyresnysis konsultantas

hyvanti šiek tiek, bet dažnesni atsiskaitymų negyvybei pinigais gyvenimo būdu pasikeičia šiek tiek bankais, vengiant prie

uždarymų pajamų būtų legalizuojamas sumokant mokesčius, bus šiek tiek mažiau kaip nelegaliai šiek tiek pinigai ir šiek tiek nelegaliai ar šiek tiek.

**Viena svarbiausių kiti mairių ribojimo pasekmės - je mažesniu konkurenciją tarp atsiskaitymų būdų. Galima būtų rinktis tiek grynaisiais, tiek elektroniniais pinigais ir juos aptarnaujančių institucijų veikia apyvartinis greitis ir kiti organizacijos, teikiančių atsiskaitymų paslaugas, galėtų būti didinti savo pajamų laukus. Aktyvūs nebus ir je mažesniu įstatymais sukurtas konkurenciją ir sukurti prielaidas pajamų traukimui. Jei bankai paslaugas yra iš kitro patalpinamos, sukurtas ir sukurtas**



### LFMI's study: a cap on cash payments will restrict individual freedom, not the shadow economy

We analyzed and presented the trends of the shadow economy and payments by credit cards in the EU countries. We concluded that the restriction of more than 10,000 Lt in cash settlements, which was being considered in the parliament, would not help in the fight against the shadow economy. Such restrictions would reduce the choice and competition between payment systems and would enhance the expenses of individuals and legal business payments.

We oppose unjustified regulatory proposals and highlight existing excessive regulations.

### Flexible labour relations for lesser unemployment

We analyzed the experiences of EU countries and issued a policy brief with arguments that nanny-state regulation of the labour market augmented unemployment, while flexible labour policies brought lasting benefits to employability. We suggested that Lithuania should follow Estonia's example and should revoke laws which obstructed the opportunities for young and unemployed people to find jobs. The analysis attracted the attention of the minister of social affairs and labour and numerous media outlets.

### More flexible labour relations: only cosmetic changes, but better than nothing

In 2013, the government aimed to stop much needed draft amendments to the Labour Code. We submitted our analysis to the government and pointed out that simpler administrative requirements would not reduce the rights of employees, but would ease the administrative and financial burden on companies. We argued that fixed-term contracts for permanent employment would be useful for employees as they would stimulate job creation. However, the government rejected these proposals and the legislative package was not debated in the parliament.

In the autumn, a proposal for amending Labour Code regulations in favour of a lower administrative burden in labour relations was submitted to the parliament. We strongly supported it in numerous media appearances. It is estimated that the adoption of the proposed provisions could save businesses over 26 mln Lt, an amount of money was spent on mandatory payment slips over the year.







### Work is not for students?

In 2013 the government proposed limiting access of minors to work by introducing 14 days of mandatory uninterrupted holidays in the summer vacation period. We opposed the proposals to restrict the right of students and their parents to self-determination, and some of our arguments were taken into account. Although an uninterrupted vacation period was approved, the employer will not be required to pay for it. We continue to argue that the government should not try to “protect” people from work.

### The Survey of the Lithuanian Economy: forecasts and minimum monthly wage dilemma

In 2013 we supplemented traditional alternative economic forecasts in our survey with analysis of relevant topics. The 32<sup>nd</sup> edition of the survey focused on investment, productivity, and wages. According to the survey, a 2013 increase in the minimum monthly wage resulted in a slower decline of unemployment than had been expected. In 2012 the minimum monthly wage was raised twice, first to 850 Lt and later to 1,000 Lt. We made special efforts to show the damage caused to working individuals and the unemployed.

In a separate chapter of the 31<sup>th</sup> edition of the survey, we analyzed the European economy and the monetary policy pursued by the European Central Bank. We emphasized that one of the most serious negative effects of the monetary policy was price increase caused by a continuously growing amount of money.

Over the year the survey generated about 50 media hits. The survey, which was first launched back in 1997, is based on forecasts of market participants, including business owners, executives and economic and financial analysts. The survey is the oldest source of alternative statistics in Lithuania.

## Referendum against people and their property

In 2013 we took concerted efforts to oppose the planned referendum against land sale to foreigners. We were named among the most active opponents of the referendum, which means we are among the most active advocates of private property rights.

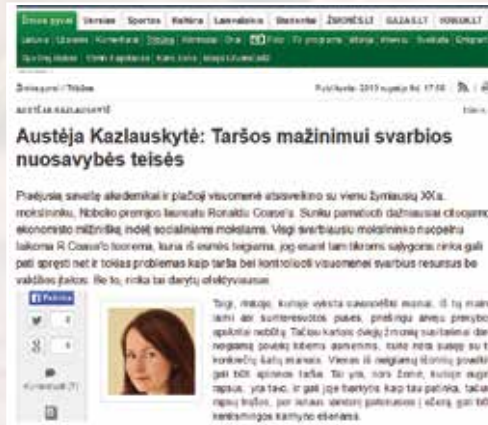
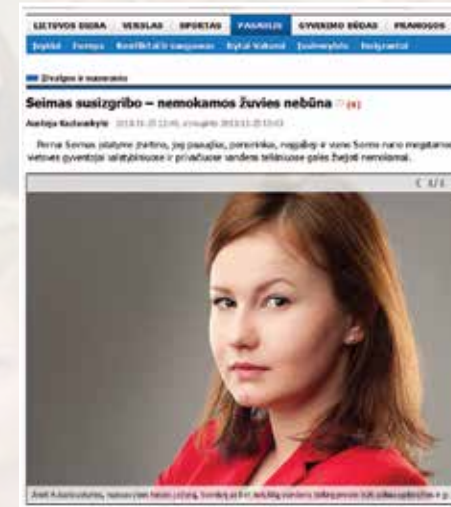
## The Law on Territorial Planning – LFMI contributed to positive developments

We provided a detailed analysis why the Law on Territorial Planning did not solve the main problem of territorial planning, namely a mismatch between restrictions on land and the scope of obligations for land users. We noted though that even small changes, such as building permission without a detailed plan and more flexible rules of territorial planning documentation, would facilitate business development and land use.

We are delighted that our proposals on the process of defining the concept of public interest were incorporated in the new Law on Territorial Planning. Public interest in territory planning from now on will be considered in the context of private property rights and investment promotion.

## Future lawyers investigate validity of public interest in essay contest

In partnership with the European Law Students Association (ELSA) we held a traditional annual essay contest Cicero. Legal experts note that a growing number of lawsuits concerning public interest instigate discussions on whether public interest is properly defended. The contest attracted participants from numerous universities and colleges. The essays were evaluated by the lecturers of Mykolas Romeris University Dr. E. Klimas (LAWIN) and Prof. dr. R. Drakšas (Tark Grunte Sutkiene); Prof. dr. V. Nekrošius, LFMI president Ž. Šilėnas, and LFMI policy analyst R. Griguolaitė. The authors of the best essays were awarded at a final conference.



# Energetikų turto valdytojos plėtra spaudžia privatų verslą

Transporto ir NT valdybos reglų transporto parkų valdymo galimybės

Šiandien, 2013 m. spalio 22 d., Energetikos ir NT valdybos (ENNTV) valdymo taryba priėmė sprendimą, kuris padidins ENNTV valdymo tarybos narių skaičių. Šis sprendimas yra svarbi žingsnis, leidžiantis ENNTV valdymo tarybai geriau atlikti savo funkcijas ir užtikrinti energijos sektoriaus stabilumą bei saugumą.



ENNTV valdymo taryba priėmė sprendimą, kuris padidins ENNTV valdymo tarybos narių skaičių. Šis sprendimas yra svarbi žingsnis, leidžiantis ENNTV valdymo tarybai geriau atlikti savo funkcijas ir užtikrinti energijos sektoriaus stabilumą bei saugumą.



# Mūsų nuomonė: Ar politikavimas evoliucionuos į politiką?

Atsinaujanti energetikos politika buvo išduota ir šiuolaikišką gyvenimą, o per pastaruosius metus Lietuva stengėsi išvengti klaidų, padarė daug planavimų, medžiavoje. Šis „šilumos politikos“ deju, mūšio, tai, kad diskutuojant apie energetikos politiką stebėjome visus naujienas „politikavimą“ suvokti. Dėmesingai energijos, o ne pramonės. Mąstoma ne tik apie užsienio šalis, o žengiant identifikacijai šiuolaikišką gyvenimą, atnaujinti energetikos politiką. Šiuo metu energetikos politikos, o ne pramonės. Mąstoma ne tik apie užsienio šalis, o žengiant identifikacijai šiuolaikišką gyvenimą, atnaujinti energetikos politiką.



Pranas Šilėnas

Investiciniai yra ypač svarbūs, nes valstybė mokėsi iš patirties. Mąstoma, kad valdymo šaliniai patys dar „patenka“ ir abiejų energetikos projektų, yra valdymo tarybų, o ne pramonės. Mąstoma, kad valdymo šaliniai patys dar „patenka“ ir abiejų energetikos projektų, yra valdymo tarybų, o ne pramonės.

Energetikos politika „pasiekta“, kad jos filialas – mūšio, tai, kad diskutuojant apie energetikos politiką stebėjome visus naujienas „politikavimą“ suvokti. Dėmesingai energijos, o ne pramonės. Mąstoma ne tik apie užsienio šalis, o žengiant identifikacijai šiuolaikišką gyvenimą, atnaujinti energetikos politiką.

**Pigios energijos importo draudimas – užprogramuotas?**

Šilėnas Pranas 2013-10-21 11:40, atnaujina 2013-10-22 11:40

Šiuo metu politikos darbai yra svarbūs, bet reikia pasakyti, kas mokytis, jei būtų sukurtas pigios energijos importas. Dėmesingai, daug kam mokytis, jei būtų sukurtas pigios energijos importas. Dėmesingai, daug kam mokytis, jei būtų sukurtas pigios energijos importas.

# Liberal voices. A response to the EC public consultation on unconventional fossil fuels in Europe

2013-10-04 | Europa | Research

Lithuanian Free Market Institute in partnership with F. A. Hayek Foundation (Slovakia), Civil Development Forum (Poland), Institute of Economic and Social Studies (INESO) (Slovakia), Institute for Market Economics (IME) (Bulgaria), Centre for Economic and Market Analysis (CEMA), (Czech Republic) and the Friedrich Hayek Foundation for Freedom (Germany) contributed to the public consultation of European Commission on unconventional fossil fuels (e.g. shale gas) in Europe, which took place from 20-12-2012 to 22-03-2013.



# Unconventional fossil fuels in Europe

Objective of the consultation

Exploration and production of natural gas and oil within Europe has in the past been mostly focused on conventional resources. While opportunities for the type of domestic extraction are becoming increasingly limited, technological progress is opening up new possibilities to exploit unconventional fossil fuels such as shale gas, tight gas, coal bed methane, light oil or shale oil. From geological formations which are geologically too complex or too expensive to extract.

The European Commission aims to ensure that the development of unconventional fossil fuels is carried out with proper health, climate and environmental safeguards in place and under maximum clarity and predictability for both citizens and investors, as well as to ensure that the potential economic and energy security benefits of such developments can be realised. Building on analysis which it has conducted since the end of 2011, the Commission has included in its Work Programme for 2013 the development of an „Energy Roadmap, Climate and Energy. Assessment Framework for Eastern State and Secure Unconventional Hydrocarbon Production“ ([http://ec.europa.eu/energy/roadmap/2013\\_en.pdf](http://ec.europa.eu/energy/roadmap/2013_en.pdf)).

The internet-based consultation is part of the European Commission's efforts to consult with relevant stakeholders and with the public on the topic.

Response in brief

Shale gas should be treated as any other source of energy and the guiding attitude of regulators should be neutral. Risks to the environment should be evaluated in fair manner, without positive or negative discrimination.

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**Ž. Šilėnas. Ar skalūnų dujos baigsis net neprasidėjusios? (96)**

Šilėnas Pranas, Lietuvos laisvosios rinkos instituto prezidentas, Lietuvos laisvosios rinkos instituto

2013 m. birželio 5 d. 09:58

Taip. Taip gali sukristi, ir ne dėl to, kad įvairiant nieko nebus rasta, bus rasta nepakankamai ar neapsimokės ilgą laiką. Skalūnų dujų gavybą, kaip ir bet kokią kitą veiklą, galima sustabdyti įstatymais: draudimais, mokesčių dydžiais ir pan. Paprastas pavyzdys: kodėl Europa, turinti daug savo anglivandenilinių išteklių (anglies), importuoja daug kito anglivandenilinio ištekliaus – dujų? Dėl išmetamų dalelių ir anglies dioksido emisijų ribojimo anglies neapsimoka naudoti.

# Taxes and bans for shale gas

In 2013 we continued to support private initiative in the energy sector. We followed closely the developments in Lithuania's shale gas industry and invited other stakeholders for a constructive discussion on the topic. We stressed that the final product, its price and availability rather than the technology of the gas extraction itself should be the main concern. We presented our position on unconventional fossil fuel to the European Commission. We actively criticized proposals to apply unreasonably high tax rates for shale gas, which threatened to undermine positive developments in the sector.

# Liquefied natural gas terminal – some positive developments

We provided a comprehensive assessment of a draft law on a proposed liquefied natural gas (LNG) terminal. Some provisions were amended in the right direction, reducing or otherwise distributing the burden which the construction of a LNG terminal will inevitably impose on the consumers. Yet, a fundamental problem remains: will gas companies be forced to purchase gas from the terminal even if they can make cheaper deals elsewhere?

# Solar energy sector

After the government set higher buy-up prices for solar energy, the number of people willing to invest in solar energy increased, showing the willingness and potential to invest in larger state supported projects (e.g. LNG terminal or a nuclear power plant). We noted that this was a much more effective way to cover costs than imposing the burden on the public through higher energy prices. Yet, at one point the higher tariffs were revoked, leaving some investors without planned income and demonstrating the government's unpredictability.

# Nuclear power – it's all about the price

The government set up a working group on the new nuclear power plant. Its debates lasted throughout 2013 and will continue into 2014. Does a Lithuania without nuclear power equate to a Lithuania without a future? No. With proper business rather than political logic though, the project can meet the country's energy needs and generate profits. We argued that this kind of approach to energy

Government watch  
Diminishing the regulatory burden

policy was in the best interests of society.  
*We will restore the spirit and the tradition of reforms in the most important areas of human life – education, health and social care.*

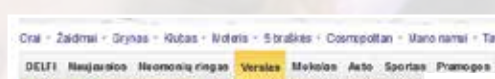
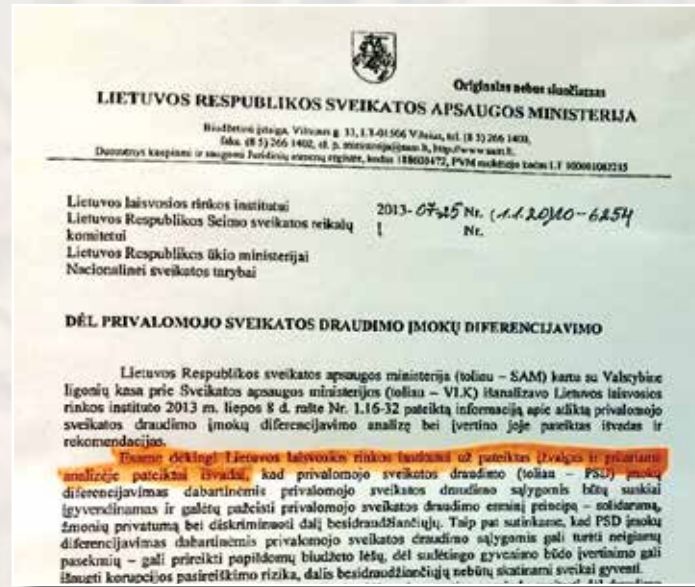
### Puppet Theater in the pension system

In 2013 we actively defended self-funded pension savings. According to the Lithuanian pension insurance model, a fixed rate is transferred from the state social security fund (Sodra) to personal accounts in pension funds. However, over the past five years contributions to personal accounts in pension funds have been cut three times. A new regime with two options was introduced in 2013. Under one option citizens who chose to contribute to pension accumulation from their own funds additionally receive a fixed subsidy from the government. The other option was to terminate transfers to personal accounts in pension funds and return to Sodra. Nearly 389,000 citizens opted for individual contributions with a government subsidy, demonstrating a strong support for individual responsibility.

Throughout the year we also opposed new pension fund regulations. During a meeting with the minister of social affairs and labour we highlighted the weaknesses of the pension reform and the absence of caps on social security contributions.

### Compulsory health insurance: good intentions, bad results

We witnessed repeated calls to differentiate compulsory health insurance contributions based on people's lifestyle and diet. In response, we issued a policy brief with a detailed analysis of the situation. We argued that the enforcement of such proposals would violate citizens' privacy, dignity and constitutional rights. They would be ineffective and prone to corruption. We presented our position to the Ministry of Health, the Ministry of Social Affairs and Labour





**LITUVOJE VIENAM MOKYTOJUI TENKA 8.1 MOKINIO**

**MAŽIAUSIAI VISOJE EUROPOS SĄJUNGOJE**

**LLRI sveikina su mokslo metų pradžia ir linki, kad Lietuvoje sparčiai mažėjantis mokinių skaičius būtų ne problema švietimo sistemai, o galimybė persitvarkyti ir teikti tėvų ir vaikų poreikius geriau atitinkančias švietimo paslaugas**

and to other relevant authorities.  
**There is room for both public and private healthcare providers**

In 2013 we strongly advocated private healthcare service provision. When the government proposed to restrict the establishment of private healthcare institutions, we presented a detailed analysis to the Ministry of Health and other authorities showing that such proposals would damage the interests of the patients. We reminded of a ruling of the Constitutional Court that private healthcare institutions were legitimate and patients could pay for their medical treatment from the funds accumulated in the compulsory health insurance fund.

**For supplementary voluntary health insurance**

Together with patients and public medical organizations, we urged the government to legitimate supplementary voluntary insurance and admit the fact that the compulsory health insurance fund was not sufficient to properly finance the health care system. In our public campaign we stressed the need to allow patients to pay extra for health care services with their own means.

**Changes in the Law on Education and Science: lesser choice, competition and quality**

In 2013 proposals were made to allow the Ministry of Education to determine the maximum numbers of state-funded first year students for every higher education institution. In a policy paper we submitted to the the Ministry of Education and Science and members of parliament we argued that these proposals would undermine competition and quality in higher education and limit students' choice.

Government watch  
Initiating economic reforms

### LFMI in mass media

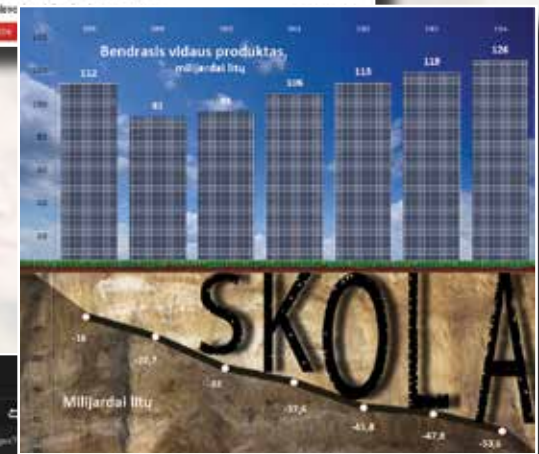
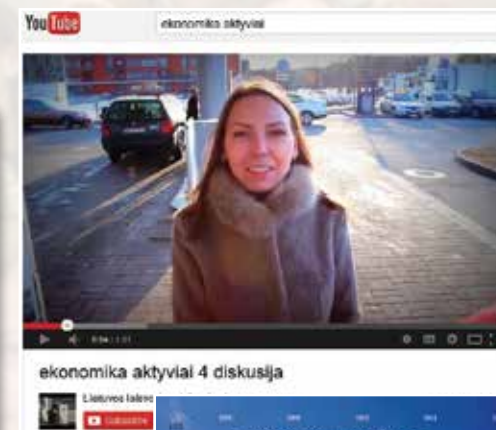
In 2013 we generated about 2,000 media hits in television, radio, news portals and print media outlets. More than 1,000 appearances were initiated by journalists, showing our well-established standing as a source of opinion and analysis. We wrote articles and commentaries, organized conferences and workshops, and participated in external events and working groups. We were regularly invited to contribute op-eds and commentaries to the leading business daily Verslo žinios, the weekly Veidas magazine and the IQ magazine, which is affiliated to The Economist. We are also among the most active online commentators online appearing in the biggest news portals.

### LFMI in social networks – growing our Facebook audience

During the year over 1,000 new fans joined LFMI's Facebook page. We use this social media platform to comment on everyday issues, to share our insights and infographics, and to publicise our events. On our YouTube channel we upload video invitations for pupils to attend the Economics Online courses and extracts from the news featuring our policy analysts.

### LFMI website got a new look

In 2013 we updated our website. Every month it generates 40,000 viewings. This new website also hosts our blog which features a brief and more personal overview of what happens in the economy. To date our policy analysts have contributed almost 50 posts to the blog. This informal analysis attracts a great deal of media attention and is often reposted in the news portals.



Have any questions?  
 Contact Vidmantė Čižienė  
[vidmante@lri.lt](mailto:vidmante@lri.lt)  
 Vidmantė works as communication officer at LFMI.



## How you can contribute to the development of LFMI's ideas?

Through our work, we aim to encourage people to believe in themselves, take initiative, work independently, develop and take responsibility for their own wellbeing.

Our mission is to help advance the general interests of the people of Lithuania which are best realized in a free market where all individuals are free to pursue their own objectives. The pursuit of self-interest ultimately benefits the society, whereas reliance on the government apparatus does not.

Therefore, financial independence is an essential condition for the accomplishment of our mission. Being loyal to the principles of private property, we do not receive and do not seek government funding.

- Even a small gesture of support is very valuable and important to us!
- You can support our activities as an individual or a private company.

Our account: – AB SEB bank –  
No. LT90 7044 0600 0124 3182, Company Code 110059496

For more information on donating to us visit:  
[en.llri.lt/support](http://en.llri.lt/support)

Any questions?  
Write to us [LLRI@llri.lt](mailto:LLRI@llri.lt) or call us in Vilnius  
(+370 5) 250 02 82.

You can also contact Edita Maslauskaitė,  
Vice President of LFMI, [edita@llri.lt](mailto:edita@llri.lt)

**THANK YOU!**  
**YOUR SUPPORT IS OF GREAT VALUE TO US!**

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