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MAASTRICHT: AFTER REFLECTION, NO!

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Some are still hesitant while many have already made their choice. However, everyone has found it "rather complicated", especially when it comes to the economic and monetary mechanisms proposed, in other words the very heart of the treaty. This feeling is often bolstered by an initial reading of the text itself. I contend, and will attempt to demonstrate, that it is not so complicated.

Let us begin by a simple observation. After deducting social charges and taxes, a construction worker in Lisbon earns Ffr 20,400 a year. In Copenhagen, the same worker earns Ffr 101,200 a year, i.e. five times more. Consequently, no one contests that there is an imperative obligation for European construction: it must promote convergence between economies. It is obviously desirable for the poorer countries to catch up with the more prosperous ones. This is also in the interest of the wealthiest countries as narrowing gaps will boost their exports and thus employment. It is in this way that the French economy has benefitted from the increased incomes of Spanish and Portuguese households in the same way as it has benefitted from Italian dynamism over the last 30 years.

It is easy to understand that the Maastricht Treaty has opted for a monetary regulation system ill-suited to meeting this challenge, as it comprises two irreversible choices that privilege other priorities.

1) *The choice of single currency* is a kind of standardisation inspired by federalism. It was preferred to a flexible, decentralised system adapted in each country to its specific situation. A flexible system such as the existing European Monetary System, tried and tested since 1978, or what could be its logical extension, meaning a common currency, could be introduced, with the Ecu being added to, and not substituting, national currencies. The coordinated but decentralised policies pursued by national central banks could remain differentiated and adapted to each national situation. Also, the Ecu could be better suited to becoming an international currency as it would only be pledged against the strong currencies in the system.

2) *The option of a European Central Bank (ECB)*, which transposes the well-tried mechanism of the Bundesbank at community level. The ECB reutilises the three basic pillars of the German central bank: directors appointed to fixed and non renewable terms of 8 years (article 109); the barring of those legitimised by election from influencing the directors (article 107); the objective of price stability that prevails over all others, whether growth, employment or social progress (article 105).

The conjunction of federalist ideology (upheld by Jacques Delors and several others) and the monetarist doctrine dear to the Bundesbank (less inflation than anywhere else at the expense of making money rare and expensive through excessively high interest rates) has led to a choice for Europe that some economists, including us, believe is suicidal.

This choice has been right for Germany and it is undoubtedly right for any already strongly developed country without a growing population, briefly for any country that can function with less inflation and less growth than the others. For over 30 years, if only for demographic reasons, countries such as France and Italy have had to sustain higher growth rates than those of Germany with, admittedly, higher inflation.

One does not have to be a great expert to understand the economic and social necessity of national differences, even for two countries as close as Germany and France. Let us assume that the same bank imposes the same monetary policy, making money scarce and expensive, to keep inflation in both countries lower than 3% per year and that the interest rates thus imposed on households and

companies lead to low growth of 1 to 1.5% a year. German demography being what it is, i.e. stagnant, the income of each German could increase at the same pace as growth and unemployment would not increase. French demography being what it is, the income per capita would remain stagnant and the number of unemployed would increase.

What can be said of this difference between northern and southern Europe? That the disadvantages of standardisation are becoming decidedly tragic; that it is obvious that more growth is required in Lisbon than in Copenhagen and, above all, that the Portuguese can cope with slightly higher inflation than their northern neighbours. Indeed, for the same "basket" of services (hairdresser, restaurant, health, etc.) a resident of Lisbon pays Ffr1,080 whereas a resident of Copenhagen pays Ffr 2,000. Is it necessary, therefore, to impose the same stabilisation policy or have the same inflation rate in the south of Europe as in the north? The answer lies in the figures and I reiterate that everyone can understand this.

In a certain way this has been understood by the experts of the IMF and by those of Brussels. The first have simulated the effects of Maastricht and foresee less growth and more unemployment in Europe. The second know that the blow affecting the countries of the south will require substantial financial compensation and has begun programming it while forgetting that the rationale of subsidies involves fiscal pressure giving little incentive to the dynamism of those footing the bill and an attitude of assistance hardly propitious to that of the beneficiaries.

More generally, it is to be feared that the mechanism of Maastricht will lead us to contemporary problems rather than to structural solutions. The complexity of modern systems can only be solved by decentralised solutions. We are being led towards a highly centralised solution that imposes a single principle of monetary regulation. The major lesson of the failure of over-technocratic institutions is that they are incapable of taking into account the diversity of situations. We are offered a rigid and standardised policy. The crisis of representativeness that marks our society calls for greater participation from citizens in the decisions that concern them. Their elected representatives have been shorn of their responsibility for economic policy. These archaisms are contained without omission in the Economic and Monetary Union of a treaty whose impetus could be entirely different.

It is up to us citizens to ratify the Maastricht Treaty, if we wish. It is a remarkable opportunity to be able to pronounce on a choice that commits our future, that of the country and of Europe. As with a lottery offering high stakes, there is a jackpot to be won. But there are two differences with buying a lottery ticket. Firstly, it can be costly if one loses. Secondly, it is possible to take the time to reflect in order to try not to choose the wrong ticket.

Therefore it is better to read and reread articles 105, 107 and 109 of the treaty, than to rely on the invectives and incantations that have sadly marked certain speeches or on some media celebrity ready to lend their name and image to support or combat a text that they probably have not read.

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