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IS THE EURO TO BE BLAMED?
IS THE EURO DOOMED?

«Etre contesté, c'est être constaté» ("Being contested means being recognized")
Victor Hugo

- Once again, since Brexit there have been suggestions of a break-up of the Eurozone, or even the demise of the euro. While per capita real GDP in Europe in 2015 only slightly exceeded the 2007 level, US GDP was almost 10% higher, and while the Eurozone unemployment rate was still 9.8%, in the United States it declined from 10% in 2010 to 4.9%. Europe and the euro are easy scapegoats for rulers incapable of stimulating growth, and for populist opponents. The recent attack by the Nobel Prize in Economics, Joseph Stiglitz, in his book entitled ***"The Euro: How a Common Currency Threatens the Future of Europe"***, raises the question of whether the euro is blameworthy and, indeed, doomed.

- Before discussing this, let us recap Stiglitz's ideas on economics and on the euro:

  - The idea that privately owned companies are better managed than state-owned companies is purely imaginary, the idea that fiscal deficits should not exceed 3% is ideological, and the idea that markets are efficient is false. He criticizes the IMF for austerity policies, because they make the situation worse. He criticizes central banks for having given priority to banks over citizens, for having given priority to combating inflation and having allowed unemployment and inequality to increase. He blames growing inequality on the growth slowdown and the development of instability. He considers that cuts in government spending hurt the poor more than the rich, because they are more dependent on the government for schools, hospitals and welfare benefits.

  - As regards the euro, according to Joseph Stiglitz the idea that monetary union was necessary for increased prosperity and a stronger role on the international stage was futile: the euro divides rather than unites, it exacerbates the democratic deficit when unjustified austerity policies are imposed. Joseph Stiglitz compares pegging to the gold standard by the United States at the end of the 19th century with the creation of the euro in 1999. Both caused deflation, in gold because growth in its production was insufficient, leading to a fall in product prices, and in the euro because the elimination of European currencies increased inequalities between rich and poor European countries as well as inequalities in the poorest countries, because welfare programmes had to be drastically reduced.

- To answer the questions in the title, we will pose the question of whether monetary union is positive for the integration and international presence of Europe and whether it can boost growth. Likewise, we will raise questions about the ECB, whose mandate is to combat non-existent inflation and not to promote growth, and about the independence of an ECB which takes decisions that have political implications. Joseph Stiglitz will be frequently cited and contested.

1. **Is the euro to blame**?

The euro is a recent currency and therefore cannot be exempted from criticism. But some complaints are excessive.

- ***1.1 Justified criticisms***:

The euro was designed as a factor of integration, but the absence of political and budgetary solidarity led to the opposite result. We can therefore stress four points:

<u>The persistence of sovereign risk</u>:

The elimination of currency risk has not eliminated sovereign risk. On the contrary, sovereign risk is increased by the fact that, in times of crisis, the monetary adjustment variable cannot be used, because capital and people look to go to the soundest countries, those where taxes and the cost of debt servicing are lowest, and this exacerbates the distortions between countries. In 2007, the premium on Greek government bonds relative to German government bonds was only 0.2%, and then at one point it exceeded 40%. A deposit guarantee was proposed, but Germany opposed it.

<u>The difficulty of applying common policies to countries with different levels of development</u>:

The ECB's choice of its official interest rate was difficult as long as inflation rates differed. Favoured by low interest rates relative to high inflation, Spaniards became massively indebted. Economic growth was strong but vulnerable, tax revenues were abundant but were due to the real estate bubble.

<u>The detrimental effects of austerity policies and the risk of deflation</u>:

- There was no fiscal solidarity. The burden of adjustment was mostly incumbent on the countries in distress, and this increased the deflationary bias and accounts for the Eurozone's stagnation after 2008.

- The measures imposed by the Troika (IMF, European Commission, ECB), namely cuts in government spending and wage cuts, exacerbated the recession in those countries, and hence increased spending on unemployment benefits. The austerity policies were equivalent to the bloodletting practised by ***doctors in the 17th century***. They weakened the patient, costing the Eurozone 0.9 percentage points of GDP growth in 2011, 1.5 points in 2012 and 0.7 points in 2013. Emigration increased the per capita debt burden and skewed the statistics showing a fall in unemployment.

- Between 2007 and 2012, per capita GDP declined by 20% in Greece, 10% in Ireland, 9% in Italy and 7% in Spain. The contraction of domestic demand outweighed the positive effect on exports, and so debt ratios worsened, rising, for example, from 55% to 110% in Cyprus between 2007 and 2015, from 35% to 100% in Spain and from 103% to 178% in Greece. In many respects, it would have been preferable to increase wages in Germany, a strong country which could withstand this adjustment, but the government opposed it.

- Obliging Greece to have budget surpluses exacerbates the crisis due to the multiplier effects of government spending cuts which reduce consumers' purchasing power and cause a contraction in demand.

<u>The convergence initiated in the early 2000s was reversed after 2008</u>:

- In 1995, the interest-rate differential between Germany and southern European countries was close to 4 percentage points, whereas in 2007 it had been almost wiped out. At that time only a few countries - Greece, Portugal and Cyprus - infringed the 3% budget deficit rule. Only Italy and Greece, with a rate of 100%, and Belgium with a rate of 85%, exceeded the 60% limit for public debt. The flattering growth of the southern European countries and lacklustre growth in the northern European countries at that time masked a loss of competitiveness in the South. The southern countries suffered from cost inflation in services, while the northern countries benefited from renewed competitiveness as a result of wage stagnation and more flexible labour market rules.

- Between 2008 and 2009, Eurozone GDP declined by 4.5%, the zone's fiscal deficit reached 4.1%, with a peak of 15% for Greece, the unemployment rate increased by more than two percentage points, and the public debt ratio increased from 65% of GDP in 2007 to around 80% by end-2009.

- This crisis caused risk premiums to surge and highlighted divergences, the contrast in current-account balances, the large deficits of the southern European countries and their dependence on foreign capital. Very soon, interest rates on the debts of Italy and Spain increased to as much as 7% in early 2012. Until Mario Draghi's statement in July 2012, southern European companies were forced to borrow at high interest rates and were no longer competing on a level playing field. The disparities between northern and southern European countries worsened: very soon, Germany and its neighbours returned to a growth path, but not the peripheral countries; the unemployment rate in Germany fell to levels close to 5% when it was still at 25% in Greece.

- So the issue is one of convergence: in the United States, the per capita GDP of Mississippi represents 48% of that of Connecticut, while in Europe, the per capita GDP of Portugal, at the time of the Eurozone's creation, was 57% of that in Germany. In the United States, between 1990 and 2009, the poor states of Mississippi and New Mexico received from the federal government the equivalent of more than twice their GDP while, over the same period, the rich states of Delaware and New Jersey paid the equivalent of 1.5x their GDP. When a US state suffers a fall in income, partial compensation is allocated by Washington. In the

Eurozone, such an aid mechanism and such convergence have not yet come into play, and in 2014 the per capita GDP of Portugal represented only 49% of that in Germany. Likewise, per capita GDP in Greece is still 50% lower than the European average, and in Spain it is 20% lower.

It will therefore be necessary to increase the Community budget, which represents only 1% of GDP compared with 18% in the United States, in order to reduce the differences.

- Debt solidarity is too limited: on the balance sheets of banks, whether Greek, Spanish, Portuguese or Italian, there is more than 80% or even 90% of national debt, which represents a factor of vulnerability because countries must be able to take responsibility for rescuing their banks.

- The final obstacle to convergence, the language barrier, curbs the free movement of workers from the distressed regions to the prosperous regions; for example, it is estimated that only 3% of people of working age live outside their borders.

1.2. Excessive criticisms:

Many of the criticisms levelled at the euro are in no way specific to the functioning of the Eurozone but apply just as much to the United States and the United Kingdom. Some comparisons are biased, others are almost caricatures, some are inaccurate, and many rigidities are not as bad as claimed.

Errors of analysis:

- Although Finland posts a 7% decline in per capita income since 2007 and the unemployment rate there exceeds 9%, this is not due to the Eurozone but to Nokia's problems and the Russian recession.

- Although France posts lower growth than a few years ago, this is not because of the euro but because of insufficient reforms to make the country more attractive.

- Although the United Kingdom has enjoyed higher growth in recent years, this is not because it does not belong to the Eurozone but because the country has been reformed.

- If Greece had sustained a 50% devaluation it would not have had more to sell abroad, but on the other hand the rising cost of essential imports would have impoverished the population.

Biased comparisons:

This concerns comparisons between the Eurozone and eastern European countries, between the Eurozone and northern European countries outside the zone, and between the Eurozone and the United States.

- It is a fallacy to try to contrast the stagnation of Eurozone GDP between 2007 and 2015 with the 8.1% growth generated by European countries outside the Eurozone. Poland (+28% over the period) and Romania (+12%) are not mature countries. Their per capita GDP is still low, and the catch-up effect plays a role.

- Likewise, is the fact of not belonging to the zone the cause of the growth differential enjoyed by Sweden compared with Eurozone countries? No. It can be explained by the specialization of its productive system.

- Caution is needed when making comparisons between the United States and the Europe region, because in Europe labour mobility is curbed by the language barrier, and capital mobility by the lack of a federal budget. When comparing unemployment, the 10.1% rate in Europe should be contrasted with 9.7% in the United States and not the official rate of 4.9%, which does not include employees working part-time against their will.

- Asserting, as ***Stiglitz*** does, that "Income today is far lower than the long-term trend followed by GDP before the Eurozone", is dishonest, because the dip in the growth rate is a global phenomenon.

Excessive approaches:

It is excessive to say, as ***Stiglitz*** does, that "It is the euro that stifled the ability of southern European countries to adapt to the changes that were taking place in the global economy", to assert "that the bailout plan for Greece was a bailout plan for German and French banks, … that the objective of European leaders, in managing the Greek and Spanish crises, was to bail out the banks and the euro but not to protect the well-being of the populations" and to conclude "Trichet was the ally of the bankers against ordinary workers".

How can ***Stiglitz*** note that "the convergence criteria in the Eurozone, far from reducing the divergences, increase them…i.e. make the rich richer and the poor poorer… because political power belongs to the rich"(!). Growing inequality is a global phenomenon for which the euro is in no way responsible, and it is in the United States that inequalities have increased most.

Mistaken approaches:

- Although, before 2008, Spain and Ireland had a budget surplus and low public debt, household debt and the real estate bubble were on an unsustainable trajectory. In 2005, housing construction in Spain exceeded the total for France, Germany and Ireland combined. There are 46 million inhabitants in Spain, versus 152 million for the three countries mentioned. Although it was not possible to increase the rates set by the ECB, it would have been possible to prevent the bubble through a capital gains tax, or by restricting lending. The crisis was not due to the euro but to excessive debt.

- Greece: The wage growth seen by Greece in the 2000s, infinitely faster than in Germany, made an internal devaluation necessary to regain a certain competitiveness. Those who express indignation that the Troika urged a 20% reduction in labour costs to restore competitiveness forget the past. Those who criticize the Troika for its severity in managing mortgage loan delinquencies forget that, in the United States, this is normal behaviour for banks.

According to Joseph ***Stiglitz***, if Greece after 2008 experienced a sharper recession than in 1981-83, when there was no Eurozone (-9% for the year 2011 alone, compared with -4%), this is because the country obeyed the orders of the Troika. He says that these programmes made debtors pay the costs of adjustment to ensure repayment of the creditors. An austerity programme was forced on Greece, the recession (-37% GDP between 2008 and 2014 according to Eurostat) led many Greeks to emigrate and the population is now lower than in 2007, 15% live below the poverty line, some have lost access to health insurance, and the hospitals face a shortage of medicines and qualified personnel. But Greece could not continue to evade the requirements of competitiveness and let its deficits widen further. The budgetary manipulations of the Greek authorities, and the country's budget deficit 3 to 4 times higher than the 3.5% published at the time of its entry into the Eurozone, cannot be overlooked.

An exit from the Eurozone would have caused a sharp rise in interest rates, a halt in payments of part of the European aid packages (worth 3% of GDP), bank failures and high inflation because many imports are essential, and would have been of little benefit for exports, because the economy is not very open to the outside world and exports account for only 20% of GDP.

- Fiscal austerity was not a measure specific to the Eurozone but a policy encouraged at the start of the crisis by the IMF. It is untrue to write, as Joseph Stiglitz does, that "What is saved in transaction costs is probably not very great (because) European countries had already experienced significant economic integration before the formation of the monetary union". One need merely recall the major currency moves in 1992, when the Spanish, Portuguese and Italian currencies depreciated by about 30%.

- It is excessive to assimilate trade deficits to a fixed exchange rate in Europe, as Joseph ***Stiglitz*** does, because trade deficits also exist in a context of floating exchange rates, in the United States and the United Kingdom.

- The banking law is the tortuous explanation given by Joseph Stiglitz for European stagnation: he suggests that depositors pulled out money for fear of bank failures, thereby making credit scarcer! It would be good to have an example.

- Finally, it is false to say that the ECB now thinks only about combating inflation, because how can one interpret the ECB's purchase of corporate bonds by the yardstick of this objective alone?

Rigidities that are not as bad as claimed: the example of Spain.

The European Commission did not make the bank bailout in 2012 contingent on a reduction in government spending, and it will tolerate a budget deficit of 3.6% in 2017.

Germany is not the winner described by Joseph Stiglitz:

Undoubtedly, the euro is weaker than the German mark would be, and Germany posts a record current-account surplus, but between 2007 and 2015 it recorded weaker growth than the United States (6.7% versus almost 10%), inequalities worsened as a consequence of the Schroeder laws and the total real wage stagnated.

We have forgotten that earlier, between 1995 and 2005, German GDP growth was far lower than that of the other European countries. This weak growth can be explained in particular by a very low birth rate, of less than 1.5x children per woman since 1982.

2. **Is the euro doomed**? ***Improvements in the Eurozone's functioning***:

We agree with Joseph Stiglitz when he says that the Eurozone can be saved by either more Europe or less Europe. For the single currency to survive, there must be more solidarity and joint policies, fiscal and social harmonization, and more industrial policies or infrastructure spending to reduce the divergences between regions. The euro should not be an end in itself but a means to increase prosperity. The elimination of currency risk, a potentially significant hazard for businesses, should not be Europe's goal but a step toward greater integration.

The attractiveness of the Eurozone:

In 2011, many predicted the break-up or even the disappearance of the Eurozone, which would have satisfied the United States, but it is the opposite that occurred.

Not only did the Eurozone strengthen its integration, but it received four new members, including the three Baltic countries, and Romania could join it on the 2020 horizon.

Outside the Eurozone and the European Union, two countries, Montenegro and the Kosovo, adopted the euro to put an end to two decades of monetary instability.

Progress already made: the ECB, the Juncker Plan, measures in the various countries.

- ECB policy:

The ECB had to face its first crisis in 2007/2008 and, with a time lag relative to the Fed, in 2010 it created the EFSF, the European Financial Stability Facility, which was replaced in 2012 by the ESM, the European Stability Mechanism, in which €700 billion was pooled to assist countries faced with financial problems. This is a first step toward integration. As a result of some compromises between France and Germany, the Maastricht Treaty, which ruled out the monetization of public debt and the bailout of countries, was toned down. In exchange for commitments regarding budget stability, Germany accepted the purchase of sovereign bonds by the ECB and greater solidarity with the weaker countries.

In 2012, the Eurozone was able to regain stability thanks to the statements of Mario Draghi, who could have adopted ***Paul Claudel's words in L'Otage: « Je suis l'homme du possible » (I am the man who makes things possible)***. His promise to do whatever it might take to prop up the sovereign bond market led to an across-the-board easing of interest rates, a reduction in the cost of servicing the public debt, a narrowing of yield spreads between the peripheral countries and Germany, and a fall in the euro/US dollar exchange rate from 1.60 to 1.09. The banking union, initiated in 2012 and coming into effect in 2016, has the ambition of separating sovereign risk from banking risk.

- The Juncker Plan:

Initially worth €315 billion, soon to be double that amount, this plan aims to promote innovation and investment via EIB/private sector co-funding, which should increase the competitiveness of European countries, especially those in the South.

- Progress made by the peripheral countries:

At one time some imagined that the economic situation would be improved by making these countries exit the Eurozone, but that would have been illusory. When, in 2002, Argentina broke the peg to the US dollar, the country was incapable of repaying its dollar-denominated debt, the banking system was undermined, Argentines' access to their accounts was blocked, a default took place and this meant Argentina was unable to call on capital markets until it obtained aid from Chavez.

What is most important is investment in innovation and the search for competitiveness, not the facile solution of successive devaluations and uncontrolled budget deficits which do not create confidence. Since 2010, labour costs have increased by 3% in Germany but decreased by 25% in Greece and 15% in Spain. On the whole, the peripheral countries have reduced unemployment and health benefits and put back the retirement age, which shows that, even in the Eurozone, competition exists between social systems.

Spain has managed to carry out wage devaluation, reduce its production costs and regain competitiveness. The unemployment rate, which had reached as much as 25% of the working population, has fallen to 19.7%, and this year GDP growth will reach 2.9%. Doomsayers will explain the fall in unemployment by an exodus of young skilled workers, and will deplore the fact that per capita GDP is still less than in 2007, but the recovery in competitiveness is a reality and the setting up of factories in Spain by manufacturers such as Renault is testimony to this regained attractiveness.

Greece is often criticized, but no country has made such radical reforms since the 2008 crisis. The fiscal adjustment carried out between 2010 and 2013 represented more than 15% of GDP, Greece has almost eliminated its primary budget deficit and trade deficit, and is managing to develop tourism, which accounts for only 7% of GDP. Greece is also a model of solidarity, as attested by the very substantial aid plans in 2010, 2011 and 2015 (€86 billion), and then in 2016. Thanks to a reduction in interest rates or deferred repayments, the cost of debt servicing represented only 2.8% of GDP, a percentage far lower than that of Italy (4.7%) or Portugal (5%). But Greek debt still stands at €320 billion, or 1.7x GDP, an amount that it will be unable to repay. So, between the IMF, the ECB and the European governments which hold more than 80% of this debt, and private creditors who own slightly less than 20%, a debt write-off will eventually take place.

Ireland was hit extremely hard by the crisis. The programme forced through by the Troika was strict, and for five years the unemployment rate exceeded 10%, but the country now posts the strongest growth in the Eurozone and in 2015 per capita income exceeded the 2007 level by 3.5%.

Portugal experienced a profound public finance crisis, but the budget deficit this year will probably not exceed 2.4%. The award of €78 billion in aid by the IMF was contingent on a programme of government spending cuts and a reduction in the budget deficit from 10% in 2010 to 3%, but the positive result is that in this indebted country, characterized by a public debt/GDP ratio of 130%, the ten-year borrowing rate has fallen from 13% in 2013 to 3.1%.

In Italy, the amount of outstanding non-performing loans has increased fourfold since 2008, to €360 billion, equivalent to 20% of Italian GDP. Bank restructuring has started with the announced merger of Banco Popolare and Banca Popolare di Milano, and the recapitalization of Monte di Paschi which should bring in €5 billion in equity capital.

- At present, the euro represents 23% of foreign exchange reserves worldwide, compared with 60% for the US dollar, but only 4% for the yen and for the pound sterling, and even less for the Swiss franc. Also, bond issuance denominated in euros, 40% of the global total, is fairly similar to dollar-denominated issuance.

Planned measures: ***"Gentlemen, It is no longer a time for vain words. Now we must act", Robert Schuman in 1950.***

Stiglitz seems to hesitate between a break-up and a consolidation of the zone: we prefer the second option.

- Put an end to the euro?

Stiglitz recognizes that a separation would be costly, but nevertheless proposes three solutions: either break up the Eurozone into several more homogeneous currency areas, or choose a flexible euro, a solution which would enable each member to trade in euros but based on adjustable exchange rates pending a better economic integration of the member states, or thirdly the exit of one or more countries, preferably, in his opinion, Germany. The advantages of the latter scenario would be that Germany would repay its euro-denominated debt with a strong currency, the German mark, the southern European countries would benefit from a weaker euro, and the German current-account surplus would shrink.

- Consolidate the Eurozone:

You can find more precise details on the following points in our note of June 2016, "The day after".

. Political measures:

It is essential to improve the Eurozone's governance, make institutions such as the Commission more democratic, and unify the EMU's representation in international financial institutions (see note of June 2016 for more details).

. Economic measures:

It is necessary to implement the ***theories of Mundell***, who stressed that in a monetary union subjected to a shock, labour mobility must be ensured.

. Tax measures:

Tax harmonization is currently more advanced for indirect taxes (VAT with a minimum normal rate of 15%, minimum excise duties on tobacco, alcohol and oil) than for direct taxes. The excessive tax competition represented by Luxembourg and Ireland should be attenuated.

. Budgetary measures:

Fiscal sovereignty in a monetary union is a mirage. It is essential to reinforce the European budget, currently limited to 1% of GDP and still, for more than 40%, concentrated on agriculture.

It is essential to alleviate the fiscal austerity which has aggravated the recession, and organize transfers between Eurozone countries, which until now Germany has opposed. This could concern unemployment benefits, aids for industrial sectors, etc.

Purchasing power should continue to be increased in Germany, because it is easier for a country with a surplus, such as Germany, than for a country with a deficit to reduce its surplus. The €7 billion in tax cuts planned for 2017 are in line with this policy, following Angela Merkel's introduction of the minimum wage, which was a first stage and which curbs the effects of the wage cuts for unskilled workers observed after the enactment of the Schroeder laws.

. Monetary measures:

The ECB should facilitate bank loans to SMEs, because it is they that create the most jobs. On this point, it is essential to reduce the disparities between lending rates to small and medium-sized enterprises from one country to another. Companies' competitiveness, their cost of capital when they are located in the most distressed countries in the Eurozone, cannot continue to be adversely affected by higher interest rates or local banks' weaker lending capacity.

. Banking measures:

The banking union, voted in 2014 and which came into effect in 2016, organizes a supervision of European banks by the ECB, which regularly runs stress tests. By 2023, it is also planned to transfer €55 billion to a European resolution fund, a small amount in relation to the €600 billion or so of recapitalizations in the Eurozone since 2008. It is necessary to consolidate the scope of the banking law, to provide for a mutual guarantee of deposits and a joint resolution of bankruptcies, and to make mortgage loan standards flexible depending on whether or not a real estate bubble exists.

. Financial measures: two points.

A finance minister is needed for the Eurozone, part of the public debts must be mutualized, and "Eurobonds" should be created, as they would reduce the cost of debt servicing for governments and would make it possible to conduct more expansionary fiscal policies, thus reducing emigration of the labour force and capital outflows. Failing that, it would be necessary to explicitly allow distressed countries to restructure their debts, and this would lead investors to make a distinction between country risk and Eurozone risk.

It is necessary to increase the financial resources of the EIB to finance more infrastructure projects, especially in the distressed countries which are seeing their competitiveness handicap increase.

Conclusion: ***"The pessimist thinks that a day is surrounded by two nights. The optimist thinks that a night is surrounded by two days". Picabia***

- In short, the euro is not blameworthy and is not doomed. Even Joseph ***Stiglitz*** does not conclude that the euro will inevitably disappear. It is a possibility that is discussed, but he admits that success could be achieved through closer integration, which is the idea that we favour. From the naivety of the Maastricht Treaty which thought that eliminating exchange rates would complete the single market and that the creation of the euro would suffice to form a common political identity, to the exuberance of the initial years which suggested a rapid catch-up by the southern European countries, to the sudden awakening caused by the 2008 crisis which led to diverging developments in economies, to these teething problems and the policy coordination and financial solidarity shortcomings, lessons have been drawn and corrective policies have been implemented, notably at the instigation of the ECB, and a banking union is on track.

- It is false to maintain that Germany is the only winner from the Eurozone and that the other countries are losers. It is incorrect to imagine that the euro threatens the future of Europe and to fear everything; the Europe of 27 is possibly more fragile than the euro. The euro is not the straightjacket painted by some analysts. The Eurozone, which is still young, is not optimal but it is a success, a recent currency which has taken second place in the world's foreign exchange reserves, after the US dollar.

- To go further and authorize adjustments in exchange rates from one European country to another would be a facile solution. It is competitiveness that boosts growth and not the depreciation of a currency. A steep devaluation is no longer the guarantee of a pickup in exports. Japan has experienced this since 2012, and the United Kingdom will experience the same thing. A strong currency is not an obstacle to a positive trade balance, as Switzerland reminds us. In other words, in service economies the exchange rate variable is less relevant than in the past.

- Europe is not an ugly beast but the leading trade power in the world, it is a model of equilibrium between liberalism and welfare spending that some in the United States, aware of the dangers represented by widening inequalities, are starting to consider.

- The only risk is populism, if an anti-euro government were to come to power in one of the major European countries. This would be a mistake, but Raymond Aron has taught us that ***"Those who think that peoples will obey their interests rather than their passions have understood nothing about the twentieth century".*** Public opinions must remain convinced, otherwise there is a risk of rejection, as during the votes for Norway's membership of the Union, or for the adoption of the euro by Sweden and Denmark, and when France and the Netherlands rejected the draft European Constitution.