One philosophical view holds that the past only has a *raison d’être* in what are believed to be very specific, and strict, terms. It is, firstly, mere nostalgia or useful technical material for historians to work on. Secondly - and statisticians are split down the middle on whether to accept this - it is a by no means certain forerunner of the present. And, finally, it is an equally by no means certain harbinger of where we are all headed.

Such a flexible framework, one that goes beyond a rigid “look back, describe, and extrapolate” approach, is to me more tempting than an exercise of mere regurgitating what had been heralded for Malta’s economy, and then assessing veracity, or correctness, or accuracy, or otherwise, of where Malta’s economy now is. Now, “five years on”, is both factually and merely “now”, but at the same time that “now” careers unstoppably into a future which is, to many, simply hidden, but to the curious and questioning simply fascinating, and tremendously important in terms of the country (and indeed the world) which we should all love and wish well for.

Against such a (to many possibly obvious) background this paper analyses various clusters of areas that comprise our economic milieu. It is easy to conceptualise the current EU economic conjuncture as a synthesis of worry, one that perhaps far too easily is not seen for its real economic fundamentals, but rather as a wall or corkboard on which we can all place our own favourite stickers of counterintuitive socio-economic indicators.

The EU, with its own oft-demonstrated pockets of regionalism - not the least of which is Mediterraneanism - is, both economically and socially, today beyond the nostalgia of the structuring processes of EMU, the euro’s privatizations, what was at birth a glamorous (even if too politically engineered) Growth and Stability Pact, even the liberalization processes. It - as indeed much more so Malta for the purposes of this study - now grapples with issues and realities that are (some would indeed say have always been) part of its texture as much as they are of, say, the US, Russia, China, indeed in some contexts also of emerging markets, but which now, again, pose the by no means simple question of “and so to where?”

At the time of writing some questions beckon hypothesizing on whether the past has, in the way many Maltese look at the EU, moved on so fast from when Malta acceded to the Union, so fast that it is already a very far blip in the memory of many. To many it possibly is, as already suggested, unimportant nostalgia. Now it is different questions that other Maltese are asking, or, as will often be seen in this study, need to ask. For example, where to in matters where GDP and the environment should ideally be a fruitful dialectic? Or, where, and what like, will be the energy-social welfare nexus? And, again in the specific context of an island state that, once again, finds itself in a situation where it has to do some very serious (and totally fresh) thinking on restructuring its economy, where - if at all - will tourism, financial services, exporting industry (both collective and in terms of specific sectors), plus retailing, and agriculture, feature, if at all?

Five years on from accession Malta’s economy evolves within the EU against an increasing realization of the truth of what many (pre or at accession) who pertain to that part of the EU-public-opinion-market category, viz the EU pragmatists, had then spoken so much about: viz that the EU will help, but will not save, the economy. In many nitty-gritty aspects there has been technical change, often pushed in specifically (and wisely it must be added) to conform to *acquis* requirements. But at the same time substantial underlying

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1. This writer chooses not to consider as problematic that parts of the EU are euroised, whilst big parts of it are, at the moment of writing, not. The euro’s undoubted strength will not only prove - in years to come - irresistible to joining by all EU states, but will, along with the US$, push towards further serious study of the implications of finding an acceptable synthetic world currency.

2. The other groupings in this four-part EU-opinion market are: the *euro-drugged* (“the EU is our national life-line, it will solve all our national problems”), the *euro-sceptics* (“it might be a good thing, but better what I have now outside it”), and the *anti-EUists* (“nothing good ever came out or will come out of EU Membership”).
structurally problematic patterns remain, either unchanged or, worse, their continued presence not even ever doubted or debated. Not to talk of new ones that have evolved since then.

**Economic Growth and…..the Models**

It is easy to quote figures about how much GDP, employment, FDI, exports, or whatever, have grown since Malta became a member of the EU. Then analytically (as I further expand thereon below) it is perhaps less easy since adoption of the euro as our national currency. In simpler terms distinguishing benefits or otherwise arising from EU membership ut sic, and from Euro adoption again as such. But it is then even much harder to assert with dogmatic certainty that we must consequently continue to stick, for the years to come, with economic decisions and consequential structures which in the past (including the recent EU-ised past) may have served us well. Let us, merely for starters, consider how far can the economy of a country that is beset by set realities of size, capital limitations, and environmental characteristics, stick to a model that has been the country’s main economic driver over at least the last half-century, viz the merely Tourism and Building and Construction, Model (the TBCM).

This is, let us not forget, an economic structure model which we sort of gravitated naturally into, with not as much as a debate ever, out of the different one which the country had structured for itself immediately after independence, viz the tripolar Industry-Tourism-Agriculture Model (the ITAM). The first and third legs of that tripod have been allowed to drop into constant phases of moribundcy, or possibly even near-oblivion, or at best benign neglect, in terms of decision makers’ investment priorities, and now the same decision makers seem to cower in front of certain challenging questions. Such as:

- How quickly will reality hit us like a bomb that demographic and ecological changes have altered the way in which we need to intervene in urban development. What are the benefits of providing ever more tall buildings with stunning views, other than financial ones for speculating developers, and their estate agents? Can one fault those who wonder where is the EU, at least in its advising role, in the face of current domestic policies that seem to permit - possibly even encourage - a zero-sum transfer game of a more-or-less static pool of national income via Maltese banks to borrowers, which in reality did no more than redistribute income among residents, mostly from the young to the old;\(^3\)

- How soon before we start being punished heavily, by both nature and economics, for having, for an inordinately long time, failed to prepare for climate change and fuel dependency consequences? Will future generations be able to argue and prove that our efforts, really only coming from 2008 onwards, have been too little and too late?

- For how long will that part of Maltese society which, in Italian sociological terms, would fit the description of sottoproletariato, (and whose numbers might be unconsciously increasing through illegal immigration), tolerate a situation where its collective purchasing power drops ever further when compared to the EU average?\(^4\) And this in terms of both quantities and quality purchased, and in terms of both goods and services;

- With an old age dependency ratio that is forecast to increase by 114% by 2050 how soon will it be before Malta discovers that the pace of year-on-year increase in value-added in our key economic sectors must either be such that - through ingenious creativity and innovation - fills in the contributors’ gap, or else vast swathes of, again, underprivileged become ever quicker so, and more numerous and visible too.

**Economic Structures**

Objectivity requires recognition that some attempts at restructuring away from the TBCM have - five yeas on from EU accession - been stronger. Depending on which way one calculates it, the contribution to GDP from

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\(^3\) I am indebted for this perceptive viewpoint to Mr. (formerly RAF Flight Commander) Alex Galea, now living in Woking, Surrey, but many long years ago a next door neighbour.

\(^4\) The 2008 GfK GeoMarketing report places Maltese purchasing power at 67% of EU average, and placing at 18th in the EU rankings of such purchasing power.
financial services now ranges between four and eight per cent. This is a very important economic activity for Malta which has received all sorts of support and praise from Brussels. But - ever the cautious - we must be loyal to ourselves and openly question whether, basing much of our development here on mere ideals of liberalization or deregulation, and in the process never questioning the ever-growing structural power of finance in Malta’s economy, we may have been forgetting certain elements.

Certainly, starting from over 40 years ago, early liberalization processes in many parts of the world brought large net benefits. But at some point diminishing returns always set in, in everything, and, again in a country seven miles by nine, we ignore this at our peril. The EU tang to this probably follows the mantra of “the greatest effect of financial liberalization….has been to bind markets more closely…resistance to financial shocks is greater….these have been less frequent….”, and so on and so forth.

And yet between 1990 and 2003 ninety-four countries experienced at least one severe currency crash: far more than in any similar period between 1950 and 1980.\(^5\) Holding that adoption of the euro is a cast-iron shield against Malta suffering from any EU-wide currency crash ever is wrong. The Euro now is, as I vigorously insisted and foretold it would be prior to its launch in 1999, a strong currency. But it is not the only currency in the world and, as such in an ever more accentuated trading-world scenario, we cannot afford to ignore that. Technically and realistically Malta is part of an EU that competes ferociously with the US and Asia. The latter challenge both the EU and Malta every breathing day of our economic life.

One might conceivably add, to that, crises and failures which are institution-specific (as opposed to systemic). Should one then start asking some serious questions, e.g. what have been the real overall benefits of the removal of restrictions on capital flows? One IMF view holds that, insofar as some developing countries are concerned, increased volatility of consumption, and no real sustained increase in economic growth, actually ensued.\(^6\)

Five years on from Malta’s accession to the European Union one might confess some disappointment at what appears a serious dearth of data (it’s probably there but, for obvious reasons, never publicly highlighted) about issues that are essentially socio-economic in nature. Sticking to the financial theme, the overall main issue is whether the structural power of finance is still in an ever-growing phase in these islands. If it remains so then it can only be to the detriment of the real sectors in the economy.\(^8\) If finance grows ever more structurally powerful it will - excepting possibly under models such as the Swedish type - do so at the expense of income and wealth distribution. To ministers who would have first served in economic ministries, then moved upwards into what the Americans call HEW positions, this reality becomes very quickly visible…to others far less so.

Five years on from EU accession Malta’s economy, like many other EU states’ economies, is growing only at single-digit rates, but financial industry in Malta is often receiving double-digit rates of return. Is that why Malta so often seems to have an inflation rate higher than in the eurozone area? The share of business income going to employees has fallen, whilst that going to profits has risen. In popular perception the basic problem is that finance has moved from servant to master, from tail to dog. It has acquired so much structural power as to shape the conditions of existence of everyone else, even including - again in popular perception - institutions, including political ones. Five years on this is one of the ‘hidden’ realities, viz that issues such as soaring inequality continue to hardly ever make it onto the agenda of public policy, or with far less emphasis. And, again, possibly the country would do well to consider whether the Scandinavian model can be made to work towards turning things the other way round.

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\(^5\) Between 1980 and 2003 some 140 countries (approximately 75% of the IMF’s membership) experienced significant banking sector problems. (Vide J.A. Consiglio (2003) - Bank Soundness and Macroeconomic Policy in the EU CCs 1980 to 1996 - Malta European Studies Association, EDRC, University of Malta).

\(^6\) As quoted by Robert H. Wade, London School of Economics (FT, January 5/6, 2008): “World trade would have grown just as fast had the ratio of financial transactions to trade and FDI-related transactions risen to only 50:1 rather than to around 100:1.”

\(^7\) Health, Education, and Welfare Ministries.

\(^8\) The theoretical framework here is that of the possible Crowding Out process which can be conceptually posited in an economy with just two general divisions, viz the financial economy, and the real economy, and which would hold that one moves forward only at the expense of the other.
Five years on from Malta’s accession to the EU these thoughts might push us towards asking ourselves whether - even if one dutifully accepts how much reform did take place just before and soon after accession - whether even more drastic reform should have come earlier. There are several examples or areas in Malta’s economic life where governments, of all shades and hues, dilly dallied, In so doing they failed to give the economy that extra little shove which cumulatively could have meant so much by now, the “now” where, as we said, the fireworks and self-satisfaction with achieved membership fastly recede into a blip overlaid by the currently dark clouds of either recession or competition that is too much to face up to.

Exporting

Consider for example the challenges that Maltese exporters face. Five years after accession Malta’s manufacturing export industries are having a very hard time collectively. And many of their investors continue to complain that the country’s exporters’ servicing infrastructure has not really improved that much since accession. Failure of consular offices to come up with good business leads are one example. Another, oft-quoted, the demise of the national sea line Sea Malta was - on the simple altars of its unattractive bottom line and of general privatization policy - another step in the ownership peripheralisation that followed accession, whereunder several vital Maltese economic sectors only remained Maltese de jure, but in terms of policy decision-making and direction effectively became non-Maltese.9

It is not only the cost problems that are often sourced in issues of scale economics which Maltese exporters have to face along the production process. In then the actual exporting phase they come up against the reality that Malta’s trade is an imbalanced one with the consequences that overland trailers and containers to markets in the EU often have to be reshipped empty for lack of export cargoes. A look at scanty local statistics shows that for every ten containers discharged full at Malta, four are then exported with cargo, whilst the other six have to be reshipped empty for positioning in other ports where export cargo is available. The easiest - but also the worst - type of reform now, five years on from accession to the EU, would be to say “There is not much we can export anyway, so why help exporting firms”, and that is an issue which the country should have been giving more importance to way ahead of accession. Five years on from accession Maltese manufactured exports to the EU do not appear to have grown at rates anything approaching those of the other countries who joined with us.

A possibly related aspect here is that two-sided coin which on the obverse reads EU-Med relations, and on the reverse reads intra-Mediterranean trade. In April 2008 a consortium of European organizations launched Invest in Med, a Euro 12 million project co-financed by the European Commission, aiming at encouraging European investments in the Mediterranean region and developing solid links between Mediterranean companies and their European counterparts.

With roughly one year out from what was intended as a 36 month project involving the 27 EU member states, plus Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestine Authority, Syria, and Tunisia, Invest in Med has still to come out with full details of to what extent the volume and quality of Euro-Mediterranean trade and FDI has improved. Whilst data for the dynamic that was set in train by trade liberalization since the inception of the Barcelona process between, say, 2000 and 2006 is available10, the development of north-Med to south-Med, and south-to-south-Med countries trade and FDI since then is not such as has made much headline reading, albeit these having essentially been bad economic years on a world-wide basis.

Equally disturbing is the picture of intra-Mediterranean trade. There is, again, no evidence suggesting that the Southern Mediterranean littoral countries, plus the Mediterranean island nations, have increased trade and FDI between themselves at the expense of their former almost gravitational pull tendencies towards doing business with the central and Northern European countries. Five years from accession to the EU Malta

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9 The country’s international airport, its biggest bank, some hotel enterprises, and others also followed suit.
10 Total Med exports to the EU27 grew by 10% p.a. on average during 2000-2006 (leaders were Algeria and Egypt at 17%, but also Tunisia, Syria, and Jordan at 6%). Med imports from the EU27 increased at a slower 4% during the same period. Total Euromed trade with the EU (excluding Turkey) reached Euro 120 billion in 2006, which was more than 5% of total EU external trade.
too, of course, is still a participant in this scenario of a generalized looking towards central and northern Europe for export markets, but this actually was both a pre and post accession reality.\textsuperscript{11}

**Workers and Education**

Education is another area - closer to the country’s economics than many seem to understand - where much has happened since accession, but where again much more should have been happening \textit{well ahead of} accession, and where now we have much to catch up with. Did we have to take so long to realize that ours is an economically wasteful system: one which - at the idealistic level - is producing a lot of \textit{instruction} but far less real \textit{education}, a system that is terribly wasteful in terms of youths coming through it still unequipped with several needed skills for an economically productive life, and which also often leaves unanswered the question of whether all our now ever increasing tertiary education graduates, are employable. This last assertion must of course be uttered with that caution which is suggested by pragmatic realization that in no educational system world-wide is it possible to match ahead with precision graduates to eventual jobs existing in a rapidly changing economy. Enough tracer studies are available to prove this.

Five years on from accession to the EU the time may be right for a proper evaluation of whether our major educational institution, the University of Malta, should continue to feel satisfied simply by repeated external examiner reporting about the high calibre of our students, and that “indeed if anything this (or that or the other) faculty (or department) is over-teaching its graduates at this level”. But what about the many adults out there who are crying for opportunities to partake of such lavish dinners, but whose employers, or the state’s employment legislation structures, preclude, or bureaucratically discriminate, against their so doing? Siegfried (2007) argues that the correct economic analysis of universities should be one based on assessment of product differentiation and strategic positioning.\textsuperscript{12}

Our economy still suffers from many situations where pockets of different types of either injustices, or of grabbing the stick from the wrong part, produce end results that might appear to hit only individuals or small groups, but which cumulatively end up denying the nation sensible economic lurches forward and/or positive critical mass in terms of better qualified manpower. Even an economy where, conceptually, ICT and financial services will in the future have replaced manufacturing and government services as, along with tourism, the main pillars of the economy, Malta will still need to consider whether it can afford not to adopt legislation that prohibits \textit{any} employer (government bodies included) from denying fully paid educational leave to an employee who requests it.

The issue here is one about which, five years on from accession, I still cannot help not seeing much of the contradictions in the stances that are often still being taken. On the one hand we indulge in random quoting of correct EU-inspired beliefs. For example, that life-long working needs require continuous retraining to ensure that workers keep abreast of wave after wave of technological developments that will continue to hit Malta more frequently and with shorter intervals. And on the other hand work-education-life patterns are continuously made more rigid for employees at all ages and stages of their lives.

The idea of paid educational leave, to whoever requests it, will, I know, sound blasphemous to many of our politicians. But should it be so much so? France, for one, had such legislation on its statute book for many long years, and other countries too.\textsuperscript{13} I know that a good part of the public discussion that would probably go around such a measure would include much chastising of those politicians who, misguidedly, indulge in either “We cannot afford it” (with probably a sort of placeboic “\textit{now}” usually being added to the end of that!). Or in content forms that might sound, or be interpreted, in the sense that some people who can pay will always get certain high quality education, but the rest of the population must simply make do with the lesser, or less costly, type and quality of educational service.

\textsuperscript{11} Temptation is here strongly resisted to going into issues related to the French baby of a “Mediterranean Union”, which Libya’s unpredictable leader pronounced dead on the difficult-to-link reason of the Israeli attack on Gaza in response to incessant rocket firing from that end.
\textsuperscript{12} John Siegfried (Vanderbilt University, US) commenting on Susanne Warning’s “The Economic Analysis of Universities” - (Edward Elgar, Cheltenham, 2007).
\textsuperscript{13} France must possibly be looked at as the bravest EU state for social and labour law innovation. On the 27th November 2008 France adopted a new law allowing retirement at 70. In the US of course “working till you’re fit to drop” has been an allowed practice in several states for many years.
There is, within this area, much economic and social divisiveness rampant in Malta, and it takes its place along others, which many sense but then perhaps never comment upon. For example, five years on from Malta’s accession it is simply not correct - and totally socially divisive - to, say, lament at the country’s beautiful new hospital being almost like a seven star hotel, or to hold that panoramically located and well built social housing is of far too high a standard. We probably can still afford to allow such “luxuriously arrogant” stances being uttered publicly, only because - in this case comfortably convenient five years on from EU accession - the average Maltese citizen’s purchasing power is still only some 67% of the European Union average. Five years on from accession to the EU, good and, indeed, high standards in all that the state provides (including education, health, and housing) should be seen as economic rights (rather than luxuries) for all Maltese citizens. Here perhaps we can even complicate the debate if we interpose that ingredient that certain EU sources seem hell bent on imposing on the Maltese working scenario, viz that where Maltese workers become, under the EU’s Working Time Directive, rigidly controlled as to the maximum number of weekly hours that they can work (including overtime) and hence impacting their incomes. In simpler terms “You must work less, and accept to be happy and content with less”.

This is possibly both complicated debate and bravely critical thinking which, five years on from Malta’s EU accession, is surprisingly not yet knitted into the socio-economic discussion - let alone the total means - of the way the country deals with the EU and assert itself within it. The perception of syncophancy in our economic relations with the EU is stemming from matters such as these. They are part and parcel of economic ideology which, suddenly, again, with the 2008 international financial crisis, grabs, (or should we say “should grab”?) the limelight and centre place in much discussion. Five years on from accession, and indeed at a period in world economic history when the discussion on “Which model works best?” has again flared up, it is depressing to see how many in Malta seem to have been cowed into a next to total silence and refraining from debating whether an often alleged total pro absolute-free-market EU stance can or should be pursued even in Malta.

In a Social or a Neo-Liberal EU?

Malta commemorates five years from EU accession at a time when statements such as “Liberal neo-capitalism has knocked itself to the ground”, “…the end of capitalism”, “Europe is in Wonderland”, et simila, are not only just being glibly made, but should also actually be the stuff of ongoing analysis about whether change, in our case fundamental economic change, has or has not here happened. Let us attempt a deeper, albeit not too long, look at some of the issues here involved.

The first consideration is one of a socio-political history nature. There was a backlash reaction in the country to some rampant capitalism that raised its head in Malta in the Sixties, and it took the form of an over-decade long, and in some contexts very bitter, extremist socialist experience. When, in turn, the reaction to that came, it was presented, and indeed for another decade factually was, as a social market economy structure that would steer the still economically emerging country back to the state of social balance.

Before many could realize what was really happening, neo-liberal capitalism ran riot in Malta from the mid 1990s onwards, and started becoming, either open or covert, the officially willed or unconscious, reality of many initiatives in many key sectors of the economy. And before we knew it the apologists for it, who hold not only that states should be run like companies, but also that, as far as possible, government should not interfere in the economy, such apologists often even ventured to rope in “the EU model” as alleged confirmation of the correctness of their stances. And five years down the road many in Malta are now in fact undecided whether the EU is “social Europe” or “capitalist free market Europe”.

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14 They are so simply because if thus they have ended - i.e. luxury - then it was the planners who planned them so along the long years of their construction, and it is not correct to so thus brand them now….the main element here is the psychological one of denying citizens the best.
17 This writer also supports the notion of a social pendulum, i.e. besides the often more conventional political and economic ones.
 Perhaps it is only crises that can bring policy makers back to the drawing board. The market economy beats the centrally dictated economy hands down as a system for creating wealth, but only continuous social compensation ensures that this wealth is distributed in a just manner. Europe’s social-market economy, where attentively retained, continuously restructured, and pursued by truly Christian inspired leaders, should be a deeply superior model to the Anglo-Saxon neo-liberal model for mitigating inequalities created by markets, and, above all, also considering that it is the state’s duty to do so. Indeed Austria’s Federal Chancellor, Alfred Gusenbauer, even holds that in fact the market economy can function only if the state does actually and effectively intervene.\textsuperscript{18}

An economy like Malta’s, one where a TBCFS model currently seems to be the driving inspiration,\textsuperscript{19} should inevitably push policy makers towards even deeper consideration of to what extent capitalism can, and should, here be regulated. It will have to be consideration which, no differently to the type of chest-beating that Sarkozy cleverly often seems to indulge in, will also take in and seriously rethink the values of globalization. We ignore reconsideration of, and restoration of, the balance between the market and the state only at our own peril.

I share Sarkozy thinking that the EU’s concept of a social market economy should be one where the market economy is a regulated market, a market that is at the service of development, at the service of society, at the service of all. It is not the law of the jungle. Five years down the road to what extent have we, here in Malta, really, if at all, structured a correctly functioning social market economy?

\textbf{Wealth Concentration}

Consider, as just one area, the whole question of private property, and, if one wants to widen the consideration, that of wealth concentration. In the long term (enough cleanly political, or even cruelly violent, revolutions prove this) private property can only be guaranteed if it is broadly based. All the citizens of a nation should have opportunities of access to the various forms of property, and correct social market economy practices should therefore seek to stimulate the promotion of widely spread personal property. When citizens own disposable property this

- Enlarges the liberty of the individual to shape his own life in a personal and responsible fashion;
- Facilitates the adjustment to economical and social changes without state tutelage, and
- It strengthens the independence of the individual towards the state and towards social groups.

With those principles as background what we actually see happening around us is a tacit, almost lazy, property policy which is limited to tolerating unbalanced property accumulation without any specific, calm, unvindictive, change in the distribution of capital growth and thereby reduction of concentration of capital. Post-accession Malta displays no visible or tangible signs of measures aimed at counteracting the dangers of economical and political power at the expense of the citizen. And here again, let it not ever be forgotten, history is a great teacher.

Specialist economists, in their essentially amoral role and classically pragmatist style, can hardly ever be expected to be the best analysts of how capitalistic pursuit in Malta needs to be rethought. Like Buchholz and others\textsuperscript{20} this writer subscribes to the view that we should be constantly challenging the way we understand capitalism, with its emphasis on the creation of economic wealth and growth as understood solely in economic terms. It is time for us here in Malta to pioneer new approaches towards the creation of a more sustainable and just functioning of the market system and corporate organization and governance.

In the process we need perhaps to get away from that often, in Malta, rampant belief that “sustainable” means “for ever growing or retainable”. Especially in a small island seventeen miles by nine that is foolishness to the extreme. There is - but again hardly anyone ever mentions this - an inherent danger from our EU accession itself in this context. It lies in the often seen, but undoubtedly equally often also

\textsuperscript{18} Vide e.g. Gusenbauer A. (2008) - “Fellini on Wall Street” - Project Syndicate/Institute for Human Sciences, 12008. (www.project-syndicate.org).

\textsuperscript{19} Tourism, Building and Construction, Financial Services.

\textsuperscript{20} Vide e.g. Buchholz R. (2009) - Rethinking Capitalism - (Routledge, Abingdon, Oxon).
unseen, advices, proddings, impositions, that emanate from different EU sources on government, or even on our private sector, and the tacit, submissively colonialistic, unarguing acceptance of such emanations, hitting at many of our institutions or decision-makers.

Nowhere is this perhaps more manifest than in the decline in social cohesion and community values in many parts of Maltese society, and which is often very reflective of identical patterns in many EU states. We are, yes, not alone in this respect. Indeed we form part of vast swathes of general Western society which is similarly affected. A possible victim is substantial social capital which is perhaps being lost under the pressures of production, GDP growth, BOP pressures, and so on. And, contrary to what many may argue, maintenance of open spaces, agricultural land, clean seas and swimming areas, old buildings, and so on, are indeed part of the national social capital which many see being lost on the altar of blind subservience to “new requirements from the EU”.

Globalisation

On this area, and at this type and level, this discussion might with some justification be described as “provincial”. And liberalization (essentially a policy choice of governments), and globalization (essentially an inevitable fact), will be mooted as, simultaneously, forces and outcomes of the uncontrollable march of technology, finance, modern managerial organization. Willingly or unwillingly, post-accession Malta finds itself at a very delicate crossroads when facing such reality. The important march of world wide regionalism, of which the EU as a whole is but one facet, pushes us towards asking the awkward question of “We are part of what?” And how must or can we look at ourselves? Economically are we only in the EU? Or are we only in the Mediterranean? Or are we only our small selves full of limitations?

The environmentalists, the farmers, the pro and anti big business camps, human rights activists, labour unions, animal rights activists, these and others, will constantly choose to comfortably and elastically pick what best locating suits their issue stances from time to time, from these small island state, EU-state, or I’m part of the world policy loci. It is hard to define a common and/or constant stance in each and every grouping. But at the risk of doubtful interpretation I sense a particular sceptic stance in many of Maltese economic operators. They are not against globalization as such but they sincerely wish to see addressed the following of the weaknesses in its processes:

- its lack of legitimacy;
- its lack of accountability;
- its often seen lack of organization;
- its rampant lack of transparency.

Five years after accession it is perhaps the second and the fourth of the above weaknesses that are most often discussed in Malta. Just to give one example, the increase in the power of special influence groups, such as NGOs, begs the question of whether these unelected groups of people, with sometimes questionable accountability, really represent the new ‘civil society’. Indeed I sometimes wonder whether anyone can really define with accuracy this type of society. But then again, why does the general public sometimes believe more in these organizations that often lack resources for rigorous analysis, than is the case with government or even the political parties?

Our observations so far, on how change has, or has not, happened in various key aspects of our socio-economy over recent years are, as hinted, dominated by a strong belief that not enough questioning is either made, or welcomed by the nation’s powers-that-be, of current, or still evolving, realities in several of our economic and social milieux.

Enough has been happening in the immediate year when this collective thinking exercise is taking place, to suggest that the necessary economic adjustments which market forces are almost being obliged to impose on Maltese society, these cannot not be phased and cushioned by government intervention if there is not to be great economic waste and social hardship. And having clear timetables, and even intelligently set targets, is by no means some guaranteed insurance against some form or other of what is sometimes referred to as socio-economic deviating block not occurring at some time or other.
The International Monetary Fund expects the eurozone to contract by 0.5 per cent over this year (2009). The OECD’s forecast is of a 0.6 per cent fall, and my very thumbnail sketch estimate for the collective Mediterranean region is a similar 0.6 per cent contraction. Concurrently Malta’s figure will probably not be a negative one (a plus of between 1 to 2 per cent), which however will still be a substantial waylaying us out from that constantly improving trend line we foresaw for our economy say three or four years ago, i.e. soon after our accession to the Union.

With exports either falling or not growing in volume terms as much as needed; with FDI probably holding off for reasons both of its own home problems and of wanting to see whether the country is as good as its own hype (for which possibly read how quick can Smart City, ports redevelopment, City Gate, and environment projects e.g. offshore wind farm, et al be tangibly and quickly productive); and with Mediterranean tourism no longer what it was, it would be presumptuous to imagine that there are easy answers to the many questions that, five years after accession, now come to the fore here; even as some might even strongly hold that the nature of such questions is such as has been with us even for much longer than that. And, in setting some of them out below, it is out of respect to the extremely difficult task of crystal ball gazing that we hold that there are at the moment no definite answers to them. Let us consider some of these issues.

**Endogenous Economic Assets**

Are there definite limitations to what extent both consumption patterns and capital project injections (government or private sector initiated) can be expected to be a guarantee of Malta’s economic stability? Both the realist and the optimist in me tell me a categoric yes. “Muddling on” under the present earlier seen models is the most that we can hope for, whilst simultaneously “dream on” of the day when oil (or some other mineral!) is produced from our own territory, to make up for such inept input forms. Regrettably, five years on from EU accession the country has seen next to nothing by way of EU help or initiatives towards Malta getting out of this “basic economic nature of the country” bind.

Those amongst us who may be mistakenly inclined towards conspiracy theories might be arguing in the following manner. The EU knows that we have little going for us by way of basically strong endogenous economic assets. Us being us, they then will not bear us taking self-important or self-interestedly motivated stances on many issues at the EP or at the Council of Ministers. So they cunningly plan to allow us foolishly continuing to believing our own hype that - even if Malta’s natural beauty becomes as ugly as Singapore’s in the process - we can still continue to depend on building and construction to the extent that we have done over the past fifty years. Sort of “You lot sink in your own misguided short-termistic thinking”.

Five years from EU accession, fully understandable, and totally justified, is the plea of many Maltese, plus visitors to the country, that “inefficiency” and “ineffectiveness” - in as many formats or examples as one could care to mention - are still a characteristic of both the Maltese economy and Maltese society in general. The quantum of both wasted and lazy manpower in Malta is probably immeasurable. The level of poor service still found in public sector offices, banks, airport and seaport, hospitals, hotels, insurance companies, shops, public works enterprises and projects, and elsewhere, is still excessive. Scodanibbio (2008) might give us some consolation when he holds that this is, indeed, a world wide situation. But this should not be so, and Malta very badly needs to consider whether other cultures can help us out of this situation. Japan? China? The “lean thinking” methodology promoted by the same Scodanibbio? The culture of measurement - of production, of set targets achievement, of manners and appearance standards achievement (indeed also measuring these), of set budgets achievement, et al - was certainly something which many pro-EU accession Maltese were looking forward towards its becoming a reality five years ago (even perhaps if it would be “imposed!” on us by “the foreigner”)…but it has only happened in a very few areas, with the leader being our financial services sector.

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21 As we write practically the whole of the eurozone is in recession.
22 The circa 10 high-rise developments presently approved by the Malta Environment and Planning Authority (MEPA) have been compared to being like 125 on the smaller island of Elba.
23 “In many instances we [have] simply introduced new structures and agencies adopted by larger countries only to realize that our resources are limited by our size. The trend [has] continued over the past years with various new agencies appearing.” - Konrad Mizzi - The Times Business, January 15, 2008.
24 Carlo Scodanibbio - “Lean Enterprise, Lean Thinking” - (The Times, Valletta, June 18, 2008).
A feature that characteristically continues to run parallel with the above is one which has been with us from our colonial past, stayed with us after independence in 1964, and has possibly even accentuated itself since EU accession. It is this often misguided notion that if non-Maltese open up here they do it only because we are good or because we have assets that managed to make them choose Malta rather than elsewhere.

The real reasoning is much both blunter and complicated than that. If HSBC came to Malta, if Camper and Nicholsons, insurance entities, supply or other service entities (gas supply, mobile communications, cable TV, etc), or what have you, have appeared here, it is only because they never ever had any doubt that their bottom line - for which read profits being sent back home - will be ever much better from where they were previously operating. And, in pursuing their profit motive, such entities have clearly been seen (including during the last five years) as not stopping at anything; raising charges with impunity, reducing staff complements, expecting all swimming zones to becoming yacht marinas, raising charges for services given to locals. This is not to gripe at the matter, but to simply record it as blunt fact which, however, might also have had its positive elements, amongst which possibly the main one being the arrival of new technical and managerial knowhow. But then again that too needs to be measured, and one wonders whether we really know how it is to be done.

Efficiency and Effectiveness

Some would hold that inefficiency and waste of resources go together. Let’s not split hairs. We have too much of both, and have had this situation for far too long. The government’s 2009 budget was possibly a watershed for the country in that, at least, practically everyone in the country was shock-pushed towards serious rethinking on energy and public utility production costing and consumption expenditure. But there’s still so much more that many expected the EU to both help and push Malta towards in this respect, and perhaps even much earlier than having to wait for five years to push us tangibly in the right direction. The vast quantities of water which goes wasted whenever it rains in Malta are but one simple example.

The 2008 transposition into Maltese law of the EU Directive on the Energy Performance of Buildings, effected through a MEPA technical guidance document on conservation of fuel, energy, and natural resources, cannot not be deemed as a very positive outcome of our EU accession. Over the medium to long term this measure will have an impact on our fuel imports bill. More optimistically it may oblige totally new design and building concepts where space is seen not as a luxury, but as a basic need for everyone in Malta, where design and social values and needs are not seen as enemies, and where, above all, government effectively assumes its responsibilities and recognizes that it is not acceptable to abdicate public policy by privatizing it.

The more optimistic amongst us have long been hoping that, five years from accession, from some EU point a smack on the wrist would be emanating in our direction, telling us that ecological and demographic changes badly necessitate altering the way we are presently intervening in our urban environment; pointing out to us that tall buildings with stunning views only have financial benefits for developers and the rich who can afford them, but not for the majority of the community.

At the end of 2007 no less than Euros 731.2 millions were still owed to the Maltese government by way of as yet unpaid income tax. That figure forms part of an over Euro 1.1 billion total figure of what is owed to government by the same general public in the forms of dues to some 30 government departments or authorities. This is a rampant form of Maltese entrepreneurship that has thrived for many long years - working with other people’s (in this case the Maltese state’s) money.

Of course this is a wrong type of entrepreneurship which the country quickly and absolutely needs to do away with. In the process of keeping the state waiting - in some cases for ever - for what is its due, such debtors are never animated by any sense of helping to make life better for their fellow citizens. Perhaps it is the state itself that is being lenient with them, and so they exploit as far as they can the current “opportunities” that the country is placing at their disposal. If so, and if many were hoping that EU accession should have meant a stop to this, would one, five years down the line, blame the EU sceptics who despair at such unchanging realities? Perhaps, wrongly, we keep asking what is the EU doing to force us out of these bad practices? Or, perhaps, we are totally wrong in expecting that the “Europeans” will teach us how to change here (or even take an interest in us doing so!)?

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But, hold on. Is this the only side of this public financial management coin? Certainly not. It is only on rare occasions that the flipside “Dues by government” issue comes up\(^{25}\), and when it does it comes into the public limelight for a short spell, and then seems to equally quickly vanish as soon as what one might describe as some “payment on account”\(^{26}\) is probably made. Five years on from accession to the EU the nation’s public finances plod on with a no-accrual-accounting scenario being part of our system, and where potential external EU pressure for correct financial management, via e.g. the requirements of the Growth and Stability Pact, only fleetingly comes up for consideration at budget time.\(^{27}\)

The important matter of Malta’s fund receipts from, and payments to, the EU, is yet another facet of the public financial management debate. Whilst it always remains important to what extent Malta’s public finances benefit, or otherwise, from EU funds, the issue is far too often projected in absolute end-of-every-year, or over-a-cycle, terms. I submit that to view the issue only in such terms is very much lacking of that professional technical approach which should also consider funds flow over a cycle as possibly even more important in certain economic conjunctures than absolute yearly net positions.

In the case of EU funding the matter is indeed one of a laborious and complicated bureaucratic methodology sourced in Brussels. How laboriously the EU fund dispensing machine operates was a topic treated quite some years ago in a paper by economist Bernard Gauci, who later did some work even for the Central Bank of Malta. The flow graph of net payments received from, and contributions made to, the EU over the years from 2001 to 2009, on the basis of available figures, follows the pattern shown hereunder, and it easily shows anything but a pattern of consistency over that period, something which should at least stimulate some questioning. Even if nations’ finances cannot be ever expected to follow flow patterns identical to those one requires in the world of business, for them too remains valid the concept that there are times when slightly lesser incomes, but on a more regular and punctual flow pattern, is to be preferred and worked harder for.

\begin{center}
\begin{figure}
\centering
\includegraphics[width=\textwidth]{net-eu-payments-contributions-trend-line-2001-2009}
\caption{Net EU Payments/Contributions Trend Line (2001—2009)}
\end{figure}
\end{center}

\textit{Note:} 2001-4 position shows only Pre-accession and EU education programme funds, and 2009 shows only 2004-6 Transition Facility, and Structural and Cohesion funds.

\textit{Data:} The Times, March 3, 2009

\(^{25}\) A figure of some Eur 25 to Eur 30 millions is currently being bandied about as being what is due by government to Maltese importers of medicines for the government health service, but this could not be confirmed. More definite is the figure of Eur 46 millions which are owed by government to private owners of land which government expropriated between the 1950s and 1994 (Evidence given by Commissioner of Lands Albert Mamo to the Parliamentary Public Accounts Committee on Jan 21, 2009 (The Times 22/1/09)). No doubt the figure grows if the years after 1994 are added on.

\(^{26}\) Clearly distinguishable that is from “Full and final settlement”!

\(^{27}\) Much can indeed be said of the budgeting process itself. Its annual timing factor, for example. The annual national budget is normally presented in Parliament in the last quarter of the calendar year, a time when a full year’s figures would still not be available. By January of an actual financial year the previous year’s real situation often turns out to be different to what would have been estimated in the budget presentation. A simple solution of course exists: present the budget towards the end of the first quarter of any calendar year, when actual figures for the previous year should definitely be available.
And so reality, to whoever knows how to read figures and honestly wants to, is often lost in the middle of newspaper or media debate. It often keeps being hidden, and the economy plods on in ways that often cannot help not raising either sarcasm or that fatalistic practice of passing economic ills on to following generations. Even the repeatedly occurring practice - in fairness often also seen in the private sector - of employee union collective agreements being allowed to expire and linger on un-renegotiated for sometimes upwards of five years from their expiry, must be seen as part of the bad public financial management practices that, five years from Malta’s accession to the EU, still linger on.

My view on this particular point is again inspired by basic social market economy principles. It is undeniable that straining the financial capacity of the state increases the imbalance between claims of the present and needs of the future. Even at the risk of causing damage to one’s own political expediencies, it must become part of Malta’s financial budgetary policy to safeguard the future needs of our society, and help to re-establish a fair balance between today’s interests and those of the future. Stopping all Maltese governments from continuing to hide or escape from serious financial management methodology, was possibly a hope that the more financially intelligent Maltese citizens entertained prior to Malta’s EU accession….and, as Shakespeare would have it, hope springs eternal in the human breast.

Innovation

Thoughtful economists are, according to Richard Easterlin, those who bring to their work a striking combination of curiosity, enthusiasm, ambition, precision and, yes, even a good dose of critical skepticism. When economic analysis, social psychology, and demography, are supported by an array of evidence that concerns multiple times and issues, places, and social phenomena, the ensuing synthesis can be the most fertile basis of innovation. Perhaps much of the economic analysis that is currently taking place in Malta is technically correct, but not innovatively so. The closest we came to this point was possibly small island economies vulnerability theory which was well pushed it seems at UN level but less so at EU level. Could such pushing at EU levels have had more receptive appreciation of the impacts on our economy from the repeated landings of large numbers of illegal immigrants from North Africa and elsewhere?

Creativity and innovation have not been a major hallmark of our performance in the EU over the past five years. We may, perhaps with just about a little by way of justification, excuse ourselves by saying that managing ideas, and getting ideas to the market, is terribly expensive, and we simply cannot afford such constant outlays. We might also humbly recognize that our companies, like many European companies, are generally worse at making a success out of innovation than those in Japan and the US. They may even have a good or impressive technological record, but then a poor financial one. And so, yes, managing innovation can be costly and uncertain.

At the same time however many among us still seem to see successful innovation or creativity only in terms of the tangible or physical. The free thinker who critically sees and analysis a status quo, and suggests possible avenues forward, is as much an innovator, and economic contributor, as the engineer who comes up with a fantastically working and productive robot. The thinker who looks at situations and problems and points out targets towards which to aim is, similarly, an innovator. Consider one simple example. If in several European countries, not to also mention the United States, both water and electricity tariffs, plus prices of fuel at the pump, reflect within hours (indeed sometimes minutes) international fuel market price changes, then why is it that in Malta the consumer does not enjoy similar “service”, and often has to wait sometimes as much as six months to see price changes?

The critical innovative economist will simply not accept as all the answer the matter of refining, storage and delivery capacity. Even where many might have forlornly looked at our EU accession as potentially being in a position to help us eliminate the delivery and storage reasoning usually brought to explain such realities (or is it just an excuse for some to maintain the status quo?), the fact then remains that the honest innovator must

28 One such debate, on precisely the theme of Malta’s net position (net beneficiary or net contributor?) in terms of EU funds, was that engaged in “The Times”, Feb 9, March 3, March 7, and March 13, 2009.
30 Much of the initial work in this area was done by Prof. Lino Briguglio from the Small States Institute of the International Studies Foundation of The University of Malta.
31 Consider, for example, how handicapped the University of Malta itself is in this respect.
be respected for simply pointing realities such as this which linger on in our economy, and which justifiably draw on us repeated comment from certain EU sources that there are still several areas in precisely our economy where change has not yet come about.

One detects at Malta’s end both a reticence as such towards change, as well as a level of suspicion that what may be forthcoming towards us from EU sources, in the form of insistence to “liberalise your markets”, as, again, being motivated by the “foreigner’s self-interest” and not necessarily our own. One may label all of this as the “psychology of politics”, but can one dogmatically totally exclude its existence? Whatever the answer to that is, the fact remains that, five years after accession, Malta’s economy still ranks as only “moderately free” in external perception, ahead of neighbouring Mediterranean EU state Italy yes, but still behind places like the former Warsaw Pact nation state Georgia, behind Oman in the UAE, and behind underdeveloped Botswana on the poor African continent.

**Market Turmoil**

This panoramic review of various elements in the Maltese economy is being undertaken at a time when many seem to be labouring under the impression that there has never been an economic and financial crisis like the current one since the EU was created. This is as much incorrect as it is correct to say that the current crisis is the first real pan-EU crisis that the euro is facing in its ten years of life. The objective historical memory that remembers how projects and events such as the April 1972 “snake in the tunnel”, ERM-1, several devaluations and realignments of currencies within an attempted grid towards currency unification, how all of these and others evolved in pre-euro times, these should all suffice to disprove both any notion of uniqueness of the current crisis, as well as of too simplistic belief that entry into the eurozone provides guarantee of avoidance of all future crises. Extraordinary fuel and other commodity price, or deficient supply, crises, currency crises, banking and financial services disgusting management crises, of all of these, and others, there have indeed been crises galore both before and after the creation of the EU in 1957. And after the creation of the euro much kept happening too.

Malta’s using the common EU currency is not - and will never be - any solution to the problem of dependency which our economy has towards availability, or otherwise, of liquidity in not only our euro zone counterparts, but also in the wider EU, even the transatlantic or African or Asian economies. Let me, perhaps too briefly and quickly, synthesise some of the main elements of the current crisis.

The US, UK, and other countries’ housing markets went very weak, and financial borrowers’ problems put both domestic and global lenders into turmoil. The ones with biggest problems were those in the US and across Europe who purchased mortgage-backed securities. It was not just a knee-jerk reaction by bankers everywhere that instigated institutional behaviour change and sharp tightening of lending standards. Regulators too accepted their responsibility, and (some would say too belatedly in some countries) targeted the ‘originate to distribute’ model of financial services products marketing. Tap all of that up with - at one stage - rampant commodity prices, and one can then easily see why, with all of these elements coming together when they did, so many were quick to pronounce uniqueness of the situation.

In both emerging and developed economies central banks and other regulators have been faced with difficult decisions. But here again those in Malta who go round perorating that - because of traditional Maltese bankers’ conservatism - it has been all milk and honey for our regulators during this world-wide crisis, these are very much wrong. How could it be at a time when all established forward looking indicators have, for at least a year now, been indicating a slowdown in all our foreign markets? How could it be if the actual effects of financial turmoil are still hard to disentangle from the earlier food price and energy price shocks? How can it be if, at the time of writing, Malta lingers on, alone amongst practically all the main EU economies (not to mention the US), without coming out with a massive multi-million demand-stimulating economic stimulus programme?

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33 The real cause here were “ninjna” (no income, no job, no assets) borrowers…. who obviously were the main defaulters with loan repayments.
One could easily quote some thirty or forty Maltese enterprises which have done extremely well since Malta acceded into the EU. They realized, early on, what a single market is, and how it operates, they navigated well the laborious and over bureaucratic mechanism for tapping EU funds for projects, they successfully networked with other foreign businesses, and perhaps also worked on their R & D in terms possibly of what we said earlier about innovation and creativity. It is not them who are the problem, but the paucity of their number.

The Euro

My earlier reference to the euro, plus my naturally pragmatist and curious trait, suggest to me that with regards to the common currency the positive element is now possibly less clear. Has the introduction of the single currency affected the intensity of competition not only in the euro area generally, but much more so specifically in Malta? And has it forced least efficient firms out of our markets, domestic or international? If so, to what extent has this selection process affected unit delivery costs, mark-ups, prices, quantities, revenues and profits? For Malta, as elsewhere, these are integral elements of how the country has fared in terms of its competitiveness, increased or otherwise, since we joined the EU, and prima facie (and over the full five-year time span of our membership) there is not much to suggest a steady climbing up the EU’s, not to mention the wider international, competitiveness league tables.

Our being an integral part of the eurozone has now possibly pushed us into a situation where we ignore, or no longer ask, some key questions in this area. For example, are countries that are eligible to adopt the euro losing anything in terms of economic gains by remaining out of the zone? Or, the converse, does abandoning the euro result in trade frictions? Most of the leading current research suggests that this is so, but the consensus view amongst economists recently seems to be veering towards the view that the euro has had a positive effect on trade, but rather smaller than previously thought.

Recent studies show that the figure for the boosting of euro area countries’ trade growth from the euro stands at an average of below 5 percentage points of the countries’ total trade growth. Concurrently, here, as I hint, we show no signs in Malta of, five years down the line, engaging in some serious scenario analysis really revealing the effects of the euro on Malta’s overall competitiveness. One can, for example, posit three conceptual scenarios. In the first what would happen if Malta, as a euro area country were to, say, drop the single currency. In the second we might study the implications of Denmark, Sweden and the United Kingdom adopting the euro. And thirdly - indulging in big-country-on-whole-of-the EU thinking - what would be the impact of, say, Germany (or even France) reverting to the French franc (or D-Mark) as its national currency?

Perhaps - and I write as someone who wrote and worked hard for it - we in Malta have overemphasised this entry into the eurozone factor at the expense of other conceptual scenarios. We have possibly got too lost in the conviction that the euro would be good for us, whilst at the same time not delved deeply enough into the question of to what extent our country is, on eurozone entry, factually able to generate successful exporting low-cost firms, an ability which studies have often showed to be related to technology, much more than issues of market size and accessibility.

Ottaviano et al (2009) for example are insistent in their belief that Mediterranean countries generally continue to remain at the bottom of the competitiveness league even after controlling, in their studies, for their peripheral location, and as shown by the rather insignificant difference between their indicators of overall and producer competitiveness. This suggests that being peripheral does not per se represent the problem with these countries, and, they assert, high entry barriers and poor technological opportunities seem to be more important.

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36 Ottaviano et al, ibid.
37 Ibid.
I here must however also posit the addendum that at a time of severe general economic crisis the EU continues to experience a shift away from labour and capital intensive activities and progression towards services, including that same ICT handwagon on which we in Malta have solidly climbed. Some 20% of EU productivity gains between 2000 and 2004 came from precisely ICT, but in the case of Malta we firstly do not have available such a statistic, and secondly it is highly doubtful whether, or to what extent, our progress in this area has been reflected in export earnings.

Conclusions

The main thrust of this lengthy overview of several key elements of Malta’s socio-economy is undoubtedly obvious: five years after Malta’s accession into the EU the country needs to rethink and reconsider much current indulging in nostalgia of both the important fact of entry itself, as well as of the EU’s acquisitions, its acquis in terms of institutions, structures, laws, events, changing presidencies, treaty revisions, and what have you, the sort of stuff that daily fills column-inches and air time on the media.

We were, I recall, saying more or less the same things when the country became independent in 1964: “we now need to forget Her Majesty’s Exchequer, forget the empire, jobs with the Queen’s institutions, stand up on our own economic feet, etc, etc”. What happened then was, as stated earlier, that a particular economic model, later restructured, was built. Five years down the road in the EU it is now clear that a definitely new model - one that takes into account the dualism of the economy itself and the environment of what is a very small island state - must be structured. Some use the term “vision” instead of model. But the key questions remain essentially the same. Some might describe the more important of these as political rather than economic. But that would be irrelevant categorising, in that ideology on its own has never been known to produce much more than hot air. It has to be the economist, the honest economists amongst us, who will have to show:

- that balancing urban development with the tenets of social market methodology is, in the long run, good economic investment;
- that excessive liberalization and privatization carry a diminishing returns starting point, and it can often be surprising how quickly this sets in;
- that soaring economic inequality and uncontrolled wealth concentration attack social cohesion; similarly contributive is probably the country’s soaring household debt, and it is often easy for demagogic and misguided blaming of such realities to be directed at “the EU and its models”.

Five years from Malta’s entry into the EU various clear targets for action are easily identifiable. Allowing the island to stand actionless in front of the many problems faced by Malta’s exporters - not the least of which is the country’s lying on the periphery and not at the heart of the European hinterland - is not an option. Similarly not an option is continuing to think that fairer structures for all in education, especially adult education and training, are something that can come about by maintaining the rates of the past in the country’s spending in this area. Better use of manpower in terms of not only education as such, but also in terms of efficiency and effectiveness of resources allocation, still seems to escape our economic decision makers.

This writer believes that less, not more, sycophantic stances towards the EU will ensure that peripheralisation, indeed possibly humouring from Brussels, of our various positions on what are to us key economic issues, will stop becoming evident. This is not mere conspiracy theorizing: it is simply acknowledging the reality that most certainly there are key points in EU institutions where from us they await with eagerness much more creativity, much more challenging and serious questioning of their own stances towards us, more innovative thinking outside the sickening box of constraining political correctness, both domestically and EU sourced. Five years down the road they probably eagerly await it from us particularly at a time of pan-European economic crisis and market turmoil, as well as on specific issues. The euro, and globalization itself, are but examples, but, as we have here seen, there are also several others. Who knows, going against the grain of a lot of what, both they and us, usually keep saying may be something that they themselves wish…in our own domestic interest. And that of course could even be hard to believe.