

GOZO, MALTA AND EUROPE

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In this presentation, I would like to range wider than simply discussing the impact on Gozo of the projected European Union membership.

The impression being fostered among us is that there is no alternative to E.U. membership and that therefore, we should all seek to put ourselves into that scenario. It is a self-serving impression, spread by those who would not like the implications of full membership to be thoroughly appraised.

Still, it is increasingly being understood by most people that full E.U. membership will mean for Malta – and for Gozo – the total application of the EU's *Acquis*, that is, the European Union's body of rules and regulations.

These apply regardless of where you are on the European continent – for industry and trade, for agriculture and fisheries as well as their allied processing sectors, for taxes and finance, for transport and the environment, for business regulation and social policy, for the establishment of citizens and businesses across national boundaries, for hunting and the purchase of property.

Such application will be even more stringent and preemptory in those areas of the EU's rules and policies that guide the functioning of a common market in goods and services, including finance.

While it is being drummed into people's minds that they had better accept

it or lump it – arguing that there is no other way out but by becoming a member of the E.U. – the not so attractive features of full membership are being fudged.

By contrast, the presumed positive impacts are being emphasized. On close consideration, these are revealed as being presumed access to huge structural funds by which roads, hospitals and factories will be supposedly built from the ground up, using E.U. grants.

To be sure, scepticism over such claims has grown recently, following the promise made in the summer of 1998. Then, we were told that if Malta reactivated its application to join the EU, it immediately stood to gain Lm100 million a year. Now we know that was just election driven fantasy, or worse.

The Labour Party's Position

Let me reiterate what the Labour Party fundamentally stands for, what our position is.

We share with many Europeans a very positive evaluation of what the European Union has achieved, what it stands for. It has promoted peace, stability, progress and a sense of purpose among many European nations. We believe these achievements need to be safeguarded.

Labour believes that Malta – by which I include Gozo of course – should give its contribution to the European project for peace, stability and prosperity that the E.U. stands for.

However, we should do so according to our circumstances, by which I mean the geographical, economic and social factors that define our condition. Malta therefore needs to define the best relationship possible with the EU, one that really reflects who and what we are, what we aspire to.

If we are to simply disappearing into a whale called the EU, applying to ourselves all it says and does, and thereby lose our identity and ability to run our affairs sensibly in terms of our own particular conditions, we would certainly not be in a position to participate constructively in the European project.

The argument that if everybody else is doing it, it should also be something that is good for us, is a non-starter. For you decide on national policy in terms of what your national situation is, not in terms of somebody else's. And every country's national situation is different.

This is why it is a dangerous fallacy to blindly accept the proposition that for Malta and Gozo there can only be one way forward – that of joining the E.U. at all costs. Doing so indeed amounts to creating in Gozo and in Malta the conditions in which a counter reaction could rapidly set in.

If living standards dip, if traditional pursuits in agriculture, artisanal work, construction as well as tourism and industry lose their momentum, disillusionment and unemployment could become the order of the day.

In the past, when this used to happen, the safety valve was emigration. Tens of thousands of Maltese and Gozitans emigrated to far away places. This time round, the same way out will probably not be available.

It is true that with E.U. membership, Maltese and Gozitans would be in a position to go unhindered to Italy, Germany, the UK or wherever to look for jobs. In all these countries, unemployment is much higher than in Malta. The language barrier, except for the UK, would be quite high. Also the jobs that would be available for migrants hardly appear to be the jobs that Maltese and Gozitans would look forward to.

Therefore, instead of merely looking at the pros and cons of the proposed entry of Malta into the E.U. and their effects on Gozo, I would like to suggest what we should aim for as the scenario for Gozo's future. And then, I would like to project this vision into the framework of a feasible relationship between Malta and the E.U. that would truly serve our interests, and European interests.

Gozo as an Integral Part of Maltese Society

First let me make a rather obvious statement: Malta and Gozo constitute a very small human and geographical environment with its own identity and sense of purpose. In this arrangement, although it would be considered by continental European standards as a micro-micro subsystem, Gozo is an

integral, identifiable and important part of our society. Development and progress in Malta cannot be judged as successful if it leaves Gozo behind.

For development and progress to happen in Gozo, we need to have sustainable economic activity that fits into the geographical and social patterns of the island, while reflecting the developments happening in Malta. What I am really saying is this: Gozo cannot prosper if Malta is stagnating, and there can be no worthwhile development in Malta if Gozo is allowed to stagnate.

Economic and social progress in our islands has to happen as a whole. A strategy for the development of the country must cater equally both for Malta and for Gozo. Such a state of affairs must be attained through reasonable and intelligent action aimed to establish a balance of resources, human and material, between the two islands, taking into account the expectations of the populations living on both sides of the Channel.

Such balance for instance, needs to reflect the reasonable expectation of people living in Gozo for job opportunities in Gozo. It is no solution to tell them: go and seek work in Valletta or Frankfurt.

The required developmental balance needs to reflect the reasonable expectation of businessmen in Gozo for adequate support when they project new economic initiatives in Gozo itself. It is no solution to tell them: go and locate your project in Hal Far or Padova.

Competitiveness and Scope for Growth

Real economic expansion in Malta as a whole only happens when there is steady growth in exports of goods and services. That is possible when the output from our existing facilities, in factories and hotels, remains competitive – and when new direct investment sets up greenfield productive facilities.

We consequently need an environment which ensures that costs and the conditions under which production takes place are competitive. Also, the support structures for local production need to be sustainable – but they also need to reflect the operating conditions of the Maltese environment.

If our production costs are close to those in Strasbourg or if the support we give to agricultural prices is half what our farmers are used to, at the levels which the E. U. allows in Avignon, then we must be prepared to write off a number of sectors that up to now, were considered as mainstays of our economy.

Moreover, there exists a clear complementarity between Malta's development and that of Gozo. If Malta stumbles, so will Gozo.

Here, the key to worthwhile development is the creation of conditions within which the natural assets of the island can be given full scope for growth. Such conditions must be meaningful, given Gozo's situation. In agriculture, in tourism, in artisanal and crafts enterprises, government has to set the pace.

But if the main island of Malta is not weathering well the changes that it has to undergo – or if in doing so, it undermines Gozo's position – then problems are sure to ensue.

This is what a regional policy for Gozo should be all about. But in tackling the problem we cannot simply try to copy the regional strategies of other European countries, least of all those of larger size. Doing so would just be a contradiction in terms. Regional in a Maltese sense, would be parochial or less in the context of other European countries.

A Tailor-made Support System

Gozo's future would be mapped through a regional policy that applies at the level of the Maltese system. In reality, this will mean the design of a support system for activity in Gozo that is tailor-made for the situation prevailing in our islands.

Clearly, this goes beyond the mere provision on a once only basis of infrastructural funds for this or that project, which then takes long years to mature. Regional policy for a viable Gozo must arise from the establishment and development of long-term but flexible rules of economic activity and support, that will make sense to Gozitan operators and workers on the spot.

Such rules need to apply – as an integral part of overall Maltese developmental policy – in farming, full or part-time; in artisanal projects; for the small self-employed sector; in tourism, including hotel and yacht marina operations; and in property and construction.

It is quite clear that this will not be possible with the functioning in Malta of the EU's *Acquis*, unless we accept a decimation of the farm population and the self employed sector, among others – and unless indeed, we accept over the medium term, a lower level of working population in Gozo.

Let me give two instances of what I mean: first the well-known example of the level of price support for tomatoes grown in Gozo. Applying continent wide rules of price support and no protection to such produce will mean that it becomes almost immediately non-viable. The same applies for wine and other traditional produce.

A regional policy for Gozo within the Maltese framework, unburdened by the need to apply E.U. rules across the board, would enable both tomatoes and wine production to continue. It could also introduce incentives to improve quality.

The second instance covers the goods produced by artisanal and small self employed sectors. Their work needs to be flexibly fostered by state supported schemes and tailor-made incentives, as well as by protection that would have to be altered over time, according to changing circumstances in Malta. That flexibility will not be possible under the EU's *Acquis*.

The Reasonable Way Forward

Full membership of the E.U. is not a viable proposal for Malta now or for the foreseeable future. Instead, we need to adopt a close relationship with the European Union, allowing Malta to participate in the process of European development and integration, according to its specific circumstances.

This reasonable way forward will actively encourage a convergence of policies with those of the E.U. in areas compatible with our specific circumstances.

Labour has presented this approach under the general heading “Switzerland in the Mediterranean”. We have targeted the establishment of an industrial free trade zone with the EU, as a centrepiece, to which would be added special agreements on areas like industrial, agricultural, financial, economic, social, educational, political and security cooperation.

Those who deride our approach by saying it shows a lack of confidence in Malta, are themselves actually betraying that lack of confidence. They believe we should abdicate the ability we now have to run our own affairs in ways that suit us, and let somebody else run the show for us. They persevere, even while they are now realizing the pain this changeover will bring.

Conclusion

Those who claim that Labour’s approach means isolation misunderstand, consciously or not, our proposal. For it means the contrary. The possibilities for contacts and business openings with the outside world will become much wider under Labour’s option, than under the option being currently pursued.

Within Labour’s framework, running a regional policy for Gozo would make sense. Since it sets special parameters for Malta’s development, fitting our circumstances, a tailor-made regional policy for Gozo would not only be possible but also feasible.

Again, such a regional policy would be targeted to Gozo’s special circumstances as Malta’s sister island. It would thus cater for circumstances that Gozitans understand better than anybody else, as well as to their expectations.

The European catchwords that we are continually bombarded with should not distract us from the real challenges we face – the challenges of modernising our economy and society in ways that are congruent with our reality.

No foreign partner, no matter how well meaning, can do that for us, or can do it better than we can, if we really want to do it.