

ROPKE AND EINAUDI. FROM THE CIVITAS OF PERSONS TO THE IDEA OF EUROPE

BY FRANCESCO FORTE

Emeritus Professor Department of Economics and Law, University of Rome La Sapienza and Mediterranean University of Reggio Calabria

SUMMARY

The first part the paper deals with Ropke and Einaudi liberal third way between the development of historical capitalism and a competitive genuine market economy, with -at its centre- the basic notions of persons and humane economy and not mere individuals. Freedom of choice, property, limited rationality, ethical values, broadened view of human needs, relevance of the interpersonal nexus, of the small and the different, against the colossal and the levelling, shape their views, not necessarily always identical, as for the organization of labour, civil order, political-economic institutions, in the countries, in the world order and Europe. In Ropke the common link between the institutions appropriate for the two order lies in the subsidiarity principle, present in the Encyclicals from *Rerum Novarum* to *Quadragesimo anno*, to *Mater et Magistra*. Ropke' market-conform public interventions and Einaudi s critical points doctrine define role and limits of public powers at both levels, as well as policy suggestions. The second part of the paper deals with on the application of Ropke subsidiarity principles to international order and Europe and particularly to the present interrelated problems of the European Union and of the European monetary unions, taking- as starting point Ropke' dilemma "centrism versus de-centrism" whose solution leads to "club" associations of Governments. Then the solution for Brexit and for the crisis of the European Union are discussed in the light of Ropke' dilemma of "olism" versus differentiation and of Ropkian-Einaudi principles of conform interventions and of critical points. Suggestion about corrections of fiscal compact, banking regulations and "bail in" and about closer cooperation between ECB monetary policy and European budget and EU fiscal policy conclude the paper.

FIRST PART

ROPKE AND EINAUDI LIBERALISM CENTERED IN THE CIVITAS OF PERSONS

1. In the title of this conference there are two ethical-anthropological approaches to the economics and the sociology of the welfare of the human communities and of the global society: the German social market economy and the Italian civil economics. The first of them has clear roots: those of the Ordo school of Freiburg of economics and law under the leadership of Walter Eucken and Franz Bohm. Their competitive market economy and political democratic order are characterized by two basic principles: 1) individuals are person i. e. have an intrinsic value "in se"; 2) private law dominates public law and not vice versa. To complete this construct

there are two wings: that of the Frankfurt school of Alfred Muller Armack, which emphasizes the ethic components of justice, equity and tolerance and that of Wilhelm Ropke who stresses the relevance of the “humane” anthropological problems of the “civitas” whose members live in a mass society of developed market economy capitalism. A constitution, i. e. an ordo with basic rules must assure the functioning of the model. This ordo is a natural construct that follows from the human nature i. e. is a natural order. Plurality of innumerable free players and competition among them assure the freedom and the efficiency of the economic and political system.

The Italian “civil economics” actually is constellation of similar and, at the same time, different conceptions of a free social, economic and political order with some basic points in common: that of the members of the society and of the economic and political democratic system as persons with values and sentiments that go beyond the mere “homo economicus”; the welfare if the society cannot be measured with cardinal welfare functions endowed of additive property, so that the maximum welfare is not an algebraic sum. Each person has his(her) welfare function; and the maximization of social welfare implies that the welfare of any person is increased or, at least, not damaged. Furthermore, in the individual welfare functions there are values as that of individual freedom and dignity which have a lexicographic priority.

However, inside this broad spectrum, one may distinguish three traditions and streams of civil economics, in the modern epoch. A first one makes reference to the Enlightenment thought of Antonio Genovesi whose anthropology implies that the persons are socially oriented by the principle of mutuality i.e. of reciprocity of aid which has elements of gift because the exchange is voluntary and motivated by sentiments of love or friendship. The chief case in which the motivation of the reciprocity is a sentiment of love is that of the intergenerational reciprocity which

involves three subjects and two exchanges between the past and the present generation and between the present and future generation. In the contemporary interpretation, important redistributive interventions for the less favoured, which imply a priority of redistributive justice.

Another stream of Italian civil economy makes reference to Antonio Rosmini liberal thought in which at the centre there the civil society constitution there is the free person which is a moral person that pursues values that go beyond that of utility because include the compassion and love for the others, but is incomplete without the protection of the individual property rights which are essential for the freedom of the moral persons. The subsidiarity principle of Rosmini implies that the Government is merely subsidiary to the persons and to their private communities.

The classification of Luigi Einaudi political economy and social policy doctrine under the label of “civil economics” at first glance may appear odd. And, actually he never adopts the expression “società civile”. However, under a further reflection it may result appropriate, under the subsidiarity principle of Antonio Rosmini, because in his theory the good government of the civitas, the democratic republic or even the democratic kingdom has the same rules of good governance of the private family economy in which the ruler is the head of the family. The theory of the good government of the city or of the nation as the good government of the house of the family thus goes back to the Italian tradition of the “Good government of the city” of the Renaissance, starting in the late middle age. Actually, “Il Buon Governo” is the title of a book of collected papers and short articles of Luigi Einaudi, on the cover of which we can see the famous painting “The effects of the good and of the bad Government” of about 1338 of Ambrogio Lorenzetti in the Palace of the Municipality of Siena. Why the good government of the city must apply the rules of the good government of the family? The reason is that the Public Economy is subsidiary to the market economy and – therefore-to perform properly its functions

must follow the principles which led to the welfare of the family. Keynes idea that the private virtues are public vices is completely wrong in the Einaudian civil economics. The conception that the Government and their heads must follow the rules of “ good government” of the family in which the members live freely and spontaneously cooperate respecting its rules administered by an experienced head has and Italian great tradition in the theories of the Reinassance period of Matteo Palmieri (*La vita civile, The civil life, 1431-1438*), Leon Battista Alberti ,(I tre libri Della Famiglia (The three books On the family,1432-34)¹..For Einaudi any persons, even the most humble, is “ lord ” of its own human capital and material and immaterial properties. “L’uomo signore” of Luigi Einaudi , as in the “*Rerum Novarum*” Encyclical, differs from the animals because owns a property , even minimal, or /and immaterial, which he (she) has created with own individual and family creativity with their free, responsible choices and under the rules of law order provided by the Government of the Civitas, to which concurs, with goodwill, with the other members of the common.

Einaudi “civitas with a good government” and Ropke “civitas humana” have an “order” conforming to the needs of the persons, that cannot be merely economic, because the persons are not mere economic men and woman; are moral persons. And the communities from which this order must proceed are, primarily, the natural communities of the persons. This conception implies the diffusion of property under the humane-divine concept of the men and women as sir of their small universe, created by their labour, which reflects the intimate need of expressing, by their labour and its fruits, the creativity of god. As in Rosminy “the entity creates the existing and the existing returns to the entity”

¹ And Diomede Carafa (*Doveri del Re e del buon Principe, Duties of the King and of the Good Prince, 1473-76*), Francesco Patrizi two treatises *De institutione Res Publicae* and *De Regno et Regis Institutione* 1453), Bernardo Sacchi’ (kown as “il Platina”), *L’ottimo Cittadino* (The excellent citizen 1454)

The “divine civitas” is the dream of the “human civitas” members “beyond the economic laws of the demand and supply” – here I am borrowing the title of the last book that Ropke wrote against the “inhumane” mass capitalism, which is a “manifesto” against this anthropological view of the social organization and of the economic and political order, as a vertical system top down were only the levelling big is good.

Both in Ropke and Einaudi the anthropological view of the horizontal priority of the persons and of the private house on the public house and the consequent primacy of the bottom up order it is not mere a normative approach, as it is-primarily- a positive approach deriving from the observation of the human nature and of the facts.

One of the main reason why both, for Ropke and Einaudi the positive observation of human nature requires the preference for the horizontal structure and for the bottom up structure with its subsidiarity principle is that all the persons have a limited rationality and limited information capability and that the human nature is often imperfect even from the point of view of the respect of the rules and behaviours which the persons believe appropriate for themselves, because often the will is weaker than reason. The technocracy may frequently make mistakes and undertake opportunistic behaviours. Both Ropke and Einaudi free market conception following from their conception implies a competitive structure with its process of trial and errors and it is sharply different from the free market monopolistic structure which has often characterized the “historical capitalism” and the present one with its technocracy which, is often allied with the organize left at the expense of the middle class and of the weak persons.

For this reason, the freedom must be protected by rules which hinder or limit the powers of the monopolies and by interventions that assure an open society and restore the competition forces. Ropke’ interventions in order to keep a free market

competition and an “humane civitas” based on democracy from below are characterized by two converging principles: public interventions must conform to the competitive market and the private structures and horizontal and vertical subsidiarity.

Einaudi “good government”, as seen, implies both of these two principles. He, in addition, borrowed from Röpke the “paradigm” of “conformist public interventions. It should be added that this paradigm has received an extremely important application in the general theory of the public finance equilibrium with taxes as fiscal prices of public service in the Italian school of public finance by the model of the public sector as a cooperative between the members of the community, as for their demand and supply of public services². Notice that this public economics model implies a social component in terms of mutuality i.e. of reciprocity, however based on the principle that everybody has the duty of cooperating, sharing the costs of the supply, as far as possible. Einaudi has added to the two Röpkeian principles of conformist interventions and subsidiarity the principle of the “critical point”. The application of any principle has a critical point after which the costs of its application exceed the benefits that it could bring. The rule liberalism implies a moderate use of rules and the rules must be simple, clear and certain i.e. also as stable as possible. The same criterion of critical point -however- should be applied to the competition: it may become excessive and obsessive. Subsidiarity too has critical points, as it may render too intricate the structure of the public sector and of the “so called” third sector.

² A model introduced in public finance theory by Antonio De Viti De Marco and adopted by Luigi Einaudi, James Buchanan in his public choice approach and myself.

SECOND PART

ROPKE AND EINAUDI WARNINGS AGAINST CENTRISM AND OLISM. THE EUROPEAN UNION AND MONETARY UNION AS CLUBS OF SOVEREIGN STATES

The construct of the European Union as a Club of sovereign states certainly fits the model of the Civitas Humana of Ropke and that of the Good Government of Einaudi. However its structure on none side, that of the free market competitive economy is incomplete while on the other side , that of the architecture of the club of European Governments and of the sub club of the European Monetary Unions has excesses of centralism and technocracy and, at the same time, serious institutional gaps. In spite of the assert of article 119 of the present European Treaty³ according to which “ the activities of the Member States and the Union are “conducted in accordance with the principle of an open market economy with free competition”, there is not an European labour market characterized by these principle. There is a mere free movement of the labour trough the various member countries, as in a custom union, as each country has its own labour market institutions, more or less liberalized.

In Italy the labour market is now regulated by vertical dirigist laws less liberal than those previously existing. The EU authorities seems to have considered the new labour legislation of the Italian “Job Act” as good reforms, while actually it has rendered more rigid the labour market putting an obstacle to the reduction of the employment and to the increase of productivity. For the capital market, the business enterprises and the goods and services market too there are mere custom union principles of free movement and free establishment, but the laws and regime of the capital and business taxation greatly differ from country to country, with some countries as Ireland, Netherland, UK, Luxembourg practicing regimes that

³ That prescribes the adoption of an economic policy “ based on the close coordination of Member States' economic policies, on the internal market and on the definition of common objectives “

artificially attracts to them capital, business and trade by allowing forms of tax subsidies and of avoidance tolerated by the EU. To give an example of what happens in this free movements market from 1960 to 2015, the average value for Luxembourg exports of goods and services was 117.31 percent of its GDP with a minimum of 79.46 percent of GDP in 1966 and a maximum of 213.85 percent of GDP in 2015. In the same period the average value of the imports of goods and services as percentage of GDP was 97.54 percent with a minimum of 65.55 percent in 1969 and a maximum of 177.65 percent in 2015. The level of percentages if the imports and exports on GDP clearly demonstrates that there is an enormous transit of goods and services linked to foreign investments of big and small business. The great difference between the value of exports on imports indicates that many immaterial services as those of patents, copy rights, brands, designs, which give flows of royalties of the immaterial goods are located there. In 2014, Ireland exported \$142 billion of euro i.e. 57% of GDP and imported \$72.6B, resulting in a positive trade balance of \$69.7B. i.e. 28% of GDP: clearly because big and medium foreign enterprises have their fiscal residence there. Whether the income of these foreign business taxed in Ireland was really produced in Ireland is an open question on which the EU institution are vacuous.

On the other hand, the EU has recommended to Italy to tax the immovable property which is the most diffuse for of saving of the families while the bail in European legislation requires a sacrifice of the savings of the owners of bonds and subordinated bonds and of their shares, assuming that they did know the risk of their investment, as in the perfect rationality without asymmetry and zero cost of the information.

The principle of monetary stability which is at the centre of the rules of the European Monetary Union as of those of the good Government of Einaudi and Ropke, for a long period has been interpreted asymmetrically as against inflation and not against deflation, with deflationary effects particularly severe in the

countries with higher debt burden and/or high budget unbalance. Meanwhile for the mechanism of transmission of the common monetary policy something similar to a banking union appears necessary with a system of banking parameters not limited as now to credit banking, but including financial trading banking too.

The budgetary rules of the EU and of the EU monetary Union too are greatly imperfect. Actually here are the biggest imperfection of the two clubs from the point of view of the “good government principles “suited to public economy conforming to the private economy of a free market competitive economy with the social component.

Indeed, the fiscal compact rules suggest the budget balance, taking account of the cyclical output gap and the change in potential output due to reforms, giving origin to contracting games between the European Commission and the EU member states about the flexibility to be conceded in relation to reforms whose effects are not assessed. The rules of the fiscal compact about the budget balance, aside the output gap principle, are pervaded by “olism”. Do not distinguishing between a budget balance achieved by tax increases and by spending reductions nor between reductions of current or capital expenditures, with the result perverse fiscal policies of increase of the tax burden and of reduction of public investment expenditures causing reduced GDP growth rates and unemployment. Furthermore, the fiscal compact adopts a system of “olistic” rules of automatic reduction of the share of public debt to GDP lacking theoretical and/or empirical evidence about the sustainable ratios of public debt to GDP as that of 60% of GDP and about the share of reduction to be realized every year, assumed to be 5% of the excess over 60%.

The automatic application of these fiscal consolidation rules, even mitigated by discretionary concessions of flexibility obviously creates a deflationary effect that needs to be contrasted an expansionary fiscal policy of the other countries or- indeed preferably- by the central government of the EU Club.

However, the EU rules on the budget prescribe a budget balance corrected for the (cyclical) output gap only for the Governments of the EU countries, not for the EU budget, which must be balanced without any consideration of the output gaps either due to the difference between real and potential output as given or by a shift of the potential output, due to endogenous domestic or to exogenous-international factors. If the rule of the budget balance corrected for the output gap was extended to the EU budget, BCE could buy at zero or negative interest rates EU bonds. Thus it would be possible to have a low-zero cost fiscal policy of the Union, as it is rational when there is an output gap, and when the monetary seigniorage thus exerted is that of the Government of the whole community. Then, the QE while combating deflation and unemployment and promoting growth and employment would allow a positive interest rate for the savers, instead of a rate close to zero or of zero as in this period in EU.

THIRD PART

OLISM VERSUS DIFFERENTIATION: EURO CRISIS, EURO EXIT OR TWO EURO CLUBS

Euro discontent follows the Brexit discontent caused by the EU Government centralistic over regulation of the markets and by the fiscal compact. Clearly there is a European crisis due to many factors. The European economic depression following to the end of the financial boom of 2007-2008 has been deeper than those of the past; the recovery is lower and with more unemployed and impoverished persons than in the other main developed areas of the world. A dual behaviour is taking place in the core of Europe and of the euro area, as show the alarming economic and financial data and forecast of the European Commission.

What really appears considering the four main countries of Europe is a diversity

TABLE 1 EIGHT MAIN PARAMETERS OF THE FOUR MAIN COUNTRIES OF THE EURO AREA CLUB

GDP GROWTH RATE	1998-02	2003-07	2008-12	2013	2014	2015	2016	2017	2018	Trend
GERMANY	1.7	1.6	0.7	0.5	1.6	1.7	1.9	1.6	1.8	0,07
ITALY	1.8	1.2	-1.5	-1.7	0.1	0.7	0.9	0.9	1.1	0,06
FRANCE	2.8	2.0	0.3	0.6	0.6	1.3	1.2	1.4	1.7	-0.06
SPAIN	4.2	3.6	-1.3	-1.7	1.4	3.2	3.2	2.3	2.1	0.03

EURO AREA	2.6	2.2	-0.3	-0.3	1.2	2.0	1.7	1.6	1.8	0.07
INVESTMENT CHANGE										
GERMANY	0.4	2.2	0.5	-1.1	3.4	1.7	2.5	2.1	2.5	0.25
ITALY	4.4	1.6	-5.0	-6.6	-3.0	1.3	1.9	2.4	3.1	0.32
FRANCE	4.4	3.5	-0.9	-0.8	-0.3	1.0	2.8	3.1	4.1	0.11
SPAIN	7.5	6.3	-8.4	-3.4	3.8	6.0	3.7	3.4	3.8	0.17
EA	3.3	3.4	-2.9	-2.5	1.4	3.2	2.8	2.9	3.4	0.27
INFLATION RATE										
GERMANY	0.9	1.4	1.3	1.0	1.0	0.6	0.6	1.9	1.5	0.04
ITALY	2.5	2.5	1.9	1.0	0.2	0.0	-0.1	1.4	1.3	-0.22
FRANCE	1.0	2.0	1.1	0.7	0.1	-0.2	0.1	1.4	1.3	-0.04
SPAIN	2.8	3.4	1.9	1.0	0.2	-0.2	-0.1	1.9	1.7	-0.26
EURO AREA	1.8	2.2	1.5	1.1	0.5	0.1	0.4	1.6	1.4	-0.07
UNEMPLOYMENT										
GERMANY	8.5	10.0	6.6	5.2	5.0	4.6	4.1	4.1	4.1	-0.68
ITALY	9.9	7.4	8.4	12.1	12.7	11.9	11.7	11.6	11.4	0.42
FRANCE	8.9	8.6	9.0	10.3	10.3	10.4	10.0	9.9	9.6	0.15
SPAIN	12.8	9.7	19.1	26.1	24.1	22.1	19.6	17.7	16.0	0.56
EURO AREA	9.2	8.7	9.8	12.0	11.6	10.9	10.0	9.6	9.1	0.03
LABOR PRODUCTIVITY										
GERMANY	0.8	1.3	-0.2	-0.1	0.8	0.8	0.9	0.8	1.1	0.05
ITALY	0.6	0.5	-0.4	0.7	-0.2	-0.1	-0.3	0.3	0.3	-0.04
FRANCE	0.9	1.3	0.4	0.5	0.4	0.9	0.4	0.8	0.8	-0.03
SPAIN	0.2	0.4	2.0	1.9	0.3	0.2	0.3	0.3	0.4	-0.08
EURO AREA	1.0	1.1	0.3	0.6	0.6	0.9	0.4	0.7	0.8	-0.03
BUDGET BALANCE										
GERMANY	-2.1	-2.6	-1.7	-0.2	0.3	0.7	0.6	0.4	0.4	0.41
ITALY	-2.5	-3.3	-3.8	-2.7	-3.0	-2.6	-2.3	-2.4	-2.6	0.09
FRANCE	-2.0	-3.1	-5.4	-4.0	-4.0	-3.5	-3.3	-2.9	-3.1	0.02
SPAIN	-1.3	1.0	-9.0	-7.0	-6.0	-5.1	-4.7	-3.5	-2.9	-0,16
EURO AREA	-1.8	-2.2	-4.5	-3.0	-2.6	-2.1	-1.7	-1.4	-1.4	-0,03
DEBT/GDP										
GERMANY	59.0	64.9	75.3	77.5	74.9	71.2	68.2	65.5	62.9	-0.05
ITALY	106.4	101.0	114.0	129.0	131.9	132.3	132.8	133.3	133.2	4.08
FRANCE	59.6	65.2	80.7	92.3	95.3	96.2	96.4	96.7	97.0	4.66
SPAIN	57.4	41.9	61.5	95.4	100.4	99.8	99.7	100.0	99.7	7.07
EURO AREA	68.8	67.6	81.8	93.7	94.4	92.6	91.5	90.4	89.2	2.81
CURRENT BALANCE OF PAYMENT RESULT										
GERMANY	-0.4	4.6	6.1	6.9	7.5	8.5	8.7	8.3	8.0	0.86
ITALY	0.4	-1.0	-2.3	1.0	1.9	1.6	2.7	2.1	1.8	0.43
FRANCE	1.9	-0.1	-2.0	-2.9	-3.2	-2.0	-2.3	-2.6	-2.7	-0.43
SPAIN	-3.3	-7.2	-4.2	1.5	1.0	1.3	1.8	1.7	1.6	0.97
EURO AREA	0.3	0.5	0.5	2.4	2.5	3.3	3.6	3.2	3.1	0.44

Observing the trend of the eight indicators considered clearly emerges a dualism among the main countries of the euro club, with Germany in a different sub club with better performance and different preferences for the value of the common

currency. But the picture is blurred and observation of the trends does not warrant a diffuse pessimism for Italy, nor an optimism for France. The rates of growth of GDP of the four main countries of the Euro-area club differ: in one group, we have Germany and Italy, with a trend of growth of 0,07 and 0,06 in other the other France with a negative trend of the same percentage and Spain with a positive trend of 0,03 As the euro area coefficient too is 0.06 the problem of slow growth seems to involve – on the average- the entire euro area.

As for the investments rate of change in the observed period, again we have two groups with Germany and Italy with a better performance in the trend: respectively 0,25 and 0,32 while the trend of France is 0,11 and that of Spain of 0,17 while the euro area trend is 0,27. The disaggregation would show that the construction industry in Spain has a strong recovery after the period of sharp depression while the Italian construction industry after the depression caused by the great financial crisis of 2007 has a new depression caused by the introduction in 2012 of a great increase in the real estate property taxation suggested by the European Commission with the collateral effect a sizable increase of the unemployment and has reduced dramatically the value of the collateral of the banking loans, while contributing substantially to the increase of the bad performing loans. The theme needs an examination which goes beyond the purposes of the present paper. However, on balance, here as for the plants and machinery the higher speed group consist of Germany and Italy.

For the unemployment, the good group consists only of Germany where the unemployment rate after the crisis has fallen to 6% and then 5% so that there is a pronounced trend of reduction while for Italy, France and Spain the trend is negative, as for the entire euro area.

For the labour productivity, the better speed group is made only if Germany with a positive trend of 0,05 while the other group as the euro area as a whole has a

coefficient of the regression negative of 0,03 with Spain again as the worst performing country.

For the inflation rate, there is a clear divide between Germany with a trend to revaluation, while the euro area as a whole there is a trend to inflation, leaded by Italy.

As for the Government budget balance Germany, again, appears different: its trend is upward with an impressive ratio of 0,41; Italy has an improving trend close to 0,1 while France has a nearly stationary trend and Spain a negative one. As for the ratio of debt to GDP, again the best performing group is made only of Germany, because this is the only country where we can observe a negative ratio of 0,05 while all the other countries have a positive ratio of increase greater than the ratio of the euro area as a whole. where, from 2014 on, the budget is in surplus and the ratio of debt to GDP from that year, constantly, diminishes.

But only Italy has an anomalous debt burden of more than 130% of GDP, while the most authoritative researches put the upper limit to the sustainability at the range of 90%-100%.

The division in two clubs as for the current balance of payment deficit or surplus too, is sharp. Three of the four countries Germany, Italy and Spain do have since 2013 a surplus and a pronounced positive trend. France has a deficit higher than 2% and a negative trend of 0,43 while the euro area has a positive trend of 0,44 which combined with the big unemployment and its bad trend and the slow growth shows that the euro area is practicing a non-expansionary policy. Anyway, clearly, as for euro, there is not a unique equilibrium rate of exchange.

Clearly a euro crisis exists ; the explanation may be easily found considering the imperfections of the present architecture , which -in principle-could be completed along le lines above suggested, which do not consist in creating a federation. It consists in creating a club with rules conform to a competitive market economy and

in realizing a true unique market under competitive free economy principles with the social interventions required in an economic system based on persons of a “*ci vitas humana*”. If there are obstacles to this objective, a proposal of more than one euro could produce a better functioning currency union. There is no need to abolish the euro altogether. One may restore, with substantial improvements, the mechanism of European Monetary System giving to EBC a role of central bank of the two euro systems, where each member deposits parts of its reserves. In the first euro system, that of Germany, the rates of exchange among its members should absolutely fixed as now. In the second euro system, they could vary inside a band of fluctuation of each currency with the others. Each country would be responsible of assuring a credible budgetary policy, making possible the issuance, at reasonable conditions, of public debt in its own euro currency. Each country to remain in its fluctuation band needs to have a flexible labour market and needs to have a good rate of savings, to be able to finance an investment that assure its competitiveness.

An apparent paradox thus emerges as for the issue of the euro exits. To have a sound budgetary policy, a sustainable public debt, a flexible labour market, the respect for the saving and property rights is both a precondition for remaining in the present imperfect euro system with a position strong enough to negotiate its improvement and for participating in a viable way to another club, with a more autonomous monetary and fiscal policy .