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"Tout l'art de la politique est de se servir des conjonctures." Louis XIV

Making Mauritius a Duty Free Island

By Eric Ng Ping Cheun

Previously announced in the 2005-2006 budget, the government's policy to transform Mauritius into a Duty Free Island has been emphasized again in the Government Programme 2010-2015. In people's mind, the concept is not limited to developing shopping tourism but covers all economic activities. In that case, the project consists in dismantling all tariff barriers to permit free flow of foreign goods into the country.

Import liberalization is currently well-paced. During the past five years, the government has set the stage for a modern integrated business, shopping and leisure hub. While several shopping malls have sprung up, some 87 per cent of tariff lines are now duty free and customs duties account for about 3 per cent of tax revenue. As a matter of fact, the collected amount of customs duties has fallen from Rs 4 billion in 2005 to an estimated Rs 1.6 billion in 2010, representing an average reduction of Rs 500 million per year. At this rate, customs duties could be brought down to zero in three years' time if the government wished.

The big question is, would such a duty reduction schedule be in the interests of both the local industries and the Treasury? On the one hand, small and medium enterprises need more years to re-engineer their production units. On the other, the government has to manage public finances properly if it decides to extend the additional stimulus package beyond 31 December 2010. A smooth implementation of the Duty Free Island project, phased over a longer period, would give the right impetus to the Mauritian economy in these turbulent times.

According to the Programme-based budget estimates 2010, the budget deficit would rise to 4.1 per cent of gross domestic product this year, and the public sector debt would overshoot the threshold of 60 per cent of GDP. However, the fiscal deficit could be higher as the current government would forgo some Rs 900 million by abolishing the National Residential Property Tax and the tax on interest. Although there exist other sources of revenue, like taxes on lotteries that could increase, it would be reasonable to slow down the pace of import liberalization to an annual duty reduction of Rs 300 million, thus extending the transition to a full-fledged Duty Free Island to five years.

Predictable trade liberalization

Investors like predictability. Within a span of five years, our enterprises will have ample time to become internationally competitive. Retailers should be provided with incentives to upgrade their shops to be able to tap the tourist market. The Mauritian destination will have to be promoted both as a seaside resort brand and as a shopping brand – a major strategic change that would take at least five years to take hold. By then, the new airport terminal should be ready to manage passenger and aircraft movements on a large scale.

As it is struggling against the dramatic plunge in the value of the euro owing to the European economic turmoil, our national air carrier needs some time to compete in a more liberalized environment. But the Duty Free Island can only take off with an open air access policy that allows for greater seat capacity, higher frequency of flights and diversification of source markets. In particular, we must expand the market of transit tourists. In 2008, 42,657 tourists, or 4.6 per cent of total arrivals, were in transit. But the number fell to 6,228 in 2009.

Lastly, the phased abolition of formal trade barriers should be accompanied by trade facilitation. Non-tariff barriers can be a larger chunk of the overall trade costs than customs duties. Simplification of customs procedures, rationalization of administrative formalities and minimization of transhipment costs will play a key role in making Mauritius a Duty Free Island.

A year of two halves

By Akilesh Roopun *(Cont Pg 3)*

Having hardly recovered from the effects of the sub-prime crisis, the Mauritian economy is dangerously heading for a new wave of activity deceleration. Growth is losing traction as negative sentiments take hold of most growth engines such as exports, consumer spending and private sector investment. Given the uncertainties in Europe, which is our main markets, the Central Statistics Office (CSO) is forecasting a 4.2 percent growth rate for the year 2010, down from an earlier estimate of 4.6 percent.

It's a story of a "Year of Two Halves", with the first half showing some signs of an upturn, and the second very likely to display the impact of the European crisis feeding in the domestic activity. A recent business confidence survey by the Mauritius Chamber of Commerce and Industry shows that pessimism is gaining ground with some entrepreneurs even considering shifting operations to other countries.

Tourism and garments will bear the full brunt of consumer spending adjustments in the eurozone and in the United Kingdom. Besides, a weak euro, a weak pound and a strong US dollar is bad news for the export industries, especially to those companies that are selling on thin margins to extremely competitive markets. A weak euro earn them less rupees for the same business, and manufacturing firms are even harder hit since they are billed in USD for their imports of raw materials.

The policy response time must be shorter

Mauritius felt the effects of the sub-prime crisis through the trade channel particularly with a rather long lag time mainly because of the low direct correlation with the US economy. This time around, the impact will be felt quicker and, perhaps, deeper should the problems persist. The policy response time must indeed be shorter.

Much is expected from the Ministry of Finance to devise and implement timely measures to keep the economy on track. For the moment, monetary policy has done its bit, even though many observers and industry captains have criti-cised the central bank for being very economical in its reaction to the crisis. The Bank of Mauritius has favoured battling inflation risks at a time when growth prospects are falling apart.

However, the wait-and-see attitude adopted by the Monetary Policy Committee (MPC) in keeping the key Repo Rate unchanged at 5.75 percent does have its merits. Even if the monetary authorities have some leeway for further monetary loosening, thanks notably to low inflation, they have deemed it appropriate to keep some interest rates ammunitions in hand in the event of a W-shape or L-shape business cycle outlook.

Fiscal policies must be up to the task before the situation gets out of hands. The fiscal stimulus should continue to protect vulnerable industries and support overall economic activity through public infrastructure works. Lifelines to battered firms must however be very selective. Many textile and tourism companies have built up comfortable reserves whilst the euro was trading in the Rs 45-47 range last year, and should therefore have sufficient stamina to sail through the rough waters.

Spending in infrastructure has a high multiplier effect, but it is vital that projects are implemented and delivered on time. Public works usually suffer from inadequate implementation capability and their intended trickle-down impact on growth and jobs fail to materialize. If the fiscal impulse cannot make up for the lack of buoyancy in business activity, the scene is set for further growth deceleration.

Sustained recovery depends on healthy private investment

But the big question is whether business spending can pick up pace before the stimulus runs out of steam.

Where do we go from here?

By Sameer Sharma

For quite a while now, I have been harping about not being too bullish about markets that depend more on currency movements influenced by the mother of all carry trades than on fundamentals. As we head towards an economic slowdown in the US economy over the next two quarters, the risk off trade has again come to the fore. We need to put things in context and we do need to be extremely cautious as investors in the coming months.

Never in history have we seen policy rates so low across the globe, quantitative easing like we have never seen before, trillions of dollars in fiscal spending across the board but yet despite all this, the US economy for example could only manage 2.7% GDP growth a good chunk of which was attributable to inventory adjustments during the first quarter of the year! When you take into account that there is a favorable base effect behind that figure as well coupled with the fact that the economy should have been clocking a growth rate of between 5-6% after a recession like this, one has to worry.

What also worries investors right now is that Europe plans to raise taxes and cut spending, Japanese growth looks weak, China is busy trying to soft land its economy and in the US, the municipal bond market looks unhealthy and next year Obama plans to raise the capital gains tax, income tax for the wealthy and roll back fiscal stimulus that he simply cannot afford to maintain forever. This contraction in fiscal spending on a global scale could derail global growth.

Merger and acquisition activities will increase

I am not worried about a double dip in the US yet, I think that growth will slow and will remain anemic for a while to come but a European and/or Japanese double dip does blink on my radar as key risk factors driving this risk off trade. In the medium term, the municipal bond market in the US will merit increasing attention. On the unemployment front, CEOs are telling the market that they are getting existing workers to work longer hours and that cost cutting remains a key strategy. In this context, interest rates are expected to remain low for an extended period.

The bright side is that corporate America's balance sheet is flush with cash and the coming earnings season is likely to be decent but what worries us all as investors is the CEO outlook in those quarterly conference calls, and this is likely to be less encouraging than anticipated. In this environment, I would rather be a creditor than a stock holder, at least in the medium term. Companies are likely to do more to please creditors rather than stock holders over the next few years. In order for many companies to achieve certain growth objectives, we are likely to see increasing merger and acquisition activities in the coming years.

Corporate America remains the bright spot of the US recovery but that does not mean that stocks look good. While the earnings yield of the S&P500 is likely to be around the 7-9% range by the end of the year versus 3% for the ten year and 6% for corporate bonds, within a portfolio mix, it is important to be tilted towards assets with safer risk adjusted returns and even buying high yield bonds and convertible bonds which have higher equity correlation but have better downside protection. While I still buy stocks, these are high dividend yield earners, stocks in the semi conductors sector and those that will benefit from Chinese and Indian growth, and I actively manage them knowing full well that I am not in the business of losing money and telling you that I did relatively better than benchmark x.

Most mutual funds use futures to get the equivalent of around 70% of their portfolios invested in the market index that they are supposed to beat and with the other 30% (this is an average), they pick a bunch of stocks that they feel can beat the index. This method which has worked well in the past has not worked well in recent times and will not do so in the future. Business models have to change fast and managed accounts are gaining ground. Most mutual funds cannot even beat their benchmarks anyway!

Be pragmatic about when to buy and sell

To have an outlook on equities, one must look at what the bond market is telling us. Multi year low rates are sending us a negative message on stocks. The 10 year US bond yield has gone below the key 3.11% level as at time of writing, long term German bond yields are at 2.5% while credit spreads and the TED spread have again widened. The bond market is telling us that investors are nervous and that inflation is nowhere near being a major concern.

While the rise of credit spreads can cause some near term downside risks to corporate bonds and high yield bonds, a fundamental analysis of corporate balance sheets does still showcase many buying opportunities, but you need to pick your company correctly and hedge part of the credit risk with the use of derivatives. If you have been reading *Conjoncture*, you would know that I have been advising those who wish to make money or protect it to look at high dividend yield plays, to include gold at 10% of your portfolio (short certain currency ETFs to get gold in non USD terms has worked wonders for me) and to be risk averse.

During the time of writing, the S&P500 had closed just above the important 1040 level. If we breach this level on the downside, the next downside target is around 980-1000. Again in the last issue, I had talked about a 10-15% correction if certain technical levels were to be breached and this is exactly what we have seen in this technically driven market.

Furthermore and perhaps more importantly, the moves in the euro, Dollar Index, Japanese Yen, Australian dollar, which have more influence on markets than fundamentals, are pointing towards weakness and volatility. If we are able to maintain the 1040 level or get back to it rather quickly, we will probably continue to trade within the 1050-1168 trading range until we get more clarity on global growth and of course until we get the carry trade currencies to move the way we need them to.

There are some good companies out there, even in Europe as the weaker EUR should benefit highly productive German exporters and one cannot ignore emerging markets but you need to be very active combining the fundamentals and technical analysis together. In sum, never follow the crowd and ignore the great buying opportunities out there, but be pragmatic about when to buy and sell because if there is one thing that has not worked for the past 20 years, it has been BUY AND HOLD.

The outlook for the Mauritian economy remains uncertain

While the fundamentals of certain Asian economies remain relatively sound in the context of a shift in global economic power towards the east, targeting the Chinese and eventually the Indian consumer will require a certain degree of market timing, for market volatility is likely to remain high in the coming years and passive management or outsourced management will not work anymore. In Mauritius, the tradition of many asset management companies is to simply outsource foreign investments to various international fund houses. The problem with this approach, which worked well in the 1990s and until 2007, is that in this new normal, you cannot simply be invested in a long only equity fund for example that has tracking error constraints relative to a passive benchmark.

Your manager must have the expertise and have more control of your money these days, whether it comes to managing equity or bond funds. The ETF universe today provides you with cheap and easy access to most global markets and asset classes and you as an investor must do your homework when investing with local managers because while there are some good ones who are expanding, there are many bad ones who are more interested in getting commissions with foreign fund houses than giving you the cheapest and best deal.

When it comes to local stock management, many broking turned asset management companies can still gain via trading/broking commissions that certainly do not benefit you. While I feel that regulators never have enough of a look at those companies, you must also do your homework. Trust but verify.

With downside risks to the Euro area increasing, the outlook for the Mauritian economy remains uncertain. Now I will remind the readers that while various organizations were raising GDP estimates to 4.6% during the first quarter of 2010, I was saying the opposite not because I have a crystal ball but simply because the market was telling it to me both technically and fundamentally. If you simply look at the company results, be it in terms of revenue or profit growth during the fourth quarter of 2009 and first quarter of 2010, you would not have been buying the 4.6% story.

As I had previously mentioned, credit growth extended to the private sector remains weak, excess liquidity in the system was creating problems in the money market as both the interbank and bank rates fell well below the lower band of the repo corridor, requiring eventual intervention by the central bank. All this is in line with a weak economic recovery and I expect company results during the second quarter to remain weak after accounting for the infamous base effect.

The Mauritian stock market will continue to take its cues from the euro which has thankfully been able to stay above 1.18 the dollar. This has cancelled out the head and shoulders pattern that was forming in the local market. While we have had a weak buy signal since 2 June 2010, I maintain that the stock market will likely remain within the 1615-1750 trading range but downside risks are clearly still present.

One of the important technical levels investors need to look at is the 1591-1615 support area. If the market goes below this on good volume (important) and stays below those levels for more than 4-6 business days, then clearly, it will be time to reduce exposure to local equities. The movement of the euro below 1.18 towards parity at high velocity will be key to the 1591-1615 level being maintained.

Those who are over exposed to local equities need to be careful and begin to implement an exit strategy while others must run stress tests on their portfolios and reevaluate their investment strategy. I would rather be investing abroad in

safe assets than investing in local equities bar a certain stock that is likely to benefit from a potential Mauritius Telecom IPO. When revenue growth adjusted for the base effect begins to pick up, when dividend payments increase in line with increasing cash flows, when credit growth picks up, banks will do better and stocks will do better, but these are early days yet.

The level of the repo rate is certainly appropriate

Finally, many observers have been quite critical about the Bank of Mauritius (BoM) as lobby groups try their best to get things done their way via a biased local media but the current level of the repo rate at 5.75% is certainly appropriate. It is all good to harp about cutting rates, but one must understand how the BoM conducts monetary policy. The real repo rate is a function of the output gap, inflationary expectations and the Fed Funds rate. The Federal Reserve will maintain rates on hold for an extended period, the output gap will remain open for longer than estimated, but the weight assigned to it is relatively low and inflationary expectations 12-18 months out are between 4.5-5% which is within the comfort zone of the central bank. Hence in nominal terms, the repo rate you would get is around the current level.

With the global outlook looking uncertain however, the BoM should intervene if the timing of the closure of the output gap is extended further. I do not expect any major interest rate moves over the next 6 months simply because the global picture remains cloudy, but that being said if the global outlook ameliorates, inflationary expectations could quickly rise above the comfort zone and require prompt action. It is important for the government to resist leftist tendencies and contain wage growth below or equal to productivity growth alone. The high increase in domestic wages has the potential to even kill competitive industries if left unchecked.

The central bank must in the medium term move towards an inflation targeting framework to anchor inflationary expectations, the government must engage in further productivity enhancing reforms revolving around better and faster human capital and infrastructure developments while containing wage growth or risk accepting below trend growth for a while to come. Reorienting the economy towards more markets will take its sweet time and require a more competitive economy and labour force.

The population must be made to understand the reality of the real challenge facing the economy. That has and continues to remain our dismal productivity record. I know that some may feel that I always write negative articles about the local economy, but then again one cannot convince me that we can have a sustainable success story with zero total factor productivity growth. The diminishing returns to scale nature of capital input led growth will eventually get us especially when the wide investment-savings gap has rendered us so dependent on volatile capital inflows.

Not a lot of fiscal space left

Europe and the US have done everything but throw the kitchen sink at the financial crisis that has now turned into a sovereign debt crisis. There is not a lot of fiscal space left to get out of another double dip and in this environment central banks are likely to be encouraged to make good use of the printing press as governments try their best to inflate their way out of their deficits, which is why gold is up. Those who trade intraday know that it is the currency movements that move equities and commodities rendering diversification useless at times and guess who can manipulate currencies?

As central banks continue to try their best to inflate global asset markets to get us out of trouble, one must recognize that dark clouds are gathering in the longer term. At a recent hedge fund conference, I was amazed to hear about how this end game event is already being forecast by many bright hedge fund managers out there. It is difficult to put a time frame to this eventual currency crisis that will be fed by the printing press and the risk of bankruptcy of major economies. These are not conspiracy theories but views that are increasingly being shared by investment professionals in the western world.

Be careful and know that between now and then there is still a lot of money to be made and lost. There is always a bull market somewhere and it is your job to find it, so please do your homework and make sure that your advisor can deliver you more than just selling you foreign funds with a double layer of fees that track indices as they go up and down. Make sure that they really understand what is going on in the world instead of just telling you what they read in investment reports! The first rule in finance is to make money and the second rule is not to forget about the first one.

Sameer Sharma is a Canada-based Chartered Alternative Investment Analyst.

A year of two halves

By Akilesh Roopun (Cont from Pg 1)

A lasting and sustained recovery depends on healthy private sector investment. Business investment as a percentage of GDP is expected to decrease to 17.8 percent this year down from 19.5 percent in 2009. This trend should be quickly reversed to instill more dynamism in the national wealth creation.

Policymakers should strive to improve business climate and stimulate the development of new activities and projects in the various sectors of the economy. Turbulent times demand strong leadership as major downside risks weigh on growth prospects for 2010 and beyond. Fragile firms should be protected and fairly resilient ones must be encouraged to develop new capacity and invest in new growth activities in anticipation of a solid rekindling of the economic machinery.

All the exports industries are vulnerable to a prolongation of the European crisis. Subdued consumer demand in the eurozone and in the UK put the recovery in hazardous territories. It will become increasingly difficult for our garments manufacturers to compete with low-cost producers particularly when margins are being squeezed.

The prospects of a double-dip scenario will continue to strain labour markets. Companies will rather increase the productivity of existing personnel instead of hiring new staffs when they get new business amidst a challenging trading environment. In addition, flexible labour laws in place will allow firms to adjust more rapidly their manpower in line with adverse conditions. Expect some layoffs in the most fragile sectors of the economy.

The supply of jobs will continue to suffer from structural changes in the economy even if growth prospects improve over the near to medium-term. The garment industry will continue to shed jobs, whilst there is a limit to the mass employment capacity of the tourism sector. On the other hand, business process outsourcing industries cannot hire low-skilled, low-educated manpower. The mismatch will continue to lay stress on the jobs market.

The unemployment rate will fluctuate between 7 and 8 percent in the next two to three years with high female unemployment and a lengthening of the duration of unemployment remaining a cause for concern in the absence of appropriate re-skilling policies.

Risks of job losses may cause families, especially people working in companies exposed to European markets, to keep purse strings tight. The CSO forecast of 2.5 percent growth in consumer spending for 2010 may not be reached if the indecisive climate engulfs the average consumer.

The danger of over-indebtedness

Nonetheless, pro-growth policies should be pursued whilst avoiding the dangers of fiscal slippery. Fighting off the sub-prime turmoil has opened up a window of loose public money through piling up of debts. Mauritius now faces a danger of over-indebtedness with the amount of public sector borrowings crashing through the safety ceiling of 60 percent of GDP.

Government resorted to contingency borrowings to help the country absorb the shocks of the sub-prime turbulences. But fiscal discipline is back much earlier than we thought. Fiscal consolidation, not stimulus, will be the new mantra.

The Ministry of Finance is expecting a fiscal deficit of 4.1 percent of GDP for 2010. Bringing public finances back on track will yet be very tricky given the economic and political backdrop. First, worn out sectors will still need government lifelines. Second, there are government commitments to abolish the National Residential Property Tax and the tax on savings and also turning Mauritius into a duty-free island. Moreover, slower economic growth means less revenue in government coffers.

For all these reasons, the second semester of 2010 will be a crucial test for economic policy and management.

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Les vérités de l'OCDE sur la zone euro

Par Jean-Yves Naudet

Au cours de ces dernières semaines, l'attention s'est portée sur la crise budgétaire qui touche les pays de la zone euro. On s'interroge sur le futur de l'euro. Le rapport semestriel de l'Organisation pour la Coopération et le Développement Economique (OCDE), qui donne une vue d'ensemble sur les pays les plus développés du monde, suscite maintenant une inquiétude plus profonde : derrière les désordres monétaires, l'Europe masque des déficiences structurelles qui se traduisent par la croissance la plus faible du monde, accompagnée du chômage le plus élevé. De quoi se poser des questions sur les politiques suivies.

La zone euro lanterne rouge de la croissance

Nous ne sommes pas ici des inconditionnels des études de conjoncture. Elles présentent souvent de grandes faiblesses, elles reposent sur des modèles macroéconomiques largement keynésiens, elles ne peuvent prendre en compte la diversité des comportements microéconomiques et elles passent souvent à coté de l'essentiel. Il faut pour le moins savoir les décrypter et découvrir ce qu'elles cachent. Cependant, lorsque ces prévisions sont faites régulièrement de la même façon, avec les mêmes modèles dans tous les pays, on peut donc en tirer quelques enseignements d'ordre comparatif, dans le temps ou dans l'espace.

C'est le cas des « perspectives économiques », publiées tous les six mois par l'OCDE, qui permettent de comparer l'évolution des pays développés entre eux. La dernière publication, rendue publique le 26 mai 2010, nous donne quelques résultats intéressants. Ces chiffres montrent l'ampleur de la récession de 2009, le produit intérieur brut (PIB) ayant reculé de 3,3% dans l'ensemble de la zone OCDE. On peut observer que le recul est plus intense dans la zone euro (-4,1%) qu'aux Etats-Unis (-2,4%). On nous avait pourtant expliqué que les USA étaient le pays le plus touché. Une fois les statistiques définitives établies, on s'aperçoit que ce n'est pas le cas.

L'OCDE constate et annonce une reprise en 2010. Le PIB devrait augmenter en moyenne de 2,7%, soit un progrès de 6 points par rapport à 2009 (de -3,3% à +2,7%). Mais c'est là que les écarts se creusent : la zone euro devrait connaitre à peine 1,2% de croissance, soit une quasi-stagnation, alors que les USA seraient à +3,2%, ce qui redevient tout à fait honorable, compte tenu des circonstances.

Mieux encore, le Japon, que l'on disait totalement sinistré, avec un vif recul du PIB en 2009 (-5,2%) connaîtra un rebond substantiel à +3,0% en 2010. Encore faut-il être conscient que ces chiffres là, même aux USA ou au Japon, restent très faibles par rapport aux pays émergents (personne ne peut plus parler du « tiers-monde ») et notamment de l'Asie, avec près de 10% de croissance. Si l'Amérique et le Japon avec leurs 3% sont loin du compte, que dire de la zone euro et de ses 1% ou 1,2% !

Profiter du boom économique des pays émergents

Sans doute le rapport de l'OCDE a-t-il globalement apporté une bonne nouvelle, puisque l'activité se redresse plus rapidement que prévu, mais dans la zone euro le redressement est infinitésimal. Pourquoi l'accélération ?

Comme nous l'avons souvent affirmé, c'est le commerce extérieur qui tire désormais la croissance et notamment le formidable boom économique des pays émergents, la Chine en tête. Certes, ils nous vendent toujours plus, mais ils sont aussi des importateurs qui nous offrent des débouchés considérables. Le commerce extérieur devrait progresser de 8% cette année au niveau mondial. C'est lui qui tirera la croissance. L'OCDE affirme en effet que *« la croissance vigoureuse observée en Chine et dans d'autres économies de marchés émergentes contribue à tirer les autres pays hors de la récession »*.

Encore faut-il être en état d'en profiter. Dans la zone euro, c'est surtout le cas de l'Allemagne qui mise, pour sa croissance, sur le développement de ses exportations : voilà pourquoi elle comprime ses coûts, fait des gains de productivité, cherche à être compétitive. Mais cela ne suffit pas à booster la zone euro, car bien d'autres pays, dont la France, sont quasi-incapables de profiter de cet effet d'entraînement : comment exporter plus, si on ne vend pas les bons produits demandés (comme les biens d'équipement), si les charges sociales et fiscales plombent nos exportations et si les interventions étatiques freinent toute volonté de développement des entreprises ?

Or, l'extraordinaire, c'est qu'au lieu d'imiter l'Allemagne, la France, comme on l'a vu avec Christine Lagarde, critique le modèle Allemand, qualifié d'égoïste ou d'antisocial, alors que les Allemands cherchent légitimement à vendre plus, pour soutenir croissance et emploi. Cependant les performances de l'Allemagne ne compensent pas les faiblesses de toute la zone, et elles auraient été meilleures encore sans des maladresses de politique économique, notamment en renonçant aux baisses d'impôts pourtant promises.

Un chômage record

Tout cela se paie dans la zone euro en termes de chômage. C'est un autre enseignement du rapport de l'OCDE. Pour l'ensemble de la zone OCDE, le taux de chômage était de 8,1% en 2009 ; il passera à 8,5% cette année, pour retomber en 2011 à 8,2%. Les USA ont certes connu une rapide dégradation de l'emploi, le chômage culminant en 2010 à 9,7%. Mais il reculera à 8,9% en 2011 ; près d'un point de moins.

Au Japon, le taux de chômage maximal a été atteint en 2009, avec 5,1%, et il retombera en 2010 à 4,9% et en 2011 à 4,7%. La comparaison avec la zone euro est cruelle : le chômage y est de 9,4% en 2009, il augmentera en 2010 à 10,1%, dépassant donc les USA, plus de deux fois supérieur au Japon, et il resterait à ce même niveau en 2011 : le décrochage par rapport aux USA sera alors sensible.

Là encore, faut-il s'en étonner ? Dans une économie assez flexible, comme les Etats-Unis, où la mobilité des travailleurs est forte et le droit du travail plus léger que chez nous, on licencie plus rapidement en cas de crise ; mais on n'hésite pas à embaucher à peine la récession terminée, puisqu'on a la certitude de pouvoir à nouveau s'adapter en cas de difficultés.

Mais quand l'emploi est hyper protégé, comme chez nous, on a un temps l'illusion que l'emploi est préservé, mais ce n'est qu'un effet de calendrier ; en revanche, quand l'économie redémarre (et a fortiori quand elle redémarre très lentement comme dans la zone euro), l'emploi continue à être touché. Qui va embaucher dans une situation économique très incertaine, si l'on ne peut s'adapter facilement en cas de crise ?

Mondialisation ou 35 heures : il faut choisir

Bien sûr, ces perspectives sur la croissance et l'emploi ne font pas oublier la question d'actualité des déficits publics. L'OCDE rappelle que *« l'instabilité de la dette souveraine constitue un risque important »*. Passons sur le fait qu'il est plaisant de voir tous les partisans de la relance keynésienne par les dépenses publiques et les déficits (on pourrait en dire autant de Dominique Strauss Kahn et du FMI) s'angoisser maintenant face à l'ampleur des déficits, qu'ils appelaient hier de leurs vœux.

Toute la zone OCDE est concernée. Mais le Japon dégage une telle épargne qu'il finance pour l'essentiel lui-même sa dette ; les USA ont certes un déficit budgétaire colossal, mais le dollar garde encore des atouts et ils trouvent à se financer assez facilement. On sait ce qu'il en est de la zone euro, et on ne sera pas surpris de voir que là où la dette et les déficits sont les plus élevés, la croissance est la plus faible ; voilà un nouveau démenti cinglant infligé à tous les keynésiens.

De toute façon, il est clair que c'est la zone euro qui est la plus concernée par les dettes souveraines, la monnaie unique empêchant en outre les ajustements de se faire entre les différents pays. En toute hypothèse l'OCDE demande des mesures pour renforcer la discipline budgétaire (et revenir aux critères de convergence de Maastricht). Apparemment des décisions ont été prises ici ou là avec des engagements de « rigueur », mais il s'agit souvent d'une fuite en avant qui consiste à boucher des trous par de nouvelles dettes.

Au-delà de ces questions, le problème dans la zone euro tient à des questions de fond : des dépenses publiques excessives, une protection sociale qui rigidifie toute l'économie et empêche les ajustements nécessaires, des rigidités administratives, un attachement largement partagé au secteur public et aux services publics, une peur de la concurrence et du grand large (l'Allemagne faisant ici exception). Ce n'est pas pour rien que l'OCDE parle des nécessaires réformes structurelles.

La France, qui est un des pays qui cultivent avec acharnement ces défauts, devra s'inquiéter pour son avenir. Certes, la conjoncture n'est pas une science exacte, et les analyses de l'OCDE peuvent être critiquées. Mais il y a là un fond de vérité : la vieille Europe a des soucis à se faire si elle se refuse à voir que l'économie mondiale est en pleine mutation. A l'heure de la mondialisation, débattre des 35 heures ou de la retraite à 60 ans est totalement archaïque.

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