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How Can European Users and Consumers Have Confidence in the Euro? Six Socio-Economic Hypotheses

ABSTRACT. Chronologically speaking, greater European unity is being established through the introduction of a new monetary and financial instrument. However, this does not mean that the arrival of the euro should be seen as a merely technical operation.

The phasing out of national currencies and the acceptance, both intellectual and pragmatic, of a common monetary unit shared by a number of different societies is no simple matter, even in times of peace. The identification and analysis of the major categories of obstacles encountered and of concerns voiced by different groups and populations should guide the different governments in their choice of policies to accompany the transfer to the euro, with attention focused on the most economically, socially or physically isolated individuals. By taking account of the psycho-sociological impact of this monetary changeover, the political authorities will ensure that the spheres of information, communication and "education" are not left entirely in the hands of the commercial and financial institutions.

Each citizen will need to build up a feeling of trust with respect to the euro, to learn how to use this new monetary code by creating a new scale of prices and a new set of monetary references. The adaptation phase, whose length will vary for each individual and in each country, will need to be specifically adapted to suit particular national, regional and even local characteristics.

The question of the changeover to the euro for consumers may seem very simple at first sight, namely the adoption of a new instrument for paying for and valuing trade and debt. Accordingly, once the economic policy decisions have been taken – for example, on the relative weight of the national currencies in the European currency and on the target exchange rate of the new currency against the dollar and the yen – and when the signals given to the "markets" and the financial traders are considered to be sufficiently convincing, it would only be necessary to devise a good communication policy for grassroots operators and all the potential users of the euro in order to inform them of its virtues, since only a lack of information would prevent them from appreciating these virtues.

However, nothing would be more wrong – or more dangerous – than to reduce the question of the abandonment of national curren-

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cies and the adoption of the euro to a mere technical problem or even to be interested solely in the confidence of the financial markets by viewing the people as simply consumers and users of means of payment who are concerned only with the costs of transactions.

It is certain that in order to ensure the success of the changeover operation, which, in the French view, should take place progressively in the first half of 2002 or, in the German view, should constitute a cleaner break with the past at the beginning of January 2002,

– the coins and notes need to be technically well adapted, recognisable and recognised;
– consumers and users need to have easy access to instruments for converting values and prices from national currencies into euros, and *vice versa*.

In other words, whichever scenario prevails, it will be necessary to make the right technical choices, adapted to the different mentalities and handicaps of the various strata of the population.

I will assume here that the right choices have been – or will be – made, and will go on to consider the risks of greater or lesser, and ultimately expensive, shortcomings in the day-to-day operation of economic and sociocultural systems, or even the psychological risks of the refusal of populations to adopt the euro. Indeed, it would be a mistake to think that the changeover to the euro can be a success if no thought is given to the psychological, social and cultural conditions for confidence, or trust, in a currency and to the social dimension of a financial relationship. I shall consider aspects of practical technical problems here only if they call into question the underlying, essential social, cultural, psychological and moral dimensions of monetary and financial relationships.

The commonest mistake when dealing with financial relations is to see the currency merely in terms of its instrumental ability to pay, count or preserve economic values. However, it is not possible to see the currency solely in terms of the needs of trade and the production of goods and services.

Contrary to the way in which it is portrayed in standard economics, a currency is not an economic institution above all else, for it is not a mere economic instrument. History and anthropology indicate quite the opposite. Neither the origins of a currency nor contemporary monetary practices can be inferred from commercial exchanges alone. The euro will not be able to escape from what is today's law of society affecting all currencies, but it is difficult to prove this because the euro does not really exist as yet, other than as the hope of some, the fear of others and the expectation of the financial markets and because, above all, in the past Europe has developed mainly with the common belief in the currency as an economic good.

The functions and aspects – especially the cultural and political ones – of the old currencies have not disappeared but have acquired new forms. These functions can be seen in the moral and ethical constraints, especially concerning contemporary uses of money and bans on its use, and in the actual compartmentalisation of the use of the various means of payment. Money cannot buy everything. It cannot be used in all circumstances. This will not be any more possible tomorrow with the euro than it is today with national currencies. The currency is not a morally neutral instrument, and the fact that it cannot be given as a gift or even be received in exchange for the sale of certain goods or the provision of certain functions or services is a powerful indication of our very active moral judgements.

In the dominant representation of modern currencies in market terms, disregarding their non-economic aspects (witness all the tales of barter that are still common in describing its presumed origins), the political dimension of society is diminished as it were in favour of a purely contractual order, which represents a currency in functional and objective terms. In particular, in this view the users of the currency are shown to be implicitly potentially equal players in economic life. This is the logic of the contractual trade relationship. In such a functional view, what is the relevance of the national, supranational or Community dimension of the new instruments? The corollary is that euros would necessarily be accepted because they would merely be a means of payment and a unit of account of more extensive, and hence more practical, use.

This contractual logic assumed by the economic and market approach to the currency makes it nothing more than a tool for transactions, whereas there is a fundamental mismatch between the currency and the contractual logic in the dominant approaches to economics.

This contractual idea is found, for example, implicitly in the aspiration of the central banks to complete independence. It is the desire for the currency to be neutral in relation to economic realities, and consequently for monetary power to be neutralised as exogenous and, when it seeks to be active, as harmful, and for the neutralisation of political power, which is thereby prevented from intervening, through the currency, in the assumed freedom of relations between individuals.

The approach to the currency taken by economists, who in this case merely sing the praises of the contemporary common view, is circular, in the sense that its legitimacy is based on purely economic values. Hence this purely economic idea that sees the monetary order as no more than a contractual form of organisation. Moreover, standard economic theory sees the contractual relationship, of which the currency is the means, as an abstract and instrumental relationship to other people, whereas every currency has preserved something "non-market" and "non-economic." Accordingly, finance is not an appendage to the exchange economy and cannot be reduced to a relationship of private trade over time. The currency is intrinsically linked to debt, the social link which defines what people are in a given society. A relationship involving money – a financial relationship – is above all a bond. This is expressed explicitly by the English term *bond* (in the sense of both a financial instrument and a bond of servitude), whereas the French term *obligation* contains the root *lig*, which means a ligature or tie, not to mention the African languages which use the same word for *debt* and *rope*. We may also mention the ancient gods who guaranteed contracts and had a slip knot in their hands. Is it not also true that we talk in French about being *strangled* by debt, thereby making this image of financial debt as a bond into something virtually universal?

The currency constitutes a set of rules which define each person's belonging to society. A currency must not be reduced to the state of functional instrument but must be seen as a vehicle in society. The relationship to the currency involves a relationship to the whole group of fellow traders. What comes into play in the monetary relationship is not other people as a group of individuals but rather the big "other" in the sense of society as a whole. In order to understand the currency, it is necessary to look for the meaning of money in society as a whole rather than concentrate on fragmentary relationships between fellow traders, and this is what makes the currency totally alien from the viewpoint of individualistic values. Society as a specific entity is present through the currency. Modern currencies have continued to be a vehicle for belonging to society in the same way as the monetary practices of ancient societies. The currency produces and expresses the overall values of a society. A currency is a pledged word of society rather than a set of contractual relationships in a payment community. Society is revealed as an independent, sovereign entity through a set of values and interests. It follows that the concepts of legitimacy and sovereignty must be placed at the heart of the system for analysing the currency. The currency is an expression of sovereignty. It has the capacity to represent society as a whole.

It is remarkable that what made the economic policies of the various countries of the European Union stand out has been corrupted or called into question by the expansion of the "big market." What is left – or what will be left – of the German social market economy, which overcame the tension between belonging to the community and development of the wellbeing of the individual by wage compromises and co-determination in enterprises, or of the French tradition of State interventionism for establishing a framework for the markets or State enterprises and laying down rules for redistributing wealth? These were self-contained wholes in these European societies, and it is remarkable that the establishment of criteria for the convergence of economic policies in connection with the adoption of the single currency should be directly involved in their elimination.

How can consumers and users have confidence in the euro against this background? This concerns both the way in which the climate of confidence is engendered and its nature. The question "Can we have confidence in the euro?" assumes that we know what confidence is. However, in social sciences, confidence, or trust, is a vague concept. Many talks and publications on theoretical or applied subjects show confidence to be a heterogeneous concept in contemporary economic parlance (Servet, 1994, 1995a). This heterogeneous nature stems:

- for some, from its consideration to be something that cannot be grasped innately (Orléan, 1994) or a superfluous concept (Williamson, 1993) introduced by unorthodox economists and borrowed from other disciplines;
- for others, from its composite or ethereal nature as a result of the introduction of psychological, sociological, political and other aspects required by a socio-economic definition.

In this paper, a utilitarian approach to confidence as a means to an end is rejected, and the concept of confidence is developed on the basis of six hypotheses (Servet & Bernoux, 1997).

The *six successive hypotheses* that can be used to develop an operational concept of confidence concern:

– the realm of uncertainty in which confidence is located;
– the rejection of a form of thinking based solely on personal interest;
– the relationship to a group, which, in the final analysis, is involved in any relationship of trust;
– the recognition and acceptance of common rules and standards for the development of this relationship;
– the question of guarantees, evidence and proof (in particular, the need not to confuse a logic of trust and a logic of security);
– lastly, the essential role of memory.

As I present each of these hypotheses, I shall draw a number of inferences which will help to develop this concept. The analysis will lead me to establish a kind of list of ingredients for building trust, the ultimate aim being to apply them to the conditions of the changeover to the euro.

There is a direct link between Hypothesis 1 concerning uncertainty and Hypothesis 5 concerning the opposition between security-based thinking and the wager of trust, as there also is between Hypotheses 2, 3, and 4, which concern various aspects of the collective dimension of confidence; lastly, Hypothesis 6 concerning memory has a synthesising function, condensing the five previously-defined hypotheses.

The six hypotheses are interdependent because, just as it is essential to understand the tensions between security-based thinking and the wager of trust, it is necessary to draw all the inferences from the opposition between what we may refer to as the methodical and functional dimension of trust and its hierarchical dimension (Aglietta & Orléan, 1998). The first (functional confidence) concerns the contractual relations between players that are assumed to be potentially equal and of an identical nature (the difference between consumers is quantitative and concerns purchasing power at a given moment in time), whereas the second (hierarchical confidence) concerns the incorporation of citizens into a social whole. It should be stressed that the fears, unease, mistrust and distrust of the second type are difficult to grasp as such, other than in cases of general political protest, whereas the questions, and any panic, about the new techniques and instruments are clear to see. This is because the latter mask unspoken views and deeper questioning (and therefore are expressions of these phenomena which must be taken into account).

While such questions and panic must of course be dealt with by providing practical answers leading to the introduction of new habits and routines, this form of response will necessarily be superficial; the hidden fears will remain unaddressed unless these questions are also seen as coming from people who are wondering about their situation and future. However, the majority of politicians and of those responsible for introducing the euro have addressed primarily technical and functional aspects of the single currency up to now. It is therefore symptomatic that women show far less support for the euro than men, for they are generally far less receptive to technical arguments. Politicians thus hope to reassure people by dull arguments, but any shortcomings in operations risk bringing back to the surface with a vengeance the hierarchical aspects of the currency and of confidence that have been suppressed in this way.

HYPOTHESIS 1: "CLIMATE OF CONFIDENCE" AND UNCERTAINTY

Confidence relates to the situation of a person, group or institution at a given time and in a given place. It is based on emotional and intuitive factors or on a set of data, beliefs and prejudices about an object, mechanism, economic cycle, physical environment, person, group of people, etc., or an organisation of any kind. Confidence makes it possible to anticipate their future and their reaction or behaviour in a given case of uncertainty.

If the euro is considered to be a potential object of confidence, we may therefore consider:

- not only what confidence the operators, users and consumers already have in the euro and will have in the future;
- but also what confidence the promoters of the euro have in the populations and the operators, and *vice versa*, as far as joining the euro is concerned.

Inference 1.01

Confidence, or trust, is only rarely complete or non-existent, in spite of expressions such as "to trust blindly," "to act with one's eyes closed" (the closed eyes in this case contrast with the evil eye and the wink, which may or may not involve complicity but are generally at the expense of a third party).

It is a “situation” rather than a “state,” in the sense in which confidence, or trust, is not the opposite of mistrust. Trust, which therefore also includes mistrust and distrust, varies in *intensity* and may be high, low, positive or negative. The relationship will be *warm, lukewarm* or *cold*.[1] It is therefore possible to talk about *the degree* of trust (confidence), mistrust and distrust and to understand the concept of trust in ordinal terms as a line that goes from total distrust to absolute trust or faith.

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distrust mistrust trust faith

The highest degree of trust/confidence is *faith*. *Mistrust* and *distrust* are negative degrees of trust; distrust adds to mistrust the idea of a challenge. In order to describe the situations in which confidence is declining, we often say that there is *a crisis* of confidence or *a lack* of confidence. From this standpoint, the expression *to restore confidence* is erroneous (since it is in fact a question of aiming to restore a previous level of confidence). It should be noted that confidence is spoken of more often in negative than in positive terms (there is a loss, lack or crisis of confidence, or there is mistrust or distrust, etc.). We talk and wonder about it precisely because it seems to be absent (it is expressed in negative terms in our classifications), because there seems to be a “shortfall” of confidence or, more generally, because we doubt or fear. The scenarios for the changeover to the euro should therefore not take it for granted that confidence in the euro will grow as a critical mass of operations in euros develops, but rather make plans for all contingencies, including that of an escape from the euro by the people; this should be done precisely in order to avert such a crisis by identifying all real or imaginary dangers. This approach should make it possible to establish confidence in the euro on a sound footing without denying fears, but rather taking them into account and expressing them.

If confidence, or trust, is a situation and its degree is variable, this means that the question is not “Do we or do we not have confidence in the euro?” but rather “How much trust (or what degree of mistrust or distrust) do we have in the euro? How may this level of trust change over the coming months? What can we do to make it increase?” or “How do we risk making it fall by implementing one measure or another?" during the various stages of the introduction of the euro.

A scenario in which the euro is introduced in two stages is often talked about. In fact, it can be broken into five phases: establishment of parities in the first phase, circulation of bank money in the second phase, coexistence of coins and notes in national currencies and euros in the third phase, the euro as the single currency in part of the European Union and operating as a *de facto* common currency in the other countries of the Union in the fourth phase, and the euro as the single currency throughout the European Union in the fifth phase. Precisely because of its gradual nature, this scenario is not at all irreversible as far as the disappearance of national currencies in Europe is concerned (witness the many examples in the 1990s of the collapse of currencies in eastern and central Europe) and may founder in its second stage, say between 2001 and the first half of 2002, as a result of popular hostility to the euro.

First of all, it will be announced on 1 January 1999 that "we have changed over to the euro," whereas a large number of people who are not concerned by financial investments and representative transfers will see no concrete change in their lives. This will *either* facilitate a gradual changeover by the populations learning step by step about the euro as a result of their progressive introduction to it, *or* it will raise doubts about whether or not the operation, which will be taking place in a financial circle considered to be inaccessible, is actually happening and is irreversible – for broad sections of the population, a currency only exists if it takes the (very relative) material form of notes and coins. This feeling will be exacerbated by the fact that certain Member States of the European Union will not take part in monetary union.

We may wonder, in fact, whether European monetary unification would be able to withstand large-scale distrust backed up by political support in many countries; this distrust could be triggered and maintained by the domestic strategies adopted by the various countries, which means that the use of the euro will not spread among the various sections of the population at the same rate in all countries (in particular because of the variations in the use of notes and coins and bank accounts – see Inference 4.03).

The introduction of an active euro onto the financial markets in January 1999 may cause considerable tension precisely because of this chronological dichotomy (I shall come back to this later). A wellprepared monetary big bang could have avoided this. In this supposedly transitional period, the euro may be considered to be an instrument in the hands of financiers and judged to be profitable to them alone – especially if there has been no large-scale policy of informing the general public about the euro to match the communication policy for the financial world. In this "disaster" scenario, popular hostility to the euro would reach such a level that the euro would become the convenient scapegoat for recessionary policies. A new scenario may then develop in which the euro would for a long time be nothing more than the common currency of the European financial markets and an instrument of transnational enterprises, with the result that, if not the plan to introduce a single currency in Europe, then at least the practical possibility of doing so is effectively abandoned in the immediate or not so immediate future.

Inference 1.02

Confidence always implies uncertainty and a kind of wager. Statisticians after Jerzy Neyman talk of a *confidence interval* (in order to estimate with a greater or lesser degree of probability all the values among which an unknown value is located).

Doubt is at the heart of confidence. The level of confidence is never final because it always relates to a given situation, in other words to a specific moment of a set of relationships which may themselves evolve and on which confidence depends (this can be seen from the opinion polls carried out on the euro in the various countries among the various social strata). Confidence may be put to the test and called into question (in the same way as it is possible to accept or reject an outstretched hand; the players test to see if they can trust and have confidence, and if they are trusted in return).

In order to reduce their level of uncertainty, users and consumers need to obtain more information, but it is not possible for users to obtain the same amount of information about all products. In order to determine the extent to which economic or financial players are familiar with the various types of product and service on offer, we need to consider the question of their rationality, as manifested in their choices.

An analysis in terms of different levels of information about a product, object or person in order to understand the mechanisms of development of confidence contrasts with the image of *homo oeconomicus* with a perfect knowledge of products.

A person who, for example, decides to use a particular means of payment or to save or take out credit in a given form (a practical question which those who will be able – or obliged – to choose between national currencies and euros in the 1999–2002 period will have to face in numerous circumstances) is unable to take all the relevant factors into account when making his choice. There is no comparison between costs and benefits that incorporates all the objective elements. Anyone who makes a choice shows limited rationality and takes his decision on the basis of a limited amount of information and a limited number of constraints. The player concerned is largely unaware of certain of the constraints involved because certain types of behaviour appear natural to him in a given situation. Culture forces each person to choose between a limited number of options. Culture exists and survives through the categories (in particular of the language) through which people have learned to understand their physical and social environment, and continue to do so, in particular the fact of counting and assessing on the basis of a certain scale of prices and a set of values. Thus, each person defines himself by a relationship to others and to organisations. It is this language, which we could call culture-based, which enables each person to think and therefore to choose and act. That is why, when dealing with financial questions, it is essential also to know the cultural and moral framework within which these practices take place.

Users and consumers know various types of products and services produced by a wide variety of structures, and this differentiation makes each product or service virtually unique. In order to use certain means of payment, for example, or to borrow or save, consumers and users bear certain costs which are over and above any monetary costs of the operation itself or which are deducted from any remuneration received. These access costs, some of which are of a financial nature (if, for example, there are any account service charges or charges for cheques or for converting one currency unit into another), stem largely from the expenditure involved in collecting and processing information. In the same way, lenders and savers must find out as much as they can about the technical characteristics of an investment, its advantages, reliability, accessibility, etc. The players in question must first gather this information if they are to make a rational choice.

In a “formal” context, these information-gathering costs are met partly by the institutions (if they have a communication policy through which they build up their reputation) and, in any event, by the protagonist himself, who has to form an opinion.

The costs borne by the protagonists concerned for information-gathering are:

- financial costs, such as the costs of journeys incurred to collect the information, the costs of purchasing magazines and books and the costs of meetings;
- indirect costs, such as the loss of income as a result of the time needed to collect the information.

All products and services do not have the same degree of uncertainty and risk and therefore do not involve the same information-gathering costs for those concerned. Depending on the degree of uncertainty experienced with regard to a given product or financial service, it is possible to distinguish between different types of products and services within a given socio-cultural environment, namely those which are *familiar*, *revealed* and *reputed*.

“Familiar,” or spontaneous, products are those whose characteristics are obvious to everyone in a given environment. It goes without saying that products can be familiar only within a given culture. A practice such as the tontine, the informal rotary association of saving and lending – which a Westerner, for example, has great difficulty in understanding, especially the attraction of taking part in this form of financial solidarity – is familiar only in its environment and may therefore be equally widespread in Africa or Asia, and even in Europe in many immigrant circles. In the same way, to the vast majority of people, developments on the stock exchange, changes in interest rates and the weekly publication of the development of the American money supply, etc., are indicators for understanding what is happening on the European financial markets and finding out about the pressures on the European currencies that can be used by only a small circle of people – a small tribe of specialists who will be able to anticipate developments for the purposes of their investments (and who, as we shall see, will take on the role of advisor and mediator for all those who are unfamiliar with these products).

The attributes of familiar products are easily linked to the needs and constraints of consumers and users. The information costs they have to bear are reduced accordingly.

"Revealed" products differ from familiar products by the fact that they have characteristics that are revealed only retrospectively. Consumers and users are likely to discover the satisfaction that they can derive from the product only after using it (for example, the elimination of the fluctuation margins of European currencies and, later, of exchange costs for those who travel abroad). The costs of information-gathering and testing are therefore high initially, but may be reduced by institutional action (for example, by establishing observatories to monitor the changeover to the euro, which would have an active role at local level, and by recognising and supporting trusted mediators). Given that society comprises widely differing groups, this institutional action can only work as part of positive discrimination.

However, this cost falls whenever this type of operation is repeated. "Revealed" products therefore offer consumers and users ideal scope for learning. They develop a strategy of progressive selection of products by trial and error and then limit themselves to routine repetitive choices once they believe that they have discovered a "better" product; a progressively revealed product may, in a given environment, become a spontaneous product as it becomes more familiar.

It may therefore be thought that this will happen fairly quickly in the case of the euro, once a majority of consumers have been using it on a daily basis for several weeks, have learned to recognise the new means of payment and have internalised the change in the scale of prices. Apart from the question of the change in the scale of values for assessing wealth and the conviction of a loss of purchasing power (by simple nominal effect), the mental adjustment to values and calculations in euros will be different in the countries in which the euro represents a multiple of the former currency (German mark, French franc, for example) or a fraction of the former currency (pound sterling) and the countries which have not yet undergone decimalisation (Italy, Spain, Portugal and Greece).

It is essential, however, to take account of the difference in the frequency of payments depending on age groups and on the degree of access according to occupational and cultural environment in the transitional stage (hence the advantage of everyone using the euro as soon as possible after the parities between the various pre-existing currencies have been fixed, as a result of a very wide range of specific ways of using the euro, including – and perhaps first of all – in dealings with the authorities, given the political implications in terms of representation of the nature of the euro.

Furthermore, it is a mistake to consider that widespread, systematic dual pricing will be able to have a spontaneous positive effect on its own. This request appears to confuse the demand for dual pricing with the battle being conducted to ensure that prices are displayed by volume and weight, since such information makes it possible to compare the various products on sale on the same stand, whereas the comparison requirements linked to the euro conversion are not the same (the problem would arise if it was accepted that certain prices could be in euros and others in national currencies within the same selling area, which would make comparisons difficult). Systematic, widespread dual pricing for products and services may tend to lengthen the period in which people will reckon in their old currency.

In order to be successful, widespread dual pricing would assume, first, that consumers read labels, and here this is not merely a question of illiteracy or a sight defect. Such a density of information may even lead to confusion (by making information into something complicated if, for example, pricing is down to the nearest centime or penny) and tend to increase the length of time it takes for the euro to change from being a revealed product to a familiar product. Furthermore, the aim of the euro dual pricing should not be to enable consumers to check prices, but rather to familiarise users with the new currency on the basis of a limited range of products and services.

In contrast to widespread dual pricing, familiarisation with the use of the euro does not mean that producers and sellers are given complete freedom as far as dual pricing is concerned; in that case there would be a considerable risk of confusion between commercial policy and familiarisation with the use of the euro. The solution must lie in developing a dialogue, generally with the arbitration of the public authorities, between the representatives of consumers and the representatives of producers and vendors of goods and services. Provision should be made for a legal and statutory constraint only in the event of the failure of this dialogue or if it emerges that the application of the agreements reached is unsatisfactory – which implies setting up a body, such as the Euro Observatories, which may fix signals triggering certain procedures involving monitoring or even the imposition of sanctions (see below under Inference 5.01).

However, even if the euro may immediately be a *familiar* product for the minority of the European population which lives in a border area or which travels abroad frequently and which is therefore used to a kind of monetary bi- or tri-lingualism, and if its repeated and gradual use means that it can be considered to be a *revealed* product for a majority of Europeans, there remains a fraction – perhaps a quarter – of the population which currently has difficulties with national currencies (in writing a cheque, counting, calculating a total amount, comparing prices, drawing up a budget, etc.) whose difficulties would merely be exacerbated by the changeover to the euro.

"Reputed" products have characteristics which are never fully revealed to the players, even after lasting use. For example, borrowers who opted for variable interest rates suffer permanent uncertainty, with the result that savers can never be sure that they have made the best investment. Life-insurance savers, for example, may feel considerable uncertainty about the euro as a result of the monetary variations until the currency parities and the different tax advantages of the various countries have been fixed. The same is true of stock exchange investments, because a person who sells his shares will wonder whether he has done so at the right time. This uncertainty is due to the unforeseeable development of certain parameters, but also to the technical complexity of the product, which the players are unable to master fully.

The players will seek ways of reducing, if not eliminating, this uncertainty and may turn to brands (the name of establishments, for example), in other words their reputation, or to experts who are capable of directing their choices. A minority of the population, albeit one which can play an essential role of setting an example or even be an intermediary as a channel for not only positive but also negative information, is in a position to be directly concerned by this type of product. I have mentioned the risk of perplexity among life-insurance savers, which means that insurers can play a key role as information-providers and mediators for older savers (and it is very much in their interests to do so if they want to see their potential clients overcome their perplexity – certain opinion polls show that a majority of company managers believe that the introduction of the euro will lead to a drop in consumption at the end of 2001). If certain retailers gave an undertaking that in the phase of the use of notes and coins in euros alongside those in national currency, and of the display of prices primarily in euros, any consumer could return goods on the grounds that he had mixed up national currency and euros and had therefore paid far more for the product than he had intended, such an undertaking would be one way of allaying this fear.

This classification of products and services can be transferred to the analysis of the *attributes* of one product or service, because any product or service can be broken down into familiar attributes, revealed attributes and reputed attributes, depending on the specific information costs borne by protagonists for each product or service. A familiar product or service may therefore have not just familiar attributes, but these will dominate and will determine the attitude of the player concerned. The same applies to revealed products or services and reputed products or services.

Accordingly, familiar attributes will be characteristic of products that can easily be identified by someone in a given environment; revealed attributes become revealed by all the lessons which each person may draw from his experience; and the reputed attributes, which a protagonist is not generally capable of assessing and appreciating himself despite his experience, become so through the mediation of a knowledge broker who is considered to be an expert.

Any reputed product or service, or any reputed attribute of a product or service, puts players in a position of ignorance, as we have seen. In order to reduce the level of ignorance, a third party must intervene between the player concerned and the provider of the product or service. This third party plays the role of *advocate*. If a "perfect market" can only be a market in which the players have as much information as possible and feel no uncertainty or mistrust, it has to be admitted that markets in the real world, which are exchange *networks*, are based on the limited knowledge of the players and generally require advocates if they are to operate properly. Advocates can propose judgement criteria to enable players to make their choices, in other words by providing them with an initial classification. Under this system, advocates show the players which is the best product or service. The players' ignorance leads them to accept the judgement of the advocate unquestioningly.

Any specific study must list all the potential advocates, who cannot be limited to – or in certain cases cannot actually be – traders, cashiers or counter clerks. To which types of advocate can a person turn or be exposed to in financial matters (in the broadest sense of finance)? Potential advocates are:

- a financial expert (whom the person concerned pays regularly or, which comes to the same thing, on commission; we have given the example of insurers);

- a wise person with whom the player concerned is on familiar terms; this person has, or is supposed to have, knowledge because he has been educated in a particular area or embodies a traditional authority (or not), depending on the society concerned (here, social workers, school teachers, doctors, chemists, local representatives, etc.);
- the State, which, in effect, acts as an advocate by authenticating the attributes of products and by setting safety standards, provided that the State enjoys a relationship of trust with its “subjects.” It is clear that the positive or negative things that politicians, be they in government or opposition, say about the euro will play a crucial role in the acceptance and degree of spread of the euro in the transitional phase.

The further a user or consumer is removed, in cultural terms, from the direct sources of information, the less direct access he will have to products with significant revealed, and especially reputed, attributes and the more he will turn to *de facto* advocates – “wise men” and mediators. However, the mobilisation of these mediators by the public authorities, who will be responsible for speeding up the dissemination of information and raising questions about the euro – and not simply for relaying a message – in a word, to make the euro into a familiar product in most situations of everyday life as soon as possible cannot be done at the drop of a hat, but needs time for training (for example, time will be required not only to train instructors but also to overcome the technical and institutional constraints in the development of new curricula and textbooks).

Inference 1.03

As a general rule, the wager which is inherent in any project and the uncertainty concern not only the placing of trust in another person or in an organisation (*expressed* confidence), but also the fact of receiving the trust of another person (*inspired* confidence).

We have already referred to the difference between (a) the trust which the operators and players already have in the euro and will have in the future, and (b) the confidence which those working on the introduction of the euro have in the populations and operators, and *vice versa*, as far as joining the euro is concerned.

The trust placed by the authorities in their populations by ensuring their maximum involvement, not as passive subjects but rather as people shaping their own shared history (and therefore not as people receiving assistance in order to adapt to a kind of dictate in which they have had no part), is essential if the aim is to prevent what may be seen as a form of contempt by a certain section of the population from backfiring on its public-spirited promoters.

Hence the need to devise public information policies on the euro that are radically different from the advertising of financial institutions and enterprises and that are targeted. Such policies should draw on the services of mediators and take careful account of the specific characteristics of the populations and of their reactions and doubts in order to adapt accordingly and to create a flood of interest, especially among groups of people handicapped by age or illiteracy (approximately 6% of the European population is illiterate) and economic insecurity – in the 12 countries which made up the European Union in 1993, almost 49% of the population had the same total income as the 10% of highest earners, and the poorest 20% of the population received approximately 5% of total income.

HYPOTHESIS 2: REJECTION OF CONFIDENCE AS A MEANS TO AN END AND AS BASED MERELY ON SELF-INTEREST

In order to understand the links between the "truster" and "the trustee," in other words between the person who places his trust and the subject or object of that trust, it is necessary to reject the idea that the wager of trust is placed only out of calculated self-interest, the profit from which could be sold on a "market."

Admittedly, users and consumers are more aware of the (often overestimated) losses than the (often underestimated) gains, and the public authorities will have to watch out very carefully for any direct or hidden levies which may, or will, be charged on transactions in euros because of the negative effects which such practices would, or will, have on the image of the euro in the eyes of users and consumers. Moreover, certain of the benefits mentioned affect only a minority of the population (50% of the population do not spend their holidays away from home, and 70% of the population never travel abroad).

However, above all, trust is not generally established by selfish individuals making a calculation of transaction costs or comparative advantages and realising that they should adopt the "method of trusting" because it is "profitable," a cheaper form of transaction or more productive than pure opportunist thinking.

A few years ago a French bank which wanted to present its relations with its customers in strictly economic terms launched an advertising campaign with posters showing a young bank executive in a suit and tie saying with a big smile: "I am interested in your money." The public was not slow to respond. Very soon, mischievous people lengthened his teeth, making them into vampire's fangs, and drew in drops of blood. These posters were then withdrawn from the streets and metro stations because the defacing of the advertising by these anonymous forerunners of today's taggers reflected the unconscious reaction of the man in the street, and hence of a considerable proportion of users of banking services and potential customers, who refused to see a financial relationship merely in terms of self-interest. It is therefore a mistake to develop scenarios "for building confidence" on the basis of the supposed logic of hypothetical individuals reacting according to their specific self-interest alone. Any model which reduces human beings to *rational idiots* driven merely by materialisable self-interest has no place here.

Nor can trust be the objective result of the interests of the system itself, as chosen by a kind of natural and mechanical process of selecting the most productive relationships.

Inference 2.01

As we have already seen, trust *is placed*; we talk of trust *between* two people. This means that trust is characterised by the use, reactivation or establishment of social *ties*; this may or may not lead to the establishment of mutual *obligations* (cf. the two senses of the English term "*bonds*").

There are no symmetrical terms describing the difference between the fact of placing trust and that of receiving it. The term "trust" on its own indicates a situation in which the relative position of the parties is not immediately specified. This brings us closer to relationships of giving, in which words like "gift," "present" and "host" do not indicate the position of the receiver and giver or the person received and draw a distinction between trust and numerous terms linked especially to trade (purchase/sale, claim/debt, loan/borrowing, etc.). The parallel between a gift and trust can be seen in the fact that both cannot be evaluated in terms of equivalence and are located beyond the distinction between something "free" and calculated self-interest, that the relationship may be balanced or unbalanced and that both imply a network of "primary" sociality or a relationship with a second-level organisation that is not personalised *a priori*. The difference between a gift and trust lies in the fact that trust is itself a relationship and that the forms of its expression reveal it, whereas a gift is designed to establish a relationship or is based on a pre-existing relationship. Trust may therefore be assumed, pledged, maintained, guaranteed, etc., by gifts.

This definition of trust as a bond is one of the reasons why we have stressed the two sides of trust in the euro, namely trust of the populations in the euro, and the trust of its promoters in the populations.

Inference 2.02

It is quite significant how we use expressions which are also employed in the area of money to say that we *gain* or *lose* confidence in something or someone, become confident, lack confidence, withdraw our trust, put our confidence or have confidence/trust. If we think about ephemeral relationships which are formed to operate in pre-existing social, cultural and linguistic environments, we may imagine that they are based on short-lived self-interest. However, in any society, a moral dimension is required if relationships considered to be economic and financial are to prove *lasting*. Accordingly, the "markets," economic networks and financial relations have to assume, establish or re-establish this type of tie if they are to function. Activities involving money are intimately linked to those involving feelings and moral values.

Therefore, as far as the euro is concerned, it would be a mistake:

- to present the benefits of the euro merely in terms of a reduction in transaction costs;
- to think of the changeover to the euro as a simple technical replacement of means of payment and of methods of fixing prices.

To focus mainly, and almost exclusively, on the development of a ready-reckoner for users – when a considerable proportion of people, perhaps as high as 50%, will be culturally and intellectually incapable of using it – or on good display of prices in national currency and in euros, or any proposal that would reduce the currency to being essentially a mere technical object for transactions (for either the payment or the accounting function), would show a vision of confidence/trust that was fraught with risks, and was very limited, as simply a means to an end. The people who use a currency do not have a strictly utilitarian attitude to it and do not make a cold calculation of the advantages or disadvantages of one means of payment or another with sources of income whose amounts could be perfectly well replaced by others in the management of expenditure and in the alternatives between saving and consuming.

HYPOTHESIS 3: ALL TRUST INVOLVES A RELATIONSHIP TO A GROUP

Any tie of trust involves a relationship to a group. Trust in organisations, as manifested by the organisations' representatives, appears to differ from the trust developed in interpersonal relationships, as it differs from the relationship with objects. In fact, any tie of trust is built more or less openly as a relationship with other people. This is shown in the term "trust" in the sense of a unit or investment trust.

Individualism and holism are opposing representations of the individual-group relationship. No society is completely holistic or individualistic, for human societies have numerous ways of expressing individuality and solidarity, and of incorporating individuals into the group.

People exist only by virtue of their relationship with others and imagine their self only in the mirror of others. This specular image is the starting point for a person's many faces and identities depending on the situation concerned.

Even when we talk of *self-confidence,* especially in the process of business creation and investment, this confidence appears to be a reflection of one's self, whereas in fact it directly involves a relationship with the environment in which the person concerned considers himself to be (for example, the success of a firm involves the establishment of ties with *clients*). Whether in games involving money or in sporting competitions, the self-confidence of the players depends on the losses of the others, etc.

Inference 3.01

Beyond the material aspects, human groupings or individuals are brought into play as far as confidence is concerned. It is rather like when we commonly say that we trust the brakes of our vehicle, by which we imply a car maker and a garage owner, but also a certain level of signposting (signs placed and checked by other people), state of the roads and the conditions under which others drive, in the given weather conditions.

What does it mean "to have confidence in a currency"? It means that one has confidence in the organisation which issues the currency and/or in the payment community which accepts it:

- the means of payment presented is assumed to be authentic (here, the true currency contrasts with the false currency – it is the confidence of the person who presents the currency in those who built the machine to detect counterfeit notes, etc.); of course, this is also an experiment which all users of a new means of payment will conduct, and therefore one which the euro will have to undergo (this has been fostered by the tendency to prior harmonisation of the various designs of national notes in Europe);
- people think that the purchasing power of the "true currency" will last (confidence in the group which is the nation or another nation);
- people believe that the issuing authority will remain strong. This issuing authority is the nation to which people belong, or another nation in the case of the use of a foreign currency.

All these aspects go beyond the mere search for a technical guarantee in the replacement of national currencies by the euro.

Inference 3.02

Trust may be *shared*. It may be *mutual* (if it is symmetrical for the parties in the relationship) or otherwise (in particular in the relationships between a person and an organisation or between a debtor and a creditor). Trust may be *direct* (between individuals) or *mediatised* (for example, to stand security or when a group becomes a kind of spokesman or mouthpiece). In order for the community of users of the euro to be developed, it must become as broad as possible within a short period.

The intermediate phase will of course play a key role in the "conversion" to the euro both in the countries which have adopted the euro as a single currency in the year 2002 (as uses will be permeable because there will be "neither a ban" "nor an obligation") and in certain Member States of the European Union, or even other countries bordering on it, which are outside the euro area (and for which the euro may become *de facto* not a single currency but a common currency, provided that the national legislators create the right conditions for this).

It should also be noted that certain "communities" may be more suitable channels than others, even if they have less purchasing power; accordingly, pre-adolescents (who look more to the future than to the past), of whom there are about 22 million aged 10–14 years in the 15 Member States, can do a better job in channelling information on the euro to their family and acquaintances than the 60–80-year age group (who currently have considerable purchasing power), of whom there are approximately 62 million in the 15 Member States.

Inference 3.03

Bonds of trust may involve relationships between many or few people or merely be defined by positions in institutions. This changes the extent or level of the trust, and consequently its nature and type. The ties of sociality that are referred to as "primary" (principally the family and a person's immediate neighbours at his place of residence and work) form, or are based on, ties of trust that differ from the ties created by positions in institutions. However, the institutional forms of trust assume complex mediation processes, given that the images of the trust of "primary" sociality provide strong support, and act as the reference, for ties of institutional trust (advertising in use and abuse). Hence the need rapidly to provide the symbols on the coins and notes with a collective dimension or meaning that does not shock the national, religious and philosophical sensibilities but, more importantly still, corresponds to the experience of users, who, by using, receiving and passing on the notes and coins, must feel themselves to be Europeans, which is very fortunately far more likely with the term "euro" than with the former name "ecu."

However, the very images on the euro notes, by avoiding anything that might shock sensibilities (all religious and political symbols, literary and historical figures) and by deliberately choosing architectural forms that cannot be attributed to a particular place have made it extremely difficult for users to identify with these images as part of a group – in other words, involved in a joint project; only the map of Europe will show this aspect of the joint project. Consequently, every argument that stresses the European project as a way of shoring up peace (by implicit reference to the many intra-European military conflicts of the past) increases support for European unification, including monetary unification, and hence trust in the euro (with the euro then becoming another way of "settling scores" and averting violence).

Inference 3.04

Mistrust (the negative degree of trust) and individualism are closely linked. There is a correlation between examining the question of confidence and an increasing sense of insecurity, certain expressions of individualism and the loss of community identities.

In the periods and societies in which the level of individualism increases, people, by drawing attention to themselves, call into question the collective reference points, challenge the collective institutions and adopt strategies and choices that set them apart from the group.

In the countries that are known as "developed," brands, and hence their reputations, have less of an impact on consumers, who, by rejecting these points of reference, then proceed to choose unbranded products from discount shops.

In the same way, the local exchange systems and the local currencies of the countries of the West, whose possible relationship to the euro and to all contemporary monetary situations in European societies needs to be properly understood, must also be seen in the final analysis (in this context of the development of new relationships between individuals and groups, the rise of new forms of individualism and the rejection of governments and States that are considered to be illegitimate and not to represent the whole) as a search, a quest, for other forms of the group, in the same way as the rise of the tontine-type voluntary groupings in Africa or Asia, for example.

The group plays an essential role in understanding the degree of trust. Whenever a State is considered to be illegitimate, either because it embodies the interests of a minority that fails to distinguish between public funds and private wealth, or because a national, tribal or Mafia group, or simply a technocratic bureaucracy, monopolises most power, in other words whenever *public faith* does not prevail, mistrust can become the norm. For example, as far as the adoption of the euro is concerned, there is a risk that the following questions will be raised implicitly if no higher collective motive is presented: “Who will benefit from the euro? Will I personally benefit or lose out”? “And if I lose out, is there not someone who is benefiting at my expense”?

In this context, the State and the institutions can play a key part in reducing uncertainty in democratic societies. However, in order to do so, the principle of complete control (the currency is a form of expression of this complete control in any society) must be recognised and forms of sovereignty should be able to be exercised. One of the problems with the euro is precisely that the possibility of acting at this level is considerably reduced because of an essentially functional presentation of its introduction. It is symptomatic that the information booklet on the euro disseminated in France from November 1997 is entitled “*l’euro et moi*” (The euro and me), which is in large print with a small subtitle reading “*l’euro fait la force*” (Together with the euro, we’re strong). This obviously gives priority to individual relationships to the currency.

This portrayal of users as individuals is also reflected in the use of illustrations showing separate individuals rather than groups of people. Far from making the euro a collective expression of the political and cultural situation in an already united Europe, certain players therefore believe that they can use what they wrongly consider to be an economic instrument in order to build European unity through a multiplication of trade, which is itself considered from a mainly economic standpoint. Hence the plans for adapting the euro, which are all concerned to a greater or lesser degree with the practicality of its use by consumers (dual display of prices, distribution of a ready-reckoner, a neutral and legible symbol on notes and coins). What we have here therefore is an implicit will to present the political aspects of the issue in economic terms and to reduce citizens to the status of users and consumers, which hampers the explicit incorporation of the euro into a collective project.

Inference 3.05

In this incorporation of the bond of trust into the group, a distinction must be made between “vertical” trust and “horizontal” trust.

Vertical trust is a hierarchical relationship between subordinates and superiors within an organisation or society.

In this relationship, which is asymmetrical by nature, there is a need to distinguish between *ascending* trust and *descending* trust, which are not symmetrical because of the imbalance of power and the difference in commitment.

Horizontal trust is a relationship between players that are, or are assumed to be, similar, between two people who are not in a direct hierarchical relationship or between people who carry out similar functions in the same unit or in different units. In certain very small groups or between people belonging to the same occupation, race or religion, and therefore depending on the closeness of the resulting relationship, the risks are lower and the degree of trust is correspondingly higher.

As far as modern currencies are concerned, trust is both

- horizontal (by having *de facto* power of legal tender in a payment community – witness, for example, in cases of hyperinflation or exchange controls, the refusal of legal means of payment and the development of the use of "parallel" means of payment, or even of units of account such as sacks of cement);
- vertical (in the process of issuing and lending by which they attain the power of legal tender), which means that the status and independence of the issuing authority (this independence being considered by the vast majority of people to represent a loss of monetary sovereignty) can play an essential, positive or negative, role as regards trust. However, the independence of the issuing authority (vis-à-vis the recognised political authorities) may be interpreted as submission to the "big market," to the interests of the most powerful players, with the result that this model of "independence," which will give confidence to the "financial community," risks being rejected by the vast majority of people, who are attached to principles of national monetary sovereignty, if the "experts" of a European monetary institute are thought of not as "wise men" but as the spokesmen of the "big market."

A study of the relationship between vertical and horizontal trust shows the existence of possible tensions. Under certain conditions, the fact of giving priority to one has positive or negative effects on the increase in the level of the other, and hence on the support for the system as a whole. For example, the sophistication of the euro for the financial markets and the decision to proceed at two levels in two stages contains the seeds, as we have already stressed on the basis of other factors, of a risk of rejection by the "grassroots," excluded from an instrument, the debates on which (that have themselves been made public in order to win the trust of the upper level) have been highly complex (the things that stick in the minds of people at grass-roots level are the "restrictive" budgetary measures, the 3% limit on the budget deficit, etc.).

Inference 3.06

It is also necessary to distinguish within a group, organisation or society between *internal* trust and *external* trust.

Like horizontal and vertical trust, these two types of trust may be contradictory. Given the high degree of internationalisation of the markets, the questions of internal and external trust are closely linked to the questions of horizontal and vertical trust. The predominant position of the euro in the international monetary system and on international markets linked in this way will tend (if we add the idea of a "strong euro" against the dollar and the yen) to impose an image of the euro as a "currency of the rich" and an image of the national (and therefore internal or domestic) currencies, which will coexist with the euro for a certain length of time as currencies for "the people," as simply "currencies for consumers."

Inference 3.07

Closeness, by producing common knowledge and information, is a factor that increases or, in certain cases, decreases the degree of trust. This proximity may be the physical and spatial proximity of neighbours, closeness in terms of time or a psychological, social and cultural relationship. The type of proximity or closeness involved here is, at first glance, a physical and spatial relationship of neighbours. It is the topographical relationship of contiguity.

This physical proximity makes it possible to accumulate the information that is, or is supposed to be, necessary about past experiences.

From an economic standpoint, physical proximity leads to variations in the cost of transporting people, information and goods and in the frequency and speed with which they move. However, the distance needed to appreciate a degree of proximity varies according to the size of the units and elements concerned and has an essential psychological dimension. A distance is never simply that which can be measured (in metres, minutes, monetary units, etc.) separating or joining places of work, leisure, residence or schooling; spreading out economic decisions over time; showing the ways in which production units and enterprises complement, and depend on, one another; establishing the clientele or providing access to a service. The process of moving closer or further away in physical terms, in other words the spatial and technical proximity, merely increases or decreases the likelihood of relational proximity. Even beyond the links between organisations, this distance, and consequently this proximity as well, is also both social and mental.

In other words, it is not enough to put the euro everywhere, especially by multiplying the information (and the forms thereof) on the conversion of the euro and its use, to believe that this high physical density of information per square kilometre, with the same information being provided to all potential users, will resolve the problems of information.

The spatial proximity of being permanent or regular neighbours within certain micro-groups or for people belonging to the same group, including an occupational group or a working community, does not merely produce more numerous and more reliable flows of information, but also introduces other types of psychological, social and cultural closeness into the economic and financial relationships themselves. Proximity that is only spatial and not relational may even produce negative attitudes because of ignorance and mutual fear. The common know-how and shared knowledge make it possible for the economic players to reduce uncertainty. It goes without saying, for example, that the exotic and complex nature of certain financial practices may considerably alienate the vast majority of people and make the degree of trust very low or even extremely negative if these services and products appear to be too exotic and confuse the messages.

Proximity also makes it possible to store the necessary information. The degree of trust in a group or individual is built on processes of learning, repeating experiences and memorising.

Proximity must also be seen in terms of time. It is a temporal relationship, that of the horizon of economic operations or the absence thereof, that of the gap between economic and financial operations and that of repetition. Relational proximity may compensate for physical distance and establish temporal proximity by accelerating a process of dissemination. For example, as far as the euro is concerned, in order to make it possible for consumers to assimilate the change in the scale of prices, it is impossible to pass from national currencies to the euro from one day to the next without a period of adaptation involving dual display of a number of prices and dual pricing on bills. One year may be considered to be a good length of time because it matches one spending cycle of households. The frequency of spending on the various items varies, ranging from once every several years, through once a year, once every six months, once a quarter, once a month and once a week to once a day; for example, taxes, insurance contracts, holiday travel and water, electricity or telephone bills are paid at different intervals, which makes the learning gradual.

In financial matters, the proximity between individuals and with organisations can be seen in the degree of familiarity of the product (see Inference 1.02). This proximity is of a psycho-sociological nature and raises more generally the question of the relationship, through money, between a player and the various groups with which he is linked (Parry & Bloch, 1993; Servet, 1995b).

We have shown how trust is born out of a relationship of closeness or proximity. The proposition can be reversed. If an institution establishes a relationship of trust by the legitimacy of its operating rules, by its transparency, by the conviction that good operation in the past is the guarantee of good operation in the future, by authentication, etc., the players will not consider these institutions to be foreign to their culture and their environment but rather will see them in a process of continuity as familiar and hence appropriate authorities.

Lastly, it may be noted concerning the primacy of relational aspects that in a confidence-building process, all the forms of closeness do not come into play at the same time with the same intensity and under all circumstances. The various types of trust are based on, and mobilise, a greater or smaller number of forms of closeness, and certain forms of trust activate a given type of closeness more than the others and a different number of types of closeness. The forms of closeness (neighbours, relatives, religion, occupation, etc.) play a role of varying importance depending on the situation concerned and are more or less effective depending on the position they occupy in the hierarchy of values of a person involved in a given action. The hierarchy of the forms of closeness, and of the resulting obligations, for the members of a given community may well reduce uncertainty but also increase the risks. The activation of ties of closeness reduces the risks which may be said to be of an individual or personal nature (because the task within a given population is to remove the bad members and to ensure that the risks incurred on several operations balance out on average); however, more often than not, this procedure is unable to deal with any global risks affecting all the economic players in one place (such as the fall in the exchange rate of the national currency, for example).

HYPOTHESIS 4: RECOGNITION AND ACCEPTANCE OF COMMON RULES

Trust implies defining, proposing and recognising different rules and standards depending on the type of relationship established and on the type of trust concerned (horizontal/vertical, internal/external, etc.).

Rules cannot be based on constraint alone, for to do so would be to move away from the logic of the wager of trust towards a logic based entirely on security. These rules of the game must be viewed as being *legitimate*.

Inference 4.01

A *minimum level of common knowledge* is necessary in order to establish ties and to ensure that trust remains positive.

This knowledge is always limited, for it is fragmentary. If it were complete and perfect, the question of trust would not arise. If it were non-existent, any relationship would be impossible.

This knowledge may be partly information and truths (shared or otherwise), and partly prejudices or errors (shared or otherwise) as a result of the concealment of information or the dissemination of false information. Knowledge need not be equal and symmetrical. Depending on the culture, environment and personal situation concerned, the minimum amount of information needed for a certain level of trust, in other words the degree and extent of knowledge and of the absence thereof, and the objects of this knowledge, vary considerably.

It may be pointed out here that the different categories of consumers form an idea of the hierarchy of prices by memorising a range of prices of goods and services which is both limited – no doubt the price of between 20 and 50 goods or services – and different depending on the social and cultural background concerned (hence the need to conduct studies in order to determine these prices which are used as benchmarks for verifying all prices and hence to prepare more effectively for selective dual pricing). The various positive or negative degrees of trust depend on the level of beliefs or information and on the quality thereof. However, given that knowledge is never complete and that all information contains inaccuracies and misunderstandings, or even deception (see Inference 1.02 and Hypothesis 5), some degree of uncertainty will always remain.

For example, if financial operations and institutions are considered to be a strange, in other words foreign, world, the degree of hostility may be high. Indeed, finance and money have a negative image for broad sections of the population (idea of a speculation levy on “genuine” activities, hampering of development by the virtual impossibility of obtaining loans, etc.). An institution or practice must be based on rules which do not just comply with the law but also are accepted in the group concerned; both must be legitimate.

Inference 4.02

Secrecy is something that can maintain a certain degree of trust but also destroy it by increasing doubt.

For example, the use of a referendum (if and when permitted by the law of the various Member States) to choose the name of the European currency from a number of proposals, or the idea of conducting informal public consultations on the images on the coins and notes, could have been one way of involving the populations and would have avoided giving the impression of a technocratic conclave (and this is one case where secrecy undermines trust).

Inference 4.03

An essential rule as far as the euro is concerned is for consumers to know the scale of their expenditure and hence the proportion of their income accounted for by this expenditure. That is why each person should first know, as soon as possible, the amount of his income in euros, be it salary, pension, dividend, interest, annuity, unemployment or family benefit, etc. (together with the amount of certain items of expenditure or taxation, for example, in order to mitigate any effect of shock resulting from a substantial nominal reduction).[2]

Inference 4.04

Trust involves assuming responsibility, which is based on an understanding of common rules (see Inference 4.01) and on fulfilment of mutual obligations.

Furthermore, real trust can exist only in a group within which there is a relationship of *loyalty* (this term means keeping one's commitments).

There are negative chains of mistrust, in the same way as there are positive chains of trust.

Let us consider how a chain of mistrust could become established with the introduction of the euro and of processes of reducing levels of responsibility.

The initial promise made with the euro in order to justify its introduction can be summarised as "the euro means no added expense and more convenience," whereas there is a risk that users will experience the opposite:

- first, in the period 1999–2001, as a result of a levy for "exchange risk" in stock exchange operations in euros or for transactions no longer in a foreign currency but in a foreign country;
- second, with the introduction of the euro and of charges for cheques (a proposal made, for example, by the French Banking Association) in the countries in which such charges do not already exist. And there is a risk that other categories of professionals may wish to create confusion in order to push through certain of their sometimes long-standing demands under the pretext of the euro and attributing their costs to it, which means that the public authorities, which are responsible for guaranteeing public order, should be extremely careful and highly responsible in this area.

The introduction of the euro may therefore, as a result of other simultaneous actions, be accompanied by changes in payment and settlement habits. In Belgium, for example, the introduction of charges for cheques has, in four years, led to a sharp fall in the number of transactions settled by cheque (fall of 50% for small cheques and 30% for all cheques).

In fact, habits to do with the use of the various means of payment differ considerably between the various European countries (see Table I).

This is also shown by the answers to the question "Which means

TABLE I
Differences in the Use of Means of Payment as a Percentage of Total Number of Payments

Bank cards		Cheques	
United Kingdom	23.1	France	51.8
Belgium	18.0	United Kingdom	40.3
France	17.9	Italy	34.5
Netherlands	7.9	Belgium	11.7
Italy	6.0	Germany	7.9
Germany	3.1	Netherlands	6.0

Source: 1994 BIS Statistics.

of payment do you prefer to use when you make a big purchase [for the equivalent of at least 10 ecus in national currency]?". While the average level of use of cheques in Europe is 18.6%, this figure hides major differences between the countries, with 46.6% in France and 24.1% in the United Kingdom, compared with 1.9% in Spain and 7.7% in Belgium, whereas the average preference for notes and coins in Europe is 42.4%, with figures of more than 85% in Greece, 67.7% in Spain and 45.3% in Germany, as against 10.7% in France and 21.9% in the Netherlands.

The fact that the introduction of the euro will be spread over two phases will therefore not have the same implications in the countries where consumers rely heavily on bank money (for which 1999 will have a bigger impact) than in those where notes and coins are normally used for most settlements (for these countries, 2002 will be the real break with the past, hence the German strategy of a monetary "big bang" at the beginning of January 2002 rather than spreading the dual circulation of notes and coins over six months). The replacement of the national currencies by the euro does not depend strictly on the common rules of law and will therefore not be able to follow precisely the same pattern in all countries; the extent to which the systems of payment will be permeable to the change will therefore vary. There would be far fewer obstacles to reversing the change and the cost of any decision to do so would be much lower in the countries where notes and coins dominated as a means of payment than in those where the use of the euro was more advanced because of the importance of representative means of payment. It follows that, although the spread of the euro will be common to the various countries, it will differ in its pace and hence in any upheaval of the means of payment.

Given these national differences in the habits of using the various means of payment between the countries of Europe, the introduction of the euro and the progressive unification of these means of payment may therefore contribute to the destabilisation of a set of national habits and practices and undermine people's confidence in the currency until a new set of habits and routines in payment practices has been developed. In the midst of uncertainty, trust will only be positive if it is recognised that a balance has been struck (Hypothesis 1).

This makes it essential to know the means by which compartmentalisation arises in the use of instruments of payment which are implicitly assumed to be interchangeable by economists but are shown not to be by the observation of the monetary and financial practices of populations. It is highly likely that, because of the costs of conversion and the different images conjured up by national currencies and the new European currency, and in spite of monetary law, conversion tables and the legal continuity of contracts, the transitional phase, far from resulting in a perfect replacement of national instruments by European ones, may see a decrease in the extent to which one instrument can be replaced by another, at least for a while. The maintenance of accounts in euros or, on the other hand, their very rapid conversion into national currency will indicate either an escape from the national currency or (especially if there are fears that its introduction might not be irreversible or even that the conversion rates might not be final) an escape from the euro, or indifference and a compartmentalisation of usage (which will mean that the euro is existing alongside the national currencies as a common currency for a limited number of more or less fixed operations, but not yet deeply rooted as a future single currency). The development of these practices over the transitional period (with all the snowball effects inherent in the constraints of a payment community) will obviously provide an indication of the level of confidence in the euro (provided that a considerable proportion of bank customers are offered services in euros, without prohibitive additional costs, thereby forming a critical mass of operations).

HYPOTHESIS 5: GUARANTEES, EVIDENCE AND PROOF

The information which is supposed *to prove, authenticate and guarantee*, and the belief in its effectiveness (this information establishes, maintains or renews links with varying degrees of formality), reduce – or, in certain cases, increase – uncertainty, without ever entirely removing it (see Inference 1.02 and Hypothesis 4).

At an oral level, *witnesses* may attest the operation and its conformity with normal practice; this is another example of the necessary role of established mediators operating on the basis of *word of honour*, as the hallowed expression goes.

In the groups and circumstances in which the written word is widely used, this information constituting proof, authentication and a guarantee may take on a wide variety of forms, including the description and definition of precise technical rules. Although the use of the written word may generally encourage the development of trust, and this even in a largely illiterate environment, in certain cases the written word (as a safe haven) reduces the scope of trust.

Inference 5.01

This information serving as proof, authentication and a guarantee is considered to be a *security* (in all senses of the term). These guarantees and processes establishing security may take the form of, for example, the development for the transitional period of different cheque books for cheques made out in national currency and cheques made out in euros ("domestic" cheques made out in euros will therefore be refused). The establishment of observatories on the changeover to the euro is based on the same principles.

However, these guarantees will mean nothing in the face of real (or supposed) lies, dissimulation or *bad faith*, or if there is mistrust as a result of legalism and formalism. What may be considered by some to be guarantees (the written word and the use of a "scientific" technical tool such as the computer) will seem to others to be legalism and formalism resulting from a certain mistrust, and hence as an increase of the risks taken (see Inference 4.02 on the necessary common knowledge).

In general terms, there is a need to contrast the *security logic* with *the wager of trust*. When checking instruments are set up, they in turn must be checked, and so on in an endless checking process; see the translation of the Latin term *fides* in Gérard Freyburger's (1986) thesis criticising the idea of a guarantee and emphasising the other facet of trust.

Accordingly, in the case of the euro, widespread dual pricing would give an impression of precision but would also, by increasing the amount of information provided, introduce a certain complexity; this security logic would in fact risk creating widespread mistrust of the euro. Far from reassuring people, widespread dual pricing might give grounds for suspicion that "efforts are being made to hide something"; hence the possible rumour of hidden price rises, for example, a rumour which may be fed in particular by the way in which figures are rounded up or down (we know that the sum of the rounding-off operations cannot mathematically be the same as the rounding off of the sum), and given that, as we have already pointed out, consumers remember a limited number of prices. This makes it possible for spreaders of disinformation and manipulators of public opinion to make the changeover to the euro into a convenient scapegoat, for example in the case of speculation on a given raw material leading to a rise in prices (as is currently the case in certain countries as regards the reduction of budget deficits which, with or without the changeover to the euro, would be – and is outside the euro zone – a strong budgetary constraint for governments of any persuasion, even if only under the pressure of the ideologies of the producers of markets in public debt).

This is another example of the need to establish Euro Observatories on the changeover to the euro. However, the function of providing information on any disputes, collecting statistics and recording the conversion of prices expressed in national currency into prices expressed in euros should not be confused, in the same institution, with the traditional statistical monitoring of retail and wholesale price movements (which is essential to the work of the observatories but is distinct from the conversions themselves) or with the task of disseminating information on the euro (which we believe should be the responsibility of intermediary persons and organisations). It should be possible, for example, to contact the Euro Observatories by toll-free telephone and by Internet (and Minitel), which would then provide not the information itself but details of the intermediaries and of the location of the information, which the Observatories could coordinate.

It is even more important for this function of observing the changeover to the euro not to be mixed up with the function of dealing with conflict (mediation/punishment), *first*, because bodies already exist with responsibility for punishing fraud and abuse in the areas of display and the prices of products, and these bodies can be mobilised, and, *second*, because the idea of a new organisation linked to the euro and playing a punitive role could only be detrimental to the image of the euro itself. This by no means prevents the euro information centres from indicating very clearly the types of checks carried out and their aims, and the sanctions provided for in the legislation and rules in force, as well as the body responsible for these sanctions, so that these Observatories can spread the message of a policy of transparency.

As far as the Observatories are concerned, it is necessary to define clearly, by country, whether it is possible to mobilise existing institutions – with the risks of negative memories about these bodies – or whether it is necessary to set up new (temporary) institutions (using certain resources of their forerunners) at different levels and with the most effective close relationships (with all sections of the population, taking particular account of the differences between rural, urban and disadvantaged areas). One particularly important consideration will be the ability to bring together local and regional authorities and their elected representatives, the representatives of consumers and businesses and people with local expertise. For example, as far as France is concerned, apart from the necessary national and regional coordination – given the centralisation of the country and of its processes for coordinating decisions – we believe that the most appropriate level is not that of the municipalities (which are too heterogeneous) nor that of the departments (which are too large), but rather that of the cantons and pays (areas) (as defined in the Town and Country Planning Law of 1995). However, this raises the question of whether the populations will see these bodies as a link.

Inference 5.02

When the formal guarantees provided are thought of as limited, and little information is made available, with the result that the risk is considered to be high,

- relationships must be based on mechanisms of proximity in which mediators can play a major role in disseminating the right information;
- the risk taken may also be offset by an advantage (for example, the minimum wage or minimum income is rounded up, thereby

producing a gain for the person concerned); however, because of a negative selection process, the acceptance of this advantage may be interpreted as something negative ("they are trying to buy us off," "there is a catch – if I am given something without being asked for anything in return, it means that something is being, or will be, taken from me surreptitiously").

HYPOTHESIS 6: MEMORY AND FIDELITY, AS OPPOSED TO OPPORTUNISM

This last hypothesis is, in a way, a combination of the previous ones.

Memory, in other words *past experiences*, active or passive knowledge that is related to history or has been internalised as a routine, gives grounds for thinking that what worked well in the past will do in the future, and so on and so forth, and habit gives us reason to think that implicit or non-existent commitments will not be broken, that there will, in a way, be *fidelity* (Vidal, 1993).

This memory is activated through each person's perspective and ideas. Belief plays a part here as a particular form of knowledge for updating memory. This memory that is reactivated with each new experience is the key factor which compresses all the others (on the basis of fragmentary pieces of knowledge).

Thus, the changeover to the euro in Europe cannot be made without taking account of the specific monetary adventures of each of the national currencies and of the currencies that preceded them. The attachment of the British to the pound sterling, whose origins as a pound go back eight centuries (decimalisation has not affected this unit, only the fractions of it), or that of the French to a currency born of the French Revolution (1795), may be more deeply rooted than the attachment of peoples who still remember changes in monetary units. At the time of the changeover to the "new francs" in France at the beginning of the Fifth Republic, this franc being referred to as *strong* as a result of a nominal division of prices and values by 100, proposed new names such as "livre" (pound) and "gallia" (return to the Ancien Régime or even to a period before Roman colonisation) were ruled out, and the new franc soon became the franc again.

More recent currencies may be closely connected to dates or periods that have been very much tied up with national independence or unification, such as the Belgian franc (1832), the Greek drachma

(1833), the Italian lira (1862) or the German mark (1871). The last two nations, unlike others, have in their history a process of monetary unification through the abandonment of local currencies following partial unification (in Germany, the florin in the south in 1837 and the thaler in the north in 1838, followed by unification around the mark in 1871). The very history of these currencies – consider, in the case of Germany, the hyperinflation of the inter-war years and the country's monetary situation after the Second World War – constitutes the prism through which current European development is seen. There may also be strong, different regional feelings on this issue, for example in the French Departments of Alsace and Moselle, which were incorporated into the German Empire in 1871, a situation that lasted until 1918, and which formed part of the German monetary area again during the Second World War.

Inference 6.01

The degree of trust in a person or an organisation is built on processes of learning, repetition of experiences and memorisation. A present situation is always seen in a positive or negative light depending on past situations experienced (witness the way in which an advertisement is produced as an imitation or caricature on the basis of a limited number of typical elements). *Appearances* play a key role in establishing trust.

For the changeover to the euro, it is clear that the conditions in which comparatively recent monetary changes took place remain a part of the living memory of the populations, or at least of certain generations who are still alive, for example the decimalisation of the pound in the United Kingdom (1971), the changeover to the (western) mark in the former GDR (1990) following German unification, or the conversion of the French franc into the new franc (1960) in a country in which, nearly 40 years later, many people still think in terms of "old francs," especially for sums over one million centimes. For this reason, many French people who are not yet completely used to the "new francs" are quite convinced that they will use euros but will think in francs, without fully realising that it is much easier to calculate in the mind a ratio of 1 to 100 or of 100 to 1 (as in the case of the changeover from old to new francs) than to multiply by 6.55957, for example, and, even more so, to divide by 6.55957, unless the person concerned is forever using a calculator or a table, like

Voltaire, who said that he was incapable of buying or selling in pounds, shillings and pence without the help of his ready-reckoner.

The experience of Luxembourg, where monetary union with Belgium has made the populations accustomed to handling more than one currency at the same time and has obliged computer systems to organise their simultaneous use, may teach us much in this area. But does the display of prices in several currencies not mean precisely that, ultimately, few consumers compare the prices in the various currencies and most refer back to their own national currency. The same applies to the uses of the populations living along the internal and external borders of the European Union – more than 34 million inhabitants of the 15 Member States live within 30 km of the border of a Member State – and of those who travel abroad frequently for work or personal reasons, and of the immigrant populations – who often account for more than 10% of the population – who already have two currency reference points.

Technically speaking, this is also true of the accounting methods, which differ from one nation to another; the coins and notes issued should, in their amounts, take account of these differences in order to fit in with different habits. It might have been conceivable, and highly practical, for a Spaniard to use coins and notes in amounts of 5, 25, 250 and 2500, whereas this would have seemed incongruous to a Frenchman, who considers it quite normal to use fractions and multiples of 2, 20, 200 and 2000. Furthermore, the different countries vary considerably in their number of coins and notes (for example, there are far more in France than in Sweden) and some may not use high denominations.

Inference 6.02

Accordingly, memory makes it possible to avoid any bad relationships and repress opportunist behaviour in a micro-society or a larger society by means of more or less sophisticated mechanisms of information storage.

The question asked implicitly for the euro is “Is there not someone who is benefiting at my expense? Am I not losing out here?” Concerns vary from one country to another. The French will be afraid of a manipulation of relative prices, whereas the Germans are concerned about the purchasing power of their savings.

Inference 6.03

There is a need to make a clear distinction between the successive historic states of trust and the mental reconstruction of them by subjects and players.

In order to facilitate monetary changes, it is therefore not enough to work on the basis of what has been done elsewhere, but rather it is necessary to consider the impression that they left among those who experienced them.

CONCLUSION

Confidence, or trust, in the euro cannot be established solely using functional security-based procedures involving uses of money that are considered to concern private individuals alone.

A collective dimension is clearly visible on most national notes (see, for example, apart from the national emblems, the reference on French notes to the criminal code in the case of counterfeiting, or the reference to God on American notes), whereas this is not the case for the prototypes of the future European notes, which bear no geographical or historical references to the cultures of the various nations and peoples of Europe. The suggestion made by an artist that the design of the European notes should simply bear a bar code was an extreme expression of the very negation of the representation of a sovereignty and a collective dimension on the future notes, making them nothing more than functional objects. The future users of the new payment instruments will need a lot of imagination to see and imagine in the unidentifiable bridges and gates (which, admittedly, may be a symbol of opening onto something new) on the notes and coins all the processes and relationships by which a community comes to constitute a sovereign authority and to recognise in them the affirmation of the European community of people as a joint political project and as a principle of solidarity.

Can the future notes and coins of the Union be thought of as anything other than the instruments and symbols of a market area? Can they be thought of and seen as representing a community of citizens sharing common values?

In order to ensure that this is the case, each of the States that will take part in the monetary union and adopt the euro as the single currency should soon take up this issue as its own, and not merely by incorporating a national image onto the coins. The States must not be mere pawns of the “big market” and conveyors of what may seem to be European propaganda but rather mediators and intermediaries in the ongoing process of European unification, especially by stressing the arguments of strengthening an area in which democracy reigns and of pacifying European domestic conflicts. By justifying and relating this choice to a long historical process and by affirming the protection provided by the single currency from potential external dangers (with the euro against the dollar or the yen for example, or as a bulwark against the erratic movements of international speculation), this type of argument founded on democracy and peace could rectify the image of the euro among women, who, as we have already pointed out, are more reticent than men about the single currency. This information on the euro must of course be tailored to national sensibilities by the Member States themselves (the argument of a euro against the dollar may no doubt persuade a majority of French people, but will carry far less weight with Austrians, for example). In other words, the euro should not be an additional source of fear or the catalyst for various forms of unease but rather be considered to be an antidote and a bulwark.

This type of political rather than economic argument is essential, especially for the strata of the population who, though not necessarily poor, tend to reject money and all talk of money. Although they comprise a small number of people, they express a more widespread unease and reveal a mentality whose influence is greater than the number of people concerned would suggest. However, talking about the euro means, above all, talking about money. Communications on the euro from the financial world, which is the most affected by the timetable for the changeover to the euro, would – as well as arguments of a purely technical nature – risk provoking autism and refusal. It will therefore be essential to balance the financial information provided by enterprises and financial institutions themselves on the euro, which will no doubt use it to promote their commercial strategies and competitiveness, by information from the public authorities, which will have to talk about the euro especially in terms of peace between Europeans, not in terms of an abandonment of the motherland but rather of the addition of a bigger community which does not replace the previous one but rather strengthens it by the application of a principle of (rising rather than falling) subsidiarity, so that the euro is not something imposed from above but freely accepted by citizens and nations united in this way.

NOTES

[1] Idea of temperature which is found in French in the origin of the word "*chaland*," meaning buyer, and ultimately derived from the word for "warm."
[2] The introduction of the payment of pensions on a monthly basis a few years ago in France and in Italy gave the recipients the impression that they had lost some purchasing power.

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