

Europe will 'muddle through but at a cost'

Published on Mar 20, 2012

- **Professor Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy:** What is the future for Europe?

Mr Pascal Lamy: The politically correct answer is the future of Europe is in the hands of the Europeans. They will decide if they want to follow course on European integration for the future. If I had to bet, I would bet that that is what they would do. They would have no other choice, being a planet that is globalising, and with the big elephants getting bigger every day. If Europeans want to have a say in the world 50 years from now, it is not going to be Germany, France, Spain, who can do that.

If that is their ambition, they have no other choice but to keep integrating more and more.

- **Prof Mahbubani:** I was at a panel with (Harvard University Professor) Martin Feldstein last December, he said from the beginning, this (European monetary union) would not work.

Mr Lamy: The jury is still out on whether Feldstein is right or not. They (the Europeans) are muddling through. For the moment it has not exploded. Nobody has left the monetary union. My own guess is they will muddle through but at the cost of credibility, at a cost for the taxpayer, and at a cost for the economy.

- **Associate Professor Michael Ewing-Chow, at the National University of Singapore Faculty of Law:** Is political integration really necessary for economic integration?

Mr Lamy: At each level (of governance) you will need to have a political debate. It is easy to have a political debate at home. It is more difficult at the European system, because the sense of belonging is getting further. And it's incredibly difficult in the international system because it is even further from the rules of legitimacy, which is proximity.

The reason I have such firm views on this is because I experienced the three states of mass in governance - solid, liquid and gaseous.

I started in the French administration which is a pretty solid system. Then I moved to the European system which is liquid, not that solid. And then I moved to the international system which is totally gaseous... And we have to make it a bit liquid, if not solid, if we want the global challenges of the planet to be addressed. Otherwise we will have what we had with the financial industry.

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