

## One Europe

Tensions are rising and no-one understands the rules of the game any longer. More and more EU countries have now realised what is at stake and are 'coming out of the closet'. It was Poland's turn this week, while Mario Monti's appointment has given Italy some hope of recovery and even Belgium, under pressure from the financial markets, finally looks set to form a government (led by a prime minister unable to speak Dutch). Pressure is making everything that bit more fluid. But however dangerous the current European crisis may be, one thing is certain. And that is the realisation that we really do need each other. Germany's role in this respect is crucial. Merkel has consciously chosen not to fall into the trap of a relatively easy way out. The ECB is rightly seen as an extension of European taxpayers, and the hard lesson of German inflation in the past is shielding us from the worst.

This crisis is essentially a positive test for further European integration. The North-South divide has to be bridged as national differences have proved insurmountable. The crisis is triggering a hard, fast alignment of nations. For far too long, the message of 'One Europe' was communicated, but no-one was prepared to stick their neck out. They certainly wanted the euro and stability, but not the commitment and strength of purpose needed to complete the associated homework.

Despite joking talk of 'slowbalisation', the primary challenge in today's market is the competitive position of 'One Europe'. Forces at work in today's world are demanding a level of competition going beyond local stimulation and price-beaters from other regions of the country. New combinations of players are needed for European cooperation in the various sectors and in R&D. The talent and strengths of individual expertise in Europe need to be brought together quickly. Larger corporates are already doing this to a certain extent, but more efficient cross-border activity and collaboration are also needed in the broad-ranging SME sector. And that means businesses having to make choices at the expense of their positions in local markets, while European legislation and regulations need to become more flexible and unequivocal.

Yes, that's right, we're quickly moving towards a Federal Europe. And at a faster rate than our national cultures and the pride we take in our own nationalities may perhaps have wanted. But it is being forced on us by our own latent weakness and the global economy's rapid pace of change.

The clock is ticking and it's now one minute to midnight. Market emotions are ravaging through the body of the EU, and it is becoming increasingly clear to everyone that there is only one way out of the current situation. And that is to move towards further and closer cooperation in 'One Europe'. The price to be paid is certainly high, and will mean the richer North having to help the poorer South. But sharing is good for you; it gives you the strength you need to achieve the desired cooperation and further development of Europe. Pressure on the euro is now at a maximum. As I see it, the euro cannot fail. The impact this would have on the world is simply too great, and the damage would be immeasurable. So that means cranking up the euro printing press, boosting the reserve fund and substantial aid from the IMF. In other words, a rough remedy to draw the emotion out of the market and encourage realism and rebuilding. All the distressed countries now have strong, new leaders in place and are going to be vigorously implementing their regeneration plans. A powerful moment for 'One Europe', and one in which countries' individual interests will increasingly be subordinated in favour of the group's overall competitive position in the world.

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