



## PANELLIST'S REMARKS

### **Charles KUPCHAN, Professor in international relations at Georgetown University**

I would like to put out to the panel two refinements of issues that are already on the table before we open things up. The first one is exactly what Kemal was talking about, which is the issue of regional immigration and the democratisation of the process. I agree with what Kemal said in that these experiments at regional integration need deep social roots otherwise they are very vulnerable. In my own country, our union fell apart in the 1860s and it was only after the Civil War that people began to think of themselves as Americans first and Virginians or Marylanders second. That was critical to the stability of our union. However, at the same time, what seems to have happened in Europe is that the union has been politicised. People now talk about Europe in the street, but not in good terms. Is there therefore a risk of bringing people in and getting more popular participation, but making the process more difficult as a result and how do you deal with that balance?

The other issue that I think came up several times is the tension between globalisation and regional integration. I wonder whether the panel feels that the scope, speed and size of global flows are so great today that it makes it extremely difficult for Governments, whether it is the American or German Governments or Brussels, to have control of their destinies. Forces greater than Government policy are pushing us around. Do we need more regulation? Do we need a system that can prevent the kind of whiplash that we have seen politically? I wonder if Minister Fu might say a few words about China's thinking on the question of contributing to the bailout fund here in Europe. There was a discussion about emerging powers with surpluses helping Europe out. Could you say a few things about that? Who would like to say a few words on those issues?

### **President ILVES, President of the Republic of Estonia**

I would like to say a few words quickly on democratisation, which has come up several times, and I think that we hear more and more people talking about the need for direct action in the European Union and so on. I think that one of the things that we really have to do is figure out what kind of institutional arrangements we have. Being a very strong supporter of greater democratisation in the European Union, I think that it will only be possible through a federalisation because if you have direct elections to the Presidency of the Council of the Commission, no small member will ever be able to be elected. I think that that would in fact lead to the union actually losing a number of small members. It is like the Melian dialogue of Thucydides. The small do what they must and the large do what they can.

One of the successes of the European Union has been that the small countries have felt quite comfortable in the presence of Germany and France, but I think that if we want to have increased democracy then we will have to have genuine proportional representation and a Senate-like body where each country, large or small, has one vote and that means having a bi-cameral legislature. However, that would certainly be better than the current position in the European Parliament, where I had the pleasure to serve for a while, where basically one Estonian is worth 16 Germans, as that is the ratio of the number of Members of the European Parliament (MEPs) from Estonia for our population compared with Germany, and I do not think that that is satisfying to Germany. On the other hand, if we went proportional in a one-house Parliament, there would be half an Estonian. We therefore need an institutional solution to those issues before we can proceed with the democratisation and I think that federalisation is basically the way forward. In fact, that is what the United States did.



**Kemal DERVIS, Vice President for Global Economy at the Brookings Institution and Senior Advisor at the Sabanci University, former Minister of Economic Affairs of Turkey**

I think that there will always have to be a balance between the nation states that form the European family and the population at large – the citizens. However, I would perhaps like to disagree slightly with the President – not disagree, but try to stress another point. If there is more European democracy and the political parties cut across borders more easily, a vigorous Social Democrat or Christian Democrat from a very small country but who has a big standing in Europe may very well be elected, because in that kind of Europe people will not elect an Estonian, Hungarian or Portuguese, for instance, but somebody who best represents their aspirations.

Again, I think that we are quite a way from there, but I believe that we can think in those terms. In the US, President Clinton was from Arkansas, one of the smallest states, but rose to become the leader of the Democratic Party. I do not therefore necessarily think that the smallness of the country should disqualify in the long run the leadership of people from these countries, who are powerful personalities and can take a leadership role in a pan-European context.

**President ILVES, President of the Republic of Estonia**

That would be good, but seven years after enlargement the new member states are vastly underrepresented in any senior positions in the European Commission. I would actually say that it is quite disgusting. The idea is apparently that citizens of the old member states are smarter. In any case, it is true. It is now seven, almost eight years since enlargement and it is still the case that if you look at the distribution of directorates and so on, there is virtually no serious attempt to have an equal representation around the union. However, that is life.

**FU Ying, Vice Minister of Foreign Affairs of the People's Republic of China**

Let me answer the question about China's contribution to the bailing out efforts for Europe. I was recently misquoted, even in quotation marks, that China should not attach its reserves to save Europe. I do not need to explain to the audience here what the reserve is and how, where and why it is managed, but I need to clarify one thing. The repeated discussions on whether China and the Brazil, Russia, India China (BRIC) countries should save Europe is a misleading concept. I do not know how you feel in England, France or Germany, but when this is translated into Chinese it sounds like development aid, which is not what you are talking about. I think that Europe needs partners and in that sense China has been a very important participant. Throughout the efforts of 2009, China contributed 50 billion to the IMF in London and it has been making strong efforts to invest in Europe in recent years. Our investment is growing faster than at any other time in spite of the different views in Europe on Chinese investment. We have sent about 30 purchasing teams to Europe since the financial crisis, which is why our imports from Europe are growing by two-digit numbers, and we have a plan to increase our imports from Europe next year.

I think that the kind of thing that we want to do is to be part of the effort to stimulate the economy and increase job opportunities and be part of the European effort. China has 120 million people living on USD1 a day, so it is not the kind of country that is rich enough to talk about saving others. However, that does not mean that the Chinese are trying to stay away from this global effort. As His Holiness said, we are all interdependent.

I would also like to talk a bit about this imbalance. I agree that the world needs to be more balanced and China has been increasing its domestic consumption. However, we should not confuse the two things. The difficulties that some of the countries are in are not because China is not consuming more. I will give you an example. The iPhone is made in China and China makes USD6 from one manufacture and that USD6 will probably be loaned out. If the people who borrow the USD6 leveraged it 40 times and spent it on some consumption, it would not be for China to help.



I think that these countries need to cut down and those countries that have made mistakes in the past by overspending need to come back to the right path of consumption. China should not be encouraged to overspend when encouraging consumption. I think that China needs to keep its consumption within its ability to create wealth and, as we grow economically stronger, our consumption will go up, and it is going up. I think that there are two things that should not be confused.

**Charles KUPCHAN, Professor in international relations at Georgetown University**

Your Holiness, would you like to say anything before we go to the floor?

**His Holiness Bartholomew 1<sup>st</sup>, Ecumenical Patriarch of Constantinople**

I would like to add a few words. It has been said that we should not undermine small countries and that Europe needs partners and so on. I have observed that we have several world organisations that have the word 'World' in their title, but they do not include all of the world partners, as it were. We have the United Nations, but not all the nations are included. We have the World Bank, but not everybody is there. I had the honour of participating in the World Economic Forum twice, but of course not all countries and states participate.

In 1948 in Amsterdam, we Christians formed the World Council of Churches and although it is called the World Council of Churches, the Roman Catholic Church is not a member. We therefore have to rethink the need to be more inclusive and call for participation and contributions from all the other peoples, nations, countries and states because everybody has something to contribute and help the global, universal society, which will be based and founded on universal principles. If this new world society is based and founded on commonly accepted values and principles, only then can we be optimistic about a better future.

**Charles KUPCHAN, Professor in international relations at Georgetown University**

Thank you very much. Let us take a few questions from the floor.