

U.S. economist highlights building a unified Europe to save euro

WASHINGTON, July 30 (Xinhua) -- American Nobel Prize-winning economist Paul Krugman on Monday stressed the importance of building a U.S.-style unified Europe to improve the flawed currency union and save the euro.

Europe's single currency was a "deeply flawed construction" and was even admitted by leading European policymakers including European Central Bank (ECB) President Mario Draghi, Krugman said in his latest column article on The New York Times.

"In the long run, the euro will be workable only if the European Union becomes much more like a unified country," Krugman added.

Spain and U.S. state of Florida both had housing bubbles followed by dramatic crashes. But Spain was in crisis in a way Florida wasn't, because when the slump hit, Florida could count on Washington to keep paying for Social Security and Medicare, to guarantee the solvency of its banks, and more. Spain had no such safety net, and in the long run, that had to be fixed, he noted.

However, he warned of the policy difficulties in saving the euro, despite recent statements of some European leaders promising to take whatever steps to safeguard the currency.

"The creation of a United States of Europe won't happen soon," Krugman contended, cautioning that failure of the euro wouldn't just cause economic disruption, and would also be a giant blow to the wider European project, which has brought peace and democracy to a continent with a tragic history.

U.S. Treasury Secretary Timothy Geithner on Monday met his German counterpart Wolfgang Schaeuble in Germany, and "both expressed confidence in Euro area member states' efforts to reform and move towards greater integration" in a joint statement released by the U.S. Treasury Department after the informal meeting.