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## Speaking truth to German power

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For two years vacillation, disputation and a seemingly irrepressible instinct to kick today's problems into the future have characterised European policymaking in the sovereign debt and financial sector crises. The emergency cries out for decisive political leadership but instead receives treatment in a succession of summits at which hesitation trumps action. All the eurozone's 17 governments ought to drop their blinkers and display more resolution. But expectations of Germany, as Europe's most powerful economy and the anchor of the 13-year-old monetary union, are justifiably high.

This was the setting in which Mario Monti, Italy's prime minister, held talks in Berlin last week with Angela Merkel, Germany's chancellor. To ask Germany to reconsider its approach to the crisis because its policies risk making matters worse is no easy matter. All the more true is this for a leader of Italy, whose dismal economic performance since 1999 is in no small part responsible for the present turmoil. To his credit, Mr Monti spoke out.

As the first Italian prime minister in the euro era to grasp the multiple nettles of unpopular economic reform, Mr Monti contended that sooner rather than later the Italian people would need to see tangible benefits from their sacrifices. This required a rethink of the European Union's crisis management. Otherwise, he warned, social discontent would gather steam and protests would arise against Germany, which is seen, as Mr Monti put it, as "the ringleader of EU intolerance". Lacking hope and trust in the virtues of reform, the Italian people might one day "flee into the arms of populists".

Had Silvio Berlusconi, Mr Monti's discredited predecessor, conveyed such points to Ms Merkel, she might have paid little heed. Complaints from the leaders of Greece, Ireland and Portugal, who have every reason to share Mr Monti's concerns, might also fall on deaf ears in Berlin. These are small countries assigned a lengthy occupation of the eurozone's financial casualty ward. Mariano Rajoy, Spain's prime minister, represents the eurozone's fourth-biggest nation, but is a newly elected leader with a low international profile. Presiding over an economy and banking system beset with its own troubles, he understandably must tread a careful path.

By contrast, Mr Monti is respected across Europe. He served with distinction as the EU's commissioner for competition policies and for the internal market. In 2010 he produced a fine report on how to strengthen the single market. Policymakers can still draw important lessons from it.

Mr Monti is about to enter the most challenging phase of his premiership as he takes on the obstinate vested interests, in the political, legal, business and trade union worlds, that have long sabotaged efforts to open Italy's product and labour markets. It is critical to the eurozone's survival that he should make progress. Failure in Italy would endanger Europe's post-1945 project of integration. Ms Merkel herself says Europe's future depends on the euro. It follows that it is in Germany's national interest to support Mr Monti for he is Germany's last best hope for addressing Italy's plight.

To help him, Germany must agree to make swifter and more effective use of the European Financial Stability Facility, the EU's temporary rescue fund. It must ensure that the European Stability Mechanism, the EFSF's successor, begins operations this year with governments contributing as much hard cash as possible from the start. In a wider context, Germany must recognise that austerity and fiscal restraint in deficit-ridden southern Europe need to be balanced by growth-boosting measures in the surplus countries of the north. Such policies are achievable. Mr Monti must not be a voice in the wilderness.

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