

**Panel:** How Can Leadership Save the Eurozone? (Orchid)

**Date/Time:** April 26, 2012 / 8:45-10:00

**Organizing Institution:** Bertelsmann-Stiftung

**Talking Points for:** Helmut Hauschild  
Bertelsmann-Stiftung

European governments, together with the European Central Bank, have at last shown leadership. After two years of hesitation and indecision, which for the most part simply added costs to the crises, the European Union has finally implemented appropriate countermeasures. The fiscal compact, together with the 800 billion euro bailout fund and the ECB's supply of cheap money have so far prevented a widespread conflagration. The merit goes in part to Chancellor Angela Merkel, who has finally accepted that Germany, as the euro zone's largest economy, carries a particular responsibility in resolving the crisis. But merit goes as well to the ECB, which has shown leadership in calming the markets at short notice. There is, however, growing scepticism about whether Germany is leading Europe in the right direction. The rigid insistence on strict austerity measures in the euro zone periphery countries runs the risk of setting off a downward spiral and widespread social unrest. Europe must still find the appropriate balance of austerity measures and the stimulation of its economies hit by recession. At the same time, European governments need to take courageous steps forward in creating a true political union. The uncomfortable truth is: The greater challenges for leadership in the EU are still to come.

\* The views expressed herein do not necessarily reflect the views of the Asan Institute for Policy Studies.

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