

EUROPEAN CHIEFS CONTINUE TO BE PRESSED FOR DEBT CRISIS ACTION

As Greece's government veered towards collapse and Italy came under renewed pressure to prove its credit-worthiness, Europe's debt crisis dominated and distracted a summit of world leaders. As the Group of 20 chiefs began talking in their French resort of Cannes, their focus was all on Athens, where Prime Minister George Papandreou was clinging to power after abandoning a referendum that triggered a suspension of European aid. Prime Minister Silvio Berlusconi was pushed by German and France to accelerate an austerity drive, amid the concern that Italy may be the next domino to fall as its bond yields jumped to an euro-era record. Because of Europe's failure to fix two years of turmoil, rebukes rang out from foreign leaders, who were concerned that global economic growth is under threat. Although, European Central Bank's new president, Mario Draghi, said that a euro-area recession is looming, the bank still offered relief with an unexpected interest rate cut. "Our partners should be acting significantly more actively and decisively," said the Russian President, Dmitry Medvedev, in Cannes, France. "If this doesn't happen, we will be hostage to this situation for a long time to come." German Chancellor Angela Merkel and French President Nicolas Sarkozy kept aid for Europe's most-indebted nation on ice until it delivers deeper budget cuts, even with the decision by Greek Prime Minister George Papandreou to scrap a December ballot on the terms of last week's bailout package. "What counts for us is actions," Merkel said. "So far, I don't really see those actions." According to Canadian Prime Minister Stephen Harper, who expects "cooler heads will prevail", whether Greece will need to leave the currency bloc was discussed by the G-20. On a day of political back-and-forth in Athens, Papandreou squared off with rebels in his own party, including the Finance Minister Evangelos Venizelos, over the referendum that European officials yesterday insisted would determine whether Greece stays in the euro. A confidence vote will be held tomorrow so the Greek lawmakers can decide whether or not they want to support his administration. Greek opposition chief Antonis Samaras said Papandreou misunderstood a proposal for a transitional government, which heightened the state of confusion. Samaras, who is the leader of the New Democracy party, called on the incumbent to quit at his party's lawmakers walked of the parliamentary chamber. The International Monetary Fund and Europe made cross-party support for budget cuts, a condition for paying the next 8 billion euros (around \$11 billion) of Greek aid, and in the 110 billion euro package, the sixth installment was awarded at the outbreak of the crisis in May 2010. "The euro zone must absolutely send a message of credibility to the whole world," Sarkozy tells to reporters today. "When we take decisions they must be applied, when we set



rules, they must be respected."