

## AS GREECE GOVERNMENT TEETERS, G-20 LEADERS URGE EUROPE TO QUELL DEBT CRISIS

As world leaders urged swift resolution for the sake of the global economy, they expressed their impatience and irritation with Europe's inability to defeat its two-year financial crisis. The Group of 20 chiefs had a meeting in Cannes, France yesterday that pushed European authorities to flesh out and enact a week-old rescue plan that has already shown signs of unraveling, because Greece's debt-ridden government is at risk of collapsing as soon as today. "We are grappling with a lack of confidence in markets that leaders will act," says Australian Prime Minister Julia Gillard, in the French seaside resort. "It is therefore very important for the leaders to act." Calls such as these, which were echoed by the U.S., Britain, China and Russia, highlight international disappointment that Europe missed the G-20's deadline of this week to deliver a fix for its fiscal woes. By keeping aid for Greece on ice and demanding Italy accelerate austerity, German Chancellor Angela Merkel and French President Nicolas Sarkozy try to regain the initiative. "The euro zone must absolutely send a message of credibility to the whole world," Sarkozy told the reporters. "When we take decisions they must be applied, when we set rules, they must be respected." As Prime Minister George Papandreou faces a confidence vote in parliament, Athens will remain a focal point for policy makers and investors today. Yesterday, he yanked his plans for referendum on his country's bailout after it split his party, roiled financial markets and drew unprecedented warning from euro leaders that it may cost Greece its membership in the 17-nation currency club. After Antonis Samaras called on the premier to quit, he rejected sharing the power with Papandreou. Whether or not Greece will need to quit the 12-year-bloc, which was originally designed by its founders to be permanent, was discussed by the G-20, said the Canadian Prime Minister Stephen Harper, who actually predicted that "cooler heads will prevail." Through out their talks, the leaders kept a close eye on their BlackBerries, to keep up with the fast-moving events in Greece, according to U.K. officials. "We have to help them preserve one of the world's leading currencies," Dmitry Medvedev said. "We are all interested in preserving the euro." "When the world is in crisis, it's right that you consider boosting the IMF," U.K. Prime Minister David Cameron said. "What counts for us is actions," Merkel said. "So far, I don't really see those actions." "For me, Europe is all about Italy right now," said Jurrien Timmer, who also co-manages Fidelity Investments' \$219 million Global Strategies Fund in Boston. "The real issue is contagion, and Italy seems to be the line in the sand. Italy is really too big to fail. It's the third largest bond market in the world, and it needs



to be ring-fenced." [caption id="attachment\_2266" align="alignleft" width="160" caption="Mark Zandi"] [ /caption]