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Greek Default Looms With a Touch of Schadenfreude: The Ticker

By David Henry - Jan 25, 2012

Patience is running out. We are now in the third calendar year of Europe's sovereign-debt crisis and the region's No. 1 problem child, Greece, is looking more and more like a hopeless case. Without a new rescue package of 130 billion euros (\$168 billion), the country might be bankrupt by March.

Calls for Europe's northern countries, notably Germany, to show more solidarity with their weaker neighbors have been based on the assumption that nations such as Greece are willing, but unable, to repay their towering debt. But what if austerity isn't in the Greek vocabulary and the government in Athens doesn't want to change? Surely that blunts any incentive for benevolence from foreign taxpayers. Some commentators in Germany, the only country that can save Greece from default, sense the need for more drastic action to solve the crisis in light of Greek recalcitrance and the country's failure to rein in its public debt.

``You have to doubt whether Greece even wants to become competitive in the currency union," writes Holger Steltzner, one of the publishers of the Frankfurter Allgemeine Zeitung. ``The elites in Athens don't appear willing to abandon their own sinecures or to fight corruption and tax evasion." He rejects calls for more bailout money for the peripheral nations.

``A Greek exit from the euro could have a disciplining effect and lead to a stronger euro zone," writes Joerg Eigendorf in the daily newspaper Die Welt. ``Countries that are in denial have no place in the euro." He recommends an immediate Greek exit to prevent risking a larger crisis in Spain or Italy.

A bigger concern for the future of the common currency is the rumblings about a German exit. Wolfgang Reitzle, the chief executive of the DAX-30 listed company Linde AG, said last week that Germany should leave the euro if the highly indebted countries fail to carry out reforms. The comment was significant because it broke ranks with the country's corporate titans who have rallied around the export-friendly euro since the crisis began in 2010. Hans Sedlmaier of the financial magazine Focus Money this week even cited several sources who claimed to have knowledge of German central-bank preparations for a return to the deutsche mark.

