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# G8 leaders urge Merkel to boost growth

By Robin Harding and Richard McGregor in Washington and Kiran Stacey in Chicago



Barack Obama chairs a G8 summit plenary session at the Camp David presidential retreat in Maryland

G8 leaders have urged Angela Merkel to stimulate flagging eurozone growth but the formal conclusions to their weekend summit do not commit the German chancellor to a change of course.

In a statement issued from their Camp David retreat in Maryland, near Washington, leaders of the world's richest economies declared that "our imperative is to promote growth and jobs".

In a step away from across-the-board austerity aimed at bringing down ballooning national deficits, the G8 pointedly declared that "the right measures are not the same for each of us". But the communiqué did not state that countries with the capacity to stimulate demand should do so.

This is a crucial distinction because troubled eurozone members such as Spain and Italy are under pressure from the debt markets and cannot choose to adopt more stimulative policies by themselves. Such action can only come from countries at the core of the currency union,

especially Germany, either boosting demand at home or transferring more resources to the periphery.

Officials present said Ms Merkel was open to measures to support growth but how far she was moved by her uncomfortable G8 isolation may become clear at a eurozone meeting on Wednesday. "Today we agreed that we must take steps to boost confidence and to promote growth and demand while getting our fiscal houses in order," said Barack Obama, US president, at the end of the summit. "We agreed upon the importance of a strong and cohesive eurozone and affirmed our interest in Greece staying in the eurozone while respecting its commitments."

Officials from each of the G8 countries met for dinner on Friday night and talks continued until 4am as they tried to thrash out an agreement on how strongly the eventual communiqué would push for more eurozone action.

One German official said the discussion was a "free and intense exchange of views". But the person added: "That is the whole point of a G8 meeting."

Barack Obama and David Cameron, the UK prime minister, met on Saturday morning in the gym of the US president's country retreat and agreed that European institutions such as the European Central Bank needed to do more to boost the currency bloc's faltering economy.

Mr Cameron said after the summit: "Why meetings like this matter is that eurozone countries can hear from countries outside the eurozone ... whose economies are affected: obviously Britain, but also America, Japan, Canada. It is very important these messages get across and I would say there is a growing sense of urgency that action needs to be taken, contingency plans need to be put in place."

The two leaders received support from Mario Monti, the Italian prime minister, who led the discussions on the global economy. In an interview with CNN, the broadcaster, on Sunday morning, Mr Monti said: "We link back to the notion of demand ... I think we should regard it more positively than the most conservative European authorities do."

But reflecting German resistance to authorise monetary easing from the ECB, Mr Monti added: "On the other hand, if it is an across-the-board crusade for more demand, then I believe that the German reluctance to that is not entirely unfounded."

After the G8 finished, Mr Obama and Ms Merkel met for a 45-minute bilateral session that covered security issues but did not break new ground on the eurozone.

Concluding a tricky summit for the German leader, G8 leaders gathered to watch Bayern Munich lose a penalty shoot-out to Chelsea in the European Cup final. According to pool reporting there was "playful trash talking, and sympathy for chancellor Merkel, in many languages".