



AN ACTION PLAN FOR EUROPE'S LEADERS

BENEDICTA MARZINOTTO, JEAN PISANI-FERRY AND GUNTRAM WOLFF, JULY 2011

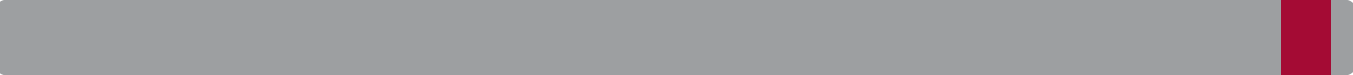
We estimate that a viable solution to deal with Greece should result in reducing the net present value (NPV) of future debt obligations by at least a third.

Though European leaders should recognise this reality, they, the European instit21.9(d)0(r-0.(o)15.2(p)1L)

1. See the evidence in Darvas, Pisani-Ferry and Sapir (2011) and, for an update, Darvas (2011).



This state of affairs implies that euro-area gov-



euro-area surveillance system in 2009-10, the EU leaders should call upon the President of the European Council and the European Commission to prepare proposals in this field.

CONCLUSION

The euro area's leaders cannot be expected to solve lingering problems by the stroke of a pen.

They cannot be expected either to find unanimous agreement in fields in which they have had consistently different positions. But they can demonstrate initiative by addressing three concerns simultaneously: sovereign solvency, growth, and systemic fragility. A meaningful package is within reach. This opportunity should not be missed. Our proposal is an immediate action plan but more ambitious reforms will be necessary.

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