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 Thursday, 29 December 2011 |  Peter Lindmark

Competing Camps

As the months passed, European leaders argued over whether bondholders should contribute to Greece's bailout.

THE ISSUE

Wolfgang Schäuble, backed by **Angela Merkel**, says Greece's bondholders should help pay the costs.



SPRING WARNING OVER COSTS

April 14, 2011

Dominique Strauss-Kahn says Europe must come up with more money for Greece.



Jean-Claude Trichet says bondholders shouldn't pay. **Nicolas Sarkozy** fears haircuts could hurt French banks.

Schäuble says the group must begin discussing how.



LUXEMBOURG CONCLAVE

May 6, 2011

Meeting of select finance ministers in Luxembourg on whether bondholders should be made to pay for the Greek rescue.



Trichet says he opposes the idea and won't talk about its mechanics. He storms out.

Strauss-Kahn had committed the IMF to helping Europe with its rescue plan.



NEW LEADERSHIP AT THE IMF

May 18, 2011

Strauss-Kahn resigns after being charged with sexual assault. (The charges are later dropped.) He is replaced by **Christine Lagarde**.



Lagarde more forcefully urges Europe to act on a number of fronts, including repair of the banking system.

GREEK DRAMA: TENT CITY IN ATHENS

June 15, 2011

Rioting in Athens worsens as Greeks lose patience with austerity demanded by Europe.



Greek premier **George Papandreou** offers to resign, then carries on, politically wounded.

Schäuble and Dutch Finance Minister **Jan Kees de Jager** press for Greek bondholders to take losses.



LUXEMBOURG FUDGE

June 20, 2011

Finance ministers meet in Luxembourg.



Trichet insists not. They settle on substantial bondholder burden-sharing while also preventing a Greek default.

Sarkozy assents to bondholder losses and **Merkel** agrees to let the bloc's bailout fund have more power. **Trichet** accepts reluctantly.



BERLIN ACCORD AHEAD OF EU SUMMIT

July 20, 2011

At meeting at German chancellery, **Sarkozy** and **Merkel** reach a compromise.