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# THE WALL STREET JOURNAL

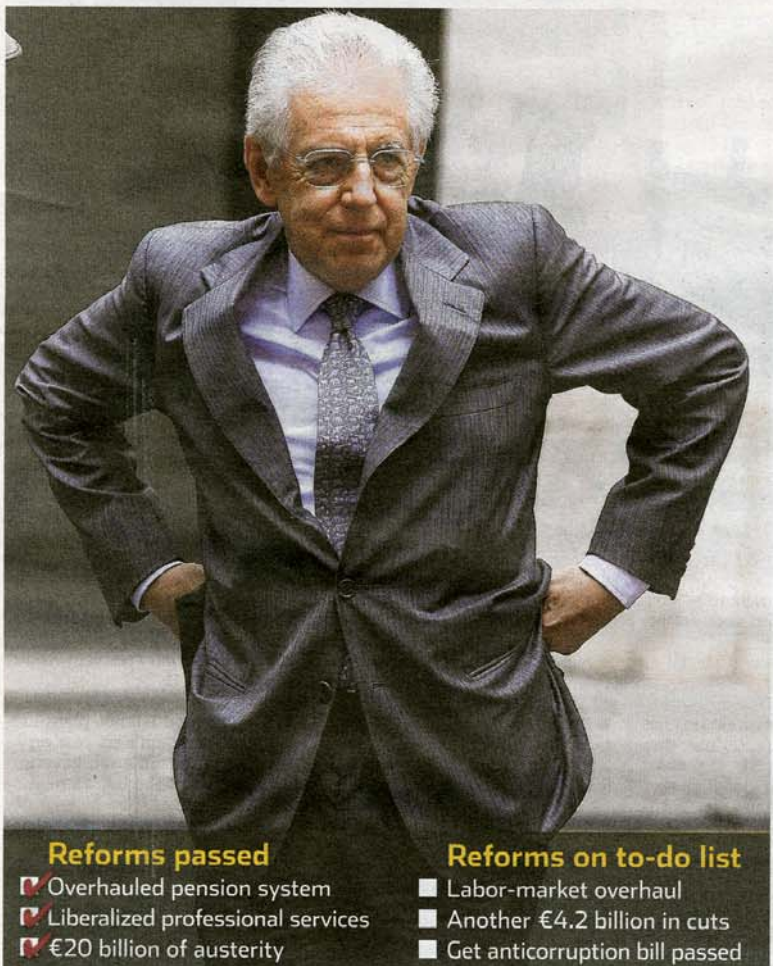
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### Reforms passed

- ✔ Overhauled pension system
- ✔ Liberalized professional services
- ✔ €20 billion of austerity

### Reforms on to-do list

- Labor-market overhaul
- Another €4.2 billion in cuts
- Get anticorruption bill passed

# Monti's Aura Fades as Italy Fights Crisis

By Stacy Meichtry

ROME—Prime Minister Mario Monti's honeymoon is over.

Italy's return to the cross hairs of the euro-zone debt crisis has ratcheted up pressure on Mr. Monti to accelerate his turnaround of the country's moribund economy. But the effort is running up against a rising tide of discontent at home.

Mr. Monti has passed austerity measures including tax increases and an overhaul of Italy's pension system since taking office in November, garnering widespread praise from investors and world leaders.

In recent days, however, the aura surrounding Mr. Monti has faded as investors and lawmakers at home take a hard look at unfinished items on the agenda—an overhaul of the labor market, cuts to government spending and plans

to modernize the justice system.

"The Monti effect has waned considerably," said Nicholas Spiro, who heads a London-based consultancy on sovereign debt.

### Euro-Zone Crisis

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Whether Mr. Monti regains his previous momentum is one of the most important questions facing Europe. Because of the size of its economy and debt—€1.9 trillion (\$2.39 trillion), equivalent to 120% of its gross domestic product—Italy

would be too big to bail out.

Investor fear of such a scenario—compounded by anxiety over Spain and continuing uncertainty over Greece—is driving Italy's borrowing costs back to the levels that preceded Mr. Monti's appointment. On Tuesday, the yield on Italy's 10-year bond reached 6.14%, compared with a 1.42% yield on ultrasafe German bunds.

Rome still needs to sell about half of the €450 billion in debt that Italy needs to roll over this year, said a Treasury official. At the same time, Mr. Monti's tax-heavy austerity measures have choked economic growth, causing Italy's economy to contract 0.8% in the first four months of the year.

The confluence of economic and market forces put Mr. Monti on the defensive for the first time in his seven months in office. On Tuesday, *Please turn to page 6*

**A POCKETFUL OF PROBLEMS:** Italian Prime Minister Mario Monti, on his way to a meeting on Tuesday with Switzerland's President Eveline Widmer-Schlumpf at the Chigli Palace in Rome, appeared to be making some last-minute adjustments.

# Greece's Elected Leaders Face Olympian Hurdles

ATHENS—The winners of Sunday's Greek elections will inherit a central government nearly out of cash, an economy in free fall and a restive public tired of austerity measures.

By Stelios Bouras, Alkman Granitsas and Costas Paris

With less than a week to go before the polls, there is also mounting concern that no party will win enough support to tackle these problems and that any new coalition could collapse within months.

The prospect of more political uncertainty in Athens

could complicate Greece's efforts to satisfy its international creditors and risks further aggravating the euro zone's widening debt crisis, which is now engulfing Europe's vulnerable south.

If Greece's new leaders are unable, or unwilling, to meet the conditions imposed as part of a €173 billion (\$216 billion) bailout from the European Union and International Monetary Fund, Brussels could pull the plug on aid, effectively pushing Greece out of the common currency.

Greece's restructuring program is already well off track, following weeks of political paralysis before and after in-

conclusive elections last month that failed to produce a new government. A new government will be under enormous pressure to move swiftly with more cost cutting.

Under terms of Greece's rescue package, Parliament needs to come up with ways to cut state spending by an additional €11 billion or more by June 30.

"Will these elections produce a stable government? Almost certainly not," said David Lea, a London-based analyst at Control Risks, an independent risk-consulting firm. "If the next government lasts a year it will have done *Please turn to page 4*

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# TomTom, Apple Reach Map Deal

Apple Inc. has forged a deal with Dutch navigation-system maker TomTom NV for mapping services and is ditching Google Maps, as Apple and Google Inc. compete to dominate a key aspect of mobile software.

The licensing deal between TomTom and one of the world's most famous brands was made public just hours after Apple unveiled new mapping features for its next mobile operating system during its developer conference.

The shifting alliances underscore the rising importance of mapping and location services. TomTom provides maps for Google through its

TeleAtlas unit, but the deal, forged four years ago, runs out in a year's time and the software giant is building up its own map base.

Amsterdam-based TomTom has been trying to reposition itself as a mapping-software and -services provider. The Apple deal could provide an important boost as demand for the Dutch company's portable satellite-navigation devices has ebbed due to the rising popularity of smartphones that provide navigation tools free of charge.

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