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As a precursor to crucial elections at the end of this summer, it seems a good idea to ponder on Germany, a key country in the euro area. Which critical factors of its economy make it a benchmark and, at the same time, a source of controversy throughout Europe?

This month's Dossier examines the labour reforms undergone by the country ten years ago, the sources of its exporting strength and the role played by the country in the construction of Europe. Something intangible but undoubtedly decisive is also analyzed: its culture and institutions, and I would like to focus particularly on these here; on two of the key ideas to Germany's philosophy and economic institutions that are worthy of consideration.

The first is its culture of economic and financial stability, both in terms of the public and the private sector. A stability that is opposed to the generation of economic growth as a result of expansion in demand, concentrating efforts on promoting supply and improving competitiveness as sources of sustainable growth in income and the standard of living. Naturally this principle entails strong restrictions on the capacity of public bodies to get into debt but it also extends to the private sector. As a result, the creation of wealth is based on savings and on resources generated internally by companies.

The second central idea is the close link that must always exist between any responsibility assumed and control exercised, both at the level of participants in the economy (households, firms, administrations) and also within inter-country relations. This is the philosophy that lies behind Germany's desire to share risks among euro area countries only if, beforehand, there has been co-responsibility in decision-making. A principle of responsibility that is key to market economies functioning correctly. A principle that attempts to prevent economic players from taking decisions or assuming risks and then eluding the consequences should these not turn out to be favourable. Behaviour that, unfortunately, has been widespread in the great international financial crisis.

There is no such thing as a perfect economic system and the German economy and its institutions certainly have their deficiencies; one of these is the fact that these principles have not always been respected. However, these two ideas that dominate Germany's economic approach are partly the reason for its success and their inclusion in overall economic and monetary union could be highly positive at a global level. In fact, the legislation that is gradually being introduced in the European Union in response to the crisis is largely based on such an approach.

As with all good principles, those of stability and responsibility must be a guide for economic policy but must also be applied pragmatically and intelligently, attending to specific circumstances. What does this mean within the context of the euro area's current problems?

Firstly, that although it is true that sustainable growth is based on improved supply, the lack of a federal budget in Europe like the one in the USA means that better budgetary coordination is required between member countries and therefore a less restrictive attitude in countries with less public debt, such as Germany.

And similar situation arises with the issue of responsibility. A debt crisis such as the present requires creditors and debtors to realize they are in the same boat and that sharing risks and the cost of deleveraging could be of benefit to both parties, without this necessarily violating the principle of responsibility and control.

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