



Re-Define Press Release on the outcome of the informal ECOFIN, 16th September, 19:30 CET

Please attribute Quotes to Sony Kapoor, Managing Director of Re-Define, an Economic Policy Think Tank.

"Tim Geithner probably feels that this trip has been a waste of his time." "The petty squabbles that are part and parcel of such EU meetings continued today."

"EU leaders did not want anything to do with the reality check offered by the IMF and Tim Geithner."

"EU leaders continue to pretend that the crisis is under control and seem to be living a parallel reality that has little, if anything, to do with the actual crisis in the Euro area."

"It is now probably too late to contain the Euro crisis without much bolder action by the ECB. While they could not solve the crisis on their own now, member states do retain the ability to make the crisis even worse." "The irresponsible words and actions we have seen so far are likely to continue."

On the failure to address the refinancing problems being faced by Italy

"Without Italian refinancing costs being brought under control, all bets are off. No amount of capital or liquidity support for European banks will be enough."

On the EFSF

"While leveraging the EFSF may have been effective in limiting contagion before August, it is now probably too late for this to be sufficient to stem the panic, now that the crisis has turned systemic."

"The decision to accelerate the approval of the enhanced EFSF is welcome, but will merely end up being a footnote given the scale of the crisis."

On the inability to reach a deal on the problems of Greek collateral

"The inability of EU leaders to handle the problem of Greece, one of the smaller economies in the EU does little to inspire any confidence in their capacity to tackle the much larger threat posed by the continuing failure of Italy and Spain to be able to refinance themselves at reasonable costs."

"Every additional of a failure to reach a final agreement on Greece uses scarce political capital and poisons public opinion so that it has now become much harder to tackle bigger problems that pose an existential threat to the Euro itself."

On the 'optimistic' growth forecasts

"Even the new forecasts for EU growth that have been revised downwards are likely to prove too optimistic."

"Given the inability of EU leaders to restore confidence, the likelihood of the Euro area falling into recession increases every day."

On the draft agreement reached on the 'six-pack' Economic Governance package

“The draft agreement on the six-pack hopefully means that EU leaders and institution can now give their undivided attention to the more urgent issue of handling the crisis.”

“The economic governance package, even if it is adopted on an accelerated time table now, is likely to have little impact on solving the crisis. In fact, by limiting scope for national actions and by imposing procyclical policies, it may even make the crisis worse in some respects.”

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