



**Re-Define Press Release – Ecofin and Central Bank swap lines
30th November 18:00 CET**

Please find below **Re-Define's** Comments on the Ecofin meeting and the Central Banks swap lines.
All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

General comments

“Confidence in the Euro area is so fragile that many developments can undermine it but only a very few things such as extraordinary intervention by the ECB can bolster it.”

“Stemming the Eurocrisis is now above the pay grade of the EFSF and finance ministers. Only the ECB and EU leaders acting in tandem can restore confidence.”

“The Europeans most want an increase in the resources of the IMF but will at best get only lukewarm support from other major powers as long as they are themselves not ready to commit resources directly or through the ECB.”

On the failure to agree to pan-European bank support mechanism

"The downgrade of several international banks yesterday makes the case for providing a pan EU backstop for capital and funding support even more urgent"

"Without pan-EU term funding guarantees, the ECB cannot by itself support EU Banks that have been shut out of markets"

"The failure of the Ecofin to agree to a credible mechanism to support weak banks in troubled economies is a very serious oversight"

"As long as doubt linger about the solvency of Italy and Spain, no amount of public support can restore confidence in the EU banking system"

"How useful would bank guarantees from member states be if these member states are themselves shut out of financial markets"

On the expansion of central bank swap lines

"Undoubtedly the expansion of central bank swap lines is a response to the deteriorating Eurocrisis and the dark shadow it is casting on the world economy"

"The expansion of central bank swap lines will provide some buffer against the kind of full blown panic that followed Lehman's collapse"

Please email Media@re-define.org for further Comments and Analysis or call [+32 489128094](tel:+32489128094)

Media Adviser, **Re-Define**

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