



**Re-Define Press Release – Greece and ECB
9th February 16:30 CET**

Please find below **Re-Define's** Comments on recent developments in Greece and the ECB Governing Council meeting today. All comments are attributable to **Sony Kapoor**, Managing Director, Re-Define, an Economic Think Tank.

The deteriorating economic situation in Europe that Re-Define has been warning against threatens to spiral out of control. Please also find Sony Kapoor's and Peter Bofinger's [suggestions for a growth compact](#) that the EU desperately needs in order to stabilise the situation and get out of the crisis (which appeared in the Guardian, NRC Handelsblad and Politiken).

ECB

“The ECB’s decision to keep interest rates unchanged is not surprising.”

“Frankly, it would not have made much impact on the cost of borrowing for the real economy in the crisis hit countries as the channels of monetary policy transmission are completely broken.”

“As expected, the list of National Central banks announcing changes to their collateral criteria coincides relatively closely with the list of countries seeing funding stresses in their banking systems.”

“I fear that the ECB’s support for the banking system may be making the EU complacent. With every passing day, the question of how and when banks will be able to exit their increasing dependence on the ECB becomes more urgent and things are not looking good at this point.”

“The ECB’s failure to react to the progress made on the fiscal point gives cause for concern as to the future direction of the Eurocrisis.”

Greece and ECB

“Without the willingness of the ECB to fore go potential profits on its holding of Greek debt there would have been no deal.”

“The ECB came in to try and help Greece so should not be made to bear any losses. But it would also have been unacceptable if it had made any profits on its holdings of Greek debt.”

Greece

“Greece is caught between the devil it knows and the deep sea it doesn’t.”

“There is no short term solution to the Greek crisis that would not be immensely damaging to Greece, the rest of the Euro area or both.”

“Just because Greek leaders have agreed on targets does not mean that they will or indeed can be delivered.”

“Until Greek citizens and businesses start expecting tomorrow to be better than today, the crisis will continue to worsen, dramatically.”

“The agreement on cutting minimum wages in Greece would further suck demand out of an already deflating economy.”

“There will be no winners from this Greek deal.”

“Eventually, the EU will need to make a decision on whether it is willing to provide more assistance to Greece and Greek citizens will have to decide if the terms of this assistance are acceptable to them. We have just reached a temporary truce. The war will continue to be fought for some time to come.”

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

Media Adviser, **Re-Define**

Follow us on [Twitter](#)

Follow us on [Facebook](#)