



**Re-Define Press Release – Second Greek Bailout
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Please find below **Re-Define's** Comments on the Greek program, austerity across the Euro area and numbers that don't add up. All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

General comments

"The Greek program remains fragile and vulnerable." "Even with this agreement, most of Greece's problems lie ahead of it, not behind."

"The conflict between austerity and an improvement of indebtedness discussed for Greece is playing out at the Eurozone-wide level."

"The success of the program depends on assumptions of social & political support and economic outcomes that look too optimistic."

"If haircuts had been imposed to private holdings of Greek bonds when debt restructuring was first discussed 2010, the situation for Greece would undoubtedly have looked significantly better now."

"One can't help but get the feeling that everyone involved is going through the motions, doing what they feel they have to do, rather than what they want to or what they believe in."
"Confidence in the success of what has been agreed is rather low."

"The agreement on Greece crosses some important thresholds – the escrow account for servicing debt, the permanent presence of EU monitors in Greece and prioritizing debt service obligations in primary legislation – which may now become standard in future EU bailouts."

The numbers game

"Based on what we have seen today, Greece will almost certainly need another bailout."

"The Troika have had to do some arithmetic gymnastics in order to make the numbers add up but their optimistic assumptions are unlikely to hold."

"The mechanism for the contribution of profits on central bank holdings of Greek bonds is unnecessarily complicated and creates additional uncertainty and future potential disagreements."

"The 53.5% nominal value haircut on private holdings of Greek government bonds is very significant but may turn out to be too little too late given how over-indebted Greece will be even after this haircut has been imposed."

“Future debt reductions for Greece, which may be needed given the optimistic assumptions in the program, will likely come at the cost of other EU taxpayers not the private sector.”
“This, if and when it happens, would be hugely politically toxic.”

"At least one or more of the downside scenarios envisaged in the Greek debt sustainability analysis – lower than projected privatization revenues, lower growth rates and insufficient primary surpluses are likely to come to pass so the Greek deal, as it stands, looks incomplete."

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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