



Re-Define Press Release on the State of the Union Speech by President Barroso

28th September 2011 12:00 noon CET

Comments attributable to Sony Kapoor, Managing Director of Re-Define, an Economic Think Tank

“This speech recognized the gravity of the problems the EU faces did not mince words and offered some concrete proposals such as further sovereign support by the ECB, an EIB led investment program for growth and the enactment of financial transaction taxes for revenue.”

On his call for the ECB to act

“The call to arms for the ECB reflects that the President understands the seriousness of the current crisis and is hugely welcome. One really hopes the ECB is listening.”

“At this stage, when the crisis has turned systemic, only an open-ended commitment to support sovereigns by the ECB can be guaranteed to work. While other options such as leveraging the EFSF may help, they may no longer be enough.”

“If the ECB does not put its full weight behind helping sovereigns such as Italy and Spain borrow at reasonable costs, it would start looking like a dereliction of its duty as the guardian of the Euro.”

On the focus on growth

“For the same buck, a focus on growth delivers a much bigger bang in terms of fiscal sustainability than a focus on austerity.”

“At a time when everyone else is talking about austerity, it’s good to hear someone talking about growth in this continent for a change.”

“Pan-European projects financed by an expanded EIB, a big-bang expansion of the single market particularly in services and some basic structural reforms are at this point Europe’s best hope for restoring growth.”

On the call for an expanded EIB

“We believe that a doubling or even tripling of the EIB’s capital should be seriously considered by EU policymakers as one of our best hopes to grow our way out of the crisis.”

On the exploration of a more efficient use of the EFSF capital

“Re-Define’s idea for using the EFSF as a tool for providing guarantees rather than lending is gaining traction particularly as the ECB remains opposed to the idea of an EFSF bank.”

“While leveraging up the EFSF, for example through the use of guarantees, is necessary, we believe that only an open-ended intervention by the ECB can be sure to restore confidence at this stage.”

On the support for financial transaction taxes

“Financial transaction taxes, appropriately designed, can not only raise substantial revenue but also enhance stability by discouraging destabilizing trading that serves little economic purpose.”

“Re-Define has shown that financial transaction taxes, across a broad set of financial markets are both feasible and desirable at the level of the European Union or in the absence of agreement at the level of individual member states.”

For further comments or interviews on the state of the union speech please call +44-7986849865 or email media@re-define.org

On behalf of Michelle Henery

Media Adviser

Re-Define