



**Re-Define Press Release - Bund Auction, Eurobonds, New Economic Governance, Euro crisis & ECB
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Please find below **Re-Define's** Comments on on the failed Bund Auction, Eurobonds, New Economic Governance, Euro crisis & ECB. All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

General

"This is now an existential crisis for the Euro area, nothing less."

"The failed Bund auction today will hopefully concentrate minds at the ECB and in Germany."

"The Commission is slowly but surely becoming a European Finance Ministry, one step at a time."

"The austerity mantra in the EU has already spelled the death knell for growth."

"Nothing short of an open-ended commitment by the ECB to support troubled sovereigns will stem the panic now."

Annual Growth Survey

"The Commission refuses to change its dogmatic stance on austerity even in the face of mounting evidence that the EU is being pulled inexorably into a recession."

"The AGS wish-list includes triggering growth and providing credit to the real economy but without concrete means to finance what is needed, troubled member states will fail in any efforts to do either."

"The Commission's call for a co-ordinated approach to tackling tax evasion in the EU needs to be acted on without any further delay."

Eurobonds

"The proposed 'stability bonds' will be toothless without an explicit provision of a lender of last resort support by the European Central Bank."

"The proposed 'stability bonds' will do little, if anything at all, to help with sorting out the current crisis."

Debt brakes

"While the use of independent forecasts would be useful, hardwiring debt brakes in constitutions may limit room for much-needed countercyclical fiscal policy."

New Governance reforms

"Given the damage that problems in a member state can inflict on others, being able to force troubled states into accepting aid would be good for reducing contagion."

The failure of the German bund auction

"With growth faltering and bond auctions failing, the German self-perception that it is somehow floating above the crisis is bound to have been punctured."

"At this stage, even the immediate adoption of Eurobonds would be insufficient unless they are backed by the ECB."

"The failed Bund auction and the faltering economy will hopefully jangle enough nerves in Germany to get it to cross its self-imposed red lines on Eurobonds and more ECB support for troubled sovereigns."

"Given the significant amounts of Bunds the Bundesbank bought in today's failed auction, its principled opposition to the ECB having a stronger role in supporting the bond markets of troubled member states looks untenable."

European Central Bank

"Further delay by the ECB will soon look like a dereliction of its duty as the guardian of the Euro."

"Unless it happens sooner rather than later, scaled up ECB support may eventually prove to be insufficient much as the delayed leveraged EFSF has."

"Nothing short of an open-ended commitment by the ECB to support troubled sovereigns will stem the panic now."

"The ECB must specify a yield target on new borrowing by troubled member states in the 4% to 5% range and fully stand behind this commitment."

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