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Greek Finance Minister Warns "Euro Will Collapse If Greece Exits", Says Italy Is Next

By Zero Hedge
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The time for the final all-in bet has arrived.

As we explained yesterday, when we wrote that "Greece Gambles On "Catastrophic Armageddon" For Europe, Warns It "Only Has Weeks Of Cash Left"", and as confirmed further by today's *fire and brimstone*speech by Greek PM Tsipras, in which he not only did **not** concede one millimeter to Europe but raised the stakes even higher, by promising among other things to raise the minimum wage and to halt foreclosures, Greece is now betting ***everything*** that Europe will not allow it to exit, hoping that "*this time is not different",* and the existential terror that would be heaped on the Eurozone as forecast in 2012 by the likes of Citi's Buiter and IIF's Charles Dallara, will still take place, and Europe will concede that spending a few more billion on Greece's bridge program is worth to avoid what could potentially spiral into an out of control collapse.

To be sure, that is precisely what Yanis Vaourfakis implied today when he said that "**if Greece is forced out of the euro zone, other countries will inevitably follow and the currency bloc will collapse, Greek Finance Minister Yanis Varoufakis said on Sunday,** in comments which drew a rebuke from Italy."

The comments emerged from an interview we commented on earlier with Italian state television network RAI, Varoufakis said Greece's debt problems must be solved as part of a rejection of austerity policies for the euro zone as a whole. He called for a massive "new deal" investment program funded by the European Investment Bank.

From Reuters:

> **"The euro is fragile, it's like building a castle of cards, if you take out the Greek card the others will collapse.**" Varoufakis said according to an Italian transcript of the interview released by RAI ahead of broadcast.
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> The euro zone faces a risk of fragmentation and "de-construction" unless it faces up to the fact that Greece, and not only Greece, is unable to pay back its debt under the current terms, Varoufakis said.
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> **"I would warn anyone who is considering strategically amputating Greece from Europe because this is very dangerous," he said. "Who will be next after us? Portugal? What will happen when Italy discovers it is impossible to remain inside the straitjacket of austerity?**"

So now that Greece is all in, the time for even more truth has emerged, and if Greece is finally being honest, it may as well spook Italy and drag it down – or rather up – with it**.**

> **"Italian officials, I can't tell you from which big institution, approached me to tell me they backed us but they can't tell the truth because Italy also risks bankruptcy and they are afraid of the reaction from Germany,"** he said.
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> "**Let's face it, Italy's debt situation is unsustainable," he added**, a comment that drew a sharp response from Italian Economy Minister Pier Carlo Padoan, who said in a tweet that Italy's debt was "solid and sustainable."
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> **Varoufakis's remarks were "out of place", Padoan said, adding that Italy was working for a European solution to Greece's problems, which requires "mutual trust".**
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> Italy's public debt is the largest in the euro zone after Greece's and Italian bond yields surged in 2011 at the height of the euro zone crisis. They have since fallen steeply and have so far come under little pressure from the renewed tensions in Greece.

And while the Greek "scorched earth" approach would have no doubt succeeded had it taken place three, two or even one year ago, when Europe still had some faint resemblance of an actual market, the difference this time is that by dint of its recently launched QE, which revealed that Germany's staunch "*anti money printing* " stance was nothing but melodramatic theater all along, **it is the ECB** that is in charge of every asset class in Europe: from the EUR, to the German Bund, to the Italian BTPs, to the DAX to, well, everything, and neither fundamentals nor non-central bank players matter any more.

Which is why Greece may have waited just three weeks to long with its final gambit, as Europe is confident that the ECB's interventions can offset the loss of faith in an already crashing Eurozone (if only for a short period of time, of course). Because the alternative, ceding to Greece, means that all other European peripheral states will demand the same treatment.

Which brings us back to Greece, for whom the moment has finally arrived: the moment which was so eloquently described by a Chuck Palahniuk character when he said that *"it is only after we have lost everything, that we are free to do anything.*"

"We" in this case being Greece. The only question is whether the freedom from its final loss has arrived just a few weeks too late…

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