

The Road to the Greek Hell is Paved with False EU and IMF Statistics

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A new blatant intervention of the European Commission was triggered by the decision of the third Court of Appeal of Athens on August 1st, on the hearing of the former President of ELSTAT (Hellenic Statistical Authority), Andreas Georgiou, for repeated breach of duty.

The provocative intervention of the European Commission (indication of their great discomfort over the decision of the Court of Appeal), which continues to treat Greece as an occupied country without sovereign rights, was via the Commission's spokesperson Annika Breidthardt, who invoked the independence of the statistical services. In essence, the mouthpiece of Brussels if anything she asked was the unaccountability of the Eurostats' favorites, even at the expense of their country, as was repeatedly done by A. Georgiou. In addition, as rightly highlighted in the announcement of the Union of Judges and Prosecutors on August 3rd, the unequal treatment of the European Commission creates two classes of citizens. Narratives of creditors were reproduced by mainstream Press ([FAZ](#), [FT](#), [Politico](#), [Bloomberg](#), et. al.) which appeared A. Georgiou, who now lives in Maryland, as a victim.

Needless to say, that the venal and loafer bureaucracy of Brussels would have never reached the point of showing its teeth by interfering with such frequency, if the so-called left-wing government of SYRIZA (which governs with the extreme-right party of ANEL) had not given them the right. Going as far as to accept in the prerequisites of the last instalment, the acquittal of A. Georgiou (proof of the inability of his acquittal through the lawful way), as well as paying his legal costs (just for humiliating them), the message sent out by the government is that the rule of law will have the fate of the welfare state: sacrificed at the altar of Memoranda!

The judgment of the Court of Appeal may once again have angered the parasites in Brussels, but it abstained from the proposal of the Prosecutor, Mr. Lambros Patsavellas, who, in his speech, asked for the conviction of

Georgiou for all three offenses, which did not concern the data falsification, as this will be trialled in the Criminal Court.

Specifically, the former President of ELSTAT, A. Georgiou, was accused of the following: First, because he simultaneously occupied two critical posts (one as a President of ELSTAT and another as deputy division chief in the IMF) – for this he was acquitted. Secondly, because he did not call for the BoD meetings – for this he was acquitted. And, thirdly, because he sent the 2009 deficit figures all by himself, without ELSTAT taking knowledge – for this, he was found guilty. The contradicting fact that he was acquitted for not calling for the BoD and then convicted because he sent the data to Eurostat by himself (because he did not call for the BoD to approve them!), is utterly blatant!

Let take a look one by one the above mentioned accusations.

Servant of Two Masters!

The position of the President of ELSTAT is a dedicated full-time position (as provided by article 15, par. 1, sentence b of the 3832/2010 law). However, when on June 29, 2010, A. Georgiou passed by the approval of the Conference of Presidents of the Greek Parliament, he concealed that he had not resigned from the IMF but had taken an unpaid leave. His direct dependency on the IMF was apparent on the e-mail he sent to the representative of IMF in Greece, Paul Thomsen, urging him to intervene on the government, via Brussels, in order to change the law on the statistical service.

Georgiou, concealed his professional relationship with the IMF because if made known, he could not even be a mere member of the Board, as the only parallel position allowed, is that of a faculty member at a University. However, Georgiou, is not a professor! He is not even a statistical scientist, since he has no relevant studies. Even at the IMF, he was not working as a statistician, but as a simple economist. It seems, that in the case of statisticians there is a constant tradition which was first pointed out by the American economist and Nobel laureate Joseph Stiglitz: The IMF, recruits, second and third-class scientists to make the dirty job.

Georgiou was concealing the truth that he serves two Masters for more than a year (from July 2010 to September 2011). Thus, along with the position of President of ELSTAT he also held the post of Deputy Chief of the IMF Statistical Service, where admittedly resigned on July 16, 2010, but he only put in into effect on November 10, 2010. The fraud was uncovered by MPs and journalists, so Georgiou had to admit it. Even then, he pretended the naive, stating that he did it in order to secure his pension. The question which subsequently arises is why didn't he wait until November 10, 2011, to complete his pensionable years at the IMF and then move to Greece? Obviously, his highly lucrative relationship of dependency with the IMF served the hateful organization who wanted to have its own people in key positions in Greece...

What if there was an evident conflict of interest between lender and borrower? A contradiction which was also described by the prosecutor himself, who in the end was applauded by dozens of ordinary people who had flooded the Court of Appeals to watch the trial ...

For the offense of holding simultaneously two positions, the Court of Appeal decided that Georgiou is innocent.

ELSTAT, One Man's Principle

From November 2010 to September 2011, Georgiou refused to convene a meeting between the other 6 members of ELSTAT (N. Logothetis, G. Georgantas, A. Philippou, G. Simiyiannis, St. Balfousia and K. Skordas) who consisted the seven-member collegial body of the independent Authority.

In order to leave no doubt regarding the motives of the BoD members we should state that (according to article 12 of law 3832 / 9.3.2010) its seven members are defined as follows: Four members (of which one is appointed as chairman and another as vice-chairman) are elected by the Presidents of the Parliament, on the recommendation of the Minister of Finance, following a public notice by a majority of 4/5 of its members. One member is nominated by the Governor of the Bank of Greece, one member by the Minister of Finance and another member by the Workers' Association. As a result, they were not representatives of the protestors of

Syntagma square, nor representatives of grassroots unions ... Thus, Georgiou, acted behind their back, as his illegalities were so blatant that they could not be accepted by employees who did not have the psychology of a gauleiter nor of a man in special mission who knows that whatever his actions may-be, his contractors, will cover for him.

His argument, that there was no trust between the members, and that is why Georgiou did it all by himself, was overturned by the prosecutor, who argued that if Georgiou did not trust them, he could entrust the vice-president to convene a BoD. So, why didn't he request it from N. Logothetis?

Georgiou (who never missed a chance to insult Greece) to further strengthen his position he was issuing press releases in Greek and English. In these press releases the Board members were being presented as politically animated, with unionist-like and "abnormal" behavior!

For the offense of the non-convergence of the BoD, the Court of Appeal decided that Georgiou was innocent.

Guilty of the 2009 Deficit

Of particular importance, however, is the decision of the three-member Court of Appeal, to convict Georgiou in two years' imprisonment, with a three-year suspension, for the irregular transmission of the 2009 data of budget deficit. This decision angered the creditors and the neoliberal establishment in Greece. In particular, A. Georgiou he was convicted because he did not put into account ELSTAT as a collective body and because the latter did not consent on the transmission of the data, in violation of Article 10, par. 2(f) I of Law 3832/2010. More specifically, it states that "ELSTAT in particular: a. Prepares and executes the annual statistical program and produces and publishes with the status of the "national statistical office" as defined in para. 1 of article 5 of Regulation (EC) No 1782/2003. 223/2009, the official, national and European statistics of the country."

Georgiou, however, chose to forward only the data for the 2009 deficit. Thus, in a completely unmonitored way, he predicted the 2009 deficit at 11.9%, first, later 13.6% of GDP later inflated it even more at 15.4% and shortly thereafter even higher: at 15.8%!

Georgiou, who was found guilty of this offense without being granted any extenuation and with the maximum penalty, violated the principles that are strictly followed in all statistical services of Europe.

The court's decision to convict Georgiou for the arbitrary transmission of the 2009 deficit figures paves the way for revealing and putting into question the scheme that trapped Greece in order to enter the era of Memorandums under the eye of the EU-IMF and of course of the domestic economic elite. If the creditors were having a say on which of the three charges the IMF official, Georgiou, must not be convicted, they would choose this particular one, as the rejection of the way that the data of the 2009 deficit was transmitted (as much as it contradicts Georgiou's acquittal for the non-convergence of the BoD) paves the way for the pending trials which question the 2009 deficit itself! This a decision may not was the best possible, but eases the way of proving that the deficit was formed by the creditors' orders in order to justify the literature of fiscal derailment.

The current phase of litigation about false Greek Statistics started only a few days after the last disbursement of the 7.7 million tranche, on July 7, and after the SYRIZA-ANEL government had implemented every single claim of the European creditors and the IMF. Then they realized that an unpleasant surprise was awaiting them. These included the acquittal of three members of the Hellenic Republic Asset Development Fund S.A. (this is the super-fund of privatizations) from Italy, Spain and Slovenia and of the former President of the ELSTAT (Hellenic Statistical Authority), Andreas Georgiou, who in 2009 inflated the deficit so that Greece be placed under the Memoranda status quo. They even ratified his claim for 100.000€ compensation for his legal costs, which is an unparalleled act of political humiliation.

The surprise which followed the disbursement was related to the objection on behalf of the Prosecutor of the Supreme Court, Xenis Demetriou against the Decree of the Counselors Appeal (No. 969/2017) issued on May 26, 2017, where Georgiou was relieved from the accusations that he artificially inflated the budget deficit. With this particular Decree, proposed by the Prosecutor of the Court of appeal, Mr. John Koutras, and adopted by the

majority (only the Prosecutor Christina Romesi voted against) decided not to be referred to the three-member Athens Court of Appeal, George and two of his associates (Konstantinos Molfetas and Athanasia Xenaki) for the accusation of false attestation in criminal complicity at the expense of the Public under the particularly aggravating circumstance of the extreme high value of the object of the crime.

It should be noted that this was the second time that the Mr. George and his co-defendants were exempted by Decree of the Council of the Court of appeal. An identical discharge decision (1149/2015) from the accusation for falsification to a felony degree was preceded.

Georgiou was Never Acquitted!

Consequently, those who argued that Mr. Georgiou has been acquitted twice so far make a broad interpretation of the Decree. They turned the exculpatory acts into acquittals with apparent objective to present Mr. Georgiou as a victim of persecution. And instead of apologizing for his inability to prove his innocence to the court hearing, as any accused is obliged to do, he appears as a victim of political squabbles, when the only political conspiracy in progress aims at his acquittal.

The rage of the EU, who treats Greece as a Banana Republic, making use the slavish attitude of Tsipra's government, is fully understandable on the basis of the possible consequences a final court decision will have for all the countries that voted for Greece's lending in 2010, which will conclude that Georgiou and Eurostat altered fraudulently the financial figures of Greece. Hundreds of deputies across the EU have therefore been deceived with non-existent economic data in order to save the French-German banks. That being the case, the EU is now trying to not only save her valuable associate in Athens, who in fraudulent ways and in violation of not just the scientific ethics but also of laws, paved the way for the steamroller of the Memoranda, but also to conceal its own responsibility in the falsification of statistical data. That is, not to open the Windbag of Aeolus and reveal the great robbery organized by the EU and IMF at the expense of the people, using the excuse of "rescues" ...

In order to better show how provocative and against of any concept of law is the intervention of the creditors on putting an end on the Georgiou chapter, it is worth a small flashback on the very serious accusations against the former powerful man of the ELSTAT who paved the way for the then Finance Minister, G. Papaconstantinou, to compare Greece with Titanic as a self-fulfilling prophecy, paving the way to the speculators...

It is worth to stand in three specific examples which demonstrate the cooking in the data of the ELSTAT that took place under Georgiou's responsibility, so that the 2009 budget deficit would initially reach 11.9% and later 15.8% of GDP. They also show why the creditors, the pro-Memorandum governments (social-democratic PASOK, the so-called technocrats of L. Papadimou, the right-wing New Democracy and the current SYRIZA-ANEL) do not want the case before the hearing.

The "creative accounting" was used in the data of: First, hospitals, second, 17 DEKOs (Public Companies of General Interest) and hundreds of legal entities (around 500) and third the famous swap of the former Prime Minister, Kostas Simitis, who were "cooked" with the help of Goldman Sachs so that the budget deficit to rise in high levels in order to launch the "shock therapy" in 2010.

Statistical Alchemies

The amount that the ELSTAT sent as hospital debts as part of a consistent recurring process in October 2009 in order to establish the tables with the financial data of the EU Member States was "just" 2.3 billion euros. However, somehow in the notification that arrived a few weeks later at Eurostat, dated October 21st, 2008, the amount had increased by an additional 2.5 billion euros, reaching at 4.8 billion euros. Then it was considered that even this amount was not sufficient enough to get the deficit to a convenient for their purpose, therefore the Greek government added an extra 1.8 billion euros, justifying this decision with a "technical report on the review of the obligations of Hospitals" which was sent on February 3, 2010. Thus, the 2.3 billion were magically become by the "Wizard" Georgiou 6.6 billion euros! They were so determined (because of the guarantees that they certainly had outside Greece) that they did not take into account even the Court of Auditors, which, out of the alleged 6.6 billion, approved only 1.2 billion euros. They did not even "lower" the 6.6 billion when one and a half month after the unlawful increase in the budget deficit, the Finance Ministry demanded that hospital suppliers

accept a 30% haircut for their unpaid services in 2005-2008. Thus, while public funds benefited from this cut, this discount was never recorded in the fiscal figures.

It is worth to underline another fundamental dimension, which was emphasized in the first report of the Truth Debt Committee in June 2015 under the aegis of Greek parliament ([here](#) is the full text) with aim to show that Greek debt was illegal and odious: "This statistical practices, which were used to calculate the liabilities of hospitals, clearly violate both the ESA95 European regulations (see . ESA95, par. 3.06, EC no. 2516/2000 Article 2 of Commission Regulation EC no. 995/2001) as well as the Code of Practice of the European Statistical System (European Statistics Code of Practice), particularly as regards the principles of independence of the statistical measurements, statistical objectivity and credibility" (page 24).

Thus, assurances of anonymous sources in Brussels, which are being republished as a whole and without criticism assuring that specific methodologies were used so Eurostat guarantees the reliability of the data are... nonsense. They are just pulling the wool over the people's eyes! Nowhere, the ESA95 and ESA2010 regulations indicate this recording process. The fact that the assurances of Brussels are arbitrary is obvious from the fact that even eight years later different sources of Eurostat show a different levels of deficit... So Eurostat should first decide on the level of the 2009 deficit which in every opportunity shows off the very bad quality of the data it publishes (on the contrary, with the US counterpart), and then they can issue firmans in order to put a tombstone on a debate that has a long future.

All In...

In violation of the international regulations, 17 DEKOs and hundreds of legal entities from the non-financial corporations in the General Government sector were also included in order to inflate the deficit. These entities included from ETHEL (Thermal Bus Company), ILPAP (Electric buses of Athens and Piraeus), ISAP (Urban Rail Transport SA) and OSE (Hellenic Railways Organisation) to the Center for Renewable Energy Sources, the Industrial Property Organization, the University Research Institute for Communications and Computer Systems and the Varvakeios Market of fresh meat and fishes.

The result of this actions was to raise the public debt by at least 18.2 billion EUR. In order for A. Georgiou to be able to pass this change, which was implemented without the slightest studies, he canceled the Service Board of Directors and turned it into one man's authority. Moreover, his "daring" exploits include his effort to deceive the Parliament, where in order to justify the reclassification, he submitted 74 files that supposedly contained the relevant documentation. In fact, they did not contain studies as they should, but questionnaires, balance sheets and a multitude of other documents that were totally unprocessed.

Only pizza and souvlaki menus were missing from these files, knowing that such records are hardly even opened, not to mention... read!

The last trick that Georgiou and his associated recruited to inflate the deficit was the sinful swaps by Kostas Simitis. Specifically, the debt swap agreements signed by the Greek government with Goldman Sachs in order to hide the public debt. Instead of revealing the alchemy used for Greece's accession to the eurozone and hold account the financial staff of K. Simitis (L. Papademos then governor of central bank and later appointed by Troika prime minister, G. Stournaras then chief of economists and now governor of central bank, etc.), these very alchemy were once again used against Greek people, as Georgiou arbitrarily AGAIN decided to allocate the € 21bn swap within the years 2006-2009, increasing retroactively and in violation of EU regulations the public debt. Why did he distributed it in previous years and not in the next, as he could do, this is something they never want us to know.

The Europeans tried to cover up the ELSTAT scandal invoking the famous independence of statistical institutes. The European Commission statement said in a nutshell that "if we find the data credible, it should be enough for you". This is extreme political authoritarianism that shows that the independence ... seriously hampers Democracy. Prohibits the democratic control, removes sovereign rights, facilitates poverty, and becomes a policy enforcement tool that no people have decided, nor approved. The independent authorities therefore cancel Democracy, just like the EU itself that uses every means to conceal the ELSTAT scandals!

Translation: FF.

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