

The IMF confesses it immolated Greece on behalf of the Eurogroup

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- **TIME FOR RESIGNATIONS AT THE IMF, THE ECB & THE COMMISSION**
- **TIME FOR AN APOLOGY TO THE PEOPLE OF GREECE**
- **TIME FOR A POLICY U-TURN, BEGINNING WITH IMMEDIATE DEBT RELIEF, THE END OF AUSTERITY & THE CESSATION OF FIRE SALES**
- **TIME FOR THE RESTORATION OF GREEK DEMOCRACY**

This week began with a debate in Greek Parliament called by the Official Opposition (the troika's main, but not only, domestic cheerleaders) for the purposes of, eventually, indicting me for daring to counter the troika while minister of finance in the first six months of 2015. The troika who had staged a bank run before I moved into the ministry, who had threatened me with bank closures three days after I assumed the ministry, and who proceeded to close down our banks, now moved to charge me with... bank closures and capital controls. Like a common bully, the troika proved immensely keen to blame its victims, and to violate and vilify anyone who dares resist its thuggery.

My reaction to the troika's charges, and threat of being pulled up in front of a judicial inquiry, was simple: "Bring it on!" "I shall face you", I challenged them "in any forum you want: in an amphitheatre, a TV station, even a court room!" In the end, they chickened out and the parliamentary motion was defeated as some of them (a small party usually fully in troika's clasps) strategically voted against.

And then, to complete this week's drubbing of the troika, the [report by the IMF's Independent Evaluation Office \(IEO\)](#) saw the light of day. It is a brutal assessment, leaving no room for doubt about the vulgar economics and

the gunboat diplomacy employed by the troika. It puts the IMF, the ECB and the Commission in a tight spot: Either restore a modicum of legitimacy by owning up and firing the officials most responsible or do nothing, thus turbocharging the discontent that European citizens feel toward the EU, accelerating the EU's deconstruction.

While I was in the ministry, negotiating with such folks, the troika-friendly (or should I say troika-dependent) press was arguing that I am not fit to conduct these negotiations because I had dared insinuate that, from 2010 to 2014, the IMF, the ECB and the Commission had been fiscally waterboarding Greece, causing an unnecessary Great Depression as a result of their thuggish imposition of macroeconomically incompetent policies. The establishment press were claiming that a finance minister of a small, bankrupt nation which is being waterboarded by the high and mighty troika functionaries cannot afford to say, in public or in private, that his small, bankrupt nation was being waterboarded.

My response was that we had tried silence and obedience from 2010 to 2014. The result? A loss of 28% of national income and grapes of wrath that were "...filling and growing heavy, growing heavy for the vintage". Thus, it was time to put to the troika moderate, rational counter-proposals while refusing to continue to acquiesce to their pretend-and-extend tactics. It was a stance that I was never forgiven for.

A year after the troika succeeded in having me ejected from Greece's government, by prevailing upon Alexis Tsipras to capitulate to them against the wishes of 62% of Greece's voters, the IMF's 'internal affairs' is now confirming that my stance was utterly justified, rather than mistaken or undiplomatic. Ambrose Evans-Pritchard, in his [29th July Telegraph article](#), had this to say about the IMF's IEO report:

A sub-report on the Greek saga said the country was forced to go through a staggering squeeze, equal to 11pc of GDP over the first three years. This set off a self-feeding downward spiral. The worse it became, the more Greece was forced cut – what ex-finance minister Yanis Varoufakis called "fiscal water-boarding". (See below for more pertinent quotations from Evans-Pritchard)

The question now is: What next?

- What good is it to receive a mea culpa if the policies imposed on the Greek government are the same ones that the mea culpa was issued for?
- What good is it to have a mea culpa if those officials who imposed such disastrous, inhuman policies remain on board and are, in fact, promoted for their gross incompetence?

In sum, an urgent apology is due to the Greek people, not just by the IMF but also by the ECB and the Commission whose officials were egging the IMF on with the fiscal waterboarding of Greece. But an apology and a collective mea culpa from the troika is woefully inadequate. It needs to be followed up by the immediate dismissal of at least three functionaries.

First on the list is Mr Poul Thomsen – the original IMF Greek Mission Chief whose great failure (according to the IMF's own reports never before had a mission chief presided over a greater macroeconomic disaster) led to his promotion to the IMF's European Chief status. A close second spot in this list is Mr Thomas Wieser, the chair of the EuroWorkingGroup who has been part of every policy and every coup that resulted in Greece's immolation and Europe's ignominy, hopefully to be joined into retirement by Mr Declan Costello, whose fingerprints are all over the instruments of fiscal waterboarding. And, lastly, a gentleman that my Irish friends know only too well, Mr Klaus Masuch of the ECB.

Finally, and most importantly, the apology and the dismissals will count for nothing if they are not followed by a complete U-turn over macroeconomic, fiscal and reform policies for Greece and beyond.

Is any of this going to happen? Or will the IMF's IEO report light up the sky fleetingly, to be forgotten soon? The omens are pointing to the latter. In which case, the EU's chances of regaining the confidence of its citizens, chances that are already too slim, will run through our leaders' fingers like thin, white sand.

FURTHER QUOTES FROM EVANS-PRITCHARD

“The [report by the IMF’s Independent Evaluation Office \(IEO\)](#) goes above the head of the managing director, Christine Lagarde. It answers solely to the board of executive directors, and those from Asia and Latin America are clearly incensed at the way EU insiders used the Fund to rescue their own rich currency union and banking system.”

“While the Fund’s actions were understandable in the white heat of the crisis, the harsh truth is that the bail-out sacrificed Greece in a “holding action” to save the euro and north European banks. Greece endured the traditional IMF shock of austerity, without the offsetting IMF cure of debt relief and devaluation to restore viability.”

“The International Monetary Fund’s top staff misled their own board, made a series of calamitous misjudgments in Greece, became euphoric cheerleaders for the euro project, ignored warning signs of impending crisis, and collectively failed to grasp an elemental concept of currency theory.”

““Many documents were prepared outside the regular established channels; written documentation on some sensitive matters could not be located”IEO report

It describes a “culture of complacency”, prone to “superficial and mechanistic” analysis, and traces a shocking break-down in the governance of the IMF, leaving it unclear who is ultimately in charge of this extremely powerful organisation.”