

## IMF admits mistakes over Greece bailout

Graeme Wearden, *The Guardian*, 5 June 2013

### **Mea Culpas: translated...**

Three years on from Greece's first bailout, the IMF looks poised to shed light on what went wrong. Here are a few mea culpas from IMF report [Ex Post Evaluation of Exceptional Access under the 2010 Stand-By](#), June 2013 (p49 and 50)



1) With regard to Fund involvement, the view expressed was that it would have been better if the crisis could have been resolved within the EU/euro zone, but neither the authorities nor the EC or ECB had the required program experience. The Fund's experience in crisis resolution made it a necessary part of the process.

**Translation:** *We'd rather have not been there at all. But they'd have done an even worse job without us.*

2) Later, the possibility of Greece exiting the euro became a public debate by the euro partners, a discussion that should have occurred behind closed doors.

**Translation:** *why in God's name wouldn't they shut up about Grexit?*

3) The common view was that no-one could have predicted the depth and length of the recession. However, officials acknowledged that the program's macroeconomic projections had risks to the downside that materialized in a context of political instability and deposit outflows.

Also, in calculating the effects of tax measures, price and income elasticities were underestimated and this reduced the revenue yield

**Translation:** *Perhaps we should have known how bad things would be. But again, who knew better?...*

4) With hindsight, greater effort should also have been made at the beginning of the program to privatize state assets and to clamp down on prominent tax evaders.

**Translation:** *Greater effort could STILL be made to privative state assets and clamp down on prominent tax evaders*

5) Consensus on the program has now improved with the coalition government. However, the crisis and the recession have had terrible consequences for Greece in terms of unemployment and have caused severe stress in society with extreme parties now gaining support.

**Translation:** *Looks like we've helped to fuel support for a neo-nazi party. That wasn't in the programme.*