

‘We Had No Idea What It Would Lead To’

by Paul Gallagher and Dean Andromidas

Jan. 5—“We had no idea at the time, what it would lead to” was the defense attempted by many government and military officials under Hitler’s Third Reich, when, at the end of World War II, they came to be charged with crimes against humanity, including mass murder.

Now, the IMF’s chief economist has issued a [report](#), dated Jan. 4, which says about the murderous policy the “Troika” (the IMF, European Central Bank, and the European Union) has imposed on Greece, Portugal, Ireland, Spain, and Italy, that “We had no idea what it would lead to.” The Greek population is dying. The Irish population is emigrating en masse. Spaniards and Portuguese are likewise leaving their nations; others are scavenging in trash bins; their death rates have soared, and their birth rates fallen; and public self-immolations like those in Greece have started in Spain.

The report by IMF chief economist Olivier Blanchard and IMF economist Daniel Leigh documents that the Fund formulated, demanded, and imposed this deadly austerity in error, without understanding what its results would be.

“Forecasters significantly underestimated the increase in unemployment and the decline in domestic demand associated with fiscal consolidation,” write Blanchard and Leigh. In detail, they say that the IMF’s forecasters incorporated in their forecasts—without explaining why—that every 1% of GDP worth of cuts imposed on a country would produce a 0.5% GDP contraction in the economy. Instead, “the circumstances of the European economy” made this contraction at least 1.5% GDP for 1% GDP in cuts, producing the deadly “debt spiral” that has racked these countries since 2010.

The IMF forecasters, Blanchard and Leigh acknowledge, said, in 2010, that Greece could “cut deeply into government spending and quickly bounce back to economic growth and rising employment.” Instead, 30

months later, the economy is contracting at an 8% annual rate, and government debt has ballooned to 175% of GDP.

Greece Suffers Genocide

The cuts have created a humanitarian catastrophe in Greece, for example, with the IMF’s chief Christine Lagarde adding demands for new “adjustment packages” and new, brutally regressive taxes at every stage, while infamously chiding the Greeks for not paying their taxes. The policy has killed unknown thousands, and threatens the lives of millions in a country of under 10 million people. The crimes which the IMF is now calling accidental, are:

- The reduction of Greek public-sector salaries by 25-50%.
- Reduction of the minimum wage by up to 50%. This is in addition to the layoffs and a freeze on hiring.
- Across-the-board reduction of salaries in the private sector, with employees being put on temporary contracts, denying them benefits given to permanent workers. It is common practice now that private-sector workers are several months behind in receiving paychecks.

- Pensions cut by 25-50%, leaving the aged unable to pay for medical care, with many thousands resorting to soup kitchens and searching garbage cans for food.

- Officially, 26% unemployment with 58% youth unemployment, but unofficially near 50% overall. Entire families have been living on the reduced pensions of the grandparents. This has led to mass migration, with hundreds of thousands—some report as many as a million—having left Greece to seek employment. It was reported that in Berlin alone, 30,000 Greek youth were looking for work.

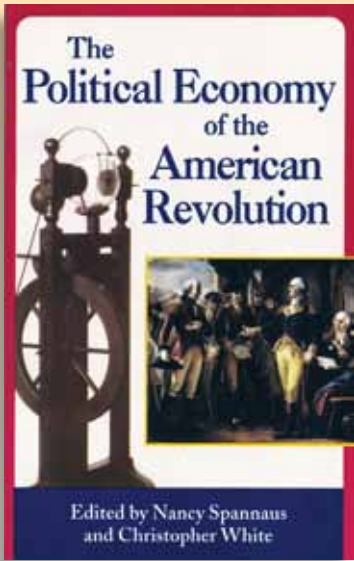
- Massive tax increases. There are no exemptions from income tax for the poor, with tax being paid from the first euro earned. Value added tax is 23%, with extra real estate taxes being put on electricity bills that so if they are not paid, the electricity is cut. Increased taxes on heating oil have made it more expensive than high-performance diesel, leading to an 80% drop in purchases of heating oil. Burning wood has caused a 400% increase in air pollution in large cities such as Athens, multiplying health problems.

- A dramatic increase, of at least 50%, in suicides.
- Destruction of the health-care system entirely. The Troika has demanded a 30% reduction in health-care funding, by simply not paying into the state-sponsored health-insurance program. This program is not free, and must be paid into by those who receive benefits. The government has not reimbursed pharmacies for prescriptions, forcing patients to pay cash, which virtually denies pensioners, unemployed, and most employed the wherewithal to pay for heart, cancer, and other expensive drugs. In many cases international drug companies have stopped selling to Greece.

It has not been recorded how many people have died or will soon die because of these policies. Hospitals, which are owed hundreds of millions of euros, are barely functioning, forcing patients to bring their own food, linens, and even medications. Despite a hiring freeze over the least three years, the new memorandum signed with the IMF in December demands another 10% reduction in the number of doctors.

There is a macabre twist in what some have called the IMF’s *mea culpa*. One London financial expert told *EIR* that the IMF was compelled to admit its error, in order to continue to issue loans with murderous conditionalities. There’s no guilty conscience here: just the “cost of doing business.”

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