

## **Greece : The IMF and Lagarde get it wrong**

Saturday 2 June 2012, by [MILLET Damien](#), [TOUSSAINT Éric](#) (Date first published: 29 May 2012).

Christine Lagarde, managing director of the International Monetary Fund (IMF), has made a declaration concerning Greece and Africa that requires explanation. The third world debt crisis started thirty years ago. Under strong and increasing pressure to export, the poor countries bore the brunt of the heavy increase in interest rates and the collapse of commodity prices orchestrated by the international financial establishment. Of course, the corruption, totalitarianism and megalomania of some of the leaders of the countries concerned made matters worse, but were not the original cause. Africa was particularly affected, living conditions have seriously deteriorated and the social indexes are alarming. Public health and education systems have been shattered by the demands of the creditors, conducted by the IMF.

Questioned about Greece by *The Guardian*, Christine Lagarde said: "I think more of the little kids from a school in a little village in Niger who get teaching two hours a day, sharing one chair between three of them, and who are very keen to get an education." [1] Christine Lagarde did not say that Niger has been living in conditions created by the IMF for more than 25 years. She is fully aware that the situation of the school children in Niger is the result of IMF policies.

A quarter of a century later, Greece is the first Euro-zone country to be subjected to the harsh crisis that became visible in 2007 - 2008.. As previously seen for the countries of the Global South, the repayment of the debt was imposed as the top priority by Greece's creditors, notably big French and German private banks. For this, the IMF, the European Union (EU), and the European Central Bank (ECB) have imposed a series of totally dramatic austerity plans on the Greek population. Today, on top of a very important economic crisis, Greece is also going through a serious humanitarian crisis. The Greek people are aware of the damage caused by IMF policies and have used the urns to express their rejection of austerity, after having already staged a dozen general strikes, numerous street demonstrations and repeated occupation of public squares.

In the recent elections on May 6, Greek voters sanctioned the coalition forces which had applied austerity plans and surrendered to the dictates of the Troika (the IMF, the ECB and the European Commission). New Democracy and the PASOK (Pan-Hellenic Socialist Movement) thus paid the price of their total submission to Greece's creditors. The far right party, LAOS, a member of the coalition previously in power, has practically disappeared from the political scene.

Syriza, the main radical left-wing coalition and now the second political force in the country, has campaigned for the rejection of austerity policies, the cessation of payments and an audit of the Greek State's public debt. Their demands include a total recasting of the treaty on the functioning of the European Union and the status of the ECB; the restoration of salaries and pensions, slashed after agreements signed with the Troika; an authentically redistributive system of taxation; an audit of banks and the nationalization of those which have received public funding; and finally, an end to the immunity enjoyed by members of parliament and public representatives.

Many Greeks wish for a government that will show the same loyalty to the people as previous governments have shown to the national and international entities responsible for the collapse of Europe. The majority of Greeks want to remain within the European Union and the Euro-zone, while at the same time demanding that their rights be respected - this, too, is the position defended by

Syriza, with the aim of foiling the plans of the Troika and the banks.

And this is why their democratic choice is meeting with such fierce opposition, both on the international scene, and within the country. The Greeks are made out to be the champions of irresponsibility, tax-evasion, corruption and laziness. Threats of sanctions against Greece, should the people make the wrong choice, have been formulated by the heads of EU States and governments. This campaign of intimidation is destined to persuade the Greeks that they should give up the idea of taking their fate into their own hands. The powerful means of communication and the blackmail used in the pursuit of this goal are also intended to persuade the people of other European countries, and beyond, that there is no alternative to the choices imposed by those who uphold the system.

Christine Lagarde has also contributed to running down the Greek people. In the above mentioned 'Guardian' interview, regarding the Niger children who only have two hours of school a day, she continues: "I have them on my mind all the time. Because I think they need even more help than the people in Athens» Concerning Athens she said, "Do you know what? As far as Athens is concerned, I think about all those people who are trying to escape tax all the time." She also has a thought for the unemployed and those without social cover: "I think they should also help themselves collectively... By all paying their tax."

Not only does this reveal complete ignorance of what is happening in Greece - for while the shipping magnates and the Church escape taxation, the population certainly does not: VAT has been heavily increased, and new rates imposed — Lagarde's words also show the extreme scorn the IMF has for the people of a country it is supposed to be helping through a very difficult situation. The primary cause of these difficulties is the deregulation of the financial system, unfailingly supported by the IMF, and secondly, the measures imposed by the IMF and the European leaders since 20<sup>th</sup> May 2012.

For the icing on the cake: it is interesting to note that Christine Lagarde, who earns 323 257 euros a year plus 57 829 euros 'weighting' (indemnities for extra costs), does not pay income tax because she is an international civil servant. A perfect case of 'do as I say', not 'do as I do'. Madame Lagarde, enough is enough! You are in no position to preach to others! The organization of which you are the director and the policies which it implements are bitterly contested by numerous peoples who suffer as a result of them, whether they be in Africa, Europe, Latin America or Asia. The IMF should be abolished and replaced by a new, truly democratic, institution, with monetary stability and the respect of fundamental human rights as its primary objectives. Fortunately, European mobilization against illegitimate debt, austerity plans and the Fiscal Compact are on the increase, in solidarity with the Greek people along with all other peoples under attack.

This would be a suitable response, likely to bring about real social transformation breaking away from neoliberalism.

**Eric Toussaint and Damien Millet**

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**P.S.**

\* Translated by Vicki Briault and Mike Krolkowski.

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## **Footnotes**

[1] For the full interview, see:

<http://www.guardian.co.uk/world/2012/may/25/christine-lagarde-imf-euro>