

# An IMF Plot, Greece, EU And BREXIT

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*On 19 March 2016, the International Monetary Fund (IMF) mission team for Greece held a meeting on how to force Greece into further austerity measures. These would entail deeper wage cuts, more social security cuts, higher taxes and more rapid conformity to IMF-EU policies intended to transfer capital from the middle class and workers to wealthy Greek and Western creditors. The conversation between two IMF officials (Poul Thomsen, head of the IMF's European Department, and Delia Velkouleskou, IMF Mission Chief for Greece) and an EU official was recorded and someone managed to pass it on to WIKILEAKS. In essence, the IMF representatives were essentially plotting a strategy to force Greece to accept harsher conditions of austerity after five years under such failed policies.*

That the IMF was actually caught plotting to force a sovereign nation onto the verge of bankruptcy while creating chaos with EU members sounds like a conspiracy theory, if it were not for the fact that the entire conversation was recorded and released through WIKILEAKS. The IMF conspiracy reveals that blackmail tactics are used by the Fund that have absolutely nothing to do with its original mission when it was created at Bretton Woods in 1944. The IMF covert plot reveals the extent that the organization is willing to go in order to achieve its goal of imposing austerity conditions that results in the impoverishment of nations and massive wealth concentration in the hands of creditors. However this also reveals the extent to which governments of periphery nations have lost all pretenses of any control over their own policies affecting the fate of millions of people.

Clearly, there is convergence of several factors at work here. 1. The Syrian-Iraqi refugee crisis in Europe through Greece; 2. The real possibility that the United Kingdom may not stay in the European Union, and even if it does it would continue to be a thorn on its side; 3. The desire of the IMF to make sure that austerity and neoliberal policies that results in massive wealth concentration continue uninterrupted; 4. The real possibility that the European Union is weakened not just by austerity but also the refugee matter that US-NATO foreign policy has created, and the possibility that the future of the regional bloc would continue to weaken.

This means that Troika (IMF ECB, and European Commission) funds would be withheld forcing panic conditions in Greece. Athens under SYRIZA, a leftist government that has fully embraced austerity and neoliberal policies just as its arch conservative predecessors, has repeatedly accused the IMF of using delaying tactics that prevent funds from flowing into Greece. At the same time, Greece has a major problem with private banks' "non-performing loans" that essentially have driven the stock prices of the banks down to a tiny fraction of the pre-austerity values. These are the tactics that the IMF has been using to make sure that even harsher measures, deeper cuts in the social security system, deep cuts in wages and public sector jobs, and higher taxes are impose on a country bleeding from IMF-EU austerity since May 2010.

All of this would take place against the background of the United Kingdom's vote on the referendum either to stay or leave the EU in June 2016. At the same time, the IMF would threaten to abandon TROIKA, thus forcing Germany to go along with the Fund's proposal for debt relief. Debt relief would be in the form of extended maturities for existing EU loans, longer grace periods, and very modest interest rate reductions; all issues that the IMF has proposed in the past but Germany rejected. The tool the IMF would use is the bailout tranche, which it would delay using the pretext of "Review". This would then entail that Greece is unable to meet its interest payment obligation to the IMF, thus a "credit event" would be created artificially that would in turn afford all leverage to the IMF vis-à-vis Greece for much more severe austerity measures, while also putting pressure on Chancellor Angela Merkel for debt relief.

The IMF scenario assumes that the UK vote on remaining in the EU may not be favorable, and that would impact the entire European continent. Poland and Hungary may start creating noise about staying if the UK leaves. Greece would most likely use the occasion to secure easier terms for itself so that it does not continue cutting wages and pensions while raising taxes that only lowers living standards and raises the GDP to debt ratio, forcing the country into an endless downward cycle of debt relief just to meet interest payments in foreign loans.

Austerity has meant that: 1. Massive exodus of college graduates and professionals seeking opportunities around the world. 2. Public hospitals lack just about everything from essential medications to toilet paper that patients' family bring from home. 3. Social unrest in every sector from journalists to farmers demanding an end to austerity. 4. Massive devaluation of all asset values, especially real estate. 5. Continued NATO pressure to keep defense spending at pre-austerity levels despite the loss of about 25% of GDP. The following statistics further illustrate the failures of austerity to deliver on its promises.

1. Greek GDP-debt ratio: 173.8% (2015), while in 2009 before austerity GDP-debt ratio was 129%.
2. Unemployment: 12% in 2010 - 27% 2015 and expected at around 20% in 2020 - youth unemployment 50%.
3. GDP: \$330 billion 2010 - \$235 billion 2015.
4. \$31,700 annual average per capita - 2008 - \$18,900 - 2014.
5. GDP growth rate: 2010 -5.45%; 2011 - 8.86%; 2012 - 6.57%; 2013 - 3.9%; 2014+0.77%; 2015 - 2.27%

The emphasis of the IMF and its TROIKA partners has been to realize "primary government budget surplus" no matter the sacrifice in terms of raising the unemployment rate, driving wages and pension lower and taxes higher. The IMF is even more determined that Greece maintain such a surplus, as though the economy is at the same level of dynamic growth and development to sustain the hard currency as Germany using the same currency. When the WIKILEAKS revelation made headlines around the world, the Greek government immediately demanded clarification from IMF Managing Director Christine Lagarde. Instead of calling for a political unity to leave the European Union entirely, the Greek government engaged in rhetorical threats and grand standing to demonstrate that it has a modicum of control over national sovereignty when in reality it has none.

The decision to target periphery nations for austerity has always been political since the founding of the IMF in 1944. The US and the core countries essentially decide that the

periphery nations undergo austerity as a means of remaining in the periphery of the capitalist world system. Just like the US decided to reindustrialize Germany and Japan for essentially geopolitical reasons, and just like it did likewise with Taiwan and South Korea, it also decided that Latin America and Africa would be relegated to the periphery. More recently, the Balkans is in the same category and for this region the decision was made in Germany with the help of the IMF and the cooperation of northwest core European countries.

In January 2015, Greece elected a government that called itself Socialist and promised to end austerity and neoliberal policies; to restore national sovereignty and the social safety net; to give the country back to the people. In about six months after its election the regime embraced fully the exact policies it had renounced and pursued the exact same road of foreign dependence – a semi-colonial role – as its conservative predecessor. The people are thoroughly demoralized and deeply divided ideologically and politically. Some are convinced that there is nothing they can do because the pro-austerity, neoliberal media – some of the journalists actually re-trained by the IMF – owned by barons whose fortunes are tied to foreign capital and the EU constantly project the impression that the alternative is to wind up isolated like North Korea.

BREXIT may actually present the best opportunity for Greeks to rebel and overthrow the pro-austerity regime. The possibility that a military dictatorship could emerge is not so farfetched. The EU does not permit its members to have non-elected authoritarian regimes. However, the IMF-EU austerity since 2010 has been a form of authoritarianism and foreign control of the country that is hardly any different than a 19th century semi-colony. Even if BREXIT does not take place, the EU will continue to weaken because the pressure will increase from rightwing ultra nationalist elements across Europe against the regional trading and monetary bloc that has deprived nations of their sovereignty for the benefit of large capitalists in each nation and ultimately to allow for German hegemony that in some respects is just as intrusive and detrimental in the lives of Europeans as policies pursued in the Age of Imperialism (1870-1914).

For all practical purposes, Greece is a semi-colony as are all of the Balkans whose role is not much different today than it was during the late 19th century. The future of these periphery countries entering the EU integration model based on a patron-client relationship means almost total absence of national sovereignty on important issues from financial and social policy to defense. This also means even less focus on social justice in the near future. While one could argue that the masses would rise up to rebel against such conditions, the more likely scenario is sociopolitical polarization and probably an increasingly stronger right wing course justified by the fear of Muslims entering Europe because foreign-instigated war has drove them to refugee status. Indeed, the US-led war on terror and interventions in the Middle East only help to strengthen the right wing across Europe. This leaves very little room to be optimistic for those hoping that social justice. The angry masses are clearly divided but the right wing has the upper hand because historically the right wing in Europe has played a greater role than the left that is currently very weak and divided.

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