Forum Theory A National Assembly of Science and Learning

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10 July 2020

FORUM THEORY & A NATIONAL ASSEMBLY OF SCIENCE AND LEARNING

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July 5 2020 (2nd edition)
ISBN 9789403602752
Published by MijnBestseller.nl

Colignatus is the preferred name of Thomas Cool in science.

Supported by
Samuel van Houten Genootschap
Wetenschappelijk bureau van het Sociaal Liberaal Forum
Scientific bureau of the Social Liberal Forum
http://thomascool.eu/SvHG/SvHG.html

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780	Economie en bedrijf algemeen
738	Wetenschapsfilosofie, logica en kentheorie
805	Bestuurs- en beleidskunde
916	Statistiek en methodologie

Abstract

There are eight inseparable storylines about the role of science and learning for democracy and its governance. *National statistics* originated around 1890 from *political economy* and the *management of the state* (Dutch “staathuishoudkunde”). National (economic) planning evolved decades later as a separate function. The governance of statistics and planning still leaves much to be desired. A solution approach may be found in *Forum Theory* and *A National Assembly of Science and Learning*. The argument is highlighted by these eight connected storylines.

(1) There is *censorship of science* since 1990 by the directorate of the Dutch Central Planning Bureau (CPB). This gives “*Dutch economics*”. Some important structural imbalances between economies in the European Union can be resolved when this censorship is lifted.

(2) In *national accounting and environmental statistics* there is the approach by Nobel Prize in Economics laureate Jan Tinbergen (1903-1994) and UNEP Global 500 Award recipient Roefie Hueting (born 1929). This approach is not treated well in (environmental) economics and at CBS Statistics Netherlands.

(3) There was the 2007+ financial crisis, the ordeal in Greece and the euro-crisis.

(4) The UK Royal Statistical Society (RSS) rejected action when alerted that the *Brexit Referendum Question* wasn’t fitting even for a statistical questionnaire.

(5a) In 2018 the Greek Supreme Court convicted El.Stat Statistics Greece director Andreas Georgiou for breach of duty, because in November 2010 he sent figures to Eurostat *without first seeking approval by his board*. Statistical organisations ISI, RSS, ASA, IAOS, FENStatS and SFdS now protest against Georgiou’s conviction as a miscarriage of justice, but they have failed to check (a) the original Greek law of March 9 2010 (that created El.Stat), and (b) the European Code of Practice of 2005: which both gave authority to the board. At that time the EU and IMF insisted upon a change of this law, which means that they acknowledged the original law that gave authority to the board.

(5b) Walter Radermacher was DG of Eurostat in 2008-2016. He had started his career in environmental statistics. Since 1994 Radermacher treated the Tinbergen & Hueting approach with confusion, and thus hindered the monitoring of economic policy on climate change and extinction of species. In his position at Eurostat and involved with El.Stat in 2010, Radermacher must have known about the 2010 Greek law and the 2005 European code, but *he still collaborated with Georgiou in bypassing the authority of the El.Stat board.*

(6) There are the governance and integrity of national statistical offices (NSO), in particular within the European Statistical System (ESS). The ESS changed its Code of Practice, from authority for a board in 2005 towards authority for only the director-general in 2011, so that DG = single head = head = board = NSO. However, a single person is much more at risk of commercial and political pressure. It is better to return to the situation of 2005 with multi-person boards.

(7) The SARS-CoV-2 pandemic highlights the role of science and learning.

(8) There is *Forum Theory*. Let researchers create *National Assemblies of Science and Learning,* to better deal with issues of science, knowledge and information in our ever more complex societies. With better investigation of problems, of which this book indicates some, we may get better policy making.

Contents in Brief

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Prolegomenon

High priests of high treason

March 7 2012 [1]

In the evolution of mankind there is a curious competition between the Prince and the Priest. The Prince bases his power upon the strong men, the knights of armour, the mafia mob, the army and police. The Priest foretells the paths in heaven, interpretes the astrological signs, reads the goat entrails, baptises the children and performs the rites of passage into the other world. In some cases the Prince is stronger than the Priest, and pays him with bread and wine to cement his power. In other cases the Priest is stronger than the Prince, and pays him with meat and beer to cement his power. In some cases Priest and Prince are united in one person and then he can pick his meal.

Traditionally there are three Estates: clergy, nobility, and the commoners (a.k.a. peasants). Charlemagne sent out his officials in pairs, clergy and secular. Yet he got his crown only from pope Leo. Apparently he held annual meetings with his "important men" (wikipedia [2]). When parliaments developed they had those three estates in three Chambers. The dukes of Burgundy establised the States General in 1464. [3] The separation of church and state apparently started with Martin Luther 1528. [4]

In the French Revolution in 1789 the Chamber for the clergy was abolished. Apparently the high priests had committed high treason.

My suggestion is that the Priest could have developed into the Scientist. Studying the stars and wondering about the future could have become a serious enterprise. Many priests like Thomas Aquinas indeed had such imagination. Sadly the Priest failed. The wine tasted too good, the stars looked nicer at leisure. Rather than developing hard science, the Priest relied on magic with "hocus pocus" (thought to be derived from "hoc est corpus, Pilato passus"). [5]

The Priest thus committed treason with respect to his historical and evolutionary role in society indeed.

In an alternative history, the Priest could have become the Scientist, and we would still have that third Chamber. We could call it the Economic Supreme Court. It would play an important role in scientific advice for government.

Thus, adaptation of the Trias Politica and installing an Economic Supreme Court would actually be a repair on the flow of history.

Si no è vero è ben trovato.

(One drawback to this tale is that some people might think that economists already are our high priests and that they committed high treason again.)

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[1] http://boycottholland.wordpress.com/2012/03/07/high-priests-of-high-treason/

[2] http://en.wikipedia.org/wiki/Government_of_the_Carolingian_Empire

[3] http://en.wikipedia.org/wiki/States-General_of_the_Netherlands

[4] http://en.wikipedia.org/wiki/Separation_of_church_and_state

[5] http://en.wikipedia.org/wiki/Hocus_Pocus_(magic)

Part 1. Introduction

1. *Introduction*

1.1 *Political economy and econometrics*

This book is an exercise in political economy and econometrics.

- *Economics* is the field that studies human behaviour towards optimisation, and concerning the use of scarce means for alternative ends.
- *Political economy* concerns the management of a state or a political unit. It focuses upon the subject (the state) and not the approach. Proper analysis of the subject requires other fields like law, history, (social) psychology, etcetera.
- *Econometrics* combines economics or political economy with mathematical modeling and empirical analysis by means of statistical methods. It is no specialisation but a generalisation, as it requires the use of more fields.
- *National accounting and national statistics* originated in the context of political economy, see **Appendix** 38 for the history in Holland. Section 20.1 discusses the distinction between accountancy (*application of rules*) and statistics (*research on reality*).

The subject of this book is that the management of a state relies upon science and learning, and all three upon (1) (low level) data and (high level) information generated by national accounting and statistics, (2) information by planning.

On many aspects in this book, the present author is only a generalist and no specialist. It remains possible to highlight questions though. One would especially be interested in questions that may be overlooked by specialists.

1.2 *Forum theory and Assemblies of Science and Learning*

The main argument of this book suffers from these handicaps:

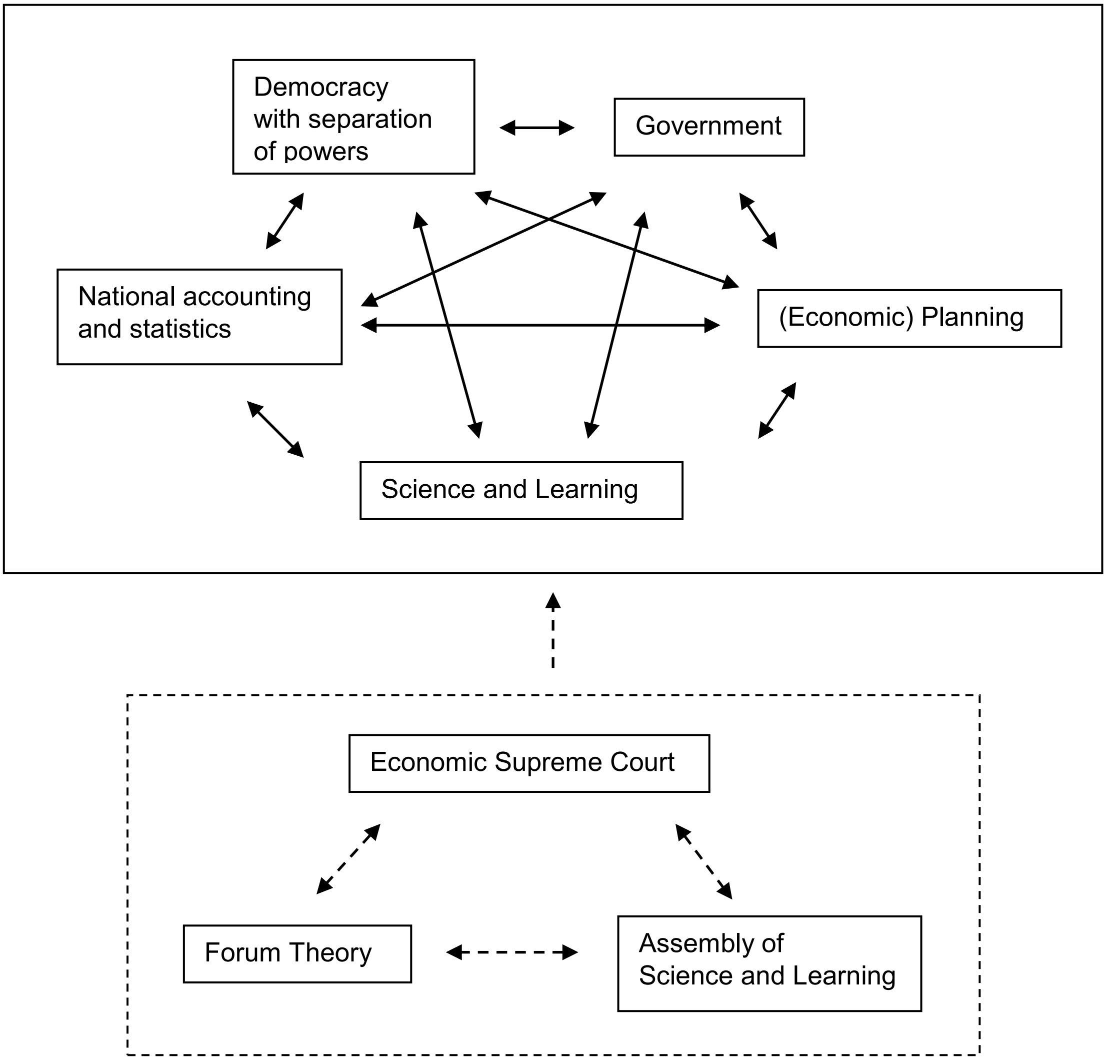
- A.D. de Groot (1914-2006) presented *Forum Theory* for science and learning. There is an English paper De Groot 1984 but there seems to be no easy access to it. My own main sources are in Dutch. I do not regard it as so very useful to extend much on *Forum Theory* when English readers cannot check easily. It would be better to refer to an English translation of De Groot & Visser (2003) that eventually would come available anyhow.
- *Assemblies of Science and Learning* do not exist yet, and it depends upon developments in each nation if they ever come about, in what format.

Subsequently, I cannot write much on the main argument of this book. The discussion below will mainly collect the relevant storylines and indicate why it makes sense to strengthen the forum and create such assemblies.

1.3 *A diagram*

Figure 1 gives the conventional mind map of democracy. National government has the separation of powers of the Legislative, Executive, and Judidiary. Often people wrongly associate “government” with the executive. The National Statistical Office (NSO) provides national accounts and statistics of the past. The planning agencies look to the future. Science and Learning are at academia and research institutes. The news in this book are the *Economic Supreme Court* as part of government for planning, and *Forum Theory* and the *Assembly of Science and Learning*.

Figure 1. Mind map of convention (solid) and the news (dashed)



1.4 *Genesis of this book and the storylines*

This book started while writing Colignatus (2020a) (THAENAES). Looking at national accounting and environmental statistics at CBS Statistics Netherlands, the name of Walter Radermacher came up. A check showed that he had started in environmental statistics and had become director general (DG) of Eurostat, and there had become involved with Statistics Greece. Subsequently there arose eight inseparable storylines and roots for this book, fitting above diagram.

2. *Eight inseparable storylines and roots for this book*

This book highlights eight inseparable storylines. The first seven are roots for this book and the 8^{th} issue of the SARS-CoV-2 pandemic forms a confirmation.

2.1 *From Central Planning Bureau to Economic Supreme Court*

Colignatus (2000, 2011) discusses mass unemployment and the structure of national economic planning. The *Trias Politica* structure of current democracy allows too much room for political manipulation within economic planning. The solution is the extension with an Economics Supreme Court, see Chapter 14, into a *Tessares Politica*. In Holland, the Central Planning Bureau (CPB) is supposed to be a scientific institute but mass unemployment in Holland since 1970 can be explained by taking into account that there have not been adequate safeguards, either in respect by policy makers for CPB or in processes internal to economic science. Since 1990 there is censorship of science continuing to this day of writing. In 1988 / 1989 an official from the government bureaucracy, Gerrit Zalm, see Chapter 34, was appointed director of CPB without adequate background in science. Overall, the situation gives rise to the term "*Dutch economics*".

2.2 *Environmental economics and national accounting*

There was environmental economics. Colignatus (2008) "*The Old Man and the SNI*" (now eSNI) is an interview with Roefie Hueting (born 1929). Jan Tinbergen, the Nobel Prize in Economics laureate of 1969, had been a pioneer in national accounting at CBS Statistics Netherlands already in the 1930s. Tinbergen read an article by Hueting 1968 that there still was a major error in *national accounting on the environment*. Tinbergen agreed with Hueting's insight and advised CBS Statistics Netherlands to appoint Hueting in 1969 with the task to correct the national accounts for damages to the environment. Eventually Hueting found the solution approach of environmentally sustainable national income (eSNI) and the distance eΔ = NI – eSNI towards environmental sustainability. The Tinbergen & Hueting (1991) article presents that solution approach and also expresses Tinbergen's support. The way how CBS handled the analysis is very problematic, and results into the case of "*Dutch national accounting*". Colignatus (2009a) (2020a) (THAENAES) looks at the reception of the Tinbergen & Hueting approach and eSNI. See there for the problem at CBS, but it must be indicated here.

The Colignatus (2008) interview with Hueting also mentioned Walter Radermacher, who had become DG of Eurostat in 2008-2016, and who had started in environmental statistics at the German Statistisches Bundesamt. Radermacher judged eSNI to be politics rather than science, which Tinbergen, Hueting and I regard as a confusion. eSNI is based upon *conditional assumptions* required for statistical measurement and not upon *policy decisions*. In 2019, there was the new book Hueting & De Boer (2019), in which these authors present their analysis afresh, while I had assisted them at points, making drafts for better didactics. With their book finished, I had occasion in 2019 and 2020 to continue with the evaluation of the reception of the analysis, and also to look deeper at Radermacher's confusion, see Chapter 33 below on this.

2.3 *The 2007+ financial crisis, Greece and the subsequent euro crisis*

There was also the 2007+ financial crisis. Colignatus (2000, 2011) had warned in 2000 that the financial system was risky. Subsequently, the risk materialised, and the problem with the Greek deficit and debt turned the financial crisis into the euro-crisis. Colignatus (2011b) is my discussion of a haircut on debt. [6] Colignatus (2012b) collects papers about the crisis up to then. Remember how the two Mario's saved Europe, [7] though not tackling the main issues. For a perspective: apart from "*Greek statistics*" there is also "*Dutch economics*" to be wary about. [8]

See my weblog texts about Greece [9] and statistics. [10] Colignatus (2012a) is a letter [11] to the *International Statistical Institute* (ISI), suggesting that ISI sets up an investigation into the issue of Greek statistics and El.Stat Statistics Greece. I called attention to the point that not only director Georgiou but also the statistic and econometric members of the dismissed board of El.Stat were fellow scientists who deserved a fair hearing.

NB. Any investigation should at least follow the money. I also alerted ISI to some allegations of financial speculations on Credit Default Swaps (CDS), [12] see Section 30.8 below. Greek courts in 2013 and 2014 convicted economist and Greek parlementarian Panos Kammenos for libel on such allegations, [13] see Section 30.8.2. I still wonder (as wikipedia is a portal, and no source, and cannot really give answers) whether Interpol has investigated (and internet blogs neither provide such information). I later discovered that Georgiou (2009) (October 1) at IMF had been studying government policy w.r.t. financial speculation. [14]

2.4 *Brexit and a statistically inadequate 2016 Referendum Question*

There was Brexit. The outcome of the 2016 Brexit referendum caused me to look into the issue. The *Referendum Question* would likely be rejected (at least I do) for a statistical questionnaire, as highly confusing. It is binary only in legal manner but not on policy choices. See my reports in the Newsletter of the UK *Royal Economic Society* (RES). [15] The UK Electoral Commission apparently is unaware of voting paradoxes, and uses a criterion that "people understand the question" while people are actually confused about policy issues and consequences. [16] When I wrote the UK *Royal Statistical Society* (RSS) about the issue, their reaction was dismissive, and the RSS executive director Hetan Shah appeared to have no background in statistics, see Section 39.11.

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[6] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2011-11-18-Haircut.html

[7] https://boycottholland.wordpress.com/2015/03/28/a-dangerous-trick-by-the-two-marios/

[8] https://boycottholland.wordpress.com/2012/02/19/dutch-censorship-versus-greek-statistics/

[9] https://boycottholland.wordpress.com/?s=Greece

[10] https://boycottholland.wordpress.com/?s=statistics

[11] https://boycottholland.wordpress.com/2012/06/10/letter-to-the-isi-on-greek-statistics/

[12] https://web.archive.org/web/20120111064120/http://www.sovereignindependent.com/?p=21184

[13] https://en.wikipedia.org/wiki/Panos_Kammenos#Political_positions_and_controversies

[14] A.V. Georgiou, "Excessive Lending, Leverage, and Risk-Taking in the Presence of Bailout Expectations", IMF WP/09/233, 2009.

[15] https://www.res.org.uk/site-search.html?q=Colignatus

[16] https://www.electoralcommission.org.uk/who-we-are-and-what-we-do/elections-and-referendums/past-elections-and-referendums/eu-referendum/testing-eu-referendum-question

2.5 *The role of statistics in Environment, Greece and Brexit*

There were the statistical organisations and their journals. When I looked at the journals of official statistics for making reviews of the Hueting & De Boer (2019) book, like (a) the *Journal of Official Statistics* or (b) the *Statistical Journal of the IAOS* or (c) *EURONA: the Eurostat Review on National Accounts and Macroeconomic Indicators,* I also noticed discussions about the El.Stat and Georgiou case, like Georgiou (2019). I saw statements by ISI and other statistical organisations, but all defending only director Georgiou and mostly neglecting the other fellow statisticians who had been dismissed from the board.

Subsequently I also discovered:

(i) Protests by ISI and other statistical organisations neglected the very law of March 9 2010 that established the El.Stat board as the governing body. They referred to a later law that established the El.Stat director as the single authority. Thus, they hadn't checked for the proper law.

(ii) There arose the *combination* that Walter Radermacher as DG of Eurostat also was involved with Statistics Greece. From his position and involvement, Radermacher must have known that the March 9 2010 law gave authority to the board, but he still makes the same reference error ?

(iii) Also Georgiou (2019) refers to the European *Code of Practice* 2011, while the 2005 Code was in force when he was in breach of duty in 2010. He must have known that he originally worked under the 2005 Code, but refers to a later code ?

2.6 *Governance of CBS Statistics Netherlands*

There was the governance of CBS Statistics Netherlands. Contacting CBS on the Hueting & De Boer (2019) book (see their kind invitation for an internal presentation [17]), I observed that its governance had been changed in 2016. The independent Dutch Central Commission for Statistics (CCS) that had existed since 1892 had been abolished in 2016. All authority had been given to the DG, so that DG = chief = single head = head = board = CCS = CBS. Since Colignatus (2008) & (2020a) (THAENAES) also use interviews with CBS former deputy DG H.K. van Tuinen, I asked him about his view on this. He gave me the letters of protest addressed to the Dutch Senate by the former CBS DG Van Noort and deputy DG Van Tuinen (2016). [18] The abolition of CCS thus gets attention in Chapter 21.

2.7 *Forum Theory*

In earlier years I had been writing on Forum Theory. Chapter 7 gives an overview of this writing. The forum of science and learning had obviously failed on these issues on Environment, Greece and Brexit, and even in this seemingly inoccuous area of statistics. Up to the writing of this book, I had very much relied upon the notion of an *Economic Supreme Court* (ESC), see Colignatus (2000, 2011). However, such an ESC would tend to look at planning for the future and not at statistics of the past. This puts the following question in focus:

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[17] http://www.sni-hueting.info/EN/NA-eSNI/index.html

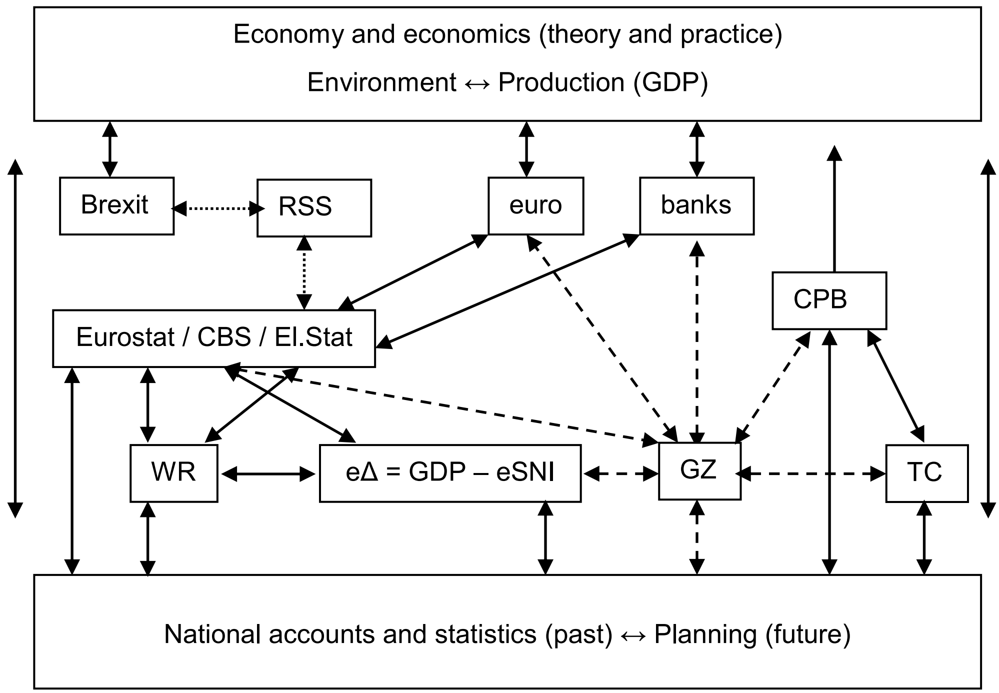
[18] http://thomascool.eu/Others/2016-oudCBS-VanNoort-VanTuinen-aan-EersteKamer-over-CCS-en-CBS.pdf

What kind of organisation in science and learning might have prevented these mishaps to develop into the disasters that they have become ? What kind of organisation might have produced the information in time, and provided sound advice to the relevant decision makers ?

2.8 *A second diagram*

The first seven storylines generate the second diagram in **Figure 2**. This diagram would basically fit within the first diagram in Section 1.3.

Figure 2. Mind map of the seven storylines [19]



Legend: WR = Walter Radermacher, GZ = Gerrit Zalm, TC = Thomas Colignatus, CBS = Statistics Netherlands, CPB = Dutch Central Planning Bureau, RSS = UK Royal Statistical Society

2.9 *The SARS-CoV-2 pandemic*

No discussion about the role of science and learning for society will seem complete without a perspective upon pandemics, like with the SARS-CoV-2 virus and Covid-19 disease. The 2nd edition of this book of July 2020 has the pandemic as the 8th storyline, in Chapter 36. Originally, the 1st edition of this book appeared on February 9 2020, just after the WHO *Public Health Emergency of International Concern* (PHEIC) of January 30 and before the pandemic declaration of March 11.

[19] See Hueting & De Boer (2019) for the finding inHueting's thesis 1974, translation 1980, that the environment, due to the new scarcity, *has become part of the subject matter of economics*. Alongside GDP for production there is eSNI = eGDP for environmentally sustainable production.

2.10 *Towards a possible answer*

The 1st edition of this book had the first seven storylines. The 8th storyline of specifically the SARS-CoV-2 pandemic of the first half of 2020 comes as *confirmation* in *a case already built.* There is no need to fundamentally rewrite this book, and it suffices to affix the chapter on the pandemic. However, the SARS-CoV-2 pandemic changed the world for years to come and a discussion is no longer complete without discussing it. NB. The SARS-CoV epidemic of 2003 had been part of my research experience since 2003 when I worked at Erasmus MC in 2002-2004 on the modeling of screening for the human papilloma virus (HPV) and cervival cancer. Warnings about pandemics form an ingredient of environmental sustainability. For this book, the pandemic may attract readers from public health who would tend to regard the pandemic as their point of departure. For all readers and thus also those new ones: the overall point of entry for this book forms the management of the relation of *society* on one hand and *science and learning* on the other hand. Relevant distinctions are (i) between statistics and planning, and (ii) between advice (advisor) and decision making (politics) and control of the quality of information (expertise) – no longer only two but three functions.

The first seven storylines other than the pandemic already generated a rather large puzzle. Clear angles have been:

- For official statistics, it remains important to distinguish its management and its researchers. The researchers would be encouraged to study with an open mind and without pressure. Researchers are human and can make errors, and those errors can be discussed under colleagues and be reconsidered. Researchers are accountable on scientific integrity. Management is accountable for management issues. Criticism on official statistics unavoidably causes what some may see as pressure, but many issues would commonly be directed at management and not at individual researchers for who it would be important to maintain their open mind.
- Official statistics and national accounting has been maltreating the Tinbergen & Hueting approach. *Somehow* younger statisticians at official statistics no longer have the theoretical background to understand this approach. They neither have the respect to properly study it. This better changes. For an econometrician, the Tinbergen & Hueting approach is a no-brainer.
- Walter Radermacher was deficient as an environmental accountant. Who is deficient in his own area of expertise should rather not be trusted with responsibility for also other areas. (However, he may have gained popularity by giving a (wrong) reason to reject the Tinbergen & Hueting approach, when others did not know much about that approach but were not inclined to change and were happy to be given such an excuse.)
- In the Georgiou case, organisations in official statistics fail to check the facts, and suffer from mass hysteria. They treat the other statisticians of the El.Stat board of 2010 in biased manner. *When information is lacking, one should not take sides, but establish a proper investigation.*
- The governance and integrity of national statistical offices (NSO) has been affected and is at stake. The European Statistical System (ESS) has arranged that all authority now is assigned to the DG = chief = single head = head = board = NSO. This is unwise, and it is better to have multi-person boards.

- Subsequently, there is the issue of the *overall governance* of science and learning.

For political economy, the main steps are the recognition of the *Economic Supreme Court* and *Forum Theory* and the suggestion of a *National Assembly of Science and Learning.* Arranging the puzzle, my presumption is that the last point in above longer list is most important for the world at large. The last two points in the list are the most relevant for the world of official statistics itself. Other issues are subsidiary to governance and integrity. However, the Tinbergen & Hueting approach is vital for the world too, and there is an urgent need for repair of past errors in management.

For the SARS-CoV-2 pandemic it is important to refer to Colignatus (2020c), with the redesign of didactics of some epidemiological models. In my current position I cannot contribute to actual epidemiological modeling but I may help a bit on didactics for quantitative researchers and students new to this area. The *didactic* exercise also clarifies that if the pandemic had run its course with R_0 = 4 and an infection fatality factor of 1.5% in Holland with 17.4 million persons then some 250,000 deaths could have occurred instead of the current 9000 deaths (517 per million, all excess mortality [20]). The conditional (*if*) is a big one, because said scenario does not account for endogenous reactions to rising mortality. Perhaps Sweden indicates such endogenous reactions, with 388 per million (4000 deaths on 10.3 million persons, all excess mortality), [21] though this does not correct for Sweden's much lower population density. [22] (Pueyo (2020), [23] overall) With endogenous reactions, the base scenario might be a factor 10 lower (at 25,000 rather than 250,000 deaths) before making cost-effectiveness calculations on policy, but both would involve an economic downturn anyway (Koolman (2020),[24] Dutch [25]). For cost-effectiveness, see Juneau et al. (2020). The statistical information about the pandemic still is remarkably weak but it would seem to be a correct conclusion that Holland and its Center for Disease Control RIVM did not do well, though it avoided a much worse outcome. See Chapter 36 for a discussion. Interconnections are: (1) RIVM also plays a role concerning the Tinbergen & Hueting analysis on environmental sustainability, see Colignatus (2020a). (2) In May 2020 Angelique Berg has been appointed as DG CBS Statistics Netherlands, [26] who has little background in statistics and who was DG Public Health since 2015 and who there did not prepare Holland for the pandemic, see e.g. Section 36.7. Her appointment was upon recommendation by the CBS advisory commission chaired by Gerrit Zalm, see Chapter 34.

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[20] https://ourworldindata.org/covid-excess-mortality

[21] https://analysis.covid19healthsystem.org/index.php/2020/06/04/how-comparable-is-covid-19-mortality-across-countries/

[22] https://www.maurice.nl/2020/04/27/zweedse-aanpak-kost-30-doden-per-dag-meer-2/

[23] https://medium.com/@tomaspueyo/coronavirus-should-we-aim-for-herd-immunity-like-sweden-b1de3348e88b

[24] https://aheblog.com/2020/05/28/its-the-virus-stupid/

[25] https://esb.nu/blog/20059629/het-is-het-virus-niet-de-lockdown

[26] https://www.cbs.nl/en-gb/corporate/2020/21/angelique-berg-appointed-as-new-director-general-of-cbs

3. *Democracy and its governance with and by science and learning*

3.1 *Economic planning*

Colignatus (2000, 2011) looks at economic planning:

- Econometricians must forecast what policy makers will do in the future.
- Complications are: Policy makers might uncritically follow such forecasts ("self-fulfilling prophecies") or policy makers might even deliberately do the opposite of the forecast.
- The governance of the Dutch Central Planning Bureau (CPB) appears to be deficient, with also censorship of science and abuse of power since 1990 by the directorship. [27]

Colignatus (2000, 2011) gives the logic of an Economic Supreme Court (ESC), as an extension of the *Trias Politica* with a fourth pillar into a *Tessares Politica.* [28]
Galbraith 2019 "The next great transformation" [29] (of which I read only the first page) would seem to get a partial answer from the suggestion of an Economic Supreme Court per nation. [30] [31]

3.2 *Research fields other than economics*

While the ESC is a logical approach from the point of view of Political Economy, with its subject of the management of the state – and "management" is actually the same as "economics" – there arises the question what to do with the other fields in science and the humanities, like psychology, biology, physics and engineering, and so on. Would we need to exend the *Tessares Politica* with a *Psychology Supreme Court*, and a *Biology Supreme Court*, and so on ?
A clear answer is *no*: the issue is the management of the state, and thus we are dealing with economics, and thus the extension with an *Economic Supreme Court* should be adequate. When relevant, all issues on psychology, biology etcetera can be translated into *issues of management* (e.g. how to adapt the law to a particular issue), and then be submitted to all branches of the Tessera Politica: legislative, executive, judiciary, and economic supreme court.

3.3 *But science and learning themselves are not perfect*

As correct as this is, it still causes some dissatisfaction. Over the years I have encountered various topics with these properties:

(i) mishaps that are internal to science
(ii) huge consequence for policy making and society.

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[27] https://boycottholland.wordpress.com/about/
[28] I have used "tetras" en "tessera" but Ancient Greek "tessares" (foursome) is best.
[29] https://www.project-syndicate.org/onpoint/the-next-great-transformation-by-james-k-galbraith-2019-11?barrier=accesspaylog
[30] http://thomascool.eu/Papers/Drgtpe/Index.html
[31] http://thomascool.eu/Papers/Environment/2020-01-31-THAENAES.pdf

Examples of *mishaps internal to science* are:

(a) Research in didactics and teaching of mathematics, Colignatus (2015e), [32] see e.g. Chapter 10.
(b) Political science on electoral systems, see Colignatus (2020b), [33] see Chapters 11 and 12
(c) Demographers do not succeed in clarifying to Climate Change engineers (collaborating in UNFCCC) what the relevance of education and family planning would be for the control of the world population and its impact on climate change, see Chapter 13.

If one could establish some misdemeanor somewhere then these cases are similar to the CPB-directorate censoring science (while CPB is supposed to be scientific), and the CBS maltreating the Tinbergen & Hueting approach (while CBS is supposed to be scientific), and in this book also the El.Stat director breaching his duty and sending figures to Eurostat without seeking approval by his board.

This risk of mishaps exists more in general, whenever there is a science-society overlap. *Scientific and learned organisations,* like the statistical organisations ASA and RSS mentioned above, are focused upon research and the publication of journals, and not upon management (economics) of science and learning. The incompetence of the statistical organisations in the El.Stat case is shocking, but actually the executive bodies of such organisations are not trained and focused on management (economics) of science and learning. (There is also the psychology that *managers like directors* and *dislike people who are dismissed* like the other El.Stat board members.)

3.4 *Defence, support and promotion of science and learning*

Philosopher of science A.D. de Groot developed "*forum theory*", see De Groot & Visser (2003) (in Dutch) [34] and Chapter 7 below. Above phenomena arise when the forum doesn't function properly. It is management of science and learning to make sure that the forum functions in adequate manner. The world needs bodies for such management.

Some might claim a hierarchy: that professors are more informed about science and learning than the other members of the faculty and the PhD students. This gives the conventional hierarchical approach with top professors appointed at the national academy. Instead, forum theory suggests that science and learning are performed by all people involved, and there are ample arguments to apply the "one woman, one vote" principle also to the work floor in science and learning.

The Prolegomenon on page 17 highlights the genesis of current parliaments (locations to talk) at the time of Charlemagne in 800 AD. [35] The EU started as a collaboration of Member States and subsequently developed a European Parliament. Colignatus (2005) reflected that the United Nations require a World Parliament. In fact, citizens can already create a World Parliament and do not need to wait for the UN.

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[32] https://zenodo.org/communities/re-engineering-math-ed
[33] https://www.aps.org/units/fps/newsletters/202001/index.cfm
[34] https://www.knaw.nl/nl/actueel/publicaties/het-forumwaarmerk-van-wetenschap
[35] https://boycottholland.wordpress.com/2012/03/07/high-priests-of-high-treason/

In similar fashion, the world of science and learning may create *National Assemblies of Science and Learning*, with the task to make the forum work adequately in a nation, manage science and learning, and monitor their quality.

- The *Floor of the Assembly* would be elected by all researchers in a nation (registered at the Assembly of Science and Learning)
- The *Senate of the Assembly* could be the current National Academia of Science and Learning. (In Holland the KNAW, dating from Napoleon.)

An example is that Assemblies of Science and Learning could support and promote open access publishing, without the current excessive "article processing charges" (APC), see my proposal for author databases at their alma mater [36] (and see perhaps discussions at the Society for Scholarly Publishing (SSP)). [37]

Key points are:

- Assemblies of Science and Learning would supervise national statistics.
- Assemblies of Science and Learning can enact investigations as discussed here on the El.Stat, CBS and CPB cases.

PM. On the notion of *democracy with and by science and learning*, Dutch readers may be interested in Colignatus (2019a).

3.5 *Creation of Assemblies of Science and Learning*

The creation of an Assembly of Science and Learning is rather straightforward. A group or association of scientists and/or scholars – and do not think about only universities but include the research institutes and possibly think tanks – sets up a foundation of such name, (i) with a governance structure that is comparable to a national parliament, with a Floor (elected in equal proportions, see Colignatus (2020b), by an electorate of registered researchers) and a Senate (likely the national academy), (ii) with a stipulation who might be eligible for the electorate (masters degree, having research at least once in the last 20% of one's life), and a registry of the (screened, accepted and paying) actual electorate. The Floor might consist of 99 members with a term of three years and annual replacement of 33 members. Subsequently, the various associations of science and the learned societies are informed, they pass on the information, members of the electorate are recruited, elections are organised, the Floor has a constitutional assembly, and starts its daily routine.

At first the Floor might convene perhaps twice a week, with four working days for its members. The annual salary of a member then is 4/5 of EUR 50 thousand. The annual wage bill would be EUR 99 × 40 thousand ≈ 4 million. Institutes like universities would support the Floor by maintaining employment and counting membership of the Floor like teaching or research. The membership fee for the electorate would be used to pay for the salaries of elected members of the Floor who originate from a less financially strong background. With 100,000 accepted members in the electorate and an annual memberschip of EUR 50, then a budget

[36] https://boycottholland.wordpress.com/2016/10/12/letter-to-vsnu-and-others-on-membership-dues-and-open-access-publishing/

[37] https://scholarlykitchen.sspnet.org/about/

of EUR 5 million would be available to cover costs. Eventually, the membership would grow to all researchers in a country.

The following are examples of associations who might either set up a new foundation or morph into the Assembly of Science and Learning. Such are examples only. Basically any motivated and resourceful group can do so.

USA	American Association for the Advancement of Science (AAAS) [38] [39]
	American Council of Learned Societies (ACLS). [40] [41]
UK	British Science Association [42] [43]
	The British Academy [44] [45]
Holland	Koninklijke Hollandse Maatschappij der Wetenschappen [46] [47]
	or WOinActie [48]

Ever since the creation of national academies, there was the discussion about the allocation of seats. It often was easier to e.g. set up a "national academy of medicine" than try to discuss the number of seats for doctors in the national academy. One extreme is to grant each field an equal share, another extreme is to allocate in proportion to the number of graduates, or gainful employment in the economy. **Table 1** is an example somewhere between these extremes.

Table 1. Example seat allocation in a Floor of Science and Learning

15	Science
15	Engineering
3	Mathematics
10	Teaching (evidence based)
15	Humanities (other)
15	Social sciences
5	Medicine
3	Law
1	Theology & Religious studies
17	Free
99	*Total*

A tricky issue is that mathematics would generally not be regarded as an empirical science and thus actually belongs to the humanities, even though it is

[38] https://www.aaas.org/mission
[39] https://en.wikipedia.org/wiki/American_Association_for_the_Advancement_of_Science
[40] https://www.acls.org/
[41] https://en.wikipedia.org/wiki/American_Council_of_Learned_Societies
[42] https://www.britishscienceassociation.org/
[43] https://en.wikipedia.org/wiki/British_Science_Association
[44] https://www.thebritishacademy.ac.uk/about
[45] https://en.wikipedia.org/wiki/British_Academy
[46] https://www.khmw.nl/over_ons/
[47] https://en.wikipedia.org/wiki/Koninklijke_Hollandsche_Maatschappij_der_Wetenschappen
[48] https://woinactie.blogspot.com/p/over-wo-in-actie.html

considered to be “exact”. [49] Theology might not be relevant here, i.e. not be regarded as one of the sciences or humanities, since the notion of a supreme being is as diverse as humanity itself, and perhaps religious studies might be regarded as a combination of history and sociology of religion. On the other hand, theology was the dominant faculty in the Middle Ages, and it would not be wise to exclude a prime interest for large sections of the population and encourage an environment with its own bubble outside of science and learning.

[49] https://boycottholland.wordpress.com/2015/10/02/pierre-van-hiele-and-gerald-goldin-2/

4. *Conclusions upfront*

(1) In the Netherlands, the Central Commission for Statistics (CCS) was created in 1892. There appeared to exist a great demand for statistical data, so subsequently in 1899 CBS Statistics Netherlands (Centraal Bureau voor de Statistiek) was created, with a Director and department within the Ministry of Internal Affairs. The CCS determined the programme (also non-CBS) and the CBS Director established the actual figures. In 2003 the DG had established an internal board for CBS itself, consisting of three persons while the deputy DG was charged with looking after the quality of the data. An Eurostat peer review by O'Hanlon et al. (2015) was quite positive about this structure. However, the ordeal with El.Stat Statistics Greece caused a reflex within Eurostat and the European Statistical System (ESS) to put all authority in the hands of only the director of the National Statistical Office (NSO). Also in Holland the law has been adapted now, so that multiperson head = board = CCS = CBS = DG = single chief. This development is unfortunate. It is better to return to the status quo ante. The role of information in society is too important to put all responsibility for national statistics both in the hands of a single person and closer to politics. Advisable for the countries in the ESS is to have a CCS for the work programme (also non-CBS) and the DG as the chair of a multi-person board with collective responsibility.

(2) The ESS Code of Practice of 2005 allowed that a statistical authority was headed by a multiperson board – apparently also to fit the Dutch situation, that was looked upon with favour by Eurostat. This Code of Practice was changed in 2011, potentially to better fit the ambition for Greece, to encourage the interpretation that DG = chief = single head = head = board = NSO. The discussion about the Greek case is much contaminated by authors who refer to the 2011 Code while they should refer to the 2005 Code that was in force in 2010.

(3) (i) The March 2010 law for El.Stat apparently had created a board that was also responsible for the data. (ii) The memorandum by the Greek government and the IMF in 2012 stipulated that this had to change. We can infer that the IMF in 2012 agreed that the situation in 2010 according to the Greek government and law gave authority to the El.Stat board for the data too, otherwise IMF would not have insisted upon change. (iii) The Greek Supreme Court in 2018 judged that the Greek law of 2010 was that Andreas Georgiou, director of El.Stat, had to seek approval by the board for the data that he submitted to Eurostat. (iv) Georgiou himself actually agreed with this, since in 2010 he had engaged in confidential efforts – advised by Eurostat's representative Hallgrimur Snorrason, former DG of Statistics Iceland – to have the law of March 2010 adapted, in order to assign all responsibility to himself as the director. The law was indeed already much adapted in December 2010. (v) However, apart from this confidential effort supported by Snorrason, and, in the open, to the board of El.Stat in 2010, to the Greek courts, to outside statistical organisations and to the (international) press, Georgiou claimed that legally only he, the director, was responsible for the data. Supported by Snorrason, he stated this to statistical colleagues of the International Statistical Institute (ISI), the UK Royal Statistical Society (RSS) and the American Statistical

Association (ASA), and he stated this while he and Snorrason and Eurostat knew that he actually wasn't. (vi) The Greek Supreme Court in 2018 convicted Georgiou for a breach of duty, since he hadn't sought approval by the board for the figures that he sent to Eurostat. He was guilty as charged. If he has been under oath, he also committed perjury. It is useful to put Eurostat and Snorrason under oath too. To his statistical colleagues, Snorrasen presents himself as an independent outsider but he was a participant, and hired as a representative of Eurostat.

(4) Walter Radermacher, director at Eurostat 2008-2016, made his career in environmental statistics, becoming (deputy) director of the German Statistisches Bundesamt in 2003-2008 before going to Eurostat. His work shows misconceptions, logical errors and misrepresentation about the approach by Jan Tinbergen (Nobel Prize in economics 1969) and Roefie Hueting (UNEP Global 500 Award 1994) about environmentally sustainable national income (eSNI). With his positions, Radermacher has played a key role in blocking the Tinbergen & Hueting approach. With such errors in his field of expertise it is remarkable that he made this career. But, blocking eSNI has been popular amongst national accountants, and this might explain such career. In the case of El.Stat 2010, he knew that Georgiou should not bypass the board but still assisted him in doing so, thus assisting him in violating the law of an EU Member State. Radermacher did not inform his colleagues at ISI, RSS, ASA, IAOS, FENStatS and SFdS but stimulated them while covering up the true state of affairs. He also put these falsehoods in his thesis of 2019 at Sapienza Univ. di Roma.

(5) The world of science and learning is advised to create an *Assembly of Science and Learning* per nation. A Floor would be elected by national scientists and scholars, and the Senate could be formed by the national Academia of Science and Learning. The governance of statistics is only one of many other cases that require attention. The role of information becomes ever more crucial for society, and some organised quality control by the world of science and learning thus becomes crucial too. An *Assembly of Science and Learning* in a nation could monitor the quality of science and learning in a nation. Such assemblies provide for an environment in which such investigations, as discussed here, can be organised and monitored.

(6) The financial and Eurozone crises and the unemployment in Southern Europe have been much larger than otherwise could have been the case because of "*Dutch economics*". There is censorship of science since 1990 by the directorate of the Dutch Central Planning Bureau (CPB). Fellow economists, policy makers and the general public are blocked from key new insights that, when published, will allow for more and better employment and welfare. It is unwise to blame much unnecessary hardship to the directorate of CPB. Each nation better takes responsibility for its own actions. The economic conditions in Southern Europe were favourable at first because of the lower rate of interest due to the convergence into the euro. Southern European countries had an opportunity to increase their productivity. History took another turn. Apart from this, the CPB case must be judged on itself and with criteria of science. The world should not accept censorship of science. Thus my advice is to boycott Holland till the censorship by the directorate of CPB has been lifted.

5. *Structure of this book*

5.1 *Top-down versus bottom-up*

An Anglo-Saxon manner of exposition is bottom-up, compare Common Law, going from the particular to the more general – if there is any generality anyhow. A Continental approach is top-down, compare Roman law, with first a general theory and then cataloguing the particulars. This books has a mixture of these.

After *Part 1* with the introduction*, Part 2* has the main argument on *Forum Theory* and a *National Assembly of Science and Learning*. Part 2 contains the main propositions of this book, and it is basically self-contained. It also sets the stage for the subsequent Parts with illustrating examples. The examples from economics, national accounting and statistics dominate the book, but Part 3 emphasizes that there are many more problems in the world that require an *Assembly of Science and Learning* in each nation.

5.2 *Education, democracy, world population*

Part 3 provides indications for the research fields on education, democracy, and world population. Its chapters indicate problems that seem to be overlooked by the specialists in their fields and the chapters suggest solution approaches that fit theory and empirical research but also appeal to common sense. If I were a member of an Assembly of Science and Learning, then I would submit the chapters for discussion so that others (not only members of the Assembly) could recognise that it would be useful to have a hearing of the specialists. For example, political scientists on electoral systems now develop a tendency to refer to themselves as "electoral engineers" but they fundamentally lack a background in engineering and one would tend to warn the world of engineering. The example concerns the USA but this is easily translated to the UK and France. For Greece it is remarkable that the largest party in elections for the House of Parliament receives a bonus of 50 seats: [50] which is counterproductive since you would want to see that parties learn to respect each other and form coalitions.

5.3 *Dutch economics*

Part 4 is a top-down discussion of the notion of an Economic Supreme Court, and then focuses upon the example of unemployment. This Part also provides for the general macro-economic context of the Greek economy in 1990-2020, which is important for the subsequent Greek ordeal in statistics and its current economy.

The International Statistical Institute (ISI) claimed in 2013 that the Greek economy went wrong because it lacked adequate statistics, see **Appendix** 40, but this is reverse causality. ISI doesn't do macro-economics. Adequate statistics are a necessary but not sufficient condition for adequate policy making. The Greek economy went wrong because of its economic policies. The policy makers merely tried to *make it look good*, whatever the real figures. Our discussion on statistics does not quite concern a *Potemkin Village* (façades only) but rather a *House of*

[50] A portal no source: https://en.wikipedia.org/wiki/Hellenic_Parliament#Election

Mirrors with different agents constructing their own distractions and narratives. Thus from economics we move onwards to official statistics and national accounting.

5.4 *Dutch official statistics and national accounting*

Part 5 is a top-down discussion on official statistics and national accounting. Since there is no "general framework" for such, it uses the particular Dutch situation. The discussion provides a wetting stone to judge the Greek case. Dutch official statistics has a sound reputation in the world of official statistics, and the International Statistical Institute (ISI) historically has its seat in the building of CBS Statistics Netherlands. However, in this Part we will also meet with the scandal of *Dutch national accounting* with respect to environmental sustainability.

5.5 *Greek statistics and the events in 2010*

For some readers the present recantation will rekindle bitter-sweet and even disgusting-hilarious memories of the events of 2010, when this Greek Drama etched itself in the collective memory of our generation.

We will use the term "Greek statistics" though "Greek national accounting" would be proper since the issue concerns the national budget deficit and debt.

In the *Conclusions upfront*, above, we already established – purely by referring to the *Greek law* – that El.Stat had a multiperson board and not a chief (single head). This observation is corroborated by the fact that the EU, Eurostat and IMF wanted this law to be changed, which means that they recognised the original setting. Obviously there is the judgement by the Greek Supreme Court that also used the actual law of 2010. Below we will elaborate on the details: not to further prove this elementary fact but to show how others evade it. We must check on the versions of the European Statistical System (ESS) *Code of Practice* 2005, 2011 and 2017.

Part 6 then looks at the details of the Greek case. The Georgiou case is a maze, with remarkable sloppiness in reporting by many, also about what Code of what year applies. Let us walk through this maze, step by step. Subsequently, while the major point has been established over and over again that Georgiou was guilty as charged, we can proceed with the more relevant issues. There is stewardship of how to publish a statistical figure that might send your country down the drain. There is the uproar of international protests by statisticians who didn't do a proper fact-check on Georgiou's breach of duty. Finally, we may give some attention to the hacking of Georgiou's computer and the criminal charges on falsifying figures. (These tantalising aspects cause questions below too.)

PM. The name "El.Stat" is used consistently, and has also been adjusted in verbatim quotes when other authors used different monikers, except for the Greek law that had "ΕΛ.ΣΤΑΤ." and the ECB that used "HSTAT".

5.6 *Some key agents*

As already highlighted by **Figure 2**, these storylines assign particulare relevance to some key agents. By a combination of factors and not recognised yet in the public limelights, some agents have failed in their publicly assigned tasks, and though these were major failures they also had a much greater impact than they likely were aware of themselves at the time.

Part 7 looks at two directors (Radermacher and Zalm) and two ministers (Zalm and Dijsselbloem). The example cases of Dutch economics, Dutch national accounting, and Greek statistics cannot be discussed adequately without a deconstruction of the confusion that these key agents caused in these matters.

5.7 *The SARS-CoV-2 pandemic*

Part 8 reviews the Dutch performance within the SARS-CoV-2 pandemic. The death toll was limited to 9,000 persons (all excess mortality) in the first part of 2020, but this is still high and comes at a high cost to the economy and people's savings. It is remarkable how weak the quality of statistics still is, including the evaluation in (quality adjusted) life years and cost-benefit analysis. The review indicates that there was (quite) some dissatisfaction with lack of information by the authorities.

5.8 *Readership of this book*

This book targets all researchers in science and learning.

Part 2 and Part 3 might suffice for most researchers.

Part 4 on economics would appeal to economists, but everyone interested in democracy would want to know about the failure of the *Trias Politica* and the need for a *Tessares Politica*.

Part 5 is relevant for all researchers who use statistics. You would want to make sure that the National Statistical Office is managed by a multiperson board at a distance from politics and commerce.

Part 6 is for the small minority who is interested in Greek statistics. However, the members of the statistical associations should worry how their councils, boards and executives have failed to check the data about the Georgiou case. The part may also be enlightening for the generations that watched the ordeal at some distance.

Part 7 would be relevant for parliamentarian enquiries. Some agents were in official capacity when they made their major mistakes. It would be curious when a parliament allows censorship of science (CPB director Zalm) and collaboration with the breach of the law of an EU Member State (Eurostat DG Radermacher). Obviously, I only give my own assessment here, and it is up to the proper authorities and in particular the bodies of democratic control of power to determine what they think about the events and errors discussed here.

Part 8 on the SARS-CoV-2 pandemic would likely be relevant for all readers, since the pandemic has reshaped our world for the years to come. Readers from other countries may want to compare their own country with the experience in Holland.

Overall, the book is for readers who are interested in most of these angles.

Part 2. Forum Theory & Assemblies of Science and Learning

6. *A.D. de Groot (1914-2006)*

6.1 *Introduction*

Adriaan Dingeman de Groot (1914-2006) [51] may require an introduction for most readers. He studied mathematics with Gerrit Mannoury (1867-1956) at the university of Amsterdam. De Groot got a bachelor in mathematics, switched to psychology with an MA in 1941, and got his 1946 PhD in mathematics & physics, with supervisor psychologist Geza Revesz who remarkably worked at that science department. This study is *Thought and choice in chess*. [52] Original Dutch: *Het denken van den schaker.* [53] Because of this book, De Groot is regarded as one of the founding fathers of cognitive psychology. His book also affected Pierre van Hiele (1909-2010) and his theories on didactics of mathematics. [54] De Groot moved on with his book *Methodology. Foundations of inference and research in the behavioral sciences (1969),* known for his definition of the "empirical cycle". [55] However, De Groot grew dissatisfied with his *Methodology*, since its approach was (in mathematical or ideal-theoretical manner) *prescriptive* and not *empirically* practical. He developed *Forum Theory* by focusing on what researchers actually did, and finding ways to improve proceedings.

6.2 *Forum Theory*

In his obituary of De Groot, Gobet [56] gives a nice summary of Forum Theory.

> "A first theme is related to the notion of truth in science. The Forum Theory , which he had been developing over thirty years, insists on the idea that science is a communal activity directed towards rational consensus. As there is no absolute truth in science, all that scientists can do is to strive for truth, that is, to strive for theories having the highest possible level of certainty. This criterion is met in the case of statements that are unanimously endorsed by all pertinent scientific experts. Such statements then are scientifically true to the best of our present knowledge. Neither are the rules for the correct way of conducting science unchangeable or indisputable. These, too, are to be discussed, and agreed upon in what de Groot calls the forum of expert opinion."

6.3 *Translation of some key Dutch texts on Forum Theory*

De Groot "*Academie and Forum*" (1982:9):

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[51] https://en.wikipedia.org/wiki/Adriaan_de_Groot
[52] http://dare.uva.nl/aup/en/record/301853
[53] http://www.dbnl.org/tekst/groo004denk01_01/
[54] https://boycottholland.wordpress.com/2015/11/06/pierre-van-hiele-and-adriaan-de-groot/
[55] https://en.wikipedia.org/wiki/Empirical_research#Empirical_cycle
[56] https://www.researchgate.net/publication/238691465_ADRIAAN_DE_GROOT_
MARRIAGE_OF_TWO_PASSIONS_A_PERSONAL_SUMMARY

“Perhaps a modern democracy should not be equipped with a *trias politica* but with a *tetras politica*, [actually *tessares politica* [57]] the fourth independent power being science and the humanities. One could think of a corresponding Supreme Court, which in serious cases can condemn the government for political prostitution of research, for abuse of expressions such as "it is scientifically proven that ..." and for scientifically irresponsible applications. In principle, it seems like a good idea, at least – in the current situation – a nice castle in the air.” [58]

“That message is that development of science and the humanities and real, valuable growth of our knowledge cannot be guaranteed nor justified by imposing non-human, logical or methodological criteria. It is ultimately the quality of a culture that makes science possible. This culture must be maintained, improved and defended by people; people who are aware of the tradition of the scientific attitude, people who – for the most part tacitly – have agreed to honestly adhere to a system of fundamental, rational rules of conduct: the rules of the *Forum*.” [59]

“Those rules must be learned; and that is partly a matter for the Academia. But, this learning only works well if the living environment of the researcher does not hinder learning but promotes it. This requires a democratic state but this is not sufficient. For the fruitful development of the social sciences in particular, which are politically so sensitive, it also requires: a government that understands its main mission for science policy well; namely the task, also for those fields of science, to support, promote and protect the tradition of critical research, rational discussion and the pursuit of objective judgment – in short: the Forum culture.” [60]

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[57] https://en.wiktionary.org/ and Ancient_Greek (Dutch “viertal”, English “foursome”)

[58] Dutch: “Misschien zou een moderne democratie niet met een *trias* maar met een *tetras politica* toegerust moeten worden, met als vierde onafhankelijke macht die van de wetenschap. Men zou kunnen denken aan een bijbehorende Hoge Raad, die in voorkomende ernstige gevallen de overheid kan veroordelen voor politieke prostitutie van onderzoek, voor misbruik van uitdrukkingen als "wetenschappelijk is aangetoond dat..." en voor wetenschappelijk onverantwoorde toepassingen. Het lijkt in principe een goed idee, althans – in de huidige situatie – een mooi luchtkasteel.”

[59] Dutch: “Die boodschap is dat wetenschapsontwikkeling en echte, waardevolle groei van onze kennis niet te garanderen noch te legitimeren zijn door het aanleggen van niet-menselijke, logische of methodologische criteria. Het gaat uiteindelijk namelijk om de kwaliteit van een cultuur die wetenschap mogelijk maakt. Die cultuur moet worden onderhouden, verbeterd en verdedigd door mensen; mensen die doordrongen zijn van de traditie van de wetenschappelijke houding, mensen die – voor een belangrijk deel stilzwijgend – overeengekomen zijn zich eerlijk te houden aan een stelsel van fundamentele, rationele gedragsregels: de regels van het Forum.”

[60] Dutch: “Die regels moeten worden geleerd; en dat is mede een zaak van de Academia. Maar, dat leren lukt alleen goed, als de leefomgeving van de onderzoeker dat leren niet belemmert maar bevordert. Daartoe is een democratisch staatsbestel nodig, maar niet voldoende. Voor een vruchtbare ontwikkeling van de politiek zo gevoelige gamma-wetenschappen in het bijzonder is tevens nodig: een overheid die haar voornaamste taak van wetenschapsbeleid goed verstaat; namelijk de taak om, ook op die wetenschapsgebieden, de traditie van kritisch onderzoek, rationele discussie en streven naar objectieve oordeelsvorming – kortom: de Forumcultuur – te steunen, te bevorderen, te beschermen.”

De Groot (1982:22): [61]

> "It seems that there is a tendency in the Netherlands – stronger than in most other countries – that differences between groups receive an ideological charge, so that they can be interpreted as "fundamental" points of difference; with the result that a social structure is created consisting of a large number of separate, relatively independent sub-establishments with their own territories and well-defended borders between them. Somewhat in caricature, the consequence of this structure is that no matter of any importance can be the subject of a national decision if not all sub-groups, individually, are represented in decision-making. This means that committees and other decision-making groups have a tendency for us to become too large, too extensive to be able to work; and this, in turn, causes that many fundamental issues are not resolved in actual decisions. Elsewhere I have pointed out that, unfortunately, this situation lends itself perfectly to a government policy of the type: Divide and rule."

6.4 *Criticism*

Van Eemeren & Grootendorst (1977) gave the criticism that De Groot presented a "theory of truth" that was only a form of *conventionalism,* and that his reasoning is circular since he does not specify who would be member of a particular forum. He also puts emphasis on "rational argument", and refers other types of argumentation to "councils that might use majority decision making", leaving it vague how often the one or the other would happen.

Smaling (2008) calls attention to dialogue and empathy as the *real* ways towards progress. He rejects De Groot's idea that issues could be resolved by rational argument. We might add ourselves that the special case of mathematics is a rational reconstruction after a historical development in views that were not so rational in origin.

One can only agree with such criticism. Most likely De Groot would have agreed too. In the following we will keep this criticism in mind as highly valuable, but not dwell on it, since these issues concern implementation. The point remains that we *are* discussing rational reconstruction. When looking for current views in science and learning, we want to hear the rational story, even when it takes a longer route to get there. Definition of membership etcetera are practical issues. The only answer is to simply start. Practice makes perfect.

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[61] Dutch: "Het ziet ernaar uit dat er in Nederland een tendentie bestaat – sterker dan in de meeste andere landen – waardoor verschillen tussen groepen een ideologische lading krijgen, zó dat zij kunnen worden opgevat als 'principiële' verschilpunten; met als gevolg dat er een sociale structuur ontstaat bestaande uit een groot aantal afgescheiden, betrekkelijk onafhankelijke sub-establishmcnts met eigen territoria en goed verdedigde grenzen ertussen. Enigszins in karikatuur beschreven is de consequentie van deze structuur dat over geen zaak van enig gewicht een nationale beslissing kan worden genomen indien bij de besluitvorming niet alle subgroepen, apart, vertegenwoordigd zijn. Dat betekent dat commissies en andere besluitvormingsgroepen bij ons de neiging vertonen om te groot, te omvangrijk te worden om nog te kunnen werken; en dit leidt er dan weer toe dat over veel fundamentele zaken geen werkelijke beslissingen worden genomen. Elders heb ik erop gewezen dat deze situatie zich, helaas, uitstekend leent tot een regeer-politiek van het type: Verdeel en heers."

7. *Forum theory*

7.1 *Continued from above*

The following continues the discussion of Forum Theory by De Groot in Chapter 6. The present discussion is not systematic. My basic sources for Forum Theory are in Dutch: De Groot (1982) and De Groot & Visser (2003). [62] The reader must hope that someone (Dutch KNAW) provides for an English translation of De Groot & Visser (2003) (published by KNAW). I have not yet retrieved the English: De Groot *(*1984), *"The theory of science forum: Subject and purport", Methodology and Science, 17(4), 230-259* (a journal that existed in 1968-1995).

I have discussed aspects in my weblog. [63] Since education is so relevant for forum theory, this letter by me to VOR is quite relevant as well. [64] (Above quotes by De Groot (1982) were already used there, and have been translated into English now above.)

7.2 *Core notion*

The core notion (as I understand it) is:

(i) discover what processes in science and the humanities have worked,
(ii) protect, support and promote such processes.

Since there is no objective notion of what would count as a success, we have nothing else but the scientists and scholars living now, who do their best and who give their view about what would count as a success.

There is no need to re-invent the wheel. Improve the current situation, step by step. Do so consciously, and prudently, and not like a leaf in the wind or a sheep in the herd.

7.3 *Scientific integrity, prevention better than cure*

Current discussion about research integrity is often focused on what to do when things go wrong, and how to clean up the mess, while the prime focus should be on how to prevent that things go wrong. [65]

It is a grey area how researchers respond to criticism, but it would very much be the idea of forum theory that conjectures and refutations are encouraged. It would rather be part of *research integrity* to be open and responsive to critical questions. Many problems in (Dutch) society persist because researchers hide in the ivory tower and do not respond to criticism.

7.4 *Discussion, storage, harvesting, support alumni*

The forum of science and the humanities can improve upon the current situation by facilitating discussion by open access databases for such discussions. Universities who grant scientific titles would support their alumni by allowing them

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[62] https://www.knaw.nl/nl/actueel/publicaties/het-forumwaarmerk-van-wetenschap
[63] https://boycottholland.wordpress.com/2015/11/06/pierre-van-hiele-and-adriaan-de-groot/
[64] http://thomascool.eu/Papers/Math/2016-05-09-Letter-to-VOR-and-Trainers-of-teachers.pdf
[65] https://boycottholland.wordpress.com/2015/11/26/allea-defines-research-integrity-too-narrow/

to store their work in such databases, with subsequent discussion, while journals can harvest from those. [66] For a journal it suffices to provide links to peer-review reports in such databases.

There is no need for commercial publishing houses, since editorial boards can harvest from the databases, and provide links to the papers and peer reviews. Commercial publishers are expensive while databases for alumni are cheap. There may be commercial companies who provide for nice typographic layouts.

Forum theory has the straightforward logic: (i) graduation leads to improved discussion, (ii) open access to this discussion, (iii) harvesting for journals, (iv) prevention of problems with integrity because of open discussion.

7.5 *Paradigm shifts*

While forum theory supports everyday science, its hallmark would be the easier change when there are paradigm shifts and scientific revolutions. The latter would be intellectual shifts and conceptual revolutions, not changes in personal ranks (waiting till the professor has retired).

7.6 *Culture, democracy, education*

Issues of culture, democracy and education are obviously important. I have looked at democracy [67] [68] and education [69] but remarkably little at culture yet.

7.7 *Dissatisfaction amongst current Dutch scientists and scholars*

Microbiologist and newspaper columnist Rosanne Hertzenberger states her opinion about Dutch academia in 2016: [70] [71]

> “Science has become an extremely grumpy world, with a surprising number of deeply disappointed, pessimistic and cynical people. Maybe

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[66] https://boycottholland.wordpress.com/2016/10/09/let-higher-education-he-create-working-paper-archives-wpa-for-alumni/

[67] http://thomascool.eu/Papers/Drgtpe/Index.html

[68] https://zenodo.org/record/291985

[69] https://zenodo.org/communities/re-engineering-math-ed/about/

[70] Dutch: “De wetenschap is een buitengewoon chagerijnige wereld geworden, waar een verrassende hoeveelheid diep teleurgestelde, pessimistische en cynische mensen rondloopt. Misschien zijn er daarom niet zoveel boeken over. Begrijp me niet verkeerd, er zijn genoeg grote ideeën, bevlogenheid, brille. Toch lijken de meeste mensen als kuddedieren vast te zitten in hetzelfde systeem. Een systeem waar iedereen continue wacht op goedkeuring. Goedkeuring van je ideeën, je plannen, je aanvragen, je referentiebrieven, je cv. Wetenschappers zijn loonslaven en flexwerkers ineen. Ze hebben niet de vrijheid van het ondernemen, maar ook nooit de zekerheid van een baan in loondienst. Telkens weer moet je bewijzen dat je je plek verdient, je genoeg stickers in je schriftje hebt behaald, door genoeg hoepels bent gesprongen, genoeg geld hebt binnengehaald. Oh wee als iemand je voor gek verklaart. Of neem het publicatieproces. Dat ingewikkelde spel dat we met elkaar spelen over waar we wat schrijven over onze ontdekkingen. Boek je een bijzonder resultaat of doe je eeninteressant experiment, dan schreeuw je dat niet van de daken, je gooit het niet online, op een blog of op Facebook of Twitter, zoals de rest van de wereld. Nee, eerst moet je steggelen met anonieme vakgenoten over wat je er wel en vooral niet overmag zeggen, en of het überhaupt bijzonder genoeg is om aan het publiek te vertonen. Soms gaat er een paar jaar overheen voor een bevinding aan de wereld wordt geopenbaard. En dan staat het nóg achter betaalmuren."

[71] http://www.nrc.nl/handelsblad/2016/04/17/het-is-tijd-voor-een-elon-musk-van-de-wetenschap-1609245

that's why there aren't that many books about it. Don't get me wrong, there are plenty of big ideas, enthusiasm, brilliance. Yet most people seem to be stuck like herd animals in the same system. A system where everyone is constantly waiting for approval. Approval of your ideas, your plans, your applications, your reference letters, your resume. Scientists are wage slaves and flex workers in one. They do not have the freedom of doing business, but never the certainty of an employed job. Time and time again you have to prove that you deserve your place, that you have obtained enough stickers in your logbook, that you have jumped through enough hoops, and that you have collected enough money. Woe if someone calls you a maverick. Or take the publication process. That complicated game that we play together about where we write something about our discoveries. If you score a special result or do an interesting experiment, then you don't shout it from the rooftops, you don't throw it online, on a blog or on Facebook or Twitter, like the rest of the world. No, you first have to haggle with anonymous colleagues about what you can and cannot say about it, and whether it is special enough to be shown to the public at all. Sometimes it takes a couple of years before a finding is revealed to the world. And even then it is behind paywalls."

Since 2018 Holland has an action group "WOinActie" [72] with complaints of structural unpaid overtime work and other dismal working conditions. [73] [74] The weblog of WOinActie states that they are supported by university boards: [75]

QUOTE

WOinActie is a movement that defends the interests of university education and the link with scientific research, which is under great pressure due to substantial long-term cutback and a rapid increase in student numbers.

WOinActie is a national platform for local action united by the following three demands:

- abolishment of the efficiency cuts of 183 million euros.
- restoration of the government funding to the level of 2000.
- abolishment of the lumpsum cut of 19 million euros.

WOinActie is a community of students and employees that defends the univerity and her future. Information of our upcoming actions can be found here.

Currently WOinActie is supported by the following organisations: De FNV, ISO, PNN, de Jonge Akademie, De LSVb, Platform Hervorming Nederlandse Universiteiten, VAWO, Rethink VU, the VSNU and the Executive Boards of all the universities in the Netherlands, see below for a number of expressions of support:

- De universiteit van Tilburg,
- De Erasmus universiteit,

[72] https://dub.uu.nl/nl/opinie/waarom-zou-ik-woinactie-steunen

[73] https://www.volkskrant.nl/nieuws-achtergrond/wetenschappers-doen-structureel-onbetaald-overwerk-blijkt-uit-inventarisatie-actiegroep~bae33b4d/

[74] They focus on academia and do not seem to mind censorship by the directorate of CPB.

[75] https://woinactie.blogspot.com/p/about-woinactie.html

- De Vrije Universiteit,
- Radboud Universiteit,
- De universiteit van Amsterdam,
- Rijksuniversiteit Groningen,
- Universiteit Utrecht

UNQUOTE

(Thus all university boards support this but some have not provided explicit statements.)

My diagnosis is that the Dutch royal academy of science and the humanities (KNAW) has seriously been neglecting De Groot's forum theory since it was formulated in the 1970s and even published by KNAW in 2003.

7.8 *Independent funds like NWO and NSF*

In Holland, the Ministry of Education distributes funds to both universities and NWO (the Dutch version of the US National Science Foundation). Universities use these public funds to do education and own research. Tuition fees are only a minor source in funding. NWO distributes additional funds for research, with its own system for submitting applications and evaluation (in which academics partake in time-consuming peer reviewing).

In the US, many universities have private funding and high tuition fees, and then it makes more sense to have a government funded NSF.

In Holland, the NWO is rather superfluous, since the funds may also be given directly to the universities, who are government funded anyway. However, NWO has been set up by the government with the explicit purpose to have more control about how the funds are allocated, in particular for improvements in the economy. In this, the government apparently doesn't trust the universities in providing adequate transparency and accountability.

NWO has the annual Spinoza awards. In a complex process, nominations are collected, candidates screened, and four or five winners are selected, and their award consists of EUR 2.5 million each, to be spent on new research at their own discretion. [76] [77] In my view the whole is a charade, and a rather expensive way for NWO to advertise and justify its own position, with the cheap logic of picking winners, at the cost of young researchers who would deserve the benefit of the doubt. Spinoza would never have satisfied such NWO criteria, and it is a blamage to name the award after him. [78]

7.9 *Funding individual researchers, trust and the H-citation index*

The H-citiation index was proposed by Jorge E. Hirsch, and in 2020 he has an article "*Superconductivity, What the H ? The emperor has no clothes*". [79] [80]

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[76] https://www.nwo.nl/en/funding/our-funding-instruments/nwo/nwo-spinoza-prize/nwo-spinoza-prize.html

[77] https://en.wikipedia.org/wiki/Spinoza_Prize

[78] https://boycottholland.wordpress.com/2012/06/05/the-dutch-spinoza-prize/

[79] https://www.aps.org/units/fps/newsletters/202001/index.cfm

[80] https://en.wikipedia.org/wiki/H-index

My suggestion is that Forum Theory would support the notion of *trust.* A student working on a MA or MSc degree would require more supervision, but the idea of the degree is that one learns about independent thinking. The idea of a PhD is that the candidate has shown to be able to conduct scientific research by himself or herself. Thus the supervision during PhD research should be rather minimal, except for as is common in that type of research itself.

Given the demonstrated competence, the researcher could be funded for the next two years and be trusted to spend the funds wisely. Findings are stored in the database, including the record of impact, and those can always be reviewed at a later moment. When the researcher thinks that an extension of funding is feasible, say after one year or one year and a half, he or she can do an application with reference to the work done. It is always easier to review work done than plans. The idea is that work done is the base for trust, and funding should not be based about perspectives for possible results, since it would be rather curious that others would be better able to judge about those perspectives than the very researcher who is the specialist on the issue.

Apart from this essential point, there seems to be no general format. One can imagine all kinds of schemes and criteria and kinds of funding, but those would differ per type of research.

7.10 *The lingua franca of mathematics*

Overall, there is the lingua franca of mathematics. Stephen Wolfram has been very sensitive to the use of this language on the computer, and the computer algebra system *Mathematica* has many features that are natural to mathematical thinking. Let me again encourage Stephen to turn his company into an open access public utility, because it is unfortunate that such beauty and core effectiveness and efficiency is locked behind a paywall and less accessible to education and research. Overall, (i) the programming language of *Mathematica* cannot be proprietary, since it is a language, (ii) one can imagine different competing companies providing for interpreters and compilers of that language, (iii) the “frontend” interface between human and computer would rather be a public utility. See *Elegance with Substance.* [81]

[81] https://zenodo.org/record/291974

8. *A general theory of knowledge*

8.1 *Summary on the background*

The following has been taken from a 2016 draft article on Mannoury and two of his students. [82] *Its summary will form an introduction for the subsequent general theory of knowledge (GTOK).*

A discussion on epistemology and its role for mathematics and science and the humanities is more fruitful when it is made more specific, namely by focussing on didactics of mathematics and methodology of science and the humanities. Both philosophy and mathematics run the risk of getting lost in abstraction, and it is better to have an anchor in the empirical science of the didactics of mathematics.

Trying to get a link to reality by means of historical research is not enough, when one doesn't understand how knowledge comes about. The General Theory of Knowledge (GTOK) presented by Colignatus in 2015 has roots in the work of three figures in Holland 1926-1970, namely G. Mannoury (1867-1956) and his students P.M. van Hiele (1909-2010) and A.D. de Groot (1914-2006). The work by Van Hiele tends to be lesser known by philosophers, because Van Hiele tended to publish his work under the heading of didactics of mathematics. This article clarifies the link from Mannoury (didactics and significs / semiotics) to the epistemology and didactics with Van Hiele levels of insight (for any subject and not just mathematics). The other path from Mannoury via De Groot concerns methodology. Both paths join up into GTOK.

This article has an implication for education in mathematics. The German immigrant Hans Freudenthal (1905-1990) was a stranger to Mannoury's approach, and developed "realistic mathematics education" (RME) based upon Jenaplan influences (by his wife) and a distortion and intellectual theft of Van Hiele's work (which distortion doesn't reduce the theft). RME is wreaking havoc in mathematics education. It is important to set the record straight, not just for accuracy, but also since there is a tendency to regard the work by Van Hiele as part of RME. Authors like mathematician Henk Visser (ca 2005) or psychologist Ben Wilbrink (website) who want to eliminate RME for good reason also tend to erroneously denounce the work by Van Hiele. Mannoury must be saved from obliteration but also Van Hiele. Both Hans Freudenthal (1905-1990) and recently David Tall in 2013 claimed a result that however had been achieved by Van Hiele in 1957. It is valuable that the result is confirmed but it is better to recognise Van Hiele and his better reasoning.

8.2 *Mannoury and significa / semiotics*

Semiotics is already discussed by Locke (1632-1704) and may have earlier roots in Spinoza (1632-1677). Kant (1724-1804) and Peirce (1839-1914) must be mentioned. [83]

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[82] http://thomascool.eu/Papers/Math/2016-02-18-Mannoury-VanHiele-DeGroot-06.pdf

[83] J.F.A.K. van Benthem criticised around 1980 that I referred to Kant without having read him, but he did not explain why I for my purposes could not rely on what H.J. Störig had written, or

Shortly before 1900 it was an eye-opener that the verb "to be" could be analysed in (at least) the distinction of element, subset, identity. Georg Cantor (1845-1918) developed this as set theory in mathematics, but such core “awakenings” shape our thinking, and they are crucial for didactics. In philosophy we see the development into Analytical Philosophy (IEP (2016)).

With such predecessors, Gerrit Mannoury (1867-1956) cannot really be called a pioneer. He developed his version of this line of analysis and had an influence that is still important today. Beth (1956/1958:432) states about Mannoury's inaugural lecture of 1903: "He defends the view, now familiar but at that time highly provocative, that philosophy originates from linguistic problems; (...)". Wittgenstein (1889-1951) had the phases of the *Tractatus* and the *Investigations*. Before the latter, Mannoury already defended the view that "the meaning of terms is their use", see Heyting (1966).

Lady Welby was in correspondence with Peirce, and one wonders whether her term "significs" and his "semiotic" denote the same: a "theory of the use of signs". For convenience I regard these as the same indeed.

It is necessary to link up to Claude Shannon (1916-2001) and information theory. A message is sent from source to destination. The message is encoded to fit the medium or channel. The intention by the sender may differ from the interpretation by the receiver. When you are interested in improving communication or didactics then it can help to analyse the various steps in this set-up.

I have had no time yet to look at a recent thesis on Mannoury. [84]

8.3 *Van Hiele’s levels and De Groot’s forum*

Pierre M. van Hiele (1909-2010) and Adriaan D. de Groot (1914-2006) had classes by Mannoury. PM. It is not likely that they had classes by E.W. Beth (1908-1964). They refer to Beth however.

De Groot got his baccalaureat in mathematics and switched to psychology. He is well-known for his study of cognition in chess, which contributed to the advance of cognitive psychology. De Groot (1961) is a classic on methodology, in which he coined the term "empirical cycle". This book arrives at the negative insight that we will never know the truth. Kuhn (1962, 1970) described the social dynamics of scientific revolutions. De Groot (1982) and De Groot & Visser (2003) present **Forum Theory**, with the positive insight how the social dynamics in science and the humanities could be regulated so that we might not know truth but at least have some warrants w.r.t. what we tend to "accept as true". De Groot worked on *testing* of students, and helped create the CITO testing bureau. It is still an issue that cognitive psychologists and psychometricians may have insufficient insight in the didactics of mathematics, so that their tests can be invalid, see Colignatus (2016c). Significs / semiotics is instrumental for arriving at valid tests.

Van Hiele graduated as mathematician and followed his early preference to become a teacher of mathematics. His 1957 Ph.D. thesis started out on didactics

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what correction he wanted to send to Störig, so I still wonder why Van Benthem didn't deal with the subject of our conversation and went off on this kind of "criticism". See Colignatus (1981, 2007, 2011).

[84] https://repub.eur.nl/pub/116694/

of geometry, but he in fact developed a *general theory of epistemology of levels of insight*, that he only *demonstrated* by the didactics of geometry (and "demonstration" is a term used in didactics (of geometry)). In his thesis, Van Hiele clearly states that the levels of insight are relevant for rather any subject. Van Hiele's theory is of fundamental importance.

A discussion of the relation between A.D. de Groot and P.M. van Hiele is in Colignatus (2015a). This relation is virtually non-existent. It appears that De Groot (1961, 1994) "Methodology" refers to Van Hiele (1957) but gives it a wrong presentation. Apparently De Groot was too busy writing his book to take the time to digest Van Hiele's crucial contibution to general epistemology and cognitive psychology. Remarkably, both authors had written about the didactics of geometry, namely the first presentation of (formal) geometry to students of age 12, but the communication failed. Historians of science hopefully can check whether Van Hiele and De Groot later found an opportunity to correct the issue. See Visser (2015) for De Groot on didactics of mathematics, in which Van Hiele is mentioned, but not bridging the gap. Visser (ca 2005) shows some misconceptions about Van Hiele himself too, see elsewhere.

My advice in 2008 was the creation of a Simon Stevin Institute for research in the didactics of mathematics and subsequent application in education.

8.4 *Definition & Reality Methodology and a General Theory of Knowledge*

Van Hiele (1957) presented a theory of levels of insight. These levels have a logical structure. The base level is in the realm of sensations. A student at this level doesn't have a well-developed memory and relies on direct experience to feed the mind. Language is used to label properties. The second level concerns a growing awareness of relations between those properties. This requires memory, and obviously, this level cannot be attained when the student has no idea about such properties, or memory of such properties, at the base level. The highest level is deductive, when the student arrives at a logical model.

In educational practice, students at different levels have different languages, in which the same words have different meanings. Teaching can get slow at level transitions, and didactics must be developed to facilitate such transitions.

Colignatus (1992) (2000, 2005, 2011) (pdf online [85]) presents a "*Definition & Reality Methodology*". The idea is to choose definitions to best capture empirical information, so that we aspire truth by definition. The empirical problem shifts to the question whether the definitions apply or not. Popper's theory of falsifiability is less relevant when the empirical issue is applicability. (Mannoury's / Wittgenstein's meaning = use; this potentially shifts the field from science to engineering.) Colignatus (1994) refers to De Groot (1982) and Forum Theory in the analysis that the Trias Politica model of democracy is deficient and requires a constitutional Economic Supreme Court to safeguard the role of economic science in economic policy making. A short memo in the RES Newsletter relating this to the 2007+ economic crisis is Colignatus (2014a), in this book Chapter 14.

Colignatus (2015b) [86] explains the relation of Van Hiele levels to the D&R methodology. The power of the Van Hiele levels is they can be defined logically,

[85] http://thomascool.eu/Papers/Drgtpe/Index.html
[86] https://boycottholland.wordpress.com/2015/09/08/pierre-van-hiele-and-epistemology

whence we arrive at truth by definition. It is a matter of research and engineering to identify and manage the actual processes.

Colignatus (2015c) presents a General Theory of Knowledge (next section), that integrates these three elements: the D&R methodology, Van Hiele levels and De Groot's Forum Theory**.**

Figure 3 has been taken from there. See the discussion there. Obviously Mannoury affects his two students Van Hiele and De Groot. A deserved place is for Otto Selz (1881-1943) who influenced Popper, De Groot and Van Hiele. I lost a reference on that Selz also influenced Mannoury.

The link between Piaget and Van Hiele is that Piaget already hypothesized levels of understanding, but linked those to age, which makes this an issue of antropology. Van Hiele started there, but eliminated age as a factor, and found the general logical relations that create a theory of epistemology.

Beth is not in this diagram. Van Hiele was in contact with Piaget and Beth was in contact with Piaget, but I am not aware of cross references. Van Hiele (1957) refers to Beth (Euclides XVI no 1 and Beth 1955) but I have not checked its importance.

Beth & Piaget (1966) do not refer to Van Hiele. They quote Mannoury but don't fully agree with it.

> "Enriques and Mannoury both propose to show that every attempt to base pure mathematics on absolute self-evidence will be in vain, and to disclose the psychic mechanism which gives rise to such an endeavour. This intention is expressed perfectly clearly by Mannoury: “But all that mathematics is still tricked out [overdressed fancily] in, its absolute character and perfect accuracy, its generality and autonomy, in a word, its truth and eternity, all this (if I may be forgiven the expression) *all this is pure superstition*!"”

8.5 *A General Theory of Knowledge*

2015-11-24 [87]

There is a General Theory of Knowledge (GTOK) implicit in former weblog entries. It can better be made explicit. Let me first draw the diagram and then discuss it. Relevant weblogs are:

- Pierre van Hiele and epistemology [88] – for the link to the Definition & Reality methodology
- Pierre van Hiele and Adriaan de Groot [89] – for the link to methodology and Forum Theory
- The About page [90] about the Definition & Reality methodology

8.5.1 *Discussion of the diagram*

Figure 3 with above weblog entries is rather self-explanatory.

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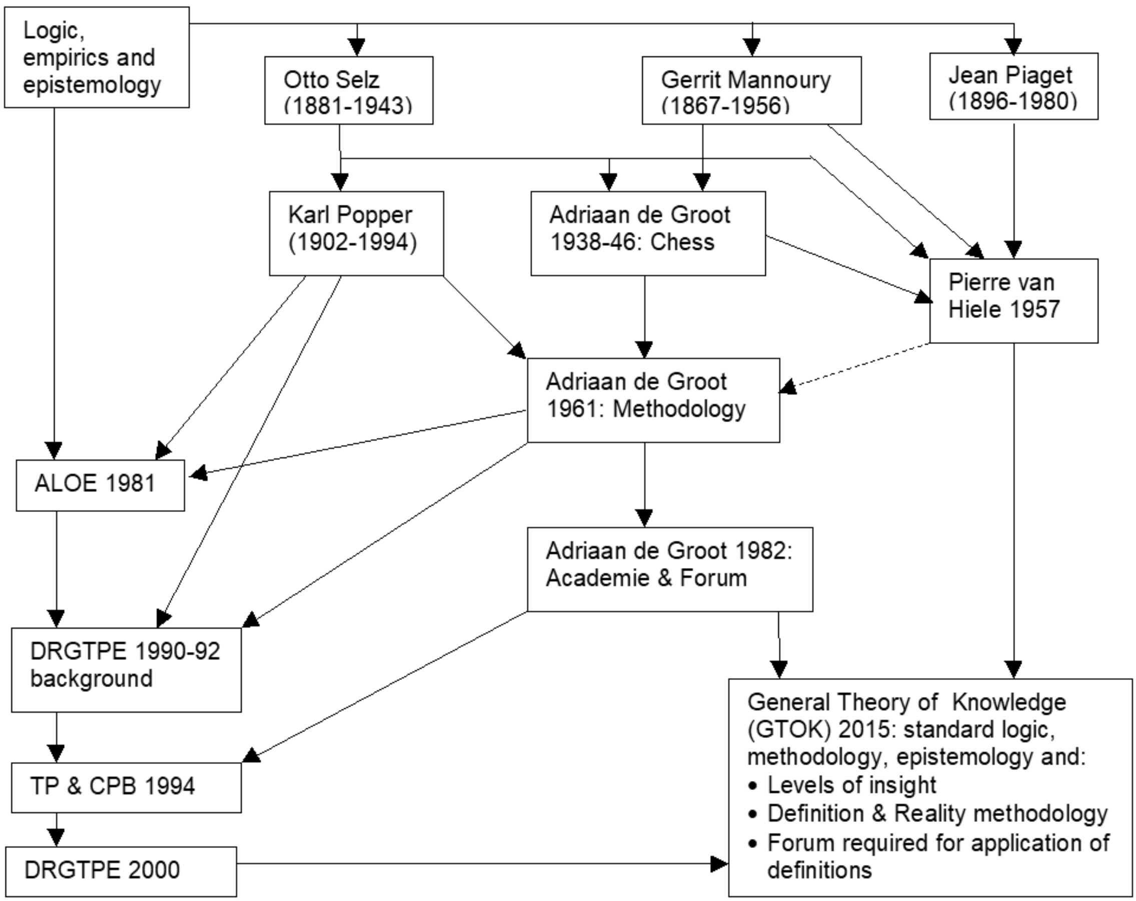
[87] https://boycottholland.wordpress.com/2015/11/24/a-general-theory-of-knowledge/
[88] https://boycottholland.wordpress.com/2015/09/08/pierre-van-hiele-and-epistemology/
[89] https://boycottholland.wordpress.com/2015/11/06/pierre-van-hiele-and-adriaan-de-groot/
[90] https://boycottholland.wordpress.com/about/

- What I may need to explain is how this relates to my own work.
- A nice introduction to epistemology, at the level of the international baccalaureate (IB) programme is the book by Richard van de Lagemaat (CUP, now a new 2015 edition).
- A general principle is that philosophy should use mathematics education as its empirical field of reference. When philosophy hangs in the air then it is at risk of getting lost. The education of mathematics has adequate challenge for dealing with abstract notions.

Figure 3. Genesis of a General Theory of Knowledge



Some main steps in the diagram are:

(1) Jean Piaget introduced stages of development. Epistemology tends to focus on the last stage, with a fully developed rational being who wonders what can be known and how this can be achieved. It makes sense to distinguish stages in such questions however. Pierre van Hiele removed Piaget's dependence of stages upon age, and turned the issue into a logical framework for epistemology. With the Definition & Reality methodology this framework is also

empirically relevant. This is also very useful for the link of philosophy to education. See *Pierre van Hiele and epistemology*. [91]

(2) Karl Popper turned Otto Selz's methodology for psychology into *a philosophy of science* in general. This uses falsifiability as a demarcation between science and non-science. Since the Anglo-saxon world tends to distinguish science and the humanities (humaniora), the general term "theory of knowledge" (epistemology) will do.

(3) Selz inspired Adriaan de Groot to create his experiments with chess masters. Later De Groot continued in methodology, and it seems that he is the one who introduced the *empirical cycle*. His book *Methodologie* ends in depressing awareness that science cannot establish truth as in mathematics. Thus De Groot advances the uplifting *Forum Theory*, that focuses on the rules of conduct within the scientific community. While we may not discover the real truth we still can ask why we should trust these guys and gals.

(4) De Groot and Van Hiele were also inspired by their UvA math teacher Gerrit Mannoury (1867–1956). See this project [92] about Mannoury and significa.

(5) The dashed arrow from Van Hiele to De Groot is the unfortunate failed transfer of the theory of levels of insight. De Groot refers to the thesis but missed this notion, see this discussion. [93]

(6) My book *A Logic of Exceptions* (ALOE) (unpublished 1981, 2007, 2011) [94] is already deep into methodology. ALOE looks into the logical paradoxes and suggests that empirical sense may help to get rid of mathematical nonsense. There is a distinction between Gödel's theorems and the interpretation that he gave to them. For the issue of volition, determinism and chance there is no experiment that allows to distinguish what is empirically the case. (I haven't yet looked at the interpretation of the recent experiment with Bell's equation at TU Delft, see the websites by Ronald Hanson and Richard Gill.)

(7) The abbreviation DRGTPE stands for the book *Definition & Reality in the General Theory of Political Economy*. [95] This 2000, 2005, 2011 book had a precursor already called Background Papers to DRGTPE that collected papers from 1989-1992. This essentially gave the framework for political economy, in both mathematical model and empirical methodology. The 1994 book *Trias Politica & Centraal Planbureau* (TP & CPB) (in Dutch) referred to De Groot's Forum Theory to clinch the argument for an Economic Supreme Court (ESC). Subsequently, DRGTPE 2000 contains a constitutional amendment how the ESC should satisfy such Forum rules.

(8) Since 2015 I have grown more aware of the importance of Forum Theory for the selection of definitions for applications. This element is implicit in the earlier development but it is useful to state it explicitly, given the importance of the role of definitions. Research groups might be characterised by the definitions that they select. It can depend upon the quality of the rules how flexible research groups are with experiments and adverse information.

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[91] https://boycottholland.wordpress.com/2015/09/08/pierre-van-hiele-and-epistemology/

[92] https://www.nwo.nl/onderzoek-en-resultaten/onderzoeksprojecten/i/86/8486.html

[93] https://boycottholland.wordpress.com/2015/11/06/pierre-van-hiele-and-adriaan-de-groot/

[94] http://thomascool.eu/Papers/ALOE/Index.html

[95] http://thomascool.eu/Papers/Drgtpe/Index.html

Thus, to restate in text what is depicted in the last box in the diagram: This 2015 GTOK has the standard logic (with ALOE), methodology (with Forum Theory), and epistemology, and has more awareness of:

- levels of insight or understanding
- Definition & Reality methodology
- Forum Theory is especially required for the application of definitions.

8.5.2 *Application*

Some applications of this GTOK are:

(1) See Part 4 on *Dutch economics,* and especially Section 16.1.

(2) The scheme allows us to deal with the confusions by Stellan Ohlsson [96] (abstract to concrete) and Ben Wilbrink (Van Hiele's theory of levels wouldn't be empirical). [97]

(3) The scheme allows us to deal with the problem of universals. Van Hiele "demonstrated" the general applicability of the theory of levels by using the example of geometry. (And geometry uses demonstration as a method of proof too.) He mentioned that the theory had general applicability and mentioned chemistry and didactics as other examples, without working out those examples. Freudenthal neglected Van Hiele's general claim, put him into the box of "geometry only", and claimed that he, Freudenthal himself, had shown the applicability to mathematics in general. (See here. [98]) Of course, Freudenthal also had the problem that a universal proof is impossible, since you would need to check each field of knowledge. However, now with the definition & reality methodology, we can take the levels of insight as a matter of definition. Like the law of conservation of energy defines what we regard as "energy". The problem shifts to application. For this, there is *Forum theory*.

[96] https://boycottholland.wordpress.com/2015/09/03/pierre-van-hiele-and-stellan-ohlsson/
[97] https://boycottholland.wordpress.com/2015/09/05/pierre-van-hiele-and-ben-wilbrink/
[98] http://arxiv.org/abs/1408.1930

9. *Economic Supreme Court & Assembly of Science and Learning*

9.1 *Functions for science and learning themselves and for policy making*

As **Figure 1** on page 22 clarifies, there are multiple relationships between the old institutes and the newly proposed institutes, about which more may be said.

De Groot (1982:9), quoted in Chapter 6 above, indicates that *forum theory* allows for at least two functions:

(i) regulation of the internal processes of science and learning, with *advice* for policy making,
(ii) *judgement* about policy making.

For economics, I already hit independently from De Groot upon the latter idea for the Economic Supreme Court (ESC), see Chapter 14, but I enjoyed the reference. This Court is an essential part of government in a democracy, with the separation of powers between Legislative, Executive, Judiciary and Epistemic branches.

For other fields than economics: As discussed in Chapter 3, the reference to an ESC leaves much unsaid about science & learning apart from economics. For policy making, aspects from science and learnng can be translated into items that are relevant for allocation process of the national budget. However, a National Assembly of Science and Learning now would provide structure.

9.2 *Starting when ?*

An assembly of science and learning can simply start, see Section 3.5. Its first focus will be upon the internal regulation of science & learning itself, and restructuring the current advice for policy making.

Subsequently, there will be suggestions for governance structures that would also involve judgement.

At some point the national parliament, consisting of the two chambers of House and Senate, might invite the Assembly of Science and Learning to join up, and form the third chamber in parliament, commonly identified as the Study.

It might even be that such later developments happen before the creation of the ESC. However, it remains advisable that current parliaments set up enquiries on the creation of their ESCs, since such issue is focused and essential.

NB. In a draft of this book, I used the phrase “parliament of science and learning” but this is a wrong term, since “parliament” belongs to the Trias Politica structure, and science & learning would only form an assembly in parliament.

9.3 *Further evolution*

Holland already has the Council of State, an “Advisory body on legislation and highest general administrative court”. [99] Some functions that would naturally belong to an Assembly of Science and Learning may presently be performed by

[99] https://www.raadvanstate.nl/talen/artikel/

this Council. However, when an Assembly of Science and Learning comes upon the scene, then all bodies will evolve to some new equilibrium.

The present analysis uses the example case of a nation state, but could also apply to a city council, county / province, state in a federation. Also a city council would benefit from its local (regional) council on science and learning. The university of Groningen [100] was founded in 1614 (for theology and pastor training) and at that time the cities of Groningen and Friesland counted about 50,000 persons. [101] One would think that a region of 100,000 persons should be able to support a minor university, for local interests and live long learning, and adequate facilities via the internet.

There are also the media and their journalists. A good question is why the media don't manage to report adequately about the issues discussed here. Media focus on politics and its theatre. Perhaps, when there are Assemblies of Science and Learning, that also the media will start to function better. Likely though there will always be some excuse to blame it all on the media. (In Holland, journalists of sciende and learning do not report about censorship of science by the directorate of CPB. [102])

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[100] https://en.wikipedia.org/wiki/University_of_Groningen

[101] https://www.rug.nl/staff/r.f.j.paping/urbanisatietilburg2009powerpoint.pdf

[102] Dutch: http://www.thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2016-08-24-Wetenschapsjournalistiek.pdf

Part 3. Education, democracy, world population

10. *Medical School as a model for education*

2014-07-18 [103] [104]

In Medical School, doctors are trained while doing both research and treating patients. Theory and practice go hand in hand. We should have the same for education. Teachers should get their training while doing theory and learning to teach, without having to leave the building. When graduated, teachers might teach at plain schools, but keep in contact with their alma mater, and return on occasion for refresher updates.

Some speak about a new education crisis (e.g. in the USA). The above seems the best solution approach. It is also a model to reach all existing teachers who need retraining. Let us now look at the example of mathematics education.

Professor Hung-Hsi Wu [105] of UC at Berkeley is involved in improving K12 math education since the early 1990's. He explains how hard this is, see two enlightening short articles, one in the *AMS Notices* 2011 [106] and one interview in the *Mathematical Medley* 2012. [107] These articles are in fact remarkably short for what he has to tell. Wu started out rather naively, he confesses, but his education on education makes for a good read. It is amazing that one can be so busy for 30 years with so little success while around you Apple and Google develop into multi-billion dollar companies.

Always follow the money, in math education too. A key lesson is that much is determined by textbook publishers. Math teachers are held on a leash by the answers books that the publishers provide, as an episode of *The Simpsons* shows when Bart hijacks his teacher's answers book. [108] As a math teacher myself I tend to team up with my colleagues since some questions are such that you need the answers book to fathom what the question actually might be (and then rephrase it properly).

At one point, the publishers apparently even ask Wu whether he has an example textbook that they might use as a reference or standard that he wants to support. The situation in US math education appears to have become so bad that Wu discovers that he cannot point to any such book. Apparently he doesn't think about looking for a UK book or translating some from Germany or France or even Holland or Russia. In the interview, Wu explains that he only writes a teacher's education book now, and leaves it to the publishers to develop the derived books for students, with the different grade levels, teacher guides and answers books. One can imagine that this is a wise choice for what a single person can manage. It doesn't look like an encouraging situation for a nation of 317 million people. One

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[103] https://boycottholland.wordpress.com/2014/07/18/the-medical-school-as-a-model-for-education/

[104] Also included in Colignatus (2018f), "A child wants nice and no mean numbers", https://zenodo.org/record/1434693

[105] http://math.berkeley.edu/~wu/

[106] http://www.ams.org/notices/201103/rtx110300372p.pdf

[107] http://math.berkeley.edu/~wu/Interview-MM.pdf

[108] http://www.wired.com/2013/11/simpsons-math/

can only hope that the publishers would indeed use quality judgement and would not be tempted to dumb things down to become acceptable to both teachers and students. In a world of free competition perhaps an English publisher would be willing to replace “rigour” by “rigor” and impose the A-levels also in the US of A.

In my book *Elegance with Substance* (2009, 2015) I advise the parliaments of democratic nations to investigate their national systems of education in mathematics. Reading the experience by Wu suggests that this still is a good advice, certainly for the US.

About the subject of logic, professor Wu in the interview p14 suggests that training math teachers in mathematical logic would not be so useful. He thinks that they better experience logic in a hands-on manner, doing actual proofs. I disagree. My book *A Logic of Exceptions* (1981 unpublished, 2007, 2011) would be quite accessible for math teachers, shows how important a grasp of formal logic is, and supports the teaching of math in fundamental manner. The distinction between necessary and sufficient conditions, for example, can be understood from doing proofs in geometry or algebra, but is grasped even better when the formal reasons for that distinction are seen. I can imagine that you want to skip some parts of ALOE but it depends upon the reader what parts those are. Some might be less interested in history and philosophy and others might be less interested in proof theory. Overall I feel that I can defend ALOE as a good composition, with some new critical results too.

Thus, apart from what parliaments do, I move that the world can use more logic, even in elementary school.

Update 2015:

Editing the 2nd edition of *Elegance with Substance* (2009, 2015), now available, I was struck again by the empirical observation on the diversity of students and pupils. Evidence based education (EBE) may never attain the sample sizes that are required for statistical testing of theories that allow for such diversity. This fits the Medical School model: there is an important role for individual observation and personal hands-on experience to deal with empirical variety. Methodology and statistics remain important, of course, but in balanced application.

It appears that professor Wu is updating some files. There is a rationale that such updates cause new file names and hence new links. A consequence is that old links break. My suggestion is to keep the old file names and links, and only insert the updated text. I have done so on my website and it works fine. Major changes can always be discussed in an appendix. Only fundamentally new texts require new links.

One such update concerns professor Wu's text on fractions. [109] The text follows from professor Wu's objective to present the tradtional approach. Reading it again, I am struck again by the cumbersomeness of that approach. Much more elegant is the suggestion by Pierre van Hiele to abolish fractions, and use the multiplicative form. See this short introduction [110] and the longer discussion in *A child wants nice and no mean numbers* (2015, 2018). [111]

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[109] https://math.berkeley.edu/~wu/CCSS-Fractions_1.pdf (new link, as long as it lasts)
[110] https://boycottholland.wordpress.com/2014/09/04/with-your-undivided-attention/
[111] https://zenodo.org/record/1434693

11. *Brexit without the will of the people*

2020-01-31 [112]

Today, January 31 2020, at midnight Central European Time, Brexit will happen, even though it is unclear what the British voters think about it. Brexit is neither "*by the will of the people*" nor "*against the will of the people*" but merely "*without the will of the people*".

11.1 *A proto-democracy generates uncertainty*

The UK is only a proto-democracy and no proper democracy, see this *evaluation* [113] in the *APS Newsletter Physics and Society*, January 2020, p18-24, (reproduced in next Chapter 12), which looks at the USA but the argument for the UK is quite similar.

On Brexit, uncertainty abounds:

- The *Brexit Referendum Question* of 2016 was a political manipulation and unacceptable for a decent statistical questionnaire, see here p14. [114] The situation was "garbage in, garbage out", with ample opportunity for populism.
- The UK preferences were rather dispersed about the options for Leave or Remain, see here p6. [115]
- See my summary about *Brexit's deep roots in confusion on democracy and statistics* p18. [116]
- The UK election of December 12 was for the House of Parliament and not about Brexit. Boris Johnson had all candidates for the Conservative Party pledge [117] to support Brexit, which runs against the principle that members of the House must represent their *district.* These elections thus violate the very principle of the UK proto-democracy.

The UK proto-democracy has "district representation" with "*first past the post*", which means that a party may get a majority in the House of Parliament without a majority in the electorate. In the UK 44% voted for the conservatives but they still got 56% of the seats. Thus 56% of the UK voters do not want a government by the Conservatives.

Thus we still do not know what voters think about Brexit too. While Brexit was much discussed, and caused voters to switch to the Conservative Party, it still was

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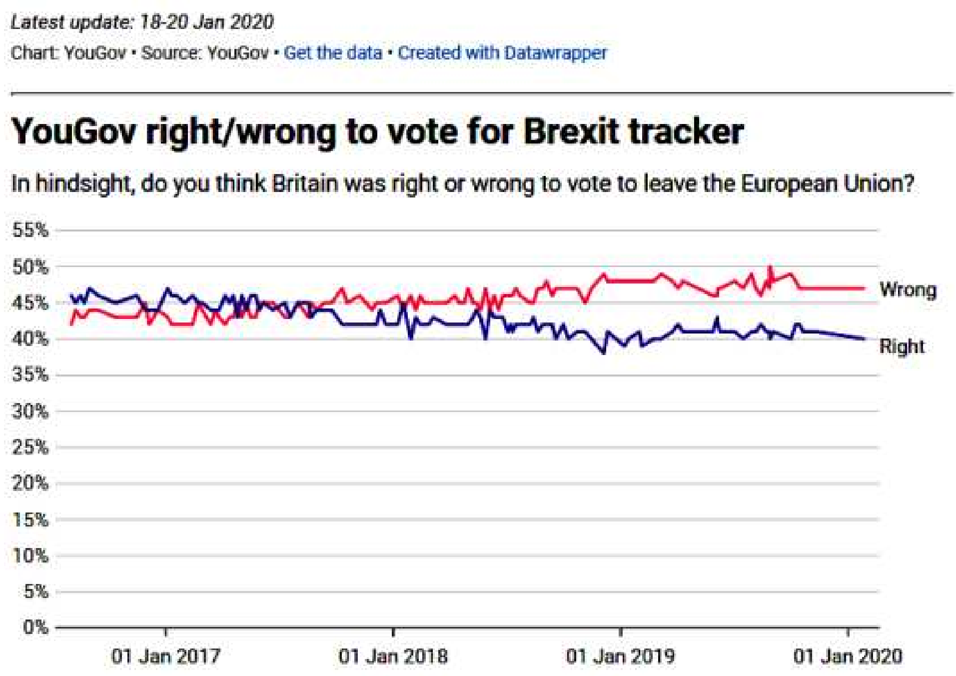
[112] https://boycottholland.wordpress.com/2020/01/31/brexit-without-the-will-of-the-people/
[113] https://www.aps.org/units/fps/newsletters/202001/index.cfm
[114] https://www.res.org.uk/uploads/assets/uploaded/431d0819-d3a2-4b36-8f80297d6db2285a.pdf
[115] https://www.res.org.uk/uploads/assets/uploaded/235c92d4-e9dc-4153-aab450b2b77bd847.pdf
[116] https://www.res.org.uk/uploads/assets/uploaded/edabb350-7014-4fdf-853b0919b932271e.pdf
[117] https://uk.reuters.com/article/uk-britain-election-johnson/johnson-all-conservative-election-candidates-pledge-to-back-my-brexit-deal-idUKKBN1XQ0QM

not the only issue on the table, and it still is unclear what voters think about Brexit on balance.

The UK has the curious phenomenon of the “Re-Leavers”. These voters chose Remain in 2016 but now switch to Leave merely because this was the majority outcome in the referendum, and they “want to respect the outcome”. However, this is not how democracy works. A vote is about what you think yourself and not about what the former outcome was. Obviously these Re-Leavers are free to exercise their democratic right to think whatever they want, but this kind of thinking destroys the possibility to determine what people actually want.

11.2 *YouGov tracker*

The YouGov tracker [118] is the best summary information about the general sentiment on the issue, but it is a poll and no electoral statement. Let me quote the tracking at this moment, because it always changes:



11.3 *Between-party dynamics*

Adam McDonnell and Chris Curtis of YouGov discuss a post-election survey of December 17 2019, [119] and here are their underlying data (for us page 3). [120] The

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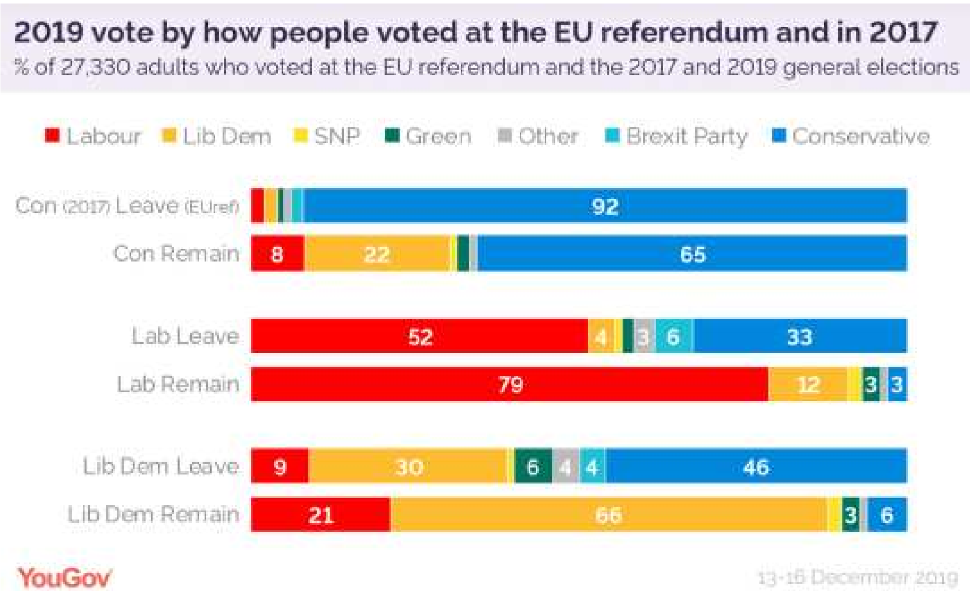
[118] https://yougov.co.uk/topics/politics/articles-reports/2020/01/28/political-trackers-24-26-jan-2020-update

[119] https://yougov.co.uk/topics/politics/articles-reports/2019/12/17/how-britain-voted-2019-general-election

[120] https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/wl0r2q1sm4/Results_HowBritainVoted_2019_w.pdf

dynamics between the UK parties are remarkably large. Their key graph for our purposes is the following. [121] (Printed in gray, the parties can be identified by the stated order.) For example 27% (figure not printed) of the Conservatives voted Remain in 2016: 22% of those (shown in the 2nd bar from above) switch to the LibDem, likely because LibDem are Remain. However, 65% of the Remain Conservatives stick to their party, perhaps because they regard the issue less relevant than other issue of the Conservatives, or perhaps they are ReLeavers. Of the LibDem who voted Leave in 2016 still 46% (5th bar from above) voted LibDem though it had become a Remain party, perhaps because they thought that LibDem would not gain power anyway.



Labour and LibDem could have made a deal to oppose the Conservative candidates with only one candidate from Labour / LibDem, in proportion to the forecasted vote shares. In that case, the LibDem could have assured a referendum on Brexit. During the elections, Jeremy Corbyn was criticised that he did not take a stand on Brexit, but his party was clearly divided, and his offer of a referendum was a fair option [but see below]. At most five years from now there will be new elections. These are the Conservative "*battlegrounds*", [122] where this party could lose a seat by small number of voters.

11.4 *Beware of John Curtice*

John Curtice's [123] diagnosis on Channel 4, November 27 2019, [124] was:

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[121] https://yougov.co.uk/topics/politics/articles-reports/2019/12/17/how-britain-voted-2019-general-election

[122] http://www.electionpolling.co.uk/battleground/defence/conservative

[123] A portal and no scource: https://en.wikipedia.org/wiki/John_Curtice

[124] https://www.express.co.uk/news/uk/1208867/General-Election-news-poll-polls-John-Curtice-Brexit-prediction-2019-opinion-tracker-UK

> “This is pretty much a binary election. Hung parliament, then we’re almost undoubtedly heading towards an extension and a second referendum, and lord knows what the outcome of that will be. Or we get a majority and we go out on January 31 and Boris is charged with the task of negotiating an alternative outcome. Ironically at the end of the day we’ve kind of stumbled into this election, but as the way it’s turning out, it’s actually providing us with a fairly clear binary choice.”

This statement is clearly nonsense, already before the election outcome. Above dynamics of UK voters shows that voters did not see a binary vote on Brexit and clearly had various considerations other than Brexit.

John Curtice is a renowned professor who on Election nights predicts the district outcomes with amazing accuracy. The problem however is that Curtice doesn’t see or explain that the true problem for the UK lies in the lack of equal proportionality in the general election. Curtice is locked in his electoral worldview like a hamster in a running wheel. Whatever he thinks and says here is in service of the current disproportionate electoral system in the UK, and then still produces nonsense.

In sum, it is the current electoral system that created the mess on Brexit and its misleading referendum question in 2016. If the UK had had equal proportional representation (EPR) like in Holland to start with, then Nigel Farage could have gotten his 12,5% of the seats in the House, and then the political discussion would have had greater restraint on the truth of the matter.

11.5 *Brexit is still a mess, and now the eggs are scrambled*

The solution for the present mess lies not in a new referendum on Brexit, as Curtice accepts, but in equal proportional representation (EPR). Referendum questions are manipulative, and voters cannot negotiate in polling stations. With EPR, representatives in the House can deconstruct manipulation and can negotiate. The current UK system gives only district winners, and they may be locked to a party line and cannot represent the diversity of views within their districts. The latter was already a fairy tale in 1900 and even more in 2020. Again, see my evaluation in the APS *Newsletter Physics and Society* (reproduced in next Chapter 12).

Let the UK reboot itself. A big problem for UK voters now is: if the UK would rejoin the EU then it would have to accept the euro.

12. *A buddy-system of physicists and political scientists*

The USA is only proto-democratic. More than a third of US voters have taxation without representation. A buddy system of physicists and political scientists may clear up confusions and would likely have a positive impact on society.

November 2018 – November 2019 – January 2020 [125]

12.1 *Summary and introduction*

World society has a worrying trend of threats to notions and systems of democracy, see Wiesner et al. (2018) in the *European Journal of Physics*. It might be a fair enquiry whether physicists might play a role in enhancing democracy, also in their off-physics-research moments. Physicists have scientific training with a focus on empirics and a command of mathematics and modeling, and they would be ideally placed in providing sound reasoning and debunking confusion, potentially also in off-physics discussions about democracy. However, whatever this ideal position, when physicists don't study democracy then they are likely to be as uneducated as other people. One would expect that the true experts are political scientists, who might provide for such education also for physicists. This article will show however that political science still appears to be locked in the humanities on some crucial issues. Such political science rather creates confusion in the national educational system and the media, instead of providing the education that a physicist would need. The suggestion here is that the APS Forum on Physics and Society helps to set up a buddy system of physicists and political scientists so that the buddies – for all clarity consisting of a physicist and a political scientist per team – can educate and criticise each other in mutual respect, not only to each other's enjoyment, but likely with positive impact on society.

Democracy is a large subject, and the present article focuses on electoral systems. I will present some findings that are new to political science on electoral systems, and these will be indicated by the label *News*. They provide good points of departure when a physicist would begin a discussion with his or her political science buddy.

12.2 *Why would physicists be interested in electoral systems ?*

Physicists meet with elections once in a while. Within faculties and professional organisations sometimes formal voting procedures are used. In such cases, often the actual decision has already been made in (delegated) negotiations so that the formal voting procedure only serves for ratification and expression of consent by the plenum. Physicists may also vote in local, state or national elections, in which, one would hope, the outcome has not been predetermined. The often implicit suggestion is that such electoral systems have been well-designed so that they no longer need scrutiny. However, the highly worrying and disturbing diagnosis provided in this article is that countries like the USA, UK and France appear to be

[125] American Physical Society, Newsletter Physics and Society, January 2020, p18-24, https://www.aps.org/units/fps/newsletters/202001/index.cfm with some small edits here

only proto-democratic (*News*). They are not the grand democracies as they are portrayed by political science in their books, the media and government classes in highschool. Physicists might be as gullible as anyone else who hasn't properly studied the subject. Physicists might consider to rely upon mathematicians who write about electoral systems but mathematicians tend to lack the training on empirical research and create their own confusions, see Colignatus (2001, 2014) (*News*). Physicists might however be amongst the first scientists who would be able to perceive that proper re-education would be required, and that the creation of said buddy system would be an effective approach, and perhaps even a necessary approach given the perplexities in the issue (*News*).

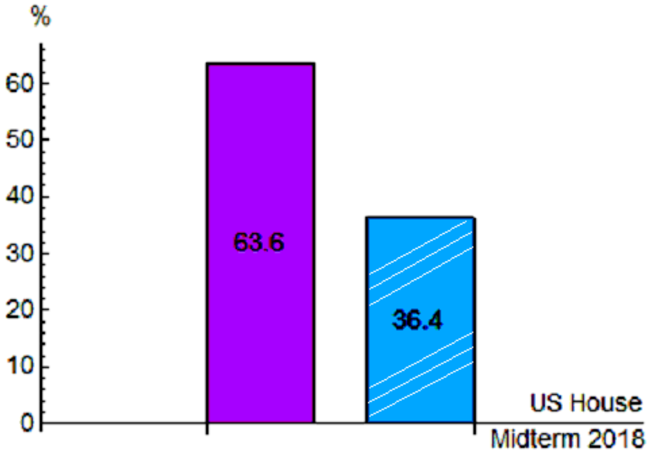
The US midterms of November 6 2018 allow for an illustration of a new finding from August 2017. This new insight is a game changer (*News*), compare the news that the Earth is not flat but a globe. Policy makers might need more time to adapt US electoral laws but the new information can be passed on quickly. It appears that more than a third of US voters have taxation without representation (*News*). It presents a problem that buddies of physicists and political scientists can delve into, to each other's perplexion.

12.3 *Discovery in August 2017*

Some readers will be familiar with the distinction between "district representation" (DR) versus "equal proportional representation" (EPR). In DR the votes in a district determine its winner(s) regardless of ***total***l outcomes. In EPR parties are assigned seats in equal proportion to the vote share, with particular rules to handle integer numbers. Before August 2017 I thought that the properties of DR and EPR were well-known, and that the main reason why the USA, UK or France did not change from DR to EPR was that a party in power would not easily change the system that put it into power. Then however I discovered that the literature in the particular branch of "political science on electoral systems" (including referenda) did not discuss the properties with sufficient scientific clarity (*News*). Many statements by "political science on electoral systems" are still locked in the humanities and tradition, and they aren't scientific when you look at them closely. For its relevance for empirical reality this branch of political science can only be compared to astrology, alchemy or homeopathy (*News*). The 2018 proof is in paper 84482 in the Munich archive MPRA, Colignatus (2018a) (*News*).Thus the academia have been disinforming the world for the greater part of the last century (*News*). Americans express a preference for their own political system – an excellent book in this respect is Taylor et al. (2014) – but they are also indoctrinated in their obligatory highschool Government classes, which in their turn again are disinformed by the academia, like indeed Taylor et al. too (*News*). Rein Taagepera (born 1933) started as a physicist and continued in political science with the objective to apply methods of physics. Shugart & Taagepera (2017) present marvels of results, yet run aground by overlooking the key distinction between DR and EPR, as discussed here (*News*). Let us now look at the US midterm of 2018, and apply clarity (*News)*.

12.4 *US House of Representatives 2018*

In the 2018 Midterms for the US House of Representatives, 63.6% of the votes were for winning candidates and 36.4% were for losing candidates, see the barchart (*News*). This chart is novel and is conventionally not shown even though it is crucial to understand what is happening (*News*). The US system of district representation (DR) has “winner take all”. The traditional view is that the losing votes are “wasted”. Part of the new insight is that the latter terminology is distractive, too soft, and falsely puts the blame on the voter (who should be wiser than to waste his or her vote) (*News*). In truth we must look at the system that actually *discards* these votes (*News*). These votes no longer count. These voters essentially have taxation without representation (*News*).



12.5 *Legal tradition in the humanities versus empirical science*

Economic theory has the Principal – Agent Theory (PAT). Supposedly the voter is the principal and the district representative would be the agent. However, a losing voter as principal will hardly regard a winning candidate as his or her agent (*News*). The legal storyline is that winning candidates are supposed to represent their district and thus also those who did not vote for them. Empirical science and hardnosed political analysts know that this is make-believe with fairy tales in cloud cuckoo land. In practice, losing voters in a district deliberately did not vote for the winning candidate and most losing voters commonly will not regard this winner as their proper representative but perhaps even as an adversary (surely this cannot be *News* ? But textbooks in political science do ***not*** work the point). The textbook by Taylor et al. (2014) refers to PAT but applies it wrongly as if legal formality suffices (*News*). Under the legal framing of “representation” these House winners actually *appropriate* the votes of those who did not vote for them. Rather than a US House of Representatives we have a US House of District Winners, but we might also call it the US House of Vote Thieves (*News*).

These voting outcomes are also highly contaminated by the political dynamics of district representation (DR). The USA concentrates on bickering between two parties, with internal strife and hostile takeovers in the primaries (Maskin & Sen (2016)). Many voters only voted strategically in an effort to block what they considered a worse alternative, and originally had another first preference. In a system of equal proportional representation (EPR) like in Holland, there is “electoral justice”. Holland has 13 parties in the House and allows for the dynamic competition by new parties. Voters are at ease in choosing their first preference and thus proper representatives. They might also employ some strategy but this would be in luxury by free will. In the USA voters often fear that their vote is lost, and the outcome is also distorted by their gambling about the odds. Thus we can safely conclude that even *more* than a third of US voters in 2018 are robbed from their democratic right of electing their representative (*News*).

12.6 *Legal tradition versus the Universal Declaration of Human Rights*

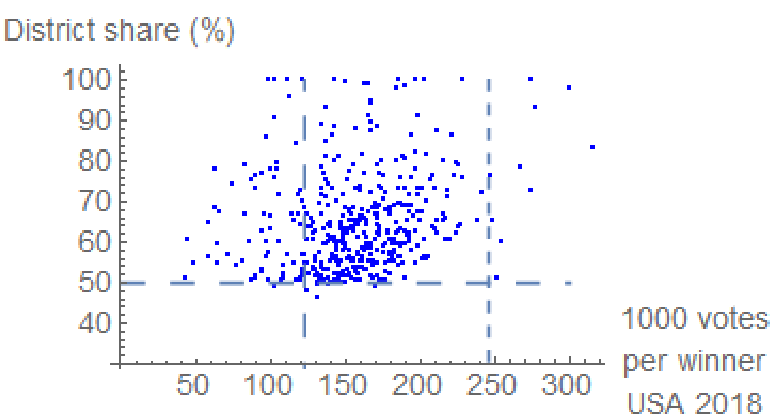
Article 21 of the *Universal Declaration of Human Rights* (UDHR) of 1948 states:

> "Everyone has the right to take part in the government of his country, directly or through freely chosen representatives."

When votes are not translated into representation of choice, then they are essentially discarded, in violation of this human right (*News*). The USA helped drafting and then ratified the UDHR but apparently did not realise that its own electoral system violates it (*News*). The USA has been saved somewhat by the workings of the *Median Voter Theorem* and by *parties* defending their voters in losing districts (which runs against the principle of representing your own district (*News*)). The loss of economic well-being must be great (*News*), e.g. compare Sweden and Holland, that switched from DR to EPR in 1907 resp. 1917, that are among the happiest countries. [126]

12.7 *Confirmation by a scatter plot*

We see this diagnosis confirmed by the district results of the US Midterms, see the scatter chart (*News*) with horizontally the number of votes per winner and vertically the share of that winning vote in the district. Some districts are uncontested with 100% of the share. The key parameter is the *electoral quota,* defined as the total number of votes divided by the 435 seats in the US House. This is about 246 thousand votes, given by a vertical dashed line [on the right].



[126] Caveat: these countries must thank the USA and UK for saving them from the Nazis. A common line of argument is that DR protected the USA and UK from dictatorship, and that EPR allowed the Nazis to seize power. Instead, EPR made it more difficult for the Nazis, and they only got in control by the fire of the Reichstag and arresting communists in the Weimar parliament, see Boissoneault (2017). (This is not *News* since some specialists know this, but it still is not common knowledge amongst political scientists.)

In EPR a seat in the House would be fully covered by this electoral quota, and practically all dots would lie on this line except for some remainder seats. In DR in the USA in 2018 only some 11 dots manage to reach this quota, helped by having large districts. Gerrymandering can help to create such districts. There can be more districts with fewer voters in which the gerrymandering party hopes to have an easier win, remarkably often with even less than half the electoral quota at 123 thousand. While some people speak out against gerrymandering, it is the very point of having districts itself that disenfranchises voters (*News*).

In the USA the winners tend to gain more than 50% of the votes in their districts, which plays into the storyline that they gain a majority in their district, but this still is a make-believe fairy tale because they fall brutally short of the electoral quota for proper representation (*News*). That winners tend to get more than 50% merely reflects the competition between only two parties, at the detriment of other views.

12.8 *Ordinary language instead of scientific precision*

Above observation on taxation without representation could be an eye-opener for many (*News*). Perhaps two eyes may be opened. This unscientific branch of political science relies upon ordinary language instead of definitions with scientific precision (*News*). Physics also borrowed common words like "force" and "mass", yet it provided precise definitions, and gravity in Holland has the same meaning as gravity in the USA. The "*political science on electoral systems*" uses the same words "election" and "representative" but their meaning in Holland with EPR is entirely different from the USA with DR. We find that the USA, UK and France are locked into confusion by their vocabulary. The discussion above translates into the following deconstruction of terminology (*News*).

- In EPR, we have proper elections and proper representatives. Votes are bundled to go to their representative of choice (commonly of first preference), except for a small fraction (in Holland 2%) for tiny parties that fail to get the electoral quota. Those votes are wasted in the proper sense that the technique of equal proportionality on integer seats cannot handle such tiny fractions. A solution approach to such waste is to allow alliances ("apparentement") or empty seats or at least to require qualified majority voting in the House (*News*).
- In DR, what is called an "election" is actually a *contest* (*News*). A compromise term is "election contest". What is called a "representative" is rather a local winner, often not the first preference. This is often recognised in the PS literature and thus no *News,* but remarkably political scientists then switch to the legality of representation and continue as if a winner is a representative indeed. The legal terminology doesn't fit political reality and Principal – Agent Theory (*News*).

An analogy is the following (*News*). Consider the medieval "*trial by combat*" or the "*judgement of God*", that persisted into the phenomenon of dueling to settle conflicts. A duel was once seriously seen as befitting of the words "trial" and "judgement". Eventually civilisation gave the application of law with procedures in court. Using the same words "trial" and "judgement" for both a duel and a court decision confuses what is really involved, though the outward appearance may look the same, i.e. that only one party passes the gate. It is better to use words that enhance clarity. The system of DR is proto-democratic while proper democracy uses EPR (*News*).

Shaun Lawson (2015) in the UK laments how elementary democratic rights are taken away but still doesn't understand how. Now we know. The problem lies first of all with the academia (*News*).

12.9 *Blame also the unscientific cowardice of R.A. Dahl and C.E. Lindblom*

Both eyes might be opened even further by a glance at the US presidency, that currently occupies the USA so much, and that creates such needless national division. Arthur Schlesinger, *"The Imperial Presidency",* 1973, was concerned that the US presidency exceeded its constitutional boundaries and was getting uncontrollable. Robert Dahl & Charles Lindblom, *"Politics, Economics, and Welfare"*, 1976, page 349, take this into account and provide their answer:

> "Given the consequences of bargaining just described, what are the prerequisites of increasing the capacity of Americans for rational social action through their national government? (...) Certainly the adoption of a parliamentary system along British lines, or some version of it, may be ruled out, not only because no one knows enough to predict how it would work in the United States, but also because support for the idea is nonexistent. Although incremental change provides better opportunity for rational calculation than comprehensive alternations like substitution of the British system, there is little evidence even of a desire for incremental change, at least in a direction that would increase opportunities for rational calculation and yet maintain or strengthen polyarchal controls."

This is a statement of unscientific cowardice (*News*). A scientist who observes climate change provides model, data and conclusion, and responds to criticism. Dahl & Lindblom show themselves as being afraid of stepping out of the line of tradition in the humanities. They fear the reactions by their colleagues. They want to keep saying that the US is a democracy rather than conclude that it is only a proto-democracy (*News*). They resort to word-magic and present a new label "polyarchy" as a great insight while it is a cover-up for the failure on democracy (p276) (*News*). The phrase about predicting how a parliamentarian system would perform in the USA is silly when the *empirical experience* elsewhere is that it would be an improvement (this cannot be *News* since the evidence exists but it might be *News* to political scientists that D&L close their eyes for the evidence). Nowadays, the US House of Vote Thieves can still appoint a prime minister (*News*). For this goverance structure, it is only required that the US president decides to adopt a ceremonial role, which is quite possible within the US constitution, and quite logical from a democratic point of view (*News*). For the checks and balances it would also be better that the (ceremonial) president doesn't interfere with the election of the legislature, but we saw such meddling in 2018. See also Juan Linz, *"The perils of presidentialism",* 1990. The reference by Dahl & Lindblom to Britain partly fails because it also has DR, while the step towards proper democracy includes the switch to EPR, also for Britain (*News*). See Colignatus (2018de) for an explaination how Brexit can be explained by the pernicious logic of DR and referenda, and for a solution approach for Britain to first study electoral systems, switch to EPR, have new elections, and then let the UK parliament reconsider the issue (*News*).

In his obituary of Dahl, Ian Shapiro stated in 2014: “He might well have been the most important political scientist of the last century, and he was certainly one of its preeminent social scientists”. Also the informative and critical Blokland (2011) does not deconstruct this image. The truth rather is, obviously with all respect, that Dahl was still locked in the humanities and tradition (*News*). He lacked the mathematical competence to debunk Kenneth Arrow’s interpretation of his “Impossibility Theorem”, see Colignatus (2001, 2014) (*News*). Dahl’s unscientific cowardice has led “political science on electoral systems” astray (*News*), though political scientists remain responsible themselves even today. Scandinavia has EPR but its political scientists can still revere Dahl. Teorell et al. (2016) follow Dahl’s misguided analysis, and their “polyarchy index” puts the USA, UK and France above Holland, even while at least a third of US voters are being robbed from representation because of the US House of Vote Thieves. Hopefully also the Scandinavians set up a buddy system for their political scientists (*News*).

12.10 *Incompetence may become a crime*

If the world of political science would not answer to this criticism and burke it, then this would constitute a white collar crime (*News*). The US has a high degree of litigation that might turn this into a paradise for lawyers (not really news). Yet in science as in econometrics we follow Leibniz and Jan Tinbergen (trained by Ehrenfest), and we sit down and look at the formulas and data. Empirical scientists tend to be interested in other things than democracy, and when they haven’t studied the topic then they may have been indoctrinated in highschool like any other voter (not really *News*). Scholars who are interested in democracy apparently have inadequate training in empirics (this is *News*). Those scholars have started since 1903 (foundation of APSA) with studying statistics and the distinction between causation and correlation, but a key feature of empirics is also observation. When it still is tradition that determines your frame of mind and dictates what you see and understand, then you are still locked in the humanities, without the ability to actually observe what you intend to study. It is crucial to observe in DR that votes are *discarded* and are not used for representation of first preferences, unhinging the principal-agent relationship that you claim would exist (*News*). Also FairVote USA is part of the problem (*News*), who do not clearly present the analysis given here and who misrepresent equal proportionality by trying to make it fit with DR, while the true problem is DR itself. The USA is locked in stagnation.

12.11 *A buddy-system of scientists and scholars from the humanities*

The obvious first step is that real scientists check the evidence (at MPRA 84482), which would require that scientists in their spare time develop an interest in democracy, and that scholars in “*political science on electoral systems*” overcome their potential incomprehension about this criticism on their performance. The suggested solution approach is to set up a buddy-system, so that pairs of (non-political) scientists (physicists) and (political science) scholars can assist each other in clearing up confusions.

Some may fear what they might discover, and fear what they might have to explain to (fellow) US voters, but like FDR stated in 1933: There is nothing to fear but fear itself.

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PM 1. The evidence for this article is provided in Colignatus (2018a) at MPRA 84482. **Appendix A** [Section 12.12] summarizes supplementary evidence by Colignatus (2018b). **Appendix B** [Section 12.13] discusses seeming inconsistencies in this article. For consequences for UK and Brexit, see Colignatus (2018d) in the October 2018 Newsletter of the Royal Economic Society. See Colignatus (2018e) for a suggestion of a moratorium.

PM 2. The data in the charts are from the Cook Political Report of November 12 2018, with still 7 seats too close to call but presumed called here.

PM 3. I thank Stephen Wolfram for the programme *Mathematica* used here. For the creation of *Mathematica,* Wolfram was partly inspired by the program *Schoonschip* by Martinus Veltman.

12.12 *Appendix A. Supplementary evidence on inequality / disproportionality of votes and seats (News)*

The following is from Colignatus (2018b). Political science on electoral systems uses measures of inequality or disproportionality (ID) of votes and seats, to provide a summary overview of the situation. Relevant measures are (i) the sum of the absolute differences, corrected for double counting, as proposed by Loosemore & Hanby (ALHID), (ii) the Euclidean distance proposed by Gallagher (EGID), and (iii) the sine as the opposite of R-squared in regresssion through the origin, as proposed by me (SDID). For two parties, or when only one party gets a seat so that the others can be collected under the zero seat, then Euclid reduces to the absolute difference.

The following table gives the US data for 2016 and preliminary 2018. Conveniently we use data and indices in the [0, 10] range, like an inverted report card (Bart Simpson: the lower the better). The ALHID of 2016 gives a low value of 0.63 in a range of 10, but SDID provides a magnifying glass and finds 3.24 on a scale of 10. In 2018 the inequality / disproportionality seems much reduced. Observe that the votes are not for first preferences, due to strategic voting, and outcomes thus cannot be compared to those of countries with EPR.

USA[2016] → {Table →

Parties	Votes	Seats	Differences
Rep	4.91	5.54	0.63
Dem	4.8	4.46	−0.34
Other	0.29	0.	−0.29

, ID → AbsLoosemoreHanbyID → 0.63, SineDiagonalID → 3.24}

USA[2018] → {Table →

Parties	Votes	Seats	Differences
Rep	4.58	4.67	0.09
Dem	5.24	5.33	0.09
Other	0.18	0.	−0.18

, ID → AbsLoosemoreHanbyID → 0.18, SineDiagonalID → 1.61}

Taylor et al. (2014:145) table 5.6 give electoral disproportionalities in houses of representatives in 31 democracies over 1990-2010, using EGID. Proportional Holland has 0.1 on a scale of 10 (there is little need to measure something that has been defined as equal proportional), and disproportional France has 1.95 on a scale of 10. The USA has 0.39 on a scale of 10. Taylor et al. p147 explain the much better performance of the USA compared to France by referring to the US two-party-system, including the impact of the US primaries. This statement is curious because it doesn't mention strategic voting and thus the basic invalidity of the measure. In 2018 more than a third of the votes in the USA are discarded, so their table 5.6 does some number crunching as if it were science but misses the key distinction between EPR and DR.

Taylor et al. may be thanked for their mentioning of the primaries, because this highlights that the USA labels of "Republican" and "Democrat" are only loosely defined. District candidates have different origins and flavours. A Southern Republican in 2018 may rather derive from the Southern parties who supported slavery and thus be less rooted in the original Republicans of Lincoln who abolished slavery in 1863. Condoleezza Rice may wonder which Republican Party she joined. Thus, above aggregate measures are dubious on the use of these labels too. In the aggregate we see that district winners are supposed to defend losers of the same party in other districts, but this runs against the notion that a representative ought to represent the own district. This objection is stronger when the party labels over districts are only defined loosely.

Thus, as an innovation for the literature (*News*), it is better to use the ALHID = EGID and SDID measures per district, and then use the (weighted) average for the aggregate. In each district there is only one winner, which means that the disproportionality is large, and we see more impact from the phenomenon that losing votes are not translated into seats. When we weigh by seats, or the value 1 per district, then we get the plain average. Alternatively we can weigh by the votes per district. We find that the 2018 aggregate ALHID of 0.18 rises to the average 3.50 (weighted by seats) or 3.64 (weighted by votes) on a scale of 10. SDID uses a magnifying glass. These outcomes are still distorted by strategic voting, of course, but the outcomes show the dismal situation for representation in the USA much better. In the best measure (SDID) on a scale of 0 (best) to 10 (worst), the USA is 6.57 off-target.

All in the [0, 10] range	ALHID	SDID
Using aggregate data only	0.18	1.61
Districts, weighted by seats	3.5	6.4
Districts, weighted by votes	3.64	6.57

12.13 *Appendix B. Seeming inconsistencies*

This article runs the risk of an inconsistency (A): (i) The information was known around 1900 so that Sweden and Holland could make the switch from DR to EPR, (ii) There is *News* for the political science community so that now the USA, UK and France can make the switch too. Formulated as such, this is a plain inconsistency. However, political scientists in the USA, UK and France invented apologies to neglect the information under (i). The *News* under (ii) debunks such apologies. Thus there is no inconsistency. There is a distinction between full information (with arguments pro and con) and an apology to neglect information. Sweden and Holland did not invent such apologies and thus were informed back then, and are not in need of debunking now. One might consider that Sweden and Holland were too rash in their switch from DR to EPR, since they overlooked such apologies to neglect information. This however would be like arguing that a proper decision also requires putting one's head under the sand, at least for some 100 years, in order to see the full spectrum of possible choices.

This article runs the risk of inconsistency (B): (i) It is a strong claim that something is *News*, and this would require knowledge of all political science literature, (ii) The author is no political scientist. Formulated as such, this is a plain inconsistency. However, Colignatus (2018a) selects a political science paper that is "top of the line" and then debunks it. For all practical matters this is sufficient.

Colignatus (2001, 2014) discusses single seat elections. My intention was to write a sequel volume in 2019 on multiple seat elections, combining (2018a) and (2018b) and related papers. This present article is a meagre abstract of this intended sequel. I got sidetracked in 2018-2019 on the environment and climate change by assisting Hueting & De Boer (2019) and drafting Colignatus [2020a].

The *News* in this article has not been submitted to political science journals, so that the underlying diagnosis maintains its validity for a longer while, i.e. that political science on electoral systems still is locked in the humanities (*News*). This *News* has been indicated to the board of the Political Science association in Holland, but they are likely unaware about the econometric approach to Hume's divide between Is and Ought, see Colignatus (2018c), p6-7.

The *News* in this article has not been submitted to political science journals because the community of political science has had ample opportunity since 1900 to listen and we can observe as an empirical fact that they do not listen but invent apologies not to listen, and thus don't do science properly (*News*). While Sweden and Holland switched from DR to EPR so early in the 1900s, the USA ("American exceptionalism") and UK ("the world's first democracy") had the same discussion but kept DR, and the very manner of reasoning does not show rationality but traditionalism verging on mystic glorification of national history. France had a phase of EPR but then some political parties tried to stop the popular Charles de Gaulle by switching to DR, and they in fact created a stronger power base for the Gaullists. Instead of disseminating the *News* via a submission to a political science journal where it will be handled by methods of astrology, alchemy and homeopathy, it is better to call in the cavalry. Let the world observe the dismal situation of political science on electoral systems, and let the scientific community put a stop to it (*News*).

An example of a physicist [mathematician] looking at democracy is Karoline Wiesner. The paper Wiesner et al. (2018) is not presented as the final truth here. There is no guarantee that such study will be useful without the *News* provided here as points of departure. For example, their article uses the *The Economist Intelligence Unit* (EIU) *Index of Democracy,* that does not catalog the proto-democratic electoral systems in the USA, UK and France as major threats to democracy.

13. *To keep global warming below 1.5°C, a key strategy for the crucial next decade is to try convince women to wait and have their first child at age 30+*

February 2 2020

Hueting (UNEP Global 500 Award) & De Boer (2019) [127] clarify that national statistical bureaus present Gross Domestic Product (GDP) as "national income" while a large part of GDP is no proper income, but depletion of resources that are necessary for the survival of future generations. Providing policy makers with additional information about emissions of CO_2 leaves ambiguity about the causal relation with GDP. Policy makers tend to think that "economic growth" is required to reduce pollution while it actually tends to increase it. Environmental sustainability assumes that people would at least want to give children, born this century, an environment without climate change and other such catastrophes. Standards for environmental sustainability – another result of the Hueting & De Boer book – allow to determine that there is overpopulation. The national statistical bureaus have stewardship, or a duty of care. This requires that the figure of GDP is presented alongside information about the distance to environmental sustainability, $e\Delta$ = GDP – eGDP. Hueting was appointed in 1969 at CBS Statistics Netherlands to create a new department on environmental statistics with the objective to correct the figure of GDP for environmental damage. Colignatus (2020a) (draft) [128] discusses the reception of this analysis. The following result derives from this context, and concerns a tentative finding about a factor in family planning and climate change.

This present discussion: (i) reports upon this tentative finding, Colignatus (2019b), [129] (ii) suggests a policy strategy for the UN / UNFPA and national government agencies on health and education, and, since I am only an econometrician and no demographer, medical doctor or family planner, (iii) invites other researchers to check the tentative finding, for research itself, but also to allow a clearer view on the relevance and details of such a policy strategy.

This new tentative finding stands in stark contrast with an earlier far more conservative conclusion by Bradshaw & Brook (2014). [130] It supports Bongaarts & O'Neill (2018) [131] but highlights an unmentioned but crucial didactic point.

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[127] Hueting, R. and B. de Boer (2019), "National Accounts and environmentally Sustainable National Income", Eburon Academic Publishers, also via University of Chicago Press, http://www.sni-hueting.info/EN/NA-eSNI/index.html, https://www.press.uchicago.edu/ucp/books/book/distributed/N/bo50552329.html

[128] Colignatus, Th. (2020a), "The Tinbergen & Hueting Approach in the Economics of National Accounts and Ecological Survival", draft at http://thomascool.eu/Papers/Environment/2019-11-18-THAENAES.pdf, to be used for an update at https://mpra.ub.uni-muenchen.de/63904/

[129] Colignatus, Th. (2019b), "A numerical exercise on climate change and family planning: World population might reduce from 11 to 8 billion in 2100 if women of age 15-29 wait and have their first child at age 30+", https://mpra.ub.uni-muenchen.de/97447/

[130] Bradshaw, C.J.A. and B.W. Brook (2014), "Human population reduction is not a quick fix for environmental problems". PNAS November 18, 2014 111 (46) 16610-16615; first published October 27, https://www.pnas.org/content/111/46/16610

13.1 *Policy strategy and new finding*

The policy strategy is to try to convince young women to have their first child at age 30 or later. A delay in primiparity means that there is no infringement upon procreation and fertility rights themselves. The next decade is crucial for climate change and keeping the rise of global temperature below 1.5 degrees Celsius, see UNEP (2019). [132] Currently 2/3 of all births are with mothers with ages 15-29. If such births could be delayed then the next 15 years would see a direct reduction of world population by 0.8 billion compared to “business as usual” (BAU). When this delay is sustained in the future, then, when the later born babies grow up, they themselves will wait till they are 30+, which causes further reduction. The cumulative effect would be that world population can be reduced from 11 billion to 8 billion people by 2100. It would cut projected emissions by some 20-25%.

Colignatus (2019b) contains the rough estimate of the effect size. **Figure 4** shows the population sizes for BAU and two alternative scenario’s to 2100: (i) just delay and (ii) delay with a learning effect of 20% lower fertility.

Figure 5 shows the dependency ratio’s, with the active age group 15-64 in the denominator and the other age groups in the numerator. The ratio first drops to 40% and rises to 80% for a while. When the population reduction comes with improvements in income and health, then retirement might rise from age 65 to 70, reducing the number of dependents and increasing the denominator.

13.2 *Contrast with Bradshaw & Brook 2014*

This new finding starkly contrasts with Bradshaw & Brook (2014): "Humanity’s large demographic momentum means that there are no easy policy levers to change the size of the human population substantially over coming decades, short of extreme and rapid reductions in female fertility; it will take centuries, and the long-term target remains unclear."

It appears that the latter study used a rather cautious scenario: “We also emulated a shift toward older primiparity by allocating 50% of the fertility in the youngest reproductive age class (15-24) evenly across the older breeding classes (25-49), following a linear change function from 2013 to 2100 (...)."

Since so much is unknown, the latter caution may be understood, but the current challenge – to keep global warming below 1.5°C – is such that humanity better looks at all options on the table, including a more ambitious delay in primiparity.

13.3 *Other research*

Bradshaw & Brook (2014) were criticised by O’Sullivan (2015) [133] on the relevance of regional differences, and we can support her statement now on the topic of primiparity: “Bradshaw and Brook’s (...) paper seriously understates the hazard of our current population course, and underestimates the impact of fertility-

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[131] Bongaarts, J. and B.C. O’Neill (2018), “Global warming policy: Is population left out in the cold? Population policies offer options to lessen climate risks”, Science, 17 AUGUST 2018 • VOL 361 ISSUE 6403, p650-652

[132] UN Environment Programme (2019), “Emissions Gap Report 2019”, November 26, UNEP

[133] O’Sullivan, J.N, (2015), “Letter: Population stabilization potential and its benefits underestimated”, PNAS February 10, 2015 112 (6) E507; first published January 23, https://www.pnas.org/content/112/6/E507

Figure 4

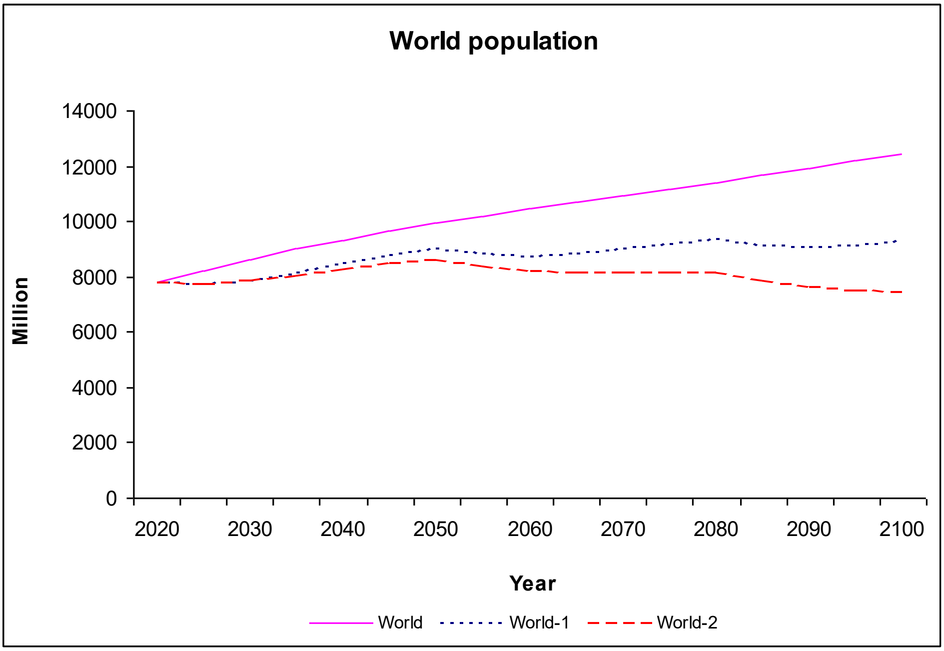
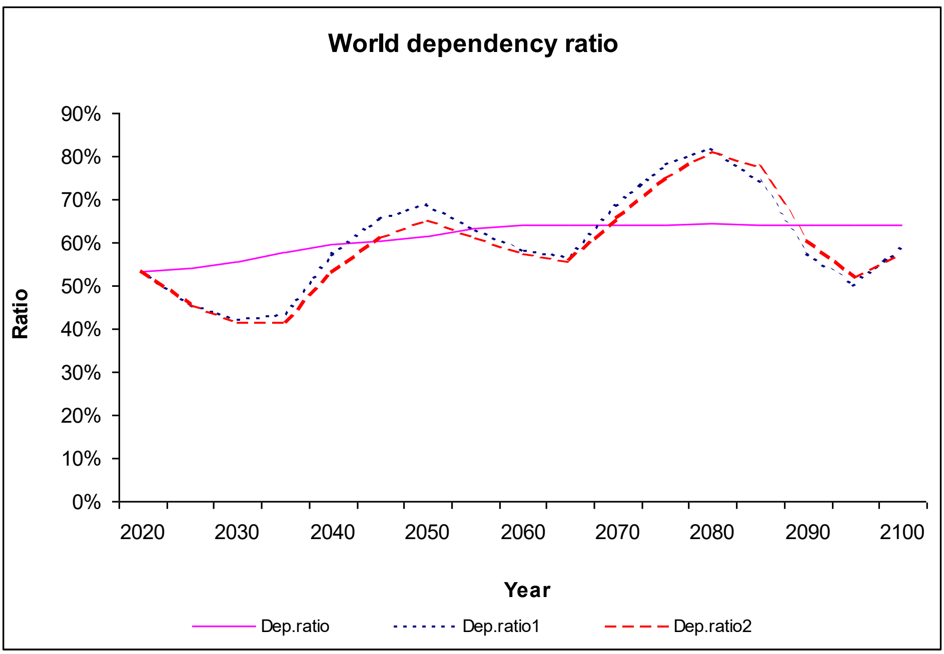


Figure 5



reduction efforts. The authors clearly intend to reinforce the importance of population on total environmental impact, but the effect of this paper can only be perversely to diminish political will for family-planning efforts." O'Sullivan (2016) [134] criticises the UN Population Division for being less creative in clarifying the policy options. The UN Division might function more as a statistical instead of indicative planning agency. We need supercomputers with integrated modeling, since it is science fiction to suppose that there can be 11 bn people without restraining feedbacks. O'Sullivan (2018) [135] is highly recommendable, e.g. on the causality of fertility and development, and current undermeasurement of population. Her chapter highlights the effect of population momentum for the long run, and unfortunately doesn't specify the importance of primiparity for the next decade.

O'Neill et al. (2012) [136] review the literature on population and emissions, but not yet quite on the effect discussed here. Remarkably, the Worldwatch Institute (2016) [137] looked at more than 900 papers and concludes (p1): "Peer-reviewed scientific research published since 2005 has rarely considered directly the hypothesis that family planning benefits environmental sustainability. Not surprisingly, given this relative lack of attention, no scientific consensus is apparent in the literature."

Gerlagh, Lupi & Galeotti (2018) [138] take the age group 15-45 as a single generation (unit), so that they cannot simulate this (intra-unit) effect. They consider taxing the external effects of births (a fertility tax) instead of ways to *avoid* the problem and such tax. They directly challenge procreation and fertility rights. However, their model seems to be adaptable to include the option of delay.

Lutz et al. (2014) [139] at IIASA suggest that education is important and should not be overlooked, compared to a focus on infrastructure for adaptation. Lutz et al. (2019) [140] argue that education rather than the age structure brings the relevant demographic dividend.

13.4 *Communication and didactics*

The UNFCCC tends to focus on keeping global warming below 1.5°C in 2020-2030. Such framing comes from failure of earlier targets so that mitigation and adaption seem a second-best solution. However, the current 1°C already has disastrous effects. It makes more sense to target both a population of 3 bn and removing the current surplus of CO_2.

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[134] O'Sullivan, J.N, (2016), "Population Projections: Recipes for Action, or Inaction?", Population & Sustainability: The Journal of Population Matters, 1, 1, 2016, pp. 45-57

[135] O'Sullivan, J.N. (2018), "Synergy between Population Policy, Climate Adaptation and Mitigation", chapter 7 in M. Hossain et al. (eds.), "Pathways to a Sustainable Economy", Springer, p103-125

[136] O'Neill, B.C. et al. (2012), "Demographic change and carbon dioxide emissions", The Lancet, Volume 380, Issue 9837, 157 – 164

[137] Worldwatch Institute (2016), "Family Planning and Environmental Sustainability: Assessing the Science". FPESA.net

[138] Gerlagh, R. and V. Lupi, M. Galeotti (2018), "Family Planning and Climate Change", CesIfo working papers 7421, https://www.ifo.de/DocDL/cesifo1_wp7421.pdf

[139] https://www.iiasa.ac.at/web/home/about/news/20141127-Science-Pop.html

[140] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6600906/

Economist Hueting presented his findings in terms of national income, as eGDP ≈ 70% GDP. It can be more didactic to infer that at least one in three persons is too many. An even larger reduction of population is needed to cut net emissions to zero.

Bongaarts & O'Neill (2018) are critical that UNFCCC neglects demographers and family planners. The 1994 Cairo population conference emphasized fertility rights, which caused 25 years of unchecked population growth. UNFCCC apparently didn't want to be slowed down by this kind of discussion. Textbooks on demography state anyway that there are no effects in the medium run (the next decade 2020-2030), and that population momentum works like steering a supertanker. *Apparently UNFCCC and demographers are in a stalemate.* This can be resolved by better didactics on delay in primiparity. Bongaarts & O'Neill (2018) know about its existence but did not specify it, and they did not indicate the presently indicated effect magnitude. UNFCCC might be surprised that there is an approach that (i) doesn't infringe upon fertility rights (ii) with a direct effect in the next decade.

13.5 *Conclusions*

Paul Ehrlich in "The population bomb" of 1968 spoke about a "heat limit" rather than climate change. The book caused much discussion, and a bet with Julian Simon (1932-1998). Many people regret now that humanity hasn't listened more carefully. This new tentative finding on delay in primiparity has a similar urgency. Humanity has a real opportunity for the 2020-2030 decade – namely a delay that maintains fertility rights – and many will regret later when it would not be used *now* to the fullest practical extent possible.

The indicated effect magnitude warrants the conclusion that more research on delaying births would be interesting. Not to establish whether this road might be taken, since education already is a human right, but to explore the details that can be communicated in education on family planning.

The indicated effect magnitude also identifies this approach as a suggestion for a high priority strategy by the United Nations / UNFPA and the national government agencies on health and education.

Part 4. Dutch economics

14. *An Economic Supreme Court*

Newsletter of the Royal Economic Society, October 2014, p20-21 [141]

14.1 *Management by crisis by management*

Policy making in the European Union is often described as 'management by crisis'. Countries are only willing to agree on common solutions when circumstances force them. This may be an exaggeration for the daily handling of minor issues but the last decades have shown a core truth with also the companion element of 'crisis by management'. The crises in the Exchange Rate Mechanism (ERM) were answered by the euro, and the crises in the euro are being answered by Van Rompuy's Roadmap: (i) a banking union, (ii) stricter fiscal co-ordination, with deficits of at most 0.5%, (iii) squaring the circle on both competition and the social impact, and (iv) more hoped-for democratic legitimacy. The Eurozone sticks to an architecture in which fiat money (the euro) still works out as a gold standard, since governments have debt in a currency they have no control over. It is the hyperinflation of 1921-1924 in the Weimar Republic that drives Germany, quite differently from the 1929-1940 Great Depression deflation and unemployment that worries the rest of the world. Berlin now imposes bank rules and the 0.5% deficit target that will cause continued contraction in Europe. In this manner it becomes unavoidable that German taxpayers would eventually have to pay for the unemployed and pensioners in Southern Europe. One only wonders how large the crisis must become before the German government will tell its people the bad news.

14.2 *Rationality as an alternative*

We may wonder whether there is an alternative for this 'management by crisis by management'. Though the rational expectations hypothesis remains what it is, rationality has appeal over chaos. After World War II Jan Tinbergen created the Dutch Central Planning Bureau, France got its *Commissariat général du Plan*, Germany its *Sachverständigenrat,* the UK recently its [Office of Budget Responsibility] OBR. They have a role that appears to be too limited for what is demanded here. These bureaux only provide information but do not have the power to block neglect or distortion. Reading Connolly (2012) on the ERM with the onset of the euro makes one wonder about the limited role of these economic agencies too. Thus: (i) they lack a power role in the democratic process, and (ii) there are no constitutional safeguards for scientific quality (with implied independence) where it matters, in particular for such a power role. Thus we may consider that each nation adopts a constitutional Economic Supreme Court with the role to check the quality of information in policy making.

Arthur Okun (1983:580), chairman of the US Council of Economic Advisers (CEA) in 1968-1969, reflected on how current chairpersons are member of the President's cabinet, so that the CEA is partial to official policy. He imagined a situation with impartiality:

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[141] https://www.res.org.uk/uploads/assets/uploaded/d0f470de-3d71-40db-92aa8d77b543b361.pdf

> “Given these constraints, members of the Council of Economic Advisers are clearly recognized as the President’s men. If they speak publicly, they will be identified as spokesmen for administrative positions. (...) One wishes for a more effective way of influencing public and congressional opinion in the areas of professional consensus. There is a role to be played by a Supreme Court in the profession, although a less important one than that actually fulfilled by the Council and the Bureau ofthe Budget in recent years.”

I had not been aware of Okun’s view and only traced it after thinking along this line myself and looking for evidence in the literature. My book DRGTPE (2011) presents more evidence and gives also a formal result with a reduced form model that highlights the importance of sound information for policy making. I regard the issue as more important than Okun though.

The analysis suggests that democratic nations would do well to improve the current checks and balances with an additional Economic Supreme Court (ESC). DRGTPE gives a draft constitutional admendment. The ESC can be compared to the Judiciary. This Supreme Court will likely have its internal differences of opinion, but it is better to discuss those within the framework of an independent Judiciary rather than with politics looking in. The same holds for differences in approaches in economics. The ESC is based in economic science and is open to the public but has a veto power over the budget if they deem the information misleading to the public. In principle each nation would have its own ESC. For Europe, the ESCs would exchange information and thus help to provide a backbone of co-ordination.

14.3 *A key role for the current crisis*

Creation of the ESC(s) would be an important element in a proper resolution of the economic crisis both in the USA and Europe. Parliaments can already upgrade their official economic advisers in common procedure while the constitutional wheels turn slower. A constitutional change in Holland requires an affirmation by a newly elected Parliament. But a regulation can be created to start working like the intended ESC already.

More evidence for this key role for the ESC(s) lies in the issue of unemployment and the redesign of the welfare state. Colignatus (2013c) is a video (somewhat slow since I am still learning for this). An abstract of Colignatus (2014) is:

“The welfare state was created after 1950 with counterproductive mechanisms and this caused high inflation and high unemployment and stagnating growth by 1970, called stagflation. Since 1970 governments redressed the welfare state but did not succeed in finding workable mechanisms. They rather fought stagflation with the ideology of the day, shifting from vulgar Keynesianism first to monetarism and then to neoliberalism, and now ‘muddling through’. The deregulation of financial markets seemed to solve stagflation but only repressed it and resulted into the crisis since 2007. The return of regulation also causes the return of stagflation: what was repressed before now is into the open again. Re-regulation is required indeed but the fundamental cure lies in focussing on workable mechanisms for the welfare state. Return to the 19th century *laissez-faire* will generally be rejected. If economic management had made better use of the available information then these policy errors could have prevented. A mixed economy requires a constitutional Economic Supreme Court to monitor the quality of information for policy making.”

15. *A macro-economic lesson from Holland*

15.1 *Abstract, March 31 2009* [142]

The US and Europe have welfare states that cause stagflation but they have been repressing this stagflation by financial deregulation. Holland has been repressing its problems with the welfare state also by a low wage policy. The Dutch economy has been running a surplus on the external account for years in the same way as China and Japan. The focus by policy makers on finance is misguided and does not solve the real problem in the current crisis. The basic problem in the world is how to structure the welfare state. Next to the structural solution, a temporary solution of a reduced working week is superior to the rise of unemployment.

15.2 *Introduction*

Obscured in international statistics, Holland has been creating sizeable surplusses on the external account (**Figure 6**). The country thus is much like China and Japan, and it is only that it is so much smaller, so that this does not draw attention. The reason for the Dutch surplus is basically the same as for China and Japan too. To fight unemployment at home, the Dutch have resorted to a low wage policy. Thus they not only export Heineken, cheese and flowers but also unemployment.

As Spilimbergo e.a. (2008) explain, a single country may escape from the current economic crisis by exports but it is a bit difficult for all countries to do so. By implication, it is interesting to find out what caused this Dutch reliance on exports. When we can determine what caused the economic imbalance then the world might avoid it.

Figure 6

Source: calculated from CPB (2009). 2010 forecast.

142 http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2009-03-31-MacroLesson.pdf also included in Colignatus (2012)

15.3 *Exposed versus sheltered sectors*

Van Schaaijk (1983) provides the basic step. The Dutch policy to fight unemployment consisted of a general wage restraint. This general restraint implied too little restraint for the sheltered sectors and too much restraint for the exposed sectors. That is, in the exposed sectors, mostly Dutch agriculture and manufacturing, workers are very productive and their incomes might grow faster. However, a general restraint blocks that faster growth. A better policy alternative would have been a tax policy, to support the net incomes of the lower productive sheltered workers (services), so that one could allow higher wages for the more productive exposed workers. This however never got sufficient attention apparently since there was no clear need for an alternative.

The same conclusion now holds for China and Japan. They would be wise to develop their home markets and divert resources away from exports. Indeed, exports generate foreign exchange reserves but those need not keep their value. The Dutch and their pensioners have been big investors in the US as well but those investments haven't quite kept their value.

15.4 *Extension to the world as a whole*

Colignatus (1990a, 1996, 2005a) digs deeper into the Van Schaaijk (1983) analysis. The problem in Dutch society has been caused more fundamentally a bit by the mismanagement of the "Dutch disease" following the discovery of large resources of natural gas but much more importantly by mismanagement of the welfare state. This analysis actually can be extended to the world at large, for all countries that developed a welfare state. General misconceptions caused the problems of Stagflation, the unfavourable combination of inflation and unemployment.

The period since 1970 can be called the Great Stagflation, and the last period is one of "repressed stagflation". While the Dutch have been fighting stagflation by a recourse to exports, the US has relied on deregulation and financing the Iraq war by borrowing from China.

The path towards recovery consists of three elements: (a) institutional safeguards, (b) restoration of the optimal path, (c) measures to get to that path. Colignatus (2009d) considers element (a), the institutional setting. Colignatus (2009c) considers elements (b) and (c), i.e. the macro-economics of the recovery.

15.5 *The key point is to keep people in jobs*

The key point for the current situation is to keep people in jobs. A good solution is a temporary reduction of the working week. A reduction of working hours is inappropriate when there are structural problems e.g. with the level of wages but now that we know what happened it follows that a job (at reduced hours) is better than an unemployment benefit.

The analysis by Spilimbergo e.a. (2008) and the review by Lane (2009) rely too much on the notion that "there will be unemployment" that "hence" must be tackled with "fiscal or monetary policy". That approach puts huge sections of the public through periods of high personal insecurity and financial distress, and quite unnecessarily so.

Obviously, we need to restructure the financial system as well. A separation between savings banks, investment banks, and insurance is obvious, while hedge funds can be put into a public utility until the finance community knows better how to regulate them. And fiscal and monetary policy undoubtedly will play a role. But there is no need to put people into a state of unemployment. It is a source of amazement that economists are trained to think so.

15.6 *A word of caution*

The basic cause lies with the structure of taxation and welfare state. Unfortunately, the epiphenomenon in the US is a financial crisis. By consequence, the team composed by President Obama is weighted heavily with advisors from the world of finance, and subsequently they develop plans on finance, with apparently also a bias to protect shareholders of banks rather than the (future) unemployed. Krugman (2009) and The Economist (2009a) rightly point to the overall risks of this. The Economist calls nationalisation "politically unpalatable in America" but this is precisely because of the bias of the team picked. And they apparently lock themselves up in isolation and groupthink. The G20 meeting was intended to make a difference but is already being toned down or may highlight rifts between the major regions that can upset the markets. It is regrettable. President Obama started out with great promise but sees himself confronted with a failing restructuring of the financial system, soaring national debt, a dropping dollar, rising inflation and unemployment, a loss of confidence, and a loss of strength to fulfill the promise. Europe can help Obama by clarifying what advice he needs, yes, we can.

16. *The export of unemployment*

16.1 *At the Dutch Central Planning Bureau (CPB) 1990*

My forecast in 1990 (CPB memo 90-III-38) [143] was that unemployment in Europe would continue to be high unless Parliaments would redesign both the structure of policy making and some policies and markets. I repeated this forecast in 1992, 1994, 2000 extending with other risks like on environment and financial markets, and the condition of the Economic Supreme Court.

In the period 1990-2007 Holland seemed to have a lower level of unemployment, which might be a cause for people not paying attention to the analysis. This lower level wasn't achieved by better policies but by welfare payments (financed by natural gas) and by exporting unemployment by means of maintaining low wages (beggar thy neighbour). The 2007+ crisis and return to higher unemployment confirms my analysis. Though a major element relies on definitions, the forecast as a whole still was falsifiable. Of course the forecast was vague, and not specified with the year 2007, but we are dealing with structure. This also explains why I emphasize that Dirk Bezemer misinforms Sweden and Dutch Parliament: [144] because he keeps silent about the theoretical confirmation given by the empirical experiment of 1990-2007.

My analysis at CPB 1990 has been hit since then by censorship of science by the CPB directorate. This case has been documented as much as possible, see more references here. [145] The world is advised to boycott Holland till the censorship of science there has been lifted. My economic analysis in content can only appear once the censorship has been lifted. Parts have been documented as much as possible in Colignatus (2000, 2005a, 2011) and (2012). The first dates basically before the 2007+ crisis and has only been giving a warning about the financial markets. The second is a collection of papers relating to the crisis.

Since this core of "*Dutch economics*" has been documented elsewhere, there is no need to repeat this here. There are some aspects that can be mentioned though, specifically in relation to the economic conditions for Greece.

16.2 *Europe's internal economic tension*

Due to the German reunification in 1989, and the tension between the productivities in East and West, so that the wage in the East was too high, there was a general downward pressure upon German wages, and this caused export surplusses, that also could be lended on the international markets.

In the period towards the introduction of the euro, Southern Europe enjoyed a reduction of their interest rates. Spain thought to take a middle road by investing in home construction, which indeed is a form of capital, but when the crisis came then it appeared that this capital could not be exploited. Much borrowing was used for more consumer spending rather than investments in productive capacity, and such imports also were the exports of other countries like Germany and Holland.

[143] http://thomascool.eu/Thomas/Nederlands/TPnCPB/Record/1990/12/18/index.html
[144] https://boycottholland.wordpress.com/2015/11/17/dirk-bezemer-disinforms-dutch-parliament/
[145] https://boycottholland.wordpress.com/about/

In the crisis, capital in Southern Europe evade tax and moved to foreign banks. Southern Europe thus can blame a large part of the ordeal to itself. However, there still is the stewardship of creditor nations.

Johan Witteveen (1921-2019) was Managing Director of the IMF in 1973-1978 at the time of the first oil crisis. [146]

- For many years he pointed to the problem that the export surplusses of Germany and Holland formed the counterpart of the import deficits of Southern Europe.
- In 2014 he took the opportunity of a "valedictorian speech" to repeat the message. With his permission the speech and my comments are reproduced here. [147] See next Chapter 17.

Germany and Holland are creditor nations. Such nations are wary to help debtor nations, like reducing debts or admitting to changes, since such changes would tend to diminish their position of (seeming) advantage. After World War 2, the USA was the creditor nation, and J.M. Keynes was the advocate for the debtor nations like the UK. As a feat of high diplomacy, Keynes succeeded in the creation of the Bretton Woods institutes, the IMF and the World Bank (though complaining that "the Bank is a fund, and the Fund is a bank !"). The major argument that convinced the USA however was the threat by communist Russia.

The EU basically has been founded to broker these internal economic tensions. However, the EU has tended to focus on the French-German relationship, and only dimly grows aware that more needs to be done on North-South and East-West. The creation of the euro resolved the tension on the exchange rates but also tended to hide the trade flows.

The economic mantra became that France and Southern Europe must improve their competitiveness, but this is the mantra of the creditor nation that puts the blame on the debtor nations.

One suggestion of mine is that European funds are used to restore historical buildings in Southern Europe – though the Colosseum would of course be maintained in its form of a ruin. When a European fund buys a deteriorating building and restores it, then the particular country loses the ownership of a bit of its cultural heritage, but it gains in employment and attractiveness to tourism, in a way that doesn't create unfair competition with other market forces. It is an intermediate strategy and the subsequent issue naturally is to look for productive investments.

A key component of course is that Germany and Holland must raise their wages, to mimic the effect that without the euro their exchange rates would rise. See Colignatus (2000, 2005a, 2011) and (2012). Obviously, when each EU Member State has its own Economic Supreme Court then these courts will allow for closer co-ordination, and there would be less anxiety that one region would gain an unfair advantage.

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[146] https://en.wikipedia.org/wiki/Johan_Witteveen

[147] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2014-05-21-Comments-on-Valedictory-Lecture-by-Witteveen.html

17. *Former IMF-director Johannes Witteveen on IS-LM*

2014, [148] edited 2020

17.1 *Introduction*

H.J. (Johannes) Witteveen (1921-2019) [149] is best known as managing director of the IMF in 1973-1978. Please note that the Bretton Woods Institutions IMF and Worldbank have wrong names. J.M. Keynes already complained to the Americans: "The Fund is a bank and the Bank is a fund !" (no exact quote). It would be better that the IMF is renamed to *World Central Bank* and the Worldbank into *World Investment Bank*, since this would strengthen their role and position also in public perception and discussion.

Because of the First Oil Crisis 1973-74 [150] Witteveen created the *Supplementary Financing Facility*, unofficially known as the *Witteveen facility*, [151] to channel revenues from oil producers back to the consuming countries, to prevent a liquidity crisis amongst those consumers. The IMF book by James Boughton "*The silent revolution*" [152] assigns a later major role to Witteveen's successors Jacques de Larosiere and Michel Camdessus, but underestimates how Witteveen paved the way.

In the current crisis of 2007+, Witteveen pointed to requirements for a *New Bretton Woods* (Nov 20 2008, Financial Times).[153] For Europe he advised a similar "facility" again by the IMF rather than the ECB (Aug 22 2011, Financial times, [154] Business Insider [155]).

Below, Witteveen looks at the Dutch export surplus and the need for an investment strategy in the Netherlands itself.

We can observe that the Dutch surplus exists since 1981. When Germany started copying that, Southern Europe got into problems. I tend to agree with Witteveen on IS-LM but advise at the level of each nation: (a) an Economic Supreme Court, (b) National Investment Banks (NIBs), (c) the overall approach to reduce unemployment as discussed in my book DRGTPE. My pre-crisis book is *Definition & Reality in the General Theory of Political Economy* (DRGTPE). [156] My 2007+ papers on the crisis are collected in *Common Sense: Boycott Holland*

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148 http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2014-05-21-Comments-on-Valedictory-Lecture-by-Witteveen.html
149 http://en.wikipedia.org/wiki/Johan_Witteveen
150 http://en.wikipedia.org/wiki/1973_oil_crisis
151 https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/67xx/doc6727/78-cbo-027.pdf
152 http://www.imf.org/external/pubs/ft/history/2001/chapter1.pdf
153 http://blogs.ft.com/economistsforum/2008/11/to-recreate-the-bretton-woods-ideal-we-must-first-look-at-its-history/
154 http://www.ft.com/intl/cms/s/0/5b1453da-ca8d-11e0-94d0-00144feabdc0.html#axzz1VqhWBrEO
155 http://www.businessinsider.com/former-imf-director-imf-will-provide-solution-to-eu-debt-crisis-2011-8
156 http://thomascool.eu/Papers/Drgtpe/Index.html

(CSBH). [157] A boycott of Holland is warranted because of the censorship of economic science by the directorate of the Dutch CPB and the Dutch government. That censorship pertains to the issue discussed below, and professor Witteveen's discussion suffers seriously from not having the material under censorship.

Witteveen had been professor at Erasmus University since 1948. Apparently he never got time for an official farewell, and last week the old fox took the opportunity of a *Valedictory Lecture* to gather an audience and to present his analysis on that Dutch investment strategy (May 15 2014). The Lecture was published by the Dutch economics journal *Economisch Statistische Berichten* (ESB May 17 2014 p294-298). [158] I thank the editors for permission to reproduce the lecture with my comments.

Witteveen also wrote books on universal sufism[159] (not to be confused with islamic sufism [160]), see his personal website. [161] As a personal remark on my side: my father is also from 1921 but has stopped reading and writing. I am much impressed by Witteveen's command of economics. Admittedly, Keynes solved these issues by IS-LM itself already in 1936 and by his proposal for an international trade currency (bancor). [162] Our main problem since 1945 has been that politicians arrogantly proclaim to know it better.

Witteveen's *Valedictory Lecture* is a major event in economics. It deserves to be treated with much respect and critical comment. It shows that the problem is not lack of knowledge from economic science but that the problem lies in the structure of decision making about economic policy.

17.2 *The meaning of our enormous structural current account surplus. A neglected opportunity* ESB May 17 2014 p294-298 [163] by Dr. H.J. Witteveen (1921), [164] Central Planning Bureau (1947-1963), professor of Economics in Rotterdam (1948-2014), Minister of Finance of The Netherlands (1967-1971), IMF Managing Director (1973-1978)	**Comments** May 21 2014 by Thomas Colignatus, econometrician and teacher of mathematics, Central Planning Bureau (1982-1991)	A
"Our enormous current account surplus has hardly received any attention in the discussion about the government's budget deficit and the need for large budget cuts."	Part of the problem is that the present Dutch premier Mark Rutte (trained as a historian, of the same political party VVD as Witteveen) has rejected to discuss the issue in depth, leaving Witteveen on the side-line. This is not only disrespectful but also	B

[157] http://thomascool.eu/Papers/CSBH/Index.html
[158] http://www.economie.nl/artikel/meaning-our-enormous-structural-current-account-surplus
[159] http://en.wikipedia.org/wiki/Universal_Sufism
[160] http://en.wikipedia.org/wiki/Sufism
[161] http://hjwitteveen.com/h-johannes-witteveen/
[162] http://en.wikipedia.org/wiki/Bancor
[163] http://www.economie.nl/artikel/meaning-our-enormous-structural-current-account-surplus
[164] http://en.wikipedia.org/wiki/Johan_Witteveen

	economically disastrous. Dutch readers may look at this interview with Witteveen, *Vrij Nederland Sept 22 2013*. [165] One quote: "Dijsselbloem is only an agricultural economist." The word "only" is an understatement: Dutch farmers *want* to export. See my note "*Dijsselbloem on Dutch exports*". [166]	
For a long period the Netherlands already have a sizeable surplus on the current account on the balance of payments, the total of trade in goods and services and capital income. From 2000 that surplus was never less than 3.2% of GDP. In 2000, it was 5.2%, in 2007 8.4% and in recent years – 2013 and 2014 – 9.7% and 9¾%. This is a very large amount and among European countries it is the largest. Germany with 7.6% in 2013 is the next big one. [1]	The Dutch surplus actually started in 1981, see my 2009 paper "*A macro-economic lesson from Holland*". [167] Gerhard Schröder (BRD Kanzler 1998-2005) started to copy the Dutch model of wage restraint. The consequence was that Germany and Holland out-competed the rest of Europe, creating the imbalances of the eurozone. See The Economist "*Model Makers*", May 2 2002. [168] In VoxEU Feb 3 2014, [169] Dustmann et al. look at wage-bargaining structures and argue that it wasn't Hartz 2002-2005 [170] that caused the German low wage policy, but rather the German Reunification in 1989. Okay, but: (1) The Dutch example helped Schröder to target lower rather than higher wages, (2) It remains important to maintain macro-economic co-ordination. Herein lies the main policy objective rather than in such wage-bargaining structures. The analysis by Dustmann et al. might be interpreted as suggesting the abolition of national bargaining but that would be false. My advice is also an Economic Supreme Court per country. [171]	C
Ftnt 1: All figures on the Dutch economy have been taken from the Central Economic Plan 2014	Data and analyses from the CPB cannot be trusted given the censorship of economic science there since 1990. The (former) colleagues there may do their best but they lack important scientific information. They are	D

165 http://www.vn.nl/Archief/Politiek/Artikel-Politiek/Interview-Johannes-Witteveen-VVD-Rutte-begrijpt-het-niet.htm
166 http://boycottholland.wordpress.com/2013/08/23/dijsselbloem-on-dutch-exports/
167 http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2009-03-31-MacroLesson.pdf
168 http://archive.today/L6Ol0
169 http://www.voxeu.org/article/german-resurgence-it-wasn-t-hartz-reforms
170 http://en.wikipedia.org/wiki/Hartz_concept
171 http://thomascool.eu/Papers/Drgtpe/Index.html

	like doctors who do not wash their hands, even though Ignaz Semmelweis [172] showed that this would be important (and was he censored?).	
In our public discussion very little attention has been given to this remarkable aspect of our economy, neither in politics nor in announcements of the Dutch Central Bank has any attention been given to this. Perhaps because it seems to throw some doubt on the need of large economies by the government. In the European Union there is a rule about balance of payments, deficits and surpluses. Surpluses should not at any length of time be higher than 6% of GDP. But neither the European Commission nor the Dutch government seem ever to have evoked this rule in discussions of the budget deficit.	Well, I tried to do my best, see the above 2009 paper. See my VoxEU column [173] and this weblog. [174] In Dutch, see these two entries on Joop.nl: a link to the Great Depression, [175] and a warning for the risk of a greater crisis. [176] Cassandra [177] better entertains a sense of humour [178] though.	E
17.2.1 *2 [Gold standard]* In itself, such a surplus is of course favourable. It increases our international reserves and wealth. But is it also favourable for the growth of our economy? In a system where the exchange rate cannot be adjusted – as in the present Monetary Union – the balance of payments cannot be brought to an equilibrium by an adjustment in the exchange rate. As in the old system of the gold standard, equilibrium would then be brought about by movement of the national income. Deficits with gold losses would force a country to follow a restricted policy reducing incomes and imports. Surplus countries on the other hand would receive payment in gold, which would increase their reserves. This	(1) It does not have to be favourable at all. If the reserves are held in a currency that is depreciated, one loses. It may be better to directly spend the sums so that there is no surplus. We see China accumulating dollars, that later however may depreciate. They may buy up companies in Europe while Europeans are under the money illusion that those dollars are still valuable. (2) Yes, the EMU works out as a gold standard. While Americans had learned that the gold standard wasn't so smart (because of the deflation in the Great Depression), the EMU-designers targetted it (because of the German fear for hyperinflation). See my paper *Money as gold versus money as water* (2013a). [179] Also see this	F

[172] http://en.wikipedia.org/wiki/Ignaz_Semmelweis
[173] http://www.voxeu.org/debates/commentaries/current-economic-crisis-solution-lies-buried-and-obscured-mass-false-theory
[174] http://boycottholland.wordpress.com/about/
[175] http://www.joop.nl/opinies/detail/artikel/20139/
[176] http://www.joop.nl/opinies/detail/artikel/21935_er_dreigt_een_gigantische_crisis/
[177] http://en.wikipedia.org/wiki/Cassandra
[178] http://boycottholland.wordpress.com/2013/05/30/salute-to-art-buchwald/

would *enable* them also to introduce an expansionary policy, but they would *not be forced* to this. They could maintain their surplus situation and accumulate more gold. **This was called the "deflationary tendency of the gold standard". The present European Monetary Union also clearly suffers from such a deflationary tendency.** [made bold by TC] Thus, our enormous balance of payments surplus does not force us to a more expansionary policy, although in itself it would create a tendency for a certain growth of the national income that would increase imports and therefore reduce the surplus. The extra income increased in this process would then also increase consumption, tax payments and savings. A stationary situation would be reached when the total of additions to the income stream would equal the leakages from it. This would be when the budget deficit and the payments surplus would together equal the saving surplus. In this way, *a multiplier process can be put in movement*, showing how much the income would increase as a consequence of an increase in exports, or otherwise, of additional government expenditures. The size of this multiplier depends on how much of extra income flows away from the income stream by imports, savings or taxes. It is also important then in how far these savings would cause larger investments, so that there would be no leakage anymore and whether additional tax receipts would be spent by the government.	paper for the reforms discussed below. The ECB is very prim on printing money. But we don't mind when the USA does, and when China earns those dollars and then starts shopping in Europe. See also Jens Weidmann: "*We are not lemmings*" [180] while Germans are lemmings on the fear for inflation. (3) The multiplier is in itself a technical question while for current purposes it is more important to have the proper analysis. (Estimation from a wrong model gives GIGO: garbage in - garbage out.) (4) The savings - investment issue is quite complicated. The current situation is also special. (4a) The years 1981-2007 were also Keynesian years because of the deregulation. [181] (4b) Investment bankers are like spoiled children. They could invest in anything in those years and take huge risks (ICT, dotcom) and still show a profit, but now face risks they cannot deal with. We urgently need national investment banks. [182]	
17.2.2 *3 [Export surplus]* In the present Dutch situation, we have a balance of payments surplus of more than 9% and a budget deficit of 3% of GDP. That means, that there should be a	These are important observations. A point is that such relationships aren't "forgotten". The label "forgotten" puts you on	G

[179] http://rwer.wordpress.com/2013/07/02/issue-no-64-of-real-world-economics-review/
[180] http://boycottholland.wordpress.com/2014/04/07/jens-weidmann-we-are-not-lemmings/
[181] http://boycottholland.wordpress.com/2012/02/21/the-keynesian-years-1981-2007/
[182] http://boycottholland.wordpress.com/2013/11/23/confirmation-by-krugman-and-summers/

savings surplus of no less than 12% of GDP. That is the other side of the balance of payments surplus. How should we judge that? There are two components of this savings surplus: business saving in the form of retained profits that are not used for investment in our country; and the savings of pension funds and life insurance companies that are not invested within our country. There are no exact figures on the size of these components. But we know from an investigation by DNB that only 14% of the investments of pension funds stays inside our country. As these savings are more than 6% of GDP, it follows that their contribution to the savings surplus must be 5% of GDP. That would then leave 7% of GDP for business companies. This saving surplus has helped to bring down the rate of interest to levels below 2% but investment did not react to this with an increase. In this way a recession developed. This failure of an equilibrium mechanism on the capital market is the essential element of the theory that J.M. Keynes developed in 1936 (The General Theory of Employment, Interest and Money). The experience during this recession completely confirms this theory. But it is disappointing that policy makers in Europe seem to have completely forgotten these relationships. In the United States, this is also the case in the Republican party, but the chairman of the Federal Reserve system, Ben Bernanke, has shown clear insight in the business cycle mechanism, but could only instigate a very expansionary monetary policy because congress left too little room for stimulating additional expenditures.	the wrong foot. There was and is *competition from a false theory.* That false theory or ideology is the "need of austerity to create investor confidence again". If something is merely forgotten, then it would be easy to remind people about it. In this case, policy makers have been reminded about it, but this didn't help, because they relied on another theory. That false theory didn't work and the recession and stagnation continued. This was interpreted as only more evidence that more austerity was needed ... These policy makers and their economists aren't scientists but they form a cult with almost religious faith in Reaganite / Thatcherite "neoliberalism". It is important to observe that much money was squandered in Southern Europe. The USA had its frauds too. However, curiously, that squandering and frauding is less investigated. It is easier to squeeze the budget than to investigate mismanagement and fraud within the system.	
17.2.3 *4 [Return of Keynes]* But we have to recognise that the development of economic science has a great responsibility for this. After the Second World War, new economic theories have been developed on the basis of "rational expectations". With that	What professor Witteveen calls "neo-classical" should be "neoliberal". (1) I regard myself as a **neoclassical economist** in the sense of Paul Samuelson (see his thesis): a synthesis of Walrasian *classicism and equilibrium analysis* with	H

assumption they could build on earlier equilibrium theories, as for example the system of Leon Walras (16th December 1834 – 5th January 1910), who formulated a general economic equilibrium with beautiful mathematical equations. These new theories made far-going assumptions, for example letting all markets would always exactly and immediately reach an equilibrium. All economic subjects would act rationally for their own interest and they could completely foresee the future. Because in the markets all economic subjects together create an equilibrium that reflected their preferences, government intervention would not be needed. The inventors of these **neo-classical** [bold TC] theories, as for example Robert Lucas Jr. (American economist, 15th September 1937 -) have won Noble prizes in economics and were rather generally supported. In these equilibrium systems there could therefore be no business cycle. As there is clearly some fluctuation in the real world, theories were developed that explain fluctuations by changes in real data for the economy. In this way, economists have created a "platonic world" of perfect efficiency, as Robert Skidelski put it in his clear and amusing book "Keynes, the return of the master". That world has little to do with the real world of unexpected events, mass psychological reactions, with are often unreasonable and dangerous disequilibria. But the political visions developed in the Reagan-Thatcher revolution were strongly influenced by these **neo-classical** [bold by TC] theories. These theories were in tune with their political instincts: budgets should be balanced and monetary policy should only be focused on price stability and carried out by independent central banks. The unfortunate deregulation of

Keynesian dynamic disequilibrium. [183]

This does not nessarily mean that we have a complete model how this would work, but the ideas are guiding.

PM. Keynes himself already adjusted the classical approach, thus essentially was a neoclassical economist too. Thus Samuelson's "synthesis" is a bit overdone. But the word has been accepted in the literature.

(2) The Lucas critique was mainly a technical issue. The idea that forecasts can be self-defeating was already known.

(3) The revolution by Reagan and Thatcher didn't come from new theory but from policy failure in the period before that.

Policy makers didn't properly implement ideas about the Welfare State. As unemployment and inflation exploded in the 1970s, ideologues against the Welfare State gained the political upper hand. The new theory of "rational expectations" and "supply side economics" was only embraced in the capitals of the world because it suited that old ideology.

(4) Dutch readers may look at my discussion in 2013 of the impact of Margaret Thatcher on the Dutch Eduard Bomhoff [184] and Mark Rutte [185] respectively.

[183] http://en.wikipedia.org/wiki/Neoclassical_synthesis
[184] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2013-04-19-Bomhoff-Thatcher.html
[185] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2013-09-02-Schoo-Lezing-Rutte.html

the financial sector in the United States by the repeal of the Glass-Steagall Act also resulted from this thinking that saw all markets as working perfectly.		
17.2.4 *5 [The Netherlands]* Returning now to the situation in the Netherlands we have seen a very large savings surplus. (Difference between savings and investments) This surplus started around the year 2000, when investment fell below savings. After that, the saving surplus increased to 6% to 8% of GDP. Saving increased to the highest level ever, while investments sank to a long time low. This is shown clearly in the following graph from an article by Schotten and Leering. [2] **[See Figure 7**.]	(1) Did it start only after 2000 ? I haven't looked at that particular **IS-saldo** since 1981 (and haven't even looked whether I could get those data). But above we saw the **surplus on the external account,** and it stands to reason that this is reflected in IS. But Holland has been losing a lot of capital on investments abroad, so beware of the distinction between ex ante (expenditure) and ex post (effect). (2) The graph should also use Germany separately, and not hide it in "core EU".	I
Ftnt 2: *Schotten en Leering*, De puzzel van het Nederlandse spaarover-schot, Me Judice, 2 February 2012	This article clearly suffers from the censorship by the directorate of the CPB.	J
This also shows that saving and investment in the Euro Union and in the core countries of the Euro Union remain close together and are at a much lower level. **So, we can say now that this large saving surplus is a rather unique Dutch phenomenon**. [bold by TC] We must see that as a serious disequilibrium in the economy for although it means that our national wealth increases, it also implies that our production capacity expands inefficiently, so that not enough employment is created for our workers. This could lead to structural unemployment, which would be very damaging, bringing suffering to a part of our working population and limiting growth of our national product.	(1) I would need to see the graph for Germany separately before accepting the "uniqueness" of Holland. (2) This story is proper from traditional international economics. (3) However, there is the amendment by three economic scientists from the CPB 1983-1990, namely by Marein van Schaaijk, Anton Bakhoven and my own innovation of these, see my 1996 paper "*Differential impact of the minimum wage on exposed and sheltered sectors*". [186] Dutch readers are referred to these two books: W&A [187] en D&S. [188]	K
17.2.5 *6 [Deficits]* The government has worsened the recession by a policy of severely cutting the budget deficit, in order to satisfy the European maximum of 3% for the budget	(1) The EMU rules are based upon some ideas. One idea is to get more control over budgets in Southern Europe.	L

[186] http://econpapers.repec.org/paper/wpawuwpgt/9608001.htm
[187] http://thomascool.eu/SvHG/Hulst/Persaankondiging.html
[188] http://thomascool.eu/SvHG/DenS/Index.html

deficit. European policy makers were strongly influenced **by Germany and by the neo-classical economic theories** [bold by TC] in setting an aim for the necessary coordination of budgetary policies in the Eurozone, so that the final aim has been set very low, at 0.5% while the earlier goal of 3% became an absolute maximum. As most European countries have large budget deficits and the recession tended to increase the deficit still further, this led to very severe and painful austerity measures. In the Netherlands, the budget deficit was still very low at 0.8% in 2000 but in the recession – with falling tax receipts and rising unemployment expenditures – it increased to 5.6%, and that notwithstanding severe budget cutting policies the deficit remained above 3% until 2013, when the recession seemed to end. These budget cuts of course decreased incomes and caused unemployment – setting in motion a negative multiplier mechanism. Economic studies in the International Monetary Fund made it clear that these multipliers were much larger than assumed in the past. Different estimates have been made of this multiplier. It has become clear that the size of it depends on the business cycle situation. In a situation of full employment and fully used capital equipment an increase in savings would also give larger room for investments but in a recession, that would not be the case. On the contrary, investments would also fall because of the reduction in demand. In that way, a savings surplus would result. The rate of interest might fall but this would not lead to a larger investment as is assumed in classical economic theories. In the Central Economic Plan of 2013, the conclusion is that in this recessionary situation these multipliers are much higher than one, so that expenditure cuts	(2) Yes, Germany, but not "neo-classical" but "neoliberal" and "Friedman-monetarist". I am a neoclassical economist in the sense of Paul Samuelson (see his thesis). See point H. (3) Yes, the final aim is 0.5%. This Eurozone target is strangely absent in the debate in Holland. Minister Dijsselbloem announced that the recession is over, and the budget deficit dropped below 3%, but he did not mention that the target now is 0.5% so that we might get into a third dip. (4) With apologies to Olivier Blanchard: Those estimates only reflect the data, and you already have those data ... The use for analysis differs from that for forecasting. The IMF discussion on the multiplier compares a bit with the discussion about the number of angels on a pin. Above analysis on the regime change from pre-2007 to post-2007 is much more important. A decision to institute an Economic Supreme Court (ESC) and National Investment Banks (NIBs) must be based upon such a wider analysis, not upon such estimates on the multiplier. (5) The CPB-models tend to be neoclassical too, since they clearly allow for negative cycle feedback. But they are deficient because of the censorship. They tend to be neoliberal rather than "on the classical side" of the Keynesian synthesis. (6) You cannot simply ask for the "Return of the master". The situation is now different than in 1936 and 1945. If you put yourself into the mind of J.M. Keynes (i.e. try if you can), you might agree with some suggestions of mine from 1990: see my books DRGTPE (pre-2007) and CSBH (update on crisis particulars). [189] (7) Unfortunately, Robert Skidelsky also proposes a Basic Income. This abolishes the Welfare State and doesn't provide for ESC and NIBs. Robert Skidelsky is much too subtle to show cult sect behaviour, but many adherents to the Basic Income show cult sect behaviour. [190]	

[189] http://thomascool.eu/Papers/Drgtpe/Index.html
[190] http://boycottholland.wordpress.com/2014/04/10/the-pure-evil-of-a-basic-income/

would scarcely succeed in reducing the deficit. In this way we are pushed into a negative vicious cycle: budget cuts reducing incomes that diminish tax receipts and increase unemployment benefits so that the budget deficit increased again. Thus, expectations that deficits would come down were disappointed every time. This unfortunate process caused great losses in production and the painful experience of the growing number of unemployed and bankruptcy of many small-scale companies. In the Netherlands, unemployment now is around 8%; in some of the southern European economies much higher percentages were reached, hitting especially younger workers. Of course, this also made the European Union very unpopular. This is the tragic consequence of the total lack of Keynesian anti-cyclical budgetary policies. It is indeed time for the "Return of the master", as Robert Skidelski suggested.		
17.2.6 *7 [Reform and expand]* Nevertheless, we have to ask: how and in how far Keynes can return in the present situation? The situation in Europe is now in two aspects quite different from that in the United Kingdom in 1936, when Keynes wrote his "General theory of employment, interest and money". In the first place, there are limits to the possibility to finance budget deficits. When government debts increase too much they can cause an escalating crisis where the payment of interest increases the budget deficit further and further. Repayment of the debt becomes then more difficult, so that investors want higher rates of interest for financing the deficit. In this way, the financial markets acquired a very important role in the European Union. In the beginning of the Monetary Union, they made it very easy	(1) Professor Witteveen read the Central Economic Plan 2013. But he is not aware that the directorate of the CPB has been censoring economic science since 1990. (2) The CPB directorate does not accept ***that the crisis confirms my analysis since 1990.*** I am treated as a pariah, whose work is untouchable since 1990. Nothing that happens might cause that the CPB-directorate looks into the analysis, stops the censorship, and allows me to publish my analysis, as science should require. (It would be nice if I could turn this into a Ph.D. thesis then.) (3) Also the IMF is not aware of the situation. See my email to the IMF IEO integrity office, on which I did not receive a reply. [191] (4) For the current situation, see (a) the	M

[191] http://boycottholland.wordpress.com/2012/02/13/to-the-ieo-of-the-imf/

for some countries to profit from the lower European interest rates. But this situation turned sharply around when the crisis came and the rates of interest for loans of these countries increased unsustainably. That many investors in these markets have also been influenced in their thinking by **neo-classical** [bold by TC] theories made these barriers so much stronger.	Economic Plan for Europe, (b) the paper on the regime ladder, and (c) the paper on money. [192]	
So, what kind of policies could a Keynesian European Commission and Council have followed in this situation of our Monetary Union and what policies should they follow now? It seems to me essential to make a clear distinction between structural deficits and temporary cyclical elements in the budget. The structural deficit is what would result if normal growth would continue with reasonably fully occupied production capacity. This structural deficit will often be hidden by cyclical influence on tax proceeds and spending. It is very necessary that this structural deficit is kept below 3% or less of GDP. That is a difficult task, for there are many categories of expenditures that have a strong tendency to increase more than national income. The expenditures for our health care are a clear example. The continuing improvement of medical technology often causes huge increases of cost and, as we live longer – also because of this improving health care – more older people require more expensive care. There is also a growing need for social care at home for older people.	(1) The distinction between structure and cycle is old. See the Cees van den Beld CS model at the CPB. (2) The problem is to estimate what investments contribute to the long term. Is the government to know better than investors (say those at Google Inc.) ? (3) Neoliberals hold that austerity is required to restore "confidence" in capital markets. This however is a political ploy to destroy the Welfare State. It is okay if they are clear about their objective, but it is not okay if they hide it behind texts that suggest science while it isn't science. (4) Peter Bofinger in Amsterdam [193] was clear: Germany cannot invest because of its *Schuldenbremse*.	N

[192] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/Index.html
[193] http://boycottholland.wordpress.com/2012/07/23/bofinger-in-amsterdam/

A very different factor is our system of deducting interest of mortgage payments fully from taxable incomes. This has caused large reductions in tax receipts and has created a “bubble” in the housing market. It has given us a relatively high mortgage debt, which becomes painful as house prices have fallen. Besides all such influences, there are in many countries – not so much here in our generally so well-organised country – increasing expenditures, favouring certain groups in the population that have been granted for political support. So, it is an essential task for governments to push through structural reforms of these expenditures and of course also to abolish unreasonable favours or “political clients”. When Keynes would now be living he would certainly fully support such structural measures.	(1) The Dutch housing market is an example where an Economic Supreme Court could have worked wonders. It shows that a CPB with its weak position doesn't help. (2) However, there are many such examples. My major example in 1990 was unemployment. In the years after 1990 it seemed that the policy of wage moderation by prime minster Wim Kok solved it, but it merely hid the problem. (So that Dutch people did not understand what I was speaking about.) (3) The current low rate of interest of 2% could be used to restore the housing market. See the **appendix** of my discussion [194] of the cheating by the Dutch banking committee of Herman Wijffels (former CEO of Rabobank).	O
But in a recession, such measures have the great disadvantage that they reduce incomes and cause the vicious spiral of a shrinking economy, as we have seen. What Keynes then could have done is to *combine* these *permanent structural reforms* with *temporary stimulating measures* that would help the struggling economy but would not increase the structural deficit. For this purpose I have as Minister of Finance in 1970 created a mechanism – with the unanimous support of parliament – of temporary additions or deductions of maximum 5% of the most important taxes. These changes could be introduced immediately for reasons of business cycle policy by the government with approval of parliament after their introduction. In that way, the government could act quickly, which is very necessary in business-cycle policy. I	(1) Well, the EMU decided to other rules. Curiously, Holland accepted the Zalm-norm [195] as an improvement on budgettary rules, but Zalm did not negotiate this rule for Europe. (2) Holland is in the Eurozone. If it would not accept the EMU rules while it has only an unemployment of 8%, how can it argue that Southern Europe should do so, that has a much higher rate of unemployment (Eurostat 12-26%) [196] ?	

[194] http://thomascool.eu/Thomas/Nederlands/Wetenschap/Artikelen/2013-07-03-Wijffels-CommissieStructuurBanken.html
[195] http://nl.wikipedia.org/wiki/Zalmnorm
[196] http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-02052014-AP/EN/3-02052014-AP-EN.PDF

have used this so-called “wobble tax” myself to put a break on the economy in 1970 when it was growing too fast and my successor increased this temporary tax increase still further and abolished it afterwards. After that, it has never been used. It could have been used now as a strong antidote to the overpowering negative influence of structural expenditure cuts.		
Besides this, the government could also increase the investment in needed infrastructure that could be financed now with an exceptionally low rate of interest and that would then alleviate budgetary problems later. I have suggested several times an acceleration of implementation of the Delta Plan for strengthening our defences against the rising sea level that we have to expect. Eventually, this could be financed through a special fund in order to keep it separate from all other expenditures under the austerity regime. An important aspect of such a policy stance is that the government would be able to show *confidence* in the future. As I will show in my conclusion, basic confidence is an essential need for our economy at the present time. It goes without saying that our large balance of payments surplus will give us ample room for such stimulating measures. They would also be favourable in the context of the European Union, because they can help the weaker countries with balance of payment deficits. Although the separate balance of payment situation for individual European countries are not visible in a monetary union, they still exist and would cause financial flows between central banks. It remains be necessary for the European Union gradually to move closer to balancing internal European payments.	(1) "Delta Plan" has already been used for the past. It is better to use a new label. If you want to do something w.r.t. global warming, then it is proper to explicity say so. See my book on the *Tinbergen & Hueting approach to Ecological Survival*. [197] (2) If Holland is allowed to do so, why not Southern Europe ? Will they not suffer from global warming, e.g. more heat in Summer ? [These comments were from 2014 and might be a bit different in 2020.] (3) For the creation of Bretton Woods, Keynes already explained that the surplus countries had a higher responsibility to work towards a solution than the deficit countries (who were forced to import).	P

[197] https://mpra.ub.uni-muenchen.de/63904/

17.2.7 *8 [Capital scarcity]*		Q
A very different limitation for Keynesian budgetary policies follows from the fundamental international shift in the relative scarcity of different factors of production. It was Professor Bertil Ohlin (Swedish economist, 23rd April 1899 – 3rd August 1979), who analysed how the structure of international trade depends on the relative scarcity of the main factors of production, labour, capital, and entre-preneurial capacity. As a consequence of the increasing efficiency and therefore lower costs of international transportation and communication, some low-income countries have now been able to fully engage in international trade, becoming “emerging economies”. This means that the great abundance of labour for example in China, where more than one billion people still live in absolute poverty [? / TC], makes it possible to produce labour-intensive products very cheaply. This has a great impact on the industrial countries that could not compete with these cheap products, so that they imported them. This made labour in their countries relatively more abundant. In relation to this, capital became scarcer because many capital installations need to be replaced or adjusted to the new scarcity and price relationships in world markets. In the United States this resulted in a relative lowering of real wages that did not increase in the last ten years while productivity continued to grow. Against this, profits increased and especially entrepreneurial income went up in sky-high bonuses. In Europe, similar tendencies can be seen. With respect to Keynesian policies this scarcity of capital means that the industrial countries need to increase savings. That can be an argument to aim for low budgetary deficits. Germany’s policies then fit into	(1) Agreed about Bertil Ohlin. (2) Trade and technology improve welfare, and are not a cause for unemployment. (3) Unemployment is caused by a wrong implementation of the Welfare State. (4) The neoclassical analysis must be amended with ESC and NIBs to close holes. (5) The problem is not lack of savings. The problem is the lack of investments. In the classical economy of J.B. Say the idea was that *S* drives *I*. But Keynes discovered [198] that the economy had changed, and that *I* drives *S*. Putting money in the bank doesn't do much, except losing value if there are no investments. (6) Again, for Germany, the supplied graph is inadequate.	

[198] Addendum 2020: See the discussion about Steven Kates on Harlan McCracken, https://boycottholland.wordpress.com/2014/10/26/thomas-robert-malthus-visiting-maastricht/

this fundamental situation. For the Netherlands however, with its large saving surplus, the problem is rather to bring business investments to a higher level.		
17.2.8 *9 [Emerging markets]* This brings me back to the beginning of our large structural saving surplus. There are two aspects to this. We have seen that we now have a savings surplus of approximately 8% of GDP in the non-financial business sector: high retained profits and low investment. The other element is formed by the savings from pension funds and life insurance companies of 6% of GDP. How can this be explained? As Schotten and Leering [3] point out, elements in this situation can be that we have a relatively large number of multinational companies that have their head office in the Netherlands and that then receive dividends from daughter companies in other countries. Dividend payments in our country are relatively low and the sharp decrease of the rate of interest has also helped. But a more fundamental factor seems to me that international capital movements in recent years have increased strongly. Limiting government regulations have been mostly abolished and financial communications have been improved. In this way, the emerging economies like China, Brazil and others can grow very strongly and therefore, they attract large capital imports. Multinational companies can then see more attractive investment possibilities in these countries than here. This is of course an aspect of the change in relative scarcity of the factors of production – labour and capital – that I mentioned earlier. The resulting scarcity of capital shows itself here by large outflows of capital in the form of direct investments or participation in shared capital of foreign companies. Dr. J. van Duijn, who wrote a very penetrating	(1) Holland has been mentioned as a tax haven. However, if profits are redirected to flow over Holland, they *come in* but also *go out*, and there should be no big saldo effect. (2) The fundamental distinction would be the distinction between the internal and external market. (CPB: Van Schaaijk, Bakhoven, Colignatus, see point K.) The multinationals only feature strongly because they operate more on the external market. They are not relevant because of being "multinationals" (big) but they feature because of being external.	R

article about our economic disequilibrium, [4] sees here also a shift in power from labour to capital with lower real wages and higher profits as a result, a tendency strengthened by the general lowering of profit taxes. An interesting aspect of this development is also that large companies are more easily taken over by competitors and have to defend themselves against this or prepare a take-over other companies themselves. This leads to accumulation of large cash-holdings. Schotten and Leering mentioned these also and see this as a precaution against greater economic volatility.		
Ftnt 3: Schotten en Leering, De puzzel van het Nederlandse spaarover-schot, Me Judice, 2 February 2012 Ftnt 4: Dr. J. van Duijn, De economische crisis en de aanpak ervan, Tijdschrift voor Openbare Financiën, jaargang 45, 2013, nummer 4, blz. 180.	Both references suffer because of lacking the material that is under censorship.	
17.2.9 *10 [Fiscal arrangements]* This raises the question how governments should look at all this. The present paradigm includes complete freedom of international capital movements. The idea is that efficient markets know best. But apart from the question whether it is always best for shareholders, large take-overs can sometimes clearly damage the national interest with respect to employment and growth. It is clear that governments of the larger European countries sometimes interfere, visibly or invisibly. It seems to me that in our small country – although still medium-sized with respect to economics – the government should have the power, as in the United Kingdom, to veto large take-overs when they consider them not in the national interest. With such a power our government could have prevented the very unfortunate and destructive take-	The ABN AMRO bank case is a minor issue. Interestingly though, the director of the CPB who started the censorship of science is Gerrit Zalm, now CEO of ABN AMRO. [199] My position w.r.t. Zalm is strictly business. Perhaps he was disinformed himself. I have not been witness to all what happened, and my advice is a parliamentary enquiry to find out. Zalm was member of the PvdA but switched to VVD in 1984, i.e. during the period of Reagan and Thatcher as well. He worked within the bureaucracy of the Ministry of Economic Affairs and had no real background in scientific research when he was catapulted into the directorate of the CPB in 1988. We see this same happening with the new director appointed last year. [200] If the censorship had been investigated and ended by parliament in 1991, then Zalm likely couldn't have become minister of Finance in	S

[199] http://en.wikipedia.org/wiki/Gerrit_Zalm
[200] http://boycottholland.wordpress.com/2013/08/20/new-director-new-blinds/

over of ABN AMRO by Fortis, the Royal Bank of Scotland and Banco Santander. Our central bank – de Nederlandsche Bank – foresaw great difficulties from this take-over but the government saw no possibilities to act. The result was finally that we lost a large network of foreign bank offices that had been built up over centuries and that had been very helpful for our exporters. Banking services were also an export category where we had a comparative advantage. So, this was a loss for the national economy. Apart from this, the relatively low level of our investments is an argument for a fiscal regime that is more favourable for investment and innovation. Research spending should be stimulated and we should have ample opportunities for accelerated depreciation of investment expenditures that can be a very effective stimulus to investments. This could also be variable as an instrument for anti-cyclical policy.	1994 (even if he was disinformed but then jumped to conclusions, and of course it remains politics). The report on his functioning as CFO of DSB Bank [201] in 2007-2008 is politically motivated and lacks decency. See point G above on the ease to neglect mismanagement. [In 2020, see this book Chapter 34.]	
17.2.10 *11 [Domestic capital]* Then there is also the question of a lack of financing. This plays a role for medium and small-scaled businesses and that brings us to the other element in our saving surplus: pension funds and life insurance companies. Our government has seen the great potential in these enormous savings that now flow for 85% out of the country. It has engaged these institutions in discussions to induce them to increase their financing in Dutch business. This discussion seems to be deadlocked however, because these institutions fear that the return on such credits would be relatively lower. Therefore, they ask at least for government guarantees, which the Minister of Finance naturally is not prepared to give. Is there a way out of this deadlock?	The regulation of the pension funds is a minor issue. Relevant are the ESC and NIB, and my general solution approach to unemployment. When the economy comes properly regulated with those measures, what to do with the pension funds then is basically an issue of equality. It shouldn't be that workers who with a high degree of likelihood die before age 65 actually pay for the pensions of government officials who with a high degree of likelihood live much longer. A pension proposal in Dutch is here. [202] (Incidentally, it so happens that this fits the case for professor Witteveen and hopefully myself, but it is not intended to be personal, and I surmise that he will agree with me.)	T

[201] http://en.wikipedia.org/wiki/DSB_Bank
[202] http://thomascool.eu/Thomas/Nederlands/Wetenschap/Artikelen/2005-11-01-MicroMacroConditiesPensioenen.pdf

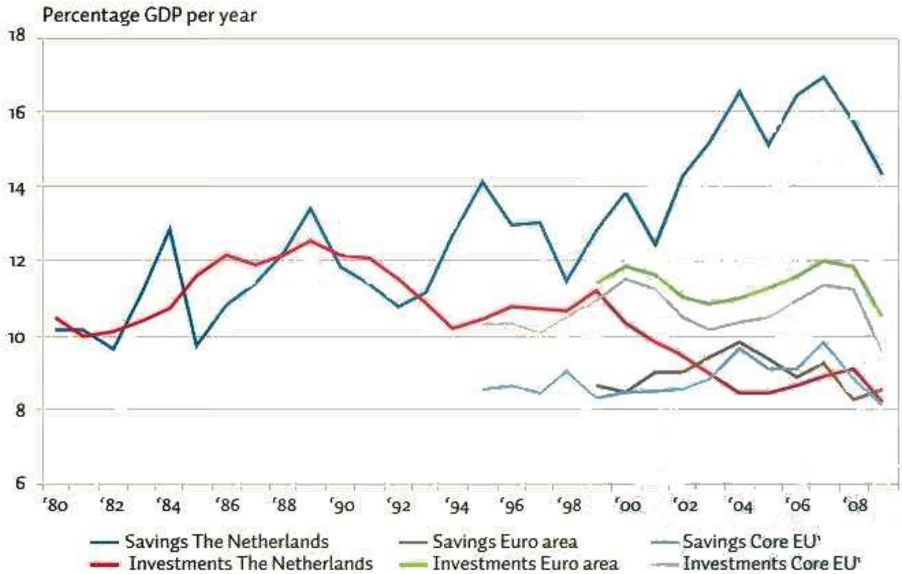
Then we have to recognise that the present supervisory rules that force these institutions to aim for the highest possible returns, are completely unreasonable. They are unreasonable because they require the funds to build up a capital from which all future obligations for the next 30 to 40 years can be financed at the present exceptionally low rate of interest. If we would moderate this accounting rule by taking the moving average over the last ten years of this rate of interest, their financing problems would be alleviated and these institutions would have more room for credit to medium and small-scaled businesses with lower returns. Against this, the government should then re-introduce a maximum for investment in shares and participations in large corporations, which is the largest share of the total investments of pension funds: 323 billion euro of a total of 959.6 billion euro. [5]		
Ftnt 5: DNBulletin: Vermogen pensioenfondsen voor 14 procent in Nederland	Unless Southern Europe defaults ...	U
17.2.11 *12 Conclusion* When we overlook the condition of our economy in its different aspects -- over-saving, lack of investment, super cautious rules for pension funds and insurance companies and large liquidity holdings by businesses for precautionary reasons – we can see one basic spiritual weakness behind this. Clearly, a saving surplus reflects a lack of confidence, of trust. The results of investments depend on developments in the future and the future is uncertain. There are risks, but there are also basic opportunities. Some basic confidence, some optimism is needed. Keynes wrote about the “long-term state of expectations” and the need for “animal spirits”. [6]	(1) Agreed on "lack of confidence, of trust". But this can be quite realistic in the current economic conditions. (2) This analysis by Keynes is key to understanding the modern economy. The solution approach has these elements: (2a) Economic planning, for which a CPB fails, and we need an Economic Supreme Court (that respects science). This also holds for the Council of Economic Advisors in the USA, because of lack of independence within the constitutional framework. (2b) National Investment Banks that work countercyclically. (2c) Overall commitment to low cyclical unemployment of some 2%, with a properly implemented Welfare State. Politicians may disagree, but then they should clearly state that they want to wreck the system, and not hide behide false science based upon censorship and abuse of power.	V
Ftnt 6: John Maynard Keynes “*The*	Just to be sure: Aristotle distinguished	

general theory of employment interest and money", pages161-162, published by MacMillan and Co., Ltd, London, 1946. Keynes writes there: "But individual initiative will only be adequate when reasonable calculation is supplemented and supported by animal spirits, so that the thought of ultimate loss which often overtakes pioneers, as experience undoubtedly tells us and them, is put aside as a healthy man puts aside the expectation of death."	between dead matter, living plants and animal life. In Latin the latter was indicated by the "spiritus animalis". This is quite different from behaving like an animal, though pupils at English boarding schools tend to make that joke.	
I would add that human beings, faced with all the changes and dangers of the future in the material world, can always find astounding strength and insight in their inner life. But we have to discover these turning our attention from the outer material world to the inner spiritual world so that the One Source of Energy, Life and Light can be found. What we need is the power of confidence: Faith!	With all respect: I apparently don't need to tap into some inner source that apparently still would be somewhat external since it would be shared with all others. On my automatic pilot I wake up each morning with joy in what the day will bring, and I hope that this transpires in my work. Still, this is a Valedictory Lecture and we can only respect professor Witteveen for closing it with a statement from his heart. When we meet a troubled person why not indeed suggest that they look into universal sufism ? Overall, this economics discussion is of key relevance for the understanding of the economic crisis, both in Europe and the United State, and, indeed, the world. I am much impressed by professor Witteveen's grasp of economic theory and understanding of the present situation. It also shows that Keynes already lay the foundation in his *General Theory* and his work on Bretton Woods. Those essentials haven't changed. Progress since then has been on detail and technical issues (compared to this). Our economies have been suffering from the arrogance of policy makers who did not respect the essentials. The solution lies in curbing the political powers and prevent them from transgressing into science. Tongue in cheek: faith may be rewarded: at least, you may start considering my summary, dating back to 1990 and hit by censorship of economic science: "Cause and cure of the crisis" [203] (also on YouTube [204]).	W

[203] http://boycottholland.wordpress.com/2013/02/24/cause-and-cure-of-the-crisis/
[204] http://boycottholland.wordpress.com/video/

Figure 7

Gross savings and investments of non-financial corporations



¹ Core- EU: Germany, France, Belgium en Italy.

Source: Leering and Schotten, 2012

18. *Macro-economic context of the Greek crisis*

18.1 *Chronology of the Greek debt crisis*

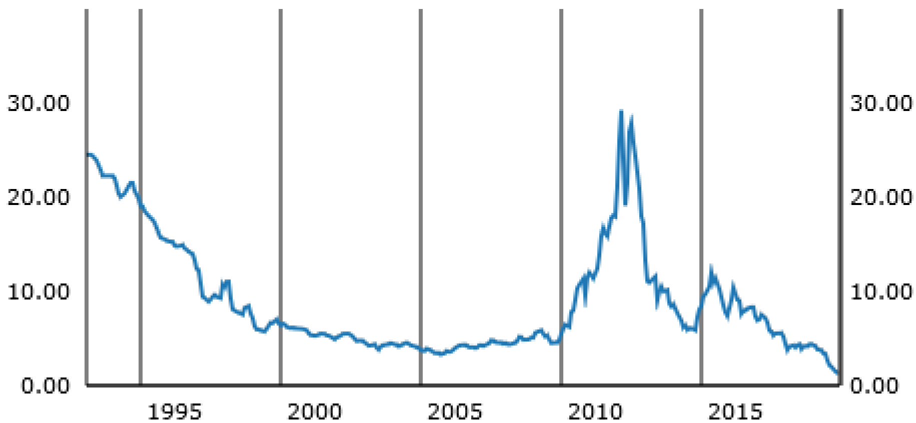
For a chronology of the Greek debt crisis there are the ESM, [205] the European Court of Auditors (ECA), [206] wikipedia, [207] and a useful overview is here. [208]

18.2 *Unemployment and rate of interest in Greece*

To indicate the seriousness of the context, and the necessity of reliable data, **Figure 8** gives the Greek long term rate of interest, and **Figure 9** shows the unemployment in the Eurozone and some selected countries; [209] and remember that a recovery of employment in Greece likely means lower wages.

We might also refer to a review by the IMF, [210] and I take the liberty to quote their graph, **Figure 10**, comparing the situation of the Greek collapse to the US Depression of the 1930s, with the US taking some 9 years to recover, and Greece requiring 24 years of which 11 have passed, slowly leaving the deepest point now.

Figure 8. Greek long term rate of interest [211]



While this is the basic context, the present discussion about the *accounting* of Greek debt and deficits is an epi-phenomenon, like the itch on an elephant – though the elephant might be highly annoyed because he cannot reach the spot. Let us look more closely at that itch.

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[205] https://www.esm.europa.eu/assistance/greece
[206] https://op.europa.eu/webpub/eca/special-reports/greek-crisis-17-2017/en/#chapter0
[207] Portal and no source: https://en.wikipedia.org/wiki/Greek_government-debt_crisis
[208] https://www.thebalance.com/what-is-the-greece-debt-crisis-3305525
[209] https://ec.europa.eu/eurostat/estat-navtree-portlet-prod/NodeInfoServices?lang=en&code=une_rt_a
[210] https://www.imf.org/en/News/Articles/2019/10/01/sp093019-The-IMF-and-the-Greek-Crisis-Myths-and-Realities
[211] https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=229. IRS.M.GR.L.L40.CI.0000.EUR.N.Z &periodSortOrder=ASC

Figure 9

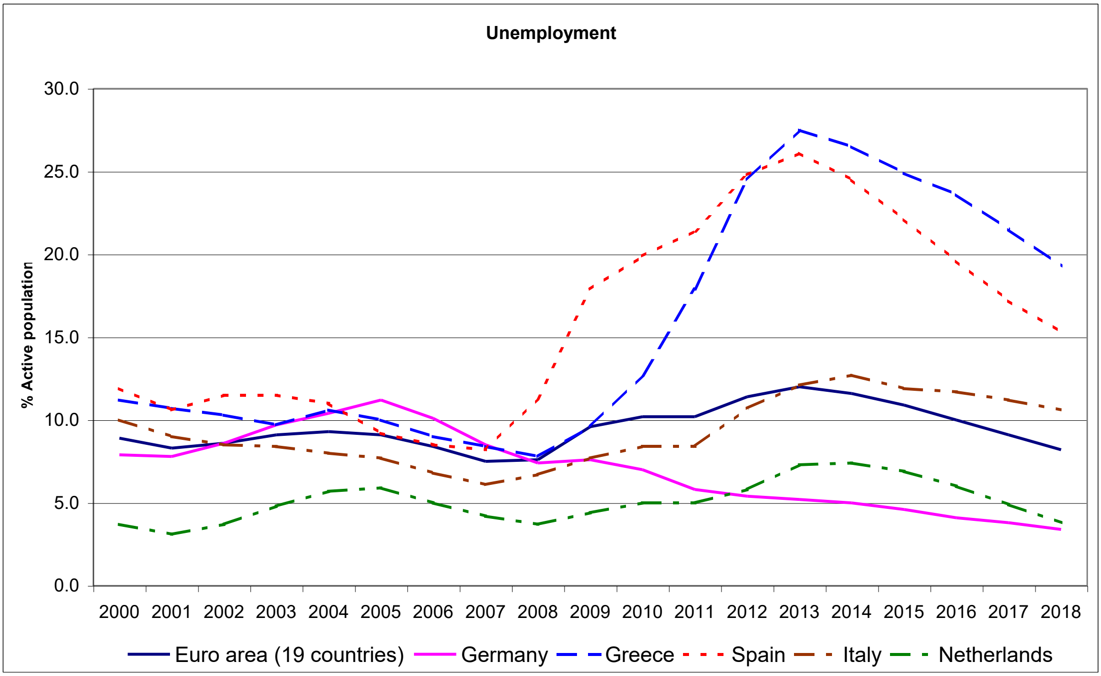
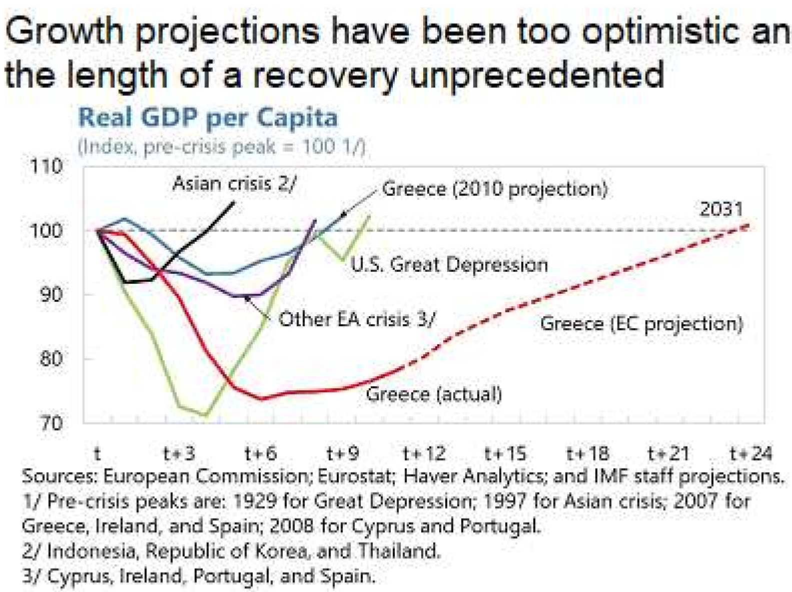


Figure 10



18.3 *Banking crisis: nationalisation in Sweden and Iceland versus bailing out the bankers in Ireland and Greece*

18.3.1 *Regulation of banks*

Europe at the time did not have proper regulations for the mix of ECB with euro and national governments and banks. There still is a lot of work to be done.

According to the Bank for International Settlements (BIS) banks could account for government debt as risk-free, whence the Greek state in theory could borrow without boundary even while the debt kept rising, though eventually out of control. The rules for the euro with deficits less than 3% and debt less than 60% of GDP were intended to keep government debt risk-free indeed. France and Germany broke the agreement in 2003, creating the precedent for others. In the banking crisis, Ireland and Greece nationalised bank debts, but Ireland had a starting position with a national debt less than 60% and Greece was much above it. Part of the crisis was that Greek debt suddenly attained the risk of default, with a risk spreading to the whole of Southern Europe.

The finances of the Greek state suffer when its rate of interest gets this stigma. Assume a debt of EUR 200 bn, with annual refinancing of EUR 20 bn with a maturity of 10 years. Let us assume a rate of interest of 3% or EUR 6 bn per annum. A rise of the rate of interest to 18% causes an unexpected additional burden of EUR 20 * 15% = EUR 3 bn in the next year. Eventually you still have a debt of EUR 200 bn but with an annual interest burden of EUR 36 bn. If you cannot pay the interest, then you would have to borrow to pay for the interest, and this is the road to bankruptcy. See Colignatus (2011b) on stigma and haircuts.

18.3.2 *IMF and its IEO 2016*

IMF is criticised for allowing a bailout of the bankers in Greece. This is also stated by the IMF IEO (2016) report. [212] Another researcher who thinks that bank owners cannot be simply bailed out is Andreas Georgiou (2009), "*Excessive Lending, Leverage, and Risk-Taking in the Presence of Bailout Expectations*", IMF WP/09/233, October 1 2009. [213]

18.3.3 *The Truth Commission 2015*

The scientific coordinator of the Greek "Truth Commission on Public Debt" from April 2015 to November 2015 Eric Toussaint [214] [215] [216] in 2017 reviews a book by Yanis Varoufakis. I did not check the Truth Commission claim on "falsification", but Toussaint's criticism about how George Papandreou handled the banking sector in 2010 is advised reading: [217] [218]

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[212] https://ieo.imf.org/en/our-work/Evaluations/Completed/2016-0728-the-imf-and-the-crises-in-greece-ireland-and-portugal

[213] https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Excessive-Lending-Leverage-and-Risk-Taking-in-the-Presence-of-Bailout-Expectations-23366

[214] https://en.wikipedia.org/wiki/%C3%89ric_Toussaint

[215] https://www.cadtm.org/Varoufakis-s-questionable-account

[216] https://newpol.org/theoretical-lies-of-the-world-bank/

[217] https://www.cadtm.org/Yanis-Varoufakis-s-Account-of-the (Part 2)

“In my first article on the subject of this book, I analysed critically the proposals made by Yanis Varoufakis before he became a member of the Tsipras government in January 2015, demonstrating that those proposals were doomed to fail. This second article covers the ties Yanis Varoufakis maintained with Greece’s ruling political class (both the PASOK, historically linked to social-democracy, and the conservative New Democracy) for several years. (...)

What Varoufakis does not say is that Papandreou dramatised the public debt and the public deficit instead of making those who were responsible, both in Greece and abroad (that is, the private shareholders, the board members of the banks, and the foreign banks and other financial entities who contributed to generating the speculative bubble), bear the cost of the banking crisis. The Papandreou government falsified [big claim !] the statistics on Greece’s debt — not in the period before the crisis, in order to reduce it (as the prevailing narrative claims), but in fact in 2009, to increase it. That is demonstrated very clearly by the Truth Committee on Greece’s Public Debt in its June 2015 report (see chapter II, p. 17). [219] Instead of blowing the whistle on the falsification, Varoufakis takes the statements made by Papandreou and his Finance Minister on the dramatic state of public finances at face value. (...)

Following their win in the 2009 elections thanks to a campaign during which they denounced the neoliberal policies of New Democracy, the Papandreou government, had it wanted to make good on its campaign promises, would have had to socialize the banking sector by organizing an orderly failure of the banks and protecting depositors. Several historical examples demonstrate that organizing such a failure and then starting up financial services again to operate in the interests of the population would have been quite possible. They should have taken the example of what had been done in Iceland since 2008 [ftnt] and in Sweden and Norway in the 1990s. [ftnt] Instead, Papandreou chose to follow the scandalous and catastrophic example of the Irish government, which bailed out the bankers in 2008 and in September 2010 agreed to a European aid plan that had dramatic consequences for Ireland’s people. When in fact what was needed was to go even farther than Iceland and Sweden and completely and permanently socialize the financial sector. The foreign banks and big private Greek shareholders should have been made to bear the losses stemming from resolving the banking crisis and those responsible for the banking disaster should have been prosecuted. That would have allowed Greece to avoid the successive Memoranda that have subjected the Greek people to a dramatic humanitarian crisis and to humiliation, without any of it resulting in truly cleaning up the Greek banking system. (....)"

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[218] https://www.versobooks.com/blogs/3391-yanis-varoufakis-s-account-of-the-greek-crisis-a-self-condemnation-part-two-surprising-relations-with-the-political-class

[219] http://www.cadtm.org/Preliminary-Report-of-the-Truth

18.3.4 *Three outsiders 2015 and 2018*

Davidsdottir & Matthiasson in 2015 still propose such an Icelandic reconstruction though in 2015, while it already could have been used in 2009-2010. [220]

James Galbraith in 2018 "*The Greece Bailout's Legacy of Immiseration*" does not take account of the Toussaint criticism about 2009-2010: [221]

> "2010 to 2018 will go down in Greek history as an epic period of colonization; of asset stripping and privatization; of unfunded health and education; of bankruptcies, foreclosures, homelessness, and impoverishment; of unemployment, emigration, and suicide. These were the years of the three memoranda, or "financial-assistance programs" accompanied by "structural reforms," enacted supposedly to promote Greek "recovery" from the slump and credit crunch of 2010. They were, in fact, a fraud perpetrated on Greece and Europe, a jumble of bad policies based on crude morality tales that catered to right-wing politics to cover up unpayable debts.
>
> This was a bailout? The word reeks of indulgence and implied disapproval. As it was often said, "The Greeks had their party and now they must pay." Yes, there was a party—for oligarchs with ships and London homes and Swiss bank accounts, for the military, for engineering and construction and armaments companies from Germany and France and the United States. And yes, there was a bailout. It came from Europe's taxpayers, and went to the troubled banks of France and Germany. Greece was merely the pass-through, and the Greeks who paid dearly with their livelihoods were just the patsies in the deal."
>
> The policies came from the IMF— its standard repertory of austerity and "reform." But its staff and directors knew from the beginning that these measures would not suffice. IMF executive directors from Australia, Switzerland, Brazil, and China voiced objections. Channels were therefore bypassed, objections ignored. The Fund was nearly out of work and money because of the failures of its programs — and the relative success of countries that ignored them — all over the world. And its managing director at the time wished to be the next president of France. So Greece, which is to say its creditors—especially French and German banks — received the largest loan in IMF history (relative to its ownership share). And that 289-billion-euro loan came largely from U.S. taxpayers."

18.3.5 *Some haircuts in 2011*

It is useful to remember though that there were haircuts in 2011, [222] while ABN AMRO in 2008-2020 still is owned by the Dutch government (majority shares).

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220 http://fistfulofeuros.net/afoe/the-good-the-bad-and-the-foreign-icelandic-lesson-for-stabilising-the-greek-banks/

221 http://www.defenddemocracy.press/the-greece-bailouts-legacy-of-immiseration-by-james-k-galbraith/

222 https://www.wsj.com/articles/SB10001424052970203699404577045471766969222

"The Dutch [ABN AMRO] bank is the latest European lender to book a hefty loss on its exposure to the troubled Mediterranean country. The banking industry last month agreed to write down 50% of the value on their holdings of Greek sovereign debt, as part of an EU package to quell the debt-crisis in the euro zone. Most big European banks have already written down on the value of their investments, often by more than 50%. They are also seeking to exit other troubled euro-zone countries like Italy and Spain."

18.4 *An insider and two commentators*

18.4.1 *George Papakonstantinou*

George Papakonstantinou [223] as minister of Finance in the Fall of 2009 announced that the Karamanlis deficit was not the claimed 6% but closer to 12.5%, perhaps out of sincerity but likely also because he did not want to be held accountable for the deficit and debt by his predecessor. Perhaps the debt situation was still viable in 2009, with the rate of interest at that time, but once the eggs were scrambled, and speculation on the financial markets unleashed, there was no going back to the idea that the rising debt was viable. Given the protests around the world, he created El.Stat as an independent body, with the law of March 9 2010. A 2016 review by Marcus Walker of Papakonstantinou's book summarises the consequences of the financial and Greek crises: [224]

"Seven years on, the effects linger. Greece is stuck in the deepest depression in a developed economy since the 1930s. Southern Europe is suffering a lost decade. The European Union has become a byword for economic pain, making it an easy target for both the anti-capitalist left and the nationalist right."

I wonder why not more is said about that Papakonstantinou mislaid the Lagarde USB-stick, [225] and removed the names of some contacts from the list. [226]

18.4.2 *Nikos Tsafos*

Nikos Tsafos about his book: [227]

"How did Greece, with less than 3% of the population of the European Union, become the epicenter of Europe's "existential crisis?" Why did Greece opt for an obligation-laden bailout rather default or leave the Eurozone, as many said it should? Could it have avoided the disappointments that followed, including needing a second bailout, holding repeat elections, and swearing in its fourth prime minister in a year?

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[223] Portal and no source: https://en.wikipedia.org/wiki/Giorgos_Papakonstantinou

[224] Marcus Walker (2016), "The Firefighter's Lament. Game Over, by George Papaconstantinou", https://www.wsj.com/articles/game-over-george-papaconstantinou-1474565140

[225] https://www.reuters.com/article/us-eurozone-greece-minister-idUSKBN0MK24520150324

[226] https://www.reuters.com/article/us-eurozone-greece-minister/ex-greek-finance-minister-found-guilty-of-tampering-with-tax-list-idUSKBN0MK24520150324

[227] http://www.greekdefaultwatch.com/p/my-book.html

> The conventional narrative answered these questions by viewing the Greek crisis as the result of a "flawed currency union." Many economists, moreover, thought Greece was foolish to seek a bailout rather than renege on its debts or leave the Eurozone. And as the crisis deepened, economists again blamed the international community for pushing "austerity" onto Greece.
>
> *Beyond Debt* offers a different account of this crisis. It sees it, first and foremost, as a Greek crisis, best understood through the lens of Greek history, politics and economics. The crisis was triggered by global events, but it was not caused by them. As the book shows, Greece's chosen path—a bailout—made infinitely more sense than either a default or the abandonment of the common currency that many economists called for. And while others see "austerity" as the problem for Greece's woes after the bailout, *Beyond Debt* blames instead an indecisive government that could not see reform through to the end."

18.4.3 *Yannis Palaiologos*

Palaiologos has this report about the October 2009 events. [228] Another book review points to deeper causes: [229]

> "Greece's worst flaw, it seems, is a culture of tax evasion as witnessed by tax reform expert Nikos Tatsos. (...) Besides corruption, Greece suffers from inertia, incompetence, even "boundless fecklessness", as Palaiologos calls it. (...). In line with the thinking propounded by evolutionary theorist Nicholas Wade, it is tempting to conclude the Greeks are inherently hopeless – congenital losers. Not so, says Palaiologos who predictably but persuasively pins much blame for the nation's plight on its mighty trading neighbour: Germany. "Self-serving speeches by German politicians decried the Greeks' innate penchant for corruption and sloth while skipping over the recklessness of their own financial institutions and the crooked practices of their big exporters in fuelling the crisis.""

For some readers, the latter might seem evasive, but it is a sound economic point, see the discussion on the view by former IMF Managing Director Johan Witteveen in Section 16.2 and Chapter 17. The trade deficits of Greece, Italy, Spain and Portugal relate to the surplusses of Germany and Holland. [230] Greece can demand that these countries raise their wages. Creditor nations are always difficult partners in such discussions, but the EU exists for that very purpose.

18.5 *Accusations versus the true challenge for the future*

There are lots of accusations of frauds all-over. We ought to be able to trust science and learning though. Forum Theory "ought to work" for the Greek case as

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[228] http://www.ekathimerini.com/224837/opinion/ekathimerini/comment/the-story-behind-greeces-unprecedented-fiscal-derailment-in-2009

[229] David Wilson (2016), "Book review: The 13th Labour of Hercules, by Yannis Palaiologos", https://www.scmp.com/lifestyle/books/article/1585824/book-review-13th-labour-hercules-yannis-palaiologos

[230] http://thomascool.eu/Papers/CSBH/Index.html

well. Southern Europe has a different culture than Northern Europe, and the historical divide between the Eastern and the Western Roman Empire can also be seen. Such differences make solutions more complicated but we can always try to be creative without sacrificing scientific integrity.

18.6 *Law and economics*

The Greek justice system seems a world apart and might perhaps be much improved, but I have no background in law. I tend to think now that the Greek legal system seems to deserve more credit that foreigners seem to allow for it. It might still be a suggestion for the Greek government – not because of the Georgiou case but for entirely other reasons and purely upon economic considerations as discussed by Colignatus (2012b) – to let selected areas fall under international law, say for a lease of 50 years, to attract international business (and also increase competition for its own legal system, or at least provide a challenge for how it is perceived nationally or internationally).

Part 5. National accounting and statistics

19. *Summary*

In 2020 the European Union and Eurostat assign statistical authority to single directors of the National Statistical Offices (NSO), thus NSO = director. This is unfortunate since a single person is more vulnerable to error and political or commercial pressure. Within national accounting and statistics there may be diversity of views and it can be unfortunate to elevate only one view to executive position. In 1899-2016, Holland had a Central Commission for Statistics (CCS) and a Central Bureau for Statistics (CBS Statistics Netherlands). CCS decided upon the programme for both CBS and non-CBS. CBS executed the programme assigned to it, and determined its figures and manner of publication. In 2003-2016 CBS itself was being run by a multi-person board. Per January 1 2017 CCS was abolished and replaced by an advisory council. All statistical authority in Holland has been assigned to the director-general of CBS, so that CCS = CBS = DG = board, in conformity with the European Code of Practice 2011.

The EU view on governance of statistics has been much influenced by the Eurozone crisis in 2010 with Statistics Greece (El.Stat). A Greek law of March 9 2010 moved the statistical bureau NSSG out of the Ministry of Finance and created the independent El.Stat, and stated that a seven-person board had the authority with the director as member of the board. Director Andreas Georgiou however claimed all authority and in November 9 2010 sent “official figures” on deficit and debt for 2009 to Eurostat without first seeking approval by the board. In 2018 the Greek Supreme Court found Georgiou guilty of a breach of duty for not seeking this approval, as he had been required by law. There need be no doubt about this Greek law of March 9 2010. The EU, Eurostat and the IMF wanted this Greek law changed. In a memorandum of 2012 to the IMF, the Greek government promised to change the law and assign all authority to the director. Statistical organisations ISI, RSS, ASA, IAOS, FENStatS and SFdS now protest against Georgiou’s conviction as a miscarriage of justice. They neglect the Greek law of March 9 2010 and they do not respect the separation of powers between the Executive (themselves) and the Judiciary branches of the Trias Politica. They also neglect the fellow statisticians on the board of El.Stat. To better appreciate the issue of governance of national accounting and statistics, it remains useful to deconstruct the Greek ordeal and uproar in the world of statistics. This will be done in Part 6.

This present Part 5 will set the stage for the scientific governance of the EU National Statistical Offices in general. This governance has been seriously damaged because of the Eurozone crisis in 2010 and the Eurostat reaction to the Greek situation. The EU and official statistics are advised to return to the status quo ante.

PM. See also El Serafy (2014), “*Shouldn’t economists get involved in the making of the national accounts?*”, RES Newsletter (October), included in THAENAES. Georganta (2012b) criticises the European Commission decision 2012/504/EU (September 17 2012), and she compares with 97/98/EC (April 21 1997).

20. *Accounting, statistics and stewardship*

20.1 *Distinction between accountancy and statistics*

In a letter of September 1 2017 by the *American Statistical Association* (ASA) to the Greek Prime Minister Alexis Tsipras, [231] the ASA president Barry Nussbaum, executive director Ron Wasserstein and (Acting) Chair of the ASA *Committee on Scientific Freedom and Human Rights* Robin Mejia state:

> "The goal of a statistical agency is to describe reality, not create it."

However, a National Statistical Office can also have the task to draw up the National Accounts, and then also has the duty to apply particular accountancy rules, and it does not just have the goal to describe reality.

Walter Radermacher, DG of Eurostat 2008-2016, gives a correct view about his job, though bungling the words, see Section 29.8 below, and also p228:

> "Walter Radermacher, Eurostat's boss, told The New York Times that "**the truth is not my business . . . statistics** [this should be: national accounting] **is about measuring against convention**"."

ASA apparently is confused about the distinction between *accountancy* and *statistics about reality*. ASA can be advised to drop the case (and perhaps ask the American Accounting Association to look into this matter) – unless I myself would be confused about the mission of ASA.

ASA must retract the letter to the Greek prime minister.

National accountants – and statisticians in that role – indeed have a tendency to *claim* that "they collect data that reflect reality", but the accountants also apply rules that are quite arbitrary. Ground material would be facts, but aggregates are constructs. It would be accurate for national accountants to say that they *(also) apply rules*, instead of (only) claiming the collection of data that reflect reality.

A practical example is how to establish when a state enterprise is counted as falling under the (non-market) general government, see Section 30.6. This is not statistics to determine reality but application of rules of accounting established by convention (though with links to economic theory and practical concerns).

With this foundation in arbitrariness, the figures for "national debt" and "budget deficit" are rather figments of some accounting universe, and to be used with caution. Macro-economists are trained on such awareness and are quite used to this, quite likely in contrast to other professions (likely at ASA) where statistical figures are much more meaningful and accurate, like perhaps, ironically, in demographics the "causes of death", or in astrophysics the "distance between Earth and the Moon" (on average at Greenwich for average trajectories, or right at this moment from your position ?).

It is important to say this, because in this discussion there appears to be a confusion between on the one hand statiticians who indeed aspire at estimating reality and on the other hand national accountants who (must) apply such arbitrary

[231] http://www.amstat.org/asa/files/pdfs/POL-20170901GeorgiouSeptember.pdf

rules. Discussions about “what the deficit really was” pertain to this accounting universe, and to what economists consider acceptable policy conclusions in the context of the Maastricht rules, and not to what scientists deem to be reality.

Subsequently, when (major) “truly market companies” would fail, like indeed happened with “commercial banks”, then often governments have to step in, since governments exist to protect their citizens against disasters. In such cases a supposedly “commercial” debt still shows up as a national debt, notwithstanding the diligence of the national accountants of the previous years. It is too simple to hold that “the debt was first commercial and now it is national”, because such simplicity neglects the fundamental role of government. Even, there can be cases that keen observers – like Dr. Doom – saw such “commercial” deconfitures in the making, and if keen observers could do so, then why not statisticians who look at reality ?

It seems useful to make these remarks at the outset, to allow us to take some distance from ambiguities and confusions and overtones that have played some role in the discussions about the Georgiou case.

And the question is serious: *Will ASA retract that statement ? Will ASA send an apology to the Greek prime minister for its own hysteria and malconduct ?*

20.2 *Two key examples on the distinction between accounting and statistics*

It is useful to mention two key examples on the distinction between accounting and statistics.

(1) National accounting has the notion of “gross domestic product” (GDP) that often is portrayed as (conventional) “*national income*” (NI), and used for the calculation of the figure of “economic growth”. However, this construction depends upon assumptions on preferences for environmental sustainability, and if such assumptions are not clarified than the presentation is rather misleading. There is also the notion of “*environmental sustainable national income*” (eSNI) (eGDP). DG Eurostat Walter Radermacher started as an environmental accountant, and apparently he did not quite understand the issue, see Colignatus (2020a) (THAENAES) and Chapter 33.

(2) Colignatus (2017ab) (2018) are contributions to the Newsletter of the *Royal Economic Society*. [232] In an email to the leadership of the *Royal Statistical Society*, I asked for some assistance:

> “This article of mine in the Newsletter of the Royal Economic Society (RES) argues that the Brexit referendum question is scientifically unwarranted:
> (...)
> As an econometrician I have some awareness of statistics, and I think that the referendum question also fails for a statistical survey of what people actually think. But I am not a specialist on statistical surveys and my own diagnosis like carries little weight for others who would tend to rely on those specialists.
> I am wondering whether you or others in the RSS would agree with me. I would like to be able to quote some statistician(s) on this (pro or con, and why) and am wondering whether you or the RSS could help me finding

[232] https://www.res.org.uk/site-search.html?q=Colignatus

some. An option would be to republish the memo in a statistical medium and record some responses. I am wondering whether you would be able to help out."

My request for some assistance was rejected rather cursorily by RSS chairman David Spiegelhalter and RSS executive director Hetan Shah, see Section 39.11. It subsequently turned out that Shah has no background in statistics. He now propounds on the Georgiou case without proper check, while a scientist has been trained to check. For the relation to Brexit, see Chapter 11.

20.3 *Mark to Market*

See Pozen (2009) [233] on the problem that "mark to market" can be procyclical. For US banks he states a solution approach:

> "Could the interests of bankers and investors be reconciled with regard to the bank's income statement? Yes, if the bank published two versions of its earnings per share (EPS) each quarter—one calculated with fair value accounting and the other without. Suppose the bank reported EPS of 54 cents for the quarter, comprising net operating income of 62 cents per share and a loss of 8 cents per share due to unrealized losses in the market value of its bond portfolio. The bank would also publish a second EPS of 62 cents per share, with an explanation that this second EPS excluded those unrealized losses.
>
> The publication of two EPS numbers each quarter along these lines was recommended in 2008 by the SEC's Advisory Committee on Improvements to Financial Reporting (which I chaired). The table taken from this report (see "Is a New Financial Statement the Solution?") shows a partial reconciliation of a hypothetical company's net income under fair value accounting (YYY in the table) with its net cash flow, which excludes fair market adjustments (XXX). Stripping out a company's cash flow from its income statement is the type of exercise undertaken by many securities analysts to better understand a company's financial situation."

At El.Stat Statistics Greece, director Georgiou had worked at the financial statistics department of the IMF and should know that "mark to market" accountancy rules may *sound* wise ("take the current market value") but actually tend to be counterproductive from a policy point of view (namely procyclical) and are not really required for a government anyhow (that has more options for finance).

20.4 *Stewardship in general*

A producer of some product retains some stewardship. It involves a (limited) duty of care that the product is not used outside of its specifications and intentions. Often a manual is provided. There can be advice on how to dispose of the product. At some point one tends to assume that users are independent and have their own responsibilities (like with knives and axes) but there are always surprises about the complexity of such relationships. Some people are considering that

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[233] https://hbr.org/2009/11/is-it-fair-to-blame-fair-value-accounting-for-the-financial-crisis

tabacco companies 50 years ago already knew what they were doing, e.g. in making their products more addictive, and would still be accountable even today. Software uses the “as is” clause, and might be an exception to the rule, but likely is not.

20.5 *Official statistics versus academia*

There are some crucial distinctions, see **Table 2** op page 137:

- Official statistics does *applied science* within a developed *legal setting*, basically with the intention to refresh data and figures within a known analytical framework.
- Academia and *research statistics* are free to adapt to the occasion, with the purpose to work on *theory* and *empirical science* and generate new analyses.

Many scientists will tend to hold that data are not decided upon by voting, but in *applied science* the use of expert panels is not uncommon, and a National Statistical Office operates within a legal context that is quite different from academia.

Academia still have some stewardship, since it is not enough to just publish a result in a journal and leave it at that. When Paul Krugman had presented a new theory on trade, and noticed that policymakers claimed to use his theory for purposes where it did not apply, he protested. Some might think that Krugman could have chosen not to protest, but it fits the notion of stewardship that he did protest. Some people might argue that it is rather the role of parliament in the legislative branch to check upon the statements and decisions by policymakers in the executive branch, but there remains a role for scientists too, also at the academia, for example since parliament might only understand the issue when there is a protest about what the problem is.

Official statistics tends to have a structural stewardship. Goals, principles, duties and procedures are specified in laws and documents. The practice of official statistics also involves the management of the flow of information. When data are presented, it can be explained again what they are. On occasion it might happen that an alert is published when it is observed that some data are used improperly. This might happen rarely though, since users of data may tend to know what they are doing, or when they don’t know what they are doing then it still might be that the national office doesn’t notice it.

For example, somewhat mundane, CBS Statistics Netherlands in 2015 issued a warning about fake-interviewers.

A recent interview with DG CBS 2014-2020 dr Tjark Tjin-A-Tsoi indicates his perception on stewardship. [234] In my translation:

> “Q. The attention for the work by CBS has increased considerably in recent years. Yet it is also easy to "lie with statistics". Is this increase visible in the figures and are you satisfied with the way how your research is presented in the media and politics?”

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[234] https://www.cbs.nl/nl-nl/corporate/2019/50/interview-directeur-generaal-over-strategie-en-rol-cbs

> “A. The increase can indeed be seen clearly in the figures. The number of times that Statistics Netherlands has been quoted has doubled in some 5 years and the quality of the reporting has also increased. By the latter I mean that larger and richer articles are written by journalists based on publications from CBS. This is partly because we started to provide more information per message, with more indicators per topic. We also indicate better in messages what the used indicators say exactly, i.e. what their definition is, and also what they do not say. Lack of clarity about this is often the cause of "lying with statistics". Finally, we offer a fairly large number of messages for preview to journalists, so that they have more time to prepare for their own messages and possibly to do some research of their own. All this has led to a sharp increase in attention for our work, but it has also contributed to the quality and factual accuracy of the messages that appear in the media.”

A dry observation is that when you partly prepare the work of a journalist then there is more chance that they adopt your press-release (without the convention that it would be plagiarism).

20.6 *Example: Publication of the figure for GDP in the USA*

The publication of the figure for Gross Domestic Product (GDP) in the USA might be an example. Consider the letter by the director of the US Bureau of Economic Analysis (BEA) to All Employees of July 13 2016 concerning the “Updated Security and Release Procedures”. [235] Excerpts are:

> “In order to continue to guarantee that the hard work in generating our sensitive economic statistics is not compromised by unauthorized pre-release of any statistics, this memorandum organizes, updates, and clarifies the longstanding security procedures at the Bureau of Economic Analysis.” (...)
>
> “As the review process moves to higher levels within the Bureau, only those individuals with a need to know will have access to the more comprehensive aggregates. (Comprehensive aggregates are estimates that provide a comprehensive view of the overall set of estimates.) The estimates are not finalized until they have undergone final review and approval by a designated group of top management officials. For the principal economic indicators, this review is conducted under “lock-up” conditions (see Attachment B).” (...)
>
> “As soon as the estimates for principal economic indicators have been approved and finalized and copies of materials for public release have been prepared, the estimates are transmitted to the President, through the Chairman of the Council of Economic Advisers.” (...)
>
> “Within one hour before the scheduled time of a news/public release, the information to be released may be provided to the Under Secretary for Economic Affairs and other Department policy officials in a “lock-up” environment. There shall be no external communication of information received in the lock-up until the time of public release, and there will be

[235] https://www.bea.gov/sites/default/files/2018-05/security-release-procedures.pdf

no public comment by policy officials until at least one hour after the official release time" (...)

"2. All participants in the lock-up will sign in on a sheet located at the entrance to the restricted area (room 8K403B). After the initial sign-in, all procedures for the lock-up will be enforced, and participants will not leave the lock-up area until officially dismissed." (...)

"7. All worksheets, notes, rough drafts, unused copies, removable computer media, etc. (except those to be used in the briefings the next morning) will be locked up as the lock-up ends and held until after release of the estimates. "Shredder bins" for trash and envelopes for materials to be retained will be available for this purpose. Materials needed for next-morning briefings will be locked up or otherwise secured either on site at the Suitland Federal Center or in the BEA safe at the Herbert Hoover building." (...)

"10. After signing out of the lock-up, all discussions of the estimates (the actual numbers, ranges, difficulty at arriving at the estimates, etc.) with non-designated persons prior to their release are strictly prohibited"

20.7 *Example: Other fields than official statistics*

It may be useful to look at other fields than official statistics.

On February 17 2009, Dutch prime minister Jan Peter Balkenende and CPB director Coen Teulings gave a joint press conference, announcing the impact of the financial crisis upon the Dutch economy. Production contracted with 3.5%. In December, the forecast of the budget deficit for 2009 had been 1.2% but was now revised to 3%, with a rise to 5.5% in 2010. [236] [237] Obviously, the "independent CPB" could have published its revised forecast and let the policy makers deal with the bombshell. It is stewardship to give some time to the cabinet to come to terms with the new information, and to present the finding with some sense of control and direction instead of causing widespread chaos.

In Holland in September 2018, Dutch prime minister Mark Rutte managed a delay of two weeks of a report by two planning agencies (CPB and PBL), because he wanted public attention for the annual presentation of the budget and the King's Speech, and no "distraction" about climate change, even though the discussion about the budget obviously is affected by such discussion on the climate. [238]

20.8 *Stewardship in national accounting and official statistics: publication*

20.8.1 *Reasons for stewardship*

Remarkably, also, the tendency in these protests in official statistics and the academia w.r.t. the Georgiou case is that a National Statistical Office has a duty to publish data *coûte que coûte* whatever the consequences. This overlooks the

[236] https://www.volkskrant.nl/nieuws-achtergrond/cpb-begrotingstekort-3-procent-in-2010-5-5-procent~bcab859d/

[237] https://www.parool.nl/nieuws/economie-klapt-in-elkaar~b31fe49a/?referer=https%3A%2F%2Fwww.google.com%2F

[238] https://nos.nl/nieuwsuur/artikel/2286706-presentatie-doorrekening-klimaatakkoord-uitgesteld-onder-druk-van-rutte.html

stewardship or duty of care that always exists in science or actually in any professional function anyhow.

It is proper indeed to calculate the statistical figure according to its definition (a temperature is a temperature, and we would like to know it as a fact) (with some discretion, also in accounting, when definitions are not mathematically precise), but it is another decision when and how to publish it.

- When there is a fire in a theatre then the yelling of “fire” might cause a stampede and make matters worse.
- Instead of publising “x = 10” one might also publish “x is in the range of 8 to 11” (dodging symmetry) and then wait a while till emotions are settled before resolving the stated uncertainty.
- Performing act X has benefits for groups A and costs for groups B, and not-performing X has benefits for groups C and costs for groups D. It is too simple to hold “let the truth be out”, especially when this “truth” concerns statistical constructs within a particular setting. Potentially there is the option to publish two figures, see the suggesion by Pozen (2009), see Section 20.3.

20.8.2 *Legal residue*

Official statistics exists for more than a hundred years, and thus there are some hundred years of legal struggle with the vagaries of official statistical publications and the tough conditions in reality. Even while one might wish to serve users and “publish and be damned”, there might always be a glitch, such that postponement or whatever is preferable. *Thus, in the legal codes of ESS and CBS we find exceptions that provide for leeway if needed.* The codes sound tough but with these exceptions they are like butter.

One method is to “regularly publish a publication series” but omit a particular table within that series, for unstated reasons. One method is to publish a preliminary figure and revise it later, and provide statistical reasons for doing so. At CBS there is a case from 1990 about emissions in agriculture, of which CBS since 1973 could not find agreement with “agricultural experts”, and thus decided not to publish. [239] It required a report by the Court of Audit to publish about it, and then the environmental problem could be discussed based upon data.

The ESS Code of Practice 2017 rule 6.7 allows the exception of priviliged access, and if the country’s President were to call and ask to freeze publication in the national interest, the agency may - still *independently* – decide to concur or not. Since the statistical agency does not decide about what would be a “national interest”, they may well give the President the benefit of the doubt.

> “6.7 Statistical authorities independently decide on the time and content of statistical releases, while taking into account the goal of providing complete and timely statistical information. All users have equal access to statistical releases at the same time. Any privileged pre-release access to any outside user is limited, well-justified, controlled and publicised.”

[239] https://www.cbs.nl/-/media/imported/documents/1999/52/cbs-wel-geteld-een-eeuw.pdf p177

For figures that are published on schedule, the COP rule 13 has an exception, and observe that you may wait till 1 second before a scheduled publication to announce "in advance" that you will not do the publication:

> "13.4 Divergence from the dissemination time schedule is publicised in advance, explained and a new release date set."
> "13.5. Preliminary results of acceptable aggregate accuracy and reliability can be released when considered useful."

The CBS Statistics Netherlands 2017 publication policy states:

> "If the situation so requires, it is possible to depart from the policy in individual cases. This is at the discretion of the Director General." (p1)
> "The purpose of CBS' publication policy is to promote the (correct) use of relevant figures." (p3)

Thus, rather than publish a figure "whatever the consequences", and then having to mop up an outburst of incorrect use, CBS will choose a publication time and format, so that correct users are served, and that incorrect use is at some unavoidable level.

Remarkably, historian Kuijlaars (1999) uses the word "delay" (Dutch "uitstel") only twice. Apparently, CBS had learned already many ways to prevent an announcement that a publication is being delayed.

It is also remarkable that the publication policy does not extend upon the exceptions such as delay. Potentially statistical publications at CBS are less sensitive than the planning publications at CPB. Rather, though, it is more likely that CBS in its publication strategy *does not wish to state* or confess what methods there are to *not* publish.

The stewardship of a National Statistical Office is more complex than often portrayed. If it were as simple as often portrayed then there would be no need for larger boards (or "council of directors") at the national statistical agencies (e.g. some 9 persons at CBS Statistics Netherlands [240] [241] or some 10 persons at Statistisches Bundesamt [242]).

There is ample reason for a role of a board rather than put all decisions in the hand of a single person who might forget about this stewardship more easily than a board (and who might reject advice in unscientific manner as well). It is tempting to point to the case of Georgiou as an example of a rogue DG but this might be $N = 1$ statistics. It suffices to appeal to the 1899-2016 experience at CBS Statistics Netherlands that it is better to keep more people involved, even in the high trust society in Holland, see Chapter 21.

Chapter 27 below will look a bit closer at stewardship at El.Stat.

20.9 *Summary table*

Table 2 summarizes our comparison of *statistics* at the academia and the *national accounting and statistics* at official statistics.

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[240] https://www.cbs.nl/nl-nl/over-ons/organisatie/leden-directieberaad
[241] https://wetten.overheid.nl/BWBR0039055/2017-01-01
[242] https://www.destatis.de/EN/About-Us/Seniormanagement-Organisation/organisation-praesident.html

The *academic* statistical associations like ASA would want to reconsider their involvement with the Greek statistics issue. [243] RSS though has a section on official statistics. [244]

Table 2. Different emphasis at Academia and Official Statistics

	Academia	*Official Statistics*
Area	Statistics	National accounts and statistics
Purpose	Empirical research	Provide information for policy making
Direction	Shift the frontier	Reproduction of known analyses
Publication	Peer review and weblogs	Protocols for politically and socially sensitive information
Governance	Ideology of the individual scientist (but for the dean)	Laws and regulations, hierarchical
Stewardship	Ideology of the individual scientist (but for the dean)	Maintain trust and the reliability of official statistics

243 https://www.amstat.org/ASA/News/Statisticians-in-the-News-Andreas-Georgiou.aspx

244 https://www.rss.org.uk/RSS/Get_involved/Sections_and_study_groups/Official_Statistics/RSS/Get_involved/Sections/Official_Statistics.aspx

21. *Governance and integrity of a national statistical office*

21.1 *The governance of a National Statistical Office*

The European Statistical System (ESS) Code of Practice 2005, allowed a National Statistical Office (NSO) in the European Union to have a board as a collective body. After the ordeal with Andreas Georgiou at El.Stat 2010, Eurostat and the ESS developed the policy that each National Statistical Office (NSO) is headed by a single Director-General (DG) and that the board has a single member, the DG. The term "*chief*" can best be use to identify the single head. Thus the legal construction in 2020 is that NSO = DG = chief = single head = head = board. I have not checked for all 28 Member States though.

This development in the governance of the National Statistical Offices is unfortunate. It is advisable that a NSO is headed by a board with more members. The Georgiou ordeal at El.Stat caused a wrong reflex in European statistics. The fact that Georgiou was guilty as charged – see below – however is not the prime argument to return to the *status quo ante*.

21.2 *From Greece to Holland*

The El.Stat case highlights the general importance of the *governance* of a national statistical institute. Let us now consider whether a multiperson board is better than a chief (single head). For the present purposes it suffices to discuss the Dutch example, while the main issue clearly is of a general nature.

This discussion exists for longer than a century, compare the establishment of the Dutch Central Commission for Statistics (CCS) in 1892 and CBS Statistics Netherlands (SN) itself in 1899, see the history in **Appendix** 38, also for the first articles of the original law of 1899.

When the CCS was created in 1892, there appeared to exist a great demand for statistical data, so subsequently in 1899 the Centraal Bureau voor de Statistiek (CBS Statistics Netherlands) was created with a Director (-General) (DG) and department within the Ministry of Internal Affairs. The CCS determined the programme (also non-CBS) and the Director established the actual figures and form of publication. The institutional history of these bodies in 1899-1996 is discussed in the thesis by Kuijlaars (1999). [245]

The laws on CSS and CBS Statistics Netherlands of 1996, when it resided under the Ministry of Economic Affairs, provided for the CCS, and stated [246] [247] rather simply that "there is a CBS", and that it was "headed by a DG". [248]

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[245] https://www.cbs.nl/nl-nl/over-ons/-/media/a5fc9d932ac840cb91eb83999df8bbe2.ashx

[246] https://wetten.overheid.nl/BWBR0008005/2001-09-01

[247] https://www.parlementairemonitor.nl/9353000/1/j4nvgs5kjg27kof_j9vvij5epmj1ey0/vjzymvqfyux9/f=/kst23576n3k2

[248] Dutch: "Artikel 2. Er is een Centraal bureau voor de statistiek, dat ressorteert onder Onze Minister. (...) Artikel 4.1. Aan het hoofd van het CBS staat een directeur-generaal met de titel van directeur-generaal van de statistiek."

21.3 *CCS and CBS in Holland in 2003*

The Dutch law of 2003 turned CCS and CBS into each a Quasi-Autonomous-Non-Governmental-Organisation (Quango), while the construction with the dual governance was maintained. The law states in articles 6 and 8 that there are two governing bodies ("bestuursorganen", or board bodies):

(a) the CCS, [249] [250]
(b) the CBS Director-General (DG).

A rule clearly stated that the CCS partook in governing CBS. [251] Article 10.2 states that the CCS can do a recommendation for a new DG. [252]
The DG decided for CBS itself to have a board of three persons ("Raad van Bestuur") and it was rather the deputy DG who looked at matters of content. [253] In 2009, this board had two members. [254]

21.4 *An Eurostat peer review 2015*

An Eurostat peer review by O'Hanlon et al. (2015:10) was quite positive about this structure: [255]

> "Under the SN [Statistics Netherlands] Act the production of official statistics in the Netherlands is almost entirely under the control of SN and it accounts in practice for around 95% of the statistics produced. SN is a well resourced professional organisation with 1,777 highly qualified and experienced staff (in full-time equivalent) and has a well earned reputation for developing and using innovative and cost-effective methodologies in the implementation of its statistical programme. Indeed, SN is recognised as one of the leading NS if not only in the EU but worldwide. On the basis of its review, the Peer Review team concluded that SN, and by extension the production of European statistics in the Netherlands, is very highly and uniformly compliant with all CoP [Code of Practices] principles."

This 2015 peer review was particularly impressed by the distinction between CCS (a commission of 7 to 11 persons) and SN (a Director-General (DG) and personel). The working programme required approval by the CCS and the DG determined the methods of execution and publication. However, Dutch lawmakers intended the abolition of the CCS, and thus O'Hanlon et al. (2015:4) advised:

> "4. The relevant national authorities should ensure that, in the context of the Central Commission for Statistics ceasing to exist (as envisaged as

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[249] https://www.allewetten.nl/content/sb/03/516.pdf
[250] https://www.allewetten.nl/content/sb/03/551.pdf
[251] Dutch: "Artikel 20. Het bestuur van het CBS wordt mede gevormd door een Centrale commissie voor de statistiek."
[252] Dutch: "10. 2. Bij het openvallen van de functie van directeur-generaal doet de CCS een aanbeveling voor de vervulling van deze functie aan Onze Minister."
[253] https://wetten.overheid.nl/BWBR0033309/2004-09-24
[254] https://download.cbs.nl/jaarverslag/2009/web-content/downloads/P5-Organogram.pdf
[255] https://ec.europa.eu/eurostat/documents/64157/4372828/2015-NL-Report/05d4a3fd-8013-4fa5-bd0e-b38c3f54702b

part of the wider Civil Service Reform Agenda), appropriate replacement statistical governance and advisory structures are put in place so that the needs of the statistical system can continue to be met in an effective manner. (European statistics Code of Practice, Principles 1 to 6 and Coordination)”

21.5 *Abolition of the CCS in 2016*

In 2016 the Dutch law has been changed, effective per 2017, to the structure CBS = DG = chief = single head = board, and the CCS has been replaced by an advisory council. [256] The DG is no longer appointed for life but for seven years with a possible extension of 3 years. [257] The change was presented to Parliament as being caused by the general objective “to reduce the number of quango’s” but the change is so fundamental for governance of official statistics that the general number-argument cannot be relevant. One cannot avoid the impression that the European ordeal with Greece must have played a key role, and that this merely wasn’t said to avoid the reaction that Holland need not adapt because of Greece.

21.6 *After the abolition of CCS in 2016*

The law effective since January 1 2017 [258] has reduced CCS to an advisory body, and states rather simply again that “there is a CBS”, while now, remarkably,:

> “Article 2a.1 CBS consists of one member, the director-general, with the title of director-general of statistics” (my translation). [259]

CBS Statistics Netherlands thus is one person. Subsequently we can also infer that the DG forms the board of CBS. Thus in 2020 we have CBS = DG = chief = single head = head = board.

In the 2017 law on CBS, article 2b.1, the DG establishes a “bestuursreglement” (“board regulation”). When we check what the current DG has presented as his regulation [260] then it states that the “directieberaad” (“council of directors”) consists of the DG and various department directors. In Dutch, and likely also in English translation, there is a distinction between a “bestuur” (board) (board of directors) and a “directieberaad” (council of directors). A board takes decisions as a collective body, while a council basically convenes to hear what the DG has to say (with the option to give advice when you disagree). Thus while the Dutch law stipulates the need of a *board regulation,* CBS = DG only provides for a *council regulation*.

The DG CBS can simply resolve this deficiency by stating more clearly that he or she forms the board, and that the CBS directors only form an advisory body who convene to hear what directives he or she has, and offer their advice. This would also solve a potential inconsistency in the law between the rule that CBS = DG

[256] https://www.cbs.nl/nl-nl/over-ons/organisatie/raad-van-advies
[257] https://wetten.overheid.nl/BWBR0015926/2019-01-01
[258] https://wetten.overheid.nl/BWBR0015926/2019-01-01
[259] Dutch: “Artikel 2a.1. Het CBS bestaat uit één lid, de directeur-generaal, met de titel van directeur-generaal van de statistiek.”
[260] https://wetten.overheid.nl/BWBR0039055/2017-01-01

and the stipulation that there must be a “board regulation” which allows for the idea that there might be more people in a board.

Overall clarity thus would be attained by stating CBS = DG = chief = board. However, such clarity might put this structure in the open while the lawyers apparently took pains to somewhat hide it, perhaps also to get this accepted by Dutch parliament.

21.7 *Law phantasy versus trust in Dutch society and science and learning*

In practice, Dutch culture allows for a high degree of collective decision making anyway (Geert Hofstede), [261] and Dutch lawmakers have a relatively easy life, with stating articles like “there is a CBS”. Given a high degree of trust in Dutch society, one can leave matters to scientists and scholars, and a law is only required to justify an expenditure in the national budget.

It would be unfortunate when this Dutch legal approach would be exported to Europe, where such underlying trust is not self-evident, and where one really requires a board regulation, for more persons. (A board larger than 7 persons is rather unwieldly.)

The Greek case brings this issue of governance to the fore. Obviously it is better to enhance trust instead of trying to use the law to force people to perform, but it still is possible to state by law that a board takes decisions collectively.

At this point, though, it may still be remarked that once the person, who accepts the position CBS = DG = chief = board, observes that he or she cannot do everything alone, and starts hiring other scientists, then this chief (single head) meets with the scientific integrity of such others, who cannot be just minions but who have a professional ethic: whence the chief, if intellectually honest, accepts that he or she *cannot empiricaly be* the single member that the law stipulates, whence it is shown that the Dutch legal phraseology is a phantasy that doesn’t cover Dutch practice. This reminds of the even older question whether laws can reflect reality anyhow, while many lawyers might hold that such empirical reflection isn’t required, at least not for their professional activities of making laws and sueing and defending people in courts of law.

21.8 *How was the CSS abolished ?*

It must be observed that the CBS DG 2014-2020 dr. Tjark Tjin-A-Tsoi has no real background in statistics, see **Appendix** 39.13. However, he had been appointed in 2014 with recommendation by the old-style CCS in 2014 (when the law of 2003 was at force, stating hat the CCS makes a recommentation [262]), so that there seems to be no reason to make his background an issue, except that it appears that the (last) chairperson of the CCS, at that time in 2014, was a lawyer, Inge Brakman, with a CV that does not impress for a background in science and statistics, see **Appendix** 39.14. It is remarkable in the first place that she had been appointed as chairperson at CCS.

Thus, effectively, lawyer Inge Brakman recommended the appointment of a non-statistician as DG of CBS in 2014, and both allowed the abolition of CCS in 2016.

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[261] https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/
[262] https://www.allewetten.nl/content/sb/03/516.pdf

There are texts in parliament. [263] There are the annual reports by CCS in 2015 [264] and 2016. [265] There is the CBS annual report of 2016, of the last year under CCS, with on p36 a statement about the transformation. [266]

The annual report 2015 of CCS states on page 7 that CCS accepts its abolition, [267] with my comments:

> "At the end of 2014, the CCS communicated its position on repositioning to the Ministry of Economic Affairs by letter. Notwithstanding the fact that the system works well (as is also apparent from the government's response to the CBS evaluation in 2012), the CCS expresses understanding that two Quango's for *one* institute **[error that CCS and CBS form only one institute]** will be reduced to *one* and that, as a result, it is proposed that the Quango status of the CCS is canceled. The CBS is led by the DG: this person is the ultimate responsible for the functioning of the institute. **[CCS does not understand the function of itself as a board]** The CCS believes it is important that the DG of Statistics Netherlands remains a Quango. **[error: a quango is rather an organisation and not a person]** This is in line with European developments where the importance of properly and independently organizing the provision of statistics is on the agenda. **[influence by the Georgiou case]** The CCS is of the opinion that for the proper functioning of CBS an external view would be desirable in three areas. **[A view means advice and no decision power anymore]** Firstly, it concerns the adoption of the statistical program. The majority of the statistics that

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263 https://zoek.officielebekendmakingen.nl/dossier/34248

264 https://www.cbs.nl/-/media/_pdf/2016/17/jaarverslag%20ccs%202015%20-%20def.pdf

265 https://www.cbs.nl/-/media/_pdf/2017/45/ccs-jaarverslag-2016-def.pdf

266 https://zoek.officielebekendmakingen.nl/blg-822787.pdf

267 DutchL "Eind 2014 heeft de CCS heeft haar standpunt over de herpositionering per brief aan EZ kenbaar gemaakt. Ondanks het feit dat het systeem goed functioneert (zoals ook blijkt uit de kabinetsreactie op de evaluatie van het CBS in 2012), heeft de CCS er begrip voor dat twee zbo's voor één instituut worden teruggebracht tot één en dat als gevolg daarvan wordt voorgesteld dat de zbo status van de CCS komt te vervallen. Het CBS wordt geleid door de DG: deze is de eindverantwoordelijke voor het functioneren van het instituut. De CCS vindt het belangrijk dat de DG van het CBS een ZBO blijft. Dit is in lijn met Europese ontwikkelingen waar het belang van het goed en onafhankelijk inrichten van de statistiekvoorziening op de agenda staat. De CCS is van mening dat voor het goed functioneren van het CBS op een drietal terreinen een externe blik wenselijk zou zijn. Ten eerste betreft dat de vaststelling van het statistisch programma. Het grootste deel van de statistieken die het CBS produceert, is verplicht via het Europese recht. De invloed van de CCS betreft daarom vooral de instemming met de niet verplichte statistieken, waarbij de CCS in haar overwegingen uitdrukkelijk de maatschappelijke context betrekt. Voorts zou het dienstig zijn de CCS te betrekken bij het beleid in de combinatie van gegevensverzameling, privacy en ICT. En als derde onderwerp zou voor een goede interne governance meegekeken moeten worden met de bedrijfsvoering en de efficiënte besteding van de middelen. De CCS vindt een wettelijke grondslag van de hierboven beschreven gewenste governance passend voor het CBS, juist vanwege de brede taak die het CBS voor alle geledingen van de samenleving heeft. Daar komt bij dat in de huidige regelgeving ook een voordrachtsrecht van de CCS voor de benoeming van de DG door de Minister is opgenomen, hetgeen de CCS eveneens passend vindt bij de gewenste onafhankelijke status van de DG. Eind 2015 is deze brief op verzoek aan de vaste kamercommissie voor Economische zaken verstrekt. In 2016 wordt het wetgevingstraject vervolgd."

Statistics Netherlands produces is mandatory under European law. The influence of the CCS therefore mainly concerns the agreement with the non-compulsory statistics, whereby the CCS explicitly considers the social context. Furthermore, it would be useful to involve the CCS in policy concerning the combination of data collection, privacy and ICT. And as a third topic, good internal governance requires a role in looking at business operations and the efficient use of resources. The CCS holds that a legal basis for the desired governance described above would be appropriate for Statistics Netherlands, precisely because of the broad role that Statistics Netherlands has for all sections of society. **[Thus a legal base for giving advice]** In addition, the current legislation also includes a right of nomination **[false: a right of recommendation, [268] see footnote 252]** of the CCS for the appointment of the DG by the Minister, which the CCS also considers appropriate to the desired independent status of the DG. At the end of 2015, this letter was provided to the Permanent Chamber Committee for Economic Affairs [of the House of Parliament] on request. The legislative process will be continued in 2016."

It is remarkable that lawyer Inge Brakman makes so many legal errors, but it is not remarkable that she, with no background in statistics, see **Appendix** 39.14, makes these fundamental errors in understanding the governance issue of CCS and CBS, including their history since 1892.

21.9 *Protests in 2016 by retired CBS DG and retired deputy DG*

There are letters [269] of 2016 by former CBS DG 1999-2004 Ruud van Noort and deputy DG 2001-2003 Henk van Tuinen, addressed to the Dutch Senate, to reject the legal changes of 2016, and to maintain the governance structure as it was. They pointed out that the CCS had authority also over (some) non-CBS-statistics, and not only CBS, and that the new arrangement puts the DG in the awkward position to survey both. They argue in favour of maintaining the old structure, with CCS deciding about the programme and the DG deciding about the execution and the data. They call the formal reason given by the government into question, as if it would really be relevant to reduce the number of Quangos. They raise the question: [270]

"For who else can, after abolition of the CCS, correct a fallible DG CBS? And if the Minister does so anyway, why should the independence of statistics not be at stake?"

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[268] Dutch "voordragen" is nominating, and "aanbevelen" is recommending. Conventionally, the minister appoints from the list of nominated candidates. If the minister thinks that no candidate is acceptable, then the nominating board may be requested for another list. With a recommendation, the minister can directly appoint quite another candidate.

[269] http://thomascool.eu/Others/2016-oudCBS-VanNoort-VanTuinen-aan-EersteKamer-over-CCS-en-CBS.pdf

[270] Dutch: "Want wie anders kan, na opheffing van de CCS, nog een feilbare DG CBS bijsturen? En als de Minister dat dan toch maar doet, waarom zou dan de onafhankelijkheid van de statistiek niet in het geding zijn?"

They also refer to the Greek case, [271] and might imply that Greece might not have entered the Eurozone when accounting had been more independent (from the Greek Ministery of Finance), but it may also be that they did not sufficiently study the situation at the newly created El.Stat of 2010:

> "We live in a time where the independence of statistics in the EU should be strengthened. After all, the inadequate quality and independence of the then Greek statistics was at the root of the euro crisis and it is not much more than 10 years ago that Eurostat (the 'European CBS') encountered serious problems due to insufficient independence and excessive project financing at too small a structural budget. There is every reason not to jeopardize the good Dutch regulation."

In the Dutch discussion about the abolition of the CCS, some political parties in the Dutch Senate asked critically: [272] [273]

> "The government has indicated that the governance relationship between the Minister and the Director-General (hereinafter: DG) of the Central Bureau for Statistics (hereinafter: CBS) forms the basis for this law. However, this "unclear governance relationship" has existed since 1899. What exactly was unclear about this arrangement that has functioned properly for more than a century, so that a new legal basis must now be created? "[274]

> "CBS is highly praised precisely for its independent supervision. Why does the government choose not to guarantee this supervision better?" [275]

It is rather likely that the Dutch change has been influenced by the Greek ordeal with Georgiou. The Dutch government point of view seems to have been – but there is no proof of this – that the European regulations did not ask for a separate role of some CCS, and that Holland would step out of line, and needlessly complicate issues for other countries, if Holland did not adopt the same structure as advised by Eurostat.

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[271] Dutch: "We leven in een tijd waarin de onafhankelijkheid van de statistiek in de EU versterkt zou moeten worden. Immers, de onvoldoende kwaliteit en onafhankelijkheid van de toenmalige Griekse statistieken lagen ten grondslag aan de eurocrisis en het is nog niet veel meer dan 10 jaar geleden dat Eurostat (het 'Europese CBS') in ernstige problemen kwam wegens onvoldoende onafhankelijkheid en te omvangrijke projectfinanciering bij een te klein structureel budget. Er is alle reden om de goede Nederlandse regeling niet in gevaar te brengen."

[272] https://www.eerstekamer.nl/wetsvoorstel/34248_herpositionering

[273] https://www.eerstekamer.nl/behandeling/20160223/voorlopig_verslag_2/document3/f=/vk1uet8p5jzw.pdf

[274] Dutch: "[PVV] De regering heeft aangegeven dat de sturingsrelatie tussen de Minister en de directeur-generaal (hierna: DG) van het Centraal bureau voor de statistiek (hierna: CBS) de grondslag is voor deze wet. Deze «niet heldere sturingsrelatie» heeft echter bestaan sinds 1899. Wat was nu exact onduidelijk aan deze regeling die meer dan een eeuw naar behoren heeft gefunctioneerd, waardoor er nu een nieuwe wettelijke basis dient te worden gecreëerd?"

[275] Dutch: "[SP] Het CBS wordt Europees geprezen juist vanwege het onafhankelijke toezicht. Waarom kiest de regering ervoor dit toezicht niet beter te borgen?"

22. *The European statistics Code of Practice*

22.1 *Versions 2005, 2011, 2017*

The European Statistical System (ESS) Code of Practice has versions of 2005, 2011 and 2017. [276] The 2005 version prevailed in 2010, when Andreas Georgiou made the error that he has been convicted for.

22.2 *The purpose of the code*

The Code of 2005 clarifies that its *purpose* is to provide for institutional independence from *external* influences.

> "PRINCIPLE 1: PROFESSIONAL INDEPENDENCE
>
> The professional independence of statistical authorities from other policy, regulatory or administrative departments and bodies, as well as from private-sector operators, ensures the credibility of European statistics."

Hopefully statisticians do not claim that a *law court* investigation would mean *external pressure*. Subsequently, when the board itself forms the statistical authority, then it cannot be *external pressure* (or an attack on its independence) when the director-general has to seek approval by the board.

22.3 *A head may be a board; a single head is a chief*

The notion of a "head" may well apply to a board and not just a single person (chief), as many organisations have discovered the limitations of single managers.

Merriam-Webster [277] has quite a long article on the term "head", and most relevant for us are those instances 8a, 12a and 14 where the term shows the interpretation as a location where more persons can be present:

> "6: director, leader"
> "8a: the leading element of a military column or a procession"
> "12a: the bow and adjacent parts of a ship"
> "14: the place of leadership, honor, or command"

While the above concerns the noun, the verb itself already allows the plural membership, e.g. in "the board heads the organisation".

Because of the ambiguity of the term "head" it is advisable to use the term "chief" if one really intends the single head.

22.4 *European statistics Code of Practice 2005*

This Code allows for a role of "heads of its bodies": [278]

> "[no number 1.4] The head of the statistical authority and, **where appropriate, the heads of its statistical bodies** have the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases."

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[276] https://ec.europa.eu/commission/presscorner/detail/en/MEMO_12_249
[277] https://www.merriam-webster.com/dictionary/head
[278] https://unstats.un.org/unsd/EconStatKB/KnowledgebaseArticle10174.aspx

Points are:

- "Head" can be read as "board" depending upon the further stipulations of the regulation. See O'Hanlon, Szép, Smrekar (2015) for appreciation within ESS for the construction in Holland originally with the Central Statistical Commission and CBS Statistics Netherlands. (O'Hanlon also chaired the good practice advisory committee (GPAC) at El.Stat in 2013-14, and worked with Snorrason to set up crowd-funding for Georgiou's legal bill. [279])
- The "heads of its bodies" may refer to external agencies that contribute to the collection of statistics, e.g. the Central Bank, or the Ministry of Labour for labour statistics, or the aviation authority for aviation data. These external heads may also be boards.
- Subsequently, the "heads of its bodies" may also be interpreted as the internal directorates within the National Statistical Office. ("Director-General" tends to imply that there are also other directors.)

The notion that "head may mean board" is immaterial for the 2005 Code, since "heads of its bodies" itself is a description of a board (and "when appropriate" applies when there is a board).

This comment on "head may mean board" only pertains to the interpretation of the Code of Practice. Chapter 21 discusses the issue on content: whether a multiperson board is better than a chief.

22.5 *European Statistics Code of Practice 2011*

The European Statistics Code of Practice of 2011 states (also changing "statistical authority" into "National Statistical Institutes and Eurostat") [280]

> "1.4: The heads of the National Statistical Institutes and of Eurostat and, **where appropriate, the heads of other statistical authorities** have the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases."

The 2011 Code seems to be a significant change w.r.t. 2005:

- It still holds that "head" may mean "board", as it would be curious to argue that a single person would bear full responsibility for a National Statistical Office, especially when such office has a board. Such argument is a bit more complex in legal manner however since the clause of "heads of its bodies" has disappeared.
- A directorate within the National Statistical Office would not be recognised as an "authority" itself.
- Other bodies like the Central Bank are now also recognised as statistical authorities.

Perhaps the 2011 change was already in the pipeline during 2010, but It is not inconceivable that the change from the 2005 Code to the 2011 Code was made in support of the Georgiou case (too). In his legal defense, Georgiou referred to the

[279] https://www.reuters.com/article/us-greece-statistics-crowdfunding/embattled-greek-statistics-chief-gets-crowdfunding-help-from-colleagues-idUSKCN0X41QM

[280] https://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice

later Code, claiming that he as head was solely responsible, while the 2005 Code that appied for him clearly points to the responsibility of the board – which got him convicted (that is, there was no conflict with the March 9 2010 Greek law).

It would be advisable for the world of official statistics to revise the code, so that it would be clearer that "head" may also mean "board", as was obviously the case in 2005.

22.6 *European Statistics Code of Practice 2017*

The current European Statistics Code of Practice of 2017 states: [281]

> "1.4 The heads of the National Statistical Institutes and of Eurostat and, **where appropriate, the heads of other statistical authorities** have the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases."

The 2017 code is the same as 2011 but both would seem to be a significant change w.r.t. 2005. It is still possible to argue that "head" may also mean "board". It is better to state this explicitly like in 2005. See the discussion of the 2011 Code.

22.7 *Governance of Eurostat itself*

Georganta (2012b) criticises the European Commission decision 2012/504/EU (September 17 2012), to change the governance of Eurostat itself, and she compares with 97/98/EC (April 21 1997) and the Vatican.

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[281] https://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice

23. *Dutch statistics and national accounting*

23.1 *Dutch official statistics and national accounting*

The construction with CCS and CBS has not precluded that *Dutch official statistics and national accounting has* a mixed history of ups and downs:

- One cannot imagine Dutch society without the ever use of the data and information from CBS Statistics Netherlands.
- Jan Tinbergen (1903-1994) received the Nobel Prize in economics in 1969 for work done at CBS and the League of Nations before 1945. He is one of the founding creators of the current UN system of national accounts (SNA). His work also led to the creation of the Dutch Central Planning Bureau (CPB) in 1945, see "*Dutch economics*" and the censorship of science since 1990 by the directorate of CPB, as discussed in Part 4.
- Alongside *Dutch economics* and *Greek statistics* as key examples for the relevance of Assemblies of Science and Learning, there actually is also *Dutch national accounting,* namely on the Tinbergen & Hueting approach. The latter case is served by the separate book Colignatus (2020a) (THAENAES), still in draft at this time of writing. See next section. It must be mentioned that this present book is a spin-off of THAENAES, since the discussion in THAENAES about Walter Radermacher caused one question after another.
- The CCS and the CBS DG accepted the 2016 changes in the law about the governance, and they should not have, see the discussion above.
- There are also some considerations to be critical of the role of CCS in the past. For example, a past chairperson of CCS (Frans Rutten) [282] was a former secretary-general of the Ministry of Economic Affairs, and one cannot avoid the impression that he maintained some form of control as if he still was a secretary-general. The current advisory council chair [283] Gerrit Zalm [284] was government servant and Minister of Finance, and when he, without a background in science, was appointed as director of the Central Planning Bureau, he committed censorship of science and abuse of power to dismis a proper scientist. Disclaimer: the latter scientist was me. [285] See Chapter 34.

23.2 *The problematic case of "Dutch national accounting"*

CBS Statistics Netherlands initially supported the work by Hueting on eSNI, and more wider the Tinbergen & Hueting approach, see Hueting & De Boer (2019), but eventually placed it outside of CBS, using misrepresentations and fallacies, see THAENAES. See the CBS official position of 1997. [286] After the publication of Hueting & De Boer (2019), CBS has been asked for a review of its position, but none has been forthcoming yet. A particular misconception by deputy DG Henk

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[282] https://nl.wikipedia.org/wiki/Frans_Rutten_(econoom)
[283] https://www.cbs.nl/nl-nl/over-ons/organisatie/raad-van-advies
[284] https://en.wikipedia.org/wiki/Gerrit_Zalm
[285] https://boycottholland.wordpress.com/about/
[286] http://www.sni-hueting.info/NL/Documentatie/1997-03-11-CBS-Standpunt.pdf

van Tuinen in 1997 has been on "undisputed statistics". The same label is used in the CBS document of 2017 about its publication policy, p1: [287]

"The statistics must have an authoritative and undisputed reputation."

Van Tuinen judged that the figure of eSNI came with much uncertainty, which is correct, and that *discussion* about such uncertainty would be tantamount to a *dispute*, which is incorrect. Van Tuinen confused on the one hand proper scientific discussion about the *uncertainties* and on the other hand criticism about *the quality of the work done* to arrive at the estimate of eSNI. The latter would be a dispute, but the work on eSNI is of excellent quality, [288] and Van Tuinen was much mistaken by calling this into question by fear-mongering about disputes, instead of expressing a willingness and determination to answer on content to criticism on content, and to defend the scientific integrity of national accounting. Van Tuinen also misjudged the issue of *uncertainty* and *invalidity.* eSNI was developed because GDP is an invalid indicator for national income when considering the environment, even though CBS presents GDP as an indicator of national income. In this sense, GDP itself is disputed. While eSNI is uncertain, at least it is a *valid* measure of national income when including the notion of environmental sustainability.

See THAENAES also about other mishaps w.r.t. eSNI also after Van Tuinen's retirement. Though I presently focus on Van Tuinen's argument on disputes, it would be incorrect to attribute the handling of eSNI at CBS only to him, and there are issues that hold for the SNA in general.

23.3 *Statistics at academia and research institutes*

The academia have their departments in mathematical and applied statistics, and there are the research institutes.

The Dutch statistics research association is VVS+OR, [289] with the journals *Statistica Neerlandica* and Dutch *STAtOR,* the latter with a special & double issue on ethics in 2012 that also mentions the Georgiou case. [290] Regrettably, its articles by Willem de Vries (p16) and Kees Zeelenberg (p37) misstate the Greek case. It might not surprise that they signed support for biased declarations in favour of Georgiou, see Appendices 40.2 and 41.4. The chairman of VVS+OR, Fred van Eeuwijk, signed the biased FENStatS declaration of October 20 201 [291] (with main signiture by FENStatS president Maurizio Vichi, thesis supervisor for Walter Radermacher, former DG Eurostat and participant in this ordeal).

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[287] https://www.cbs.nl/-/media/_pdf/2017/36/publication%20policy%20of%20statistics%20 netherlands-def%202017-0515.pdf?la=en-gb
[288] http://www.sni-hueting.info/
[289] https://www.vvsor.nl/
[290] https://www.vvsor.nl/wp-content/uploads/2018/01/STAtOR_2012-3en4_totaal.pdf
[291] https://www.sfds.asso.fr/sdoc-2898-14a43749ef83ca96e84aeb66450e15c1-letter_fenstats.pdf

Part 6. Greek statistics

24. *Investigate instead of jumping to conclusions*

24.1 *Disclaimer, and properly calling for an investigation*

I do not speak Greek and do not know the fine details of the Georgiou case.

The issue seems like a snake pit. There have been false accusations and convictions for libel, see Section 30.8.2. As much as anyone else, I would rather not look into this further, but would appreciate a brief summary by Interpol.

The academia and the world of official statistics, that didn't do the fact-check and uttered their protests, should have been wiser, and should merely have *called for an investigation*, like I did in a letter to ISI in 2012. [292] It still is advisable that the scientific world has this investigation about the Georgiou case and its context. The issue is important and there is too much noise now, with apparently also unexpected impacts like on Eurostat regulations for the whole of Europe.

In said 2012 letter to ISI, I called attention also to the situation that other econometric or statistical colleagues had been dismissed, in a potential abuse of power. My suggestion was a full investigation. I haven't seen such investigation yet, though the Greek courts have been busy. Currently I notice that there are statements from the world of official statistics in support of Georgiou but I do not know upon what evidence such support is based, since as far as I can see there has been no full investigation (other than the Greek courts), and it is unclear why the world of official statistics doesn't provide support for the other statistical officers, potentially dismissed with abuse.

My disclaimer is also that part of my interest in *Greek Statistics* is that I also want to call attention to *Dutch Economics,* that requires a similar investigation. [293]

An *Assembly of Science and Learning* in a nation would monitor the quality of science and learning in a nation, with a Floor elected by national scientists and scholars and with a Senate consisting of the national Academia of Science and Learning. The role of information becomes ever more crucial for society, and some organised quality control by the world of science and learning thus becomes crucial too. The governance of statistics is only one of many other cases that require attention too. Such assemblies provide for an environment in which such investigations can be organised and monitored.

24.2 *European integration versus improved national structure*

The EU is an association of Member States. Its foundation are *national governments who run their countries*. The European Statistical System (ESS) [294] (not necessarily a legal entity) depends upon agreements between these governments and the national statistical institutes. Some authors do not seem to take this into account with the proper perspective.

Véron (2018) observes that the EU is remarkably reticent compared to the protests by the International Statistical Institute (ISI) and other statistical organisations.

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[292] https://boycottholland.wordpress.com/2012/06/10/letter-to-the-isi-on-greek-statistics/

[293] https://boycottholland.wordpress.com/about/

[294] https://ec.europa.eu/eurostat/web/european-statistical-system

> “Eurostat, in particular, must break out of its deafening silence of the past few years.” [295]

It might also be that Eurostat *knows* that *it replaced the 2005 Code by the 2011 Code*, so that Eurostat knows that Georgiou is basically guilty as charged.

Undoubtedly, the EU and Eurostat must maintain working relations with the Greek government. El.Stat has obligations to the Eurozone too, that Greece belongs to. Georgiou had been hired by El.Stat for purposes of El.Stat. Too much meddling by EU or Eurostat might put him into the position of a foreign agent, which would merely prove some of the accusations made in this case that he was a foreign agent indeed and did not work for El.Stat properly. Walter Radermacher as DG of Eurostat neglected the Greek March 9 2010 law for whatever reason, and Georgiou, perhaps in his view “for the benefit of Greece in the long run”, rather followed Radermacher than the law for the benefit of Greece in the long run.

Véron (2018) likely is right that the ESS can be improved, but it seems unwise that he refers to the Georgiou case as evidence, as this basically shows that Greece has some competence (i) to maintain a separation between the Executive and Judiciary branches, and (ii) to convict Georgiou where he was guilty as charged.

It would be a tragic mistake to use the Georgiou case as a lever to enforce more European integration, as Véron (2018) pleads (my emphasis):

> “Sixth, the EU should open a far-ranging debate on whether and what additional structural changes to the ESS may be needed in order to ensure the immunity of official statistics to manipulation and pressure from national governments and political interests. Even with the additional protections suggested above, a more **integrated structure** may be required for at least some critical statistical functions.”

Colignatus (2000, 2011) diagnoses that the core problems lies within the Trias Politica systems of the nations themselves. The balance between science and policy making is already a problem at the national level, as argued in this book.

24.3 *Sources*

The discussion about the Georgiou case is mostly on the internet, and those references are in footnotes. Over the years I have benefitted from journalist Malkoutzis and economist Mouzakis, now both at MacroPolis. [296] The important Malkoutzis & Mouzakis (2013) report, though at a newspaper, deserves to be included in the list of references. Over the years I also benefitted from retired banker Klaus Kastner. [297] I used a discussion by engineer and journalist Basil Coronakis [298] [299] [300] to guide me to these weblinks too; the issue is complex and I did not check Coronakis’s statements themselves however.

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[295] https://www.consilium.europa.eu/en/press/press-releases/2018/06/22/eurogroup-statement-on-greece-22-june-2018/#
[296] http://www.macropolis.gr/
[297] http://klauskastner.blogspot.com/
[298] https://www.iene.eu/eurostat-needs-to-put-greek-failure-behind-it-p2576.html
[299] https://en.wikipedia.org/wiki/Basil_Coronakis
[300] https://www.coronakis.com/about-the-book/

25. *What the Greek case is about, how it started, where we are*

25.1 *The 2009 EU Economic Recovery Plan*

In April 2009 there was the G20 London Summit with a EU *Economic Recovery Plan* of EUR 200 bn, comparable to the USA TARP of $ 700 bn, to prevent that the financial crisis turned into a Depression. UK prime minister Gordon Brown declared that the "Washington consensus" was dead. Sciso (ed) (2017:81-82) clarifies the context.

25.2 *Greece turns the financial crisis into an euro crisis*

Marcus Walker in the WSJ 2017-02-06: [301]

> "Data fraud played a part in Greece's downfall, a European Parliament report has noted. In October 2009, the Karamanlis government told the EU its deficit that year would be 6% of GDP. Two days later, it lost elections. Greece then said the deficit would be 12.5%. EU officials were furious; investors began dumping Greek bonds."

When new PM George Papandreou [302] – actually his minister of Finance George Papakonstantinou, see Section 18.4.1 – in October 2009 stated that the Greek deficit was much larger than had been said by former PM Kostas Karamanlis, [303] the "Washington consensus" returned from the dead, with new austerity and control of deficits and debts.

Greek statistics had been produced by a bureau NSSG residing under the Ministry of Finance. In January 2010 the EU issued a report about Greek statistics, observed "deliberate misreporting", and requested an improvement. [304]

> "In both cases, in the aftermath of political elections, substantial revisions took place revealing a practice of widespread misreporting, in an environment in which checks and balances appear absent, information opaque and distorted, and institutions weak and poorly coordinated. The frequent missions conducted by Eurostat in the interval between these episodes, the high number of methodological visits, the numerous reservations to the notifications of the Greek authorities, on top of the non-compliance with Eurostat recommendations despite assurances to the contrary, provide additional evidence that the problems are only partly of a methodological nature and would largely lie beyond the statistical sphere. " (p20)

In April 2010, the deficit of 2009 was revised to 13.6%. The first Greek bailout with EU and IMF was signed in May 2010. [305]

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[301] https://www.wsj.com/articles/greeces-response-to-its-resurgent-debt-crisis-prosecute-the-statistician-1486396434
[302] https://en.wikipedia.org/wiki/George_Papandreou
[303] https://en.wikipedia.org/wiki/Kostas_Karamanlis
[304] https://ec.europa.eu/eurostat/documents/4187653/6404656/COM_2010_ report_greek/c8523cfa-d3c1-4954-8ea1-64bb11e59b3a.

25.3 *The new El.Stat law of March 9 2010, the new director, the new error*

Greece created the newly independent bureau El.Stat, via a new law of March 9 2010. El.Stat was governed by a board of seven persons, including the director. Only the director had a full time job. The other members of the board were without remuneration, had their own work elsewhere and only convened for meetings.

Andreas Georgiou, [306] formerly working at the IMF, was appointed as director of El.Stat, starting August 2 2010. The first board meeting was on August 3, 2010.

In November 9 2010 Georgiou sent revised 2009 deficit and debt figures to Eurostat [307] *without* first seeking approval by the (equally new) board of El.Stat.

25.4 *The conviction in early June 2018*

Ioanna Mandrou (eKathimerini / International Herald Tribune 2018-06-09): [308]

> "The criminal section of the Supreme Court upheld a conviction against the country's former statistics chief to two years in prison for breach of duty, dismissing an appeal to revert the sentence. A lower court had handed down a suspended sentence to Andreas Georgiou in August 2017, finding him guilty of not getting approval by the then board of El.Stat before transmitting the 2009 deficit figures to Eurostat."

There are ample rumours to be wary of courts, [309] but lawyers from other countries can check that the Greek ruling fits not only the Greek law but also the European statistics Code of Practice 2005, see Chapter 26.

Hopefully statisticians do not claim that a court investigation would mean *external pressure*, and that *official statistical agencies are above the law*. Obviously the EU and Eurostat use the law for their regulations, and thus statistical agencies are subject to legal procedure.

25.5 *Person versus position*

Unnamed "EU officials" assign Georgiou a "decisive role" for getting better figures. [310] They forget the change in governance. The "deliberate misreporting" happened when Statistics Greece resided under the Ministry of Finance. An improvement in quality need not be attributed to personal capacity but would rather concern the new independent position, which also applied to the board.

> "Contrary to prosecution claims against Mr Georgiou, EU officials have repeatedly argued that he played a decisive role in improving the reputation of Greek statistics that had been shattered by Athens' repeated understating of the deficit in the years before the crisis erupted in the country in 2009."

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[305] See also the IEO (2016) report about the weak reaction by the IMF at the end of 2009. https://www.euractiv.com/section/euro-finance/news/internal-auditor-hits-imf-handling-of-greece-bailout/

[306] https://bruegel.org/author/andreas-georgiou/

[307] https://www.statistics.gr/documents/20181/983839/Fiscal+data+(Provisional+Data)/cf84d5b7-535e-49b1-a0dc-6ab27237b026?version=1.0

[308] http://www.ekathimerini.com/229460/article/ekathimerini/news/top-court-upholds-suspended-prison-sentence-for-former-statistician

[309] http://uti.is/2016/09/the-El.Stat-case-takes-a-new-turn-imf-and-eurostat-staff-prosecuted/

[310] https://www.ft.com/content/3d213384-77b1-11e7-90c0-90a9d1bc9691

25.6 *The economic impact in November 2010*

How did financial markets react to the announcement on November 15 2010 of the Georgiou deficit figure for 2009 ? It is difficult to assign a particular effect. Events in 2010 itself, for example GDP in 2010 shrinking by 5.5%, were obviously important. The Guardian of that day: [311]

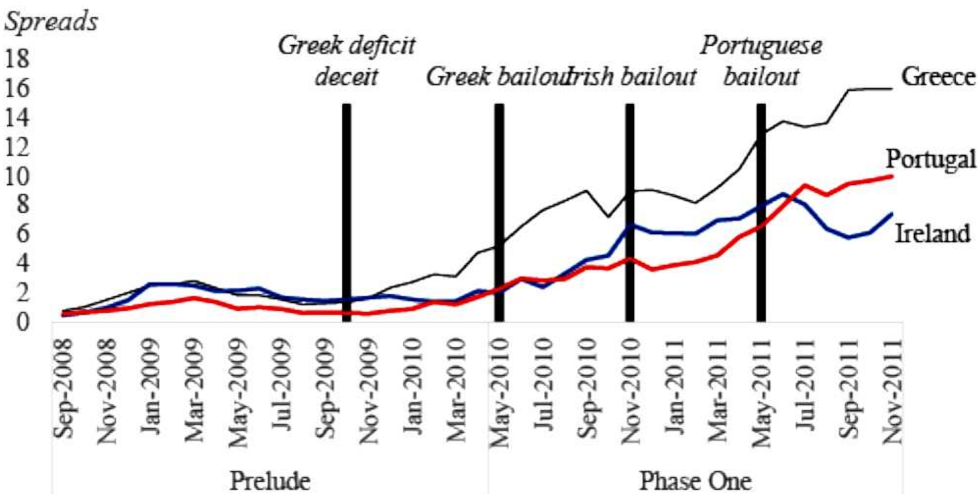
> "Eurostat revealed that Greece's budget deficit reached 15.4% of GDP last year, substantially higher than its previous estimate of 13.6%. In April, Eurostat had estimated the debt-to-GDP ratio would reach 115.1%. The revised data meant that Greece's debt ratio has eclipsed those of every other EU state, officials said. By the end of 2009, its debt is projected to account for 126.8% of GDP."

The difference between 13.6% and 15.4% is important but the word "substantial" is overdone. William Watts at MarketWatch observed that day: [312]

> "Meanwhile, the cost of protecting Greece's debt against the threat of default through credit default swaps rose on Monday. The spread on five-year Greek CDS widened 20 basis points to 8.8 percentage points, according to data provider Markit. That means it would cost $880,000 annually to insure $10 million of Greek debt against default for five years, up from $860,000 on Friday."

Baldwin & Giavazzi (2015) figure 8, quoted here as **Figure 11**, has the spreads for "periphery" government loans. The Irish bailout was in November 21-28 2010.

Figure 11. "Prelude and phase one of the crisis in Eurozone periphery"



The Greek national bank stated in a press release of 2010-12-27: [313]

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[311] https://www.theguardian.com/business/2010/nov/15/greek-deficit-bigger-than-thought

[312] https://www.marketwatch.com/story/greeces-revised-2009-deficit-tops-15-of-gdp-2010-11-15

"The spread between the Greek and the German 10-year bond yields widened, in line with the performance seen in the rest of the peripheral Euro-zone markets, reaching 930 bps at the end of November from 820 bps at the end of October."

Financial markets likely expected a result like this. See **Figure 8** in Section 16.2 on the rate of interest: the rate did not go down, but the large upward effect only came from policy decisions around March 2011. We can also see this in the spreads in **Figure 11**. See Colignatus (2011b) [314] on stigma in rates of interest.

In hindsight, for us, at this point in the discussion, the November 15 2010 accouncement was only a modest event for the financial markets. However, the El.Stat board, with stewardship, might have anticipated a stronger reaction.

25.7 *Formal base and material meaning*

The conviction for breach of duty has a formal base, but its material meaning is that the director sabotaged the stewardship of the board, see Chapter 27.

It is such a pity that Georgiou did not respect the March 2010 law and the ESS 2005 Code of Practice and did not allow the El.Stat board to give a ruling on the figures for deficit and debt. Perhaps they might have done a good job. While figures could be *calculated*, for internal purposes for (international) policy makers, *publication* is another issue – compare statements by Mario Draghi about the euro. See the discussion in Chapters 20.8 and 27 about the stewardship of a national statistical office. The "publish a.s.a.p. whatever the consequences" attitude (which might perhaps be Georgiou's attitude), might perhaps hold for an academic sending in a paper, but one might allow for the discretion of a board to when and how to publish what figures, also taking into account how a world in crisis might react to such figures.

25.8 *Focus on what is clearly known; a word about falsification*

A main topic in this book is governance and integrity of national statistical offices, with the advice for the European Statistical System (ESS) to return to the status quo ante of 2005.

For the Greek case, this book verifies and takes as a clear fact: *Georgiou was guilty as charged* for not seeking approval by the board. Below, we deconstruct the mass hysteria in the world of official statistics.

Director Georgiou has also been charged with falsifying the figure of the deficit.

- Xafa (2019a): "Nevertheless, a criminal investigation of the same issue of the falsification of the 2009 deficit (...) appears to still be proceeding."
- On December 18 2019, ISI's president John Bailer and president-elect Stephen Penneck gave a statement: "(...) the other, from 2016, about the same issue of alleged manipulation of public finance statistics for which he has been acquitted in a different case! There have been no charges pressed yet, but there is also no indication that the cases have been closed."

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[313] https://www.bankofgreece.gr/en/news-and-media/press-office/news-list/news?announcement=58d66f84-9ac7-4be8-a076-c916beaa157f

[314] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2011-11-18-Haircut.html

It is necessary to be precise about what would be falsified. Newspaper reports tend to speak about "falsified data" but it does not seem that Georgiou is accused of falsifying low-level data. The deficit figure is a high-level construct requiring the application of accounting rules, and also depends upon decisions that fall under the discretion of the board, in discussion with Eurostat. Chapter 27 will make some comments on this.

Basically, *my only comment on the falsification issue* is that the issues of "breach of duty" and "falsification" cannot quite be separated. One cannot argue that "Georgiou's figure was correct because it was accepted by Eurostat": because Eurostat might also have agreed with a figure produced by the board, if the board had been able to convene and look at the issue, and perhaps come up with a (slightly) different figure that Eurostat might have found acceptable too.

The April 2010 figure of 13.6% for the deficit actually doesn't differ so much from the November 2010 Georgiou figure of 15.4%, and a board might have its own discretion on this. Eurostat in April 2010 allowed a margin of error of 0.5%, and the difference between (13.6 + 0.5 =) 14.1% and 14.9% (= 15.4 – 0.5) is only 0.8% points, and it unclear whether GDP in the denominator changed too (see p203).

The impact on the financial market is a different issue. Given stewardship, the board might still have been cautious because of the earlier strong reaction by the financial markets in 2009, when the financial crises became an euro crisis.

It is a much more involved issue to argue that the deficit figure was more like 6%, as the Karamanlis government had claimed in 2009. This would be a case for accounting specialists on the Greek economy. Such specialists can be found primarily within the European Statistical System. It seems also a case for spin-doctors, for it appears to be important to be aware of a *House of Mirrors.*

25.9 *A House of Mirrors*

The breach of duty is the crucial error. There is also the accusation that Georgiou would have "falsified data". The latter is a more complicated issue, see "my only comment" above and Chapter 27.

The remarkable phenomenon is that the accusation of falsification appears to be used, both by Georgiou himself and by some political actors, to distract attention from the true crucial error (namely the breach of duty).

Thus, when reading sources on the internet about Greek statistics then keep in mind that we actually are in a *House of Mirrors,* in which the truly critical error of the breach of duty is hardly mentioned (or downplayed as a small technical issue).

25.9.1 *Presenting conviction as a "resounding victory"*

In August 2017 Georgiou was convicted for breach of duty and cleared of "falsification". eKathimerini 2017-08-01 reports (my emphasis): [315]

> "He was not present at the hearing in Athens, remaining at his home in the United States, according to lawyer Giorgos Stefanakis, who led his defense and described the ruling as a victory for his client.

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[315] http://www.ekathimerini.com/220561/article/ekathimerini/news/ex-statistics-chief-convicted-for-breach-of-duty-in-resounding-victory

> “It's like being charged for a deadly traffic accident and being convicted for failing to renew your driver's license ... It is a **resounding victory** for Mr Georgiou,” he told the AP, adding that he advised his client to appeal the conviction at Greece's Supreme Court.
>
> “We are very pleased with today's result because he was cleared on the serious charges,” Stefanakis said.”

Obviously, *breaching your duty* cannot be compared to *failing to renew your driver’s licence*. Lawyer Stefanakis is selling apples for oranges. Stefanakis knows this. Presuming that Stefanakis is appealing to an internatinal audience: the fine for failing to renew your driver’s licence ranges from $250 or impoundment of the vehicle. [316] This is not the suspended two years in jail for Georgiou in Greece. Potentially the Greek system has awkward penal measures, but it ought to be clear from Section 25.7 that the breach of duty is most important in terms of economics and governance.

25.9.2 *Xafa (2019b) indicates that the Karamanlis (ND) – Papandreou (PASOK) case of 2009 still is politically sensitive in Greece in 2019*

Xafa (2019b), in a publication in Greek, that I could only partly understand by Google Translate, would seem to indicate, that the Karamanlis (ND) – Papandreou (PASOK) clash of 2009 still is a sensitive political matter in Greek society in 2019. For the ND, the “falsification” by Georgiou is more interesting for scapegoating than the breach of duty. I quote the Google Translate result of January 2 2020, and add my comment in brackets:

> “All accusations come from former members of the El.Stat board and some members of the El.Stat staff, who represent the "old guard" and were offended by Mr Georgiou's technocratic and non-partisan approach. **[this is an unnecessary ad hominem put down]** However, it is noteworthy that this criticism found strong and active support among Greek politicians who were willing to throw the blame for the crisis on a technocrat. Mr Georgiou was a convenient scapegoat, loaded with the inevitable austerity imposed by creditors after years of financial waste. His stubborn persecution appears to have been a "flushing" effort by Kostas Karamanlis' center-right government, during which term Greek government debt rose from 101.5% of GDP to 126.7% of GDP. When the radical left-wing government of SYRIZA came to power in 2015, the condemnation of Mr Georgiou and his associates at El.Stat became a key element of the government's strategy of renegotiating debt and lifting austerity measures.”
>
> “In January 2017, supporters of former Prime Minister K. Karamanlis, a figure still influential within the ND party, presented a study entitled "*The Greek Political Economy: 2000-2015*" to "dispel the myth of fiscal defection" during his reign.” [footnote 36 [317]] The event featured many New Democrats and party members, including Mr Karamanlis himself.”

[316] https://thelawdictionary.org/article/what-is-the-penalty-for-driving-with-an-expired-license/

[317] Her footnote to Roukanas & Sklias (2016), see https://www.amazon.com/Greek-Political-Economy-2000-2015-ebook/dp/B01N1H8OTH

Apparently the ND-strategy of scapegoating "statistics" for policy seems to be working, as Yiannis Mouzakis in *"Learning the lessons of Greece's toxic decade",* MacroPolis on 2019-12-31, [318] reports that 26% of the respondents in a pole preferred Kostas Karamanlis as their new Greek President.

PM 1. One supposes that a judgement of the 2000-2015 period would require expertise on national accounting, and that said Roukanas & Sklias (eds) (2016) book would require close inspection on the content of the argumentation – more information for the required investigation.

PM 2. Xafa (2019b) repeats the error of wrongly quoting the European Code of Practice, not using the relevant year 2005 that applied in 2010 but a later year, see Section 26.7.

PM 3. The article Xafa (2019b) has been signed by "Ms. Miranda Xafa is a senior fellow at the Center for International Governance Innovation (CIGI)." It would have been better if she / the editors had stated her Greek official and political involvement. The 2019 prime minister of Greece is Kyriakos Mitsotakis (ND), [319] son of Konstantinos Mitsotakis (ND), [320] who again was a prime minister in 1990-1993, while her cv states: "Miranda served as chief economic adviser to Greek Prime Minister Konstantinos Mitsotakis, from 1991 to 1993", see **Appendix** 39.7. However, readers of Liberal.gr might know this already. The ND party might have factions, and the current prime minister might think that Kostas Karamanlis indeed had an irresponsible policy in 2004-2009.

25.10 *Official statistics and statistics at academia are in uproar*

Currently there are protests in official statistics and the academia that Georgiou is maltreated [321] [322] [323] – even with a petition in 2018 signed by perhaps a thousand signatures including nine Nobel laureates in economics. [324] [325] There is also a group calling itself "*the friends of Greece*", with Michel Camdessus (managing director of IMF 1987-2000). [326] There is the International Statistical Institute (ISI) statements on statistical ethics, [327] while a statement of February 28 2013, reproduced in **Appendix** 40, received 339 endorsements, [328] also by e.g. Kees Zeelenberg of CBS Statistics Netherlands, whom I tend to regard as a respectable methodologist and statistician. Sobering observations are:

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[318] Learning the lessons of Greece's toxic decade

[319] https://en.wikipedia.org/wiki/Kyriakos_Mitsotakis

[320] https://en.wikipedia.org/wiki/Konstantinos_Mitsotakis

[321] https://www.iaos-isi.org/index.php/latestnews/221-80-former-chief-statisticians-condemn-prosecution-of-andreas-georgiou

[322] https://ec.europa.eu/eurostat/documents/735541/6942269/Statement+on+developments+in+the+Greek+statistical+system+12_10b.pdf/4c589f69-ea0e-4af7-98b8-7e5b72a6d6f8

[323] https://community.amstat.org/blogs/steve-pierson/2017/03/29/asa-writes-to-greek-prime-minister-regarding-charges-against-its-former-chief-statistician-dr-andreas-georgiou

[324] https://voxeu.org/content/european-union-must-defend-andreas-georgiou

[325] https://www.amstat.org//asa/files/pdfs/GeorgiouStatement.pdf

[326] https://thefriendsofgreece.wordpress.com/about/

[327] https://isi-web.org/index.php/about-isi/policies/isi-statements-letters

[328] https://web.archive.org/web/20170711001907/https://isi-web.org/index.php/news-from-isi/695-supportgreece

- These protesters apparently did not check above elementary fact about the Greek law of March 2010. The protesters tend to denounce the Greek Supreme Court as biased. But what about the actual law and the IMF ?
- Within the *House of Mirrors,* these statistical organisations focus upon the accusations of "falsification" and downplay the conviction for breach of duty, thus following the misrepresentation by Georgiou and his lawyer. They play into the storyline that "*statistics is about figures*" and neglect the importance of *governance* especially for *national accounting*. (See Table 2 on p137.)

25.11 *The IMF agreed that El.Stat in 2010 had a multiperson board*

The Greek law of March 2010 was that the El.Stat board worked as a collective decision body, without singular authority for director Andreas Georgiou. It is somewhat strange that the IMF does not clearly say this to all the protesters, who hold that Georgiou in 2010 already was the single head (chief) while he wasn't. In the Memorandum of Understanding with the IMF, the Greek government declared in March 2012 (page 114), [329] and this emphasizes that the IMF has been knowing about the March 2010 law:

> "14. We will further strengthen the Greek statistical agency, El.Stat. We will revise the statistics law to reform El.Stat's governance arrangements. The law will establish the El.Stat Board as advisory, and clarify the professional authority of El.Stat's president as the institution's chief officer and coordinator of the national statistical system."

25.12 *An advice by the ECB on a draft law in 2010*

I did not find an English translation of the El.Stat law of March 2010. Let us consider an advice by the ECB on a draft. This suggests that Jean-Claude Trichet in 2010 accepted a board of seven persons in collective responsibility, see p4: [330]

> "3.3.2 HSTAT will be governed by its President and Board. Under Article 12 of the draft law, the composition of HSTAT's Board comprises seven members, each appointed by the Speaker of the Hellenic Parliament for a four-year term of office, renewable once. The Board will comprise: (i) the HSTAT president as its chairman to be selected by the Conference of Presidents of the Hellenic Parliament; (ii) four members, including the vice-chairman, also to be selected by the Conference of Presidents of the Hellenic Parliament; (iii) one representative from the Ministry of Finance, to be nominated by the Minister of Finance; and (iv) one member to be nominated by the HSTAT's staff union. To further enhance HSTAT's independence, the ECB recommends that the chairman and members of HSTAT's Board should be appointed for longer terms of office and that the terms of office for different Board members should be staggered, with a view to ensuring continuity in policymaking. Furthermore, the use of the

329 IMF Country Report No. 12/57, March 2012, "Greece: Request for Extended Arrangement Under the Extended Fund Facility", ATTACHMENT II. GREECE: MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES, https://www.imf.org/external/pubs/ft/scr/2012/cr1257.pdf

330 https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2010_17_f_sign.pdf

term ‘representative’ in relation to the Board member nominated by the Minister of Finance seems to be incompatible with Article 15(1) of the draft law, on the safeguards of HSTAT’s independence, according to which the chairman and members of HSTAT’s Board enjoy personal independence in the performance of their duties and are bound only by the law and their consciences. Moreover, under the same Article, HSTAT’s President must be employed by HSTAT on a full-time basis, while the other Board members may not hold any remunerated or non-remunerated public office or engage in any other professional activities of a business or other nature, which are incompatible with their status and duties as members of HSTAT’s Board. While the ECB welcomes the independence safeguards in Article 15, it is of the view that the draft law leaves broad discretion as to which types of activities may be considered incompatible with such persons’ status and duties and recommends that also the vice-chairman of HSTAT should be employed by HSTAT on a full-time basis. Furthermore, under Article 15(2) of the draft law, the chairman and members of the Board may be dismissed by a decision of the body appointing them on serious grounds relating to the performance of their duties or for failure to perform their duties due to illness or disability. The ECB recommends that these serious grounds should be further specified in the draft law.”

25.13 *Georgiou knew that he was wrong: he started to change the regulation*

In his defence, former IMF employee Georgiou has referred to the European Code of Practice that would assign such singular authority to him as DG of El.Stat in 2010. However, he also worked in 2010 to have a change in the Greek law (to the effect of such IMF induced change). The next section shows that the March 9 2010 law was already changed in December 2010.

Thus Georgiou knew in 2010 that there was a tension, see Georganta (2012b:22-23), [331] and he basically lied to the board, and later to the courts, that there would *not* be such tension.

Thus it is not convincing that he could act alone in 2010, or that he really believed that he could. He is guilty as charged, i.e. that he breached his duty to seek approval by the board. If he has been under oath at the Greek courts then he also committed perjury.

See **Appendix 39** on the Backgrounds of Georgiou and Georganta.

PM. The emails in Georganta (2012b) above have been gotten by her lawyer, she states, and not via the computer hack that we will discuss below.

25.14 *The actual Greek law*

After revision, article 14 of the Greek law now states (in English) (El.Stat = DG):

“The President of EL.STAT. is the supreme officer of EL.STAT., and shall exercise all its powers and shall be responsible for ensuring that the authority operates without problems in order to discharge its objectives in

[331] http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

line with the provisions of national and European law, the European Statistics Code of Practice and best international statistical practices."

I have not been able to find an English translation of the original *"Law 3832/2010 ("Greek Statistical System (GSS) - Establishment of the Hellenic Statistical Authority (EL.STAT.) as an Independent Authority",* Gov. Gazette 38, Issue A, March 9 2010. It is remarkable that the members of the Greek board of 2010, who protest against the situation and who appeal to the international community, have not put such translation online. This is as remarkable as that they did not fire Georgiou on the spot (though Georgiou refused at that time to call a meeting).

The English translation of the current Greek law includes amendments, already starting in December 2010. [332] [333]

I have used Google Translate to recover the following. Translation of above phrase generated the websites (i) https://www.kodiko.gr without clarification in English who runs this, [334] (ii) a competitor company "Legal Engineering Publications - Internet Services". [335] The latter company requires subscription to find earlier texts. Since we only look once we are not in need of a substription, we take some risk and look at the freely available law text changes as recorded by kodico.gr.

Running through this law is somewhat tricky, especially when one doesn't know Greek, as holds for the present author.

- We must click on the current article 13 to find a former article 12, that existed in 2010. Clicking on "Δες την εξέλιξη του άρθρου" generates this page. [336]
- If we mark the box "Εμφάνιση διαφορών με την προηγούμενη κωδικοποίηση" then we get a mixture of old and new phrases, which reads awkward, especially when you do not know Greek anyway.
- Subsequently clicking on the box for the original text, we find the article as it existed in 2010. [337] This can be exported as a PDF and submitted to Google Translate.

Thus we find article 12.1, that states:

> "EL.STAT. It is composed of seven members, as follows:" [338]

Thus, El.Stat = board. Apparently the Greek legislator created the new statistical institution by declaring that it existed out of its seven members. Subsequently, the president is indicated as one of the members. Then article 14 of 2010 describes the role of the president, though subject to other provisions:

> "The President of EL.STAT. is responsible for any issues related to its proper functioning. Particularly (...)" [339]

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[332] https://www.statistics.gr/documents/20181/300673/Stat_Law3832_EN.pdf/de31bfc8-c4d4-4d39-aa5f-d4592d1c8330
[333] https://ec.europa.eu/eurostat/web/ess/greece/management-issues
[334] https://www.kodiko.gr/nomologia/document_navigation/53799/nomos-3832-2010
[335] https://www.e-nomothesia.gr/kat-nomothesia-genikou-endiapherontos/n-3832-2010.html
[336] https://www.kodiko.gr/nomologia/document?id=239072
[337] https://www.kodiko.gr/nomologia/document?id=239077
[338] Greek: "Η ΕΛ.ΣΤΑΤ. συγκροτείται από επτά μέλη, ως εξής:"

Observe the distinction between *being (made) responsible* and *having the power to execute that responsibility.* It is a recipe for stress to be assigned (or adopt) a responsibility without the means to do something about it.

Another tricky point is that kodico.gr does not list a change that was affected on December 17 2010, as part of another law 3899/2010, officially on tax changes, but that contains article 10 on statistical governance nevertheless. [340] In itself, this law in December 2010 usefully indicates where the term "El.Stat" (the collective decision making body of the board of seven persons) is replaced by "the president of El.Stat". We can again export it as a PDF and call Google Translate.

25.15 *Mass hysteria fueled by falsehoods in the world of official statistics*

The mass hysteria in the world of official statistics and at the academia is even more unfounded than already appears from the above. In 2010, Georgiou worked under the European Statistics Code of Practice (COP) of 2005, that made approval by his board mandatory, [341] see the text of the code and discussion in Chapter 22. The European Code was changed in 2011 to a more ambiguous formulation, [342] very likely done by Eurostat to better suit Georgiou. This change was retained in the 2017 Code, [343] see Chapter 22.

The International Statistical Institute (ISI) and others tend to refer to the Code of a later and thus wrong year, namely 2011 or 2017 instead of 2005.

25.16 *Role by Hallgrímur Snorrason*

Hallgrímur Snorrason, former DG of Statistics Iceland till 2008, and vice-president at ISI, plays the double role of *both* "independent outsider" *and* representative of Eurostat at El.Stat in 2010, as "High Level Expert (HLE, see Section 33.1) for the joint Eurostat/Greece statistical action plan". In fact he was a participant in this ordeal, assisted Georgiou to change the law (and likely the Eurostat Code of Practice). He appears to be partial, does not inform his fellow statisticians that he himself has a role in the case, [344] and acts as activist instead of scientist. See **Appendix 39** on the Backgrounds.

Check that ISI relies upon Snorrason. Check that the American Statistical Association (ASA) uncritically refers to ISI, Georgiou and Snorrason. [345]

25.17 *eKathimerini (2013), Wikipedia, Xafa (2019ab) and Toussaint (2020)*

An excellent, compact and timely overview had already been given by journalist Malkoutzis and economist Mouzakis (2013) [346] in eKathimerini / International

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[339] Greek: "Ο Πρόεδρος της ΕΛ.ΣΤΑΤ. είναι αρμόδιος για κάθε ζήτημα το οποίο σχετίζεται με την εύρυθμη λειτουργία της. Ειδικότερα"

[340] https://www.kodiko.gr/nomologia/document_navigation/58197/nomos-3899-2010

[341] https://unstats.un.org/unsd/EconStatKB/KnowledgebaseArticle10174.aspx

[342] https://ec.europa.eu/eurostat/documents/3859598/5921861/KS-32-11-955-EN.PDF/5fa1ebc6-90bb-43fa-888f-dde032471e15

[343] https://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice

[344] https://isi-web.org/images/news/2018-07_Court-proceedings-against-Andreas-Georgiou.pdf

[345] https://community.amstat.org/blogs/steve-pierson/2017/06/15/statistician-prosecuted-latest-developments-in-andreas-georgiou-case?CommunityKey=634529e2-a7c9-4921-ac16-7fde170e677a&tab=

[346] http://www.ekathimerini.com/148007/article/ekathimerini/comment/an-issue-of-statistical-significance-in-greece

Herald Tribune. They argued that the accusations against Georgiou were exaggerated, but they did not look at the aspect for which Georgiou now has been convicted, and thus missed the implications that we consider now. Mouzakis (2019) gives a very useful overview of the last decade.

Unfortunately, Wikipedia (a portal and no source) doesn't have the full story yet: it can only present it when someone else has presented it first. [347]

An overview of the Andreas Georgiou case is given by Miranda Xafa (2019a). [348] At first the article makes for compelling reading. However, Xafa (2019a) does not explain the breach of duty as clearly as required. In her exposition, it seems as if the Greek Supreme Court made an error of judgement and that Georgiou is a victim of a miscarriage of (supreme) justice. The truth is different.

It is problematic that Xafa also signed the mentioned petition, taking a side. [349] We can spot similar errors in the petition as in Xafa (2019a), which causes the question whether her paper was simply biased or whether such bias was the result of inadequate research in the first place.

Xafa (2019b) seems more opinionated (Google Translate) but is in a newspaper.

See **Appendix** 39.7 on her background: Greek by origin, a PhD from the University of Pennsylvania, and also at the *IMF executive board* when Andreas Georgiou worked there.

Xafa (2019a) calls the vice-president of the El.Stat board a "political appointee" while president Georgiou was appointed by Greek politics too. She refers to police findings on the computer hacking but does not specify sources, so how can we check ? (I asked her for the police report but she stated that she did not have it, and at first was inclined to look for it, but then declined – asking me why I would not simply trust newspaper reports about the police report.)

However, some errors do not disqualify a person, who can correct mistakes. Xafa has experience with Greece. Interviewed by the BBC in 2012, [350] when Xafa worked for Salomon Brothers, she provided this example:

> "The [railway] company would issue shares that the government would buy. So it was counted not as expenditure, but as a financial transaction. And it did not appear on the budget balance sheet. So Greece fulfilled the Maastricht criteria and was admitted to the eurozone on January 1, 2001 – but by 2004 the deception was becoming transparent."

The BBC report also reminds us: "However, France and Germany broke the very rules that they had insisted on for everyone else." There are errors on all sides.

Toussaint (2020) reports about the "Truth Commission" of the Greek Parliament, of which he was the "scientific co-ordinator":

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[347] https://en.wikipedia.org/wiki/Greek_government-debt_crisis#2010_revelations_and_IMF_bailout

[348] Miranda Xafa (2019a), "A Statistician's Ordeal: The Case of Andreas Georgiou", World Economics, Volume 20, Issue 3, https://www.worldeconomics.com/Papers/A%20Statistician%E2%80%99s%20Ordeal%20The%20Case%20of%20Andreas%20Georgiou_6fc3ac6d-6ce2-4a90-8337-4987d8058ba7.paper

[349] https://www.amstat.org//asa/files/pdfs/GeorgiouStatement.pdf

[350] https://www.bbc.com/news/world-europe-16834815

> "Meanwhile, the Truth Committee on Greek Public Debt, set up by the president of the Hellenic Parliament, was working hard to produce its Report and recommendations before the end of the second Memorandum, which had been extended until 30 June 2015. The plan was to present the Report in an open session of Parliament on 17 and 18 June 2015 as a contribution to discussions on the Memorandum and negotiations. The Committee's mandate was to identify the proportion of debt that could be defined as illegitimate, illegal, odious or unsustainable. The Truth Committee was composed of 30 members, 15 from Greece and 15 from abroad, including several professors of law from universities in Great Britain, Belgium, Spain and Zambia, a former United Nations independent expert on the effects of foreign debt and respect of human rights, experts on international finance, auditors of public accounts, people who had previous experience of public debt audits, a former president of a central bank and former minister of the economy, bank specialists having acquired profound knowledge of the banking sector in the course of their careers. Of the 15 people from Greece, several had experience of the world of banking, in the domains of international finance, law, journalism and health. (....) The Report concludes that the entire debt claimed by the Troika is illegitimate, odious, illegal and unsustainable."

The latter refers to the issue that Sweden and Iceland nationalised banks while not bailing out bank creditors, while Ireland and Greece nationalised debts while bailing out creditors, see Section 18.3. If this Truth Committee had done its job of convincing the entire world then these current chapters might be superfluous.

Greek voters had the 2015 referendum on the Trojka approach:

> "On 5 July, the results were unmistakeable: a high rate of participation (62.5 per cent) and 61.31 per cent of 'no' votes. In the working-class areas, the 'no' vote reached 70 per cent. A poll indicated that 85 per cent of young people between 18 and 24 years old voted 'no' (Kouvelakis 2015: 148). [23]."

A quick calculation is that 61.31% of 62.5% is only 38.3% of voters supporting a "no", and it can only be populism to claim that the referendum rejected the trojka approach. Unfortunately Toussaint takes that position, even when the Greek Parliament later supported the U-turn by Tsipras: "Out of 300 MPs, 251 voted in favour of the capitulation plan proposed by Tsipras. It was a full-blown crisis for Syriza." After new elections, won by Tsipras:

> "Three days later, on 26 September [2015], Tsipras had Nikos Voutsis elected as president of Parliament. They decided to dissolve ipso facto the Truth Committee on Greek Public Debt and to remove all documents relating to its work from the parliamentary website."

25.18 *Statistical colleagues and whistleblowers*

What is *dearly lacking* in the protests by official statistics and the academia is attention for statisticians who were fired by Georgiou in 2010, the vice-president who resigned under pressure, and for the five members of the board of El.Stat who were dismissed by the Greek government in 2011 upon instigation by its creditors.

It is not clear how the world of official statistics and the academia can draw the line, and why they support director Georgiou and why they do not support the other fellow statisticians.

Apparently three statisticians in the dismissed board keep very silent and two statisticians have a protest online. While Georgiou would be like a whistleblower against the forces who want to see different figures, the other two, i.e. El.Stat board vice-president Nikos Logothetis and member professor in econometrics Zoe Georganta, are whistleblowers against Georgiou. We are reminded of the classic Hirschman (1972) "Exit, Voice, and Loyalty" but now rather in a more brutal world.

It is well-known that whistleblowers can be subject to severe stress, [351] and that stress may affect judgement. Society must find ways to create clarity whether whistleblowers are right or wrong in the original case even when they later succomb to such stress.

- Georgiou has had support from the start by Eurostat, EU and IMF, his reference group, and it seems that his kind of stress has been muted.
- The dismissed El.Stat board members seem to have received little support, though the Greek court system took a critical look at their witness statements and evidence, and decided on prosecution. Logothetis and Georganta apparently are succombing to stress. In interviews in 2017, see **Appendices** 43 and 44, Logothetis argues that the case in 2010 was a conspiracy (but doesn't provide proof by whom, e.g. from financial records about shorts), and Georganta claims that Germany tries to conquer Europe again (even though Germany lost its currency and has only a single seat in the ECB). With such derailment *today* it is tempting to think that the El.Stat board in 2010 was dysfunctional from the beginning, but, for a diagnosis of 2010 we must obviously look at 2010 and 2010 only. In a way, given their derailment, to some extent, these two statisticians are more authentically blowing the whistle against an apparently quite powerful director with support by Eurostat (and subsequently EU, ECB and IMF who seem not to doubt Eurostat).

25.19 *Investigate and do not take sides; return to the status quo ante*

These events highlight that these matters have been studied by the EU, ECB, and IMF, by the Greek Parliament and Courts, and by various academic scholars, and by numerous journalists. But their conclusion is still mostly wanting, except when the *House of Mirrors* shows the effort of hiding. The mass hysteria in the world of official statistics is quite troubling. This present discussion indicates some loose ends, and indicates that it would be useful to have an investigation to really get us somewhere on a practical conclusion.

Thus, I do not take sides and propose an *investigation,* and suggest that others do so too. The real issue is to find an international authority that can set up such investigation with co-operation by the different countries and agencies.

All in all, it remains advisable that the ambiguity in the ESS Code of Practice since 2011 is removed, and that the earlier clarity of the 2005 Code is restored, meaning that the authority of a National Statistical Office resides within the collective body of its board.

[351] https://whistleblower.org/our-story-2/

26. *Step by step through the maze (European Code of Practice)*

As said, the above already established that the Greek law was that the director had to seek approval by the board of directors. This chapter only concerns the (additional) confusion about the European Statistical System (ESS) Code of Practice. See Chapter 22 for the texts of the versions of 2005, 2011 and 2017.

My comments will be in brackets, and emphasis in bold.

26.1 *Dependence upon the Code in 2010, and the Code is changed in 2011*

The law for El.Stat of 2010 appearently states that the ESS Code of Practice also applies to El.Stat. This El.Stat law and the 2005 Code are not in conflict. However, the change of the Code in 2011 might be read as such a conflict. It is somewhat dubious to agree with particular terms, when later in the process the terms are changed. The Greek law was also changed in December 2010.

26.2 *Reference by Georgiou himself*

In the Georgiou court case it has been argued by Georgiou and his witnesses that the "other statistical authorities" might be other bodies than the national statistical institute, which makes sense for the 2011 Code but not *necessarily* for the 2005 Code, when it may apply to the board (while the 2005 Code was relevant for the period then Georgiou breached his duty).

And as said in Section 25.13, there is evidence that Georgiou wasn't sure about his claim in 2010, as he tried to revise the regulation. [352] (Has an accused person the right to try to mislead a court ? If under oath it would have been perjury.)

26.3 *The problem, and key confusion in official statistics*

Xafa (2019a) unfortunately refers to the 2017 Code of Practice (that also specifies a number), and not the 2005 Code (that doesn't specify a number) prevailing in 2010:

> "In a separate case, Mr. Georgiou was found guilty of 'breach of duty' for not asking the (subsequently abolished) board of the statistical agency to approve the revised fiscal data before notifying them to Eurostat, and was sentenced to two years in prison (suspended, unless he gets another conviction). Yet according to EU rules [**though Greek law applies**], decisions regarding statistics are not subject to vote by a board and are explicitly the 'sole responsibility' of the head of the statistical agency. [her footnote 1: See **principle 1.4** in the European Statistics Code of Practice (Eurostat 2017).]"

26.4 *Misrepresentation by official statistics of the 2005 Code*

Below we will see that there is a misrepresentation of the 2005 Code in the world of official statistics, notably by ISI and (likely uncritically copied by) RSS, ASA, IAOS, FENStatS, SFdS. [353] See Section 22.4 for the Code of 2005.

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[352] http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

The misrepresentation consists of:

(i) leaving out the 2005 clause on "*heads of its bodies*", partly by referring to a later version of the Code
(ii) focusing on the *single head* and leaving vague what the *role of a board* of a statistical authority would be (except perhaps being a nuisance for a chief)
(iii) taking the rule, which is intended to protect against *external pressure,* and misapply it to the case when the chief clashes *internally* with the board.

26.5 *ISI doesn't include the relevant clause of the 2005 Code*

ISI changes "authority" (2005) into "institute" (2011) and *removes the "heads of its bodies" clause*, and argues in 2017: [354]

> "Mr Georgiou acted at all times in complete compliance with the European Statistics Code of Practice, which he was required to do under the provisions of the Greek Statistical Law applying at the time. Specifically, Principle 1 of the Code, relating to Professional Independence, requires that *"the Head of the National Statistical Institute (in this case the President of El.Stat)* **[missing clause]** *has the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of releases".* Thus, informing the Board of El.Stat and seeking its approval prior to the release of the Debt and Deficit figures would have been completely **[false]** at variance with the Principle of Professional Independence and the Code of Practice.
> Official statistics should be produced according to scientific principles and methodologies determined by professional statisticians, not according to the votes of members of the Board [**as if voting isn't used in applied science**]. Nonetheless, the Greek courts have convicted, with a two year suspended prison sentence, Andreas Georgiou of not obtaining the Board's approval for release of data, even though doing so would have been contrary **[false]** not only to the European Statistics Code of Practice but also to the ISI Declaration on Professional Ethics and the United Nations Fundamental Principles of Official Statistics."

ISI's statement in 2017 is clearer than the more verbose statement in 2016 [355] but to the same effect, namely that ISI gives a *wrong quote* of the code, and *misrepresents* the situation. ISI's application of the Code to the *internal* distinction between a single head (chief) and the board is a *misapplication* of the Code that has a purpose for *external* pressure.

Apparently ISI allows itself to be advised by Hallgrímur Snorrason, former DG of Statistics Iceland for 23 years, [356] who retired in 2008 (at the beginning of the international financial crisis, with the curious role by Iceland). Snorrason

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[353] International Statistical Institute (ISI), Royal Statistical Society (RSS), Americal Statistical Association (ASA), International Association of Official Statistics (IAOS), Federation of European National Statistical Societies (FENStatS), Société Française de Statistique (SFdS).
[354] https://www.isi-web.org/images/news/2017-08ISI%20Statement%20on%20Greece.pdf
[355] https://www.isi-web.org/images/news/2016-09ISI%20Statement%20on%20Greece.pdf
[356] http://snorrasonstatistics.net/

apparently was an “Eurostat-appointed expert at El.Stat during 2010-2012”. [357] We can only conclude that Snorrason hasn’t taken the critical distance and view that the case requires.

26.6 *European Parliament’s selective cut of the Code*

A document at the European Parliament gives an even more creative selective cut of the Code compared to the ISI misrepresentation: [358]

> “The Court, however, convicted him on the third count of not putting up the 2009 EDP [Excessive Debt Procedure] figures for approval by the former El.Stat Board and imposed a two-year suspended prison sentence. The court sentence did not take into account that Indicator 1.4 **[number not in 2005 version]** of the European Statistics Code of Practice stipulates that the Head of the National Statistical Institute (in this case the President of El.Stat) should have **[missing clause, or actually a quote of a part outside of that clause]** “sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases”.”

26.7 *Xafa (2019a) gives a wrong quote of the 2005 Code*

Xafa (2019a:28) has a wrong quote of the 2005 Code:

> “Mr. Georgiou’s defense was based on the European Statistics Code of Practice (COP), adopted in 2005 and explicitly referred to in both the European statistical law (Regulation 223/2009) and the Greek statistical law (3832/2010). The COP states that *‘[t]he heads of the National Statistical Institutes and of Eurostat and**, where appropriate, the heads of other statistical authorities*** [which should be “**its statistical bodies**”] *have the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases’* (Principle 1.4). [**no number in 2005**] European statistics are produced not only by national statistical institutes such as El.Stat, but also by other agencies—typically the central bank and ministries. These are the ‘other statistical authorities’ referred to in the COP; Greece has nine of these. [ftnt] [359] The interpretation of the COP was clarified in the court proceedings by the oral testimonies of defense witnesses, who were experts on account of the positions they had held as heads of national statistical institutes in the European Statistical System (Ireland and Iceland), as well as by written testimonies from the head of Eurostat and the EU Commissioner for Economic and Monetary Affairs that had been submitted to the 2012 Parliamentary Investigative Committee.”

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[357] https://www.reuters.com/article/us-greece-statistics-crowdfunding/embattled-greek-statistics-chief-gets-crowdfunding-help-from-colleagues-idUSKCN0X41QM

[358] http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/614481/IPOL_BRI(2017)614481_EN.pdf

[359] Xafa’s footnote is: “As noted on El.Stat’s website: www.statistics.gr/documents/20181/1196143/National_Authorities_HSS_23102018_EN.pdf/f33e0ed9-3822-416e-82b7-447a1674d830, accessed September 6, 2019”

26.8 *Xafa (2019a): the court refers to the board as a collective body*

Xafa (2019a) gives her interpretation of what the Greek court actually did, but her reference to the "principle 1.4" is confusing since the 2005 Code has no such number. The court agreed with the reading of the 2005 Code that there is a role for a board. It is useful to emphasize the court ruling within Xafa's interpretation:

> "The way the Court of Appeals was able to reach a guilty verdict is remarkable. It seems to have disregarded both exculpatory evidence and the plain language of the COP. It relied on its own Greek translation of the relevant paragraph instead of the official Greek translation published on the Eurostat website, to reach the conclusion that sole responsibility essentially means the responsibility of the heads of statistical divisions within El.Stat (instead of the other statistical authorities outside El.Stat). Based on this misinterpretation, the court decision concluded that COP principle 1.4 **'does not prevent the legislator of the member state from approving… the delegation of the relevant decision-making to a collective body as in this case the seven-member board'** of El.Stat. (...) (Wall Street Journal 2017b)."

26.9 *Europe's Statistics DGs do not mind single-headed authority*

Xafa (2019a) reports that Georgiou referred to "principle 1.4" (not in 2005):

> "To support his annulment request, Mr. Georgiou both explained how the European and Greek legal framework had been evidently misinterpreted, and submitted to the Supreme Court letters from the sitting presidents of the Austrian, Finnish, French, Italian, and Irish national statistical offices stating that on account of Principle 1.4 of the European Statistics Code of Practice they had sole responsibility and independence to decide (a) the statistical methodology and professional statistical standards used in their offices, (b) the content of statistical releases and publications issued, and (c) the timing of and methods by which statistics compiled by their respective offices would be disseminated. These letters were neither taken into account by the Supreme Court, nor acknowledged in its decision."

Comments:

(i) It is troubling that the DGs apparently have not been aware that the 2005 Code was in force in 2010, that clearly assigns such role to boards (when appropriate, i.e. when they exist). (But Georgiou and Radermacher knew.)
(ii) It is troubling that the DGs did not check upon the Greek law of March 2010 that applied to El.Stat. (But Georgiou and Radermacher knew.)
(iii) It is fully understandable that the Greek Supreme Court did not take these testimonies of these DGs into account, as Xafa reports, and it is curious that she doesn't say so.

Overall, it is troubling that the DGs of these national institutes indeed claim sole responsibility for themselves, instead of for (their) boards. Even if they refer to the Code of a later year, they interprete "head" as applying to themselves, and not as "board". When DGs are lacking in modesty about their capacities, and do not recognise that it is only a legal arrangement, then it may well be advisable that the principle explicitly refers to boards, and that also boards should be protected from *external pressure*.

Another troubling issue are the perceptions on stewardship. This requires a separate discussion.

27. *Aspects of stewardship for the El.Stat case*

27.1 *Different, false or falsification, and their legal aspects*

The European Commission (2010) report of January identifies "deliberate misreporting". [360] With the March 9 2010 law and creation of El.Stat, and all authority given to the board, there is a fresh start to do it right. Greece in the Eurozone must use the Eurostat definitions of ESA95. It is useful to distinguish:

(1) When a board is in meeting and there are various estimates for a statistic, say the national deficit according to the ESA95 definition without such deliberate misreporting, but then either (i) closer to the former report, or (ii) with more distance to the former report, then these are just "differences in views".
(2) The board would need to come to agreement with Eurostat, and Eurostat might publish, like in the past, a Greek figure with a margin of error, or, there is the Pozen (2009) approach to publish two figures with their definitions, see Section 20.3.
(3) Once it has been decided what figure will be the official one, and published, the other differing figures become "false figures" in the sense that they are not the official one.
(4) It is an interesting question when such a "false figure" would become a "falsificated" one. The Georgiou case presents an example of this enigma. If a board decides to a figure *A* and the chief sends figure *B* to Eurostat, then the board might hold that *B* is not only false but also falsificated.
(5) The situation however becomes tricky when the chief doesn't call for a meeting so that the board did not have a chance to determine its choice.
(6) Though the 2010 board did not convene and did not determine its own assessment of the figure of the deficit of the Greek budget, some board members however judged in person that the likely board figures would have differed from the figures that Georgiou sent to Eurostat. Thus, in *terms of content,* apart from the legal situation, these board members have good reason to posit that, in their view, Georgiou falsificated the figure of the Greek deficit. One cannot hold that this would be an improper accusation, as it is only a personal evaluation of the situation.
(7) Such accusation is quite impossible to prove, since the board did not convene.
(8) In sum, as stated in Section 25.8: the issues of "breach of duty" and "falsification" cannot quite be separated. One cannot argue that "Georgiou's figure was correct because it was accepted by Eurostat": because Eurostat might also have agreed with a figure produced by the board, if the board had been able to convene and look at the issue, and perhaps come up with a (slightly) different figure that Eurostat might have found acceptable too.
(9) It would still be a relevant exercise to try to determine what margin of discretion the board would have had for different applications of the Eurostat rules, not only in calculation but also for the moment of publication.

[360] https://ec.europa.eu/eurostat/documents/4187653/6404656/COM_2010_report_greek/c8523cfa-d3c1-4954-8ea1-64bb11e59b3a

The Greek courts also considered the accusation that Georgiou falsificated figures. This particular accusation was rejected in a lower court. Xafa (2019a):

> "Nevertheless, a criminal investigation of the same issue of the falsification of the 2009 deficit, initiated by Ms. Dimitriou in 2016, appears to still be proceeding."

A *court* rejection is not necessarily a conclusion that would be the same as a decision by a *board* based upon their own statistical considerations. A court looks at legal regulations around the board decision, while a board would mainly look at the content of the matter. A court would likely uphold a board decision, but now the board was not convened, and later dismissed.

It would be too simple to (i) denounce the Greek Supreme Court for convicting Georgiou for sending a figure to Eurostat without approval by the board, and (ii) at the same time praise the Greek Supreme Court that Georgiou has been cleared from charges of falsification (and that he was innocent "even by the courts"). If official statistics refers to the courts as *evidence* that Georgiou did not falsificate figures, then one invokes respect for the courts, and this would tend to imply also a respect that the courts convicted Georgiou for violation of duty. (If one still wishes to pick and choose, then this requires elaboration.)

The devil lies in the details, and an investigation from the world of science and learning is advisable. Once a report has been written, with an indication about what the figure of the Greek deficit *would have been* had the El.Stat board been given a chance to determine it, then the Greek court might reconsider the case, given that there would be an estimate of the figure. A court would likely not decide in such manner though, since this depends upon (too many) counterfactuals. The question for the world of statistics is anyway how to establish such a counterfactual. Where might we find a suitable authority to conduct such an investigation ? The world of statistics itself appears to be tainted.

27.2 *Eighty former chief statisticians*

At the International Association for Official Statistics (IAOS), there is a 2018-06-18 declaration by 80 former chief statisticians, [361] and their argument is:

> "Indeed, the methodology and figures are also accepted by the Greek Authorities and have been consistently used by successive Greek Governments since 2011 in requesting international financial assistance. Actually, the same methodology and figures are being used these days for requesting the final disbursement of about 12 billion euro to Greece under the final stage of a bailout that since 2010 has amounted to over 270 billion euro. The same methodology and figures are also currently being used by Greece to ask for significant debt relief for the debt incurred under this largest bailout in history.
> The EU Commission, the ECB and the IMF, as funding partners, have also fully accepted the figures as the basis for providing assistance since the end of 2010, for considering debt relief to Greece, and for monitoring the performance of the Greek economy."

[361] https://www.iaos-isi.org/index.php/latestnews/221-80-former-chief-statisticians-condemn-prosecution-of-andreas-georgiou

There are however some considerations to doubt this reasoning. These statisticians show self-congratulary behaviour and they are advised to reconsider.

27.2.1 *Misrepresenting the true case*

We are back in the House of Mirrors. This declaration misrepresents the true case, by not mentioning that Georgiou under the 2005 Code breached his duty and by-passed his responsibility w.r.t. the board of El.Stat. Instead the declaration focuses on the other charge of falsifying statistical information, holding that Georgiou's figures were accepted by Eurostat and "thus good". However, their declaration should also have checked the fact about the 2005 Code. The declaration creates the impression now as if Georgiou is the victim of a witch hunt, while he in fact was in breach of his duty in statistics, and this is the crucial issue, and Eurostat in collaboration with the board might have accepted a different figure.

27.2.2 *Recovering from a malfeasance*

Compare the analogy that some person *X* wants to sell you a wheelchair. You reply that you can walk fine and do not need a wheelchair. *X* shoots you in your kneecaps and says: "Now you need it." Then the 80 statisticians come along and proclaim that *X* has been right all the time because you indeed are using a wheelchair now.

Alternatively, consider that *Y* wants you to lose weight because it is better for your health. You reply that you are fine as it is. *Y* kicks you so hard that you land in the hospital. Slowly you recover while losing weight. Then the 80 statisticians come along and proclaim that *Y* has been right all the time because you indeed have lost weight and are healthier now than you were before.

The point is not that you are healthier now but that *Y* should not have kicked you into the hospital in the first place. The declaration by the 80 former chief statisticians skips this perspective.

27.2.3 *Do not deny discretion*

The former chief statisticians must know that figures in national accounting have a range of "error" or rather discretion. The novelty of an independent position from the Greek Ministry of Finance holds not quite for Georgiou but rather for the board. Focusing on Georgiou's role instead puts him in the spot for violation of duty and the subsequent issue that other figures might have been conceivable too. We can only presume that the El.Stat board would have needed an agreement with Eurostat too. If there had been an unresolved conflict then this could have been discussed in the European Council of Ministers, and might have resulted in abolition of the board anyhow, or not, depending upon the quality of the argument.

27.2.4 *80 Statisticians on calculation and publication*

The 80 former chief statisticians do not say so but implicitly suggest that calculating a statistical figure is tantamount to its publication. They suggest that a statistician would not be responsible for the effect of such publication as long as the figure is correct. Thus they skip discretion and stewardship in national accounting and its publication. We mentioned stewardship w.r.t. environmental statistics, see also Chapter 33 below, and we can now repeat it w.r.t. the Greek nation. Andreas Georgiou and his supporting world of official statistics did not show adequate stewardship w.r.t. the publication of the revised data on the deficit and debt of 2009.

27.3 *Contemplating the effect of publication*

Chapter 20 already discussed that calculation and publication are different issues. Let us consider counterfactually how the El.Stat board in 2010 might have looked at publishing revised figures for deficit and debt, even though the board did not convene.

Section 25.6 indicated the direct impact of the November 15 2010 press-release when the figure for the deficit of 2009 was raised from 13.6% to 15.4%. While the long rate of interest had dropped below 10% in October, it remained above 11% from November onwards, but only months later in the beginning of 2011 the financial markets reacted strongly, but it were *policy actions* that caused the steep rise in 2011-2012, see **Figure 8** on page 117. With rising rates of interests and risks of default, banks were legally forced to write-off assets, spreading the problem across the EU. In November 2010, the financial markets hardly reacted to the Georgiou figures. (In itself, this is an important point.) This was quite different from Autumn 2009 that unleashed speculation on further economic collapse with a debt that could not be serviced. In Autumn 2009 the notion of "Greek statistics" became a symbol in the public's mind that Greece was problematic indeed, with a fear for even more hidden debts. It is unlikely that Georgiou and his board had no idea in November 2010 about the potential impact of the upcoming publication. Georgiou (2009) *had written about the kind of subject,* and it is not convincing that he would have been fully unaware of the consequences.

On the other hand, Georgiou had hardly tried to convince his board about his discussions with Eurostat, and some El.Stat board members were inclined to think that the 2009 Karamanlis figure of 6% for the deficit was the correct one. The (internet) discussion about "Greek statistics" gives a lot of noise about the impact of the actually published figures. There is the suggestion that if the deficit of 2009 could be calculated as around 6% indeed, then the austerity of the Memorandum of May 2010 could be lifted. However, given the return of austerity in early 2010, it is unlikely that expansive policies were possible at the end of 2010 anyway, see **Table 3**. The point remains that the El.Stat board was not responsible for government policy, and was only responsible for getting correct figures, with stewardship on when and how to publish the findings.

Table 3. Policies and underlying figures (given a Washington consensus)

Washington consensus	*Expansive policies*	*Austerity*
Georgiou – Eurostat figures	Impossible	Logical response
Board – Eurostat figures (counterfactual)	Fata morgana	Perhaps less austere

Even though the El.Stat board obviously was not responsible for policy, it was their job to be aware of the economic circumstances in which they would present their publication. Thus, for us, it remains important to be aware of the economic conditions as those could be perceived by the El.Stat board at the time. Chapter 18 discussed the macro-economic conditions.

27.4 *Precedent and regime change*

Though we determined that the immediate effect of the announcement in November 2010 was modest, and that markets mainly reacted strongly to policy making in March 2011, the meaning of the November accouncement may also be seen as an announcement of a *precedent and regime change*. While Greek economic policy making had had much freedom it now was subjected to a stricter regime. For example, many state enterprises and their debts had been excluded in the 2009 Karamanlis figure and now were included in the 2009 Georgiou figure. Debts that had not been included in the financial position of the Greek state, now were shifted from the "market sector" to the "general government", and created the policy issue how Greece could satisfy the Maastricht rules on deficit and debt. Chapter 30 discusses some of the accounting rules.

27.5 *A counterfactual tale*

Before Autumn 2009 and the Papandreou criticism of Karamanlis, EU officials and financial markets took Greek statistics with a grain of salt, and merely used the official figures for legal justifcation of their own bookkeeping, with rating agencies indicating the risks. The main policy objective on statistics was to make sure that the figures at least improved in quality.

The Papandreou criticism of the 2009 Karamanlis deficit figure unleashed financial speculation in 2009, turning the financial crisis into the euro crisis. As part of the response, the EU and ECB wanted a *regime change* and new start in 2010 with the creation of El.Stat and appointment of its board and director.

Obviously, it could have been a headache for the board of El.Stat in November 2010: (i) to determine the statistical figures of deficit and debt, either (i-a) still acceptable to Eurostat but closer to the earlier methods or (i-b) with the method used by Georgiou (and approved by Eurostat in close collaboration), and (ii) to *communicate* to the public what the figures represented. There again is the distinction between calculation and publication.

We must presume that the El.Stat board would have taken account of the existing legislation and would have used scientific considerations. Within these assumptions, there is still room for discretion and for a counterfactual to what actually happened.

Considerations for the board in 2010 might have been:

- The El.Stat board would have been aware of the January 2010 EU report [362] about Greek statistics and the reasons for the creation of El.Stat and their and Georgiou's appointment.
- The El.Stat board would have been aware of the *regime change,* and the potential impact on the financial markets. Perhaps they might have perceived that the announcement in November 2010 might not have much direct impact but they would have been aware of possible restrictions for policy making.
- It may also be recalled that the rules of the EU, ECB and IMF are not sacrosanct. Education is accounted as an expenditure only, while many elements in education have aspects of investment in human capital. For

[362] https://ec.europa.eu/eurostat/documents/4187653/6404656/COM_2010_ report_greek/c8523cfa-d3c1-4954-8ea1-64bb11e59b3a

persons it is accepted that they borrow for their education (and banks accept this too) but somehow this is not allowed for national budgets. Damages to the environment can cause forseeable costs in the future but are not included in the EU rules on debts.

- There are more considerations for discretion, like the Pozen (2008) suggestion for US companies, cited above, to publish two figures, calculated on the two methodologies.
- Overall, the board of El.Stat had more options to discuss the newly independent findings with the Greek government – and then provide options for the Greek government for discussion with the EU – and try to avoid the autocratic Georgiou shock therapy.

What the board of El.Stat would have done is unknown of course. Georgiou might also have resigned as a whistleblower. It is also unknown whether Eurostat would have accepted figures for Greek deficits and debts that were clearly improving in quality but not the ones made by Georgiou and published now.

Potentially Georgiou was too rigid and Eurostat merely doesn't mind such rigidity and felt the need to support him as their man in Athens. But it seems that Eurostat did not really try to communicate with the board, and relied upon the director, also chairman of the board. The current annual acceptance by Eurostat of the Greek statistics need not be the most convincing argument per se, assuming some statistical error and discretion on convention.

The point is and remains that the world of official statistics better acknowledges that *there was a role for the El.Stat board,* and that this role was sabotaged by Georgiou, in conflict with good statistical practice, also formulated by Eurostat itself, that in 2005 accepted a role for a board.

Next to calculation there is publication. The supplementary point is that there is also stewardship in presenting statistics. Statisticians mainly have the attitude that "stewardship is to present the best quality data possible", but in the 2010 situation, in the wake of the financial crisis and given the 2009 Papandreou / Karamanlis shock*, the change from one regime to another* apparently became a highly sensitive matter, and it appears to be too simple to think that one merely needs to make that *regime switch* overnight. While a government in 2010 must present a budget for 2011 without delay to gain approval by parliament to proceed with spending, perhaps there might be more leeway for delay by a statistical office in presenting the national accounts.

- The board might have decided not to publish new figures compared to the 13.6% deficit figure of the Spring and wait for a less sensitive moment.
- If the board of El.Stat had not been convinced by Georgiou's figures, rightly or wrongly, they still would have been in the position to document their judgement, and face criticism and defend them.
- Georgiou and his board might have published two figures, see the Pozen (2009) suggestion mentioned above.
- Georgiou and his board could have published provisional figures for deficit and debt with ranges of error. Eurostat had already indicated an error range of 0.5% on the Spring figure of 13.6%, and the board might have opted to only ajdust that range. The financial markets might be shocked by the range of error like "at most 2%" but the message as such could fit with expectations.

Greek and EU policy makers could be informed behind closed doors about the meaning of the figures, and would get the message that more was needed for a reduction of deficit and debt. [363]

- Communication is sensitive. If El.Stat would say in 2010 that it was finally implementing the Eurostat accounting rules, with the objective of harmonisation within the next years, then it would imply that the former El.Stat director had not done so. This could only be implied if the 2010 board *actually investigated what had happened in the years before*. If Georgiou had convened the board more often, as required, the board could have discussed such aspects better, and potentially have decided that a calculation for 2009 only made sense if there was more clarity on the years before.

I am not saying what I would have done, for I wasn't in their position. This is just a counterfactual tale. Just to be sure: I am not suggesting that the board of El.Stat should have cooked the books, [364] in order to avoid the Georgiou shock therapy. Perhaps national accountants can indicate the ranges for discretion, and perhaps simulation games can be played to discover the ranges of outcomes of what others would do. The responsibility remains with the board of El.Stat at that time (which Georgiou, Eurostat (Radermacher) and ISI (Snorrason) falsely deny, see Chapter 26).

The counterfactual tale indicates stewardship which is wider, while the ISI support for Georgiou reduces it too easily into "just publish the figures according to the Eurostat rules", without facing up to the issues of discretion w.r.t. those rules, the distinction between calculation and publication, and the issue of stewardship w.r.t. a publication. When there is a fire in a movie theatre then it may be unwise to just yell it. In a theatre it is relatively clear what to do: alert the staff, and the staff would have procedures. This case of a Greek regime change apparently is less clear-cut but this doesn't eliminate stewardship.

There should be an investigation by the world of science and learning.

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[363] As said, action would also be required by the creditor nations on their export surplusses, and the problem could be explained *on content* rather than by flagging an arbitrary number as if it exposed Greek irresponsibility and not German and Dutch export surplusses.

[364] For example, state enterprises that were included in the General Government because of the 50% rule, might be asked by the Greek government to adjust their prices so that they became more profitable in 2011, and so that perhaps they might not have to be included for the whole period, when the deficits would be calculated for 2009, 2010 and 2011.

28. *Fact checking within official statistics and at academia*

28.1 *Introduction*

This chapter *diagnoses* inadequate fact checking within official statistics and at academia. The next chapter continues with their *inferences* that are based upon this inadequate fact checking.

In quotations, my comments are within brackets, and my emphasis is in bold.

28.2 *A united world of official statistics*

Remarkable, Georgiou now receives support from: the International Statistical Institute (ISI), the Royal Statistical Society (RSS), the American Statistical Association (ASA), the International Association for Official Statistics (IAOS), the Federation of European National Statistical Societies (FENStatS), the Société Française de Statistique (SFdS), [365] all for this:

> "This Commendation was given to acknowledge Andreas Georgiou's upholding of the highest professional standards in his public service in the pursuit of integrity of statistical systems."

All this, while ISI has misquoted and misrepresented the 2005 code, and the other associations must not have checked ISI, because they would have found the 2005 code. They all disregard other statisticians who were dismissed, some by Georgiou, potentially with an abuse of power, or the dismissal of the board itself.

(There is another disappointment with the RSS, on Brexit, see Appendix 39.11.)

28.3 *Eighty former chief statisticians, revisited 2018*

This is discussed in Section 27.2 and Appendix 41.4. To summarise: At the International Association for Official Statistics (IAOS), there is a 2018 declaration by 80 (I did not check) former chief statisticians. [366] This declaration looks at falsification of the figures and not at the governance and the relation between the director and the board. The 80 statisticians should have checked the situation nevertheless and should not have neglected the most important aspect.

28.4 *A Peer Review glosses over a letter by an union of employees*

The 2015 Eurostat Peer Review of El.Stat has this statement on page 15: [367]

> "A written submission to the Peer Review team by the *Panhellenic Association of National Statistical Service of Greece Employees*. Among other statements, the letter accuses the Troika of interference in the legal framework in contradiction of the principle of professional independence,

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[365] https://isi-web.org/images/2018/Press%20release%20Commendation%20for%20Andreas%20Georgiou%20Aug%202018.pdf

[366] https://www.iaos-isi.org/index.php/latestnews/221-80-former-chief-statisticians-condemn-prosecution-of-andreas-georgiou

[367] https://ec.europa.eu/eurostat/documents/64157/4372828/2015-EL-Report/488eadf4-da69-40db-b48b-884c6ac4937c

and the President of El.Stat of being unable to inspire a 'sense of independence and credibility' due to his former role at the International Monetary Fund (IMF). It also questions the integrity of Greek statistics, partly on the ground that the President is not subject to clear accountability. The Peer Review team was grateful for the written submission but does not find the main arguments persuasive. The tone and content of the submission point to tensions within El.Stat as a result of changes to the legal and administrative framework, and the severe pressures on resources, that have been evident in recent years. The Peer Review team noted these concerns."

Thus, you receive such a statement by El.Stat employees, and you decide that you do not find it "persuasive" and then drop it ? There isn't any awareness that you, as Peer Review, should at least investigate what is happening, and *reply on content* ? Are you really an accountant, who merely records the figures given to him or her, and who hasn't heard about *forensic accountancy* ? Are you really no statistical *scientist,* who checks what the reports are about ?

PM. Likely the website of this association of El.Stat employees. [368]

28.5 *Also academics fail to check upon the facts*

It is not only the world of official statistics and national accounting that fails to check upon the facts, but there are also RSS, ASA and IARIW and academics who sign the declarations. Appendix 40.2 looks at Dutch signatures, and it is fortunate that in 2020 Richard Gill, now emeritus professor of mathematical statistics in Leiden, and former president of the Dutch association VVS+OR, has changed his opinion.

28.6 *Other protests without the 2005 clause in the year 2017*

Other 2017 protests (copies) *without the clause* of the 2005 Code are at IARIW [369] and GPAC El.Stat 2017. [370]

For the latter GPAC: Gerry O'Hanlon is the former director of the Irish statistics service CSO. O'Hanlon chaired the *good practice advisory committee* (GPAC) at El.Stat in 2013-14, and partook in the ISI misrepresentation of the 2005 Code, [371] and in the crowdfunding action in support for Georgiou's legal bill. [372] At some point a "disinterested outsider" becomes an "involved participant".

28.7 *American Statistical Association 2017*

The American Statistical Association (ASA) uses the *House of Mirrors* on Georgiou's error of 2010. They refer to ISI's "documentation" but ISI has no investigation but only the tabulation by Snorrason and O'Hanlon, opinions and

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[368] https://syllogos1.wordpress.com/

[369] http://iariw.org/Court_Andreas.pdf

[370] https://www.statistics.gr/documents/20181/1195539/GPAC_4th_Report_2017.pdf/63133c54-37f4-478b-baab-116ce53239e4

[371] https://www.isi-web.org/images/news/Court%20proceedings%20against%20Andreas%20%20Georgiou.pdf

[372] https://www.reuters.com/article/us-greece-statistics-crowdfunding/embattled-greek-statistics-chief-gets-crowdfunding-help-from-colleagues-idUSKCN0X41QM

photographs. [373] In an ASA press release of March 29 2017, Acting Chair of the *ASA Committee on Scientific Freedom and Human Rights* Robin Mejia and ASA Executive Director Ron Wasserstein state: [374] [375] [376]

> "Georgiou was appointed by the Greek parliament in 2010 to head El.Stat and bring about the production of reliable Greek statistics. After many years of understated deficit and debt figures reported by Greece, Georgiou recalculated official economic statistics according to European Union (EU) law. **Statistics produced under his leadership were validated and published by Eurostat** (the official statistics body of the EU in which Greece is a member) for five consecutive years. (...) Yet, in 2013, Georgiou was accused of "undermining the national interest" and slapped with criminal charges for "false statements and complicity against the State" for allegedly inflating the Greek deficit and causing damages of 171 billion euro to the Greek state. Although various judicial procedures have several times concluded the charges against Georgiou are baseless, the charges keep being revived. In addition, in December, he was acquitted of related misdemeanor charges for violation of duty, but that acquittal was reversed just 10 days later. He is now to be retried for the same alleged crimes and thus subjected to double jeopardy.
> (...) Other professional statistics organizations, including the International Statistical Institute, have **documented** that, since 2010, Greek statistics have passed all European quality checks. Georgiou is widely credited with producing the first round of reliable financial statistics in accordance with EU standards, breaking a tradition of **many years of fraud**. Key **stakeholders** have found these prosecutions to be "political in nature," [**prove this**] particularly evident upon the repeated reopening of cases shortly after investigating prosecutors or judges recommended the charges be dropped."

Thus ASA in 2017:

(i) downplays the by-passing of the El.Stat board (reason of the 2018 conviction)
(ii) accuses Greece of fraud before 2010 (there is the EU report of January 2010 but then statistics was at NSSG at the Ministry of Finance) and ambiguously suggests as if El.Stat did the fraud and Georgiou changed this, while the crux was the new independence of El.Stat, which rather applied to the board
(iii) uses the argument "*it is good for you when I kick you into a hospital*", see Section 27.2.2
(iv) refers to documentation on quality checks at ISI that doesn't exist (though Eurostat would have documentation, the point is that ISI doesn't provide it)

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373 https://www.iaos-isi.org/index.php/latestnews/230-commendation-of-andreas-georgiou-at-iaos-special-meeting
374 https://www.amstat.org/asa/News/ASA-Expresses-Support-for-Ousted-Statistics-Officials.aspx
375 https://www.amstat.org/asa/files/pdfs/pressreleases/2017-ASAExpressesSupportforOustedStatisticsOfficials.pdf
376 https://www.amstat.org/asa/files/pdfs/POL-ASALetterRegardingAndreasGeorgiou2017-03-27.pdf

(v) refers to anonymous stakeholders who have (unproven) superior knowledge.

This is unconvincing, and ASA better retracts.
ASA supports the legal defense fund for Georgiou. [377]

28.8 *Letter by Georganta and Logothetis to ASA 2017*

Members of ASA might think that such activities by the ASA leadership are the responsibility of the leadership itself, not pertaining to the member's own horizons. However, bodies like the EU Parliament would tend to attach value to statements by the ASA leadership. Such statements by the ASA leadership are really done in their elected capacities as representatives of the membership body. Members are advised to keep their leadership accountable.

Members of ASA are also advised to read the letter to them, dated October 27 2017, by Zoe Georganta and Nikos Logothetis, in protest against the partiality by the ASA leadership. [378] Hopefully it was as widely circulated as the ASA accusation. The letter reached the ASA executive and their answer is short enough to reproduce here, [379] [380] to show that ASA does not reply on content and that ASA slanders the messengers:

> From: Wasserstein, Ronald L., Sent: Sunday, December 3, 2017
> To: Zoe Georganta , Subject: your letter of October 27, 2017
> Dr. Georganta and Dr. Logothetis,
> Your letter of October 27, 2017, has been carefully reviewed by many people, including the members of the ASA Board of Directors. No evidence that you have presented or that we can find confirms your basic premise that "the Greek public debt and deficit burdens have been unjustifiably exaggerated, that they have actually been created, instead of describing the 2009 reality." Rather, the evidence confirms exactly the opposite. This and the many other troubling statements in your letter raise significant questions about the ethics and integrity of your allegations.
> Sincerely,
> Ronald L. Wasserstein
> Executive Director
> American Statistical Association
> Promoting the Practice and Profession of Statistics®

(PM. ASA has turned its slogan into a registered phrase so that other people can no longer say that they promote the practice and profession of statistics without asking ASA for permission.)

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[377] https://community.amstat.org/communities/community-home/digestviewer/viewthread?GroupId=2653&MessageKey=8da26535-5d12-4274-bacb-2fe495effbc9
[378] http://zoe-georganta.co.uk/wp-content/uploads/2017/11/About-ASAs-partiality.pdf
[379] https://www.amstat.org/asa/files/pdfs/POL-Email-Wasserstein-Georganta-120317.pdf
[380] http://klauskastner.blogspot.com/2017/12/El.Stat-andreas-georgiou-and-slap-in-face.html

29. *An uproar in the world of statistics that not only neglects facts but also colleagues, whistleblowers and the separation of powers*

29.1 *Introduction*

While the former chapter established that the world of official and academic statistics and national accounting did not adequately check the facts (importantly on the issue of governance and the 2005 Code of Practice, and on which *Georgiou was guilty as charged*), this chapter continues with the inferences made upon that inadequate fact-checking. This highlights the disregard of the colleagues and whistleblowers, and the disrespect of the separation of powers.

29.2 *The Trias Politica, and ASA's disrespect of checks and balances*

The Trias Politica model of democracy has the checks and balances of the Executive, Legislative, and Judiciary branches of government. They are independent but still in mutual interaction. Subsequently there is the independent European Central Bank (ECB) and the independent National Statistical Office, for Greece: El.Stat.

There are at least two competing perspectives:

- The ASA argument holds that the independence of El.Stat is breached upon, though ASA does not quite specify who is responsible for what, and only vaguely indicates that there would be "political" influence. ASA could present evidence to the Greek Jurdiciary but instead the letter is directed to the Executive, president Tsipras, and thus suggests that the Executive might infringe upon the Judiciary (and also El.Stat's independence).
- The Greek Executive and Judiciary actually can be observed to treat El.Stat as an independent office, though subject to the law. In this perspective it is the ASA letter that disrespects the independence of both Judiciary and El.Stat (by the request by ASA that the Greek Executive breaches the independence of the Greek Judiciary).

The second perspective is the appropriate one. The first perspective, that ASA adopts, requires strong proof, and we indicated that this is lacking (wrong year of the Code, no check on the Greek law itself (Memorandum for IMF, advice ECB), confusion of statistics and national accounting, no check upon the malconduct of Snorrason, disregard of the colleagues and whistleblowers).

29.3 *Two sets of whistleblowers, and ASA's disregard of one 2017*

The ASA letter performs the grand disappearing act of other whistleblowers apart from Andreas Georgiou. The case has actually two sets of whistleblowers:

(i) Andreas Georgiou, director of El.Stat, who wanted to publish the "true deficit according to the Eurostat rules", and who by-passed his board.
(ii) Zoe Georganta and Nikos Logothetis, the most vocal members of the 2010 El.Stat board, who protest against proceedings, who suggest that the deficit

would be different, who were neutralised by Georgiou (e.g. by not convening board meetings), and moved *with political force* out of El.Stat. Logothetis resigned early 2011 under pressure by minister of Finance Papakonstantinou, and Kerin Hope in 2011-09-30: [381]

> "Under pressure from the European Commission, however, Evangelos Venizelos, finance minister, last week sacked the five remaining members of El.Stat's board, leaving Mr Georgiou with full responsibility for running the agency on his own."

The two whistleblowers (and others) have provided evidence to the Greek Judiciary branch. The prosecutor in that branch decided *independently* that prosecution was in order. Claims as if this prosecution was *motivated politically*, have not been substantiated, and ASA only weakly refers to anonymous others who suggest such.

Apparently other members of the 2010 El.Stat board keep silent. There is also, and I quote from the letter of October 27 2017 by Georganta and Logothetis:

> "Dr. Stroblos, the Director of the National Accounts Division in El.Stat up to the 10th of September 2010 and the most technically authentic senior National Accounts officer for years in El.Stat (see his CV [382]), was immediately moved from his position by Mr. Georgiou as soon as in a closed meeting of the statistical Board he expressed his concerns about the fallibility of Mr. Georgiou's debt and deficit numbers."

29.4 *Econometrician Georganta (2011) appeals to scientific integrity*

National accountants and statisticians are also invited to read Georganta (2011), a paper in the academic record. Readers may be warned about a "Greek version of English" (e.g. "perpendicular axis" instead of "vertical axis"). Other weak points are an axis that has only 0 and no scale, and a wrong paragraph-cut at the end. Her paper appears to be a heroic attempt (i) to teach non-economists about national accounting, using arrow diagrams ("concept mapping"), and (ii) to capture the problem at El.Stat at the same time, and (iii) to present this in a European perspective. Somewhere along the way she loses too many of her readers (as we can observe given the lack of international acclaim). I myself am in no position to check its data. Still, the abstract fits the attitude of a professor in econometrics:

> "Statistical data plays such a vital role in policy-making in all fields of human activity that its quality and reliability is a matter of human well-being. Within today's severe and unprecedented recession into which Greece seems steadily sinking, accuracy of national statistics has become as decisive for her survival as ever before. Our country's potential to rise above the present situation for the good of Greece's and eurozone citizens depends heavily on truthfully putting our statistics „in order", something which is not currently happening. Fiscal and financial statistics may in general offer the greatest example of the principle „garbage in, garbage out". The issue is that users cannot usually assess

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[381] https://www.ft.com/content/deeaea88-eb81-11e0-a576-00144feab49a

[382] http://zoe-georganta.co.uk/wp-content/uploads/2017/10/CV-Nicholas-Stroblos.pdf

the presence of garbage simply by reading the press releases, while at the same time they are suffering from the deleterious effects of the wrong-data. This paper uses extensively the concept-mapping approach to investigate basic reliability issues of Greece's fiscal and financial statistics. The statistical location of the deficit and debt items is sketched out within the European System of Accounts and five data reliability issues are identified. The paper is concluded with proposals on two fundamental reforms required to enable Greek statistics to serve the public good."

29.5 *Disrespect of the separation of powers 2015*

In the 2015 Eurostat Peer-Review of El.Stat, the reviewers state (p14), [383] and thereby suggest as if statistics would be above the law, and as if the Executive and Legislative branches of government should meddle with the Judiciary:

> "El.Stat management has identified the court proceedings as a major area of weakness with regard to managers maintaining professional independence over the long term. The prolonged nature of the proceedings will inevitably distract El.Stat managers from the implementation of the CoP. Moreover, **as long as the court proceeding continue, El.Stat's professional reputation remains at risk**. GPAC noted the '**virtual silence**' of the Government and Parliamentary leaders on the proceedings despite the frequent political comments on the matter and observed that this '**appears to be at variance with**' the commitment in the CoC [Commitment on Confidence on statistics] to guarantee and defend the professional independence of the ELSS [Hellenic Statistical System], and to promote it to the public through appropriate communication actions."

29.6 *No impartiality at the Royal Statistical Society 2017*

Journalist Robert Langkjær-Bain (2017) in "*Trials of a statistician*", RSS Significance magazine, interviews Georgiou but completely forgets that there are other statisticians, some dismissed by Georgiou. On page 19, he nobly quotes:

> "Georgiou's advice is to "stick to your principles and to the rules at all times. Never compromise. If you compromise in anything, you will not feel well with yourself, and it will create a liability that will come back to haunt you. "Finally, Bevacqua says statisticians must "report any abnormalities that you notice as soon as possible, both within and outside country borders. Silence is the worst enemy.""

Well, members of the El.Stat board Logothetis and Georganta have reported such irregularities *in this manner*, and suddenly the world of official statistics sees this as persecution. Something is quite unbalanced if not hypocritical here.

The RSS also had a related problem on its (now former) executive director Hetan Shah who did not have a background in statistics but still acted as if, see Section 39.11 w.r.t. the 2016 Brexit Referendum Question.

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[383] https://ec.europa.eu/eurostat/documents/64157/4372828/2015-EL-Report/488eadf4-da69-40db-b48b-884c6ac4937c

29.7 *Dutch statisticians who signed the Georgiou petitions 2013 2018*

Since this book obviously takes the Dutch context as a wetting stone for international issues – referring to the 1892-1899 genesis of CCS and CBS Statistics Netherlands, *Dutch economics* and the CBS treatment of the Tinbergen & Hueting approach – it may also be useful to check who in Holland signed the Georgiou petitions, and thus failed (i) to check upon the Greek law, or take note that EU and IMF wanted this law changed, (ii) to check upon the proper year of the ESS Code of Practice, (iii) to pay attention to the statistical colleagues and board members who were dismissed. See **Appendices** 40.2 and 41.4

29.8 *Tim Harford in the Financial Times 2013*

Tim Harford may have deeply studied the case and have fine sources, but the article that he writes as the "undercover economist" in the Financial Times, "*Lies, damned lies, and Greek statistics*", 2013-01-25, comes across as an uncritical, fact-free and guess-gossip discussion that expresses a view on statistics, but that does not quite distinguish between national accounting and statistics, even though Walter Radermacher takes issue with the ASA point of view that statistics reflect "reality", while an accountant only applies accounting rules: [384]

> "[Georgiou] seems to have been embroiled in full-contact office politics. One of the people accusing him, Zoe Georganta, was an El.Stat board member who was sacked (along with most of the board) in 2011. Another, Nikos Logothetis, was accused by Mr Georgiou of hacking his email and has been criminally investigated. El.Stat's union has weighed in against Mr Georgiou, too**. As to the merits of these accusations, your guess is as good as mine.**"
>
> "Statistical judgments are just that: judgments. There is right and wrong in statistical practice, but typically there are also shades of grey. Walter Radermacher, Eurostat's boss, told The New York Times that "**the truth is not my business . . . statistics** [this should be: national accounting] **is about measuring against convention**". He has a point. (...) But the truth is that governments will often prefer statistical obfuscation as a way of achieving their goals indirectly, and statisticians will find themselves in political debates with no unambiguous, correct answer."

29.9 *EU Commissioner holds statistics to be above the law 2017*

In the Financial Times August 3 2017: [385]

> QUOTE
>
> "In remarks on Twitter that reflect deep unease in Brussels at Mr Georgiou's conviction, Valdis Dombrovskis, European Commission vice-president, said he was following developments with concern. It was "important that independence of Elstat and people who do their jobs are protected in line with the law", said Mr Dombrovskis, who has responsibility for euro affairs.

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[384] https://www.ft.com/content/fc5e295a-663b-11e2-b967-00144feab49a
[385] https://www.ft.com/content/3d213384-77b1-11e7-90c0-90a9d1bc9691

Speaking to the Financial Times, Mr Dombrovskis said the independence of national statistics offices was a “key pillar of the proper functioning” of the euro and “one of the main elements forming the trust amongst euro area member states”.

“This is why it is protected in EU law. This is why it cannot be challenged.”

UNQUOTE

The FT also denigrates a prosecutor as “junior” and two board members as “sacked” persons:

“The affair dates back to 2011 when a **junior** financial prosecutor ordered an inquiry into whether Mr Georgiou had been working against Greek interests. Separate cases were later filed by two **sacked** Elstat board members and a senior Elstat employee.”

29.10 *Nicolas Véron 2018*

Nicolas Véron (2018) [386] has a link to the 2017 Code, thus not the relevant 2005 Code. Based upon this wrong footing, he suggests that Greek politicians can violate the separation of powers *or* that statisticians would be above the law:

“This is not about any ambiguous grey area but entirely and simply about the integrity of statistics and the independence of statistical authorities. The EU system is failing the most basic test of its ability to withstand political pressure.”

Based upon this lack of fact checking, Véron wants to violate the 2017 Code, and put pressure upon the Greek government to break down the separation of powers between Executive and Judiciary branches, and neglect the rule of law w.r.t. statistics and the proper execution of the 2005 Code:

“The European Parliament could also do more, for example, by calling Mr Georgiou’s Greek tormentors to testify and possibly by blocking EU financing to Greece as long as the case is not resolved satisfactorily.”

29.11 *Collective paranoia or collection of paranoids (advice to retract)*

Though apparently with a relevant background in national accounting and statistics, both Logothetis and Georganta unfortunately in 2020 do not present an ideal argument that convinces by itself, because (today) they make erroneous or dubious statements about other issues and their personal views on the context that do not directly pertain to the case.

In interviews, Georganta [387] (**Appendix** 43 below) and Logothetis [388] (**Appendix** 44 below) make various errors about context though not necessarily in their field of expertise, see my deconstruction there.

[386] https://voxeu.org/content/european-union-must-defend-andreas-georgiou

[387] https://www.mintpressnews.com/whistleblower-greek-debt-crisis-manufactured-unscrupulous-accounting/228076/

[388] https://dialogosmedia.org/transcript-interview-with-whistleblower-nikos-logothetis-on-El.Stat-scandal/

I advise these whistleblowers to retract these interviews. They are participants / witnesses in the El.Stat case, and their credibility on that particular issue is tainted when they make errors on other issues.

It is also known that whistleblowers can be subject to severe stress, [389] that may affect judgement, and, as said, society must find ways to create clarity whether whistleblowers are *right or wrong* in the original case also when they later *succomb or not* to such stress.

Logothetis (nowadays) appears to think that there was a conspiracy against Greece, and Georganta (nowadays) protests against German companies bribing Greek politicians, and she accuses Germany to seek dominance over Europe, while Germany in fact has surrendered its currency to a weaker position in the ECB. While this taints their position as witnesses and whistleblowers, it must be kept in mind that it does not necessarily affect their professional positions in their field of expertise, in particular in 2010. In that respect, it is more troubling that Georganta (2011) presents an axis with only a 0 and no scale, but one might also suppose that the article was written under some duress and that the peer-reviewers should have checked this.

Overall, there is the *House of Mirrors* identified in Section 25.9. There appears to be quite some paranoia in the Greek media about maltreatment by major European countries and financial agencies, though of course I cannot present evidence that there is no conspiracy and I cannot say “what Germany really is up to”. This toxic situation in the Greek mind or media (that sells newspapers) of course doesn’t help these two whistleblowers to maintain a more sober check upon what they think or say in such interviews. It is a sorry state of affairs, compare the sorry state in the UK media about Brexit, or the notion about democracy in the USA, UK or France, or, in the world about population growth.

Nevertheless, it would be too simple to hold that the El.Stat board in 2010 has been dysfunctional, and that issues of professional competence and integrity would not apply to these two whistleblowers too. Thus, please check their errors on context but keep this caveat in mind too.

[389] https://whistleblower.org/our-story-2/

30. *More on what actually happened on the deficit figures*

30.1 *Tentative*

The following is quite tentative. I only know national debt and defict concepts from economic modeling using rather simple equations. I am no national accountant with experience of determination of the figures using government records. Still, it remains useful to apply our critical faculties at what transpires from the discussion in papers and reports. [390]

30.2 *Eurostat's report November 2010*

Though this report is not dated, it must come from the second part of November 2010: [391]

> "On 15 November 2010, following extensive work carried out by EL.STAT staff in cooperation with other Greek public authorities to implement the results of the EDP methodological visits in 2010, Eurostat published Greek fiscal data for 2006-2009 without reservation. [[392]] This publication was accompanied by an information note [...] on the activities and sources of revision of data between April 2010 and October 2010. This report is intended to provide a more complete background to the work undertaken."

30.3 *Entry in the Eurozone*

It was the EU who accepted that Greece joined the Eurozone in 2000, based upon a convergence report by the ECB under its president Wim Duisenberg, that Greece's deficit in 1999 was below 3%.[393] EC president Prodi, who later expressed doubt about the usefulness of the Eurozone criteria, gave a resounding welcome. [394] One can still imagine that policy makers in 2000 had the idea that it would be more important to give Greece the benefit of the doubt, and secure a position of the euro within this NATO country, than focus on reasons for doubt. At least, that seemed to be the implication of his position of the Dutch minister of Finance, Gerrit Zalm, in a criticial discussion in Dutch parliament, see Chapter 34.

It seems that there was no role for Eurostat here. In 2004 Eurostat determined that the 1999 deficit actually would be 3.4%.

The Kostas Simitis government used a swap in 2001, [395] [396] thus after entry into the Eurozone, and not to enter it. Jointly with Yannis Stournaras, Simitis in 2012

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[390] https://www.statistics.gr/en/eurostat-reports

[391] https://ec.europa.eu/eurostat/documents/1015035/3991231/Greece-2010-methodological-visits-report.pdf

[392] https://ec.europa.eu/eurostat/documents/2995521/5051930/2-15112010-AP-EN.PDF/6704b50f-d771-4c98-889e-261a5f74396d

[393] https://ec.europa.eu/commission/presscorner/detail/en/IP_00_422

[394] https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_00_237

[395] https://www.wsj.com/articles/SB10001424052748704548604575097800234925746

[396] https://www.independent.co.uk/news/world/europe/greek-debt-crisis-goldman-sachs-could-be-sued-for-helping-country-hide-debts-when-it-joined-euro-10381926.html

defends himself also against such an accusation. [397] There still might have been a political consideration to have the deficit look well, so shortly after entering the Eurozone, and with the new circulation of banknotes and coins in 2002.

The NY Times in 2010 pointed to bankers offering financial deals. [398] [399] [400]

> ""Politicians want to pass the ball forward, and if a banker can show them a way to pass a problem to the future, they will fall for it," said Gikas A. Hardouvelis, an economist and former government official who helped write a recent report on Greece's accounting policies."

30.4 *Issues of accounting and discretion*

PM 1. It might also be relevant to remark here that ESA95 distinguishes (i) "normal" government debt at "market prices" [401] (assuming that there is a market) and (ii) the debt according to the Excessive Debt Procedure (EDP) at nominal value (face value). [402] See marking to market in Section 20.3.

PM 2. ESA95 has different editions. The above edition was of 2002, that also states: "The stock of government debt under ESA95 **(at marketvalue)**". The ESA95 edition 2010 states on p305: "The stock of government debt under ESA95 **(at marketvalue, where applicable)**". [403] The latter causes Georganta (2011:213) [404] to infer:

> "As explained, also in subsection 2.2, there is no specific definition of GG [General Government] debt in ESA95. The only definition provided in ESA95 is that the stock of government debt equals the sum of all liabilities of the GG sector at market values with the additional note "where applicable" (ESA95, 2010 edition). Consequently, the accurate delineation of GG, which is a condition sine qua non for a reliable calculation of debt, is considerably left with the National Statistics Authority to decide."

30.5 *The crucial year 2009 when the financial crisis became an euro-crisis*

For our introduction, Xafa (2019a):

> "[Eurostat] noted that the deficit estimates reported by the Greek authorities had been subject to unusually large revisions: on October 2, 2009, the outgoing New Democracy government had revised its estimate of the 2009 deficit from 3.7% of GDP (the figure notified in April 2009) to 6.0% of GDP. The incoming PASOK government further revised this estimate to 12.5% of GDP on October 21, 2009, based on Bank of

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[397] https://www.theguardian.com/global/2012/apr/26/greece-europe-north-south-divide

[398] https://www.nytimes.com/2010/02/14/business/global/14debt.html

[399] https://en.wikipedia.org/wiki/Gikas_Hardouvelis

[400] http://hardouvelis.gr/

[401] p197: "the stock of government liabilities should be recorded in the national accounts at their market value at the end of the accounting period, in the closing balance sheet of the general government sector"

[402] "p198: "Debt means total gross debt at nominal valueoutstanding at the end of the year and consolidated between and within the sectors of general government."

[403] https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-09-017

[404] http://zoe-georganta.co.uk/wp-content/uploads/2012/07/Greek-fiscal-and-financial-data.pdf

> Greece estimates that the cash deficit amounted to 10% of GDP in the first nine months of the year and would reach 12–13% by year-end. The actual 2009 deficit figure, estimated at 13.6% of GDP, was first published by the statistics office in April 2010 and transmitted to Eurostat in the context of the semi-annual Excessive Deficit Procedure (EDP) notification."
>
> "The European Parliament subsequently concluded that Greece's deep crisis 'was also due to statistical fraud in the years preceding the setting-up of the program' and welcomed 'the decisive action by the Greek government to urgently and effectively address these problems, including by establishing the independent Hellenic Statistical Authority in March 2010' (European Parliament 2014)."

This particular report by the European Parliament is here. [405]

It indeed *expresses the opinion* by the two committees that there was "statistical fraud". A substantiation would be found in the European Commission (2010) report, and the relevant phrase is "deliberate misreporting". [406] As far as I can see, it seems that there have been no legal actions against actual fraud. Potentially there is a distinction between "fraud" and "statistical fraud" ?

Note, though, that Statistics Greece was subordinate to the Ministry of Finance before, and that El.Stat was created in March 2010. Earlier "statistical fraud" might rather be "political fraud".

Obviously there has been a history of irregularities, see this Eurostat (2004) report too [407] and some wikipedia pages (no source but a portal). [408] [409] Rauch et al. (2011, 2019) [410] use the Newcomb – Benford law to discern irregularities.

With the Greek deficit reported as 13.6%, Eurostat stated itself in April 2010: [411]

> "Greece: Eurostat is expressing a reservation on the quality of the data reported by Greece, due to uncertainties on the surplus of social security funds for 2009, on the classification of some public entities and on the recording of off-market swaps. Following completion of the investigations that Eurostat is undertaking on these issues in cooperation with the Greek Statistical Authorities, this could lead to a revision for the year 2009 of the order of 0.3 to 0.5 percentage points of GDP for the deficit and 5 to 7 percentage points of GDP for the debt."

Xafa (2019a) (my comment):

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[405] http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2014-0149+0+DOC+XML+V0//EN

[406] https://ec.europa.eu/eurostat/documents/4187653/6404656/COM_2010_report_greek/c8523cfa-d3c1-4954-8ea1-64bb11e59b3a

[407] https://ec.europa.eu/eurostat/web/products-eurostat-news/-/GREECE

[408] https://en.m.wikipedia.org/wiki/Greek_Financial_Audit,_2004

[409] https://en.m.wikipedia.org/wiki/Greek_financial_audits,_2009%E2%80%9310

[410] https://www.degruyter.com/view/j/ger.2011.12.issue-3/j.1468-0475.2011.00542.x/j.1468-0475.2011.00542.x.xml

[411] https://ec.europa.eu/eurostat/documents/2995521/5046142/2-22042010-BP-EN.PDF/0ff48307-d545-4fd6-8281-a621cbda385d?version=1.0

> "After considerable work to ensure data quality and to allow Eurostat to carry out a further methodological visit to check and validate Greece's statistics, on November 9, 2010 Mr. Georgiou transmitted to Eurostat annual public finance statistics for 2006–9 **[to be published]**. The 2009 deficit, which had been estimated at 13.6% of GDP in the April 2010 EDP notification, was further revised to 15.4% of GDP. The 2006–9 figures were published by Eurostat without reservations in contrast to what had usually occurred in previous years, [ftnt] as were all nine subsequent notifications by Mr. Georgiou during his five-year tenure."
>
> "One of the adjustments Mr. Georgiou made to bring the deficit and debt figures into compliance with Eurostat's methodology was to include 17 public enterprises and entities within the definition of the general government. Under EU rules, state enterprises are classified as government entities if revenues from sales cover less than half their costs. In Greece 17 such entities failed the 50% rule and were included in the deficit. Correction of inappropriate recording decisions in a number of other areas also contributed to revising the deficit upwards by 1.8% of GDP, from 13.6% to 15.4% of GDP."

30.6 *Classification of "state enterprises" as "general government"*

The above refers to the ESA95, page 9, rule 1.3. [412] Eurostat reports are here. [413] The General Government = Central Government + States / Provinces + Municipalities + Social Security. We can also account General Government = Administration + State Enterprises. The "methodology" of 2010 has the Greek list of *state enterprises* a.k.a. *public corporations.* [414] State Enterprises are exempt from the euro rule that Debt ≤ 60% GDP (not to be used as an escape route).

30.6.1 *Various editions of ESA95*

ESA95 edition 2002 [415] p9 point 1.3 has this arbitrary rule about accounting for *state enterprises*:

> "In other cases, it is necessary in deciding the sector to which the public institutional unit should be allocated to check if this unit is market or non-market: in other words, are more than 50% of production costs covered by sales, or not?"

Thus we can distinguish:

- Potentially the only statistical fact (reality) for a particular unit concerns the ground material on the *actual proportion* of covered costs.
- The classification of the unit as market or non-market is not statistics but a matter of accountancy (convention).

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412 https://ec.europa.eu/eurostat/documents/3859598/5860213/KS-42-02-585-EN.PDF/34346b49-bc38-4063-a423-74590fdaf8bd

413 https://www.statistics.gr/en/eurostat-reports

414 https://ec.europa.eu/eurostat/documents/1015035/3991231/Greece-2010-methodological-visits-report.pdf

415 https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-42-02-585 (edition 2002)

One cannot seriously argue that the market or non-market position of a unit is *really* determined by such covering of costs. Many people might hold that a unit that covers costs by 60% sales and 40% state subsidies could hardly be called a (viable) market enterprise, as ESA95 would catalogue it.

Also, subsidies for public transport might be used to reduce congestion and improve the environment, and such subsidies might also be seen as *sales,* in which the government pays part for each customer.

However, even while the accounting rule is arbitrary, it still can be applied. We may accept as a statement of fact (and not as something desirable in itself) that national accountants at a National Statistical Office must apply such arbitrary rules, but we – and they themselves too – should rather not think (as ASA does) that the outcome of all such calculations reflects some (statistical) “reality”.

Personally, I find the 2002 EU rule rather peculiar, and the 50% criterion quite arbitrary, and perhaps Eurostat thought so too, when it introduced modifications.

PM. ESA95 edition 2010 [416] p14 has a more complicated discussion of public enterprises, and is not relevant for the present example. ESA 2010 was published in 2013. [417] [418]

The relevant ESA95 manual for 2010 is here, [419] and the discussion of public enterprises starts quite early at page 25.

Potentially El.Stat in the years since joining the euro in 2000 might have some considerations that the Eurostat rule did not make sense in the Greek situation, and that the problem was with Eurostat and not with El.Stat. When Greece joined the euro, it had to implement such rules though. A new El.Stat board in 2010 that was subject to a regime change in accounting might have considered that the government should be informed about the accountancy regime switch, and of the conquences of Eurostat’s accounting, so that the Greek government might change aspects of the public enterprises (e.g. the governance) and avoid misunderstandings in the financial markets. This is just conjectural.

30.6.2 *Malkoutzis & Mouzakis 2013 – macro-economic considerations*

Zoe Georganta, El.Stat board member in 2010 and professor in econometrics at the university of Macedonia, sees a larger adjustment. Malkoutzis & Mouzakis (2013) state [420] (referring to the later adjustment of 15.4% to 15.6% [421]):

> “Georganta argues that Georgiou's main offense was to incorporate 17 public enterprises (known as DEKOs in Greece) into the general government budget, thereby inflating the 2009 deficit by 18.2 billion euros. She claims that Greece’s deficit for that year should have been just under 4 percent of GDP, rather than the final figure of 15.6 percent, which came about after several revisions.”

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416 https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-09-017 (2010)
417 https://ec.europa.eu/eurostat/web/esa-2010
418 https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-14-002
419 https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-42-02-585
420 http://www.ekathimerini.com/148007/article/ekathimerini/comment/an-issue-of-statistical-significance-in-greece
421 https://ec.europa.eu/eurostat/documents/2995521/5171846/2-22042013-AP-EN.PDF/bb7ad61c-6f17-4a86-8f13-4747a2b6c2ed

These authors do not look at the particular calculations but provide a more general review of the macro-economic conditions that allow them to infer, quite reasonably, that the deficit indeed was closer to 15% rather than to 4%.

30.6.3 *Marcus Walker 2017 – Georganta's mistaken assumption*

Marcus Walker in the Wall Street Journal (WSJ) of February 6 2017 indicates that the inclusion of the state enterprises need not quite increase the deficit. [422]

It will be useful to discuss this with the basic accounting formula also used by Georganta (2012a). [423] For data, she uses the notification table of April 18 2012. [424] [425] Unfortunately, these data do not specify the debts of the state enterprises, so that Georganta and we cannot check how those have been accounted for.

In reconstruction, Georganta apparently assumes that the debt figure for 2008 of EUR 263.284 bn *excludes* the state enterprises (as had been usual in Greece) and that the debt figure for 2009 of EUR 299.685 *includes* the debt of the state enterprises (the change by Georgiou). Subsequently, she corrects the debt of 2009 by subtracting the 2009 debt of the state enterprises. However, Walker alerts her and us that El.Stat / Georgiou had adjusted the whole series (up to some year in the past). Thus the elimination of the debt of the state enterprises should apply to the whole series, and in particular also 2008, which Georganta did not do.

Let $D[t]$ be the deficit in year t, and let $SFA[t]$ be a stock-flow adjustment, Eurostat: "conceptually, the stock-flow adjustment can be distinguished into the following constituent elements: net acquisition of financial assets, debt adjustment effects and statistical discrepancies".

Let General Government (G) = Administration (A) + State Enterprises (SE). The accounting relations are:

$$Debt_l[t] = Debt_l[t-1] + SFA_l[t] + D_l[t] \qquad \text{for sectors } l = A, SE \text{ and sum } G$$

$$x_G = x_A + x_{SE} \qquad \text{for variables } x = Debt, SFA, D$$

Georganta presents the first formula and then continues working with figures. She finds the *debt* of the administration (A) in 2009 by taking the General Goverment debt and subtracting the debt of the state enterprises:

$$Debt_A[2009] = Debt_G[2009] - Debt_{SE}[2009] \quad \text{correct}$$

Subsequently, assuming that Administration SFA is zero, she intends to do the following, which requires the correct figure for the Administration debt of 2008.

$$D_A[2009] = Debt_A[2009] - Debt_A[2008] \qquad \text{correct, using SFA = 0}$$

Apparently she assumes that Georgiou only corrected 2009, so that the figure listed as $Debt_G[2008]$ = EUR 263.284 bn would be this $Debt_A[2008]$. This gives:

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422 https://blogs.wsj.com/brussels/2017/02/06/was-greeces-deficit-inflated/

423 http://zoe-georganta.co.uk/wp-content/uploads/2012/09/Greek-Deficit-Revisited.pdf

424 https://ec.europa.eu/eurostat/documents/1015035/2031189/EL-2012-04.pdf

425 https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables/edp-archives?p_p_id=2_WAR_kaleodesignerportlet&p_p_lifecycle=0

$$\text{“}D\text{”}_A[2009] = Debt_A[2009] - Debt_G[2008] \qquad \text{giving an outcome like 4\%}$$

In the earlier Greek notification tables,[426] at the latest in April 2010, the General Goverment debt indeed excluded these state enterprises, and thus indeed gave the $G = A$ debt, at EUR 237.252 bn.

However, El.Stat revised this figure for 2008 too, adding some EUR 24.144 bn in November 2010, updated to EUR 26.032 bn in April 2012.

Walker correctly states that Georganta now compares apples and oranges. Since the whole series has been revised, the correction for state enterprises must also be done for 2008. Perhaps Walker was aware of Georganta's assumption and then might have noticed this himself. Perhaps he had been alerted by national accountants that El.Stat had adjusted the whole series. Perhaps Walker simply took the 2012 notication at face value, and saw that Georganta made a wrong assumption. Thus we get:

$$D_A[2009] = Debt_A[2009] - Debt_A[2008] \qquad \text{correct, using SFA = 0}$$

$$= (Debt_G[2009] - Debt_{SE}[2009]) - (Debt_G[2008] - Debt_{SE}[2008])$$

In his calculation, Walker assumes that the debts of the state enterprises would be similar, i.e. $Debt_{SE}[2009]$ = 18.214 bn EUR ≈ $Debt_{SE}[2008]$, and then they cancel. The Administration deficit subsequently appears to the accumulation of debt in the General Government, still at 15.4%.

Georganta assumes that we can do the same for swaps and hospital bills, except that those have no specific “sector”, see “other” in **Table 4**. The counterfactual El.Stat board might now consider the outcome of 14.9%, though see the actual correction for swaps and hospital bills below:

$$D_A[2009] = (299.685 - 28) - (263.284 - 26.032) \approx 34.4 \text{ or } 14.9\%$$

Table 4. If 2008 was treated as 2009, via method MW / ZG

bn EUR	*Debt*		*Deficit*	*% GDP*
	2008	*2009*	*2009*	*2009*
SE + other	26.032	28.000		
A – other	237.252	271.685	34.433	14.9%
G	263.284	299.685		

Walker: “Ms. Georganta didn't reply to questions about her sums.”

We can only imagine that Georganta must be very happy that finally someone looked critically at her calculation and discovered the mistaken assumption and resolved the enigma that has been so upsetting for her since the 2012 paper (and earlier). When she did not reply to Walker then something else might be at play. Some points to consider:

[426] https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables/edp-archives?p_p_id=2_WAR_kaleodesignerportlet&p_p_lifecycle=0

- It is remarkable that apparently no-one before Walker in 2017 reacted to Georganta (2012a) to point out that El.Stat had adjusted the whole series, even though this discussion abounds with national accountants and financial journalists. This should have been spotted shortly after she presented her paper, and then much needless discussion could have been prevented. PM. The Reinhart – Rogoff spreadsheet error seems more involved. [427]
- The presentation by Walker 2017 and Xafa (2019a) is rather unkind, because they write as if Georganta is a simpleton who doesn't know that you must correct the whole series: but Georganta must have focused on the idea that it was Georgiou who had adapted only the figure of 2009. One is hard put to assume that Georganta knew that the whole series had been adapted and still did not reverse the adaptation for the full series.
- In other words: Walker in 2017 does not *fully* explain the situation. He does not state clearly what mistaken assumption she actually made. As an effort at communication this still wasn't complete.
- There is a point that eludes not only Georganta but also Walker, and also Xafa (2019a) who copies Walker's criticism without reference to him, see Section 31.2.1. Georganta knew that the swap loss of EUR 21 bn was distributed over four years in roughly equal proportions. The adustment cumulated over four years starting in 2006 and ending in 2009 with said total value. Thus, this part of her mind knew that the whole series was being adapted. Her focus on 2009 and fast result of 4% apparently stopped her from working through all equations. Walker and Xafa, with their awareness of the mistaken assumption, should not have stopped there, and should have used the whole set of equations for the whole series. The unkind criticism that they levied on Georganta now backfires on themselves.

Walker has some small corrections but let us first use the methological report of footnote 391 on p195.

(1) For the unpaid bills by suppliers to hospitals, the methodological report states on p20 that payables within the first 90 days are distinguished from arrears, and that the first affect the deficit, but are not included in the debt. Walker agrees: "Unpaid hospital bills are not counted in government debt". But what about arrears ? At the IMF, Cristina Checherita-Westphal, Alexander Klemm, and Paul Viefers (2015) [428] clarify for our purposes: "Whether debt turns out to be lower, depends on whether trade credit and arrears are counted as government debt. Under the Excessive Deficit Procedure (EDP) definition, this is not the case". See also their footnote 3 for the difference with the SNA. Thus, we would presume that the hospital arrears have not been included. However, the European Commission (2010), [429] that established the "deliberate misreporting", states that it was the Ministry of Finance of Greece itself that included the arrears as debt.

[427] https://www.bbc.com/news/magazine-22223190
[428] https://pdfs.semanticscholar.org/edce/46b7ab16757c966d0ed80791fcbf3010160c.pdf
[429] https://ec.europa.eu/eurostat/documents/4187653/6404656/COM_2010_report_greek/c8523cfa-d3c1-4954-8ea1-64bb11e59b3a

The "Truth Commission" [430] and Coronakis [431] refer to a Greek Government "*Technical Report on the Revision of hospital Liabilities* (3/2/2010)" that apparently is not online, and they claim that Eurostat gave in to Greece and included these arrears in April 2010 (though it is unclear whether the commission bases this upon Georganta). Marcus Walker accepts the hospital figures of EUR 3.9 bn in 2008 and EUR 4.5 bn in 2009. Thus, we best correct all figures that were reported starting already in April 2010.

(2) The values of the swaps are on page 19 of the methodological report. These must be deducted from values after April 2010. Note that the swaps cumulate (like the arrear bills to the hospitals), so that by 2009 the total of EUR 21 bn is included in the total debt.

Table 5. Deduction of swaps per year and cumulative

EUR bn	*2006*	*2007*	*2008*	*2009*	*Sum*
Per year	5.1255	5.1255	5.4000	5.2817	20.9327
Cumulated	5.1255	10.2510	15.6510	20.9327	

These details give **Table 6** with the relevant row *j.* Thus while Walker suggests that Georganta's corrections still leave the same deficit at 15.4%, the proper accounting of her *objections on content* causes a 2009 deficit of 13%.

Table 6. If 2008 was treated as 2009, proper accounting of claims

EDP corr.		*Debt 2008*	*Debt 2009*	*SFA 2009*	*Deficit 2009*	*% GDP 2009*	*GDP 2009*
a	*Hospital*	3.900	4.500				
b	*Swap yr*	5.400	5.282				
c	*Swp cum*	15.651	20.933				
d	*G.Apr10*	237.252	273.407	3.813	32.342	13.6%	237.494
e = d – a	*G.A10-cor*	233.352	268.907	3.813	31.742	13.4%	
f	*G.Nov10*	261.396	298.032	0.486	36.150	15.4%	235.035
g	*G.Apr12*	263.284	299.685	0.298	36.103	15.6%	231.642
h	*SE*	18.000	18.214				
i = g – h	*A*	245.284	281.471	0.298	35.889	15.5%	
j = i – a – c	*A corr.*	225.733	256.038	0.298	30.007	13.0%	
k = f – d	*Dif A-N10*	24.144	24.625				
l = g – d	*Dif 12-10*	26.032	26.278				
m = g – j	*Dif 12-cor*	37.551	43.647				

In this accounting, the arrears in hospital bills and swaps still hang in limbo somewhere, to the amount of EUR 25.433 bn. One would require sound reasoning in accounting to prevent that this becomes creative accounting.

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[430] https://www.ohchr.org/Documents/Issues/IEDebt/impactassessments/Preliminary_Report_Greek_Debt_EN.pdf

[431] https://www.neweurope.eu/article/eurostat%E2%80%99s-crafty-ways-collaboration-governmental-officials-swell-greece%E2%80%99s-public-deficit/

30.7 *Criticism by Logothetis on treatment in 2010 of swaps of 2001*

In an interview in 2017, see **Appendix** 44, Nikos Logothetis, the vice-president of the El.Stat board in 2010, identifies his first clash with his president Georgiou, and wrongly states that the swap had been used to enter the Eurozone: [432]

> "My first disagreement with him was when I realized he would add on the deficit figures and on the national debt of Greece the Simitis swaps, that is, the swaps that Simitis had made use of in 2001 in order for Greece to get accepted to the Eurozone."

The situation for us in January 2020 is complicated by curious statements in this 2017 interview. Logothetis seems to have succombed under stress, and now, though perhaps even earlier, believes in a conspiracy. If I understand him correctly, European banks were in peril and organised that the Greek government adopted Greek private loans and included them in the national debt.

In this 2017 interview, Logothetis claims that Eurostat invented a rule on the fly:

> "However, Mr. [Walter] Radermacher, the general director of Eurostat, the statistical authority of Europe at the time of Georgiou, decides only for Greece and only for that time and while the value of the yen had collapsed, that this swap value to be included in our total debt, thus raising our national debt by 21 billion euros because of the losses of the Yen. This was the loss incurred by the collapse of the Yen at that time. So we found ourselves with an additional fiscal debt of 21 billion euros. Now, Radermacher's additional act was to instruct Georgiou to divide this amount by four and to include what came out of it in the deficits of the years 2009, 2008, 2007, and 2006. So eventually, for 2009 and all the three previous years, we found ourselves with an additional deficit of about 5.5 billion euros. But I'm pointing out again that swaps should not be used in any way before their maturity, in order to influence negatively or positively the fiscal debt, let alone the yearly deficit."

We find some information in a Greek paper by Georganta that has as appendix a letter in English by Eurostat / Radermacher on this issue. [433] The 2001 swap was restructured in 2005 and 2008, and Eurostat judges that they account as new. This sounds reasonable. Eurostat also states that the lack of a rule on swaps does not mean that they would not count as debt (likely contrary to the advice by Goldman Sachs). I am no expert on this and cannot judge whether Logothetis is right that there would be more room for discretion. It is a pity that Logothetis in 2017 does not mention others who agree with him, but it might be difficult to find experts who are independent of the ESS network, since ESA95 rules are only applied within that network.

Nevertheless, the swaps could be included in the SFA term. This allows their inclusion in the national debt without affecting the operating deficit of the current year. This gives **Table 7**. The method maintains the deficit at 13% and has the advantage that the swaps are not in limbo but included in the debt.

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[432] https://dialogosmedia.org/transcript-interview-with-whistleblower-nikos-logothetis-on-El.Stat-scandal/

[433] https://zoe-georganta.co.uk/wp-content/uploads/2012/09/Illegal-swelling-hospitals-SWAP.pdf

Table 7. Including the swaps in the SFA term

EDP corr.	*continued*	*Debt 2008*	*Debt 2009*	*SFA 2009*	*Deficit 2009*	*% GDP 2009*	*GDP 2009*
g	*G.Apr12*	263.284	299.685	0.298	36.103	15.6%	231.642
h	*SE*	18.000	18.214				
i = g – h	*A*	245.284	281.471	0.298	35.889	15.5%	
n = i – a	*A - hosp*	241.384	276.971	5.580	30.007	13.0%	(sfwap)
o = g - n	*Dif 12-sfw*	21.900	22.714				

(1) Marcus Walker remains right that the correction for state enterprises and arrears in bills for hospitals do not really affect the deficit, since the figures per year are not so different.

(2) For the swaps, some might regard this as creative bookkeeping, but it follows the notions (a) that the deficit is intended to be used for monitoring of operations, income and expenditures, (b) whence the logic of the SFA term to be used for financial corrections without obscuring said purpose. The idea of a swap is that it is a financial arrangement, and no income instrument, see p5 here. [434] Financial speculation is for market agents and not for the Ministery of Finance. Though this swap is seen by Eurostat as having been used to adapt the perceived debt level, this principle would not seem to be affected.

(3) With this explanation, I can only expect that national accountants would agree that the swaps would rather be recorded in the SFA term.

(4) The logic of using the SFA is so strong that we better check whether the swaps already have been recorded in the SFA. The recorded figure for SFA is only an aggregate, and it may contain the swaps but also balancing components. The EDP document does not provide such details. The original SFA term of 0.298 however is close to the *statistical discrepancies* of 0.301 in table 3A of the EDP report, and thus we can expect that the swaps are not yet included in the SFA.

(5) The example on (by coincidence the same page number) p19 of the document of 2008 has a cash receipt and a simultaneous rise of debt of 100, paid back in installments of 20 over 5 years, thus *a reduction of the debt*. In the 2010 "methodological" document p19, already referred to, we find the distinction between the loan (debt) and interest (deficit) components. In the case of Greece, the Eurostat solution was not to increase the debt by the full amount of EUR 21 bn via the SFA of 2005 and 2008 of the years of restructuring the swaps, but do this in steps over 4 years, see the table heading "*Increase in the debt (loan component)*". Remarkably, though, these components are still recorded in the deficits.

(6) Eurostat and director Georgiou would then have to explain why they did so. One cannot avoid the impression that Eurostat and Georgiou were indeed so focused upon highlighting the Greek problem with debt and deficit so that they overlooked the proper use of the SFA and included the swaps in the deficit.

[434] https://ec.europa.eu/eurostat/documents/1015035/2041357/FINANCIAL-DERIVATIVES-07-03-2008.pdf/236f33d7-8660-4a28-9e64-ce83d820a210

This choice would be an accounting oversight, with the own purpose of highlighting debt and deficit. But it seems that this particular question – "Why did you not use the SFA ?" – has not been put to them yet, so they may have a different answer than agreeing that it was an accounting oversight.

30.8 *The Credit Default Swaps (CDS) of 2009 (TT)*

30.8.1 *Basic information*

Ekathimerini 2010-03-22 reported:

> "TT bet against Greece
>
> State-controlled Hellenic Post Bank (TT) spent nearly 1 billion euros last year to secure its positions against the possible bankruptcy of the Greek government, according to documents seen by Kathimerini. In August, the bank bought credit default swaps (CDS) – a form of insurance on financial instruments – worth 950 million euros when the spread on the Greek five-year bond over the German Bund was at 135 basis points. CDS products allow investors to purchase protection against the default of debt issued by governments, hedging existing positions. TT's management, which changed after the Socialists took power in October, sold the CDS when the spread was at 235 basis points in December, earning a profit of some 35 million euros, the documents show. The bank's position in CDS protected the lender from its exposure in Greek bonds but also provided it with an opportunity to play a part in the global CDS market worth some 8 billion dollars last year. With a position totalling 950 million euros, or 1.2 billion dollars, TT had the ability to shape momentum in the speculative derivatives market which the Greek government wants to be controlled. Prime Minister George Papandreou is among the global leaders that have been pushing for increased financial market supervision of CDS and a crackdown on market manipulation. TT's previous CEO, Angelos Philippidis, had said in his last press conference as head of the bank last year that the swaps were part of the lender's «social role,» giving it the ability to tackle speculators targetting Greece."

30.8.2 *Accusation of insider trading, convicted as slanderous*

The issue got a nasty edge when economist and Greek parliamentarian Panos Kammenos claimed – though without proof – that the CDS were sold to family and friends of George Papandreou who would have cashed the real billions. [435] A criminal investigation was launched. [436] It is easier to find reports about such announcement than to find reports about the outcome, and I haven't found those.

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[435] https://web.archive.org/web/20120111064120/http://www.sovereignindependent.com/?p=21184

[436] https://greece.greekreporter.com/2012/07/11/former-pms-brother-andreas-papandreou-cds-trade-involvement-reinvestigated/

We must refer to wikipedia, a portal and no source. Courts in 2013 and 2014 fined Kammenos for libel, for not providing the proof which all had been waiting for. [437]

> "Kammenos accused the former Prime Minister of Greece George Papandreou of treason. He said that the Hellenic Postbank, a public banking arm of the Greek government, oddly purchased a $1.3 billion worth of credit default swap (CDS) to insure against a default of the Greek government in spring and summer of 2009 (so indirectly, the government bought protection against its own default), and those CDS was then subsequently sold in December 2009 to a private firm named IJ Partners for $40 million. Naturally, as the Greek debt crisis was getting progressively worse, the CDS in question was probably worth $27 billion in June 2011. [17] In 2013, a Greek court decided that he should pay 30,000 euros for libel against the brother of George Papandreou [18] and in 2014, a court decided that Kammenos accusations were false and slanderous and he should pay 100,000 euros to the IJ PARTNERS. [19][20]"

It so happens that our source Miranda Xafa has worked at IJ Partners, see Sections 39.6 and 39.7, and thus (indirectly) was cleared too.

30.8.3 *Andreas Papandreou jr*

It will be useful to refer now to the CV [438] of Andreas Papandreou jr, brother of George Papandreou. He wrote his thesis about externalities with Amartya Sen, and has an interest in the environment. The internet apparently has weblogs who recycle such information. This CV information can easily be found, but the weblogs bring aspects as news. Indeed it would be news for who hasn't looked for it. But it is silly to bring it as news, since it is clearly available. One of those websites is HellasFrappe, apparently run by Marina Spanos, who presents herself as a journalist, but who also seems to enjoy getting attention by spinning conspiracy theories.

Andreas's CV states that he set up an NGO i4cense. This is a weblink of 2011, [439] with founder Andreas Papandreou and advisory board with Jeffrey Sachs and José María Figueres, Managing Partner at IJ Partners, President of the Republic of Costa Rica (1994-1998). The EU reports that there was a conference in October 2010, in which partook the "Institute for Climate and Energy Security (i4cense) and the European Investment Bank (EIB) under the auspices of the Prime Minister of Greece". [440] Nikos Nikolopoulos asked questions why this i4cense company would be listed in Switserland. [441] Perhaps an answer might be that father Andreas Papandreou sr almost was executed by the Greek military Junta of 1967-1974 (and was saved by John Kenneth Galbraith who contacted the US State Department – lost the reference).

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[437] Portal, no scource: https://en.wikipedia.org/wiki/Panos_Kammenos#Political_positions_and_controversies

[438] http://en.econ.uoa.gr/fileadmin/econ.uoa.gr/en/uploads/CV2014APapandreouOffice.pdf

[439] https://web.archive.org/web/20111108164941/http://www.i4cense.org/content/advisory-board

[440] https://ec.europa.eu/commission/presscorner/detail/en/BEI_10_180

[441] https://www.pronews.gr/koinonia/21583_erotisi-toy-voyleyti-n-nikolopoyloy-gia-tis-kratikes-horigies-stin-etaireia-i4cense

HellasFrappe and Olympia.gr produce a lot of text, but factually they do no more than check that Switserland really is Switserland. [442]

Andreas's CV states that he was "Member of the Strategy Committee of the Unigestion-Ethos Environmental Sustainability Fund 2008". HellasFrappe [443] recycles this information as if sufficient for suggesting potential malversation.

We can imagine that HellasFrappe is much frustrated by the lack of real data and Interpol reports about real malversations (like we all may be as viewers of Hollywood films). HellasFrappe apparently resolves this frustration by inventing suggestions about those, but HellasFrappe then should stop presenting herself as a *journalist* too.

30.9 *Let there be an investigation*

The problem for Greece is that it has no control over its own currency (the euro). It it hadn't wanted these Eurostat accountancy rules then it should rather not have joined the Eurozone. Considerations by the EU and Greece caused that Greece joined "too early", and at least with the attitude that differences in accounting would have to be resolved at a later date. To some extent the EU apparently was aware of this, as we can notice that Eurostat did pay closer attention to Greece.

Obviously, the governance in the Eurozone is so complex that it would be improper for Eurostat to decide upon such accountancy itself. One cannot avoid the impression that Eurostat did work closely with the European Commission. The world would be served by more clarity about what actually happened here (but perhaps someone may already have a reference).

Our check on the debt and deficit figures and the criticism has only been tentative, since we lack the documentation and specialised expertise, but some general comments in econometrics can be made. The inclusion of state enterprises and arrear bills to hospitals affect the level of debt but not the deficit very much since the values of 2008 and 2009 do not differ so much. The basic analytical point is that the swaps allocated to 2009 should rather be included in the stock-flow adjustment (SFA), so that the 2009 deficit reduces from 15.6% to 13%. It tends to be a convention that such financial arrangements are recorded in the SFA, and thus it is a question for Eurostat and DG Radermacher and El.Stat and director Georgiou why they chose to increase the figure for the deficit which is meant to register the difference between income and expenditure.

The baseline is that it is too simple to argue, as is often heard, that "Eurostat accepted the new figures". The advice is to have an investigation, and in such investigation Eurostat cannot be treated as sacrosanct, and it may well be that there are curious rules and curious changes in them that make for a less clear-cut situation – which also establishes a role for a board rather than a chief (single head).

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[442] http://hellasfrappe.blogspot.com/2011/08/shocking-report-swiss-paper-justifies.html

[443] http://hellasfrappe.blogspot.com/2014/01/special-report-coincidences-that-tie.html

31. *El.Stat board members*

All members of the El.Stat board in 2010 are: A. Georgiou, N. Logothetis, Z. Georgantas, A. Philippou, G. Simiyiannis, S. Balfousia and K. Skordas. Four members (of which chairman and vice-chairman) are appointed by parliament, on the recommendation by the Minister of Finance, and confirmed by 4/5 of parliament. One member is appointed by the Governor of the Bank of Greece. One member by the Minister of Finance. A final member by the Workers' Association.

There is also Nick Stroblos, director of the national accounts at El.Stat. [444]

31.1 *A disappointing situation*

With so much statistical talent, one would expect that it would be fairly simple to write a joint statement, that clarifies to the world of national accounting and statistics what the problem was. Unfortunately, we do not see such a statement. It remains true that a reference to the data requires access to those (sometimes confidential) underlying data, and such access was blocked. A director can be too powerful when blocking critics from access to the evidence. And authors like me would not have the time to really look into it. It looks like re-inventing the wheel.

31.2 *Zoe Georganta*

31.2.1 *Principle versus calculation*

Xafa (2019a) has two references to deficit calculations by El.Stat board member in 2010 and professor in econometrics Zoe Georganta, [445] one in English, Georganta (2012a), [446] and one in Greek with an attached letter in English by Eurostat about swaps (referred to in Section 30.7). It is important to distinguish:

- If the El.Stat board had convened in 2010 to discuss the figures about national income, budget, deficit and debt, then Georganta could have submitted her views and listened to criticism. She has identified Nick Stroblos as the real expert on national accounting. Eventually she might well have accepted the final board view to which she had made a contribution. This is counterfactual since such board meeting didn't occur.
- The current texts by Georganta 2012 may emphasize how she thinks about the matter, but these texts cannot be misrepresented as a dictate to such a board meeting. Georganta (2012a) is short enough to read. She identifies the sizes of adjustment and the literature also at IMF about discretion and arbitrariness (explicit) and vagueness (not-explicit) in rules. Xafa (2019a), without reference to Marcus Walker (WSJ), mentions the issue identified by him in Section 30.6.3. Xafa may have discovered this herself too. Georganta can be alerted to a mistaken assumption and she would have the possibility to correct. It is too simple to hold that someone is disqualified by some mistakes. There may well be other points where a professor in econometrics is right.

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[444] http://zoe-georganta.co.uk/wp-content/uploads/2017/10/CV-Nicholas-Stroblos.pdf

[445] http://zoe-georganta.co.uk/

[446] http://zoe-georganta.co.uk/wp-content/uploads/2012/09/Greek-Deficit-Revisited.pdf

- Georganta has the strongest rhetorical position where we can diagnose that the board wasn't treated properly. An investigation would still be required to reconstruct the figures for the 2009 deficit and debt. By presenting some calculations of her own, she weakens this position, since this shifts the discussion from the principle on governance to actual calculations, on which she is no expert like Stroblos. Her presentation of data and calculations is a kind gesture, since she wants to enlighten us about the issue on content. On the other hand it complicates the situation. We can be in sympathy with her situation, but there could be no suggestion that we would also be in support of such data and calculations. Overall, it suffices to say that an investigation is still required, in particular on the scope for discretion.

It is best to call for an investigation, when we do not know more. The real issue is to find an authority that can do such investigation.

31.2.2 *Board meetings*

Georganta (2012b:5) (around age 62) has this report about the first meetings with Georgiou, with the rubber stamp appearing in the 2nd meeting: [447]

> "The 4 Board members (chairman, vice-chairman, and two simple members) were ratified by the Conference of Presidents of the Greek Parliament on 29 June 2010. It is emphasized that in spite of the urgency of Greece's statistical situation and the ensuing request to the newly ratified chairman and the Minister of Finance pressed by the three of us (the vice-chairman and the two simple members) in order to start working as soon as possible, at our astonishment we were forbidden even to approach the building of the Statistics Department. The legalization (publication in the Official Gazette) of the ratification process for the 4 Board members was delayed to suit the chairman's personal needs until August. Thus, the Board's first meeting took place on the 3rd of August 2010 when we met with the other three appointed members each representative of the Ministry of Finance, the Bank of Greece and the Staff Union, respectively.
>
> There was a second surprise: the chairman, who as we later learnt was at the same time an employee of the IMF (Financial Institutions Division, Deputy Chief), insisted that our second meeting would be as late as the 3rd of September 2010 in spite of continuing pressures by Eurostat, who was demanding to clear out data issues relating to the General Government deficit and debt for the year 2009. Thus, we, the 6 members of the Board, were sent on compulsory summer holidays! I note that even on the 8th of October (the day of the Board's last meeting) there was no information on SWAPS, Public Hospital expenditures, Public Enterprises' reclassification issue and Local Government balance sheets; all this continued as "open issues" as the chairman had announced us on the 3rd of September 2010 meeting (according to my hand notes of the day).

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[447] http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

> For the whole month of August the 6 members of the Board were kept in darkness, we were not given desks or chairs to sit, we were not even allowed to approach the building of the Statistics Department during August. Later, we learned that the chairman had extensive communication with Eurostat and meetings took place in the El.Stat building in Piraeus between the chairman, Mr. Georgiou, and Eurostat officials. I am wondering whether the Director-General asked about our contribution. May be he did, but we never had such information. What we learnt later was that both the El.Stat chairman and Mr. H. Snorrason, the Resident Representative of Eurostat in El.Stat, had defamed us by serious libel, as I will report further down in this Note. The crucial issue is that our opinion was never requested by either the Director General or the Press.
>
> In the second meeting the chairman started by signaling to us that it had been decided (by whom, we could not understand) that the Board's role was to be a rubber stamp."

A 2017 interview with Georganta (about 67 years of age then), reproduced in **Appendix** 43, has an encouraging start, but the rubber stamp statement now is "from the first meeting" and not "at the 2nd meeting". It may be an issue of Greek-English.

> "Zoe Georganta (ZG): As an econometrician and economic statistician appointed in August 2010 by the Greek Parliament to be a member of the seven-member Hellenic Statistical Authority, I had the responsibility by law to express my scientific opinion – first within the meetings of El.Stat, in which all seven members, the president (or chairman) included, were supposed to discuss the statistical issues of the agenda and make a decision by majority rule.
>
> What actually happened from the first meeting of El.Stat on August 3, 2010 was very strange and seemed extremely peculiar to all six of us, since the president, Andreas Georgiou, supposedly an ex-vice president of the Statistics Department of the IMF — this was declared as his position in the IMF — insisted that he had to be the only person who could speak and decide, while the remaining six of us had to agree and sign his proposals without questions.
>
> According to him, we had the role of a rubber stamp. He said that openly to us. He also insisted that we should not keep minutes of the meetings, and when we all threatened to resign and publicize the issue, he agreed to keep minutes but he added that the minutes would report only his opinion and nobody else's. So as you can imagine, there were minutes [of these meetings] but they were not signed by any of us."

It remains remarkable that Georgiou "from the first meeting" would declare a difference, a position of authority. This suggests some kind of preparation with Eurostat. What happened before August ? It would be useful to reconstruct the way how Georgiou was selected, what was said in the selection process, and what he discussed with the EU, Eurostat, ECB and IMF in de run-up to the first board meeting, at least on this topic. (See p223 for the Eurostat Steering Committee.)

Subsequently:

> "El.Stat, as a seven-member board, had only four meetings, because the president [maintained] extremely strange attitudes. As the main issue was the measurement of the final estimate of the public, or general government debt and deficit for 2009, Mr. Georgiou kept presenting to us ad hoc numbers and he refused to answer our questions about how he came to those numbers.
>
> Consequently, all six of us then insisted that the director of the national accounts division of El.Stat, Nick Stroblos, come to our meeting and explain to us those numbers. Mr. Stroblos' comments were a catapult. He said that those numbers were wrong and they were fixed by violating Eurostat regulations and methodology, which are described in the ESA manual. ESA [refers to the] European System of Accounts, and this is legally constituted under European Commission regulation 2223/1996.
>
> By investigating the issue, we found out that Mr. Stroblos was right. I must report here the fact that Mr. Stroblos was sacked from his position the very next day after he expressed his reservations about the 2009 debt and deficit numbers that were fixed by Mr. Georgiou and by the general director of Eurostat, as we found out later.
>
> After he sacked Mr. Stroblos, Mr. Georgiou went on to neutralize all six members of the El.Stat board, with the help of the IMF representative in the troika Poul Thomsen, who, according to evidence, asked ECOFIN, the group of the finance ministers of the EU, to force the Greek government to change the statistical law so that El.Stat would [fall under] Mr. Georgiou's rule without a board of directors. This was finally done in 2011 and all six of us were sacked without explanation, just [as a result of] a clause within a law of economic austerity measures."

31.2.3 *Analysis on context*

One tends to feel sympathy for a board member who is reduced to a rubber stamp. However, some of Georganta's statements are troubling. (Brackets not by me but the interviewer or transcriber of the interview.)

> "ZG: There is evidence that the German and French banks were bankrupt in 2008, because they had a lot of toxic American debt. Also, they owned a sizable quantity of Greek state bonds. Falsely augmenting the Greek deficit [was done] in order to load us with unnecessary loans which go back to their banks, so that Greece buys back [its] bonds, so that the German and French banks can refinance their debts. This was a very appetizing idea [for the banks]. This has been actually said by people like [Paul] Krugman [448] and a lot of other researchers and scientists, American and European."

The phrasing is awkward, perhaps it is an issue of language (Georganta's Greek-English).

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[448] January 2011, http://www.npr.org/templates/transcript/transcript.php?storyId=133112932

(i) Banks that “refinance their debt” is a wrong expression for a creditor. The creditors of Greece did not have to write off their loans, or take a haircut, when the Greek government took over the debts made by Greek banks.
(ii) “Unnecessary loans” would still leave you with loads of cash, that you can use to pay off debt, after which you would no longer have those loans.
(iii) Very likely, the interviewer has located the wrong link for Krugman. In the link that is provided here, Krugman discusses something else, e.g. the lack of automatic stabilizers from surplus to deficit countries. Krugman: “One of the really destructive things about this – if you want the European idea to succeed – is that if you look at what's happening in Ireland right now, on the one hand, the Germans are feeling that they are put upon, they're being forced to bail out those irresponsible Irish. And the other hand, the Irish are feeling that the Germans have turned into these cruel, heartless money collectors who are turning Ireland into a subservient colony. It's an ugly scene. It's not what you want to see happening.”

It remains true though that German and French banks had big exposures in Greek debt. [449] It was the choice of the Greek government to adopt such debt, see Section 18.3. Ireland did so but had a debt of less than 60% and Greece had a debt that was already too high. This moved the hot potato towards the risk of a default by the Greek government. The EU chose to prevent a banking problem by insisting that the Greek government did not default. Such default would have caused a collapse of the Greek economy too.

While much of what Georganta states about 2010 may still be correct, much of what she states in 2017 about the context is derailed, or suffers from Greek-English. I put my comments in **Appendix** 43.

31.3 *Nikolaos Logothetis*

In his interview in 2017 with Michael Nevradakis (MN), [450] see **Appendix** 44, Logothetis (approximately 67 years of age) states (my comments):

> “NL. As a result of all the above, Greece ended up with a huge deficit for the year 2009, of 36 billion euros, or equivalently, 15.4 percent of gross domestic product. This legitimated the first memorandum, paved the way for the second and worse memorandum, and justified the imposition of these cumbersome austerity measures, such as the pension cuts and the tax increases, huge tax increases, measures that we are still suffering today.
> MN: Dominique Strauss-Kahn himself, the former president of the International Monetary Fund, has gone on the record **[451]** as saying that he met with George Papandreou to discuss an IMF so-called “bailout” of Greece in **April 2009 [**that page does not mention **April.** It mentions Papandreou’s discovery of the larger deficit, so the encounter must have

[449] https://dealbook.nytimes.com/2010/04/28/german-banks-have-big-investment-in-greece/?_r=0
[450] https://dialogosmedia.org/transcript-interview-with-whistleblower-nikos-logothetis-on-El.Stat-scandal/
[451] http://en.protothema.gr/strauss-kahn-i-had-spoken-with-papandreou-in-2009-about-a-memorandum/

been after the elections in October [452] [453]**].** This was several months before Papandreou was elected as prime minister and at a time when Papandreou was saying, while campaigning, that plenty of money existed to fund the social programs he was promising to Greek voters. Do you believe that the economic "crisis" in Greece was pre-ordained or pre-planned?

NL: Yes, I do. In my opinion, joining these medieval memoranda that have brought about this economic crisis that Greece is still experiencing, was beyond any doubt pre-planned and pre-determined. This arises not only from Strauss-Kahn's own admission, **I think in a TV interview**, that the IMF has been preparing every detail for this with Papandreou, [this is **not supported** by above weblink] it also arises for many reasons that subsequently became known, that Greece was chosen by the designers of the European Union to become the guinea pig, an example to be avoided, in the context of a new economic policy for handling the member countries with fiscal problems.

Indeed, the policy of the memoranda gave the opportunity not only to the IMF to put a foot in Europe — until then its activities always were, with devastating consequences, limited to developing countries in Africa and Latin America — they took that opportunity, but also gave the opportunity to the French and German banks to get rid of their so-called toxic bonds, that were loaded onto the Greek people by turning a private debt into a state debt."

It is not quite clear how this conspiracy would work, and *when* it actually happened. Section 18.3 on page 119 above mentions ways to handle a national banking and debt crisis. Some creditors obviously would have an interest to avoid a haircut. If such creditors would have good connections with the Greek Ministry of Finance then they might cause a shift from nationalising banks (writing off debts) to nationalising debts. There is always the rule "follow the money", and some researchers might be interested in debunking such conspiracy theory anyhow. For us, an investigation would rather focus on what happened at El.Stat, in interaction with Eurostat.

31.4 *What needs to be said*

Someone interested in the El.Stat case might think that the mentioned interviews would be a good starting point, but after reading would rather be perplexed by the derailed accusations. One would be inclined to diagnose that the interviewees have succumbed to stress, after which it becomes tempting to dismiss the case. However, there is also the fact that Georgiou is guilty as charged on the violation of duty. This conundrum is easily resolved though by further forgetting about the case. My inclination was the same. However, my position is that colleagues with a protest deserve a hearing. Thus, I deconstructed the interviews paragraph by paragraph. Removing the nonsense, I came to the conclusion that they have a point. There are still too many loose ends that call for an investigation.

[452] https://en.wikipedia.org/wiki/George_Papandreou

[453] https://www.greeknewsonline.com/george-papandreou-offers-explanations-on-meeting-with-strauss-kahn/

32. *The computer hack*

32.1 *An alternative explanation for the availability of documents and emails*

In a Dutch book, Eva Wiessing (economic reporting) and Conny Keessen (radio correspondent in Greece) [454] have an interview with Georganta, and she mentions that she has all Georgiou's emails "requested via my lawyer". Thus, when emails are available, it does not need to mean that they would have been hacked.

The change of the law in December 2010 indicates that Georgiou in 2010 was aware that he was in error in the way how he treated the board, see Section 25.13. Georganta has this explanation [455] about how she found out that Georgiou was trying to change the law on the governance of El.Stat, which provides an alternative explanation for Georgiou's story that he was hacked (on this issue).

> "Perry Samuelson was another law consultant, who was appointed secretly by Mr. Georgiou to contribute to the change of the statistical law 3832 along the lines desired by Mr. Georgiou's appetite for power. Accidentally, Mr. Samuelson came to me to help him with the essence of Greek-English expressions in the law 3832. This was the day I found out that Mr. Snorrason and Mr. Georgiou were busy changing the law, instead of looking at the debt-deficit data and the statistical requirements of the Population-Housing Census and the Agricultural Census, both inadequately completed."

In an interview of 2017, see **Appendix** 43, Zoe Georganta states: [456]

> "This correspondence exists because Logothetis pressed charges against Georgiou for wrongly accusing [Logothetis] of "hacking" [Georgiou's] personal email. I want to say here that all charges against Logothetis have been dropped, although the Wall Street Journal had a recent article by Marcus Walker which completely distorts the facts, showing his outrageous bias in favor of Georgiou. It is a pity, but it has happened. I am saying that to be clear, because Logothetis was not hacking anybody. His [proficiency with] computers is not at that level. How could he break passwords and all this that Georgiou accused him of?"

32.2 *Still unclear whether Logothetis really did it*

Georgiou refers to a police report that his computer was hacked. I have not been able to retrieve this report or an English translation.

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[454] "*Worstelen aan de rand van Europa: Verhalen achter de Griekse crisis*", Lebowski 2016 https://books.google.nl/books?id=xc_-CgAAQBAJ&q=Georganta#v=snippet&q=Georganta&f=false

[455] http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

[456] https://www.mintpressnews.com/whistleblower-greek-debt-crisis-manufactured-unscrupulous-accounting/228076/

Hacking would be regarded as a crime. It is not clear whether Georgiou immediately jumped to the conclusion of a hack or did some investigation about alternative explanations. Georgiou filed a lawsuit, after which he became “the plaintiff” in this particular case of the asserted hack.

Xafa (2019a) reports that the prosecutor pressed charges against Logothetis in January 2011, and that he resigned from the board. In personal communication, Logothetis states that he was forced by Finance minister Papakonstantinou to resign or face various measures. The resignation is no admission that he did it.

The Economist in 2011: [457]

> “Mr Logothetis is also facing criminal charges for hacking into Mr Georgiou's email account; he denies all accusations.”

Xafa (2019a) has more on the hacking of Georgiou’s computer though she does not provide a link to a *source* and we cannot check on police statements. When asked, she cannot provide the police report. She thus relies upon reports by journalists or hearsay. According to Xafa, Logothetis’s denial still is a lie.

> “In October 2010, two months after Mr. Georgiou’s appointment at El.Stat, it transpired that his personal email account had been hacked. A police investigation revealed that the hacker was the vice-chair of El.Stat’s board Mr. Logothetis, and that the hacking had been done continuously since Mr. Georgiou’s first day [August 2, 2010] on the job.”

This doesn’t quite add up. The board members were not daily at El.Stat but daily at their own work, and only convened at El.Stat when board meetings were called. Georgiou started at El.Stat on August 2 and the board had the first meeting on August 3. If Georgiou’s computer had been hacked from August 2, then one might suspect that there is someone else, who then later passed on information. One would want to see more information on this.

Xafa (2019a) clarifies (with my comment in brackets), but does not provide a *source*:

> “Both criminal and misdemeanor charges were pressed by the prosecutor against Mr. Logothetis in January 2011. After years of inactivity in the case, in July 2016 the Appeals Court Council decided not to refer Mr. Logothetis to trial as the statute of limitations had been passed. The court decision clearly stated that Mr. Logothetis had indeed hacked Mr. Georgiou’s emails [**if those were found on his computer then still someone else might have done the hack**], but considered that he was defending the interests of the Greek state. Mr. Georgiou was never notified of the decision (although he was the plaintiff [**what about the role of the prosecutor ?**]), and thus missed the opportunity to request the Supreme Court to annul the decision of the Appeals Court Council within the set deadline.”

This ending of the hacking case is unfortunate.

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[457] https://www.economist.com/newsbook/2011/11/29/numbers-in-action

- When Logothetis denies the charges, he hasn't been offered a chance to be cleared by a court.
- Given Xafa's report, it is strange that the court in words convicts Logothetis (affects his reputation by stating that he did it) but at the same time does not grant him the opportunity to question this supposed evidence, and then acts as if they do not convict him. Again we wish that Xafa had provided sources.
- Perhaps Logothetis makes a distinction between himself and an actual hack by someone else. Perhaps the police found documents by Georgiou on his computer, some with the date of August 2, but when someone else had given those documents to Logothetis after a later date, then this would be consistent with him not doing the actual hack himself. Perhaps.
- Perhaps he has been given login codes, and perhaps after being confronted with troubling documents: so that he might have a whistleblower argument, comparable to people condemning Snowden but journalists still using the documents. Was Logothetis merely using login codes or were there more hacking tools on his computer ? One would want to see the police report, translated into English.
- Georganta's statement of "charges dropped" is in conflict with Xafa's report of merely the statute of limitations. Is Georganta fully informed on this ? Why does Georganta not consider that Logothetis might have had some help? Perhaps Logothetis makes a distinction between "reading someone else's account" (with a password given by a third person) and "hacking to find the password" (by that third person) ? Why doesn't Georganta state the full reason why the "charges were dropped", with the explanation provided by Xafa (2019a) of the statute of limitations ? These questions do not incriminate Georganta, but indicate at least a lack in persistence in clarifying what has been happening here. But she might be focused on other concerns. A degree in econometrics as an academic subject differs from general effectiveness w.r.t. such events like here at El.Stat.

32.3 *Reconstruction by Sigrun Davidsdottir*

Sigrun Davidsdottir, "*Lies, Damned Lies, and Greek Statistics*", [458] 2015-07-30, has this additional information, though it is not clear what *her sources* are, and whether she knows Greek, while she writes "Georganda". See the Backgrounds in **Appendix** 39.8. Let me insert some comments in brackets.

> "The adoption of the new statistics law in March 2010 made El.Stat independent of the MoF [*Ministry of Finance*], although its board was politically [**?**] appointed [***just like Georgiou***] in addition to a representative from the employees' union. This might not have been a problem if the board had understood the European Statistics Code of Practice in the same way as Georgiou. [***But Georgiou understood it sufficiently to want to change it, and say to others that it already stated what he wanted to see***.]
>
> Georgiou emphasised the independence and accountability of El.Stat, and thought the board should be involved only with the broader issues,

[458] https://www.nakedcapitalism.com/2015/07/lies-damned-lies-and-greek-statistics.html

not the statistical production process. But the board felt, among other things, that it should vote on and approve the statistics and saw Georgiou as being manipulative, wanting to rule over the statistics. Three of the members of the new board, set up in August 2010 – El.Stat's vice president Nikos Logothetis, **Zoe Georganda** and Andreas Philippou – had applied for the position of president of El.Stat, which possibly did not make things easier. [***It is slander that these persons would not have the professional integrity and competence to deal with the situation that they did not get the job. They might infer that they would have done the job better, but it is an altogether other thing to suggest that they had a motive here.***]

The breakdown of trust happened at a meeting with the presidium of the employees' union on 21st October 2010, after Georgiou had been in office less than three months. At this meeting, the presidium showed Georgiou a document – a legal opinion from Georgiou's lawyer, with whom Georgiou had been in touch via his private email account, on issues related to the law on El.Stat that was in the process of being changed. [***Georganta explains elsewhere, see the quote above, that this lawyer directly consulted her, looking for a Greek translation***.] Georgiou realised that someone had unauthorised access to his account. He later discovered that another member of the board, **Zoe Georganda**, possessed an email Georgiou had exchanged with Poul Thomsen, head of the Greek IMF mission. [***Potentially also from Samuelson***]

Georgiou brought the case to the police, who discovered that Nikos Logothetis had been entering Georgiou's account from the first day Georgiou took up his position at El.Stat. When the police did a house search, Logothetis was actually at his computer, logged into Georgiou's account. [***You are not the first to say so, and it might be hearsay. Please give the police report.***] After less than six months in office Logothetis resigned from the El.Stat board in February 2011 as criminal charges, based on his hacking into Georgiou's account, were brought against him. [***Clarify why he resigned***.]

Logothetis has denied accessing the account and claims instead [***Source ?***] that various leading [***Argument of authority***] European statisticians framed him. His case is pending in court. But in spite [***Why the "in spite" ?***] of being charged with unauthorised access to Georgiou's account, Logothetis has repeatedly been called in as an expert witness in parliament in the cases against Georgiou and his two colleagues."

32.4 *Comparison Georganta and Logothetis*

It is remarkable that Logothetis does not provide the same explanation as Georganta. Perhaps Georganta gave him copies of the documents she got from Perry Samuelson, but did not quite say how she got them, or perhaps he forgot ? Perhaps Logothetis gave the same explanation as Georganta, but Davidsdottir finds it interesting to present him as someone who uses conspiracy theories ?

32.5 *Crime and whistleblowing*

Unless when you work for the police and have a court order that grants that you are hacking a suspect, computer hacking clearly is condemnable. At the same time, if Nikos Logothetis is a decent person, then one can image what pressure must have been on him to do this condemnable act if he has indeed done so (assuming that the reports about the Greek police can be trusted or that the Greek police can be trusted in this particular case). If Georgiou referred to the 2005 Code to basically disquality the board, and rule autocratically, while the 2005 Code and all other rules and regulations established the importance of the board, then one might start to comprehend a little bit about the circumstances. However, Logothetis still denies the charges.

The situation in January 2020 is complicated by that Logothetis seems to have succombed under the pressures, if he did not before, and expresses to believe in a conspiracy, [459] see **Appendix** 44.

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[459] https://dialogosmedia.org/transcript-interview-with-whistleblower-nikos-logothetis-on-El.Stat-scandal/

Part 7. Two directors and two ministers

33. *Walter Radermacher, DG of Eurostat 2008-2016*

33.1 *Three points of criticism*

Points of criticism w.r.t. Radermacher are:

(1) As environmental statistician he misrepresented the Tinbergen & Hueting (1991) approach as politics while it is science proper.

(2) As DG of Eurostat 2008-2016 he knew that the El.Stat board in 2010 had the authority to decide about the figures but he still collaborated with Georgiou in ignoring the board, and he misrepresented the situation to others by assigning this authority to the director only. He assisted Georgiou in violating the law of an EU Member State. (In his letters of support for Georgiou he emphasizes that the figures would be acceptable to Eurostat but the essential issue of governance is bypassed. [460] [461])

This book suggests that the world of science and learning investigates the case, and that the EU parliament investigates the case, and that the EU also considers:

> "In the case of non-contractual liability, the Union shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its institutions or by its servants in the performance of their duties. " [462]

(3) Radermacher originated the *NSO = chief = single head* structure in European statistics, which is unwise, seems to have served mainly the Greek situation, and seems to have been forwarded with false arguments. The EU Commission in 2012 answered to the EU Parliament: [463]

> "1. A Joint Overall Statistical Greek Action Plan has been in place since early 2010 with the aim of providing the necessary assistance to El.Stat to restore confidence in Greek statistics. It was established in response to an invitation by the Ecofin Council of January 2010 and is subject to regular reporting. Its implementation requires close cooperation, transparency and sharing of information between El.Stat and the Commission (Eurostat). The implementation of the Hellenic Statistical Law is one action included in the plan and has, as such, been discussed by the Steering Committee which coordinates all the actions. In this context, the Commission (Eurostat) has, inter alia, been informed of an amendment to the Hellenic Statistical law in 2010 concerning the allocation of executive and non-executive powers within El.Stat, which is in line with the European statistics Code of Practice and Regulation (EC)

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[460] https://www.statistics.gr/documents/20181/1245979/ELSTAT_legal+case_Jan_2013.pdf/d5919576-71ef-47ae-8108-ad831bc85bc9

[461] http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=P-2012-003488&language=EN (OJ C 130 E, 07/05/2013)

[462] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E340

[463] http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2012-002801&language=EN (OJ C 117 E, 24/04/2013)

> No 223/2009 on European statistics. However, the Commission (Eurostat) has not received a letter similar to that referred by the Honourable Member asking to significantly increase the remit and powers of El.Stat's President.
>
> The High Level Expert appointed by the Commission [in 2010 Snorrason] provides independent advice to El.Stat and acts as a contact point for the Commission (Eurostat)."

Apparently all European NSOs concurred with Radermachter that the *NSO = chief = single head* structure was a good idea. It might be less convincing to direct this criticism to him alone (though Eurostat = Radermacher in 2012-2016). This book invites the world of official statistics to search their souls. (See Section 25.16 on Snorrason.)

33.2 *Background and overview*

Walter Radermacher (b. 1952) was DG of Eurostat in 2008-2016, [464] and the EU still has a page with his CV of 2013 in a table quoted below. [465]

In 2019 he defended his PhD thesis [466] at Sapienza Univ. di Roma. [467]

Radermacher, in a few pages 52-54 in his thesis, looks back at the 2008-2016 episode as DG of Eurostat when he was involved with the Statistics Greece case. We will reproduce and deconstruct these three pages below.

A complication is that the Radermacher thesis was written under the co-ordinator / supervisor professor Maurizio Vichi, [468] who also appears to be President of the Federation of European National Statistical Societies (FENStatS), who was the first to sign a letter [469] by FENStatS of October 20 2017, directed at Mr. Alexis Tsipras, Prime Minister of the Hellenic Republic, concerning the court trials concerning Statistics Greece and in particular director Andreas Georgiou. Apparently both Vichi and Radermacher are united in bias, and the thesis does not satisfy scientific criteria here.

There appears to exist also another issue. Radermacher originally graduated as a business economist and proceeded at the German Statistisches Bundesamt in 1978, becoming responsible in 1991 for setting up the System of Environmental – Economic Accounting. Colignatus (2020a) (THAENAES) [470] (earlier version 2009 update 2015 [471]) discusses the *Tinbergen & Hueting (1991)* approach to national accounting and the environment. Radermacher, working on that subject at Statistisches Bundesamt, should have studied that approach too. However, THAENAES shows that Radermacher, when working on environmental statistics, apparently did not grasp the Tinbergen & Hueting approach, and confused *politics* and *science* since at least 1994. Within circles of national accounting it is rather conventional to be against the Tinbergen & Hueting approach, but it can also be

[464] https://ec.europa.eu/info/persons/director-general-walter-radermacher_en
[465] https://ec.europa.eu/info/sites/info/files/radermacher_en.pdf
[466] https://iris.uniroma1.it/handle/11573/1237923
[467] https://phd.uniroma1.it/web/WALTER-JOSEF-RADERMACHER_nP1695225_EN.aspx
[468] http://fenstats.eu/data/CV_vichi.pdf
[469] http://fenstats.eu/data/news/Letter_FENStatS.pdf
[470] http://thomascool.eu/Papers/Environment/2020-01-31-THAENAES.pdf (refresh cache)
[471] https://mpra.ub.uni-muenchen.de/63904/

shown that almost every national accountant or environmental economist who has stated a rejection of this approach also makes errors in referencing and presentation. Radermacher is no exception, and might actually have stimulated this general confusion. It is also likely that his promotions to director of Statistisches Bundesamt and DG of Eurostat was influenced favourably by his (popular) rejection of the Tinbergen & Hueting approach. We are safe to conclude that his career was partly based upon such errors in referencing and presentation.

Radermacher would not be the scientist and the keen person that people have thought him to be, who promoted him to higher position. Errors on his part with respect ot Statistics Greece then should not be surprising.

Below we first restate Radermacher's CV and then consider his discussion of Statistics Greece in his thesis. Then we proceed with his work on national accounting and environmental economics, that is also discussed in his thesis.

Radermacher fails in science on the issues of (i) national accounting and environmental economics, and (ii) Statistics Greece. The thesis doesn't do science but presents opinions, and actually also opinions that are contrary to empirics. The thesis should be retracted.

33.3 *Curriculum vitae 2013 and 2015*

QUOTE 2013

Nationality:	German
Academic qualifications:	➢ 1970 – 1975: Studies in business economics in Aachen and Münster
Professional experience in the European Institutions:	➢ August 2008 to date [published in 2013, in effect to 2016]: Director-General of Eurostat and Chief Statistician of the European Union
Professional experience before joining the European Institutions:	➢ 2006 – 2008: President of the German Federal Statistical Office and Federal Returning Officer ➢ 2003 – 2006: Vice-President of the German Federal Statistical Office ➢ 1978 – 2003: Various positions in the German Federal Statistical Office
Other professional activities:	➢ 1982 – 1998: Teaching assignments in statistics and environmental economics at Fachhochschule (specialised college of higher education) of Wiesbaden and University of Lüneburg ➢ 1975 – 1977: Member of academic staff at University of Münster (economic mathematics, operations research)
Language Skills:	➢ German (mother tongue) ➢ English ➢ French

UNQUOTE

There is this information dated 2015: [472]

> "Walter Radermacher, studied business economics in Aachen and Münster. From 1975, he was member of the academic staff in economic mathematics and operations research at the University of Münster. He started his career at the Federal Statistical Office of Germany (Statistisches Bundesamt Deutschland) in 1978. During the nineties, he set up the environmental economic accounting (Umwelt-ökonomischen Gesamtrechnungen - UGR) which brought him wide international acknowledgement. In 2003, Walter Radermacher is named Vice-president of the Federal Statistical Office and in 2006, he passed President. During the German Presidency of the Council of the EU (first six months in 2007), Walter Radermacher was in charge of the Working Group for Statistics. He was the first chair of the UN Committee of Experts on Environmental-Economic Accounting (UNCEEA) from 2005 to 2008. Since August 2008, Walter Radermacher is Director General of Eurostat and Chief Statistician of the European Union."

33.4 *Radermacher's thesis and Statistics Greece*

The issue of Statistics Greece forms only a small section on p52-54 in the Radermacher (2019a) thesis. Let us first quote it in the next subsection, and then discuss it in the following subsection. It will be useful to insert my comments in square brackets in the quote itself too.

33.4.1 *[Quote of Radermacher (2019a:52-54):] Third case: Are Greek statistics on GDP and public finances correct?*

Greek public deficit figures for 2009 (and all preceding years) were problematic, with the forecasts of the deficit to GDP ratio (which were prepared by the Ministry of Finance in 2009) having to be increased from an initial 3.7% to a final 12.5%. In April 2010, the first statistical estimate of the actual outcome increased the ratio to 13.6% but still Eurostat had concerns with the methodology used and published the statistics with reservations. Ultimately, and following a rigorous examination, a revised estimate of 15.4% was submitted **[without approval by the El.Stat board]** to and published by Eurostat in November 2010.

In 2009, it was already the second time that Greece caused an earthquake in European statistics. Already in 2005 (one election of the Hellenic Parliament and a change of government earlier), misreporting and subsequent major/implausible revisions of macro-economic indicators had caused a crisis, which asked for a profound revision of the making of official statistics in Europe. [473] Unfortunately, all these new safeguards of quality did not prevent the misreporting from continuing until 2009, when (again after an election) the (next) Greek government revised the previously notified figures. What happened then [474] is summarised in the

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[472] https://ec.europa.eu/eurostat/cros/content/walter-radermacher_en

[473] The famous Goodhart's law (https://en.wikipedia.org/wiki/Goodhart%27s_law) was proven in a dramatic reality check in Greece, after European macro-financial indicators were directly related to the Euro currency, the Stability and Growth Pact and even the Treaties themselves.

[474] See also 'A Greek Tragedy: Hubris, Ate, and Nemesis' (Coyle 2015: 77).

corresponding report of the European Commission of 8 January 2010 (European Commission 2010).

What is of interest here is the response from different parts of the public and the participating and interested actors. The international feedback on the revision of the numbers and the institutional changes was very positive; capital markets calmed down **[See Figure 8: interest rates at first remained high. The policy reaction, also based upon the deficit figures, later caused a sharp rise in the rate of interest on Greek debt. Relevant though is the precedent of the calculation of 2009 also for policy making, see Section 27.4]** and international confidence in the credibility of Greek statistics could be slowly rebuilt. In this process of recovery of trust, it was crucial not only to inform users about the revised results, but also to give them a realistic understanding of the remaining uncertainty margins. Not surprisingly, the question that was asked regularly was when we could finally expect 'correct' results. To answer this professionally, it was pointed out that the benchmark for the quality of Greek numbers should be the average of the results of the other EU member states, which are also subject to minor inaccuracies within a tolerance interval (European Commission 2018). **[The question whether *x* is accurate cannot really be answered by that the margin of error of *x* should be like other figures. When the value of *x* is not trusted then also the stated margin of error of *x* likely is not trusted.]**

The reactions within Greece were and still are in stark contrast. The statistics computed according to international standards **[reported without approval by the El.Stat board]** are held liable for the fiscal programmes and austerity obligations since 2010. **[See the *House of Mirrors*, Section 25.9]** Paradoxically, 'falsification' [475] is alleged where the statistics administration acted for the first time neutrally and impartially. **[Established how ? The director did not seek approval by the board]** As a dramatic consequence of this intra-Greek conspiracy allegation, **[no, after consideration within the independent judiciary and national presecutor and Supreme Court]** the responsible professional and administrator for these statistics at the top of El.Stat, the statistical agency of Greece, Andreas Georgiou (as well as two other El.Stat managers), was confronted with trials and sentenced. That this led to an overwhelming protest of all international statistical organisations [476] and national statistical societies has, so far, changed nothing. **[Radermacher doesn't tell that these statistical organisations and societies did not check the facts. He knows that Georgiou was guilty as charged, and thus knows that the world of statistics is misled.]**

Nothing can better illustrate where the exaggerated expectations and pitfalls are, when statistics and truth are mixed in a confused manner, like this dreadful case. **[Thus the former DG of Eurostat advises all of us to investigate this case.]** Also, this case shows how much confidence in state authority or the absence of it leads one to trust official statistics to perform their task neutrally, impartially and

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[475] Significantly, this allegation was made by a so-called 'Truth Committee' (TruthCommittee 2015: 18).

[476] See for example the letters of AMStat (http://www.amstat.org/asa/files/pdfs/POL-20170901GeorgiouSeptember.pdf), FENStatS (http://fenstats.eu/data/news/Letter_FENStatS.pdf) or ISI (https://isi-web.org/index.php/activities/professional-ethics/isi-statements-letters). [2020 relocated to: https://isi-web.org/index.php/about-isi/policies/isi-statements-letters]

purely technically-scientifically (or not). If the entire administration is politicised, a citizen simply cannot imagine that unpolitical official statistics could possibly exist. **[This citizen will also be abhorred when noticing the malconduct by the DG of Eurostat in 2008-2016.]**

The more that value-loaded and normative terms such as ‘truth’ appear in a debate, the more statisticians should be mindful of following the rules of Deming’s **[**[477]**]** profound knowledge and communicating on their basis. **[This should also be a warning for statistical societies who have a mission on empirical reality that they should be wary of accountants and statistical process control, plus that Radermacher doesn’t mind getting their support even while there are different objectives.]**

The **lessons learned** from this third case are – contrary to the two other ones – oriented towards the production process. In other words, the design of the statistics in question, namely the calculation of public sector debt/deficit and national accounts, is not up for disposition at national level. One has to acknowledge that official statistics in the EU is a rules-based system that ensures comparability and consistency in the application of statistical methodology throughout all EU Member States. There is no such thing as scientific ‘freedom of choice’ to apply whatever kind of methodology in the core of European statistics, which is based on standard methods and classifications that are manifested in European legislation, as adopted by European Council and European Parliament. **[Except that a board had discretion for particular applications and manner of publication. Radermacher makes it sound as 1 + 1 = 2 but thus he violates the very code of *professionalism* that he is sworn to uphold.]** All Member States (and consequently all public statistical institutes) have to stick to these rules (that Member States as the main legislators in the EU have decided themselves). In this governance framework, Eurostat is the final statistical authority and guardian of the Treaties, thus ensuring that the rule of law is applied equally throughout the whole EU. **[With professional discretion in each nation without interference from others.]**

However, if the design is already regulated by default, it is all about producing statistics exactly to that standard. **[Misrepresentation as if it always is 1+ 1 = 2.]** However, this has not happened in Greece, at least not until the year 2010. **[Misrepresentation as if the board in 2010 might not have been able to arrive at figures acceptable to Eurostat at some point in time.]** If one talks about false or fake Greek statistics, then what is meant is negligent errors from the statutory rules, weak statistical systems or even deliberate misreporting: **[Radermacher now refers to the situation before March 2010, when NSSG was subordinate to the Ministry of Finance, while the relevant discussion of**

[477] My footnote: Radermachter (2019a:24) states: “In European statistics, the first systematic steps in the area of statistical quality were made at the end of the 1990s through cooperation in the ESS Leadership Group (LEG) on Quality Initially, the LEG was struggling with difficulties inherent in the convergence of two schools of thought: classical approaches from statistical methodology and approaches from industrial quality management. It was very much in the spirit of W.E. Deming’s view on ‘profound knowledge’, quality management and learning organisations, which the LEG had finally elaborated in a synthesis report, including 21 recommendations for European statistics (Lyberg et al. 2001).”

the “falsification” by director Georgiou relate to his lack of approval by the board, see Section 27.1.]

> ‘Two different but in some instances linked sets of problems: problems related to statistical weaknesses and problems related to failures of the relevant Greek institutions in a broad sense. The first set of problems concerns methodological weaknesses and unsatisfactory technical procedures in the Greek statistical institute (NSSG) and in the several other services that provide data and information to the NSSG, in particular the General Accounting Office (GAO) and the Ministry of Finance (MOF). The second set of problems results from inappropriate governance, with poor cooperation and lack of clear responsibilities between several Greek institutions and services responsible for the EDP **[Excessive Debt Procedure]** notifications, diffuse personal responsibilities, ambiguous empowerment of officials, absence of written instruction and documentation, which leave the quality of fiscal statistics subject to political pressures and electoral cycle’ (European Commission 2010: p 4).

Again, it becomes clear how tight the interlocking of official statistics and political action is. It is therefore all the more important to ensure with sound governance the independence and strength of the statistical institutions. **[Radermacher, presenting this in 2019, does not discuss the verdict by the Greek Supreme Court in 2018. He does not report that El.Stat in 2010 had an independent board of statisticians and econometricians, and that director Georgiou acted against the law by not seeking their approval. He does not discuss that he assisted Georgiou in violating the law of an EU Member State.]**

Official statistics must be policy-relevant but must not be politically-driven.

33.4.2 *Evaluation*

As DG of Eurostat 2008-2016, Radermacher has been a participant in the events concerning Statistics Greece. A normal person might be excused perhaps for not taking some distance from such involvement. A scientist, presenting a thesis, would be required to take some distance, and also report about conflicting evidence.

- Radermacher must have known in 2010 that the new Greek law of March 2010 was changed in December 2010, to enhance the position of the director and to reduce the position of the board. (See also p223.) His text hides the director’s error in 2010 (which was evident at the time, and for which he was convicted in 2018). Radermacher displays the situation as if there is a clear-cut case of a director acting properly and maltreated by others, but since 2010 he must have known that the situation was different.
- A fortioiri: Radermacher’s 2019 thesis should have mentioned and discussed the Greek Supreme Court decision of 2018. Radermacher cannot convincingly argue that he would not have known about the existence of that decision, as he refers to the various protests in statistical circles. He would know that the Greek Supreme Court decision was correct. (PM. One reference by Radermacher is to the ASA letter of September 2017 but this refers to the

conviction of Andreas Georgiou in August 2017 by the Appeals Court for not putting the disputed deficit figures to the then Board of El.Stat for approval prior to public release. Radermacher also refers to the ISI website, that has a "recommendation" of Georgiou after his June 2018 conviction by the Greek Supreme Court. [478])

Since Radermacher knew better in 2010, his treatment of the case can only be diagnosed as a *deliberately false description* of the actual events.

With respect to the EU rule on non-contractual liability and of compensating Member States for damages done by its servants, cited above, it is incriminating evidence that Eurostat in 2010 knew that the director had to seek approval by the board, but accepted figures form the director that had not received such approval. Still, potentially, Eurostat might say: "When we received the figures in 2010, then we assumed that the director had taken all relevant steps for approval, and we were not aware of any illegal act (as has now been established, irrevocably, by the Greek Supreme Court in 2018)." However, Eurostat never expressed surprise about the accusation of bypassing the board, and it only contested the legal base for doing so, whence we can infer that Radermacher knew about the bypassing. The argument that Eurostat thought that Georgiou had the legal authority cannot convince, since Eurostat assisted in changing the law. The damage must be related to Section 27.4 in this book. However, the Greek law was changed in December 2010, so one might argue that the damage was limited. The argument then becomes that Eurostat with false arguments persued the dogma of the single head (chief) of a National Statistical Office. As clarified in this book, this puts each NSO in the EU at risk.

33.5 *National accounts and environmental economics*

33.5.1 *National accounts and eSNI*

Hueting & De Boer (2019) discuss national accounts and environmentally Sustainable National Income (eSNI). Hueting's thesis in 1974 (English translation 1980) established that the environment because of scarcity had become part of the subject matter of economics. National accounting thus also had to include the environment. Alongside standard national income (NI = GDP) there is environmentally sustainable national income (eSNI = eGDP), and of interest is the gap eΔ = NI – eSNI = GDP – eGDP, see also Tinbergen & Hueting (1991). For this measurement, it is crucial to understand that social preferences cannot be properly expressed or observed. Market prices do not include all environmental costs, and consumers are disinformed. A way to get rich is to exploit natural resources without regards for future generations. Since measurement is impossible because of distorted prices, Hueting's solution was to make conditional assumptions on preferences on environmental sustainability. The NI figure derives from the "what if market prices are alright" and the eSNI figure derives from the "what if humanity would prefer conservation of the environment". By these assumptions, eΔ gives a statistical measurement of the distance to environmental sustainability. This is the only theoretically satisfying manner to measure

[478] https://isi-web.org/images/2018/Citation%20for%20Andreas%20Georgiou%20Sep%202018.pdf

environmental sustainability. Once the idea has been formulated, the approach is a no-brainer for econometricians.

Colignatus (2020a) concludes:

> “With his background in business economics and venture into environmental accounting, Radermacher apparently lacked the theoretical framework of welfare economics and national accounting to grasp the Tinbergen & Hueting approach.”

When Radermacher read the work by Hueting, he apparently was not keen enough to observe his deficiency in background and need to repair this. The reader is referred to Colignatus (2020a) for a deconstruction of Radermacher (1994), Brouwer, O’Connor & Radermacher (1999), and Radermacher (2019a). For the present purposes it suffices to restate the deconstruction of the 1994 paper.

33.5.2 *Colignatus (2020a) about Radermacher (1994)*

QUOTE

Radermacher (1994) has this abstract:

> “A standard demand made in connection with structural economic reform, ecological tax reforms and the like is that national product computation be corrected in order to obtain a ‘Green GDP’. Prices ought no longer to ‘tell the truth’ only in individual cases but also at the macroeconomic level, and take into account the scarcity of natural resources. This contribution analyses the chances of meeting this demand in practice. It is shown that the opportunities of obtaining information and the knowledge available are so limited that the statistical implementation of theoretical models has not been successful. This means that the informational problem is no longer a marginal issue but of a central nature and must influence the way theoretical models are set up.”

While, Hueting et al. (1991, 1992d) presented a practical approach to an unsolvable problem, Radermacher (1994:35) looks at their paper and answers: “so far, there have not been any feasible models or practicable [sic] approaches to this complex of novel problems.”

Radermacher (1994:48) section 4.2 discusses and rejects eSNI:

> “Hueting considers ‘sustainable standards’ as values that can be determined in an objective and scientific way. This opinion must be rejected here. In the case of CO2, for instance, Hueting takes the natural receptivity as a basis. Closer examination shows, however, that this uptake capacity can be estimated on a global scale only – if estimation is possible at all – while the Dutch, German or Brazilian share can be ascertained only by solving a problem of distribution [35]. (...) In other words, setting national standards for individual types of pressures cannot be the task of statistics. After all the standards have definitely been fixed, it is of course possible to calculate also an a posteriori Green National Product.”

Thus, while these standards can be derived from the scientific literature, Radermacher confuses this with politics. Hueting doesn't recall that Radermacher sent him a copy of this publication. Quite likely, if Radermacher had done so, then Hueting would have responded, in this *Statistical Journal of the United Nations ECE.* Journal editors should take notice when a third researcher's analysis is misrepresented. Researchers mentioned in the list of references should rather be alerted about the existence of such discussion. It is worrysome when authors are not keen enough to do this themselves.

The argument in the latter quote does not get a sound proof in the article. Scientists can provide for measures for distribution. When you haven't studied distribution then it might seem a daunting issue, like each subject is daunting if you haven't studied it. The criterion that standards must be *definitively* fixed also falls from the sky. Radermacher only expresses opinions, perhaps popular opinions, but it is worrying that he isn't aware that it are merely opinions, and that he doesn't try to figure out why he has arrived at such opinions, and that he doesn't mind presenting Hueting as someone who is confused about science and opinions.

There can be an issue of "fairness" e.g. on the weights attached to *P A T* (population, affluence or GDP, technology) [479] but also land and livestock and footprint. One can also imagine that "pollution rights" generate trades about those rights. However, "fairness" is not at issue here.

The purpose of the eSNI measure is to indicate the distance eΔ = NI – eSNI, and it suffices to make an adequate distribution that generates environmental sustainability when eΔ = 0. Hueting & De Boer (2019:103) apply proportional reduction. If CO2 emissions must be reduced by 80% for the whole world for the return to pre-industrial levels, then it must be 80% in each country. This would seem to allow larger polluters to maintain a higher standard of living, but, again, eSNI is not intended for the policy issue of distribution of pollution rights, but only to provide an adquate measure for the distance to environmental sustainability. They also mention the usefulness of sensitivity analses. [480]

Radermacher (1994) puts eSNI in a cupboard and throws away the key, while it would be more sensible to develop it and perform sensitivity analysis indeed. He also should have alerted Hueting to his article for the option to respond.

UNQUOTE

33.5.3 *Evaluation*

At the time of writing this, THAENAES still is a draft. Some points have been stated here, but the reader is advised to check for updates of THAENAES. The major conclusion about Radermacher's position and role is unlikely to change much though.

From 1994 to his 2019 thesis, Radermacher consistently misrepresents or burkes the Tinbergen & Hueting approach. The environment was his original subject in statistics and he failed in grasping the Tinbergen & Hueting approach,

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[479] Wikipedia is no source but a portal: https://en.wikipedia.org/wiki/I_%3D_PAT

[480] If one country has achieved eΔ = 0 and the world would still require 80% reduction, then this country should not be affected. Hueting & De Boer (2019) do not state this. All countries are so far from environmental sustainability that this aspect is not relevant yet.

and misrepresented science as politics. Radermacher (2019a) does not refer to the Tinbergen and Hueting approach. This is burking. The thesis must be retracted for omitting this approach. He should at least have mentioned it, including his argument why Tinbergen & Hueting would confuse statistics and politics, so that others could see that Radermacher was confused on this himself (and so that the thesis would not be acceptable on that count as well).

Radermacher is duly motivated to keep politics out of statistics. There is a distinction between *politics and statistics* and what he *perceives* as "politics" and "statistics". This is a somewhat difficult issue. Either you trust other scientists (your doctor) or you don't, but in the latter case you have to create your own idea what this other science would be, and soon you are both incompetent and opinionated about areas that you haven't studied.

Radermacher's "international acknowledgement" (as mentioned in some other CVs of his) perhaps derived from his blocking of the Tinbergen & Hueting approach when it was unpopular in many circles. Radermacher's confusion on politics and statistics has been a major stumbling block for adoption of green accouting in both Europe in general and at Eurostat in particular. With Walter Radermacher as DG and single authority for European statistics, scientists would have a hard time to show him that he was confused and wrong since at least 1994 about national accounting and the measurement of environmental sustainability. It is better to have a board with more options and diversity.

33.6 *Conclusion*

As already stated: Radermacher fails in science on the issues of (i) national accounting and environmental economics, and (ii) Statistics Greece. The Radermacher (2019a) thesis doesn't do science but presents opinions, and actually also opinions that are contrary to empirics. The thesis should be retracted. Our current topic of discussion concerns the governance and integrity of national statistical offices. Potentially Radermacher still has performed well as DG of Eurostat, but we have not aspired at such an evaluation in general.

33.7 *PM. Radermacher (2019b)*

In the IAOS journal (see **Appendix** 41.3) Volume 35 Issue 4, December 2019 issue, we find Radermacher (2019b) about the governance of official statistics. [481] It is labeled as a research article but it is more a review of perspectives. Its title and abstract are:

> "Governing-by-the-numbers/Statistical governance: Reflections on the future of official statistics in a digital and globalised society
>
> Abstract: The growing importance of statistical evidence, data and information for political decisions is reflected in the handy and popular formulation 'Data for Policy' (D4P). Under this cover, well-known guiding themes, such as the modernisation of the public sector, or evidence-informed policy-making, are led to new solutions with new technologies and infinitely rich data sources. Data for Policy means more to official statistics than just new data, techniques and methods. It is not least a

[481] https://content.iospress.com/journals/statistical-journal-of-the-iaos/35/4

matter of securing an important function and position for official statistics in the Policy for Data of the future. In order to justify this position, it is necessary to have a clear understanding of the tasks of official statistics for the functioning of (democratic) societies, with a view to how these tasks have to be reinterpreted under changing conditions (above all because of digitisation and globalisation)."

He uses a peculiar terminology: "Data are given, facts are made." (p534), which suits Latin (datum = given, factum = made, done [482]) but not current conventions and dictionaries. [483] Like any business cannot do without information ('management without facts'), he explains that also governments require information. On p525-526 he reasons from *Is* to *Ought* (contrary to Hume [484]):

> "It becomes clear that the production of statistics is closely linked to the making of the state and that statistics are an essential prerequisite for any form of government. On the other hand, the governance of a state has an enormous influence on official statistics, their mode of production, their quality, their independence and their proximity (or distance) to citizens. (...) Official statistics are part of the public administration that provides services that are of fundamental importance for a society. Which services are involved, where the border between the private and public sectors lies and how to ensure that these services are provided with the requested efficiency and effectiveness are questions and topics for which there is more than just one correct answer. Rather, different forms and solutions of governance have emerged over the course of history and for different political cultures. Contrary to the trend observed internationally in recent decades towards the privatisation of health and education sectors, transport and other network infrastructure, periodically recurring discussions about the possible privatisation of official statistics (at least so far) have quickly disappeared into nowhere. For this reason, it can be assumed that official statistics belong to the core of inalienable public services."

There are many words about integrity but they sound shallow when we consider the points of criticism.

[482] http://latindictionary.wikidot.com/verb:facere
[483] https://www.merriam-webster.com/dictionary/fact?utm_campaign=sd&utm_medium=serp&utm_source=jsonld
[484] A portal and no source: https://en.wikipedia.org/wiki/Is%E2%80%93ought_problem

34. *Gerrit Zalm, director of CPB 1989-1994, minister 1994~2007*

34.1 *Curriculum vitae 2017*

Dutch economist Gerrit Zalm is the current chairman of the CBS Advisory Board till 2022 (and re-appointable), [485] formerly known as the Central Commission for Statistics (CCS) before the change of the law in 2016, see Chapter 21.

Though Zalm is Dutch, a cv of Zalm can be found at Danske Bank, [486] where he joined the board in 2019. After graduating as an economist at VU Amsterdam in 1975, his employment was:

2010-2017	CEO and chairman, ABN AMRO Group & ABN AMRO Bank
2009-2010	CEO and chairman, ABN AMRO Bank
2008-2009	Chief Financial Officer, DSB Bank NV
2007-2008	Chief Economist, DSB Bank NV
2003-2007	Finance Minister [Balkenende II Cabinet] and Deputy Prime Minister
2002-2003	Parliamentary Leader of the People's Party for Freedom and Democracy
1994-2002	Finance Minister [Paars I and II Cabinets]
1989-1994	Director, Bureau for Economic Policy Analysis [Central Planning Bureau (CPB)]
1989-1994	Professor Economic Policy, Vrije Universiteit [VU] Amsterdam
1988-1989	Deputy Director, Bureau for Economic Policy Analysis
1985-1988	Director, General Economic Policy, Ministry of Economic Affairs
1983-1985	Deputy Director, General Economic Policy, Ministry of Economic Affairs
1981-1983	Deputy Director, Budgetary Affairs, Ministry of Finance
1975-1981	Various positions in the Ministry of Finance

34.2 *Switch from Ministry to scientific CPB*

Zalm originally worked at the Dutch Ministry of Finance and subsequently the Ministry of Economic Affairs, i.e. positions within the government bureaucracy. Subsequently, he was given a position at CPB, which is considered a position in science, first as deputy director in 1988 and then as director in 1989-1994.

- The move from bureaucracy to science met with (neglected) protests.
- One would also regard it as a sign of bureaucratic incompetence when a bureaucrat thinks that he or she can do science.

[485] https://www.cbs.nl/nl-nl/over-ons/organisatie/raad-van-advies

[486] https://danskebank.com/-/media/danske-bank-com/file-cloud/2019/3/gerrit-zalm---english-cv.pdf?rev=ad9fbd47f2264a1e8310e1e5314f3374&hash=036618D4A12EE7D657BD37B603ADB0FE

- As director of CPB Zalm made errors against science, see Sections 2.1 and 34.3. These are not studied in Holland but merely because they aren't studied.

I have not been able to locate a list of scientific publications by Zalm. It seems that only his period at CPB can be called "scientific", parallel to the professorship in economics at his alma mater VU Amsterdam. VU in 2008 gave Zalm a honorary PhD for the formal reason of a *trend rule for government expenditure*. [487] Remarkably, Zalm did not quite stick to that rule himself. My suggestion is that we drop the illusion that Zalm would know what science is and accept that his mindset has always been of a policy maker or politician, thus also while at CPB.

34.3 *Problem since 1990, and disclaimer*

The present author worked as an econometrician in the position of scientific co-worker at CPB in 1982-1991. [488] In 1990 Zalm blocked my work from internal discussion and the process for external publication, which is censorship of science. The Dutch civil servants court allowed this to happen, but the court did not apply scientific criteria (focusing on the "civil servant" and not the "science" element in the job description), and only observed that the directorate had the legal position to do as it wished. Zalm abused his power to change my employment position, blocking my access to the mainframe computer so that I could not run a model exercise on my analysis on unemployment, and was corrected by the court for an abuse of power ("detournement de pouvoir"). [489] Subsequently, I was dismissed in 1991, with untruths and based upon that abuse of power in 1990, but the civil servant court let this happen. The directorate still had to give a reason why my position had been changed in 1990, but declined to do so, whence I was officially re-instated in my old position. The CPB lawyers and court overlooked that the change in position, now undone, had still been used for the dismissal. In sum, the Dutch system doesn't provide adequate protection for science against censorship of science and abuse of power.

Observe that censorship since 1990 is not a one-time affair but continues to this day. Outsiders don't know what it is about, till the censorship is lifted. Also the CPB directorate may not know what it is about, since they blocked internal discussion and computer modeling on my analysis. Apparently the directorate did not appreciate my advice of a parliamentarian enquiry into unemployment including the role of advice by CPB, but one cannot just look at a summary conclusion without considering the underlying reasoning.

Statements since 1990 by the CPB directorate about economics and economic planning are based upon such censorship and abuse of power, and are misleading to fellow economists, parliament and the general public. Dutch economists fail in their critical function. My suggestion to the world is to boycott Holland till the censorship of science by the directorate of CPB is lifted. [490]

Compared to "*Greek statistics*", the situation can be labeled "*Dutch economics*".

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[487] https://www.rijksbegroting.nl/binaries/pdfs/this-site-in-english/public-finance.pdf
[488] Function informationform:
http://thomascool.eu/Thomas/Nederlands/TPnCPB/Record/1987/05/28/FIF.html
[489] http://thomascool.eu/Thomas/Nederlands/TPnCPB/Pers/DeDraad3.html
[490] https://boycottholland.wordpress.com/about/

34.4 *Maintaining a neutral distance*

I maintain a neutral distance to CPB and (former) colleagues and regard them as witnesses to be heard in a potential parliamentarian enquiry.

Obviously I have much better things to do than monitor what former CPB director Gerrit Zalm is doing. Occasionally there are moments when I think that people might wisen up, and that they might see that he is not the competent economist that many think he is.

It must also be observed that Zalm has been a key actor in Dutch society since his appointment as director of CPB in 1989. It would be strange if I would not discuss some of his deeds too.

In 2015 I made this overview (in Dutch) of my sporadic comments, [491] at the occasion of the decision by ABN AMRO to raise the salaries of its board by EUR 100,000 each (excluding Zalm), while the bank had been saved by public funds and was still in public property (after the Fortis debacle).

34.5 *Reasons for discussion*

Zalm became the Dutch minister of Finance in 1994-2002 and 2003-2007. There are some reasons to discuss aspects, and those reasons themselves differ from the aspects themselves:

- His policy record as minister of Finance seemed succesful for the Dutch economy, but was based upon the low wage policy that exports unemployment, and that causes problems for other countries (like Southern Europe), see Section 16.2. Originally the low wage policy caused a rising exchange rate for the Dutch guilder, but that was resolved by the euro. See Colignatus (2009b), here Chapter 15, while Colignatus (2014b), here Chapter 17, evaluates what former IMF managing director Johannes Witteveen (1921-2019) thought about this. [492] See a curious confusion at Delft Technical University also concerning German export surplusses. [493]
- In the first cabinet, Zalm helped create the euro (with its strict rules) and allowed the entry of Greece in the Eurozone, and dismissed critical questions by professor of international economics and member of parliament Henk de Haan, instead of answering in detail, and setting up closer monitoring. [494] Google translate: “De Haan was told by Greek fellow professors that the budget submitted to the EU by the Greek government was wrong, but he had no hard evidence that the country came up with flattering figures.”
- In 2003, when Germany and France broke the Stability and Growth Pact, Zalm lost the vote for maintaining it, but did not draw the conclusion that something was wrong about the rules. [495]
- When Zalm was CEO of ABN AMRO, the WSJ reported: “While ABN Amro doesn't hold any Greek sovereign debt, the bank is indirectly exposed to the

[491] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2015-04-03-Wetenschappelijk-protest-tav-Gerrit-Zalm-1988-2015.pdf

[492] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2014-05-21-Comments-on-Valedictory-Lecture-by-Witteveen.html

[493] https://boycottholland.wordpress.com/2017/05/13/disinformation-and-trauma-at-tu-delft/

[494] Portal no source: https://nl.wikipedia.org/wiki/Henk_de_Haan_(econoom)

[495] https://www.telegraph.co.uk/finance/2870055/France-and-Germany-smash-Euro-pact.html

country's debt through €1.4 billion in loans to public transport and utility companies. If these firms fail to meet their obligations, the Greek government will have to step in. ABN Amro hasn't experienced any payment problems yet, but it said that it is highly doubtful that it will get all its money back.” [496] Also: “ABN Amro was nationalized during the financial crisis in 2008 as a part of a rescue program for the former Benelux financial services giant Fortis. (...) The Dutch state, which spent around €27 billion to prop up the bank, aims to return ABN Amro to the market after 2013, preferably through a stock-market listing.” This also helps to indicate that the Dutch government after 2009 had more interest as a creditor to Greece than merely the first Memorandum of 2010.

34.6 *CPB and eSNI since 1993*

Hueting reports that Zalm (CPB-directorate) in 1993 tried to get the Dutch ESB journal to retract Hueting’s article on environmentally sustainable national income (eSNI). The editor rejected the CPB false arguments and abusive language. [497]

34.7 *Srebrenica 1995*

The 1994-2002 cabinets allowed the genocide at Srebrenica in 1995 [498] and waited till 2002 to resign to take their responsibility, [499] requiring an “investigation” to see it. A Dutch court ruled that the cabinet was partly responsible for the death of about 350 men located at the Dutch compound and surrendered to the Serbian army. [500] All the while Zalm presented him as merely the minister of Finance and “bookkeeper” but this attitude means that he dodged the collective responsibility of a cabinet and the essential questions that were clear to see.

34.8 *Tax plan of 1998 for the 21st century*

A tax plan of 1998 was based upon a lie, [501] see also Colignatus (2013b). [502]

34.9 *The murder of Pim Fortuyn in 2002*

In 2002, Zalm contributed to the climate of hate that eventually resulted into the murder of Pim Fortuyn, [503] see Colignatus (2004). [504]

Zalm turned out to be an unreliable coalition partner, and steered towards a frustration of Fortuyn’s voters, [505] which frustration still is an open wound in Dutch society, with e.g. the rise of politicians like Geert Wilders. After the death of Fortuyn his party LPF was in chaos, but Zalm might have worked with its official leader and vice-premier and fellow-economist Eduard Bomhoff, but Zalm ended the coalition (“pulling the plug”) when Bomhoff questioned the position of CPB. [506]

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496 https://www.wsj.com/articles/SB10001424052970203699404577045471766969222

497 http://www.sni-hueting.info/NL/Documentatie/2001-11-HuetingNotitieMotie.html

498 https://en.wikipedia.org/wiki/Srebrenica_massacre

499 https://www.nytimes.com/2002/04/17/world/dutch-cabinet-resigns-over-failure-to-halt-bosnian-massacre.html

500 https://www.nytimes.com/2017/06/27/world/europe/srebrenica-bosnia-dutch-netherlands.html

501 https://thomascool.eu/Thomas/Nederlands/Wetenschap/Artikelen/Heffingskorting.html

502 https://mpra.ub.uni-muenchen.de/47071/

503 https://www.youtube.com/watch?v=8ksj0ArI5QM

504 https://ideas.repec.org/p/wpa/wuwpgt/0405001.html

505 https://www.groene.nl/artikel/bij-het-aftreden-van-gerrit-zalm

506 https://www.nrc.nl/nieuws/2002/10/26/ik-ben-er-bijna-dacht-ik-7611615-a131209

34.10 *In banking and the DSB bankruptcy in 2009*

My knowledge of the ("Dirk Scheringa Bank") DSB case is, obviously, very limited. There are huge dossiers at the Dutch Central Bank (DNB) and the financial markets authority (AFM) of which I am oblivious. I can make some remarks on consistency and common sense.

To my surprise, Scheringa on January 27 2020 annouced court proceedings concerning the bankruptcy in 2009, to recover part of his losses. [507]

34.10.1 *Prime events*

In 2007 Zalm became Chief Economist at DSB, for two days per week. He became its Chief Financial Officer (CFO) from December 3 2007 till February 1 2009 (recorded in his CV as 2008-2009).

In October 2008, there was the debacle with Fortis, and the Dutch government nationalised parts, creating a renewed ABN AMRO. In November 2008, Zalm was asked by minister of Finance Wouter Bos to become its CEO per March 1 2009.

In October 2009 DSB collapsed. [508] [509] [510] A consumer group claimed that the bank had sold 250,000 mortgages combined with life insurances, in ways that are illegal in Holland ("koppelverkoop"). [511] Apparently, the bankruptcy is handled without cases in the penal court, though there have been "management fines", and the accountant of bookyear 2008 was disciplined.

34.10.2 *A string of investigations*

The Dutch law on financial oversight (WFT) stipulated that a bankruptcy is investigated by the supervisers (who might have failed themselves), who also must re-check the bankrupt company officers for their competence (for their future life in business).

There were two supervising agencies for DSB:

- The Dutch Central Bank (DNB, president Nout Wellink, former chair of BIS), [512] part of the EuroSystem, was the supervising authority for both DSB, as a bank, and the appointment of bank board officers at DSB.
- The authority on financial markets (AFM), [513] member of the European Securities and Markets Authority (ESMA), looked at the effect of DSB policies for customers.
- Thus, AFM wants to protect customers (perhaps at the cost of profits) and DNB wants to protect the regulatory framework and financial stability (perhaps maintaining profits even at the cost of customers).

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[507] https://www.rtl.nl/video/3fb07f1b-991a-4093-9987-cefa475e8650/

[508] https://www.dsbbank.nl/nl/home

[509] https://www.volkskrant.nl/economie/10-jaar-na-het-faillissement-draait-dsb-bank-als-een-tierelier~b8ca51b0/?referer=https%3A%2F%2Fwww.google.com%2F

[510] A portal and no source: https://en.wikipedia.org/wiki/DSB_Bank

[511] https://www.parool.nl/nieuws/massaclaim-tegen-koppelverkoop-leningen~b1921bbb/

[512] https://www.dnb.nl/en/consumers/supervision/depositogarantiestelsel/dossier-dsb/dnb223286.jsp#

[513] Portal no scource: https://en.wikipedia.org/wiki/Netherlands_Authority_for_the_Financial_Markets

Dutch parliament requested that an independent investigation was required to also evaluate the performance of the supervising agencies. Supervision might have prevented a bankruptcy in the first place. What went wrong ? It would not be acceptable that DNB would investigate its own performance and be a judge about itself. Similarly for AFM.

Thus the minister of Finance set up a double investigation. [514]

(i) A DSB-commission [515] was formed to investigate the cause of the bankruptcy, which produced their report on June 23 2010. [516] A way to understand this report is to look at a report about a symposium on it. [517] Members of the commission were (1) Michiel Scheltema, chair (see below), (2) Edgar du Perron, [518] professor in private law, who also looked at IceSave, now member of the Dutch Supreme Court, (3) Kees Koedijk, [519] professor in financial management, and (4) Leo Graafsma RA , (KPMG) banking accountant.

(ii) There came an independent check on the re-check by DNB and AFM on the personal performance of the DSB officers (and especially Zalm), and their *expertise* and *reliability.* This job was given to Scheltema in person. Thus there is also a letter by Scheltema to the minister of Finance of February 26 2010. [520] [521] The discussion in parliament was on March 17 & April 7 2010. [522]

34.10.3 *What was Scheltema requested to do ?*

The government letter (no. 31371-271) asked Scheltema to judge Zalm's performance *and* the performance of the supervisors: [523] [524]

(p1) "This concerns an investigation into the course of affairs at DSB Bank, the conduct of (former) directors and DSB supervisory board members (...)"

(p2) "2. How did the management board and supervisory board of DSB Bank function during the investigation period?"

(p3) "On the basis of this, the third party will assess whether DNB and AFM have carried out their work with due care and whether they have been reasonably able to arrive at their judgments with regard to the tested persons."

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[514] https://zoek.officielebekendmakingen.nl/kst-31371-271.html

[515] https://maxius.nl/instellingsbesluit-commissie-van-onderzoek-dsb-bank/artikel1

[516] https://www.rijksoverheid.nl/documenten/rapporten/2010/06/29/rapport-van-de-commissie-van-onderzoek-dsb-bank

[517] https://www.keijservandervelden.nl/nl/publicaties/13-publicaties-nl/publicaties-peter-laaper/127-lessen-uit-het-rapport-scheltema

[518] https://www.rechtspraak.nl/Organisatie-en-contact/Organisatie/Hoge-Raad-der-Nederlanden/Over-de-Hoge-Raad/Raad/Paginas/Mr.-C.E.-(Edgar)-du-Perron.aspx

[519] https://www.mejudice.nl/

[520] https://zoek.officielebekendmakingen.nl/blg-56063

[521] http://media.rtl.nl/media/financien/rtlz/2010/toets.pdf

[522] https://zoek.officielebekendmakingen.nl/kst-31371-325.html

[523] https://zoek.officielebekendmakingen.nl/kst-31371-271.html

[524] Dutch: (p1) "Het betreft een onderzoek naar de gang van zaken bij DSB Bank, de handelwijze van (voormalige) bestuurders en commissarissen (...)" and (p2) "2. Hoe hebben het bestuur en de raad van commissarissen van DSB Bank gefunctioneerd tijdens de te onderzoeken periode?" and (p3) "De derde zal aan de hand hiervan toetsen of DNB en AFM hun werkzaamheden zorgvuldig hebben uitgevoerd en of zij in redelijkheid tot hun oordelen ten aanzien van de getoetste personen hebben kunnen komen."

34.10.4 *Why Scheltema ?*

It is not clear why minister of Finance Wouter Bos asked Scheltema [525] [526] [527] to chair the committee and also do the check on the recheck. Scheltema had a background in administrative law, and not in banking and bankruptcies. (Scheltema actually introduced the Dutch legal thinking about Quangos (ZBO).)

It is not clear why Scheltema accepted the task instead of pointing out that he was clearly incompetent for such a task.

Remarkably, I have not found discussions about his competence. It seems that I am the only person now to wonder why Scheltema with his background was asked to chair this commission and do this special check,

In this kind of investigation, a Ministry of Finance already tends to know what could be possible and desirable outcomes of such investigation, and selects committee members of the relevant backgrounds who are likely to produce the most desired outcome. The incongruous background of Scheltema in administrative law suggests that the Ministry of Finance wanted an administrative law answer to a material question.

34.10.5 *Scheltema's legal approach, and not material approach*

When discussing Zalm's performance, Scheltema 2010-02-26 has a legal and not material approach. This is not different in the final June report.

- Scheltema observes that DNB is the relevant authority and that their judgment is the only one that is interesting. DNB sanctioned the appointment of Zalm as CFO at DSB in 2007, and judged his performance as good in 2008 for the appointment at ABN AMRO. Only this is relevant for a legal view. Scheltema 2010-02-26 p17 states that DNB took the AFM objections serious but merely arrived at a different judgement, while DNB is the final authority.
- AFM judged that Zalm had no background as CFO, and thought that he also should be dismissed as CEO of ABN AMRO (June report p53, Newspaper reports [528] [529] [530]). It can also be observed that Zalm himself should have observed that he did not have the qualifications of a CFO. However, Scheltema judged that AFM had no authority w.r.t. the appointment of chief officers, which authority resided with DNB.
- Hence Scheltema judged that DNB was the relevant authority, and he restated the DNB judgement that Zalm had performed well and could continue as CEO of ABN AMRO. For Scheltema's legal mind: case closed.

Remarkably, this entirely legal approach was reported in the Dutch media as a material confirmation of Zalm's competence and professional integrity.

While the task given to Scheltema was that he would perform an *independent* check, to prevent DNB and AFM judging their own performances, Scheltema only restated that DNB was the legally relevant authority.

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[525] https://www.parlement.com/id/vg09lln9o3zq/m_michiel_scheltema

[526] https://www.knaw.nl/nl/leden/leden/4746

[527] Portal and no source: https://nl.wikipedia.org/wiki/Michiel_Scheltema

[528] https://www.nu.nl/nuzakelijk-overig/2195893/afm-wilde-vertrek-zalm.html

[529] https://www.volkskrant.nl/economie/afm-houdt-vast-aan-ontslag-van-zalm~b12a5542/

[530] https://www.parool.nl/nieuws/zalm-blijft-aan-ondanks-harde-kritiek-afm~baf3de36/

With this legal position taken, Scheltema follows the legal manner of applying arguments selectively to support an already taken point of view, and he is not trying to use the evidence to reject a desired hypothesis.

Apart from this strict legal backbone, the Scheltema letter also contains other statements, more on content, that distract from the backbone. It is always a nice legal trick to make it seem as if you also have material considerations. Apparently the Dutch media were distracted indeed. For example, Scheltema's main argument "on content" would seem to be in his letter of 2010-02-26 p19. [531]

> "When Mr Zalm left [DSB] because of his appointment to AAB [ABN AMRO Bank], DNB was concerned about the situation that this would create. Mr Zalm, too, was of the opinion that he left too early because his work was not yet finished. It was difficult for DNB to imagine a suitable successor and considered measures. Deploring Mr Zalm's departure is difficult to reconcile with the idea that he would be insufficiently skilled. It should be noted that DNB was well aware of the situation at DSB."

This one-sided presentation must be compared with the view by AFM. In the Scheltema report of June 23 2010, AFM is critical about the credit policy, p145, in which Zalm supported the profitability of DSB by allowing high loan-to-income ratios. Professor of banking Arnoud Boot advises since 1995 that such loans be regulated, [532] [533] but Zalm as minister of Finance had continued allowing them.

Recall what Scheltema had been asked to do, Section 34.10.3. Scheltema however answered a *different* question: he namely answered as if the question was "*who is the proper supervising authority ?*", and then replied that DNB was the supervising authority on the appointment of officers.

Remarkably, I cannot find critical discussions that highlight this strict legality of the Scheltema report, and which discussions expose the report as fundamentally deficient for a check on actual performance.

34.10.6 *Reliability, professional and personal integrity*

The letter by minister of Finance Wouter Bos about the investigations spoke about *expertise and reliability*. (Dutch: "deskundigheid en betrouwbaarheid".) In his letter Scheltema repeatedly refers to these words but on p12 suddenly switches to *personal integrity.* Scheltema 2010-02-26 p12 (my emphasis): [534]

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[531] Dutch: "Bij het vertrek van de heer Zalm wegens zijn benoeming bij AAB was DNB bezorgd over de situatie die daardoor zou ontstaan. Ook de heer Zalm was van mening dat hij te vroeg vertrok omdat zijn werk nog niet af was. DNB kon zich moeilijk een geschikte opvolger indenken, en overwoog maatregelen. Het betreuren van het vertrek van de heer Zalm laat zich moeilijk rijmen met de gedachte dat hij onvoldoende deskundig zou zijn. Daarbij verdient opmerking dat DNB goed op de hoogte was van de situatie bij DSB."

[532] https://www.rtlnieuws.nl/economie/artikel/162911/twintig-jaar-woekerpolis-en-we-zijn-er-nog-lang-niet-vanaf

[533] https://www.groene.nl/artikel/verzekeringsmaffia

[534] Dutch: "De herbeoordeling leidt tot de conclusie dat de heer Zalm voldoet aan de eisen van deskundigheid om het dagelijks beleid van AAB te bepalen en dat zijn betrouwbaarheid buiten twijfel staat. Het stuk van DNB waarin dit oordeel is neergelegd bevat een uitvoerige weergave van de feitelijke grondslag en van de overwegingen waarop deze conclusie is gebaseerd. Het accent ligt daarbij op de toetsing van de deskundigheid; op het punt van de betrouwbaarheid

"The reassessment leads to the conclusion that Mr. Zalm meets the requirements of **expertise** to determine the daily policy of AAB [ABN AMRO Bank] and that his **reliability** is beyond doubt. The DNB document in which this opinion is stated contains a detailed account of the factual basis and the considerations on which this conclusion is based. The emphasis is on the assessment of expertise; with regard to reliability, it is stated that there are no antecedents that affect Mr Zalm's **personal integrity**. When assessing expertise, the period of Mr. Zalm **at DSB is central**, but also at AAB."

Observe:

- Scheltema changes *reliability* (*professional integrity*) into *personal integrity*. An example of the difference: When *X* dies, and you ask "Did *X* just die or was *X* murdered ?", then the answer "*X* died" would tend to show personal integrity because the answer is not a straight lie (though dropping the word "just"), but the answers "*X* was murdered" or "*X* died but wasn't murdered" would show reliability or professional integrity, because such provide a proper answer to the question (and one would give the right answer).
- Scheltema basically restates that *DNB is responsible* for the banks, and that DNB judged about DSB and the first year at ANB AMRO, and that DNB was satisfied. Scheltema still allows DNB to judge its own performance, contrary to his task.
- Scheltema later focuses on Zalm's role for ABN AMRO, contrary to his statement now that the period at DSB would be central (too).

34.10.7 *A flexible period for evaluation*

A newspaper report of March 15 2010: [535] [536]

"The opinion by the Netherlands Authority for the Financial Markets on ABN CEO Gerrit Zalm was only based on his work at DSB Bank. His performance as a minister and his initial period at ABN Amro were hardly considered in the judgment. Professor Michiel Scheltema said this Monday for the Permanent Committee of the Second Chamber. (...) Scheltema examined the opinions by AFM and De Nederlandsche Bank

wordt gesteld dat er geen sprake is van antecedenten die de persoonlijke integriteit van de heer Zalm raken. Bij de beoordeling van de deskundigheid staat de periode van de heer Zalm bij DSB centraal, maar wordt tevens ingegaan op die bij AAB."

[535] https://www.rtlnieuws.nl/economie/artikel/3514911/scheltema-kijk-afm-op-functioneren-zalm-was-beperkt

[536] Dutch: "Het oordeel dat de Autoriteit Financiële Markten gaf over ABN-topman Gerrit Zalm was alleen gebaseerd op zijn werk bij DSB Bank. Zijn functioneren als minister en zijn beginperiode bij ABN Amro werden bijna niet betrokken bij het oordeel. Dat zei professor Michiel Scheltema maandag voor de Vaste Kamercommissie van de Tweede Kamer. (...) Scheltema bekeek op verzoek van de Kamer de oordelen van AFM en De Nederlandsche Bank over Zalm. Volgens Scheltema moet een toezichthouder bij het beoordelen van de deskundigheid van een bestuurder ook kijken naar algemene leidinggevende capaciteiten, bekeken in de afgelopen vijf jaar. ,,Dan is het toch opmerkelijk wanneer je alleen kijkt naar de tijd bij DSB en andere periodes er niet bij betrekt'', aldus Scheltema over de negatieve aanbeveling die AFM uiteindelijk aan DNB gaf."

> about Zalm at the request of the Chamber. According to Scheltema, when assessing the expertise of a director, a supervisor must also look at general managerial capacities, viewed in the past five years. "Then it is remarkable when you only look at the time at DSB and do not involve other periods," Scheltema said about the negative recommendation that AFM ultimately gave to DNB. "

Scheltema allows that the evaluation period is taken selectively:

- When DNB accepts Zalm by only looking at the DSB period, while DNB is the dominant supervisor, then the DSB period would suffice for Scheltema. Might DNB not have hesitations about Zalm's acceptance of Greece into the Eurozone ? Might DNB not think that Zalm wasn't quite effective against the powerful positions of Germany and France (like with Scheringa at DSB) ? What about that Finance minister Zalm didn't put a stop to "koppelverkoop" ?
- When AFM criticises Zalm because of the DSB period, then Scheltema suggests that a longer period is required, including Zalm's supposedly succesful period as minister of Finance.
- Scheltema did not look at the period including Zalm's period as director CPB.

Scheltema stated on national television that Zalm had a clean reputation before he arrived at DSB. If Scheltema had shown professional integrity instead of personal integrity, he had listed Zalm's errors before DSB, and clarified that he intentionally ignored them. In 2010, Google already existed 12 years, and Scheltema could easily have Googled Zalm's name to find criticism, and *have supported an advice to have a parliamentarian enquiry into the censorship of science at CPB since 1990.*

34.10.8 *My email to the Scheltema commission 2010*

My email of March 17 2010 [537] came after the Scheltema 2010-02-26 letter about the competence and reliability of Zalm, and was sent to the Scheltema commission. I cannot discern an effect on the June 23 report.

- Scheltema perhaps did not know about the censorship of science and abuse of power by Zalm as director of CPB. Or he did, saying "the last five years".
- My public comment of *March* 2010 is here [538] and another comment of 2012 / 2015 is here. [539]

34.10.9 *Importance of the period of evaluation in the Scheltema setup*

The period for evaluation is rather relevant in Scheltema's setup. He assigns less value to diploma's and training for a CFO but assigns more value to whether you have "made a mistake" in the past – apparenly *measured* in such manner that *the outside world has taken notice*: [540]

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[537] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2015-04-14-Een-leugen-niet-op-leugens-nl.html#_Toc416806791

[538] https://www.frontaalnaakt.nl/archives/wil-de-echte-gerrit-zalm-opstaan.html

[539] http://www.thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2015-04-14-Een-leugen-niet-op-leugens-nl.html

[540] Dutch: "De deskundigheid die aan de beoordeling ten grondslag moet liggen, is een begrip dat door beide toezichthouders heel ruim is uitgelegd en wel zo ruim dat die deskundigheid min

"The expertise that must form the basis for the assessment is a term that has been very broadly interpreted by both supervisors, and that it is so broad that this expertise is more or less equated with the question of whether good action has been taken in the past. The expertise is in fact derived from the way how performance has been in recent times. That is a fairly broad explanation. The bottom line is that an expert cannot make mistakes, because if he makes a mistake, he is by definition no longer expert because he has made a mistake. That is a very broad interpretation, but it is used by both supervisors. Perhaps there is not so much against this, except that the legal concept could lead to some restriction. But if you say that the experiences of recent times are decisive for the question whether there is expertise, then it is obvious that you will take a certain period of time for that. DNB's guidelines state that it concerns the past five years. The AFM's recommendations are almost exclusively about the period at DSB, almost not about the period at ABN AMRO and not about the period when he was a minister. Since the issue is whether he is an expert in his position at ABN AMRO and since expertise such as general managerial capacities also play an important role and whether you can lead a large organization and whether you can maintain your position sufficiently when others contradict you, it is remarkable when you only consider the period at the DSB and do not include other periods in it. That is one point I have doubts about. I regard this as a deficiency in how AFM has looked at the case."

Comment:

- When DNB allowed the appointment of Zalm as CFO at DSB in December 2007, Zalm had *no* experience in banking, except a short period as *chief economist* at DSB. It is curious not to require diploma's and training.
- Quite likely DNB regarded the period as minister as indication of competence but this actually enhances the lack of competence, see below.

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of meer gelijk wordt gesteld met de vraag of er in het verleden goed is gehandeld. De deskundigheid wordt eigenlijk afgeleid uit de manier waarop in de afgelopen tijd is opgetreden. Dat is een vrij ruime uitleg. Het komt er haast op neer dat een deskundige geen fouten kan maken, want als hij een fout maakt, dan is hij per definitie niet meer deskundig omdat hij een fout heeft gemaakt. Dat is wel een heel ruime uitleg, maar die wordt door beide toezichthouders gehanteerd. Misschien is daar ook niet zo veel op tegen, behalve dat het wettelijke begrip enigszins tot een beperking zou kunnen leiden. Maar als je zegt dat de ervaringen van de afgelopen tijd maatgevend zijn voor de vraag of er deskundigheid is, dan ligt het ook voor de hand dat je daar een bepaalde periode voor neemt. In de richtlijnen van DNB staat dat het over de afgelopen vijf jaar gaat. Bij de aanbevelingen van de AFM gaat het bijna uitsluitend over de tijd bij DSB, bijna niet over de tijd bij ABN AMRO en niet over de tijd dat hij minister was. Aangezien het gaat over de vraag of hij deskundig is in zijn functie bij ABN AMRO en aangezien bij deskundigheid ook dingen als algemene leidinggevende capaciteiten een belangrijke rol spelen en de vragen of je een grote organisatie kunt leiden en of je je voldoende staande kunt houden als anderen je tegenspreken, is het toch opmerkelijk als je alleen maar kijkt naar de periode bij de DSB en die andere periodes daar niet bij betrekt. Dat is één punt waarover ik twijfels heb. Dat vind ik een beperking van de manier waarop de AFM naar de zaak heeft gekeken."

34.10.10 *Scheltema's smokescreen of mushiness*

While the backbone of Scheltema's report consists of the mere fact that DNB is the legal superviser of the appointment of bank officers (which legal truth for many readers might provide the impression of convincing judgement, since such truth cannot be denied), Scheltema, when questioned in the House of Parliament, presents his requested task (see Sections 34.10.2 and 34.10.3) rather mushily, perhaps knowing that when his task is presented as a soup then his performance becomes difficult to measure: [541]

> "Regarding reliability, it is really about personal integrity. That is a kind of general concept. You are reliable or you are not reliable. This applies regardless of the position that it concerns. Expertise involves a number of general aspects. This includes the question whether the person concerned can properly lead a large organization. This also includes aspects that apply more specifically to the position in question. This means that if you are expert for one position, you do not always have to be expert for the other position. This was all about expertise. Reliability was not an issue. It concerned the expertise with regard to managing ABN AMRO. That question had to be answered."

Comments:

(1) Reliability is not the same as *personal integrity*.
(2) Reliability *was* an issue. This was his task to investigate. Which he thus didn't.
(3) The question was not whether Zalm would be suitable as CEO of ABN AMRO *regardless* of his performance as CFO of DSB. The question was also specifically whether the latter had an impact. Zalm would not be a good appointment at ABN AMRO if his reputation was severely damaged because his incomptence at DSB now was highlighted because of the DSB bankruptcy.

34.10.11 *A key question by Kees Vendrik, March and April 2010*

In a debate in parliament in March 17 2010 [542] and again April 7 2010, [543] parlementarian Kees Vendrik asked a key question, in March this [544] and in April

[541] Dutch: "Ten aanzien van de betrouwbaarheid gaat het eigenlijk om de persoonlijke integriteit. Dat is een soort algemeen begrip. Je bent betrouwbaar of je bent niet betrouwbaar. Dat geldt ongeacht de functie die het betreft. Bij deskundigheid is een aantal algemene aspecten aan de orde. Daartoe behoort de vraag of betrokkene goed leiding kan geven aan een grote organisatie. Hieronder vallen ook aspecten die meer specifiek gelden voor de betreffende functie. Dat betekent dat je, als je deskundig bent voor de ene functie, niet altijd ook deskundig hoeft te zijn voor de andere functie. Het ging hier uitsluitend om de deskundigheid. De betrouwbaarheid was niet aan de orde. Het ging om de deskundigheid ten aanzien van het geven van leiding aan ABN AMRO. Die vraag moest worden beantwoord."

[542] https://zoek.officielebekendmakingen.nl/kst-31371-325.html

[543] https://zoek.officielebekendmakingen.nl/kst-31371-333.html

[544] Dutch: "Dit veronderstelt dat de toezichthouders veel van de heer Zalm verwachtten in het bestuur van DSB. Ik vraag de heer Scheltema of hij dit nader kan toelichten. Elders in zijn rapport is immers te lezen – met name in reactie op de aanbeveling van de Autoriteit Financiële Markten – dat de machtspositie van de heer Zalm binnen het DSB-bestuur niet overschat mag worden vanwege de bestuurder-eigenaarconstructie die de Nederlandsche Bank had toegelaten bij het

restated as first this [545] and then that. [546] Vendrik asks this question first about AFM but later the same question arises for DNB, and then it bites, because it shows that DNB is deficient as supervisor while DNB is the authority that Scheltema relies upon. In summary:

(i) Scheltema finds an excuse for Zalm in the way how Scheringa managed DSB
(ii) it was known that owner Scheringa managed the bank autocratically
(iii) a "silent curator" might have contained him
(iv) but the DNB allowed the appointment of Zalm, while knowing that he would run aground into Scheringa's autocratic manner of management.

Thus the question is: can Scheltema acknowledge that DNB should not have allowed the appointment of Zalm as CFO ? DNB cannot *both* disregard the governance at DSB when appointing Zalm *and* use the governance as an excuse to discount blame about Zalm's performance. See **Figure 12**. A researcher with a basic training in logic would not ignore the inconsistency. DNB and Scheltema in its wake do so. And Dutch parliament appears to be incapable of dealing with this.

Figure 12. DNB's conundrum in supervision

(Scheringa's autocracy → Zalm cannot be blamed,
& Scheringa's autocracy → useless to appoint Zalm,
& Allow the appointment of Zalm ↔ Neglect Scheringa's autocracy,
& Appointed → Accountable for blame)
imply
(neglect & not-neglect) & (appoint & not-appoint) & (blame & not-blame)

In March 2010, Scheltema first evades answering Vendrik's question, even while Scheltema's task had been to check whether DNB had properly executed its supervising role, also in relation to the reliability of Zalm as CFO: [547] (my comment)

> "Has it been sufficiently realised that the position in which Mr Zalm came was not the strongest? I do not know that exactly. **[But below Scheltema**

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verstrekken van de bankvergunning. Kan de heer Scheltema mij helpen om die twee oordelen – de inschattingen over de positie van de heer Zalm – met elkaar te verzoenen?"

545 Dutch: "De heer Scheltema schrijft dat de heer Zalm waar het gaat om het bieden van tegenwicht per saldo niet zo heel veel te verwijten is vanwege de bestuursstructuur van de DSB Bank."

546 "Dutch: "De heer Scheltema zegt immers in de richting van de AFM – ik vat het even huiselijk samen – dat in de bestuursstructuur van DSB de heer Scheringa eigenlijk een soort alleenheerschappij had. Dat was dus bekend. Hoe kan zo'n besluit dan worden genomen om geen stille curator aan te stellen en eigenlijk de hoop te vestigen op de persoon en de positie van de heer Zalm, terwijl men wist dat de bestuursstructuur dat eigenlijk niet toeliet? Of was dat toen nog niet scherp in beeld? Hoe kan dat?"

547 Dutch: "Heeft men zich voldoende gerealiseerd dat de positie waar de heer Zalm in kwam niet de sterkste was? Dat weet ik niet precies. Uiteindelijk heeft DNB de afweging gemaakt dat het prettig was dat de heer Zalm zou komen. Dus zou de curator niet worden benoemd. Veel meer kan ik er op dit ogenblik niet over zeggen. Natuurlijk zal de commissie verder kijken naar de manier waarop het toezicht is gelopen. Ook de vraag of dat een verstandige benadering van DNB was, zal in het rapport van de commissie aan de orde moeten komen. Ik verwijs daarvoor naar het eindoordeel van de commissie."

states that DNB was deficient here. Thus Scheltema actually knows, and contradicts himself.] In the end, DNB made the assessment that it was fortunate that Mr Zalm would come. So the curator would not be appointed. I cannot say much more about it at the moment. The committee will of course continue to look at the way in which supervision has been conducted. The question whether this was a sensible approach by DNB will also have to be addressed in the report by the committee. I refer to the committee's final assessment."

Vendrik at first does not accept the evasive answer, and asks: [548]

> "However, it is quite vital, also for his [Scheltema's] assessment of the AFM recommendation. (...) That is something I don't grasp. How can you accept a management structure in advance and welcome the arrival of the ex-minister of Finance, while afterwards you make the necessary reproaches, even such that they lead to a recommendation that Mr. Zalm should leave ABN AMRO? Has Mr Scheltema also discussed this with the authority? I don't understand this well. (...) You assess the authority's recommendation. An important point in your criticism about the authority's recommendation concerns the fact that the authority does not pay attention to Mr. Zalm's relatively weak internal position at DSB. In short, too much has been expected of him. Afterwards, you cannot blame him for not being able to realise everything that the authority would have liked in that position. That's how I read it. However, then the question becomes relevant what the position of the authority was at the time that Mr. Zalm joined DSB. I understand that not only DNB said: it is great that Mr Zalm is going to work at DSB. The AFM also said so, as I read from your report. That is strange. The question is how the authority responded to your criticism. I understand your reasoning, but it raises the question how the authority, despite the weak internal position that has been accepted – has apparently welcomed Mr Zalm's arrival – comes to such a harsh judgment. How does this work for AFM?"

Scheltema again evades answering the question. He only comments: [549]

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[548] Dutch: "Het is echter tamelijk vitaal, ook voor zijn beoordeling van de aanbeveling van de AFM. (...) Dat is iets wat ik niet snap. Hoe kun je op voorhand een bestuursstructuur aanvaarden en de komst van de ex-minister van Financiën verwelkomen, terwijl je hem achteraf de nodige verwijten maakt, zelfs zodanig dat die tot een aanbeveling leiden dat de heer Zalm bij ABN AMRO moet vertrekken? Heeft de heer Scheltema daar ook met de autoriteit over gesproken? Ik snap dit namelijk niet goed. (...)U beoordeelt de aanbeveling van de autoriteit. Een belangrijk punt in uw kritiek op de aanbeveling van de autoriteit betreft het feit dat de autoriteit geen aandacht besteedt aan de relatief zwakke interne positie van de heer Zalm bij DSB. Kortom, er wordt te veel van hem verwacht. Je mag hem achteraf ook niet verwijten dat hij in die positie niet alles heeft kunnen realiseren wat de autoriteit graag had willen zien. Zo lees ik het. Dan wordt echter de vraag relevant wat de positie was van de autoriteit op het moment dat de heer Zalm bij DSB kwam. Ik begrijp dat niet alleen DNB heeft gezegd: fijn dat de heer Zalm bij DSB gaat werken. Ook de AFM heeft dat gezegd, zo lees ik uit uw rapport. Dat is dan wel gek. De vraag is hoe de autoriteit op uw kritiek heeft geantwoord. Ik snap uw redenering, maar die roept de vraag op hoe de autoriteit ondanks de zwakke interne positie, die men heeft geaccepteerd – men heeft kennelijk de komst van de heer Zalm verwelkomd – toch tot zo'n hard oordeel komt. Waar zit 'm dat in?"

"The acceptance of the weak position actually happened when the banking licence was granted in 2005. Then the decision was made to grant the banking licence, of which the management structure formed a part. That has been done by De Nederlandsche Bank."

Scheltema again misrepresents his task: [550]

"At issue is the judgement according to the legal concepts «expertise» and «reliability». This has been finalised now with this reassessment of De Nederlandsche Bank and the contribution from the AFM. It is no longer possible to reconsider this. As a result of the committee's report, the Dutch Central Bank cannot, in my opinion, reconsider the judgement that was given. That is therefore fixed as such. There are various questions that the committee must answer. The questions that Mr Vendrik asked are related to this. I hope that the committee's answers will shed more light on how things went at DSB-Bank. However, that is slightly different from the present assessment. I would point out that this is an assessment concerning the expertise for ABN AMRO. This differs from what happened at DSB-Bank."

Comment:

(1) As stated above: The task given to Scheltema was not to evaluate whether Zalm would be suitable as CEO of ABN AMRO *regardless* of his performance as CFO of DSB. The question was also specifically whether the latter had an impact. Thus Scheltema misrepresents his task.
(2) Vendrik's question pertained to the Scheltema report of 2010-02-26 and not the later report that Scheltema refers to. Thus Scheltema evades this question in parliament by pointing to a report that still must be written. Unfortunately, Vendrik and the other members of parliament let this happen.

Eventually, Scheltema in March still partly accepts the implication for DNB: [551]

"In any case, you are right indeed that the phrase you read also refers to the judgement by DNB. In my opinion, both [DNB and AFM] had not

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[549] Dutch: "Het accepteren van de zwakke positie is in wezen eigenlijk gebeurd bij het verlenen van de bankvergunning in 2005. Toen is de beslissing genomen om de bankvergunning te verlenen, waarvan de bestuursstructuur een onderdeel vormde. Dat is door de Nederlandsche Bank gedaan."
[550] Dutch: "Het gaat hier om het oordeel volgens de wettelijke begrippen «deskundigheid» en «betrouwbaarheid». Met deze herbeoordeling van de Nederlandsche Bank en de inbreng van de AFM is dat afgerond. Daarop kan niet meer worden teruggekomen. Als gevolg van het rapport van de commissie kan de Nederlandsche Bank naar mijn oordeel niet meer terugkomen op het oordeel dat is gegeven. Dat ligt dus als zodanig vast. Er zijn diverse vragen die de commissie moet beantwoorden. De vragen die de heer Vendrik stelde, houden daarmee verband. Ik hoop dat de antwoorden van de commissie meer licht zullen werpen op de manier waarop het bij de DSB-Bank verlopen is. Dat is echter iets anders dan de voorliggende beoordeling. Ik wijs erop dat dit een beoordeling is in het kader van de deskundigheid van ABN AMRO. Dat is toch iets anders dan de vraag hoe het bij de DSB-Bank verlopen is."
[551] Dutch: "In ieder geval is het zo dat u gelijk hebt dat de zinsnede die u opleest ook wel slaat op het oordeel van DNB. Beiden hadden naar mijn idee wat weinig rekening gehouden met de structureel zwakke positie van de heer Zalm."

sufficiently considered Mr. Zalm's structurally weak position [within the DSB governance]. **[This is in contradiction to Scheltema's earlier "I do not know that exactly" because he apparently exactly knows that there is this deficiency.]** "

Vendrik prods the point that DNB cannot *both* disregard the governance when appointing Zalm *and* use the governance as an excuse to discount blame about his performance.

How can Scheltema defend the authority of DNB when DNB uses this kind of illogic and bad supervision: [552]

> "It must be a fault on my part, but I still do not quite understand what the Dutch Central Bank's opinion is about the facts that the AFM uses to argue: we blame Mr Zalm so much that we think he should leave. What does De Nederlandsche Bank say about those facts? So far I understand that DNB is of the opinion that not everything can be blamed on Mr Zalm because the management structure was not good. You seem to confirm that too. Apparently this [the management structure] does not play such a major role in the considerations of De Nederlandsche Bank [because Zalm could be appointed at DSB]. What is the reason for saying that the AFM's recommendation is not being followed?"

Scheltema: [553]

> "De Nederlandsche Bank works partly with considerations. It has been observed that many things have improved, but also that things have not gone well. The bank comes to a judgement in a total assessment. For the rest, there are some differences in the views by DNB and the AFM about some points, such as over-lending. I gave an example of this in my report too. In this example, DNB says that there has been considerable improvement, while the AFM states that there may still be issues that are not good. This is the type of assessment that takes place."

Unfortunately, Vendrik did not insist upon an answer, and did not declare that Scheltema was evasive or possibly even a *hostile witness,* [554] as he had clearly contradicted himself.

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[552] Dutch: "Het zal wel aan mij liggen, maar ik snap nog niet helemaal wat nu het oordeel van de Nederlandsche Bank is over de feiten die de AFM aanvoert om te zeggen: dat verwijt ik de heer Zalm dermate dat ik vind dat hij weg moet. Wat zegt de Nederlandsche Bank daar dan over? Tot nu toe heb ik begrepen dat het oordeel van DNB is dat niet alles de heer Zalm is aan te rekenen omdat de bestuursstructuur niet goed was. U lijkt dat ook te bevestigen. Kennelijk speelt dit toch niet zo'n hoofdrol in de overwegingen van de Nederlandsche Bank. Wat is dan de reden om te zeggen dat de aanbeveling van de AFM niet gevolgd wordt?"

[553] Dutch: "De Nederlandsche Bank werkt gedeeltelijk met afwegingen. Er wordt geconstateerd dat veel dingen beter zijn gegaan, maar ook dat dingen niet goed zijn gegaan. In die totale afweging komt de bank tot een oordeel. Voor het overige lopen op sommige punten, zoals bij de overkreditering, de meningen van DNB en de AFM wat uiteen. Ik heb daar ook een voorbeeld van gegeven in mijn rapport. In dat geval zegt DNB dat het aanzienlijk is verbeterd, terwijl de AFM zegt dat er ook nog zaken kunnen zijn die niet goed zijn. Dat is het soort weging dat dan plaatsvindt."

[554] https://en.wikipedia.org/wiki/Hostile_witness

However, Vendrik had stated that he did not understand the situation. Perhaps he was not aware *keenly enough* that Scheltema presented Dutch parliament with an inconsistency and confuscation, and that Scheltema was unwilling to put the performance of DNB into doubt because he based his legal argument about the legal rock of DNB.

On April 7 2010, President of DNB Nout Wellink evaded Vendrik's question, by answering another question that Vendrik hadn't asked, namely whether the public trust would be undermined if it *became known* that there was a silent curator. This is not much of a relevant issue. If a silent curator had been imposed upon DSB, then it would not be in the interest of Scheringa to let this be known, for it would hurt his bank. Thus why did Wellink pay so much attention to a less relevant point instead of answering Vendrik's question ?

Vendrik resigned on June 17 2010 from the House of Parliament with a statement about his health. Early in 2011 he was nominated by het House and subsequently appointed by the cabinet to the Court of Audit. [555]

In this book, we must also observe that Vendrik has a background as political scientist, and in the House for the Green Left in 1998-2010 did economic affairs. He must have had some dealings the Tinbergen & Hueting approach (not checked). He did not ask questions about the censorship of science by the directorate of CPB (starting with director Zalm in 1989/90).

34.10.12 *In sum*

Vendrik's question clarifies that both DNB and AFM had been dreaming but that AFM eventually woke up:

(1) DNB failed in its supervision, since DNB (i) had a rosy view of Zalm as a CFO and (ii) *both* disregarded the governance at DSB when appointing Zalm *and* used the governance as an excuse to discount blame about Zalm's performance, see **Figure 12**. DNB had the legal authority to oversee the appointment of bank managers, but given its failure in supervision, this authority was not something to refer to usefully though Scheltema did.
(2) AFM apparently gave the appointment of Zalm at DSB the benefit of the doubt, since they had no record of Zalm since he was new to banking. Likely they were also sleeping when Zalm was appointed as CEO at ABN AMRO. When DSB collapsed, and a new procedure was started, they however observed Zalm's lack of background as CFO, his lack of awareness of his incompetence, and deficiency in performance at DSB (following the CEO rather than resigning). Then they rightly inferred and pointed out that such a manager lacks the credibility for another position in banking.

This is our main conclusion from the DSB ordeal. It is remarkable how some people (Zalm) manage to invoke misplaced loyalty (Scheltema). The following subsections have some supplementary observations.

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[555] https://www.parlement.com/id/vg09llk9rzrq/c_c_m_kees_vendrik

34.10.13 *Marginal check on AFM objections*

Scheltema also performed a “marginal check” on the AFM objections. We find that the Scheltema letter of 2010-02-26 already provides some summary of the later report. However, the rejection of Scheltema’s reasoning is more effective when we include the 2010-06-23 report. I rely upon what Scheltema reports about those AFM objections, for I haven’t located the AFM report yet. The following are some such issues.

34.10.14 *No background as CFO*

Scheltema cs in June 2010 p92 recognise that Zalm had “limited experience in banking” (basically his period as Chief Economist at DSB itself), and mention on p236 the need of the supporting officer Buwalda. Scheltema is incoherent in remarking that another CFO might *not* have done better than Zalm, p255-256: for one might have selected a *qualified* CFO (strong enough to stand up against the CEO and COO).

The June report does not say anything about the DNB check on Zalm’s antecedents when he was accepted as CFO in December 2007. It is not unlikely that Wellink simply assumed that Zalm would work wonders. When Zalm was minister of Finance, he had weekly lunches with the President of DNB, Nout Wellink.

Wellink in fact says in the meeting with the House, or Second Chamber, that he is overjoyed that Zalm becomes the CFO, but he does not explain why he accepted this on the spot in December 2007: [556] (my comment)

> “Thus we were overjoyed, and also surprised to be honest, [don’t use that way of expression] that just after we had decided to appoint a silent curator it was announced that Mr. Zalm would become CFO.”

34.10.15 *A background as a minister*

DNB and in its wake Scheltema cs in June 2010 use the argument that Zalm had a strong persuasive position as former minister of Finance, and thus was less in need of expertise as CFO. It is curious that DNB and Scheltema think that it works like this. If you hardly know what a CFO must do, or know what governance is required for a CFO to function properly, then you cannot take a stand on the issues that matter because you don’t know about it. Scheltema cs duly report that Zalm was rather co-operative, and this only confirms the diagnosis of an underlying uncertainty about his own competence. (Zalm even had stated that he had taken the job as Chief Economist at DSB since he respected Dirk Scheringa as a very succesful entrepeneur from his own region in West-Frisia. (Reference lost))

Scheltema 2010-02-26 *suggests*, but rather counterfactually:

- (p15) That Zalm was capable of a confrontational style as minister of Finance, so that he could also adopt that style, even when he lacked a background for a CFO (and was in admiration of Scheringa). So that, if he didn’t adopt that

[556] Dutch: “Wij waren dus dolblij, en ook verrast om eerlijk te zijn, dat net nadat wij hadden besloten om een stille curator te benoemen de mededeling kwam dat de heer Zalm CFO zou worden.”

style, he chose to be compliant because of *supposed* greater effectiveness, even when this didn't *really* work (because he was compliant).

- (p16 point 3) Apart from the asymmetry and flexibility of the choice of the period of evaluation, Scheltema does not consider that being a minister of Finance *only* might actually reduce your quality as a CFO. A minister can rely upon an entire ministry and a CFO at a rather small bank must do much more himself or herself. Subsequently, Scheltema mentions criteria that might be *useful* for a CFO but that do not touch upon the *expertise* of a CFO. [557]

> "When it comes to the assessment of characteristics such as: managing a large organization, being able to work well together, offering sufficient opposition, decisiveness and other skills that are being assessed, that period cannot be entirely left out of consideration."

34.10.16 *Comparison with Frank de Grave*

In the June 23 report:

- The successor of Zalm as CFO became Frank de Grave. [558] De Grave was a fellow-party and -cabinet member of Zalm in 1996-2002. It is not clear to me whether CFO Zalm headhunted his successor CFO (one unqualified person headhunting another), for De Grave was officially proposed by the bank owner Dirk Scheringa. DNB (p87) had doubts about De Grave's experience in banking, but allowed his appointment again. He was fired by Scheringa on May 14 2009 for being too confrontational (less aware of his incompetence).

Scheltema in his letter of 2010-02-26 p15 argues:

- that Zalm could not have been effective in a confrontational approach, since De Grave wasn't succesful with such an approach. Scheltema effectively suggests that Zalm's reputation as economist and minister of Finance would be equal to lawyer and minister of Defence De Grave's. But De Grave has a much less prominent reputation. Clearly the reputations differ. Zalm could have been confrontational, if he had had a background of CFO.

34.10.17 *Other weak points in the letter of 2010-02-26*

- (p16 point 1) That it doesn't matter whether Zalm was incompetent as a CFO, since he worked in a wrong governance structure (with all power for the sole shareholder). (See Vendrik's question why DNB allowed the appointment of Zalm as CFO if he was going to fail anyway.)
- (p16 point 2) That one must be realistic about what can be achieved in one year. Scheltema would imply that the sale of improper products must be reduced in gradual steps instead of simply stopped ? Does Scheltema know what is required of a CFO ?

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[557] Dutch: "Wanneer het gaat om de beoordeling van eigenschappen als: leiding geven aan een grote organisatie, het goed kunnen samenwerken, het bieden van voldoende tegenspel, besluitvaardigheid en nog andere vaardigheden die beoordeeld worden, kan die periode toch niet geheel buiten beschouwing blijven."

[558] https://en.wikipedia.org/wiki/Frank_de_Grave (Not much attention for his role at DSB.)

- (p17 point 6) Scheltema correctly states that a rejection as CFO at DSB differs from a rejection as CEO of ABN AMRO. In early 2010, Zalm had been working at both places for almost a year each. Scheltema does not mention that when Zalm's reputation is damaged by a clear rejection of his competence as a CFO, at DSB or anywhere, and his own lack of awareness of this incompetence, that he would become less effective as CEO of ABN AMRO (whatever the Dutch law on financial supervision (WFT) says on this).

The reader is reminded that I have not looked at the full dossier, and e.g. haven't read the AFM report and exchange with Zalm. Perhaps the AFM report is deficient as Scheltema suggests. However, Scheltema does not provide convincing arguments to think so. The arguments that Scheltema provides rather indicate that there is value in the *common sense* observation that Zalm did not have a background as CFO. Such CFO would be bound by the AFM rules to put an immediate stop to the sale of improper products. This would hurt the "business model" of DSB and affect its profitability, which seemed to be counter to the interest of DNB that seemed to want to save the bank potentially with the only motive that DNB had granted the banking licence.

34.10.18 *Pieter Lakeman 2010*

Econometrician Pieter Lakeman in 2010 rejected the Scheltema investigations from the start since the interviews with officials would be kept secret. Scheltema on his part suggested that it should be made illegal to advise to people to draw their money from a bank, as Lakeman had done – and many people associate this with the final bank run on DSB. With this suggestion Scheltema again showed his administrative law manner of thought. Lakeman wrote a book about weak banking oversight, in which Dutch regulations may be less strict than in other countries. [559]

34.10.19 *Jesse Frederik and Eric Smit 2012*

When bankrupt, DSB was further managed by curators. Their report causes journalists Frederik and Smit to conclude that DSB under Zalm deteriorated. [560]

34.10.20 *Harrie Verbon 2012*

Professor Harrie Verbon claims in 2012, [561] [562] but this is Verbon's personal opinion and judgment, and it is a pity that Verbon doesn't try much to prove his view:

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[559] https://frieschdagblad.nl/2019/2/20/pieter-lakeman-veegt-de-vloer-aan-met-bank-wetgever-en-toezichthouders?harvest_referrer=https:%2F%2Fwww.google.com%2F

[560] https://www.vn.nl/de-bankier-die-faalde-2/

[561] https://www.volkskrant.nl/columns-opinie/waarom-was-michiel-scheltema-mild-voor-gerrit-zalm-en-hard-voor-nurten-albayrak~b626654a/?referer=https%3A%2F%2Fwww.google.com%2F

[562] Dutch: "Zalm was door Scheringa alleen maar aangenomen om zijn DSB betrouwbaar te doen lijken. Zalm moet geweten hebben dat hij alleen maar als schaamlap diende, maar hij bleef gewoon zitten tot Wouter Bos hem uit zijn benarde positie bevrijdde en Zalm aanstelde om de ABN Amro te leiden.

Het rapport van Scheltema over Zalm diende er voornamelijk toe de carrière van Zalm te redden. Waarom 'zwaargewicht' Scheltema zo vriendelijk was voor Zalm en zo streng voor Albayrak, zullen we waarschijnlijk nooit weten. Tenzij er ooit nog eens een echt onafhankelijk rapport komt,

> "Zalm was only hired by Scheringa to make his DSB look reliable. Zalm must have known that he only served as a fig leaf, but he just collaborated till [minister of Finance] Wouter Bos saved him from his plight and appointed Zalm to lead ABN AMRO. The Scheltema report on Zalm mainly served to save Zalm's career. Why 'heavyweight' Scheltema was so friendly to Zalm (...) we will probably never know. Unless there will ever be a truly independent report once again, in which it becomes clear why Zalm was allowed to assist in the scamming of unsuspecting citizens (...)".

In 2019, Verbon restates the story and provides more reasoning. [563]

34.11 *Legacy at ABN AMRO and other issues*

Obviously I do not intend to evaluate the whole of Zalm's life on a golden scale. I only mention some main points. The reader is alerted that the above states what I know about the DSB case, and I know close to zero about ABN AMRO. The above criticism might strike one as unbalanced. ABN AMRO seems to be in operation and there is this (Dutch) report about claimed improvements in internal working relations. [564] This should not distract however from the observation that ABN AMRO might also have recovered with another CEO and that in 2020 there still are victims from Zalm's period at DSB. Indeed, in the Dutch TV talkshow of January 27 2020 Scheringa first stated that he hadn't read some particular reports about victims and later promised to use part of his recovered funds to compensate them – causing the question whether such compensation might also be a confession of past error (for why, otherwise, do so ?). [565]

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waarin duidelijk wordt waarom Zalm mocht meewerken aan het oplichten van argeloze burgers, terwijl Albayrak voor relatief geringe vergrijpen de goot in werd geduwd door Scheltema."

563 https://www.harrieverbon.nl/gerrit-zalm-de-maurice-papon-van-de-bankwereld/

564 https://www.mt.nl/management/de-erfenis-van-gerrit-zalm/534372

565 https://www.rtl.nl/video/3fb07f1b-991a-4093-9987-cefa475e8650/

35. *Jeroen Dijsselbloem, minister 2012-2017*

Jeroen Dijsselbloem was Dutch minister of Finance in 2012-2017 and president of the Eurozone in 2013-2018. This present book has much attention for the year 2010 but Dijsselbloem deserves attention for the whole history of our subject.

35.1 *Jeroen Dijsselbloem on money and math*

2013-03-27 [566]

I wasn't going to join the hype in the European media about eurogroup president Jeroen Dijsselbloem. The hype is only about money and that isn't so interesting, contrary to what the nice people at the Financial Times tell you. However, it so happens that Jeroen Dijsselbloem also has been the chair of a Dutch *Parliamentary Inquiry Commmittee on Innovations in Education* in 2007-2008. [567] Now we are talking. For this brings us to the issue of the education in mathematics.

The European media hype is about whether Dijsselbloem knew what a *'template'* is. He says on Dutch television that he didn't know the word. He did however reply to a question containing it, see the FT Reuters transcript. [568] Apparently the political distinction is now being made between an 'approach' and a 'template'. We may figure that Dijsselbloem is a sensible and intelligent person who gets the drift of a question, so we can forgive him for not responding: "Can you explain what you mean by a *template* ?" It is actually not so nice of the reporters at FT Reuters to make such a fuss about this. They are just as guilty in this blame-game, for after Dijsselbloem's reply they didn't ask for confirmation: "So this will be the template, just to be sure that we will not quote you in a wrong manner ?" The real fuss is the command of English and the state of the Dutch system of education.

The European media hype is also about whether Dijsselbloem over-enthousiastically took the Dutch *approach* to SNS-Reaal-bank and Cyprus as the future *approach* for the Eurozone (if we allow for that word). It may be that he overplayed his position as president and that other members have different thoughts. This may indeed be the case. The other members may have shown polite interest in what Dijsselbloem has been explaining about his ideas, and it may be that Dijsselbloem mistook this for agreement. Deep in the hype, harsh words may have been spoken, but, as diplomats tend to do, internally, far removed from the spotlights. Well, every Dutch(wo)man has to learn that Europe isn't just a 'big Holland'. We all remember the difficulty that Wim Duisenberg had in 2000 after the introduction of the euro and the questions about the exchange rate policy.

Nevertheless, the EU is setting up a Banking Union with a European Banking Authority. [569] On that single webpage we see words like 'supervision', 'regulation',

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[566] https://boycottholland.wordpress.com/2013/03/27/jeroen-dijsselbloem-on-money-and-math/
[567] http://nl.wikipedia.org/wiki/Parlementair_onderzoek_onderwijsvernieuwingen
[568] http://blogs.ft.com/brusselsblog/2013/03/the-ftreuters-dijsselbloem-interview-transcript
[569] http://ec.europa.eu/internal_market/finances/banking-union/index_en.htm

‘mechanism’, ‘vision’ and ‘roadmap’, but we do not see the word ‘approach’ yet. Downloading the Communication, we see that the Banking Union distinguishes ‘the most significant European systemically important banks’ and the ‘others’. The first will have to be saved at all cost, the others will be allowed to implode. Thus Dijsselbloem quite accurately warns us to put our money in a system bank, unless we are risk-prone and like a little bit of higher interest plus the thrill of a possible collapse. The warning is also that each bank in trouble should quicky join a system bank so that it will be saved.

I might sound a bit sarcastic but in reality I am referring to my earlier *Economic Plan for Europe* [570] and the suggestion for a new EMU treaty, [571] plus an additional analysis that I hope to be able to put on the web soon. [Addendum April 3: it is here now. [572]]

Now the interesting part. For Dutch education, we find a similar juggling of words. The Dijsselbloem Committee in 2008 distinguishes *‘what’* from *‘how’*. Parliament decides *what* will be taught at school, and the teaching community decides *how* it will be taught. The Committee observes that this rule had been violated in the past, with various ‘innovations in education’, that Parliament loved but teachers abhorred, and that caused Dutch education to go down the drain.

The Committee didn’t investigate how it came about, that Parliament loved ‘innovations’ that the teachers abhorred. Apparently Dijsselbloem takes it for granted that Parliament doesn’t listen to teachers. Indeed, after the Committee report was declared a success, Parliament decided that highschool graduation should include a test on basic numerical skills, and a fail would even block graduation. Parliament thinks that this is a *‘what’* but actually it is a *‘how*’. Learning to count is for young children and not for teenagers. Elementary schools should provide for those basic numerical skills, but they are failing to do so, both because of ‘innovations’ and because of elementary school teachers who have insufficient numerical skills themselves. Apparently Parliament wants to fix this by shifting the burden onto the higher level. Dutch readers with a strong heart and love for horror shows would want to read Jaap de Jonge “Opkomst en ondergang van de rekentoets” (*Rise and Fall of the Numerical Test*), March 2013, Euclides 88/5 p224-225. [573] Unfortunately, that magazine of the Dutch Association of Teachers of Mathematics tends to keep important information behind a pay-wall.

Now to the Grand Finale. My point is that Parliament has decided that schools must teach math, but the teachers do not deliver math, but something that they call ‘math’. Mathematicians are trained for abstraction, but in class they meet real live students, and they resolve their cognitive dissonance by clinging to a tradition that has grown over the ages, but that isn’t targetted at proper didactics. See my books *Elegance with Substance* (EWS) 2009 and *Conquest of the Plane* (COTP) 2011. Thus the Dijsselbloem distinction at first seems to have some merit, but breaks down when Parliament refuses to check whether it really gets what it intends to get. The distinction between *‘what’* and *‘how’* is somewhat illusory, if the people responsible for the *‘how’* destroy the *‘what’*.

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[570] http://mpra.ub.uni-muenchen.de/33476

[571] http://mpra.ub.uni-muenchen.de/35120

[572] http://mpra.ub.uni-muenchen.de/45759

[573] http://www.nvvw.nl/page.php?id=9040

The only solution is that Parliament starts paying attention to teachers rather than the bureaucrats and lobbyists. The only solution lies in an open atmosphere, where people can speak freely and frankly, where we treat people and ideas with respect, and where we judge issues on their merit.

More on this in my paper *What a mathematician might wish to know about my work,* March 2013. [574]

35.2 *The education of Jeroen Dijsselbloem*

2013-04-09 [575]

The Dutch minister of finance and eurogroup president Jeroen Dijsselbloem became (in-) famous in Europe overnight, with the handling of the crisis in Cyprus. He is decent, he is smart, and he belongs to the younger generation that is set to take over from Angela Merkel and François Hollande over the next decade. Indeed, it is better to call him Jeroen rather than Mr. Dijsselbloem and keep him as a household name, as common as that of a soccer player, not only since he will stay on the stage for a longer time but also because it is easier to communicate up close rather than over a long distance. If one thing has become clear from the Cyprus event is that Europe has to communicate a lot.

The Cyprus government had four years since 2008 to resolve its banking problem and had refused to do so. In September 2012 the EU presented plans for a European Banking Union. These plans distinguish between system banks that have to be saved at all costs and normal banks that may collapse. The Cyprus government could have read those plans, especially since Cyprus even was the EU-President in the second half of 2012. The Cyprus government still refused to resolve its problems and apparently hoped that the EU would provide ample funds. Alternatively said, the Cyprus banking elite didn't mind to use its own population as hostages, hoping that the bluff poker would work. The key message from the EU to Cyprus is that the EU did actually help, for otherwise the chaos would be much bigger. It is up to Cyprus now to get rid of its brutal elite, and find similar decent and smart people like Jeroen to clean up the mess.

It is good to know that Jeroen made an entrance on the political stage in Holland in about the same manner as now in Europe. He made his mark as the chairperson of a parliamentary enquiry into education. It is hard to believe, but the system of education in Holland had been spiralling downwards, and Jeroen suddenly was on national television, explaining what had gone wrong and what should be done to repair it. Overnight he was a national hero. A key thing to see is that this fame endured, and didn't disappear as sudden as it had come, as we see with so many hypes nowadays. Jeroen is there to stay.

Europe has had strange political leaders, like Helmut Kohl from Germany who got lost in an illegal party financing deal and Jacques Chirac from France who got convicted to two years of prison for diverting public funds. With leaders like that, you may question what they say or do. Think of Cyprus again, or of Berlusconi. The Greek who hate Angela Merkel should rather protest against Berlusconi and his lame promises. In any case, with Jeroen, we do not need to fear for this. Jeroen isn't perfect and may make errors, but given that he is decent and smart,

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[574] http://thomascool.eu/Papers/Math/2013-03-26-WAMMWTKAMW.pdf

an error still means that no mischief is intended, so that he can learn from mistakes, and he tends to be open to new information that can help to correct such errors.

The key message of this article is that there is new information. Up to now, economic science has been explaining that a common currency like the euro also requires a political union. This is called the theory of the optimal currency area. In the Treaty of Maastricht of 1992, the political leaders created the euro but rejected the political union. The euro indeed was badly managed. Europe now goes from crisis to crisis, potentially making the minds of the population ripe to accept a United States of Europe, and give up national sovereignty, but also with the risk of rising nationalism and the break-up of what already exists.

Now, however, there is a new economic theory, that would allow to maintain both the euro and national sovereignty, provided that each nation adopts its own national Economic Supreme Court (ESC), that supervises national economic policy. The national ESC would be staffed by national economic scientists, who know their nation better than distant Brussels, and who operate under the rules of science, rather than the hidden rules of a distant bureaucracy. The international co-ordination that is required for a common currency comes about by the international scientific co-operation of the various ESCs, that is transparent and open to science and the public. This new economic theory plus a scheme how to handle the euro is discussed in the paper *“Money as gold versus money as water”* available at the Munich archive for economic papers.

Since I am Dutch and present this analysis from Holland, and since Jeroen is Dutch and is the minister of finance of Holland, readers may think that Jeroen and I have discussed this new theory, and that he is well-informed on this. Unfortunately, it doesn’t work like that. A huge unemployment and political chaos across Europe and complex communications and diplomacies over a few thousand kilometers apparently are required, to cross the few kilometers from my desk to his desk. There is also censorship of science in Holland since 1990. The Dutch Central Planning Bureau (CPB) is not an Economic Supreme Court and does not apply the proper rules of science. Next to 'Greek statistics' there is 'Dutch economic science'. Thus Jeroen entertains a misperception about the quality of his economic advisors and he lacks information about the new economic theory. Thus Europe needs some education on Jeroen, and Jeroen needs some education on Europe. The best thing that Europe can do is help Jeroen gain more information indeed where this is lacking now.

The article “Money as gold versus money as water” is available at http://mpra.ub.uni-muenchen.de/45759/

[575] https://boycottholland.wordpress.com/2013/04/09/the-education-of-jeroen-dijsselbloem/

35.3 *Dijsselbloem on Dutch exports*

2013-08-23 [576]

Eurogroup president Jeroen Dijsselbloem is not a macro-economist. By training he is an agricultural economist. [577] He will rely on macro-economists and judge their advice by economic common sense. That common sense may however also be influenced by traditional mercantilist ideas that exports will earn us gold and make us rich. There is also the success of Dutch agricultural exports that may cloud his judgement.

His recent letter of June 19 to Dutch Parliament about the budget deliberations for 2014 contains this key statement (p3): [578]

"Holland is in a so-called debt-recession. (…) The usual pattern of economic recovery in Holland (rising exports, rising investments, rising consumption) is slowed down by the type of crisis." (In Dutch gibberish: "Nederland bevindt zich in een zogenoemde balansrecessie. (…) Het gebruikelijke patroon van economisch herstel in Nederland (export trekt aan, investeringen groeien en particuliere consumptie neemt toe) komt door de aard van de crisis langzamer tot stand.")

But the export surplus in 2013 is about 10% of GDP, see the CPB Central Economic Plan. [579]

The Dutch surplus contributes to the deficits of Southern Europe. The huge Dutch surplus is part of the European problem. Christine Lagarde of IMF shouldn't send a team only to Greece but also to Holland, to sternly explain that the situation is intolerable and that Holland should work towards a balance (notably by importing more).

Yes, there is a debt crisis. If you insist on recovery via exports then recovery will be slow. But the debt crisis does not prevent you from tackling the export surplus. Full employment can be restored at home, by proper internal measures.

Dijsselbloem gets his advice from macro-economists who have been emphasizing exports since 1970. The Dutch system of social security creates a huge unemployment on the home market. The Dutch solve this by lower wages and relying on exports. The Dutch have been exporting their unemployment since 1970.

See my 1996 paper on the exposed and sheltered sectors, at EconPapers [580] or a local file with graphs. [581] It is also a chapter in DRGTPE [582] and an update is in CSBH. [583]

The Eurozone group has a president who is one of the key creators of the problems that they discuss, though sadly enough they aren't aware of this. (That is, they may think that he causes other problems.)

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[576] https://boycottholland.wordpress.com/2013/08/23/dijsselbloem-on-dutch-exports/
[577] http://en.wikipedia.org/wiki/Jeroen_Dijsselbloem
[578] http://www.rijksoverheid.nl/ministeries/fin/documenten-en-publicaties/kamerstukken/2013/06/19/hoofdlijnenbrief-begroting.html
[579] http://www.cpb.nl/publicatie/centraal-economisch-plan-2013
[580] http://econpapers.repec.org/paper/wpawuwpgt/9608001.htm
[581] http://thomascool.eu/Papers/ShelteredExposed/AGEshex.html
[582] http://thomascool.eu/Papers/Drgtpe/Index.html
[583] http://thomascool.eu/Papers/CSBH/Index.html

Part 8. SARS-CoV-2

36. *9000 deaths, a pandemic, and Dutch parliament takes a two-month vacation*

June 27 & July 5 2020 [584]

The WHO calls the virus SARS-CoV-2 and the disease Covid-19. [585] The virus would be genetically very much like the original SARS-CoV from 2003, with many similar properties, see De Wit et al. (2016), like the effect on age and sex, also on superspreading events ("clusters"), which explains the success of source and contract tracing in Japan, see department director Saito (2020). [586] Molecular biologist Peter Borger (2020) [587] argues that we are basically dealing with the same virus but a bit less deadly (as happens over time), and he wonders why the world did not prepare for its remergence and why it was claimed that the virus would be "new" and "unknown" - though admittedly the outbreak of 2003 did not reach the West. Let us discuss:

- Parliament goes into recess and takes a two-month vacation till August 31
- European recovery funds
- Where we are now
- The exit strategy
- How did we get into the emergency brake of the lockdown ?
- The medical world and litigation
- The failure of the Dutch source and contact tracing (SCT)
- What are major unknowns ?
- Repair of national trust

36.1 *Parliament goes into recess, but inadvisably so*

The government has asked the Dutch Safety Board, chaired by Jeroen Dijsselbloem, to evaluate [588] how Holland responded to the SARS-CoV-2 pandemic.

> "With the investigation the Board will look at the preparations for a pandemic, crisis management, the measures taken and the phasing out of these measures. The Safety Board will also look at the effects of the corona crisis on the safety of vulnerable people in the society, for example due to discontinuation of regular care or social services. Medical treatments and economic support measures fall outside of the scope of the investigation. The goal of the investigation is to draw lessons for potential future epidemics."

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[584] https://boycottholland.wordpress.com/2020/06/27/9000-deaths-a-pandemic-and-dutch-parliament-takes-a-two-month-vacation/
[585] https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance/naming-the-coronavirus-disease-(covid-2019)-and-the-virus-that-causes-it
[586] https://www.theguardian.com/commentisfree/2020/jun/06/contact-tracing-japan-coronavirus-covid-19-patients-social-etiquette
[587] https://biomedgrid.com/pdf/AJBSR.MS.ID.001312.pdf
[588] https://www.onderzoeksraad.nl/en/page/16666/approach-to-corona-crisis

Since this report may be expected somewhere in 2021, Dutch parliament arranged, though not without some struggle, that another report [589] will be available before September 1. Satisfied with the job done, Dutch parliament apparently intends to have the recess July 3 - August 31.

This attitude by Dutch parliament is flabbergasting.

The situation is not in control, national trust is corroding, the lack of information still is huge, the financial loss to families is large, and the risks of coming Fall and Winter are huge: with reduced buffers, while the economy is in recession and people fear bankruptcies and unemployment.

For a sense of perspective, the Winter 2017-2018 flu took 9500 excess deaths, see my earlier discussion, [590] so that the figure of 9000 excess deaths in 2020 should not be dramatised. However, the basic facts remain: (1) SARS-CoV-2 can be deadlier than the flu, (2) the virus can also be nasty for younger healthier persons, and thus might better be eradicated, (3) the risk of a 2nd wave has not been avoided yet, (4) the economy must somehow recover with these unknowns.

Parliament should not rest till it has provided clarity about the following.

- The government still hasn't formulated an exit strategy other than muddling through, and RIVM still leans on notions of herd immunity that conflict with the containment / suppression / eradication. *There is need for a clear choice*.
- There is not only RIVM that looks at the infection dynamics but there is also Zorginstituut Nederland (ZiN) [591] (comparable to the US NIH), that advises on cost-effectiveness of health care, and that ought to advise on the (quality adjusted) "life years" (qaly). Are the infected adequately monitored (given the nastiness of the virus) ? The ZiN agenda on Covid-19 however is rather timid. [592] The blogs by its advisory council are more informative. Advisable is the blog by Hugo Keuzenkamp, [593] former editor of economics journal ESB and former hospital director. *There seem to be more questions than ZiN can answer, and how has it been arranged e.g. within Europe that this capacity to answer questions is best allocated ?*
- Without such clarity on strategy, the European discussion is vague too. You cannot bargain for a result when you do not know what you are bargaining for. The next EU council is planned for July 17. [594]
- The lack of information still is huge, not only because of lack of research funds, but also because key agents like RIVM and ZiN *do not provide the information that they have.* They might be overworked on what they are doing but what they are doing may also be misguided. When parliament thinks that such information will be available in that new report of September 1, then this is ostrich behaviour, and it may well be that parliament isn't even aware of what questions must be asked. RIVM indeed applied the emergency brake in

[589] https://nos.nl/artikel/2337459-kamer-onafhankelijk-onderzoek-naar-corona-aanpak.html

[590] https://boycottholland.wordpress.com/2020/03/31/covid-19-and-the-value-of-life/

[591] https://www.zorginstituutnederland.nl/over-ons/taken

[592] https://www.zorginstituutnederland.nl/werkagenda/covid-19

[593] https://www.zorginstituutnederland.nl/over-ons/publicaties/publicatie/2020/05/11/blog-8-kwaliteitsraad-corona-welvaart-en-vrijheid

[594] https://www.consilium.europa.eu/nl/meetings/calendar/

March so that the death toll was restricted to 9000 instead of 250,000 (see below), and it must be greatly appreciated that they eventually did so, but this does not imply that they know what they are doing overall, see below. To make sure that answers are given, parliament must ask questions itself, and provide a ***bridge*** for questions coming from science and society.

- If there would be this new report by September 1 then this information can indeed be used for the discussion about the national budget for 2021, *but this is too late for the Fall of 2020.* Preparations must be made in July - August already.
    - For example, the scientific evidence on aerosol transmission is overwhelming, but OMT / RIVM seem to be mentally blocked by the linguistic distinction between "infectious" (the capacity to infect) and "having infected" (having performed the actual deed), see this deconstruction. [595] We are now on a path to lose the Summer months for adaptation of ventilation systems. (Admitting that "ventilation has a role" opens the can of worms that it is not clear *for each ventilation system* when and how. But it is better to specify this uncertainty than deny the causal influence.)
    - The theory of infections contains a notion of "herd immunity". If a population is not mixed - say the strong animals form a protective circle around the vulnerables - then predators may die from hunger before they can do any harm. If a population is mixed, then a predator may still die when the chance of meeting a strong animal is much larger than meeting a vulnerable one. In general*, when you do not specify what model you are using then you are at risk of (spreading) confusion.* This is a major problem in the current discussion about SARS-CoV-2. My paper on redesign of didactics, Colignatus (2020c), [596] section 1.5.5 on page 26, questions what RIVM (the Dutch CDC) has stated about the virus, and section 6.11 on page 105 has a longer discussion of the theory. For SARS-CoV-2, RIVM has stated that herd immunity would be at 60% of infected people in the population. As far as I know, and please correct me if I am wrong, RIVM hasn't explicitly stated how they arrived at this figure. RIVM stated that they intended to protect the vulnerables (eldery and younger with comorbidity) but many deaths actually occurred in homes for the elderly. And if you lock down the economy so that R0 becomes much lower, how do you intend to achieve that herd immunity ? RIVM has been so ambiguous and inconsistent on this issue that tough questioning is required to arrive at clarity about what the Dutch policy approach is.
- What institutional structure would you want to have, such that there is adequate and transparant planning with not only "lives saved" (lives extended) but also (quality adjusted) "life years gained" - or the compromise of the "unit square root" - and with the distinction between statistical data collection for the past and planning for the future ?
- Most of all: apparently there still is too little awareness that the pandemic has been caused by policies that are environmentally unsustainable. It is

[595] https://boycottholland.wordpress.com/2020/06/25/sars-cov-2-and-aerosols-and-ventilation/
[596] https://zenodo.org/record/3894161

scientifically obvious that current policies are inconsistent on economics and climate change, see Colignatus (2020a). [597] It is absurd that Dutch parliament hasn't made such statement yet. Europe is already moving into this direction but let this be a key cornerstone of the discussion of July 17 and let Holland support this. Impose a carbon tax. For investments, companies require as much certainty as can be provided.

- The proposed support of about EUR 3.4 bn for Air France / KLM is a case in point. [598] The government argues that the company and Schiphol are important for some 100,000 jobs, but the government does not state that this employment is *fundamentally* at odds with the goal on environmental sustainability. The government states that CO_2 emissions per passenger must be reduced "by 50% in 2030 compared to 2005" - which causes the question why 2005 ? - but why not target a level of 5% of passengers for 2021+ anyhow ? Why not acknowledge that tourism in distant countries is not environmentally sustainable *with our present world population and technology ?*
- For the Fall and Winter on the Northern hemisphere, my suggestion is that unemployment, also for the transition to environmental sustainability, is avoided by allowing and encouraging people to get more education. One day per week education for the work force would mean a 20% reduction of the labour force, with time mostly spent studying at home. The scheme could be financed by a general tax also on wealth, replacing such capital by human capital. Pay for the educational day would be at 70% of normal pay, with a minimum of the net legal minimum wage and a maximum at half the prime minister's salary, with regular testing and check-up, and ending of participation if not studying. I take my inspiration for this scheme from the late Louis Emmerij (1934-2019). If one would agree with this kind of idea, then it obviously requires preparation for the educational system to make this possible.

36.2 *European recovery funds*

There is a disastrous economic imbalance between on one side Germany and Holland and on the other side Southern Europe. The world is advised to boycott Holland till the censorship of economic science in Holland since 1990 is resolved. [599] It might seem as if every crisis is another excuse to ride one's hobby horses, but my hobby horses are *fundamental issues* that apparently must be emphasized again and again.

The loss of lives and livelihoods because of SARS-CoV-2 causes sorrow all over Europe. There are expressions of compassion and solidarity all over.

On SARS-CoV-2, the distinction between North and South was broken by Greece in the South (doing well) and Sweden in the North (doing worse). Diversity of nations gives a great reward in information.

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[597] http://thomascool.eu/Papers/THAENAES/Index.html

[598] https://www.rijksoverheid.nl/actueel/nieuws/2020/06/26/kabinet-biedt-financiele-steun-aan-klm-als-gevolg-van-de-coronacrisis

[599] https://boycottholland.wordpress.com/about/

While Greece responded immediately and adequately to the virus with source and contact tracing (SCT), with now 191 deaths (18 per million) (not counting "other excess mortality") apparently the systems of health in Italy and Spain suffer from similar problems as the Dutch system does, and these problems could be resolved nationally, without the need for European supervision. It is only in the areas of economies of scale and scope, of deliberate interdependence by trade and monetary union, and the overall impact on the environment, that the European Union has relevance. With the historical process towards closer co-operation, there is also the awareness for common justice and civil liberties and the defense of the borders of the larger region. (It must also be remarked that Brexit has basically been caused by a non-proportional electoral system, and scientific failure of "political science" still locked in the humanities, see my proposal of a buddy system of physicists and such "political scientists", Colignatus (2020b). [600])

Italy and Spain have pointed to their problematic state finances and heavy death tolls: Italy 34.7 thousand (574 per million) and Spain 28.3 thousand (606 per million) (not counting other excess mortality) (compared to Holland 356 per million). [601]

Italy and Spain can raise taxes on their own rich, who are much better off than the average German or Dutch.

Nations like Italy with 60 million people and Spain with 47 million people, with their proud histories and highly developed governments and often excellent universities, really do not need Europe to help out. When politicians in Southern Europe use the European Union and Northern Europe as scapegoats to distract attention from their own failure to properly manage their own economies and systems of health care, then this is better said clearly, so that voters in Southern Europe are advised not to vote for such politicians. (There is a distinction between scapegoating Holland and boycotting it for said specific reason.)

By mid April, the Italian debt / GDP ratio was expected to rise by 20% to 156% (IMF table 1.2). [602] [603] Italy and Spain were also earlier in the pandemic and the Dutch death toll hadn't fully materialised yet. The Italian proposal was to have Eurobonds, so that country-specific rates of interest would not be hit by stigma as happened during the financial crisis of 2007+. I myself had agreed, for that particular crisis in this period, that such bonds might be used temporarily indeed, obviously with conditions, see Colignatus (2012b). [604]

The Italian prime minister Giuseppe Conte must have known that relaunching the proposal of eurobonds is a slap in the face of Northern Europe. He decided to slap anyway. This attitude is unhelpful and anti-European.

The Dutch finance minister Wopke Hoekstra rejected the proposal of eurobonds and pointed to the national responsibility to adhere to the targets of the Maastricht Treaty, with a debt / GDP ratio of at most 60%. Southern Europe hadn't done enough in the years since the financial crisis and was accountable for its own

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[600] https://www.aps.org/units/fps/newsletters/202001/buddy-system.cfm
[601] https://www.worldometers.info/coronavirus
[602] https://www.theguardian.com/world/2020/apr/19/european-union-italy-unity-failure-debt-germany-netherlands
[603] https://www.imf.org/en/Publications/FM/Issues/2020/04/06/fiscal-monitor-april-2020
[604] http://thomascool.eu/Papers/CSBH/Index.html

errors. This rejection caused anger in Southern Europe and Hoekstra apologised for not having been emphatic enough in this particular statement, and for not expressing enough his compassion for the plight in Southern Europe. [605]

As said, it is problematic to discuss European funds when there is no clarity on the common exit strategy and embedding within the discussion on climate change and the environment overall. I regard it as valid that the ECB and the EU stepped in with emergency plans to keep the economies afloat but it would also be a grave error when the structural imbalances are not tackled, when censorship of science is allowed, when there is no clarity on environmental sustainability, and when Southern Europe does not deal with its financial elites too.

36.3 *Where we are now*

Holland has 17.4 million inhabitants, of which 0.65 million showed antibodies for SARS-CoV-2, a prevalence of 3.7%. The total death score in Holland today is about 9000, of which some 6000 have been officially tested (356 per million) and some 3000 are "other excess mortality" including non-SARS-CoV-2 deaths in unknown proportion. A raw estimate, also given by RIVM (the Dutch CDC), is that the infection fatality factor (IFF) is 9000 / 650,000 = 1.38%. The IFF for 60+ is 4.84% and for <60 it is 0.06%.

- The SARS-CoV-2 pandemic landed in Holland in apparently some four genetic variants with people returning from ski holidays and from Northern Italy, around Valentine's day (February 14) or Carnival (February 23) (my guess at a super-spreader-event).
- The Dutch lockdown started in steps on March 11 and can be taken as effective on March 18 (day 24 since Carnival). It may be mentioned that the virus likely came via Italy but also that scenes in Italian hospitals had an influence on the Dutch decision on a lockdown.
- The Dutch death count per day reached its top around April 5, six weeks after Carnival.
- Today we are some 17 weeks after Carnival with hardly any recorded deaths and excess mortality.
- All-cause mortality is annually some 150,000 persons on average anyway. We may be speaking about 1% loss of life expectancy, but the risk of the virus of course is that it may still explode to the level of 250,000 (see below) additional deaths.
- For climate change, the 2020-2030 decade still is crucial, and the world is in dire need of policies that work, see this book Chapter 13 (longer [606]).

NB. The figure of 250,000 deaths derives from a didactic scenario [607] with R_0 = 4 and an IFF of 1.5%. The figure assumes that R_t = R_0 = 4 whatever happens. It is not claimed that this is a realistic scenario though I am inclined to think that it might be close to a worst case scenario. The point is that a realistic scenario has endogenous reactions, with people noticing the epidemic and reducing contacts themselves before the government steps in with additional measures. With

[605] https://nltimes.nl/2020/03/31/dutch-finance-minister-regretful-italy-coronabonds-issue
[606] https://mpra.ub.uni-muenchen.de/97447/
[607] https://zenodo.org/record/3894161

endogenous reactions, perhaps the death toll might be a factor 10 less, thus 25,000, so that the effect of government measures is only the last 1/3 to 9000. The issue of what would be realistic scenario's forms part of the huge unknowns in this discussion. (See the comment on page 28.)

In the former weblog entry, I discussed: (i) my change of viewpoint towards containment / suppression / eradication, and current rejection of the scenario of using the virus as its own vaccine while shielding the vulnerables, (ii) a redesign of didactics of some epidemiological models, (iii) the abuse of the notion of "herd immunity" in much discussion about the virus. (Recommended is Pueyo (2020).[608])

The new Dutch government "dashboard" gives a daily or weekly figure and doesn't allow you to trace the history or look at a forecast yet. RIVM has always declined to make projections about mortality and loss in (quality adjusted) life years. RIVM neither states the economic cost of the policy. The dashboard states that it is being developed, and perhaps we may hope for such crucial information in the future. Today the estimate is that there would be 1715 infected persons. It is remarkable that so few people can threaten the entire EUR 800 bn Dutch economy. (It is not clear to me how this number has been estimated, and if tests have been used how the false positives have been accounted for.) The key problem is the asymptomatic transmission, because most people with symptoms would tend to see their social duty of self-quarantine. This week, the 5-day Rt would be 1.05 which roughly means that over 5 days there could be 1715 * 1.05 infected persons. The infection fatality factor (IFF) of 1.38% over February-June indicates that 24 of these people could die. Perhaps a point of reference are the 661 / 52 = 12.7 weekly deaths in traffic accidents. However, many deaths occurred in care-homes, and perhaps the country has now learned to better protect the vulnerables. If those 1715 people would be only healthy <60 with an IFF of 0.06% then there would be 1 death. The dashboard doesn't give the age distribution of the estimated 1715 infected persons. Presumably these are like the population age distribution but this is dubious. This means that the "dashboard" doesn't give us the crucial information about what these figures actually mean. The government has been working on the SARS-CoV-2 issue since January and they still do not grasp what relevant information is. It is not so that the crucial information isn't there, but they simply do not collect or present it. Somehow the world of medicine and epidemiology are still at a far distance from the world of public health (economics and statistics). (See also the Appendix, Section 36.10, example 6 on the "dashboard".)

36.4 *The exit strategy*

The following could also have been discussed and settled in January / February, *with the information available then* (and the R0 estimated back then at 2.7). See the articles that had been published in The Lancet in January. [609] RIVM failed in its task of protecting the country from the epidemic. See the next section with some causes why it wasn't settled back then.

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[608] https://medium.com/@tomaspueyo/coronavirus-should-we-aim-for-herd-immunity-like-sweden-b1de3348e88b

[609] https://www.theguardian.com/books/2020/jun/22/the-covid-19-catastrophe-covid-19-the-pandemic-that-never-should-have-happened-review

In all exit strategies, there is (i) *research* for vaccines, tests and treatment, and (ii) while such do not exist yet, society better is segmented, and the vulnerable section of society (currently the 60+ aged and those with comorbidity) would be shielded by a "quarantine border" of *test, test, and test* of source and contact tracing (SCT). The only issue is what to do with the less vulnerables.

(1) *Containment, and at best eradication.* The age <60 healthy population is less likely to suffer an infection, but when they do have an infection then the virus may have nasty properties. This suggests that eradication is a better strategy. Thus*, test, test, and test,* with source and contact tracing (SCT) and quarantine of those who have been in contact with someone infected (or suspected of being infected). Eradication is only feasible if the WHO establishes the virus as unacceptable indeed, with international agreement. My preference has shifted to this scenario, see Tabarrok (2020). [610] It is urgent that the Dutch ZiN provides clarity about the burden of disease and the qaly corrections.
(2) *Mitigation.* The virus can be used as its own vaccine. See here how this could be done in Holland. Since even the less vulnerables might still appear to be vulnerable after all, we need to reserve ICU capacity. Also, shielding of the vulnerables might not be perfect, and there still may be quarantine breaches with some transmissions. Since a vaccine may take a while, or might not work well for this part of society, many vulnerables might prefer to move to gated communities or larger protected areas, with specialisation of hospitals and such to particular service areas. With proper management, the number of deaths and life-years lost would be comparable to other diseases. (De Vlas & Coffeng (2020), Van Bunnik et al. (2020), Colignatus (2020e), Eichenberger et al. (2020).)
(3) *Muddling through and lock on-off.* This assumes that the above two options are not feasible, or society doesn't make a decision, and we muddle through, a bit as we have been doing. This would be the "Harvard study", Kissler et al. (2020), [611] but they do not elaborate on the effect on the economy, as RIVM hasn't done either. Overall, the WHO commission on macro-economics and health (CMH) [612] is underdeveloped, even though it is a key chapter for public health (economics).

36.5 *How did we get into the emergency brake of the lockdown ?*

The choice between containment (eradication) or mitigation could already have been made in Holland in early February, with the information available from China.

There is the WHO PHEIC of January 30, the article by Wu et al. (2020) [613] in The Lancet January 31, and the WHO research roadmap of February 12. [614] We ought to assume that the epidemiologists know about pandemics. They ought to be able

[610] https://marginalrevolution.com/marginalrevolution/2020/03/a-solution-if-we-act.html
[611] https://science.sciencemag.org/content/368/6493/860
[612] https://www.who.int/macrohealth/background/en/
[613] https://doi.org/10.1016/S0140-6736(20)30260-9
[614] https://www.who.int/publications/m/item/covid-19-public-health-emergency-of-international-concern-(pheic)-global-research-and-innovation-forum

to inform their medical colleagues, public health authorities and policy makers about the risks of a pandemic.

Dutch microbiologist and former president of the Dutch federation of associations for research in medicine, John Jacobs, states that the Dutch agencies were *lost in a well-mapped world* (Dutch). [615]

Example countries who chose for containment are Taiwan and South Korea, and in Europe there is Greece (though I did not see excess mortality yet). Sweden adopted mitigation with the deliberate build-up of herd immunity, and later admitted to having misjudged the protection of the vulnerables in care homes.

In Holland, RIVM (the Dutch CDC), supported by the advisory council called "Outbreak Management Team" (OTM) from the medical world and universities, on January 27 advised [616] the minister of health [617] to declare the virus as a risk of category A, meaning that mandatory quarantine was possible. However, RIVM still underestimated the problem so that the month of February was lost, see the convention on the virus at the Dutch Academy of Sciences (KNAW) on February 21. [618] Even virologist Marion Koopmans (Erasmus MC), who has been warning for some years about the risk of a pandemic, now (interview June 19 [619]) acknowledges that she underestimated the asymptomatic transmission of the virus, even while it had been reported. However, the Dutch system of source and contact tracing (SCT) failed more structurally, see below.

In March, the government and RIVM applied the emergency brake of the national lockdown. The cost of the delay was 9000 deaths and economic disaster, but the emergency brake prevented some 240,000 deaths and other economic fall-out. At least Holland is not like the USA or Brazil. (PM. Also for comparing hospital data, it is important to recall that the USA has a different system, and that not all infected persons have the option to go to the hospital. Perhaps the notion of universal health care might make more sense to Americans now ?)

PM. Richard Horton, editor of The Lancet, regards the UK handling of the issue as catastrophic:

> “Individually, they’re great people, but the system was a catastrophic failure.”

In a review of Horton's book, [620] reviewer Mark Honigsbaum, with a background in *politics, philosophy and economics* at Oxford and a PhD on the history of influenza (cv), makes a very strange comment:

> "Horton is on firmer ground when he points out that by the end of January, the Lancet had published five papers setting out the risks of a global pandemic and how Sars-CoV-2 could be controlled using track-

[615] https://hartblik.weebly.com/dwalen.html

[616] https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/kamerstukken/2020/01/27/vervolgbrief-nieuw-coronavirus/vervolgbrief+nieuw+coronavirus.pdf

[617] https://zoek.officielebekendmakingen.nl/blg-921175.pdf

[618] https://knaw.nl/nl/actueel/agenda/het-nieuwe-coronavirus

[619] https://www.volkskrant.nl/mensen/viroloog-marion-koopmans-leuk-was-het-niet-om-op-deze-manier-gelijk-te-krijgen~bf6e41bd/?referer=https%3A%2F%2Fwww.google.com%2F

[620] https://www.theguardian.com/books/2020/jun/22/the-covid-19-catastrophe-covid-19-the-pandemic-that-never-should-have-happened-review

and-trace measures successfully employed during the first Sars outbreak in 2003. However, given the confusing data coming out of China in January, it is an exaggeration to say that the WHO's declaration of an international public health emergency on 30 January was the "wake-up call" the world needed, especially as the WHO did not recommend travel bans and waited until 12 March to declare a pandemic."

This is very strange since:

(1) The PHEIC is by definition the *wake up call*, that announces *the risk that there can be a pandemic.* By definition it differs from the observation that there is a pandemic.
(2) Honigsbaum does not extend on what would be "confusing" about the articles published in The Lancet (having passed some peer review as opposed to media reports). (Let me again refer Dutch readers to the review by Jacobs that Holland got *lost in a well-mapped world*.)
(3) Overall this review is misrepresenting and sloppy, *and uses a gimmick to seem "balanced and unbiased"* (as is expected from a review). Honigsbaum is advised to retract this or his thesis.

36.6 *The medical world and litigation*

Remarkably, the medical world will not use the virus as its own vaccine, but they will allow the virus to spread "by itself", so that "herd immunity" can be built up.

Think about this for a while. You reject the responsibility of creating and monitoring driver's licenses but will allow that people simply start driving and learn it the hard way. How much sense does this make to you ?

It must be an issue of legal responsibility. A vaccinator apparently might be sued for malpractice but cannot be held accountable when looking away. The "Harvard study" (Kissler et al. (2020) in Science) mentions the process towards "herd immunity": those infected get a fair chance at the ICU, even though 30-50% of the vulnerables would die at the ICU. It is your own responsibility, or a "natural phenomenon" when you get infected.

It is scientifically sound of course when mathematical properties of reduced infection rates are described (perhaps also with the label "herd immunity" even when the label is inaccurate).

However, the issue now is whether you can use such phenomenon as an acceptable component in a public health strategy.

The ethical view is that if you allow a virus to spread then you must also consider using it as its own vaccine. And if you reject using it as its own vaccine (and thus don't consider it safe enough), then you should not allow it to spread.

Dutch viewers might look at the tv interview with Jaap van Dissel (RIVM) by Marielle Tweebeeke, "*Hoe werkt groepsimmuniteit?*", broadcast March 16. [621] The interview shows Van Dissel as incompetent and manipulative and untrustworthy.

- Van Dissel does not mention the strategy of containment / suppression by SCT.

[621] https://www.npostart.nl/hoe-werkt-groepsimmuniteit-tegen-corona/16-03-2020/POMS_NOS_16034089

- He does not mention that RIVM goofed in February by not developing this scenario so that they needed the emergency brake of the lockdown. He does not present any excuse for his failure.
- He presents the psychological frame of three options, of which two are extreme and the third is the proposed one. This is clearly a political frame and no scientific listing of the options.
- He does not mention that the virus has nasty properties that can show also in younger and healthier persons. (Personally I only discovered this rather late in tracking the discussion about the virus, and I suppose that doctors knew this much earlier.)
- He allows people to get infected "by natural processes" but doesn't mention that if he considers the virus to be so safe that he allows it to run around, that by implication it can also be used as its own vaccine. He focuses on the younger and healthier persons and suggests protection of the elderly and comorbid risk groups, but is vague on the contacts between the groups.
- He mentions herd immunity as a goal (which later will become a by-product) but does not specify that this goal cannot be attained when the lockdown reduces Rt to a much lower value.

Apart from Van Dissel's disingenuity on RIVM's goofing on SCT, this kind of reasoning in epidemiology is rather conventional, see also the Harvard study, though it still is (horribly) irrational. The reasoning dates from medieval times before Bismarck and the creation of public health. It is akin to the Anglo-Saxon, but rather Viking, mentality of preferring contest above co-operation. However, we are no longer in pure nature anymore. Public health by definition has the objective to balance benefits and costs.

The issue of legal responsibility for allowing a potentially lethal virus to run its course better be discussed in the open.

In Holland RIVM on January 27 activated SCT but later tended to emphasize "herd immunity" (exit strategy 2 or 3) rather than containment (with SCT). (See this discussion. [622]) Indeed, if you want people to become infected then you don't need to test them. In this manner, however, RIVM tended to overlook the importance of SCT for the quarantine protection of the vulnerables too: and many deaths were recorded in the care homes, while others at home were not tested and showed up as "excess mortality".

36.7 *The failure of Dutch source and contact tracing (SCT)*

RIVM might not have been aware enough of the situation for SCT for a pandemic, though they did warn about understaffing at GGD before. An early RIVM document of January 27 2020 already advised the ministry to give alert status A to the infection by the virus, but only in case of *symptoms*. [623] The document did not deal with one of the *known* key properties of this virus of *asymptomatic transmission* - which had been reported about in China. When the

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[622] https://boycottholland.wordpress.com/2020/06/25/redesign-of-didactics-of-some-epidemiological-models/

[623] https://zoek.officielebekendmakingen.nl/blg-921175.pdf

number of cases exploded, the Dutch stopped SCT instead of hiring more people to do it. The Dutch system of SCT failed:

- The Dutch GGD are bureaus assigned to municipalities without a central headquarter. They still have responsibility for source and contact tracing (SCT) for the entire country. Eventually the nestor spoke up for all but without legal position. They appear to have been underfunded and less prepared for a pandemic, see here. [624] The GGD in 2014 reported to *"being below the capacity of a pilot light",* and RIVM in 2015 confirmed that more than half of the GGD bureaus had insufficient numbers of doctors to do the job of infection control. Apparently, GGD even lost the *capacity to understand what was needed for a pandemic* even though it is their job. They waited for instructions from others while it is their job to do something. In April almost four weeks were lost on "waiting".
- We now see a blame game between RIVM, GGD and the ministry of health about who would be responsible for the January / February disaster and also the lost month of April, while Dutch parliament takes a vacation and hopes that all will be clear by September 1, and properly prepared if the 2nd wave would arrive.
- Unfortunately, the Dutch method of SCT is lackluster compared to the German manner anyway. The Dutch instruction looks at symptoms indeed while the German instruction allows for contacts with an infected person anyhow. At first, the GGD nestor suggested to "write a letter", like with a sexually transmitted infection, instead of using the phone.
- RIVM stated that there would not be enough capacity for testing, which might have been literally true at some point, but did not investigate the issue. It later appeared that such capacity could easily be expanded. RIVM misinformed the Dutch.
- The ministry announced recently that in July there would be an app for contact tracing by phone.

36.8 *What are major unknowns ?*

I am an econometrician and teacher of mathematics and no medical doctor. The literature about this virus is already huge and there will be more known than I can oversee. Key issues with lack of knowledge for me are:

- What kind of model will cover epidemiology (days) and the national budget cycle (year and medium term) and long term sustainability (world population in 2100) ? Acemoglu et al. (2020) [625] suggest that we might need another modeling format and more complex modeling for all the interactions that are relevant for a more realistic discussion of the pandemic. Even these authors do not explicitly mention the life-years - though they link the life-years to lost economic output.

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[624] https://www.platform-investico.nl/artikel/uitgeklede-ggden-tastten-weken-in-het-duister-over-corona-strategie/
[625] https://www.nber.org/papers/w27102

- Apparently we still know relatively little about the aetiology (natural history) of the virus. Also a study by Ganyani et al. (2020) [626] in which RIVM participated uses data of some 200 follow-up cases from the early outbreak in China. There are some 40,000 hospital cases in Holland for which GGD might have performed a statistical analysis for key model parameters, and comparable cases known by general practitioners. As far as I know, there is no such study yet. Perhaps such study has been delegated to GGD but then they do not have the funds to do so ?
- For testing, a fairly quick method, comparable to a pregnancy test, apparently has been developed at MIT ("Sherlock"). [627] It is not clear to me whether the race for a vaccine and the race for a treatment are accompanied by a similar race for such testing. The criteria for a vaccine appear to be rather tough (see above on litigation, and using the virus as its own vaccine), but the criteria for a test might be much easier (including sensitivity and specificity). Perhaps such a test might be taken as a pill and produce an artificial symptom (e.g. a different colour of one's urine), so that *asymptomatic transmission by the virus need no longer be such a problem:* for the person with such an artificial symptom knows that self-quarantine is required.
- RIVM (the Dutch CDC) still publishes only deaths and not (quality adjusted) "expected life years lost", and thus still has an epidemiological and no Public Health focus (though their mission and very name concerns public health and the environment). My first weblog on the SARS-CoV-2 pandemic also pointed to the Unit-Square-Root as a compromise between lives and years (March 31 [628]). The combined CDC's and National Institutes of Health of Europe ought to be able to present a study of the cost-effectiveness of handling SARS-CoV-2, and such study ought to have the same quality as a cost-effectiveness study on the annual flu vaccine - using measures that avoid a national lockdown. It is too simple to argue that the medical world can only do cost-effectiveness studies when a vaccine already exists: if there is no vaccine yet then consider measures other than the emergency brake of the lockdown of the national economy.
- There now is an official proposal about triage in the 3rd stage of ICU treatment, in which the life-years gained criterion has been given more attention. [629] Medical ethics can be rather mundane at times - like "first come first served" - with rules that allow for emergency decisions based upon little information. In the modern world, with electronic patient dossiers, such information however tends to be available, and the emphasis lies on the willingness of the medical world to consider more complicated *algorithm*s. They are advised to consider that also other areas - like construction, transport, economics - have considerations about the value of life. There is a key distinction between macro problems, like allocating funds for food security

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[626] https://www.eurosurveillance.org/content/10.2807/1560-7917.ES.2020.25.17.2000257

[627] https://www.news-medical.net/news/20200513/New-rapid-CRISPR-based-test-for-sensitive-SARS-CoV-2-detection.aspx

[628] https://boycottholland.wordpress.com/2020/03/31/covid-19-and-the-value-of-life/

[629] https://www.rijksoverheid.nl/documenten/publicaties/2020/06/16/draaiboek-triage-op-basis-van-niet-medische-overwegingen-voor-ic-opname-ten-tijde-van-fase-3-in-de-covid-19-pandemie

versus national defense, and the micro problem about the next available bed, but such aspects can better be discussed than neglected. (At least, if you neglect it, do not base this upon an axiom as if medical problems would be of special uniqueness, or that issues of life and death are medical by definition.)

- CBS Statistics Netherlands has mortality statistics that look at the "recorded cause" like "pneumonia" or "heart failure", or whatever doctors record as the cause of death, and it is quite a statistical exercise for example to determine the impact of a flu season. [630] Apparently such statistical exercise is still in the making for SARS-CoV-2 (with uncertainty about excess mortality), and it is unclear why there was no immediate action on this (e.g. with taking of samples of people dying since February, with the option to test them later). Overall, medical research would be served by a more sophisticated recording of diseases, treatments and causes of death. (For cancer, risk factors are body mass (number of cells), age (time for processes to go wrong) and cell specialisation (specialised cells don't change much).)
- There is no clarity about the delay in the normal health care due to the SARS-CoV-2 episode in the first half of 2020. What is the burden of disease and death of this effect ? It is no use crying over spilled milk but what can we learn about maintaining common care if there would be this 2nd wave or the next pandemic (if we don't do anything about environmental sustainability) ?
- What is the situation on immunity and mutation ? As we know little about this, what are the risks and how will we be dealing with those ?
- What would be the relevant path to allow the WHO to decide, with proper data, on whether the virus better be eradicated or not ?

36.9 *Repair of national trust*

National trust has corroded. The captain of the ship had been given the task to steer the ship between Scylla and Charybdis, but hit Scylla with 9000 deaths and hit Charybdis with a dent in the economy and people's income and savings.

It is true that the government and RIVM by using the emergency brake have prevented some 240,000 deaths, but today the same arguments on content apply that already existed in January / February, so that the delay since February doesn't make sense.

More and more people understand that this delay, of now a half year, was not caused by lack of information, as RIVM claims, but by indecision at the cost of the general public.

Richard Horton, editor of The Lancet, can say: *“Individually, they’re great people, but the system was a catastrophic failure.”* However, for a government it is expected that it observes that something is amiss structurally. When that conclusion isn't made and when repairs aren't started, then people become restless and wonder why there is such delay at their cost. Not far away is the question: *Would the government dodge the issue again at the next event ? Can I still trust that my life and livelihood are safe in their hands ?*

Overall, I would *also* say that the Dutch government structurally misinforms the public *also* about the situation on environmental sustainability (see here) and the

[630] https://www.volksgezondheidenzorg.info/onderwerp/influenza/cijfers-context/sterfte

options for economic policy (see here). But okay, the objective is to focus on SARS-CoV-2 now.

Today, the government and RIVM and NiZ are still ambiguous about "containment" (with SCT) and "mitigation" (with "herd immunity"). The situation has improved, with few infections and hardly any recorded new deaths anymore, and with the availability of personal protection equipment (PPE), and testing and SCT. Nowadays, policy makers can choose for containment more easily.

But economic uncertainty is still large, and employers and employees still fear the Fall and the risk of a second wave. The lack of clarity in choice, the lack of admission of mistakes, and the highly problematic economic situation: they now have created a smoldering fire of distrust.

And Dutch parliament intends *to take a two-month vacation* ?

NB. An evidence-based diagnosis of the corrosion of trust might require an opinion poll, [631] but opinions might also be misguided, as the media still tend to portray RIVM as an anchor in the storm. Journalists love authorities and distrust outside scientists. This weblog diagnoses corrosion not by opinion poll but on *content.* When people refer to these points of content and state that they no longer trust the government and RIVM, then they cannot be said to be incorrect. When the media still portray RIVM as an anchor in the storm then the media apparently neglect this evidence. The appendix contains some other examples how RIVM clearly destroyed trust. Such examples might be seen as anecdotal only but the above clarifies that they are a result of a decision making structure.

36.10 *Appendix. Some examples of corroding national trust*

These examples might be seen as anecdotal only but the above clarifies that they are a result of a decision making structure.

Example 1. Earlier, the Dutch government did not want an evaluation by September 1. It required a petition and parliamentarian involvement before the government agreed to have it made. It still is not clear what the evaluation will involve in particular.

Example 2. John Jacobs is a biomedical researcher and has a clear statement in favour of *containment and suppression* (in Dutch). [632] Why is this clarity missing at RIVM ? What is their answer ? Jacobs explains that *scientific advice* must be *open access.* When scientists participate in the OMT and longer have open access, then they no longer do science in this OMT.

(If RIVM keeps information secret (perhaps to avoid panic in the population) then they should not parade the involvement of *scientists.* But okay, it would be another extreme when the very existence of such contacts would be secret too ... My diagnosis is that the position of scientists and scholars also involved in actual advice requires a key improvement, see here.)

Example 3. Jasper Lukkezen, editor of the Dutch economics journal ESB, reports [633] that it now has occurred twice in the last months that an article about

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[631] https://www.theguardian.com/world/2020/jun/23/europeans-believe-in-more-cohesion-despite-eus-covid-19-failings
[632] https://hartblik.weebly.com/onderdeloep.html
[633] https://esb.nu/blog/20059642/driemaal-is-scheepsrecht-bij-lockdownanalyses

the cost-effectiveness of the virus policy has been withdrawn by the authors themselves. In one case, there was too much uncertainty about key assumptions. (Such uncertainty indeed holds in general. Lukkezen doesn't say so, but I infer that it also relates to the lack of information by RIVM: you cannot check what they do when they control the information. In economics, we have a distinction between CBS that establishes the statistical data and CPB that does the planning.) For another case there was the "large political and social pressure concerning the lockdown measures". This author referred to the case of Alfred Kleinknecht who since the 1990s presents an analysis that the Ministry of Economic Affairs disagrees with, so that they no longer gave him contracts for research. (See: (a) Kleinknecht's website, [634] (b) my disagreement with Kleinknecht. [635])

Example 4. There was the focus on the (end of pipe) ICU and the lack of attention for the (begin of pipe) home care that sends patients to the ICU. There was the curious discussion about closing schools and the role of children. There is the issue of aerosols and ventilation. RIVM first rejected the relevance of face masks [636] and later agreed with using them in public transport. As said, RIVM misinformed the Dutch about the capacity on testing. There is the ambiguity and inconsistency on SCT and herd immunity. RIVM has made many errors and has tried to cover up and spin those errors too often.

Example 5. If Rt = 10 *holds in one week then* R(t+i) = 10 *need not hold also in subsequent weeks,* because the situation can change. Maurice de Hond rightly criticises RIVM for stating only Rt < 1 or Rt > 1 *without clarifying the effect size*. When the number of infected people concerns a small number of people, like the 1715 people on a population of 17.4 million, as reported on June 25, then even a value like Rt = 10 may have a limited impact. If over 5 days 1715 * 10 = 17150 people would be infected, and if these people would be youngsters with IFF = 0.06%, then 10 youngsters would die, while traffic accidents have 55 deaths per month. There can be safeguards, like proper reporting also about the effect size, so that Rt and the effect go down again. De Hond denounces the RIVM focus on Rt only as scaremongering and "malevolent". [637] I regard De Hond's denunciation as over the top. It may also be a result from an overall lack of communication between RIVM and De Hond: however, we should expect a government institution to decently answer to fair questions. My impression is that RIVM is aware of this issue of the effect size, but simply hasn't been creative enough to develop the proper dashboard. Aspect are: (1) RIVM refuses to state forecasts of expected deaths, as "speculative", but then neglects that this is precisely the kind of information that is required (with nuances on qaly's and cost-effectiveness). (2) Epidemiological models give projections of the developments of infections, clearing and deaths, and it is precisely this kind of information that best is provided by such a dashboard, so that users can see what is involved over what time horizon. (3) While RIVM states that it calibrates the calculation of Rt with hospital

[634] http://alfredkleinknecht.nl/en/

[635] https://boycottholland.wordpress.com/2017/05/13/disinformation-and-trauma-at-tu-delft/

[636] https://medium.com/@Cancerwarrior/covid-19-why-we-should-all-wear-masks-there-is-new-scientific-rationale-280e08ceee71

[637] https://www.maurice.nl/2020/06/13/zo-neemt-prof-wallinga-ons-in-de-maling/

admissions, I think that they use a more complex model, while De Hond suggests that they use those numbers directly. I suppose that this can be clarified.

Example 6. Science journalist Jop de Vrieze reported on May 20:

> "Hans Heesterbeek is not comfortable with the situation. The professor of theoretical epidemiology at Utrecht University also founded a Slack group in late March, together with chief modeler Jacco Wallinga of RIVM and professor Sake de Vlas of Erasmus MC, with the objective to also give RIVM an opportunity to submit modeling questions to experts from outside the institute, notably questions that are relevant for the Dutch exit strategy. "But these questions have not yet been asked since RIVM has been so busy." As a result, precious time has been lost. Although contact tracing is now being scaled up, and the lockdown is being relaxed step by step, the substantiation for the dashboard that the Cabinet wants to use is minimal, says Heesterbeek." [638]

Example 7. Science journalist Jop de Vrieze reported on May 6: [639] Yaneer Bar-Yam, who has been warning about a pandemic for 15 years and who set up www.endcoronavirus.org, sent a letter to RIVM on March 9, advising to do more and asking why RIVM wasn't doing more. He did not get a reply yet. One might argue that RIVM may select itself whom it communicates with, but one cannot exclude valid questions by fellow scientists.

On May 5, De Vrieze quotes Bar-Yam on face masks:

> Question: "The WHO does not yet advise the public to wear masks." Answer: "Well, the question remains: if something is evident, are you waiting for an extensive study, or will you assume that it helps if you apply them correctly? We want to stop the outbreak. A good article has appeared that covers all of this: *Why we all need to wear masks*. [640] If you continue to emphasize that masks are of no use, you swap ***absence of evidence*** with ***evidence of absence***. That It [has no proven use][?] becomes a kind of mantra. They think they are talking about science, but they don't." [641]

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[638] Dutch; "Hans Heesterbeek is er niet gerust op. De hoogleraar theoretische epidemiologie aan de Universiteit Utrecht richtte nota bene eind maart samen met hoofdmodelleur Jacco Wallinga van het rivm en hoogleraar Sake de Vlas van het Erasmus MC half maart een Slackgroep op, waarin het rivm aan experts van buiten het instituut modelleringsvragen kon voorleggen die relevant zijn voor de Nederlandse exit-strategie. 'Maar die vragen zijn er door de drukte nog niet gekomen.' Hierdoor is er kostbare tijd verloren gegaan. Het contactonderzoek wordt nu weliswaar opgeschaald, er wordt stap voor stap versoepeld, maar de onderbouwing voor het dashboard dat het kabinet wil gaan gebruiken is minimaal, zegt Heesterbeek."

[639] https://jopdevrieze.nl/internationale-pandemie-expert-nederland-laat-de-kans-lopen-om-het-virus-in-te-dammen/

[640] https://medium.com/@Cancerwarrior/covid-19-why-we-should-all-wear-masks-there-is-new-scientific-rationale-280e08ceee71

[641] Dutch: "*De WHO geeft nog niet het advies om massaal mondkapjes te dragen.* 'Tja, de vraag blijft: als iets evident is, wacht je dan op een uitgebreide studie of ga je er vanuit dat het wanneer je ze goed toepast helpt? We willen de uitbraak stoppen. Er is een goed stuk verschenen dat dit allemaal behandelt: Why we should all wear masks. Wie blijft benadrukken dat maskers geen nut hebben, verwisselt absence of evidence met evidence of absence. Dat Het [geeft geen bewezen

Example 8. Science journalist Jop de Vrieze on April 15 reported [642] that Denny Borsboom invites government institutes to use open access methods to better use expertise at the academia and research institutes. There is this grassroots project but the harvest is not great. Scientists are aware that it isn't efficient to put in energy without knowing that results will be used.

Example 9. On April 5, Maarten Keulemans, who studied history and antropology but still got a job as "science journalist" at Volkskrant, distorted a view that had been expressed by lawyer Jort Kelder. The latter had proposed to protect the elderly and make more speed with RIVM / Van Dissel's "herd immunity" so that the economy could be saved. Keulemans applied the case fatality rates as published by the Imperial College in The Lancet, with instant flooding of the ICUs and not spreading the case load over time, and then he criticised Kelder instead of RIVM. Thus he distorted a critical view and was not critical enough w.r.t. the figure of authority. To this day Keulemans portrays Van Dissel as the wise national doctor instead that he performs critical journalism and informs the newspaper readership about the failure and spin. (This is not the first error made by Keulemans over time.) (The Volkskrant readership tends to be in education and health care.)

Example 10. I saved explicit lunacy for the last. Pepijn van Erp deconstructed [643] the reasoning errors by Willem Engel, but the latter still managed to set up a demonstration on June 20 that ended in violence with 400 arrests. [644] Remarkably Engel called for an end of the lockdown and such ending was quite in sight for July 1 but they still had the demonstration. Lunatics might not see their own errors but they might spot errors made by the national authorities (and then regard such errors by officials as proof that they themselves would not make errors). There is a tv channel around gold-bug [645] Willem Middelkoop which tv channel parasitically feeds upon unrest and conspiracy theories, but there were two remarkably correct tv interviews, one with Cees Hamelink (on the government abuse of science [646]) (wikipedia) and another with Michaela Schippers (on mass hysteria [647]) (cv).

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nut][?] wordt een soort mantra. Ze denken dat ze het over wetenschap hebben, maar dat doen ze niet.’"

[642] https://jopdevrieze.nl/het-rivm-moet-de-modellen-openbaar-beschikbaar-maken/

[643] https://kloptdatwel.nl/2020/06/06/de-denkfouten-van-willem-engel-het-coronavirus/

[644] https://nos.nl/artikel/2337992-onrustige-dag-in-den-haag-na-betoging-op-malieveld-400-aanhoudingen.html

[645] https://boycottholland.wordpress.com/2014/05/29/the-fun-of-the-fringe/

[646] https://www.cafeweltschmerz.nl/overheid-misbruikt-wetenschap-overheid-misbruikt-wetenschap-cees-hamelink-en-flavio-pasquino/

[647] https://www.youtube.com/watch?v=e3rCPv-IXHE

Conclusion

37. *Conclusions of this book*

Let researchers of science and learning in each nation set up their own National Assembly of Science and Learning. While Chapter 4 itemises the other main conclusions upfront, we can recapitulate for statistics:

The scientific, and thus independent, governance of the National Statistical Offices in the European Union has been seriously damaged because of the Eurozone crisis in 2010.

In that year, the board of the Greek National Statistical Office El.Stat had all authority, and the director was only a member of that board. The IMF wanted this situation changed. In a Memorandum of 2012 for the IMF, the Greek government promised to change the law and assign the authority to the director.

In 2010, director Andreas Georgiou, already claimed this authority, and gave Eurostat “official figures” about the Greek government deficit and debt for 2009, without first seeking approval by the El.Stat board. In 2018 the Greek Supreme Court found Georgiou in violation of his duty. He was guilty as charged.

Statistical organisations ISI, RSS, ASA, IAOS, FENStatS and SFdS [648] are in uproar and hold that Georgiou is a victim of a miscarriage of justice. The statisticians neglect to look at the Greek law in 2010, recognised by the IMF, and they do not respect the separation of powers between the Executive (themselves) and the Judiciary branches of the Trias Politica model of democracy. They also neglect the fellow statisticians on the board.

The scientific world is advised to set up an investigation into what happened at El.Stat and Eurostat, and at why and how the statistical organisations reacted in such wrong manner.

By reflex, the EU now in 2020 assigns statistical authority to single directors. For a knowledge society this is unwise and highly risky, as a single person is more vulnerable to error and pressure.

In 1899-2016, Holland had a much better governance with a Central Commission for Statistics (CCS), that established the programme (also for non-CBS), and CBS Statistics Netherlands, that executed its programme and determined the figures and publication. In the last decades CBS also had multiperson boards in practice.

The EU is advised to reconsider and look at the Dutch experience and restore the status quo ante.

Dutch parliament is advised not to wait for international bodies and set up its own enquiry, and consider to restore the governance of CCS and CBS.

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[648] International Statistical Institute (ISI), Royal Statistical Society (RSS), Americal Statistical Association (ASA), International Association of Official Statistics (IAOS), Federation of European National Statistical Societies (FENStatS), Société Française de Statistique (SFdS).

Due to the orginal setup of this book – with the 1st edition published in February during the relative calm before the outbreak of the SARS-CoV-2 pandemic – Chapter 4 didn't and doesn't present an "upfront conclusion" concerning the pandemic. This 2nd edition in July includes the experience of the last half year. Conclusions w.r.t. the pandemic are:

(1) Nations show a wide variety of reactions, which *in a way* is helpful for science, since it generates variety in the data, while scientists and scholars cannot experiment with people to generate the same variety.

(2) We cannot say that the world or EU or USA would have done better if policy makers had co-ordinated their policies. The "*deficiency in co-ordination*" in the EU allowed Greece and Germany to show better results which otherwise might have been forbidden due to the imposition of a general policy. The denial by the Trump administration aggravated the US national situation but can also be seen as a more or less "co-ordinated action by the executive branch", which does not necessarily present an argument in favour of policy co-ordination itself. Instead, in all cases, we can identify key problems in the *handling of information from science and learning* itself. The present mental frame allows for the distinction between *politics* and *advice,* but there is also the third role of *expertise* and in particular *expertise w.r.t. the quality of information.* While it may be too early to draw conclusions on outcomes also on (quality adjusted) life-years gained and economic performance, it seems safe to conclude that already much can be improved on the relation between society on the one hand and science and learning on the other hand.

(3) A showcase example would be Holland. Pueyo (2020) (June 9) states:

> "The Netherlands is an especially interesting country, because it has nearly controlled the crisis despite toying with herd immunity. They are in a unique position in the world: It's the only country that could easily start Dancing, but is deciding not to. This makes no sense. They should simply apply the measures for Dancing that are proven elsewhere, and save their economy and thousands of lives."

The discussion in Chapter 36 clarifies how Holland got where it is, which is not as good as could have been (still 9000 deaths), which also explains why the next phase for the upcoming Fall and Winter 2020 can be problematic. Overall, Holland shows a sound national preference for a low death toll and a restart of the economy. The problem rather lies in the communication within the community of science and learning, and the channels of information from there to policy making and society as a whole. Dutch governmental research institutes for *science and learning based statistics and planning* have grown used to procedures that insulate themselves from outside critical thinking by the wider forum. Perhaps those governmental institutes have ample reasons to be cautious, since the wider forum is fragmented and not as organised as criteria of forum theory require. The clear conclusion is that this forum better gets organised.

(4) The pandemic provides additional evidence for the risk of environmental unsustainability, and then see Part 5 of this book.

Appendices

38. *Appendix. Origin of national statistics in Holland*

38.1 *Website of Dutch KVS Royal Society for Political Economy*

The KVS Royal Society for Political Economy ("Koninklijke Vereniging voor de Staathuishoudkunde") presents this history on its website, my translation: [649] [650]

> "In 1999, the Royal Society for Political Economy celebrated its 150th anniversary with an jubilee conference in which foreign experts reflected on the role of the Netherlands in economic history. As the Society only celebrated its 125th anniversary in 1987, it seemed that the Society was going through a rapid aging process. Historical research, however, showed that 1849 should be regarded as the year of birth of the Society. The meeting of authors and contributors of the "Staatkundig en Staathuishoudkundig Jaarboekje" for 1849, organized by the first chairman of the Society, Jonkheer J. de Bosch Kemper, now appears to be acknowledged officially as the founding meeting of the Society.
>
> The background to the establishment of the Society for Political Economy (at the time Society for State Statistics) was the desire of De Bosch Kemper and his associates that more and better statistical data on the whole state government (and also more widely national economy) should be made available for the benefit of government policy making. In fact,

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[649] https://esb.nu/service/overkvs

[650] Dutch: "In 1999 vierde de Koninklijke Vereniging voor de Staathuishoudkunde haar 150-jarig bestaan met een jubileumcongres waarbij buitenlandse deskundigen hun licht lieten schijnen over de rol van Nederland in de economische geschiedenis. Aangezien de Vereniging pas in 1987 haar 125-jarig jubileum heeft gevierd, had het er de schijn van dat de Vereniging een snel verouderingsproces doormaakte. Uit geschiedkundig onderzoek was echter naar voren gekomen dat 1849 als het ware als geboortejaar van de Vereniging moet worden aangemerkt. De door de eerste voorzitter van de Vereniging, jonkheer J. de Bosch Kemper georganiseerde bijeenkomst van medewerkers aan het "Staatkundig en Staathuishoudkundig Jaarboekje" voor 1849 blijkt nu officieel als de oprichtingsvergadering van de Vereniging te moeten worden aangemerkt.
De achtergrond van de oprichting van de Vereniging voor de Staathuishoudkunde (indertijd Statistiek) was de wens van De Bosch Kemper en zijn medestanders dat er ten behoeve van het Regeringsbeleid meer en betere statistische gegevens over de totale staatshuishouding (en ook ruimer de volkshuishouding) beschikbaar zouden komen. In feite loopt deze lobby als een rode draad door de beginjaren van de Vereniging heen. Uiteindelijk zag de Vereniging zijn streven bekroond met de installatie van de Centrale Commissie voor de Statistiek in 1892 en met de oprichting van het Centraal Bureau voor de Statistiek in 1899.
Na de installatie van de Centrale Commissie voor de Statistiek besloten de leden het werkterrein van de vereniging te verbreden en dienovereenkomstig de naam van de vereniging aan te passen. Als de "Vereniging voor de Staathuishoudkunde en de Statistiek" verlegde zij definitief haar aandacht naar de staathuishoudkunde en introduceerde zij de preadviezen, die lange tijd het voornaamste product van de vereniging waren. Na de Tweede Wereldoorlog werd de vereniging andermaal herdoopt. Ook dit keer werd de naam in overeenstemming gebracht met het feitelijke werkterrein. Als de "Vereniging voor de Staathuishoudkunde" behield zij haar forumfunctie, maar ondervond zij in toenemende mate concurrentie van andere wetenschappelijke instanties. Gaandeweg ontwikkelde zij zich tot een beroepsvereniging voor economen. Tenslotte is het ter gelegenheid van het vorig jubileum aan de Vereniging toegestaan het predikaat "Koninklijk" te voeren."

this lobby runs like a thread through the early years of the Society. Eventually the Society saw its endeavors rewarded by the installation of the Central Commission for Statistics in 1892 and the establishment of the Central Bureau of Statistics in 1899.

After the installation of the Central Commission for Statistics, the members decided to broaden the scope of the Society and adjust the Society's name accordingly. As the "Society for Political Economy and Statistics", she definitively shifted her attention to Political Economy and introduced the Preadviezen (pre-advices), that for a long time were the Society's main product. After the Second World War the Society was renamed again. This time too, the name was brought into line with the actual field of activity. As the "Society for Political Economy", it retained its forum function, but it increasingly faced competition from other scientific bodies. She gradually developed into a professional association for economists. Finally, at the occasion of the last anniversary, the Society has been granted the use of the predicate "Royal"."

The claim that KVS is turning into a professional association for economists is overrated. The field of political economy is too small for such a diverse profession, and many economists are professionally engaged in other areas than science. It would be better that KVS enhances its scientific profile. In the past, the journal "De Economist" was published by KVS but it has now been transferred to Springer, and that was an error, because it should have been retained as the journal of KVS. [651] Similarly, the label ESB [652] is owned by KVS, but the journal is not open access. There are easy open access solutions for both journals by a better link to the universities, see my letter to VSNU. [653]

38.2 *Dutch law of 1899*

For Dutch readers it may be striking to see the law of 1899, that stipulates that there are both a CCS and a CBS. [654] The research topics / publications are determined by the CCS and the director presents the statistical data [655] that he thinks are useful for practice or science.

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[651] https://link.springer.com/journal/10645

[652] https://esb.nu/service/overesb#het-vakblad-voor-economen

[653] https://boycottholland.wordpress.com/2016/10/12/letter-to-vsnu-and-others-on-membership-dues-and-open-access-publishing/

[654] "Organisatiebesluit van het Centrale bureau en de Centrale commissie voor de statistiek: Koninklijk besluit van 9 Januari 1899" (Staatsblad 43) (published on January 18 1899, Staatscourant)
https://www.delpher.nl/nl/kranten/view?coll=ddd&query=%28Centraal+Bureau+Statistiek%29&cql%5B%5D=%28date+_gte_+%2209-01-1899%22%29&cql%5B%5D=%28date+_lte_+%2201-12-1899%22%29&facets%5Bspatial%5D%5B%5D=Landelijk&redirect=true&identifier=MMKB08:000173055:mpeg21:a0004&resultsidentifier=MMKB08:000173055:mpeg21:a0004

[655] Dutch "statistische opgaven". This term is out of use, but with "prijsopgave" Dutch readers will recall that the meaning is "vermelding van gegevens" (recording of data).

Artikel 1.

Er zijn:

a. een Centraal Bureau voor de Statistiek, en

b. eene Centrale Commissie voor de Statistiek.

Beide zijn gevestigd te 's Gravenhage.

Artikel 2.

Het Centrale Bureau voor de Statistiek verzamelt, bewerkt en publiceert, voor zoover de beschikbare middelen het toelaten, de statistische opgaven, die door den Directeur voor practijk of wetenschap nuttig geacht worden.

Door het Bureau worden geene nieuwe statistische onderzoekingen of uitgaven ondernomen, noch onderzoekingen of uitgaven gestaakt, dan met machtiging van de Centrale Commissie voor de Statistiek.

De Centrale Commissie kan ook harerzijds, op eigen initiatief of op verzoek van het Hoofd van een Departement van Algemeen Bestuur, het verzamelen, bewerken en publiceeren van statistische opgaven aan het Bureau opdragen, aan welke opdracht de Directeur van het Bureau verplicht is te voldoen, behoudens, in geval van bezwaar, beroep op Onzen Minister van Binnenlandsche Zaken.

Artikel 3.

Aan het hoofd van het Bureau staat een Directeur, die door Ons benoemd en ontslagen wordt, woonplaats heeft te 's Gravenhage en eene vaste jaarwedde, benevens vergoeding voor reis- en verblijfkosten geniet.

Bij het openvallen van het ambt van directeur zendt de Centrale Commissie ter vervulling van de plaats eene aanbeveling aan Onzen Minister van Binnenlandsche Zaken.

39. *Appendix. Backgrounds of some people*

39.1 *Xeni Dimitriou (Supreme Court Prosecutor)*

Xeni Dimitriou is mentioned in various protests as a key person in the Greek juridical system in the prosecution of Andreas Georgiou. Over the years she has become a prosecutor at the Greek Supreme Court, for the tenure period of 2016-2019. Since I have no expertise on law and the Greek language or system, I only refer to some reports.

Apparently, when a lower court arrives at a verdict, then a higher court may decide that something still isn't okay, so that a new round is started. In Holland, Lucia de B. was convicted as a serial killer nurse, and it took quite some effort to reopen the case so that she could be acquitted. More flexibility can be advisable (see Richard Gill, also on Ben Geen [656] [657]).

Also, one can understand that a prosecutor in Greece would not want that there would be a shade of doubt about any wrongdoing at El.Stat. Eventually Georgiou was convicted in 2018 and guilty as charged – for violation of duty. One can only wonder why it took so long. Malconduct by Snorrason and likely Eurostat are important factors here too, see the discussion in Part 6.

Dimitra Kroustalli in To Vima 2019 has a discussion. [658] PM. Zoe Georganta becomes "Sophia Georganta".

There is this press release: [659]

QUOTE

Athens, November 26, 2018.

1st International Conference on the Establishment of the European Public Prosecutor's Office

The 1st International Conference on the Establishment of the European Public Prosecutor's Office was held in Athens on 23rd to 25th of November 2018, organized by the Supreme Court Prosecutor's Office under the auspices of the Presidency of the Greek Republic with the assistance of the General Secretariat Against Corruption and the General Inspector of Public Administration, was successfully completed.

The General Prosecutor of the Supreme Court of Greece Mrs. Xeni Dimitriou opened the conference in the presence of the President of the Hellenic Republic, [his excellency] Prokopis Pavlopoulos while Minister of Justice, Transparency and Human Rights M. Kalogirou addressed welcome speech.

The President of the Supreme Court, General and Federal Prosecutors from Europe, third-country Prosecutors, the President and Vice-President of Eurojust, representatives of the European European Anti-Fraud Office (OLAF) and the

[656] https://www.math.leidenuniv.nl/~gill/

[657] https://bengeen.wordpress.com/

[658] https://www.tovima.gr/2019/07/02/international/xeni-dimitriou-works-and-days-of-a-willing-prosecutor/

[659] https://ec.europa.eu/anti-fraud/sites/antifraud/files/14012019_athens_conference_on_eppo_en.pdf

European Commission, as wel as Greek Prosecutors, senior judges and representatives of auditing bodies were among the participants.

The General Secretary Against Corruption, Mrs. Xepapadea, in her inaugural speech, (...) concluded by praising the importance of cooperation in the effectiveness of the investigations on corruption and fraud cases, in accountability and in the process of charging amounts, and outlined the need to improve the mechanisms for asset recovery.

UNQUOTE

39.2 *Andreas Georgiou (econometrician, former IMF, president El.Stat)*

The following is taken from Breugel (see Appendix 39.10): [660]

> "Andreas Georgiou was born in Patra, Greece, in 1960. He received a Bachelor of Arts from Amherst College in Economics and Political Science/Sociology. He continued his studies in Economics at the University of Michigan, where he received a Ph.D. with specialisations in Monetary Theory and Stabilisation Policy and in International Trade and Finance. From October 1989 until July 2010 he worked at the International Monetary Fund, holding positions in the following departments: Statistics Department, African Department, European Department, Exchange and Trade Relations Department (currently Strategy and Policy Review Department).
>
> In August 2010 he returned to Greece to head the newly established Hellenic Statistical Authority (El.Stat) — the successor of the National Statistical Service of Greece following the onset of the economic crisis in Greece. He was President of the Hellenic Statistical Authority until 2 August 2015, in its first five years as an independent National Statistical Office. He led the reorganisation and rebuilding of the institution (both regarding statistical production and administration) on a new basis of fully conforming to international and European statistical standards and practices, leading to the establishment of the credibility of Greek statistics.
>
> Amongst his tasks was also the coordination of the newly defined and constituted National Statistical System of Greece (Hellenic Statistical System) and he was, inter alia, responsible for the certification of other national agencies' official statistics. Moreover, he organised and led the 2011 National Census in Greece, meeting EU Regulation provisions and applying new quality controls and standards. He has been an elected Member of the Partnership Group of the European Statistical System (2012-2013); Member of the Partnership Group of the European Statistical System (on account of Greek Presidency of the Council of the EU in 2013-2014); Member of the European Statistical System Committee (2010-2015); elected Member of the Bureau of the European Statistical Forum (2013-2015); elected Member of the Editorial Board of the European Statistical System Report (2014-2015); and Chairman of the Council Working Party on Statistics during the Greek Presidency of

[660] https://bruegel.org/author/andreas-georgiou/

> the Council of the EU (2014). In 2013 he was elected Member of the International Statistical Institute. He has been Visiting Associate Professor in Finance, Banking and Investment, at the Economics University Bratislava, in the Slovak Republic.
> He is currently Visiting Lecturer and Visiting Scholar at Amherst College, USA, where he teaches statistical ethics and macroeconomics. He is elected member of the Council of the International Statistical Institute (2019-2023) and is currently serving as member of the Committee on Professional Ethics of the American Statistical Association (2018-2020). He has published on institutional and legal frameworks for national and supranational statistical systems, on financial crises and on macroeconomic programming."

Wikipedia is a portal and no source. It has on Georgiou (2019-12-18): [661]

> "Georgiou's prosecution has been denounced as a violation of scientific freedom and human rights by the American Statistical Association's Committee on Scientific Freedom and Human Rights [10] and the editorial board of The Economist. [11] The Financial Times reported, "The case has sparked outrage from economists and statisticians worldwide who believe Mr. Georgiou has become a scapegoat for Greece's political class." [12]"

I suppose that it is a matter of time before these statistical institutes and news media start to retract and also Wikipedia discovers the misquote and misrepresentation by ISI.

39.3 *Hallgrímur Snorrason (economist, director Statistics Iceland, repr. Eurostat)*

A problem with Hallgrímur Snorrason is his dual role as both participant-associate of Georgiou and "independent outsider", see Sections 25.16 and 33.1.

Snorrason was apparently hired by Eurostat in 2010 as "permanent resident representative" and "High Level Exptert" at El.Stat, with the task that he "provides independent advice to El.Stat". Georganta (2012b) [662] (search for his name, and do not forget about pages 22- 23, and remember that she got copies of emails via her lawyer), and see her letter to ISI, [663] claims, though she also indicates that she was in the building of El.Stat only a few times, that he chose to assist only Georgiou rather than the board in general, in her view mainly in helping in changing the governance rules of El.Stat. At ISI, Snorrason adopted the role of "independent outsider" to defend Georgiou, showing partiality.

Snorrason's website gives this information, [664] with his retirement on January 1 2008, and recall the role of Iceland in the 2008-2011 financial crisis. [665]

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661 https://en.wikipedia.org/wiki/Andreas_Georgiou

662 http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

663 http://www.zoe-georganta.co.uk/Letter%20to%20ISI%20from%20N.%20Logothetis%20and%20Z.%20Georganta%20(ELSTAT).pdf

664 http://snorrasonstatistics.net/

665 https://en.wikipedia.org/wiki/2008%E2%80%932011_Icelandic_financial_crisis (portal, no source)

"SnorrasonStatistics is the working name of the consulting services in official statistics and related fields offered by Hallgrímur Snorrason, previous Director General of Statistics Iceland – the national statistical institute of Iceland. Hallgrimur retired from that post on 1 January 2008 having held that office for 23 years. During that time he led the evolution of Statistics Iceland and Icelandic official statistics from a minimalistic domestic operation to a fully fledged but small national statistical institute actively participating in international statistical cooperation and fulfilling the major part of the obligations posed by the international and European statistical systems for comparable statistical undertakings and data. During his career at Statistics Iceland, Hallgrimur played an active role in the cooperation of the main international and supra-national agencies in the field of statistics. Since retiring from Statistics Iceland, Hallgrimur has worked as independent consultant in official statistics, in several countries and for various organizations, mainly in developing countries and on capacity building issues."

39.4 *Nikos Logothetis (informatics, vice-president El.Stat)*

This takes only education and employment from the website of Georganta. [666] (In this book: see Section 31.3 and Appendix 44.)

QUOTE

PERSONAL
Place of birth: Kavala, GREECE
Nationality: Greek / British

EDUCATION - DEGREES OBTAINED

A. Doctor of Philosophy (Ph.D.)
   from: University of Nottingham, England, 1981
   main subject: Ergodic Theory and Information.
B. Master of Science (M.Sc.)
   from: University of Sheffield, England, 1977
   main subjects: Probability and Statistics, Computing.
C. Diploma (equiv. to an M.Sc. for Greece)
   from: University of Patras, Greece, 1975
   main subjects: Mathematics, Statistics.
D. Certificate of LEAD AUDITOR:
   Lead Auditor of Quality Assurance Systems
   Institute of Quality Assurance (IQA), IRCA Registration Scheme,
   Certificate Serial No: LA/96/GR/257

EMPLOYMENT

(A) HELLENIC STATISTICS AUTHORITY (El.Stat), Piraeus, 2010- 2011
<u>Position:</u> Vice-President, appointed by the Hellenic Parliament through a public open call.

(B) T.Q.M. HELLAS SA, Athens, Greece, 1991 - today

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[666] http://zoe-georganta.co.uk/wp-content/uploads/2017/10/CV-Nickolas-Logothetis.pdf

(Management Consulting Firm providing training and advisory services on matters of ISO-9001, ISO-14001, OHSAS-18001, STATISTICS and Total Quality Management)

Position: Managing Director

(C) HELLENIC OPEN UNIVERSITY 2000 - today:

Member of Associated Educational Personnel (Teaching Counselor and Diploma Theses-Supervisor) on the Postgraduate Course “Advanced Methods for Quality Assurance and Quality Improvement”

(D) BRITISH TELECOM (BT) (London, UK) 1989 - 1990

Position: Senior Consultant with BT's Management Science Consultancy Unit, (Level-3 Manager in the Unit's Management 5-level hierarchy) providing a consultancy service to Senior Management of BT (...)

(E) GENERAL ELECTRIC COMPANY (GEC):

(Hirst Research Center, London, UK) Feb. 1985 - Mar. 1989 Positions:

(a) Head of the Statistical Advisory/Research Unit
(b) Member of GEC's Technical Directorate.
(c) Member of GEConsult as Management Consultant on the development and application of modern cost-effective methods for Quality, Productivity Improvement, ISO-9000, and Total Quality Management.

(F) LONDON SCHOOL OF ECONOMICS - University of London:

(London, UK) Dec. 1980 - Jan. 1985

Positions:

(a) Research Advisor and Part-time Lecturer
(Department of Statistical and Mathematical Sciences)
(b) Lecturer (Department of Extra-Mural Studies.)

UNQUOTE

39.5 *Zoe Georganta (econometrician, member board El.Stat)*

PM. Thanks to Google I also spotted this: In the commercial edition of his thesis “Externality and Institutions” with Amartya Sen, Andreas Papandreou jr (1994) includes Zoe Georganta in the list of people that he thanks (and then I could walk to the bookcase and check in my copy).

This takes only education and employment from her CV on her website. [667] From these dates I estimate that she was born around 1950 and thus in 2020 would be around 70 years of age.

PM. KEPE [668] is an indicative planning agency, somewhat comparable to the Dutch Central Planning Bureau (CPB).

(In this book: see Section 31.2 and Appendix 43.)

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[667] http://zoe-georganta.co.uk/wp-content/uploads/2017/10/CV-Nickolas-Logothetis.pdf

[668] https://www.kepe.gr/index.php/en/to-kepe-2.html. “It is governed by a board of directors appointed by the Minister for Development and Investments and the research staff concentrates on four areas of empirical research: (a) Macroeconomic analysis and projections, (b) Fiscal and monetary policy, (c) Human resources and social policies, and (d) Sectoral analyses and policies.”

QUOTE

I. EDUCATION

1. Ph.D. in Applied Econometrics, University of Leeds, School of Economics Economic Statistics, UK, 1980.
   Thesis Title: A Quarterly Econometric Model of the Balance of payments of Greece. Supervisor: Professor C.E.V. Leser, Professor of Econometrics, and Professor Emeritus of Econometrics.
2. M.A. in Economic Statistics, University of Leeds, School of Economics, Economic Statistics, UK, 1976.
   Subjects Studied: Advanced Econometric Theory, Applied Econometrics, Advanced Statistical Theory, Applied Statistics, Cost Benefit Analysis, Welfare Economics.
3. B.A. in Economics, Athens University of Economics and Business, 1971.
4. Post Graduate Institute in Business Administration, Athens University of Economics and Business. Protocol No. 12264, 1974.
5. UNIDO (United Nations Industrial Organization) Certificate – KEPE (Center of Planning and Economic Research) in Analysis and Evaluation of Investment Projects, Prof. Paul-Andre Rey, 1984.

II. EMPLOYMENT

2013 – today	• Supervision of Ph.D. Theses • Own Economic Research • Provision of consulting services in quantitative economic analysis and educational strategy
2012	Retirement
2010 Aug.- Oct 2011	Member* of the Hellenic Statistics Authority (El.Stat.) *Approved by the Greek Parliament as nominated by the Minister of Finance after an open public call.
2003-2012	Professor of Applied Econometrics and Productivity Department of Applied Informatics, University of Macedonia Economic and Social Sciences
2009 Окт.- Apr.2010	Visiting Scholar: Cambridge University - UK, Faculty of Economics. Project: Statistical Measurement Issues in Electronic Commerce.
1995-2003	Associate Professor of Applied Econometrics and Productivity. Department of Applied Informatics, University of Macedonia Economic and Social Sciences.
2000-2001	Visiting Scholar: Harvard University, Department of Economics, and NBER (National Bureau of Economic Research), Cambridge MA, USA. Project: Measurement Issues in Producer Prices, Productivity and Technology.
1996-2000	Senior Consultant and Project Manager: Ministry of Development. Project: Competitiveness SME (Small and Medium Enterprises).
1996-1998	Senior Consultant and Project Manager: SBBE (Federation of Industries of Northern Greece). Project: Competitiveness of SME.

1992-1995	Assistant Professor of Econometrics. Department of Applied Informatics, University of Macedonia Economic and Social Sciences.
1993-1994	Visiting Scholar: Harvard University, Department of Economics and NBER, Cambridge MA, USA. Project: Data Mining and Statistical Measurement Issues of Quality Change Effects on Prices, Productivity Change and Technology.
1990-1993	Senior Consultant: Regional Office of Central Macedonia Greece Project areas: (1) Information Systems of statistical observation of the labor market (2) Business Software (3) Evaluation of Vocational Programs (4) Price Indices and Productivity Measurement
1990-1993	Senior Consultant: Cambridge Econometrics. Project: Regional Growth of European Cities.
1990-1992	Assistant Professor of Econometrics. Department of Economics, University of Macedonia Economic and Social Sciences.
1992 (Dec.-April)	Consultant for Statistical Surveys and Macroeconomic Planning: Royal Government of Bhutan, Planning Commission.
1990 (Dec.-June)	Teaching Assistant (sophomores): Harvard University, Department of Economics, Cambridge MA, USA. Subject: Productivity and Technological Change.
1989-1990	Visiting Scholar. Harvard University, Department of Economics, Cambridge MA, USA. Project: Income and Productivity Measurement.
1981-1990	Research Associate KEPE (Center of Planning and Economic Research) Research areas: Econometrics, Statistics, Productivity, Industrial Studies, 5year Plans of Economic Development, short-term Forecasting.
1986-1988	Professor of Statistics and Econometrics Athens Post Graduate School of Public Administration.
1987-1988	Senior Consultant: Ministry of Youth. Project: Program for the Promotion of Entrepreneurship of Young People. Responsibilities: Statistical and Econometric analysis. (Approval of KEPE, Gov. Board meeting 2/3.2.87, Subject 13)
1985-1987	Visiting Professor of Statistics and Econometrics, Quantitative analysis of Manpower planning, Athens Technological Institute (TEI).
1983-1985	Senior Consultant. OECD, Paris. Responsibility: Regional and Urban Economic Development.
1974-1981	Research Assistant: KEPE. Research areas: Statistics, Econometric Analysis of Monetary Issues, Short-term Forecasting.
1979-1980	Teaching Tutor in Statistics: University of Leeds UK, School of Economics, Department of Economic Statistics.
1969-1972	Civil Servant of the Public Power Corporation: Department of Financial Services, appointment after successfully sat national exams.

UNQUOTE

39.6 *IJ Partners in Switserland*

The “Informed Judgement” firm was founded in 2009 to serve family equity funds. Common financial sources state: [669] [670]

> “Managing partner Theodore Margellos, a former senior director at the World Economic Forum, said: "We want to provide our clients with a new paradigm in managing their wealth." (...) Maximilian Martin, the former head of philanthropy at UBS, was among those to join IJ Partners. Nobel Prize winner Robert Mundell sits on the wealth manager's advisory board.”

Dusan Sidjanski, special adviser to José Manuel Barroso, President of the European Commission, has this document about the opening invitation. [671]
However, in 2019, the firm may be over-indebted. [672]

Theodore Margellos [673] [674] has this “about me” page: [675]

QUOTE

> He has had an outstanding career in Agribusiness for the last forty years.
>
> An entrepreneur who founded, managed and developed agribusiness investments around the world, from Ukraine to Canada, creating significant shareholder value. He was also an “angel investor” in the high-end restaurant chain project – “L’Atelier de Joël Robuchon” – which achieved a remarkable presence worldwide. In 2007, together with Yale University, he established the Margellos World Republic of Letters series, which was designed to bring to the English-speaking world leading poets, novelists, essayists, philosophers, and playwrights from around the world.
>
> A Greek and Swiss citizen, he graduated from HEC, University of Lausanne (1975). He is fluent in Greek, English, French, Italian and Russian.

Work	Education
ILTA COMMODITIES S.A.	University of Lausanne

UNQUOTE

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[669] https://www.fnlondon.com/articles/ij-partners-new-breed-20100222
[670] https://www.wsj.com/articles/SB10001424052748704002104575290462495992430
[671] http://www.dusan-sidjanski.eu/sites/default/files/PDF/IJ_Partners_investment_programme.pdf
[672] https://gothamcity.ch/2019/10/17/lhomme-daffaires-theodore-margellos-est-accuse-de-gestion-deloyale/
[673] No source but portal: https://de.wikipedia.org/wiki/Theodore_Margellos
[674] https://www.ilta.com/history/
[675] https://about.me/theodore.margellos

39.7 *Miranda Xafa (economist, former IMF, financial consultant, politics)*

The Centre for International Governance Innovation (CIGI) is a think-tank in Waterloo, Canada, and has this statement on Xafa: [676] [677] [678]

> "Miranda Xafa is a CIGI senior fellow. She is also chief executive officer of EF Consulting, an Athens-based advisory firm focusing on euro-zone economic and financial issues. At CIGI, Miranda focuses on sovereign debt crises and drawing lessons from the Greek debt restructuring for future debt crises. From 2004 to 2009, she served as a member of the executive board of the IMF in Washington, DC, where she had previously worked as a staff member. Miranda served as chief economic adviser to Greek Prime Minister Konstantinos Mitsotakis, from 1991 to 1993. From 1994 to 2003, she was a financial market analyst and senior expert at Salomon Brothers/Citigroup in London. Miranda holds a Ph.D. in economics from the University of Pennsylvania and has taught economics at the Universities of Pennsylvania and Princeton. She has published several articles and papers on international economic and financial issues."

Wikipedia has that she was on the board of liberal party Drasi [679] [680] while she also was candidate, [681] and here are some of her views as a candidate. [682]

Her website also states that she worked from 2009 as senior investment strategist and member of the advisory board of IJ Partners in Geneva. [683]

There are some complicating points.

- Miranda Xafa wrote the paper Xafa (2019a), that passed peer review, but we found it deficient by not referring to the proper 2005 Code of Practice and the actual March 9 2010 law on El.Stat. When asked for a copy of the police report she was referring to, she stated that she did not have it.
- She also signed the declaration about Georgiou, [684] which declaration is not impartial and makes the same errors as she did.
- "From 2004 to 2009, she served as a member of the executive board of the IMF in Washington, DC", i.e. when Georgiou was there too, but this need not have any implication.
- She worked for "Konstantinos Mitsotakis, from 1991 to 1993", while the present prime minister is son Kyriakos Mitsotakis, and the newspaper article Xafa (2019b) clarifies that the 2009 issue is still sensitive for Greek politics.
- She was implicated by the Panos Kammenos – unsubstantiated – allegation on the 2009 CDS issue and IJ Partners, which was apparently cleared by the courts, see Section 30.8.

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[676] https://www.mirandaxafa.com/contents_en.asp?id=4
[677] https://www.cigionline.org/person/miranda-xafa
[678] https://web.archive.org/web/20191102041401/https://www.cigionline.org/person/miranda-xafa
[679] No source but portal: https://de.wikipedia.org/wiki/Drasi
[680] No source but portal: https://en.wikipedia.org/wiki/Miranda_Xafa
[681] http://www.ekathimerini.com/141183/article/ekathimerini/business/imf-concerned-about-election-result
[682] http://www.grreporter.info/en/greeks_have_not_yet_lost_battle_euro/7118
[683] https://web.archive.org/web/20100417131904/http://www.ijpartners.com:80/board.html
[684] https://www.amstat.org//asa/files/pdfs/GeorgiouStatement.pdf

39.8 *Sigrun Davidsdottir (Iceland, writer and journalist)*

39.8.1 *Background in literature and not economics*

Sigrún Davídsdóttir (b. 1955) has a degree in literature (1981) and is an Icelandic journalist, broadcaster and writer, now based in the UK. Following the Icelandic banking crisis of 2008 she has a weblog.

With professor Matthiasson she wrote in 2015 about a suggestion for Greek banks, following the example of the Icelandic bank restructure. [685] A text by her is "*Lies, Damned Lies, and Greek Statistics*" of 2015. [686]

Problematic is that Davidsdottir also signed the ISI-statement of 2013, which means that she supports its errors and takes a side, which she does not retract in 2015. [687] Her update in 2019 is here. [688]

About Sigrún Davíðsdóttir's we only have wikipedia (portal and no source) [689] and her Icelog. [690] On her Icelog she remarkably refers to webpages in Greek, and perhaps she knows the language, or people who can translate for her, or perhaps Google Translate. Wikipedia has:

> "Sigrún Davíðsdóttir (born 1955) is an Icelandic journalist and writer. She became the London correspondent for the Icelandic national broadcaster RÚV in 2000 and has been nominated as RÚV's Reporter of the Year.[1] She is particularly noted for her coverage, since the 2008 Icelandic financial crisis, of financial crime, tax avoidance, and corruption, documented through her blog Icelog.[1][2] She has, however, published a wide variety of books alongside her journalism. (...) She moved from Iceland to Denmark in 1988, where she wrote a study of the return of manuscripts from Denmark to Iceland in the 1970s, before moving to London to work for RÚV in 2000."

On 2016-09-16, she wrote: [691]

> "The reason I find the El.Stat case so interesting and important is that in my view it's a test case for the willingness of the Greek political class to face the misdeeds of the past, the corruption and all the things that hinder prosperity in Greece. In addition, a country without reliable statistics can't really claim to be a modern and accountable country."

Some of her texts on the Georgiou case are here. [692] [693] [694] She states, *based upon a cartoon*: [695]

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685 http://fistfulofeuros.net/afoe/the-good-the-bad-and-the-foreign-icelandic-lesson-for-stabilising-the-greek-banks/

686 https://www.nakedcapitalism.com/2015/07/lies-damned-lies-and-greek-statistics.html

687 https://web.archive.org/web/20170711001907/https://isi-web.org/index.php/news-from-isi/695-supportgreece

688 http://uti.is/2019/05/the-El.Stat-case-in-greece-exposes-the-weak-rule-of-law/

689 https://en.wikipedia.org/wiki/Sigr%C3%BAn_Dav%C3%AD%C3%B0sd%C3%B3ttir

690 http://uti.is

691 http://uti.is/2016/08/El.Stat-case-old-and-new-powers-in-greece/

692 http://uti.is/2017/07/no-end-to-the-greek-governments-relentless-persecution-of-El.Stat-staff/

693 http://uti.is/2019/05/the-El.Stat-case-in-greece-exposes-the-weak-rule-of-law/

694 http://uti.is/?s=El.Stat

"The political figure behind the El.Stat persecution: Karamanlis. [prime minister of Greece 2004-2009 [696]] Even before the verdict at the end of July, Kathimerini was clear about the direction of the El.Stat trial – Kostas Karamanlis is the driving force as shown on a cartoon where Karamanlis, playing a video game, is hell-bent on not letting Andreas Georgiou get away."

39.8.2 *About her main story*

Her main story would seem to be "*Lies, Damned Lies, and Greek Statistics*" of 2015. [697] A strong point is her discussion of the earlier episode starting 2004, when Eurostat already had problems with the National Statistical Service of Greece (NSSG) still under the Ministry of Finance, leading to the 2005 ESS Code of Practice and the EU Commision 2010 document. Another strong point is that her article provides the leading narrative – so that we have a clear summary of that narrative – of Saint Georgiou against the political forces that want to reduce the 2009 debt to 3.7% as originally estimated in 2009.

Weak points are:

- She repeats the errors in the ISI statements (Appendix 40), and also overlooks the law of March 9 2010 and the 2005 Code of Practice.
- She acknowledges that Georgiou was busy changing that law in 2010, but does not ask why, or whether he can act against a law that wasn't changed yet, and apparently she doesn't wonder whether the conviction was on target.
- She has no background in economics and might not understand distinctions between accounting for banks and national accounting. She seems to suggest that deficit figures must have a unique true value instead of allowing discretion and stewardship for a board, also concerning the "mark to market" issue as discussed by Pozen (2009), see Section 20.3. As a non-economist she has every right to ask questions but she increases the noise when she happens to pick the wrong sources as supposedly authorative.
- She states that board members were appointed "politically", while Georgiou was also appointed by the body politic. She mentions that three members of the board had also applied for the directorship, and creates the suggestion as if this would invalidate their views, and impair their professional integrity. She does not really treat their views as also deriving from statistical integrity (until proven differently). She states "Logothetis has denied accessing the account" (hacking), and perhaps there is a difference in meanings for whistleblower behaviour, like people rejecting the Snowden hacking but journalists still using the findings, but she does not further investigate this, and does not provide the police report on the hacking and/or an English translation, leaving us to wonder whether perhaps something else has gone wrong in Greece, see Chapter 32. It is okay if Davíðsdóttir doesn't have all this information herself, but please do not present issues as facts when you have not been able to verify them as facts.

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695 http://uti.is/?s=Georgiou

696 https://en.wikipedia.org/wiki/Kostas_Karamanlis

697 https://www.nakedcapitalism.com/2015/07/lies-damned-lies-and-greek-statistics.html

PM. Despite her 2015 suggestion that Greece in 2015 adopts the Icelandic model to reorganise the banking system, she does not acknowledge or investigate that Greece in 2009 could already have done the same (instead of what Greece actually ded in 2009, like Ireland, nationalising debt and bailing out creditors). See Section 18.3.

It is useful to restate her 2015 conclusion, [698] and I insert my comment:

> "In December 2008, while Iceland was still in shock after the banking collapse, its parliament set up a Special Investigation Committee, SIC, which operated wholly independently of parliament. The three SIC members were Supreme Court Justice Páll Hreinsson (the chairman), Parliament's Ombudsman Tryggvi Gunnarsson and lecturer in economics at Yale University Sigríður Benediktsdóttir. Together, they supervised the work of about 40 experts. Their report of 2600 pages was published on April 10th 2010.
>
> The report buried politically-motivated explanations of the collapse being caused by foreigners and instead recounted what had actually happened, based on both documents and hearings (private, not public hearings). One benefit of the SIC report is that no political party or anyone else can now tell the collapse saga as suits their interest: the documented saga exists and this effectively ended the political blame game. Importantly, the report points out lessons to learn.
>
> Sadly, nothing similar has been done in Greece. The two committees set up by the Greek parliament do not seem entirely credible, because the allegations of El.Stat misconduct and manipulation under Georgiou are being recycled. **[In 2018 Georgiou was convicted for breach of duty, and guilty as charged, and Davíðsdóttir writing in 2015 could have discovered this herself if she had looked at the March 9 2010 law on El.Stat. On falsification, see Section 25.8]** Further, their scope seems myopic, as no effort is made to explain what went on at the institutions that from before 2000 until 2010 were reporting faulty statistics and forecasts and lying about the GS [Goldman Sachs] swaps. **[Yes, we would want to know more about this, but also about why Greece bailed out the banks in 2008-2009, see Section 18.3. However, NSSG was under the Ministry of Finance, and now we look at independent El.Stat.]**
>
> All of this taken together shows a political class, including within Syriza, not only unwilling to face the past but actively fighting any attempt to clarify things in a battle where even national statistics are a dangerous weapon. The fact that leading Greek political powers are still fighting the wrong fight on statistics **[Georgiou was guilty as charged]** is unfortunately symptomatic of political undercurrents in Greece. And this, in part, explains why the Troika and the EU member states find it so hard to trust Greece." **[Partly true, but also unbalanced, because earlier in the article she also had stated that there was a partial responsibility for the EU, with a quote by Mario Monti.]**

[698] https://www.nakedcapitalism.com/2015/07/lies-damned-lies-and-greek-statistics.html

39.9 *Yanis Varoufakis (mathematical statistics, game theory, politics)*

Yanis Varoufakis apparently hasn't tried to resolve the issue that we have been looking at. My only reason to mention him here is that some people might think that a story about Greece in crisis is not complete without mentioning Varoufakis increasing the crisis.

In my judgement since 2011 he may be competent in game theory (but I did not check this) but he is rather incompetent in macro-economics and political economy, and likely also in banking. [699] [700] I tend to regard him as rather inconsistent.

There is the Wikipedia page (a portal, no source). [701]

There is the review of James Galbraith (2016) by the Financial Times. [702] My impression is that Galbraith lost a lot of time and energy on this.

I tend to agree with the Toussaint (2020) deconstruction of Varoufakis's performance in Greek politics, and have reservations on other conclusions by Toussaint (2020) because I did not study those details.

39.10 *Nicolas Véron*

A key agent in the defence of Andreas Georgiou is economist Nicolas Véron. Apparently he has an independent position and is motivated against injustice, and he simply did not check some key facts. His weblog states: [703] [704]

> "Nicolas Véron co-founded Bruegel, the economic policy think tank in Brussels, in 2002-05. In addition to his affiliation with Bruegel (as Senior Fellow since 2009), he joined the Peterson Institute for International Economics in Washington DC in 2009, as a Visiting Fellow.
> He became an independent board member of the global derivatives trade repository arm of DTCC (the Depositary Trust & Clearing Corporation) in 2013. He is also a member of the scientific advisory board of AMF, the French securities regulator."

39.11 *Hetan Shah (no statistician, executive director RSS)*

39.11.1 *Background*

Wikipedia (a portal, no source) has:

> "Shah studied philosophy, politics and economics at the University of Oxford and graduated in 1996. He earned a postgraduate diploma at Nottingham Law School and a master's degree in history and politics at Birkbeck, University of London. He earned a further postgraduate certificate in economics at Birkbeck, University of London in 2003. (...) Shah served as Executive Director of the Royal Statistical Society from 2011 to 2019. (...) In 2019 it was announced that Shah would join the British Academy as Chief Executive in 2020."

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[699] https://boycottholland.wordpress.com/2012/05/30/competing-theories/
[700] https://boycottholland.wordpress.com/2015/02/04/angela-merkel-and-the-minotaur/
[701] https://en.wikipedia.org/wiki/Yanis_Varoufakis
[702] 'Welcome to the Poisoned Chalice', by James K Galbraith
[703] https://www.nicolasveron.info/about.html
[704] https://en.wikipedia.org/wiki/Nicolas_V%C3%A9ron

It is useful to verify that Shah has no background in statistics proper, but still propounds about statistics as the executive at the Royal Statistical Society. He seems to have a talent to sell "statistics" but it may well be that he does not really know what it is.

39.11.2 *On the El.Stat case*

As executive director of the RSS, Shah wrote "*How to save statistics from the threat of populism*", Financial Times of October 21 2018, thus months after the Greek Supreme Court had convicted Georgiou, so that he had had ample time to check the facts, but he stated in his best manner of "popularising statistics":

> "There are worrying examples from around the world of governments undermining good statistics. The former Greek chief statistician Andreas Georgiou was recently given an award for statistical integrity by the world's leading statistical societies. Meanwhile, the Greek government continues to pursue him through the courts for producing numbers it did not like."

Check the slanderous falsehoods by Shah – and he is not just being sloppy but there is a system, namely lack of adequate training, in his lack of awareness that he should check the facts and not jump to easy views:

- It is not "the" government but the judiciary branch, with an office for a prosecutor. National statistics are regulated by law, and statisticians are advised not to argue that they are above the law. [705]
- The prosecution is not because "numbers it did not like". The points brought up are well-specified and provided with evidence.
- If Georgiou had admitted in 2012 that he knew that he was in breach in duty (and he knew this because he had started working on changing the law) then he could have been convicted in 2012 and this hadn't taken so long. (However, the world of statistics, including RSS, did not debunk his smokescreen.)

The RSS journal *Significance* had two reports about the Georgiou case before, by journalist and editor Brian Tarran on May 16 2018 [706] and journalist Robert Langkjær-Bain on August 2 2017. [707] Both reports are crucially deficient, not only by journalistic standards, but also by standards of statistical science, perhaps caused by the decision by RSS that statistics has a grey image and needed a more flashy presentation. These journalists apparently did not meet with public criticism by Shah.

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[705] For my own case, I hold that either (a) the Dutch law on civil servants does not adequately protect scientists in civil service or that (b) the existing law was executed and handled in courts in deficient manner. I had been appointed as scientific co-worker, and I presume that this comes with adequate protection, thus likely (b) is the case, and the abusive dismissal must still be made undone. Potentially though, the legislative branch wants to learn from the case and provide for improved clarity in the regulations.

[706] https://www.significancemagazine.com/10-news/589-greece-s-former-national-statistician-is-heading-back-to-court

[707] https://rss.onlinelibrary.wiley.com/doi/full/10.1111/j.1740-9713.2017.01052.x

39.11.3 *Emails with RSS on the 2016 Brexit Referendum Question*

As a disclaimer, let me report that I have an earlier experience with superficial thinking at RSS and by Hetan Shah. Check these three emails:

(1) Date: Mon, 01 May 2017
To: D.Spiegelhalter at statslab.cam.ac.uk
From: Thomas Cool / Thomas Colignatus
Subject: Searching for a look by a statistician on the Brexit referendum question
Cc: rss at rss.org.uk

To the RSS
c/o its chair

Dear professor Spiegelhalter,

I appreciated reading about your background at the RSS website and am duly impressed.

This article of mine in the Newsletter of the Royal Economic Society (RES) argues that the Brexit referendum question is scientifically unwarranted:

[relocated to https://www.res.org.uk/resources-page/april-2017-newsletter-voting-theory-and-the-brexit-referendum-question.html] [708] [709]

I already expressed this last year but it is useful that it is published just now too. This issue would be important for voters in the UK general elections of June 8 2017.

As an econometrician I have some awareness of statistics, and I think that the referendum question also fails for a statistical survey of what people actually think. But I am not a specialist on statistical surveys and my own diagnosis like[ly] carries little weight for others who would tend to rely on those specialists.

I am wondering whether you or others in the RSS would agree with me. I would like to be able to quote some statistician(s) on this (pro or con, and why) and am wondering whether you or the RSS could help me finding some. An option would be to republish the memo in a statistical medium and record some responses. I am wondering whether you would be able to help out.

Sincerely yours,

Thomas Cool / Thomas Colignatus
Econometrician (Groningen 1982) and teacher of mathematics (Leiden 2008)
Scheveningen, Holland

PS. In the same RES Newsletter, there is an obituary by Larry Summers, formerly president of Harvard, on his uncle Kenneth Arrow. It appears that Summers does not understand Arrow's Impossibility Theorem. It might be that some statisticians would not do so either. See this discussion:

https://boycottholland.wordpress.com/2017/04/29/larry-summers-apparently-doesnt-understand-arrows-impossibility-theorem/

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[708] https://www.res.org.uk/site-search.html?q=Colignatus
[709] It was: http://www.res.org.uk/view/art4Apr17Features.html

(2) Date: Sat, 6 May 2017
Subject: Re: Searching for a look by a statistician on the Brexit referendum question
To: "Thomas Cool / Thomas Colignatus"
Cc: "Shah, Hetan"
From: "david spiegelhalter"

Dear Thomas

many thanks for this message and apologies for being slow in response.

As an individual I have some sympathy for your arguments, although I think currently they may be of academic interest only as things move inexorably on.

I am forwarding this to Hetan Shah, Executive Director of the RSS, to see if he has a different view.

best wishes

David

(3) Date: Tue, 9 May 2017
From: "Shah, Hetan"
To: "D.Spiegelhalter", "Thomas Cool / Thomas Colignatus"
Subject: RE: Searching for a look by a statistician on the Brexit referendum question

Dear Thomas,

Thanks. I agree with David's assessment.

Best,

Hetan

Hetan Shah
Executive Director

39.12 *Roefie Hueting (economist at CBS 1969-1994, UNEP Global 500 Award)*

Hueting's cv can be found in Hueting & De Boer (2019). [710]

For the citations score of the work by Hueting, it is useful to mention that he set up the environmental accounts at CBS Statistics Netherlands. Those accounts of the Netherlands and Canada were model for accounting at UNEP and UNSTAT (UNSD), following the first conference in Stockholm 1972. [711] Those accounts were also transformed by Steven Keuning at CBS into de NAMEA system which again became a model for UN SEEA. Researchers tend to refer to such accounts for their data, but if they would also refer to the original work by Hueting and his co-workers at CBS then Hueting would have a quite impressive citation score.

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[710] http://www.sni-hueting.info/EN/NA-eSNI/index.html
[711] https://en.wikipedia.org/wiki/United_Nations_Environment_Programme

39.13 *Tjark Tjin-A-Tsoi (theoretical physicist, manager, DG CBS 2014-2020)*

It is useful to mention that the (recently departed) CBS = DG 2014-2020 dr. Tjark Tjin-A-Tsoi might not have a strong background in national accounting and statistics. However, under the law that applied in 2014, he has been, as the announcement [712] states, the selected choice of the Central Commission for Statistics (CCS), with the CCS in 2014 still in the old role. One would think that this would be okay, till one considers the background of the chairperson of CCS at that time, see next Section 39.14.

> "On Friday 24 January 2014 the Cabinet has adopted the proposal by the Minister of Economic Affairs, Mr Kamp, and the Central Commission for Statistics to appoint Dr. T.B.P.M. (Tjark) Tjin-A-Tsoi as Director General of Statistics Netherlands as of 1 April 2014.
>
> Mr. Tjin-A-Tsoi will succeed Mr. G. (Gosse) van der Veen, who was Director General of Statistics Netherlands from 2004 to 2014. Tjark Tjin-A-Tsoi (1966) is currently the General Director of the Netherlands Forensic Institute. Before this he worked amongst others as the Director of the Competition Department at the Netherlands Competition Authority and in various positions at Ernst & Young, Rabobank and Shell. Mr. Tjin-A-Tsoi graduated and received his PhD in theoretical physics at the University of Amsterdam."

One can imagine that a theoretical physicist knows about statistical mechanics, while the jobs at Ernst & Young, Rabobank and Shell might have brought him into the world of accounting, and while the jobs at NMA and NFI might generate experience going into the direction of forensic accounting. [713] Potentially most emphasis in the last jobs was on managing a large professional bureau though.

Colignatus (2020a) (THAENAES) [714] has a longer discussion. There is the distinction between the standard figure of national income (NI) and the figure of environmentally sustainable national income (eSNI). In 2015 and 2019 Tjin-A-Tsoi was informed that CBS gave wrong information, e.g. in its reports about the national accounts, about NI and eSNI and the figure of "economic growth". Internally, statisticians at CBS gave wrong information to their DG. However, Tjin-A-Tsoi apparently did not resolve this state of wrong information yet.

It can be much appreciated that DG Tjin-A-Tsoi invited Hueting and De Boer to present their 2019 book at an internal session at CBS, attended by some sixty statisticians, and that CBS made a video available to the public (in Dutch, sheets are in English too). [715] Namely, for progress in science, it is important that scientists can look at new information and the evidence with open minds in a

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[712] https://www.cbs.nl/en-gb/news/2014/04/tjin-a-tsoi-new-director-general-of-statistics-netherlands

[713] Dutch readers would appreciate that the murder of Marianne Vaatstra was resolved in 2012 by aid of DNA matching by NFI under his directorship, see https://en.wikipedia.org/wiki/Murder_of_Marianne_Vaatstra

[714] The 2020 draft section 20.11.13 CBS Statistics Netherlands 2014-2018

[715] http://www.sni-hueting.info/EN/NA-eSNI/index.html

situation without pressure. [716] We must distinguish such scientific discussion on the one hand and governance and actual management on the other hand. However, it is no use here to restate or even summarise the dealings of CBS w.r.t. NI and eSNI, see again Colignatus (2020a).

39.14 *Inge Brakman (lawyer, chair CCS 2010-2017)*

The website of the Foundation Administratiekantoor ABN AMRO (STAK AAB) gives this CV [717] of lawyer and newly appointed director Inge Brakman (my emphasis):

> "Ms Brakman (1961) is a Dutch national. She was appointed a director of the Foundation on 20 July 2015 and has been chairman of the board of STAK AAB since 20 July 2019. Ms Brakman studied law at the University of Amsterdam. She was deputy general secretary for the Dutch Association of Journalists from 1989 to 1999. She was a member and chairman of the Dutch Regulatory Media Authority from 1999 until 2009. Until recently, she was a board member of the Dutch Foundation Freedom of the Press (2013-2017), a member of an investigation commission housing ROC Leiden (2015) and chairman of the Monitoring Commission Dutch Banking Code (2015-2017). From 2009 onwards, she has worked as an independent advisor, chairman and supervisor.
> Ms Brakman is currently chairman of the Netherlands Red Cross and SKO (Foundation for Viewers Research). She is a Supervisory Board member of DSM Nederland, Shell Nederland and Accenture Nederland en Coach at Quist leading humans.
> Her previous supervisory functions include chairman of Foundation De Baak VNO-NCW (2004-2013), the Board of Trustees University of Amsterdam (2004-2012), Supervisory Board member of Fortis Bank Nederland (2008-2010), member of the Foundation Preference Shares TMG (Telegraaf Media Groep) (2010-2013) and a member of foundation Fondsenbeheer Nederland from 2012 until June 2015. Until 2017 she was also Supervisory Board member of Royal Duyvis Wiener, the **Central Commission of Statistics** and trustees Staatsbosbeheer (State Nature Preserve).
> Her previous advisory functions include chairman of the Monitoring Commission Dutch Banking Code, chairman of the Committee Future of Public Broadcasting (2013-2014), member of the commission Rules for Gambling on the Internet in 2010 and a member of the Sustainability Advisory Board of the Group from March 2011 to June 2015."

Her appointment as chair CCS was in 2009 starting January 1 2010, [718] and this is an interview in 2015. [719] See Section 21.8 for her deficiency in understanding law and the history and governance of CSS and CBS.

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[716] https://www.managementissues.com/index.php/duurzame-ontwikkeling/100-duurzame-ontwikkeling/1054-national-accounts-and-environmentally-sustainable-national-income
[717] https://www.stakaab.org/en/about-stak-aab/board/i-brakman/index.html
[718] https://www.cbs.nl/nl-nl/nieuws/2009/48/nieuwe-voorzitter-centrale-commissie-voor-de-statistiek
[719] https://www.cbs.nl/nl-nl/corporate/2015/25/betrouwbare-cijfers-voor-een-betere-samenleving

39.15 *Angelique Berg (public administration, DG CBS 2020)*

The newly appointed DG CBS has no background in statistics and scientific advice. As DG Public Health since 2015 she also played a role in not providing adequate protection against a pandemic (like listening to warnings about a pandemic, and in providing for a system of source and contact tracing, see Section 36.7). The press release at her appointment was. [720]

"Ms Angelique Berg has been named as the new Director General of Statistics Netherlands (CBS). Minister Wiebes of Economic Affairs and Climate has appointed Ms Berg on the recommendation of the CBS Advisory Council. The appointment will take effect on 1 September 2020.

Ms Angelique Berg, MSc. (1969) has led the Directorate-General Health at the Ministry of Health, Welfare and Sport (VWS) since January 2015. Prior to this, she served as Director General of Fiscal Affairs at the Ministry of Finance, with previous positions at the Ministry of Housing, Spatial Planning and the Environment (VROM), the Office of the Prime Minister and the Government Finance Inspectorate. Ms Berg studied Public Administration at Erasmus University Rotterdam. She will be succeeding Mr Tjark Tjin-A-Tsoi, who took up a new position as Chairman of Sanquin on 1 April 2020.

Chairman of the CBS Advisory Council Mr Gerrit Zalm welcomes Ms Berg's appointment and praises her broad experience in public administration: "I am delighted that Minister Wiebes has appointed Angelique Berg as the Director General of CBS. Ms Berg is a top talent and has highly broad managerial experience in a wide range of areas. Her appointment will enable CBS to further increase its contribution to government and society in its capacity of data partner and independent statistical information provider."

Angelique Berg says: "CBS is a wonderful institution with a social task that continues to gain in importance. I consider it an honour to be able to play a role in performing this task, and look forward tremendously to working within the CBS organisation."

In a society where the amount of information is growing explosively, open access to reliable, integral data is crucial. As the national statistical office of the Netherlands, CBS provides insight into social issues by publishing reliable statistical information and data. In doing so, CBS contributes to the social debate, policy development and key decision making."

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[720] https://www.cbs.nl/en-gb/corporate/2020/21/angelique-berg-appointed-as-new-director-general-of-cbs

40. *Appendix. ISI Statement about the Georgiou case 2013*

40.1 *Reproduction of the declaration*

ISI did no investigation as I requested in my 2012 letter. [721]

The text below reproduces the 2013 ISI statement, [722] [723] with my comments in bold. The statement came with a call for signatures by statisticians, and those are here. [724] Observe that ISI did not learn over the years, see 2017 in Section 26.5 and 2019 in Section 25.8, even though there was the Greek Supreme Court conviction in June 2018.

PM. Historically ISI takes office within the CBS Statistics Netherlands building.

QUOTE

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28 February 2013

Statement

On the prosecution **[correct, i.e. not persecution]** of the President and two managers of the Hellenic Statistical Authority, El.Stat

The International Statistical Institute (ISI) is a scientific society with more than 5,000 members worldwide and a network that include numerous government agencies, international organisations, statistical associations and groups around the world. The undersigned ISI representatives are making this statement to express their profound disappointment and serious concern over the prosecution of Mr Andreas Georgiou, President of the Hellenic Statistical Authority (El.Stat) and two of his El.Stat Managers. The charges against Mr Georgiou and two of his Managers of exaggerating the estimates of Greek government deficit and debt for the year 2009 are fanciful and not consistent with the facts. **[This misrepresents the true case, of breaching his duty to seek approval by the board, see Section 27.1.]**

Mr Georgiou was appointed by the Greek Parliament in 2010 to help with the production of reliable Greek statistics. He has a background with the IMF and is fully aware of the importance of the integrity and trust in official statistics to the effective governance of countries. **[But ISI could check in 2013 that he violated the El.Stat law of March 2010. Does ISI really need the Greek Supreme Court**

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[721] https://boycottholland.wordpress.com/2012/06/10/letter-to-the-isi-on-greek-statistics/

[722] https://www.isi-web.org/index.php/about-isi/policies/isi-statements-letters

[723] https://www.isi-web.org/images/news/20130304ISIGreece-Statement.pdf

[724] https://www.isi-web.org/index.php/news-from-isi/695-supportgreece

to explain the law to them ?] The public finance problems of Greece were due in part to poor and erroneous statistics over a number of years which meant that the seriousness of the situation was not addressed earlier with less austere economic and social policy adjustments. **[Reverse causality: irresponsible politicians covered up their tracks.]** The poor state of Greek public finance statistics before 2010 is spelled out in a Report on the Greek Government Deficit and Debt Statistics, published by the European Commission in January 2010. **[NSSG was under the Ministry of Finance. In March 2010, El.Stat was created as an independent body. Please give these facts too.]**

Assisted by Eurostat, the statistical authority of the European Union, Mr Georgiou and his team at El.Stat **[excluding the board ?]** went about their work to recompile Greek public finance statistics in accordance with the standards of the EU. **[False. The EU and ESS Code of Practice 2005 required Georgiou to stick to the law and seek approval by the board, and he did not do so.]** Eurostat monitored this work and endorsed that it conformed with EU rules and standards with which Greece as a member of the EU is obliged to comply. **[Eurostat might also have agreed with figures approved by the board, see Section 27.5.]** Eurostat has published the Greek public finance statistics compiled by Mr Georgiou and his team **[excluding the board]** without reservation biannually for five consecutive times. **[This skips the malfeasance in the first place, see Section 27.2.2.]** In a recent public announcement the Director General of Eurostat said that Mr Georgiou retains his full confidence. **[The Eurostat director in 2013 was Walter Radermacher, and was complicit with Georgiou, see Chapter 33.]** Further the Director General emphasized that Eurostat refutes allegations that the deficit of 2009 was over-estimated or that any pressure was put on El.Stat to falsify data. **[See Chapter 33.]**

We believe there is absolutely no merit to the charges brought against Mr Andreas Georgiou and his two El.Stat colleagues. **[Because you did not check the facts properly, see Chapter 25.]** If they were to proceed it would not only be harmful for these statisticians. It would also undermine both the professional independence of official statistics in Greece in the long term and international confidence in Greek statistics and the Greek government and institutions. **[The malconduct by ISI works to this effect.]**

We call on the Greek institutions to ensure the integrity, independence and professionalism of Greek statistics **[The Greek Supreme Court did, and then ISI rejected the outcome .... ? But that was in 2018 and not 2013.]** and abstain from further prosecution of the [El.Stat] President. **[Statistics is above the law ?]**

Signatures

ISI President Jae C Lee Chair
ISI Advisory Board on Ethics Dennis Trewin

UNQUOTE

40.2 *Dutch signatures of the ISI letter*

The 2013 ISI letter had 29 Dutch signatures of a total of 339, accounted by residence. [725] For some I can mention backgrounds.

Aart van der Vaart – mathematical staistician, in 2020 Scientific Director of the Mathematical Institute of Leiden University

Ada van Krimpen – lawyer, director of ISI, in 1993-2009 Head of International Relations at CBS Statistics Netherlands [726]

Frits Bos – economist, former CBS, now CPB, also historian of national accounting who misrepresents the Tinbergen & Hueting approach, see Colignatus (2020a) (THAENAES)

Ineke Stoop – either head of methodology at SCP retired in 2019 [727] or younger [728]

Jan W. van Tongeren – national accountant, former CBS, later UNSD, [729] thesis [730]

Kees Zeelenberg – chief methodologist at CBS

Marcel Timmer – Groningen economic growth project, [731] co-director at CPB 2020, continuing the censorship of science since 1990

Peter van de Ven – former head National Accounting at CBS, where he maltreated the Tinbergen & Hueting approach, see THAENAES, in 2020 head National Accounting at OECD

Richard Gill – mathematical statistician, [732] retired since 2017, known for the release of Lucia de B., also supportive for critical questions about the Ben Geen and CPB cases, signed this petition w.r.t. the CPB issue. [733]
In a personal communication of 2020-01-26 in response to my criticism Richard Gill states that he in 2020 has revised his view about the case. It would be recommendable that he clarified whether he had really studied the case in 2013 in the first place or just relied upon the biased report by ISI, and whether ISI ought to make amends too.

W.F.M. (Willem) de Vries (1942-2019), see THAENAES, former President of the International Association for Official Statistics and former Deputy Director of UN Statistics Division

Other persons are:

Abby Israels
Eric Schulte Nordholt
Jan Willem Altena
Margreet van Brummelen
Martin Luppes
Peter Lugtig
Shabani Mehta
Bas van den Elshout
Gerrit J. Stemerdink
Jelke Bethlehem
Marieke Rensman
Paul Eilers
Peter Struijs
V. Spits-Kouri
Brugt Kazemier
M.M. Beekman
Marius Ooms
Paul van der Laan
Robert J. Mokken

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[725] https://web.archive.org/web/20200124095729/https://www.isi-web.org/index.php/news-from-isi/695-supportgreece
[726] https://web.archive.org/web/20171225034441/https://www.iaos-isi.org/index.php/executive-committee-members-2017-2019/203-ada-van-krimpen-member
[727] https://www.scp.nl/Nieuws/Ineke_Stoop_onderscheiden_met_life_time_achievement_award
[728] https://www.tilburguniversity.edu/staff/c-m-p-stoop
[729] https://ntaccounts.org/web/nta/show/Methodology
[730] https://pure.uvt.nl/ws/portalfiles/portal/1353141/thesis.pdf
[731] https://www.rug.nl/staff/m.p.timmer/
[732] https://www.math.leidenuniv.nl/~gill/
[733] https://www.ipetitions.com/petition/pe_werk_cpb

41. *Appendix. IAOS and 80 former chief statisticians*

41.1 *Blindly fighting for the wrong cause*

The *International Association of Official Statistics* (IAOS) on the El.Stat case, shows a zealot persistence to push one storyline and not research or allow other views or criticism. Sections 27.2 and 28.3 mentioned the 80 former chief statisticians. The IAOS website recycles Hetan Shah's article on "*How to save statistics from the menace of populism*". [734] See Section 39.11 on Shah. There is the following letter.

41.2 *IAOS presidential letter November 2019*

The following is reproduced from their website, [735] *with my emphasis:*

QUOTE

President's message, November 2019

Dear IAOS Members

I have been enjoying getting to know lots more people over the last month. The more I see, the more impressed I am with what is going on in our network. I can also more clearly see the potential for the official statistics community to have a stronger voice and greater impact for public good in countries around the world.

The Young Statistician Prize 2020 is well underway. Please reach out to your networks and encourage submissions. This year we have introduced a new category of Honourable Mention for an author from a developing country. We have also brought the submission date forward to 30 November in order to make announcements ahead of the 2020 Conference in Zambia. So please, if you haven't put in a submission yet, get writing soon.

We have also announced the call for papers for the 2020 conference. [[736]]

The conference Better Lives 2030: Mobilising the power of data for Africa and the world - 17th IAOS Conference / 1st ISI Regional Statistics Conference for Africa, Hosted by the Zambia Statistics Agency will take place at the Avani Hotel, Livingstone, Zambia, 19-21 May 2020. Proposals for sessions, papers as well as events before and after the conference close on 31 December 2019.

Members will also be interested to read these attached two pieces about Andreas Georgiou. The first, from the American Statistical Association [[737]], updates on eight years of persecution of Andreas and the second, by Miranda Xafa in World Economics [[738]], gives a history of Andreas' plight. An event hosted by the ICAEW featuring Andreas (and Ed Humpherson from the UK) is also worth a look [[739]].

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[734] http://iaos-isi.org/index.php/latestnews/235-statistics-under-pressure-around-the-world-hetan-shah

[735] http://iaos-isi.org/index.php/latestnews/256-iaos-members-newsletter-november-2019

[736] https://www.iaos-isi.org/index.php/conferences

[737] *https://www.amstat.org/asa/News/Eight-Years-of-Government-Persecution-of-Greek-Statistician.aspx*

[738] *https://www.worldeconomics.com/Files/Xafa.pdf*

[739] *https://audioboom.com/posts/7379312-350m-truth-lies-and-numbers*

In my last message I mentioned four events I was due to attend. The first, the Bloomberg Data for Good Exchange (DG4X) [[740]], was an inspiring gathering of mainly private sector data scientists keen to work on public good projects. Michael Bloomberg's influence as former Mayor of New York was clear through a number of excellent project case studies featuring cities from around the world.

The second event was the Global Partnership for Sustainable Development Data Board meeting [[741]]. We discussed how best the Partnership can scale its impact now it has become well established. Learning from the very positive developments in official statistics in Ghana provided an excellent touch point for our discussion.

The third event was meetings with Stefan Schweinfest, Director of the United Nations Statistics Division and two of his Branch Heads Francesca Perucci and Ronald Jansen (Ronald is also an IAOS EXCO member). They are all keen to build links with our community and I discussed with them opportunities coming up, including through our conference next year.

The fourth event was the conference on Valuing Statistics hosted by the United Kingdom. This event was about taking the conclusions of the United Nations Economic Commission for Europe (UNECE) report [[742]] and turning them into concrete actions. I used the occasion to set out the important role played by the IAOS.

As well as these events I met Roger Taylor, the Chief Executive of the United Kingdom's new Centre for Data Ethics and Innovation [[743]]. Roger was interested to explore the role of the National Statistical Office in an ethical data ecosystem.

Finally, I was a speaker at the PARIS21 Cross-Regional Forum [[744]] which has been focused on the issue of trust in Official Statistics. There was a super line up of speakers to help delegates get creative and inspired to act. PARIS21 launched their Trust Initiative at the event [[745]]. Do consider whether you want to apply.

In the weeks ahead, following a meeting of EXCO, I will be visiting our colleagues at the Zambia CSO to help take forward planning for our conference and also attending the ISI/IFC meeting on Data Governance in Tunis.

If you have some other opportunities to spread the word about the IAOS, or have information to share with others interested in official statistics, contact me at contactIAOS [at] gmail.com

John Pullinger
IAOS President
November 2019

UNQUOTE

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[740] https://www.bloomberg.com/lp/d4gx
[741] www.data4sdgs.org
[742] www.unece.org/index.php?id=51139
[743] https://www.gov.uk/government/organisations/centre-for-data-ethics-and-innovation
[744] https://paris21.org/news-center/events/cross-regional-forum-2019
[745] https://trustinitiative2020.paris21.org/

41.3 *Statistical Journal of the IAOS*

At their journal SJIAOS, published by IOS Press in Holland, we find that their new editor should, because of his background at Eurostat, also know about the Greek March 9 2010 law that created El.Stat, my emphasis:

> "The executive extends a very warm welcome to the incoming Editor in Chief, Dr Pieter Everaers. Dr Everaers has over 30 years of experience in official statistics. Most recently Pieter retired from his position in *Eurostat,* the statistical office of the European Union, *as Director responsible for Cooperation in the European Statistical System, International Cooperation and Resources.* Pieter also worked in Statistics Netherlands."

Indeed, on page 18 in this document, [746] with a message by Snorrasen to Radermacher of September 18 2010, there is a CC to Pieter Everaers.

In the Volume 35 Issue 4, December 2019 issue, we find Radermacher (2019b) about the governance of official statistics, [747] see Section 33.7.

On the Hueting & De Boer (2019) book, Dr Everaers wrote to me that SJIAOS doesn't do book reviews.

41.4 *Dutch signatures of the IAOS declaration of 80 former chief statisticians*

The former chief statisticians are no longer responsible for their national statistics and thus may feel a bit more free to express support [748] in personal capacity.

It is awkward that we see Walter Radermacher and Hallgrimur Snorrason on the list, judging their own case. There is also Ron Wasserstein, Executive Director of the American Statistical Association (ASA), who never was a chief statistician at an ONS. [749] There is also Ada van Krimpen, Executive Director of the International Statistical Institute (ISI), who is a lawyer and who was in 1993-2009 Head of International Relations at CBS Statistics Netherlands, and thus no "chief statistician", see Section 41.4.

As said, I did not count the numbers or check all backgrounds. Valid Dutch signatures are:

Gosse van der Veen – Former Director General CBS Statistics Netherlands, former Chair of the ESS Partnership Group

W.F.M. (Willem) de Vries (1942-2019) – former President of the International Association for Official Statistics (IAOS) and former Deputy Director of UN Statistics Division, see THAENAES

[746] http://zoe-georganta.co.uk/wp-content/uploads/2012/10/European-Commission-Decision-prejudice1.pdf

[747] https://content.iospress.com/journals/statistical-journal-of-the-iaos/35/4

[748] https://www.iaos-isi.org/index.php/latestnews/221-80-former-chief-statisticians-condemn-prosecution-of-andreas-georgiou

[749] "Prior to joining the ASA, Wasserstein was a mathematics and statistics department faculty member and administrator at Washburn University in Topeka, Kan., from 1984–2007. During his last seven years at the school, he served as the university's vice president for academic affairs."

42. *Appendix. Statement by the crowdfunding for Georgiou*

The crowdfunding for the legal expenses of Andreas Georgiou in the El.Stat case [750] was done in May-June 2018 by Patrick Armstrong (Senior Analyst, European Securities and Markets Authority) and Maximilian Reisch. In June 2018, [751] the (closed) case had had 397 backers with US$41,031 (target $40,000). Georgiou had been informed on June 8 about the conviction, as Reisch states on the crowdfunding website on June 15 2018, [752] but Reisch either saw no need to adapt the original text for the fundraising or the system blocked him for doing so.

QUOTE 2020-02-01, my comments

Justice for Andreas Georgiou, Former Head of Greek Statistical Agency

This website is dedicated to rectifying the political **[prove this]** persecution **[quite a denouncement of juridical proceedings]** of Andreas Georgiou, who has been unjustly **[guilty as charged, and you should have checked this too]** subjected to an onslaught of criminal and civil suits in Greece. **[why did he not confess ?]** This treatment arose because **[false reason]** Andreas – from his position as President of the Hellenic Statistical Authority [El.Stat], Greece's National Statistical Office – insisted on keeping accurate statistics covering Greece's public financial situation. **[true reason: because he breached his duty]** All of this has imposed extraordinary hardship on Andreas and his family.

Andreas' plight has elicited an international outcry. **[based upon deliberate false information by Georgiou, Snorrason and Radermacher]** Various statistical organizations and other professional bodies from around the world have expressed their deep concern to the Greek Government about Andreas' treatment. **[in disrespect of the separation of powers]** A recent statement by the American Statistical Association supporting Andreas was signed by over 1000 individuals from around the world, including nine Nobel Laureates. **[who did no proper check]** The Washington Post, [753] the Wall Street Journal, [754] Bloomberg, [755] and the Economist, [756] among others, have all editorialized in Andreas' favor. **[all these organisations and individuals should be ashamed and send their apologies]**

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[750] https://gogetfunding.com/justice-for-andreas-georgiou-former-head-of-greek-statistical-agency/

[751] https://web.archive.org/web/20181126143305/https://gogetfunding.com/justice-for-andreas-georgiou-former-head-of-greek-statistical-agency/

[752] https://gogetfunding.com/blog-single-update/?blogpre=5507722&single=25663

[753] https://www.washingtonpost.com/news/monkey-cage/wp/2017/03/13/how-does-jailing-the-statisticians-fix-greeces-financial-crisis-it-doesnt/?utm_term=.ec82b5a3be80

[754] https://www.wsj.com/articles/greeces-response-to-its-resurgent-debt-crisis-prosecute-the-statistician-1486396434

[755] https://www.bloomberg.com/view/articles/2017-08-04/the-scandalous-persecution-of-greece-s-budget-whistle-blower

[756] https://www.economist.com/news/finance-and-economics/21706276-disturbing-prosecution-greeces-chief-statistician-called-account

Having served 21 years at the International Monetary Fund, Andreas returned to Greece in 2010 to serve his country as President of [El.Stat]. **[and perhaps have a better job and earn a good salary]** He effected a massive improvement in Greek official statistics. **[do not confuse his personal contribution and the new independence from the Greek Ministry of Finance]** For example, in the five years preceding Andreas' tenure, Eurostat six times put reservations on Greek deficit and debt statistics, meaning Eurostat could not certify the quality of these statistics. In contrast, during Andreas' 5-year tenure, Greek public finance data did not receive any Eurostat reservations, a credit to the dramatic improvements Andreas made. **[which again is above confusion, and see this book Part 6]**

However, this commitment to accurate statistics led to a political backlash in Greece **[there is a House of Mirrors indeed, see Section 25.9],** fueling **[prove this, because now you are suggesting an impact on the independent judiciary]** a broadside of criminal and civil charges against Andreas personally. These have included, among others, criminal charges for "false statements and complicity against the State" and "repeated violation of duty" as well as criminal and civil charges for "slander". **[ever heard of due process ?]**

These legal threats are very real. For example, Andreas has already been found guilty of "violation of duty"; he is requesting the Greek Supreme Court to annul the conviction. **[the fundraising ended in June 2018 when the Greek Supreme Court upheld this conviction. Perhaps the system did not allow to update this text ?]** Moreover, the charge of "false statements and complicity against the State" carries a potential life sentence and the Supreme Court is considering for a second time whether to reverse Andreas' acquittal by a lower court. In this context, Andreas has had to retain Greek counsel at significant expense. This saga, of multiple prosecutions, some of which have been revived a number of times, has beleaguered Andreas for seven years. **[If you are innocent then this indeed is quite an ordeal, but Georgiou violated his duty]**

The financial cost has been very difficult to bear, but the stress on Andreas and his family has been staggering. No one should have to face such circumstances simply for patriotically **[with a good job and a good salary]** performing public service for their country. No official statistician should be persecuted **[denouncement]** for implementing existing statistical laws and international statistical principles and ethics in their work. **[but you might agree that they must be "persecuted" (submitted to due process) when they violate their duty ?]**

Andreas deserves **[no he does not]** the support of every person committed to accurate and transparent official statistics. **[at best you can say that the case deserves investigation, also in non-legal manner, also looking at the other statisticians, dismissed by or because of Georgiou]** If official statisticians in Greece are persecuted **[denouncement]** for producing accurate statistics, the integrity of Greek statistics will be jeopardized. **[but you cannot hold that Georgiou produced accurate statistics because the decision about what would be accurate was up to the board, which had discretion, and which could have retained acceptance by Eurostat. Did you ever consider the notion of a range of error ?]** Moreover, the European Union and its economic system, as well as its democratic values, are all critically undermined. **[rhetorics w.r.t. Georgiou, and true for the Eurostat delusion to require single heads**

(chiefs) of the national statistical offices] Furthermore, a terrible precedent is created, increasing the risks for objective and impartial statistical production in countries around the world, even undermining the international financial system. **[are you suggesting that statistics should be above the law ?]**

We ask you to support Andreas **[you mean believe his and your falsehoods]** by speaking out on his behalf – and by contributing to his legal defense. The funds will be transferred to an account set up only for the legal fees of Andreas. In the case legal fees turn out to be lower than expected, half of the remainder will be given to Elpida, [757] a Greek charity that works with children needing bone marrow transplants. The other half of any potential remainder will be given to the International Statistical Institute [758] for use, at the discretion of its Executive Committee, in the promotion of reliable and impartial statistics. **[except that ISI did not check the false statements by Snorrason]**

The following links provide more information **[falsehoods]** on the persecution **[denoucement]** of Andreas, the international press coverage of the issue, and documentation demonstrating the support shown for Andreas by respected **[but failing on checking basic facts, and also not-respecting other fellow statisticians on the board]** individuals throughout the world. Please join us in support of Andreas Georgiou.

This link [759] leads to the statement by the American Statistical Association.

This link [760] leads to a collection of articles on Andreas' case, encompassing major journals in Europe and the US.

This link [761] leads to a chronology of Andreas‘ case provided by the International Statistical Institute.

[and of course you do not link to the protest e.g. at the website of Georganta]

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[757] http://www.elpida.org/en/history.html
[758] https://www.isi-web.org/index.php/about-isi
[759] https://www.amstat.org/asa/files/pdfs/pressreleases/2018-Sign_on_Letter_Andreas_Georgiou.pdf
[760] https://thefriendsofgreece.wordpress.com/
[761] https://www.isi-web.org/images/news/Court%20proceedings%20against%20Andreas%20%20Georgiou.pdf

43. *Appendix. Georganta and the German conquest of Europe*

I advise Georganta to retract this interview, see Sections 29.11 and 31.1.

The interview has been reproduced here (in part) with much appreciated permission, granted on 2019-12-26 by dr. Michael P. Nevradakis, [762] Producer & Host, Dialogos Radio & Media, https://www.dialogosmedia.org.

NB. In the introduction to the interview, Nevradakis states:

> "Further fueling these claims, former IMF chief Dominique Strauss-Kahn has publicly admitted that in April 2009 [likely though October] he met with George Papandreou, who was then campaigning in Greece on a platform of promises of new social services and benefits, claiming on the campaign trail that "we have money" for these programs."

This must be wrong, Papandreou and Strauss-Kahn must have talked after the elections in October 2009, because the different figure for the deficit is stated. [763]

My disclaimer:

> This interview is a transcript of a radio interview. When an interview is published in print, normally one needs to check whether the interviewee has authorised the publication. It often happens that the interviewer distorts what was actually said. This risk would not be present with a transcript. However, in a radio interview some interviewees may not be as cautious as they would be in an interview of which it is clear that it will be printed, and for which they need to authorise what will be printed. Thus, in transcript below, there may still be statements that the interviewee, on close thought, would rephrase differently, or not say at all.

PM. A Dutch saying about sheep is: "When you get sheared you better sit still."

My sympathy lies with Georganta because of various reasonable arguments and the documentation that she provides on the case itself. She is alleged to make some errors in accounting and in presentation, but people can correct errors and overall she retains credibility. Her English is Greek-English, perhaps with nuance lost in her own translation. The interview in 2017, some years after 2010, has an outcry about dominance by Germany and that outcry is weird, and we must allow that a whistleblower succombs to stress. (I am a bit amazed that Klaus Kastner has so little to say about her, compared to the incompetent Varoufakis. [764])

Some of her statements and my comments are as follows (and check the other statements in the interview that I do not comment on).

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[762] "Dr. Michael Nevradakis is an independent journalist presently based in Athens, Greece. Michael is the host of Dialogos Radio, a weekly radio program featuring interviews and coverage of current events in Greece, and is a member of the communication faculty at Deree - The American College of Greece. He was previously a Fulbright scholar and completed his Ph.D. in Media Studies from The University of Texas in 2018."

[763] http://en.protothema.gr/strauss-kahn-i-had-spoken-with-papandreou-in-2009-about-a-memorandum/

[764] https://klauskastner.blogspot.com/search?q=Georganta

Zoe Georganta, May 23 2017 [765] *(Greek-English) (around 67 years of age then) (not the full interview) (brackets are by the interviewer Michael P. Nevradakis (MPN))*	*Comments February 5 2020 (only where chosen)*
"Mr. Stroblos' comments were a catapult. He said that those numbers were wrong and they were fixed by violating Eurostat regulations and methodology, which are described in the ESA manual. (...) By investigating the issue, we found out that Mr. Stroblos was right."	The head of the department of national accounting Stroblos had more experience in ESA95 than the board. Where is his view on the case ? Given his dismissal, he might opt to be silent, given employment laws. A scientist might require immunity for speaking one's mind.
After he sacked Mr. Stroblos, Mr. Georgiou went on to neutralize all six members of the EL.Stat board, with the help of the IMF representative in the troika Poul Thomsen, who, according to evidence, asked ECOFIN, the group of the finance ministers of the EU, to force the Greek government to change the statistical law so that EL.Stat would [fall under] Mr. Georgiou's rule without a board of directors. This was finally done in 2011 and all six of us were sacked without explanation, just [as a result of] a clause within a law of economic austerity measures.	Georganta gives the fact that IMF wanted that the law of 2010 was changed, but she does not draw attention to the implication, that the IMF then implicitly admits that Georgiou in 2010 worked under a different law: which did not give him full authority. She does not present the case as forcefully as can be done, and focuses on the injustice and abuse of power. Perhaps ASA members can check that their ASA leaderschip misrepresents the legal situation in 2010, see Section 28.8.
Not mere allegations, but by indicating the exact violation of the Eurostat regulations and by referring to particular sections of the European methodology which were violated. I did that for the first time in October 2010.	Apparently Georganta (2011) contains a summary of this. Since I am no expert on ESA95, and Stroblos was the Greek expert, this becomes a mine field. It suffices to call for an investigation.
Apparently, as we found out later, [this was] in order to justify their unnecessary loans to Greece according to the memorandums of understanding that they had signed with the Greek government, and also to justify the second memorandum of understanding, after the augmentation of the deficit figure to 15.6 percent of GDP.	It is unclear why the loans were unnecessary. When you have borrowed unnecessary funds, then you can use these funds to redeem the loans. What are we missing in this way of expression ? The situation is described in Section 18.3 and 27.4 above, but she does not provide this clear summary. Greece bailed out the creditors and nationalised the debt. Why would different figures of deficit and debt "justify" anything ? Perhaps she means to say that the debts of the State Enterprises should not be put onto the account of the General Government and then not included in the euro rules ?
He lied to the Greek state in order to gain the post of EL.Stat president,	*Prove or retract.* The Greek government apparently issued wrong information about

[765] https://www.mintpressnews.com/whistleblower-greek-debt-crisis-manufactured-unscrupulous-accounting/228076/

	Georgiou's CV and position at IMF (if I am correct: he was no deputy of all statistics but at financial institutions), but it is not proven that Georgiou had submitted a false CV, and it is more likely that it was just a sloppy presentation by the Greek government or a glossy for the press.
I also found out he was very rarely in Washington, [spending most of his time] in Africa. I know people, real statisticians at the IMF, and I contacted them as part of my job as an applied econometrician, and I also found out that he is not a statistician and his only publication is a book about martial arts! He has no scientific publications, only a discussion paper [co-authored] by another three people, and he is not the first name, at first. So far, he has no scientific publication in any field, and in particular in the fields of economics, finance and statistics.	Georganta did try to do a background check, but was she thorough enough ? It is curious indeed, and a difficulty for her and us, that there apparently is no ready list of publications, but perhaps this happens with institutional employees (not at academia). (1) Who at IMF would be willing to say so on record ? (2) What about Georgiou (2009) ? (3) What about his "Ph.D. with specialisations in Monetary Theory and Stabilisation Policy and in International Trade and Finance" ? (4) What about some works here [766] ? There are many more Andreas Georgious, but 5 works can be attributed to him.
Obviously, he was imposed on Greece because the IMF and the European Commission knew, in my opinion, that he could be their man, I mean a puppet of his bosses. This is his character, as far as I understood him from his "collaboration" with us.	*Retract.* This is ad hominem. Or prove that IMF hires "useful idiots" to do hatchet jobs. *Retract* a judgement on character, which is ad hominem, and only look at actions . Relevant: Did Eurostat discuss matters with him before he started on August 2 ?
By my opinion and not only my own opinion, he was the most unsuitable person for the Greek case.	One might also say that the Greek government, EU and IMF did a honorable job, given the funds provided by the first bailout package, to find someone with a Greek background, PhD and IMF credentials. Yet he should not have broken Greek law of course (and he did so knowingly, given that he started to work on changing the law).
He did not even write in Greek, and he had not been in Greece for 25 years after completing high school at the American Community Schools, not even for holidays.	*Retract.* Ad hominem. This plays into "he is no real Greek" sentiments.
Now, at the age of 53 or 54, as I read in a recent article in The Wall Street Journal, he escaped from Greece [to his Maryland mansion] when he [faced prosecution]. And	*Retract* the part that is ad hominem, playing into feelings of jealousy. Potentially, there are reasons why the IMF job comes

[766] http://worldcat.org/identities/lccn-no95020097/

now, at an early age, he is an IMF pensioner while everyone in Greece and in Europe [receives their] pension at the age of 67 and not before that.	with such retirement rules.
I want to say at this point that the IMF calculated wrong multipliers for Greece, [but this does not come as a surprise] because the statistics were based on incorrect data. It was not only the debt and deficit data that were wrong, but also the data on expenditures and production that Mr. Georgiou manufactured, together with Eurostat.	A technical issue. Were sufficiently long time series corrected to calculate such multipliers with some confidence ? The situation as a whole is problematic. The ESA95 issue on the deficit and debt is more sensitive to arbitrary choices on accounting. For GDP and tourism there should be harder data, and why would Georgiou doctor those ? The interview refers to this text [767] by Olivier Blanchard at IMF 2015. Perhaps there arrives a moment when I can look at that too.
The result was unnecessary loans to Greece and the deep recession we [have been] experiencing for seven years now. You know, correct economic policies are based on correct data, and this was not the case for Greece.	The IMF in 2019 still sees 13 years ahead for recovery, see Section **16.2**. Again the unclear word "unnecessary". Please be clear about the causality, for now it is unclear what your reasoning is.
Was the selection of this particular man an IMF mistake? All Greeks are wondering about that. Or [maybe] it was a plan to save the French and German banks by loading debt upon debt on the Greek people. It is a real Ponzi scheme, what has been done to Greece, and this is a shame on the part of the IMF, the European Commission and the ECB. After so many loans, the Greek debt has tripled between 2009 and 2016.	Greek commercial (bank, company and government enterprise) debt (to foreign banks) was taken over as government debt, to prevent the collapse of the Greek economy, but the banks could also have been nationalised with haircuts on foreign creditors, see Section 18.3. There indeed is a motive by creditor countries to save their banks. Please do not deny that those loans existed to start with. The Greek government apparently had the motive to save the Greek economy. I did not check this paper about the bargaining positions. [768] This is no Ponzi scheme. There is obviously speculation in the financial markets but there are also real fears about a default of Greek government debt and return of the Drachma.
Is this justice [that is being] shown by our supposed partners, with whom we have fought together in world wars?	The Godwin moment. All in all, it is a valid point. Leaders of the EU emphasize regularly that the EU exists to make sure that there is no other war on our continent. Overall, the EU should have shown more stewardship.

[767] https://blogs.imf.org/2015/07/09/greece-past-critiques-and-the-path-forward/
[768] "The Political Economy of the Greek Debt Crisis: A Tale of Two Bailouts" https://www.jstor.org/stable/43189946?seq=1

	The EU partners however have a tendency to question whether Greece itself has the conduct of a partner. In itself Georganta's comment is curious, since "fighting together" neglects Greeks and Germans fighting each other.
ZG: After so many unacceptable interventions with letters threatening the Greek government from the European Commission, under the guise of the International Statistical Institute or the administrative personnel of the American Statistical Association, asking the Greek government to intervene in the Greek court system and to stop the court cases against Georgiou, there were three proposals by three individual judicial representatives who asked for Georgiou's exoneration. All three were turned down by the court committees.	Georganta sees some *"guise"* but in all likelihood (institutional) members of ISI etcetera have worked themselves into *hysteria* by not properly checking the facts. At the time of this interview in 2017, Greek intellectuals have had ample time to write a book that explains all. If you don't then you leave matters to such vague processes. And Eurostat has had many statiticians from other countries, like Holland, visit El.Stat, to help with making better accounts. If you don't provide these people with counter-information then you get stuck.
I would like to mention that Georgiou has been sentenced twice to one year of imprisonment for libel against the ex-director of the national accounts division of El.Stat, Nikos Stroblos, who was [fired] when he simply expressed his scientific opinion and reservations about the numbers, which were coming as if they were falling down from the sky, without any explanation.	Xafa (2019a) relates that Georgiou stated something true but wasn't allowed to say it. Compare the situation when you say: "I think that there is something wrong with X. She has been married three times." Both statements can be true, but it would be libel since it is suggestive and defamatory. So, what happened exactly ? Why not give the facts: statement and judgement ? There was the EU January 2010 report. Georgiou was director of El.Stat and could have investigated whether the figures of 2000-2008 had indeed been made with fraud. Merely correcting figures and claiming that there was fraud is not enough, because it might also have been a different judgement at the time or political influence at NSSG before the creation of El.Stat or plain old incompetence (all perhaps by others).
It is not only me and Logothetis as witnesses against him. We are three out of the six members of the EL.Stat board who were brave enough to be witnesses.	Perhaps an issue of Greek-English. First there are six witnesses and then there are three. A witness differs from an accuser.
The other three members include two representatives of the ex-minister of finance [Giorgos Papakonstantinou] because he committed other crimes, fraud, against Greece, and the other was a representative of the Bank of Greece [and former governor] George Provopoulos.	The word "because" does not make sense. Who committed crimes and fraud ? PM. "Giorgos Papakonstantinou" has 135 thousand hits, and there are 161 thousand hits for the "c", including his book at Amazon. Latin has no "k", see: Μέγας Κωνσταντίνος.

Those people were afraid to come out, although within the meetings, we were all together against Georgiou, asking questions about the ad hoc numbers that he was bringing to us. There are also other witnesses, other officials from EL.Stat and other statisticians.	Is it fear or wisdom ? Would it not be possible to collect such statements and publish a book with convinding arguments and data ?
Regarding the breach of duty, all six members of the board have come out against [Georgiou] as witnesses, not only in court, but in the Greek parliament.	I suppose that this is an important statement. The board of El.Stat 2010 (except Georgiou) defends the law of 2010 at El.Stat. One would hope that ASA also defends these statisticians, instead of sending derogatory letters to the two who contacted them about their misconceptions about Georgiou.
I would like to say at this point that the European Commission keeps accusing [769] Greece's judicial system of intervening in [Greece's handling of] financial data. This is ridiculous and outrageous. It is clear that Georgiou broke the law and he has to be brought to court.	This is indeed a disrespect by the EU for the separation of powers within a Member State.
He broke the law, it is very simple, and all the rest is to cover up the IMF's and Eurostat's responsibility for Greece's deep recession, because of the unnecessary laws that they gave to Greece due to the wrong and untruly augmented numbers for Greece.	Again an annoyingly vague "unnecessary". I support you in the causality: surprise deficit → rising stigma in the rate of interest since the Fall of 2009. Speculation might force you to give all debt a haircut, but Greece chose to bail out the banks. From that point your story is vague. My description of the impact of El.Stat in 2010 is in Section 27.4. The true effect came from policy around March 2011. In October 2011, EU 10 year bonds had widely different rates of interest. Germany paid 2% while Greece paid 18%. The 2% can be regarded as the market risk free rate and the difference 16% is a premium that covers both default risk and some stigma, see Colignatus (2011b). [770] Now, what would the IMF and Eurostat want to cover up ? Was Georgiou a mere minion ? Is there a conspiracy ?
ZG: Tell me which statistical authority or statistical office in Europe, or [in the rest of the world], is under one person's rule, as has been imposed on Greece.	(1) Well, Holland has adapted its law to this effect, see Chapter 21. (2) Your point is correct: a National Statistical Office should not be run by a single person.

[769] http://ec.europa.eu/eurostat/web/ess/-/european-commission-calls-on-greek-authorities-to-defend-independence-of-El.Stat
[770] http://thomascool.eu/Papers/Drgtpe/Crisis-2007plus/2011-11-18-Haircut.html

So El.Stat today is under one person's rule. How unbiased and independent can the numbers be?	Would current El.Stat director Athanasios Thanopoulos not be independent of mind ? It is not enough to doubt or cast doubt. *Give evidence where things are wrong, or retract.* My argument is that the *risk* of a single person head is too large. This is a different type of argument.
That's why there are all these arguments between the IMF and the Europeans—not between the IMF and Greece or the Europeans and Greece—because Greece has no say. Eurostat manufactures the data about the debt, and they claim that the debt is viable. But the debt is not viable.	Just to be sure: according to Georganta, deficit and debt before 2010 were viable, but because of the 2010 crisis, Greek debt became government debt, and then no longer was viable. Part of the story of course is the economic depression, with less GDP to service the debt.
Thanopoulos, in my opinion, has shown…[that] he has to obey the orders of the Eurostat and the European Commission regarding the numbers, and especially numbers regarding Greece's debt and deficit. And of course, he has to support the deep depression policies for Greece.	In 2017, there is tension between Georganta's view that the debt would not be viable in 2017 and Georganta's view that the numbers would be incorrect in 2017 too. Most likely she means that debt at the State Enterprises and nationalised debt of the banks are inviable when accounted at the General Government and would be viable if accounted differently or privatised ? If so, this is dubious. At best she mixes up a message of 2010 with an economic situation in 2017. Perhaps the situation in 2009 was viable until George Papakonstantinou scrambled the eggs, perhaps not wanting to be held accountable for the deficit and debt by his predecessor. However, once the eggs were scrambled, and speculation on the financial markets unleashed, there was no going back to the idea that the rising debt was viable. All Greek companies were hit because of being Greek.
Are these policies [implemented] due to the incompetence of the Europeans and Thanopoulos? No. Our German pseudo-partners have said it openly, that Greek people are undisciplined and must be broken. Because of this, I think that the Eurozone is going to be doomed.	Georganta thus thinks, derailed, that there was a deliberate policy in 2010, apparently by Germany and IMF, to put Georgiou in El.Stat, to create a second excuse after 2009 for the financial markets to speculate, and unload more debt upon the Greek government, to break the undisciplined Greek people into submission. She does not explain why the Eurozone is doomed.
Greece's economic history has been forged, first by Georgiou, and Thanopoulos continues in the same way because they have changed the data. Since 1995, the data	Thus there are real data about Greece, and newly created data since 1995. Who is going to prove what are the good data? You cannot refer to your CV for the

has been changed in a completely ad hoc manner. I have all the old data, and they wanted to show a smooth increase in Greece's indebtedness, which is wrong. I have evidence because I have worked for 42 years as an applied statistician, as an economic researcher, as a professor at the University of Macedonia, and as a visiting professor at Harvard's National Bureau of Economic Research.	evidence that the data are correct. The old data must be on paper in the archives, also at IMF. Thus the current El.Stat must provide an explanation why the new data would be an improvement. This is quite a job. Exactly the kind of job why one has a National Statistical Office.
I have not managed [to publish] yet because of my court cases, but very soon my bombshell book will be out in English.	Two and a half years later, in February 2020, this hasn't happened yet.
However, Thanopoulos' behavior, I must admit, is not as absurd or stupid or nonsensical as Georgiou's behavior was towards everybody, even towards the MPs of the parliament, the prime minister and the ministers. Thanopoulos seems smarter but more secretly cunning, so he can survive better than Georgiou.	Why would one need the phrase "secretly cunning" ? Perhaps this is a strange translation of a common Greek expression, perhaps idiom like English "streetwise" ? An inadequate translation can turn someone's point of view upside down.
MPN: The current SYRIZA and Independent Greeks coalition government is claiming to have achieved a primary budget surplus, initially 3.9 percent and now 4.2 percent, well above the targets Greece's lenders had initially set for 2016. Does this surplus exist in reality or is it a product of creative accounting?	
ZG: This is a very good question. It is for sure creative accounting.	It is unclear how Georganta would know this, when she is not at El.Stat and doesn't have the data.
Those surpluses are not healthy, if they exist. How can a country whose GDP has shrunk by 28 percent have primary surpluses? If it does, of course those surpluses are not healthy. They do not come from growth, but from squeezing public expenditures for health and education, from stealing the revenues of the research organizations of Greece, changing them into public servants and public corporations so that [the state takes] their revenue that they make out of collaborating with foreign institutions.	Well, yeah, that is called "austerity". In the past, salaries in Greece were increased because Greece could borrow money from European banks, and, according to the Basel rules, government debt could be counted as risk free. The Greek crisis meant that the party was over. Even economist Georganta has to adapt to the new world of broken dreams ?
Also, those surpluses come, of course, from taxes that are choking any private entrepreneurial initiatives made by Greeks, and of course by giving nothing for growth.	The EU & IMF austerity packages indeed seem unwise for getting the Greek economy up and running again. What would be crazy about servicing old

The Greek debt has come to a point that it cannot be served anymore, because as I said, the troika, or "institutions," load Greece with debt in order to pay previous debt. Isn't it crazy? All of this is creative accounting, unfortunately.	debt with new debt ? Does Georganta plea for more austerity instead ? What would be creative about this accounting ? There are many Greek economists, and remarkably none has reacted to Colignatus (2011a). There has been lots of attention for Varoufakis and his extravaganzas. A baseline is that a country is responsible for its own incompetence.
ZG: The Greek parliament has actual correspondence between the former European commissioner of economic affairs, the general director of Eurostat, the IMF representative Poul Thomsen, and Georgiou, as well as the former minister of finance of Greece, showing the involvement of the European Commission and Eurostat in untruly augmenting the Greek debt and deficit for 2009.	See Georganta (2011) for a discussion of how debt and deficit were increased. I have not been in a position to check these figures, and some statements seem rather vague. For some aspects one must be a specialist in national debt accounting. For example, ESA95 has rules for swaps. These rules might be unwise, but still exist. The Greek board in 2010 might have had discretion about how to account for those swaps.
This correspondence exists because Logothetis pressed charges against Georgiou for wrongly accusing [Logothetis] of "hacking" [Georgiou's] personal email.	It is very useful to know that there is a different route how these emails became available, for the existence of those emails (in documents) otherwise seems to confirm that there was a hack. Xafa (2019a) mentions police reports about a hack but has no link, and when asked doesn't have them.
I want to say here that all charges against Logothetis have been dropped,	Xafa (2019a) has the story that Georgiou filed charges, and that the prosecutor pressed them, but that eventually the time limit expired, so that judges did not refer Logothetis to trial. This is quite different from "dropping charges". This doesn't seem to be a problem in translation but in understanding. See Section 32.2.
although the Wall Street Journal had a recent article by Marcus Walker which completely distorts the facts, showing his outrageous bias in favor of Georgiou. It is a pity, but it has happened. I am saying that to be clear, because Logothetis was not hacking anybody. His [proficiency with] computers is not at that level. How could he break passwords and all this that Georgiou accused him of?	Marcus Walker reported on 2017-02-06: "From Mr. Georgiou's first day, Mr. Logothetis hacked his emails after learning private access codes, a court trying him for that hacking later found. The court acquitted Mr. Logothetis, ruling he committed the deed but acted to protect state interests." [771] This ending of the hacking case is unfortunate. When Logothetis denies the charges, he hasn't been offered a chance to be cleared by a court. Walker also points to the accounting

[771] https://www.wsj.com/articles/greeces-response-to-its-resurgent-debt-crisis-prosecute-the-statistician-1486396434

	principle that input = output: "Bond markets could see Greece's 2009 new borrowing, a rough proxy for its deficit, was at least €35 billion—around 15% of GDP." Walker indicates that some Greek politicians welcomed Georganta's claims: "Prokopis Pavlopoulos, a leading New Democracy lawmaker, began championing the allegations, telling radio listeners Mr. Georgiou failed to resist European demands. Mr. Pavlopoulos, as interior minister of the Karamanlis government until 2009, had overseen a steep public-payroll expansion. Now Greece's president, he declined to be interviewed."
Regarding the parliamentary debt audit commission, its work was interrupted because the prime minister [Alexis Tsipras] sacked Zoe Konstantopoulou [772] [773] as president of the parliament and also as member of the governing party [SYRIZA].	
(Editor's note: Georganta added, in a Greek-language version of this interview, her belief that Konstantopoulou was insincerely adopting a populist pose).	
However, although my name is not mentioned in the final report, I gave data to that committee in parliament, but not all of it was publicized. Still, the outcome is that a sizable portion of the Greek debt is illegal and odious. I want to say at this point that the restructuring of the Greek debt that is under discussion now is completely nonsensical because it means a time extension of its repayment schedule, which is unfair for the future generations of Greece. Now, it is in the next 50 years that the Greek debt is to be repaid, but they want to extend it to 80 or 100 years. Actually, [the institutions] have set a number: 99 years.	Specify what would be illegal. The alternative is that the creditors accept another haircut. An argument might be that they should have been wiser than lending to Greece without better checking the creditworthiness. Much, however, runs counter to the Basel rule that government debt is risk-free. So now there would be pension funds who have lended money to the Greek State, and you want to tell them that a part evaporates. Why not hold Greek politics and their voters accountable ?
The Supreme Court of Greece came to the conclusion, in August 2016, that 210 billion euros is the measured damage done to Greece by the false augmentation of the public deficit of 2009. This damage to the Greek state has to be paid back to Greece,	The stakes are high ! Why not give a link to this calculation ? I agree that DG Eurostat Walter Radermacher is complicit with Georgiou, and supported the violation of duty in an EU

772 https://www.mintpressnews.com/greeces-syriza-neoliberal-wolves-anti-austerity-sheeps-clothing/221554/
773 https://en.wikipedia.org/wiki/Zoe_Konstantopoulou

because the European Commission and Eurostat are among the partners in Georgiou's crimes, with evidence which has been kept in parliament and in the Greek justice system.	Member State. The impact of the recalculation of the 2009 deficit and debt was initially lacklustre, and the real impact had to do with precedent, see Section 27.4.
I believe that [the institutions] are aware of fraud committed by [members of the Greek government], and they tell them, if you go on to publicize the threats, we are going to reveal to the Greek people your actual fraudulent behavior, the bribes you receive from German companies like Siemens, which has come out actually, and then a lot of other organizations in Europe.	If I understand you correctly: Greek politicians are corrupt, foreigners take advantage of this, provide bribes, and then can extort the corrupt person, because they can threaten to expose the corruption.
For example, the Greek government has purchased submarines, spending a huge amount of money for submarines that go down to the bottom of the sea and never come back up. The Greek people have paid all this money, in addition to huge bribes on the side for particular [government] ministers, for "well-working" submarines and a lot of other weapons actually, planes which fall down and all these kinds of things. All of these European governing [authorities] know of this fraud [that has been perpetrated] by Greek politicians, so they actually tell them, "go on, publicize our threats, we'll reveal everything you've done so that you will not be re-elected by the stupid Greek people."	This might be a credible example of corruption. I have no experience with this. I presume that there have been hundreds of years of corruption, with laws and court cases. Suppose that Hans bribes Giorgos to take a loan of EUR 1 to buy a yellow submarine. They are caught and put in prison. How is the EUR 1 going to be divided ? Complications abound. If the submarine is not to specifications, appears to be a lemon, the patron of Hans (Germany) is in trouble. If the specifications are lousy (perhaps for a lemon) the patron of Giorgos (Greece) is in trouble. Etcetera.
ZG: There is evidence that the German and French banks were bankrupt in 2008, because they had a lot of toxic American debt. Also, they owned a sizable quantity of Greek state bonds. Falsely augmenting the Greek deficit [was done] in order to load us with unnecessary loans which go back to their banks, so that Greece buys back [its] bonds, so that the German and French banks can refinance their debts. This was a very appetizing idea [for the banks]. This has been actually said by people like [Paul] Krugman [774] and a lot of other researchers and scientists, American and European.	German and French banks also bought American junk. Banks that "refinance their debt" is a wrong expression for a creditor. They did not have to write off their loans to Greece. Potentially a problem in translation / Greek-English. Why would this be "falsely augmenting" ? If Greece buys back its bonds then its debt is reduced and not augmented. Also, would Georganta want Greek companies to fail and become bankrupt, because they cannot serve their debt, whence the Greek economy would collapse ? "Unnecessary loans" would still leave you with loads of cash, that you can use to pay off debt, after which you would no longer have those loans.

[774] http://www.npr.org/templates/transcript/transcript.php?storyId=133112932

	Georganta makes sense that if Greek banks and State Enterprises would collapse, then the German and French banks would get in problems even more, requiring support by their governments. For this to happen, she would want to see the collapse of the Greek economy, and a pariah status of lost creditworthiness. Krugman discusses something else in that particular reference. Perhaps the editor linked to the wrong article ?
MN: Before we wrap up this interview, Professor Georganta, and if I may… we have seen that the allegations that whistleblowers like yourself have made have been largely ignored by the Greek and foreign media.	Just to be sure: the international press has mentioned the accusations, and made fun of them, but we have not seen a deep investigation. Some have spotted an error by Georganta in a calculation (or someone spotted it, and the others repeated the statement), see Section 30.6.3, but this is rather a mistaken assumption, and some errors do not prove overall incompetence. (It is not like the error that Radermacher made w.r.t. eSNI.)
A government [SYRIZA] is in power which prior to being elected had promised to tear up the austerity agreements and to abolish them with one law and one article, which had also promised to halt the privatizations of Greece's public assets and utilities, and which is now implementing the exact opposite policies from what it had promised. The "no" in the Greek referendum of July 2015 was very quickly turned into a "yes" by this same government. The European Union and Greece's so-called "partners" and lenders have not shown even the slightest amount of flexibility with regard to Greece's debt or other financial matters. And my personal impression is that the Greek people are resigned to their fates, allowing all of this to continue taking place in their country. In your estimation, what should be done and what can be done, in order for Greece to turn the page and change direction?	There is indeed an article by MPN that the Syriza government got elected on a ticket of stopping the austerity, and then increased it. A problem with this kind of question by MPN is that he now turns Georganta from a witness in the El.Stat case into a guru on world matters. MPN should know that it is risky for the credibility of a witness when one starts discussing other topics. For example, the witness might remark that he or she likes dancing in the rain in a pink pyjama, which is quite immaterial to the calculation of the national deficit, but suddenly outsiders start wondering whether all statements are weird. It is for good reason that National Statistical Offices adopt a low profile, as grey and uninteresting, but amazingly competent, accountants.
ZG: This is a very difficult question. Greece has through the centuries been under foreign invaders, first military and now economic, but we have always survived. Greece is a rich country in terms of physical and human resources. However, our politicians have systematically been generously bribed by	If Greek people are being bribed by foreigners, perhaps both should be blamed, and not only the foreigners ? And what about Greeks bribing Greeks ? And what about Greeks bringing their money to foreign banks ?

Western foreigners in order to be able to rob Greece's wealth.	
Also, our geopolitical situation is very attractive to world powers in their struggle to govern the world.	The Greek geopolitical position is rather a source of worry than advantage. It forms Europe's border with the Middle East (unless Turkey joins the EU). The EU has an interest to keep Greece stable. This doesn't mean submissive.
These days, as Germany is trying its last, and I hope unsuccessful, attempt to rule Europe and the world, is using our long-suffering little country as a guinea pig to [conquer] the rest of the European countries.	Please *retract*, because it is derailed. Germany lost its currency to a single seat in the ECB. The German surplus in exports is much caused by weaker wages due to the German Reunion of East and West Germany. This wasn't a grand plan to conquer the world. The stronger German Länder like Bavaria already have to support the weaker Länder, and they are annoyed that they also have to support France and Southern Europe.
In my opinion, in Greece, a patriotic and caring government has to get out of the Eurozone. We have to have our own monetary policy to control our banks, and to have our own currency.	In itself this is a decent position. The UK never became a member of the Eurozone, and even has Brexit now. Some Greeks had Plan B or X. [775]
This will be difficult, of course, because we have sold such a great portion of our wealth, but a good government can reverse this.	If you sold your wealth W, then you substituted W for money, and you still have money, which would be equal to W. Is this a translation problem again ? If you mean that you sold your wealth and then consumed it, then there is no easy way to get it back.
We have to have our own monetary policy and our own central bank that we control, in order to go on to growth.	This would still imply much lower real wages. But Greece alreay can lower its wages, so why not try itwithin the current framework?
Also, we have to ask the United Nations to implement the human rights clauses of international law, because Greece has a large portion of its people who are very hungry.	There is no need to ask the UN, since you can ask this of the EU. Why not tax the rich in Greece ? Why not tax the Greek Orthodox Church, with its huge holdings of land ?
I live in a rich suburb of Athens [and also] in Thessaloniki, and I see, in the night, old people in these suburbs, previously good-standing people who worked until 65 or 67 years of age—and all claims to the contrary are nonsense and lies—and they are	The situation is a disgrace indeed, but why do the rich Greek people not care more for their fellow poor ? Why should it be the UN or the EU to step in and resolve the disgrace ? What is wrong with the notion of taking

[775] https://klauskastner.blogspot.com/2016/07/was-it-plan-b-or-plan-x.html

searching in the waste bins in the street to find some little vegetables thrown out by other people. Also, the supermarkets in Greece ask the customers to buy rice and milk for children of families who are in absolute hunger and poverty. I have seen people, families with two and three children in Thessaloniki, who live in their own cars, they don't live in a house. They come to the university, where there are rooms for the visiting scholars and professors to have a place to stay, and they come there to take a bath. This situation is a shame for Europe.	responsibility for your past errors, like voting for irresponsible political parties ?
Also, they have loaded us with lots, with millions of refugees.	Millions ? In 2015 there were 0.8 million arrivals, causing the Syria migration crisis, but these have not all stayed Greece, and the arriving numbers are now lower. [776] Still too high of course.
The Syrian people are suffering and we have to accept them and we are caring for them, but also there are people who are not refugees. They come to Greece from a lot of other places in the world, from Africa, from Asia, from Bangladesh, from India and from a lot of other places. We don't hate these people, we are actually helping them and we are famously, from antiquity, people with good intentions towards foreigners and visitors. But, you can't have so many people, young people in Greece who have no work.	These comments are made all over Europe.
The unemployment among the young people in Greece, from 25-45 years of age [is very high]. We have all these young people who have a lot of energy, and what are they going to do? It's natural and logical. We have a lot of crime here, by Greeks, they will steal even one euro or ten euros. All this is known to the United States government and the European Commission and the governing parties, the European Parliament, officials who receive such high salaries, 25,000 euros per month with all the privileges. It's a shame. At the same time, the Greek people are suffering here. Very few people are those, the politicians and their friends, who are doing well. Also people who have married	Again, one might also blame the Greek governments and their voters themselves. From the EU Parliament: [777] "The monthly pre-tax salary of MEPs, under the single statute, is € 8.757,70 (as of July 2018). This salary comes from Parliament's budget. All MEPs pay EU tax and insurance contributions, after which the salary is € 6.824,85. In addition, most EU countries oblige their MEPs to pay an additional national tax to their home country. The final salary (salary after taxes) for an individual Member therefore depends on the taxation rules in the Member's home country. The MEPs' basic salary is set at 38.5% of the basic salary of a judge at the European

[776] https://data2.unhcr.org/en/situations/mediterranean/location/5179

[777] https://www.europarl.europa.eu/news/en/faq/13/salaries-and-pensions

[foreigners] and who have some other sources of income, like myself. I have married an Englishman, and he helps me with my 99 year old mother. I have worked for 42 years, and my salary is not enough to support the medicine and all the care for my mother. There are other people in much worse situations than me.	Court of Justice, so MEPs do not, and cannot, decide on their own salary." Could the EU Parliament not change the 38.5%, or raise the salary of the judge, or raise "travel expenses" ?
A patriotic Greek government should go to the United Nations and ask for the implementation of the humanistic clauses of international law, to stop paying the debt [immediately]. Later, when we start growing we can pay the debt, but the debt which is legal, not the odious debt. We have to find out which is the odious debt, with a real accounting committee.	Please provide figures and a substantiation what debt is proper and what is not.
Greece may be little and is governed by corrupt and unpatriotic governments, but it is hard to die. The Germans and whoever else will learn it the hard way, I believe.	But Greece is a democracy, with a free press, and they voted for these governments ?!
MN: Well Professor Georganta, thank you very much for taking the time to speak with us today here on Dialogos Radio and the Dialogos Interview Series, and for sharing your views and insights with us. Best of luck with your continued efforts.	This is a bit lame of MN, because he now has created an interview with Georganta, which rather destroys much of her credibility. This is like kicking someone into a wheelchair, and then wish good luck at the paralympics.
ZG: Thank you very much for letting me express my opinion here, and to have foreign people understand what the truth is, because the truth is hidden under the carpet in Greece. [I would like to add] that Greek people can go on with only bread and olives to feed themselves, if they have hope that we are going to get our country back and we are going to have some growth. They can suffer some sacrifices and be happy about it, but now they have lost hope and they are desperate and a lot of them commit suicide. We can survive if we get out of the terrible euro which is a disguised German Deutschmark, which serves only German interests and nothing else.	(1) If you can survive on bread and olives, please do, reduce wages, and start the economy again, instead of all this complaining. (2) Why lose hope, when there are the examples of Sweden, Holland and Germany how you can create countries that somehow work (but then there are plenty of Swedes, Dutch and Germans who complain ...) ? (3) The euro serves the Eurozone, and has prevented huge chaos on the currency markets, during the financial crisis of 2007+. Obviously, there are many errors in the structure of the euro, but these can be corrected, rather than going back to national currencies (with the same errors).
Please excuse any typos or errors which may exist within this transcript.	Of course, except for the conceptual and factual errors.

44. *Appendix. Logothetis and the conspiracy*

I advise Logothetis to retract this interview, see Sections 29.11 and 31.1.

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My disclaimer is:

> This interview is a transcript of a radio interview. When an interview is published in print, normally one needs to check whether the interviewee has authorised the publication. It often happens that the interviewer distorts what was actually said. This risk would not be present with a transcript. However, in a radio interview some interviewees may not be as cautious as they would be in an interview of which it is clear that it will be printed, and for which they need to authorise what will be printed. Thus, in transcript below, there may still be statements that the interviewee, on close thought, would rephrase differently, or not say at all.

PM. A Dutch saying about sheep is: "When you get sheared you better sit still."

Logothetis, November 15 2017 [778] *(Greek-English) (around 67 years of age then) (not the full interview) (interviewer Michael P. Nevradakis (MPN))*	*Comment February 5 2020 (only where chosen)*
Georgiou has been working in the International Monetary Fund since the late 1980s. For a few years before he came to Greece, he was deputy head of a division of the IMF's statistics department, the financial institutions divisions. However, the Ministry of Finance announced the appointment of EL.Stat's board of directors through a press release to all Greek newspapers. In that press release, it presented Georgiou as deputy head of the entire IMF statistics department, a very big department in the IMF and a very important one, hiding his actual organizational position in the IMF, an economic nature position rather than a statistical nature position, in a subordinate division of the statistics department.	This point has also been mentioned by Georganta. It should be possible to retrieve the CV used at the job interview, and to see the press release at the appointment. A discrepancy could be human error but might feed into the notion of a "conspiracy", but in that case the Greek Ministry of Finance would take part in it.
Obviously, the objective of the Minister of Finance then was to present him as an experienced statistician with a significant	Try to make a distinction between national accounting and "statistics". As far as I can see Georgiou's staff papers concerned

[778] https://dialogosmedia.org/transcript-interview-with-whistleblower-nikos-logothetis-on-El.Stat-scandal/

management position at the IMF, who supposedly left America and came here to "save" Greece by putting in order all its statistics. In fact, this gentleman was not only unable to run an important institutions such as EL.Stat, with over 1,000 employees, but he wasn't even a statistician, with no academic publications and no knowledge of statistics.	evaluations of GDP and trade balances. He understood the use of the figures, and indeed may likely not have understood details at first. For publications, see Georganta's interview, above p322.
Moreover, for at least six months after assuming the EL.Stat presidency, Georgiou still held his organizational position at the IMF, something that was explicitly forbidden by EL.Stat's founding law, 3832/2010. It was explicitly forbidden.	It is okay to bring up the point, but the Greek court has rejected it. One would not want to see someone in foreign service. However, it here concerned future health care arrangements (in the USA). There were no strings attached, for there was no suggestion that Georgiou would return to the IMF. However, he might have felt grateful to his former employer. It would have been wiser to have found a different arrangement, perhaps a one-time allotment by the Greek government to the IMF ?
NL: First of all, Georgiou's first moves were to remove from the other members of the board any ability and initiative to propose discussion topics or to be involved in the calculation of the deficit or the debt. They were forbidden even to communicate with the remaining staff of EL.Stat! This behavior of Georgiou was not only due to his inability to act as a manager, but also due to the fact that he understood from the very beginning, even from the second meeting of the board in September 2010, our refusal to adopt the deficit and debt calculation procedures he wanted to follow. He knew that eventually the majority of the board members would not approve his deficit figures to be officially published before the end of October 2010.	The board's refusal to adopt Georgiou's calculation needs clarification. One supposes a discussion on content. Why this, why that ? Clarity is required whether Georgiou had been advised in advance by Eurostat to treat the board as only advisory, and to assume all authority himself, or whether this was entirely an initiative by himself. In the court case he apparently referred to the Code of Practice of the wrong year, and if so, this can only be deliberate, and it is not clear whether the prosecutor and judges also paid any attention to his effort to change the law.
Shortly afterward, after the last meeting of the board in early October 2010, the final silencing of the whole board followed and we were never convened again, thus leaving the way free for Georgiou, always under the auspices of senior Eurostat executives, on the one hand to change the founding the law—as he always wanted, to turn EL.Stat into one-person authority—and on the other hand, to inflate the 2009 figures. Exactly how he did this became clear later, but we had	Suspected, or known via a computer hack?

suspected soon enough what he was going to do.	
My first disagreement with him was when I realized he would add on the deficit figures and on the national debt of Greece the Simitis swaps, that is, the swaps that Simitis had made use of in 2001 in order for Greece to get accepted to the Eurozone.	This is wrong. The Simitis swaps were after Greece joined the euro. See above p195.
Allow me here, Mr. Nevradakis, if you don't mind, to briefly explain what these swaps are, as they indicate clearly an activity typical of the statistical mishandlings that had always been used and are still taking place in our country, every time the government's leaders want to achieve something that aims in communication or financial benefits for themselves or for third parties.	Logothetis apparently doesn't want to please any government just like that.
Swaps are a type of a bond, a banking derivative or simply a stock exchange bet, a bet of currency exchange. Many countries or people who have a personal debt do it, after having a loan, for example. Even now they are doing it, converting their existing debt into currencies of other countries, say in Swiss francs or Japanese yen, betting that the value of that currency will rise and at the maturity of this debt, the owner will gain from the difference in the value of currencies.	
In a way, what happened at that time is that much of Greece's debt was converted into yen, but at a price that the yen had in 1995, which was higher than that of 2001! Remember, the swaps were made in 2001, but the price of the yen in 1995 was the one used for this swap. We can put a big question mark here because I don't know how legitimate this was, to consider as valid the exchange value of the yen of six years ago. But anyway, this was what happened. From this action, we were theoretically winning an amount of 2.8 billion euros, which again theoretically reduced our debt by this amount, and also the annual deficit below 3 percent, thus meeting the requirement of the Maastricht Treaty for our entry into the Eurozone. But let us not forget, however, that this was a bet, let's say a stock	This is wrong. The Simitis swaps were after Greece joined the euro. See above p195. Greece qualified in 2000, and entered on 1 January 2001. However, one can imagine that it would have been unwise to show a larger deficit in 2001, the very year of entering. The euro banknotes and coins were introduced in 2002. There is discussion whether there would not be rules for this swap, as ESA95 already had rules for swaps. Radermacher in his 2010 letter to Georgiou states, rather reasonably, that there was no regulation that stated that the swaps should not be counted as debt, see the appendix of Georganta's memo in Greek. [779]

[779] https://zoe-georganta.co.uk/wp-content/uploads/2012/09/Illegal-swelling-hospitals-SWAP.pdf

exchange bond with a starting and a maturity date. Its expiration time was in 30 years, and at that time, there was no European regulation that could apply in order to cash in this swap before its maturity. As a result, your debts go up or down.	
- Radermacher -	See p204 above.
Another illegal swelling of our deficit made by Georgiou included the addition of 3.6 billion euros in hospital costs that were not even approved by the Court of Auditors. The Court of Auditors is one of the three institutions of Greek justice, along with the Supreme Court and the Council of State. Anyway, that was not approved by the Court of Auditors. This cost, as it turned out later, no one committed to it and no one was paying for it. And finally, the major swelling of the budget deficit was accomplished by the overnight inclusion of the deficits of 17 public utilities, violating many Eurostat criteria and rules. That alone added 18.2 billion euros, equivalent to 20 billion dollars, to the fiscal debt of Greece.	Well, the devil hides in the details. It is awkward to hold that Georgiou acted against Eurostat rules, when Eurostat approved his figures. But theoretically it is possible that Eurostat did not look at the underlying construction. It is hard to believe, though, that Radermacher acted alone, and it is more likely that he had a team assisting him. It is remarkable that debts somewhat exist but also do not exist. It invites for an error range. Who wants to check all of this ? My suggestion is an investigation. But such investigation might also want to try to reconstruct what the board of El.Stat would have decided, if it had not be blocked by Georgiou.
As a result of all the above, Greece ended up with a huge deficit for the year 2009, of 36 billion euros, or equivalently, 15.4 percent of gross domestic product. This legitimated the first memorandum, paved the way for the second and worse memorandum, and justified the imposition of these cumbersome austerity measures, such as the pension cuts and the tax increases, huge tax increases, measures that we are still suffering today.	The term “legitimated” is overused. Logothetis is at risk of arguing that such debts did not exist but let us suppose that he only argues that originally they were manageable. The original event was in the Fall of 2009 and not 2010. The financial speculation and stigma on Greek debt started then, turning the financial crisis into an euro crisis. This necessitated the Memorandum of May 2010. Thus the eggs were scrambled and there is no way to unscramble them. It would be an issue whether the Karamanlis figure of 6% or the Papakonstantinou figure of 12.5% satisfied the Eurostat rules. We now have the Georgiou – Eurostat figure but not the El.Stat board – Eurostat figure. But actual policy making had to deal with the unleashed speculation on the financial markets, regardless of what figure. An element in this reasoning is that the austerity forced a recession, with less government revenues, and a self-fulfilling prophecy that the deficit was large, and that

	more debt financing was required. And it mattered that the Georgiou – Eurostat figure was more restraining, e.g. by including State Enterprises. Otherwise, if the deficit figure was creative bookkeeping to make the situation look worse, the economy might have been sturdier, and the impact less severe. It would be tricky modeling to try to gauge the different counterfactual paths.
- conspiracy -	See Section 31.3 on page 213 above. It may be that the conspiracy forms an important aspect in Logothetis view on the matter, and perhaps it is important for him to observe that a talk between Papandreou and Strauss-Kahn apparently was after the election in October 2009 and not in April 2009.
In order to achieve all of this of course, they had to plant the appropriate person in EL.Stat at a time when certain statistical adjustments were required, in order to support their treacherous plan. Where did this lead eventually? To the consolidation and time extension of Greek state bankruptcy.	Would it really make such a difference if the deficit rises from 13.6% (April estimate) to 15.4% (November estimate) ? The austerity would be much of the same. There was the surprise effect on the financial markets in 2009, that enhanced stigma. There was the policy issue starting 2011 that really increased stigma. It is okay to argue that the board was the proper authority to determine the figures for 2009, because this is the legally assigned role, but why speak about a treacherous plan (that gave the board such authority) ? Why speak about a treacherous plan when your job does not concern policy but is to get the figures right ?
MN: We are speaking with Nikos Logothetis, former board member of the Greek Statistical Authority EL.Stat, here on Dialogos Radio and the Dialogos Interview Series. From what I understand, Andreas Georgiou is no longer in Greece, despite the fact that various legal cases and judicial decisions are outstanding against him. Where does Georgiou find himself today and what is he presently involved with?	It is not wise of the interviewer to ask these questions of another witness. It would be wiser for Logothetis to decline to speculate about another witness.
NL: He's away, because he knows what he's faced with, with trials and legal cases. Georgiou is currently in his comfortable villa in Maryland. He left Greece in the summer of 2015, one month before the end of his five-	Such facts can be checked. One may sub-poena a witness.

year term as EL.Stat chairman. Coincidentally, this was shortly after the call from the house of Parliament to testify in the examination committee that had been formed at that time to investigate the reasons for our ascension to the first memorandum. He never came to the examination room, pretending to be in the hospital with "pneumonia." Who on earth has ever heard of a pneumonia case in the middle of the Greek summer?	
Anyway, immediately after his "discharge" from the hospital, he left for America, I repeat, one month before the end of his term and without requesting a renewal of the presidency position for another five years. He could do that, but he didn't, apparently having realized that he could not have avoided the imminent court hearing about the prosecutions for breach of duty and for the felony of inflating the deficit figures, which in the legal language is expressed as "felony of false certification at the expense of the state" together with the "aggravating order for public abusers," a very impressive legal phrase. This is a legal category that leads to life imprisonment.	Perhaps it needs to be remarked that we only look at analysis here and not at the size of the penalty.
I presume at this time that he's engaged in preparing his defense, through statements via his lawyers in Greece, with him being absent, missing from every trial that has taken place about him.	Well, a person has some rights of representation by legal counsel.
MN: A few months ago Georgiou was found guilty by the Greek justice system. What were the charges for which Georgiou was convicted and sentenced?	It is not wise of the interviewer to ask these questions of another witness. It would be wiser for Logothetis to decline to speculate about another witness.
NL: There are two convictions he had this year. In March, Georgiou, in a criminal court, was convicted irrevocably for libel and for written defamation, and he was given one year imprisonment with a three year suspension, in the first instance of that verdict. He appealed through his lawyers, but the penal court of appeals condemned Georgiou again, giving him the same sentence as in the first instance. Georgiou's crime was that in an official EL.Stat news release, Georgiou accused Dr. Nicholas Stroblos of being a statistical swindler, obviously trying to divert guilt from himself for	See Georganta on page 324 above on the same issue of libel. Properly stated, Stroblos was the head of national accounting at NSSG, when it was under the Ministry of Finance, and had transferred to the independent El.Stat. It is curious that the El.Stat board allowed director Georgiou to fire Stroblos as stated. However, board meetings were apparently monthly and we may count four meetings before the board was abolished.

statistical fraud. I'm pointing out here that Dr. Stroblos is the former director of the national accounts department of EL.Stat, whom Georgiou illegally replaced with one of his now co-defendants. Consequently, Dr. Stroblos sued him in both criminal and civil courts for this, and apart from the one year imprisonment conviction by the criminal court, the civil court fined Georgiou 10,000 euros for false character damages.	
His most recent conviction is concerned with one of the three accusations included in the prosecution for breach of duty. The first accusation was related to the fact that he was in parallel for several months, from July to November 2010, as head of the statistical authority in Greece but also as an employee of the IMF, a duplication of employment explicitly prohibited by EL.Stat's founding law 3832. The law demanded him to work exclusively and with full employment in the EL.Stat board. In this way, Georgiou deluded the Greek parliament about his ongoing post with the IMF—and note that the IMF is one of the lenders of Greece—while at the same time he had accepted the post of the chair for EL.Stat's board. He would not have been selected as EL.Stat president, not even as a simple member of the board, had the parliament known about his double post.	This might be legally correct but materially seems like looking for a stick to hit a dog. See the discussion above that it was merely a practical arrangement. Perhaps parliament had accepted the double post, when it had been explained what it contained. Perhaps another solution had been found. The arrangement clearly wasn't thought out well. Georgiou has not been convicted for this.
The second accusation was concerned with the fact that he did not convene the EL.Stat board for a whole year, violating the law which required meetings at least once a month.	He has not been convicted for this. Apparently he had the right not to convene the board. He pointed to his reason: a breakdown of trust: hacking of his computer. (In a good movie, with a real conspiracy, someone hacks the computer, and gives the login-codes to Logothetis, so that he can be exposed as a hacker, after which the director can claim that the board is no-good.) I cannot follow the court on this. Obviously, I do not have the evidence on the alleged hacking by Logothetis, see Chapter 32. Still, when Georgiou would hold that Logithetis would be the culprit, there could still be meetings with the other board members. Even, one might hold that the hacking was immaterial to the reason and law to have board meetings.

The third accusation, and the most important of all three, was concerned with the fact that the decision to endorse the revised figures for 2009's deficit was taken only by him, without the agreement of the other members of the board, which had been selected, I remind you, and approved exactly for this purpose by the conference of the parliamentary presidents with a majority of four-fifths. For this accusation, he was convicted in the context of breach of duty, and this had to do with the publication of deficit figures without our approval, as required by law. Georgiou appealed to the Supreme Court for this conviction, and we are waiting to see what the Supreme Court will say about it.	The Greek Supreme Court upheld the conviction.
However, [Georgiou] was acquitted for the accusation that he did not convene the EL.Stat board, although this is intimately interconnected with the non-convening of the board for the approval of the data, for which he was convicted. So we ended up with an oxymoronic situation here.	The term "**oxymoronic**" (i.e. "apparently contradictory terms appear in conjunction", like "cruel kindness") does not really apply. I tend to see tension too. If the director wanted to send figures to Eurostat, which he did, then he also should have convened the board. A meeting really differs from asking approval one by one. I have not seen the considerations by the court why they arrive at a different judgement.
He was also acquitted of the charge that while he was a member of the IMF, that is to say, a servant of the lender, he was also chairman of EL.Stat, that is, a servant of the borrower, something that is inconceivable worldwide and yet happened in today's occupied and economically enslaved Greece.	This issue pops up for the third time in this interview. The arrangement of the ending of the contract with IMF need not make him a "servant of the lender". Perhaps legally so, but not materially. It was an unwise arrangement, and you may say that it is unwise, but you cannot present it as proof of duplicity. *Retract* terms like "occupied and economically enslaved Greece".
Naturally, the people who were present in the courtroom were annoyed and protested these acquittals, but when they heard the announcement of the third charge they were relieved, of course, and for this charge he was sentenced to two years' imprisonment with a three year suspension, without being granted, of course, any mitigation.	Even the Greek appear to have problems in respecting their juridical system.
I, together with Mrs. Georganta, filed an objection against the court judgment for the two accusations for which he was acquitted, and we expect a Supreme Court decision as	In 2020, it seems that these issues have become irrevocable because of the Supreme Court ruling in 2018.

to whether or not Mr. Georgiou will go to a new trial for these new accusations. At the moment, the two acquittals cannot be considered irrevocable.	
But it is true that the most important accusation, for which Georgiou desperately wanted to be acquitted, was the one for which he got convicted. Indeed, the fact that Georgiou published the inflated elements of the deficit without approval by the EL.Stat board does not only prove his guilt of the second accusation, of not convening the board as he should have, but it also implies a deception, because he knew that his swollen deficit figures will never be accepted by a majority of the board members, and that this disagreement would sooner or later become public and reveal the irregularities he used with the help of Eurostat itself, resulting in a failure of the whole plan to legitimize the first memorandum and to impose the onerous austerity measures. That was not acceptable, and of course they had to use him.	This book argues that this issue is the most important one indeed. The board members had indicated questions about Georgiou's earlier statements about his calculations, and thus Logothetis has a fair prediction "he knew that his swollen deficit figures will never be accepted". The term "irregularities he used with the help of Eurostat itself" might be an "**oxymoron**", so to say. The idea is to implement the ESA95 of Eurostat, and it is awkward to suggest that Eurostat might not know how this is done. What is conceivable, is that the director by-passed the board, did not give full documentation to Eurostat, and that the DG of Eurostat thus became biased: had inadequate information and trusted too much on the director. A matter of contagion. But the Eurostat DG should have insistent upon following the law and request approvial by the board anyhow. Please give more details, and possible also more facts, about this "plan to legitimize the first memorandum and to impose the onerous austerity measures", and who would be the authors of this plan. If we would be writing the script of a film, we might presume that Logothetis himself might be a supporter of Karamanlis, and that he would want to show that Papandreou was in error, when Papandreou "exposed" the true deficit as 12.5% while Karamanlis had said 6%. See Section 25.2 above for these figures. But I don't think that this is the true situation. Most likely Logothetis simply did not get all information that he needed as he saw fit for a board member and VP. Georgiou should rather have given him all information and sent him on a national accounting course, instead of blocking him.
MN: Following the guilty verdicts against Andreas Georgiou this past spring, a barrage of positive coverage and PR in favor of	An excellent question. Logothetis however doesn't answer the question about the network.

Georgiou appeared in the Greek and international media, including Bloomberg, the Washington Post, and Politico. We also heard numerous statements of support from major political figures in Greece, the European Union, and elsewhere. These statements criticized the supposed lack of independence of the Greek justice system in the verdicts against Georgiou. How would you describe or characterize Georgiou's network of support within and outside of Greece, and these arguments made in his favor?	
NL: Yes, indeed various statements have been heard and continue to be heard in support of Georgiou, trying to sanctify him, to elevate him as a serious personality and as an honest scientist.	*Retract* statements about the character. The discussion is about acts and not about character. One should allow a witness or accused to profess "I am a honest person" (since a person has freedom of expression, also about indignation) but it is improper for a prosecutor to retort "you are dishonest": just show the facts.
All this in order to justify everything he illegally did as EL.Stat president. All that is said are myths that are circulated by the domestic and foreign supporters of Georgiou, who are desperate to succeed that the case is not brought to the court of justice, for the major case of swelling of the deficit figures.	A court would be in an awkward position to judge about "swelling of the deficit figures". Judgement about what the true figures are is a matter of professional competence, and of juridical compentence of an El.Stat board. See Section 27.1 above. Official statistics by nature depends upon legal arrangements, and national accounting by convention. Without such parameters it is everybody's guess, but the very idea is that we do not want such chaos and opt for an institution.
But this also proves their own guilt in the matter. If they really believe that Georgiou is innocent and that we are the slanderers and the liars, why don't they let Greek justice do its job and prove his presumed innocence in a court hearing? I would even expect Georgiou himself to be the first to grab this opportunity to be redeemed.	Yes, said network has some guilt, since they did not properly study the facts. Unfortunately, Logothetis does not point to the phenomenon that also IMF wanted the law of 2010 changed. Part of the protest in the network is that the Greek prosecution "never stops", and that when the director is acquited in some court, then there is a new round. There are also vague rumours about "political motives". Logothetis would know about those considerations, and it is too simple for him to just say "let Greek justice do its job".

But this furious effort of all his supporters to prevent the case from being brought to trial reveals their panic as well as their guilt, because they know very well that in the forthcoming court hearing all the evidence will be revealed proving that Greece has suffered the greatest national betrayal since the time of the Thermopylae treason. Their own participation in the betrayal will also be revealed.	The Thermopylae treason was that a Greek showed a goat trail to the Persians. [780] Logothetis's hope for final justice hasn't come true yet. As said, courts will be hard put to decide that the figures would be "falsified". Why not put all evidence into a bestseller book, so that other econometricians can check it ? Admittedly, you do not have access to all data, having been evicted from the board, but, then, how would you know about the true state of affairs, as you seem to suggest, if you don't have the data ? Why not focus on your role as witness and call for an investigation ?
Indeed, the core of this support network includes primarily Eurostat, whose senior staff advised Georgiou on how to inflate the 2009 deficit	Is there a Greek court case concering Eurostat ? How would one call Eurostat to account ?
and also how to change EL.Stat's founding laws in order to neutralize the rest of the board.	Logothetis merely states this in this interview, and does not provide the link to the evidence. We have verified the role of Snorrason, see Sections 25.14 and 39.3. Fact is that the law was changed in December 2010.
Imagine therefore what impact Georgiou's conviction would have on Eurostat's image, whose political chief is the European Commission, Brussels, that is one-third of the troika, whatever that implies, of course, for many high-ranking political figures in the European Union and beyond.	Well, the director was convicted in June 2018 by the Greek Supreme Court for breach of duty, and the international response in official statistics and statistical organisations and the media has been that there is a miscarriage of justice. We could imagine another reaction, but that might be dreaming. My reaction anyway is that the Greek Supreme Court was right about the breach of duty, and that Radermacher assisted Georgiou in violating the law of an EU Member State.
So one can clearly understand why high-level managers from Eurostat and major political figures from the EU itself are continuing in building a wall of protection and support for Georgiou, in the hopes that the government and the Supreme Court of Greece will believe all these myths they are promoting, the most usual of which are the following:	You could easily deconstruct that wall by providing a good story. Why not do so ?

[780] https://en.wikipedia.org/wiki/Ephialtes_of_Trachis

The first myth they say is that in recent years Georgiou was acquitted many times but the persecution against him continues. That's what they say. The supporters of Georgiou claim again and again that Georgiou was acquitted, but it's not true. The acquittal may occur only after the irrevocable final judgment in a court trial, or after an exonerating court order is accepted by the Supreme Court.	Well, it is partially true on their part, since there were acquittals by lower bodies. And you are right that there is a Supreme Court. The underlying problem is that the international statistical societies did not properly check the facts, and e.g. were side-tracked by their trust in Snorrason and Eurostat.
Until now, all rulings for Georgiou were appealed against by the Supreme Court. He has not been acquitted irrevocably for any trial or for any [charges] that he had against him.	In 2018 the breach of duty became irrevocable. (Yet, see the international response.)
On the contrary, he has had an irrevocable conviction for defamation, as I said before, and a conviction for one of the three accusations for breach of duty, for which the Supreme Court decision is awaited, whether or not it will become irrevocable. But the other two accusations for breach of duty for which he has been acquitted, as I have already said, for these we have filed a complaint and they cannot therefore be considered irrevocable or as something that he can get away with. So it's not surprising that the prosecutions against him still continue. So it's a myth, when they say that he was acquitted many times. Nothing happened so far.	It is too simple to say "Nothing happened so far". It would help the situation if Logothetis tried to better listen to the international criticism and tried to spot where the commucation falters. First give people the relevant facts before inferring that there would be a conspiracy. Obviously, Logothetis is not to blame. He is involved as a participant and victim and whistleblower. The statistical societies like ISI, RSS, ASA etcetera are not directly involved and should have maintained impartiality – but Snorrason, while being a participant, pretended that he were impartial.
The second myth goes as follows: Georgiou took over the presidency of EL.Stat after the first memorandum. He cannot therefore be regarded responsible for the memorandum and the economic crisis that followed. Well indeed, when Georgiou took action in EL.Stat, we were already under the first memorandum.	
If you remember, our entry into the first memorandum was announced by Mr. George Papandreou with his speech in Kasterllorizo in April 2010, and the reason for this was allegedly the high level of the 2009 deficit, which was put by Papandreou at 13.6	Please mention that Papandreou discovered in October 2009 that the deficit was rather 12.5%. [781] [782] Indeed, 13.6% was the figure mentioned in April 2010. For that figure, Eurostat indicated

[781] https://www.reuters.com/article/greece-economy-events/timeline-greeces-economic-crisis-idUSLDE5BL0LB20091222

[782] http://www.ekathimerini.com/224837/opinion/ekathimerini/comment/the-story-behind-greeces-unprecedented-fiscal-derailment-in-2009

percent of GDP. That's equivalent to about 30 billion euros.	a margin of error of 0.5%. In April, the NSSG was still under the Ministry of Finance.
However, it was not the real deficit, but the prediction of Papandreou of what it would be after all relevant calculations took place. And Papandreou did not have the right to take such an important decision that would affect Greek society so much, based only on a prediction that had not even been approved by the Court of Auditors.	The prime minister, in setting up a bailout with the IMF, would not be in a position to give an estimate of the deficit ? If it is clearly stated that it is a government estimate, then no-one can object to this. It is not clear what the role of the Court of Auditors is w.r.t. government estimates. Why don't you sue Papandreou or the Greek government for giving estimates ?
We would be the ones, as EL.Stat's management board, to supervise these calculations of the actual deficit, to approve it and publish it in October 2010, six months later.	Exactly ! Thus your last statement was very confused about an estimate and the determination of the final official figure.
Actually, if we were given the opportunity to do that and find these deficit figures to be less than 10 percent, we would be able to denounce the first memorandum and cancel it!	It is highly unlikely that you could cancel the April 2010 memorandum and bailout. I did not check the text of the memorandum but I do not expect to find a statement that the issue is annulled when the final official figure would be lower than 10%, including the rule that Greece would have to pay back the loans received under the bailout.
And of course, the rest of the memorandums which followed. But obviously, this would not be something that the designers of the first memorandum wished to happen, and so the appropriate person should be found who, with specific statistical adjustments, the deficit of 2009 would "confirm" the "validity" of Papandreou's deficit "forecast" in April 2010, and fully justify our entry into the first memorandum. This is what they wanted.	The choice of words makes this sound bonkers. The 2010 bailout cannot be annulled, but the director of statistics would be appointed with the purpose to prevent that it is annulled. A wonderful conspiracy ! A point remains that Greece had more options to restructure its banks and debts, see Section 18.3. See also the IMF IEO (2016) report that the IMF failed to impose haircuts on creditors. [783] There obviously would be a reaction in the public mind when it appeared that policies had been based upon wrong data.
Furthermore, in order to avoid any controversies with the rest of the board that could endanger their plan, it was decided to neutralize not only the dissidents of the board but the whole of EL.Stat's board.	Is it meaningful, in any way, to start a discussion about a distinction between "dissidents of the board" and "the whole board" ? Are you running out of side-paths and do you need to invent ever more epiphenomena to prevent a focus ?
As a result of all three unlawful actions,	Let us try to distinguish:

[783] https://www.euractiv.com/section/euro-finance/news/internal-auditor-hits-imf-handling-of-greece-bailout/

three or four, I don't even remember how many, the first memorandum was legitimized, the door opened for the second and worst memorandum, and obviously the rest of the memoranda that followed, and for the austerity measures that have been going on since then.	(1) quality of data (our topic) (2) possibly *too lenient* versus *needlessly strict* austerity measures based upon good versus wrong data The focus is on the quality of the data, and not the responsibility of what others are going to do with the figures. Agreed, there is stewardship, but this does not pertain to policy reactions themselves, see Section 20.8 and Chapter 27 and especially Section 27.4.
Therefore, it's perhaps wrong to say that the first memoranda was due to Georgiou. It's more appropriate to say that all memoranda and their relevant medieval austerity measures that we still have on our backs are actually due to Georgiou!	Why "perhaps wrong" when it is absolutely wrong ? Neither it is "appropriate" to attribute all such events and responsibility to the director. Namely, you first identified a conspiracy by EU, ECB and IMF, and now you reduce this to the director alone ! Perhaps you are thinking again in terms of Ephialtes of Trachis and his treason of Thermopylae in 480 BC though. [784] Better say so, otherwise other people will not understand what you are speaking about.
The third myth: since Eurostat has approved Georgiou's practices and figures, they must be right, they must be correct. But would it be possible [for] Eurostat not to approve the statistics, these statistics, provided by Georgiou, and the methods of administration that he was using?	A fair question. Eurostat in November 2010 should reject the director's figures because they were not approved by the El.Stat board of 2010. This legal hole was plugged likely already in December 2010 by revising the Greek law, so that the director became responsible, and could also revise the figures for earlier years.
It was Eurostat's director himself, Mr. Radermacher, who gave orders to Georgiou as to what data to add to the deficit. Correspondence has been revealed, from Radermacher to Georgiou, which shows how to add this amount of debt that was incurred by the Simitis swaps, how to add it into four year's deficits until 2009, prior to the expiry date, as we previously explained, and although no European regulation existed at the time that would allow this. But anyway, they added this to the total fiscal debt that we had, for four years from 2006 to 2009.	See page 204 above for discussion of this. The swaps were restructured in 2005 and 2008 in significant manner, and Eurostat judged that those changes should be recorded as new swaps.
Also, it was the permanent representative of Eurostat at EL.Stat, Mr. Sorensen, who	"Sorensen" must be "Snorrason". It is incriminating evidence that Eurostat in

[784] https://en.wikipedia.org/wiki/Ephialtes_of_Trachis

with the assistance of Eurostat's legal adviser, Mr. Samuelson, who advised Georgiou on how to change EL.Stat's founding law in order to turn EL.Stat into one-man authority.	2010 knew that the director had to seek approval by the board, but accepted figures form the director that had not received such approval. Still, potentially, Eurostat might say: "When we received the figures in 2010, then we assumed that the director had taken all relevant steps for approval, and we were not aware of any illegal act (as has now been established, irrevocably, by the Greek Supreme Court in 2018)." So, did Eurostat also know that the director had not received such approval ? However, given that Eurostat never expressed surprise about the conviction of bypassing the board, and only contested its legal base, we can infer that Radermacher knew about the bypassing. The argument that Eurostat thought that Georgiou had the legal authority cannot convince, as Eurostat assisted in changing the law.
So it's not surprising therefore	This is a false inference. The change of the statute need not be relevant for the subsequent acceptance of the figures.
that Eurostat approved the practices, the deficit figures of Georgiou. Of course, that does not mean that they were correct.	Well, if the director followed Eurostat's advice, then it is logical for them to accept his figures. We are back at the (second) "oxymoron" situation on page 343, see there.
The final myth that I want to mention is that they're saying Georgiou applied all proper European regulations. On the contrary, most European regulations and Eurostat's own criteria for the deficit and debt calculations were violated by Georgiou and his advisers from Eurostat, in order to justify the unjustifiable integration of deficits of many public utilities in the 2009 deficit, something that requires a thorough study of several months for each public utility. You can't just decide to include the deficit of a utility in the public debt, you need a thorough study, for several months, six months. So what kind of European regulations did Georgiou actually apply, I wonder. No one knows.	This may well be a fair point. Eurostat reports: "From discussions with El.Stat, it became clear that there has been no systematic examination of the accounts of public units for some considerable time, despite evident substantial operating losses and (in some cases) repeated calls on state guarantees." (p10) [785] It would help when Logothetis would mention national accountants who would agree with him. If you have the accounts of a public utility you might establish fairly quickly in a few hours whether revenues over a string of years are below 50% of costs (so that costs are covered by subsidies and borrowing and "selling shares"). It is tricky though when subsidies for public transport

[785] https://ec.europa.eu/eurostat/documents/1015035/3991231/Greece-2010-methodological-visits-report.pdf

	are intended to encourage environmental use, and thus might be seen as sales too. It remains a fair point that the board has discretion, see again the discussion of stewardship in Chapters 20 and 27.
MN: We are on the air with Nikos Logothetis, former board member of the Greek Statistical Authority EL.Stat, here on Dialogos Radio and the Dialogos Interview Series. What is plainly evident is that there is a very extensive and very powerful network of support for the likes of Andreas Georgiou, a network which includes powerful media voices, major politicians and political figures, major centers of power and influence and decision-making. How can such a powerful and seemingly unified network of political and media forces even be countered by the Greek people?	It may be a translation issue “the likes of Andreas Georgiou”. The question “How can such a powerful and seemingly unified network of political and media forces even be countered by the Greek people?” strikes one as rather curious.
NL: Indeed, Georgiou’s support network, perhaps composed of high-ranking political executives — domestic and foreign — is powerful.	It would seem to be a wrong diagnosis. The director doesn’t have a powerful network, but has deceived a powerful network. If the scientists in the network are given the proper information that the director is guilty as charged, and that they are misinformed also by Hallgrimur Snorrason, who took part in the process but portrays himself as an impartial outsider, then the network likely quickly evaporates, and the EU is stuck with the problem at Eurostat.
But no matter how much influence this network can have on political affairs in Greece, I think that it is not in a position to influence the Greek justice system, which I consider impartial. The fact that the case has reached up to the level of the Supreme Court, which so far the Supreme Court has justified many of our objections and appeals against Georgiou, gives us hope that ultimately the systemic power network that exists supporting [Georgiou] can be successfully dealt with.	There is trust in the Greek system as long as it has the same opinion as Logothetis himself.
At the end of the day, our justice system, perhaps the only irreproachable institution in our country, seems to have borne the burden of this matter. I believe that the truth will soon be revealed, no matter how many powerful political and media forces try to	Well, the truth was revealed in the verdict of June 2018, and the world chose to say that the Greek judicial system doesn’t work.

impose an acquittal verdict.	
MN: What are the judicial cases which are still outstanding regarding the EL.Stat case and Andreas Georgiou, what are the charges which Georgiou is still facing, and what is your expectation regarding the outcome of these cases?	Again, this is not a proper question to ask of a witness. The witness is put into the position of an accuser, which changes the focus of the testimony away from the facts instead to their evaluation.
NL: Most importantly, the case of the false inflation of data and of the breach of duty by Georgiou, are crimes of public document forgery. As I have already said, Georgiou was convicted of one and the more important accusation related to the breach of duty, that of the publication of the 2009 deficit figures without the approval of [by] the EL.Stat board. However, he has been acquitted for the other two, as we said before, the duplication of his appointment in the IMF and EL.Stat and for the non-convening of the board, but we have appealed against these two verdicts of innocence, and we hope that the Supreme Court will decide to repeat the trial for these two related charges.	Apparently, the Supreme Court does not yet adopt the interpretation that the breach of duty also amounts to a document forgery. See Section 27.1.
But the most important judicial case we are waiting for is for the felony of inflating the deficit, something that as I said before had, as a result, the legalization of the first memorandum, the imposing of the second and worst memorandum, and the justification of the cumbersome austerity measures. This is the time when these measures were imposed, obviously under the excuse that otherwise we would not be able to pay the related loan agreement. If this affair reaches the trial courts, we certainly expect Georgiou to be convicted, because the evidence we have against him is irrevocable and undeniable. This is what Georgiou's supporters know. That's why they push as hard as they can to prevent the case from reaching the high court of justice.	This is repeating the repeats. Stuck in a groove without any additional facts.
MN: We are speaking with Nikos Logothetis, former board member of the Greek Statistical Authority EL.Stat, here on Dialogos Radio and the Dialogos Interview Series. In what way do you believe the verdicts which will be reached by the Greek justice system concerning the EL.Stat and Georgiou cases, impact the future of Greece and particularly with regard to the austerity	

policies and memorandums which are being imposed and the non-serviceable public debt of Greece?	
NL: I agree with you that Greek debt is non-serviceable. Even if we get away from the memoranda, we don't get away from the related loan agreements, and we will continue to be under supervision by the EU until we pay 75 percent of our debt, something impossible for the next 60 years!	Georganta stated that Greek people can survive on bread and olives.
If, however, as we hope, there is going to be an irrevocable conviction of Georgiou for the act of inflating the deficit figures, this will prove that we were imposed all these medieval memoranda using false figures, which gives Greece the right to claim compensation from the European Union for the damage we suffered in the last seven years of the financial crisis.	In repeat: let us try to distinguish: (1) quality of data (our topic) (2) possibly *too lenient* versus *needlessly strict* austerity measures based upon good versus wrong data The focus is on the quality of the data, and not the responsibility of what others are going to do with the figures. Agreed, there is stewardship, but this does not pertain to policy reactions themselves, see Section 20.8 and Chapter 27.
Article 340 of the Treaty on the Functioning of the European Union gives us the right to claim this compensation, and we have even estimated the financial loss since Georgiou set foot in Greece, a cost that may well exceed 210 billion euros. A compensation of this level will certain overturn the disgraceful economic situation we are experiencing today.	There are more provisions, but one is: "In the case of non-contractual liability, the Union shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its institutions or by its servants in the performance of their duties. " [786] This applies to Radermacher who assisted Georgiou in violating the law of an EU Member State. See the deduction above that Radermacher knew about this. The damage must be related to Section 27.4 in this book. However, the Greek law was changed in December 2010, so one might argue that the damage was limited. The argument then becomes that Eurostat with false arguments persued the dogma of the single head (chief) of a National Statistical Office. Now what about the Eurozone law, that adopting the euro means that Greece must provide for the relevant figures on deficit and debt ?
However, I emphasize again that a necessary condition is an irrevocable conviction of Georgiou regarding the felony	This is not necessary. It is sufficient that Georgiou was in breach of duty for not seeking approval by the board. This is also

[786] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E340

of inflating the deficit figures.	sufficient to conclude that also Rader-macher and Snorrason were wrong. Rader-macher should not have accepted the figures in 2010. Snorrasen in 2010 likely only did what he was told by Eurostat. He failed however in his task to reply to El.Stat = board (since he basically only communicated with the director): "The High Level Expert appointed by the Commission provides independent advice to El.Stat and acts as a contact point for the Commission (Eurostat)." [787] He was wrong later in the reports to ISI and the other associations. The evaluation of the austerity policy in Greece is better based upon economic principles than a discussion about the quality of the data. See also the responsibility of the Greek authorities mentioned in Section 18.3. There is no direct causal link between the figures produced and published by the director and Eurostat, and subsequent policy reactions. Stewardship is different, see Section 20.8 and Chapter 27. PM. Remarkably, though: "Contrary to prosecution claims against Mr Georgiou, EU officials have repeatedly argued that he played a decisive role in improving the reputation of Greek statistics that had been shattered by Athens' repeated understating of the deficit in the years before the crisis erupted in the country in 2009." [788] These EU officials do not mention that the real change was from the NSSG under the Ministry of Finance to an independent El.Stat, and that one should not put too much emphasis on the contribution by Georgiou himself. It remains a counterfactual what would have happened had the board been able to steer Greek statistics towards calmer waters.
And what about these instigators who used Georgiou to carry out their treacherous plans? Even Grigoris Peponis, the impeccable investigator who proposed the criminal prosecution of Georgiou in the first	Yes, it is obvious now that the EU has a problem at Eurostat too.

787 http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2012-002801&language=EN
788 https://www.ft.com/content/3d213384-77b1-11e7-90c0-90a9d1bc9691

place, has suggested that the possible existence of certain instigators within the Greek and European political systems, who directed Georgiou on what to do, have to be taken into consideration.	
These are the ones who do not want the case to reach an open court hearing, the ones who are so desperate for the acquittal of Georgiou as early as possible in order to cover their own involvement in the above crime, because they're well aware that we have evidence of their unlawful intervention in inflating the deficit	It still needs to be established that the figure of deficit and debt was inflated. We may wonder whether we can ever establish this, since the board was not convened, and we are hard put to reconstruct what they might have decided.
and also in transforming EL.Stat from an independent authority into one-man authority.	Such transformation itself is not illegal. We can only say that the argumentation was false, and apparently deliberately so. Why cannot Logothetis focus on what is relevant and what is not relevant ? Why the noise ? What is deceitful by Georgiou and Snorrason is claim publicly that you have all authority and at the same time, in confidential texts, work on the change of the law to give you this authority.
If the Supreme Court sends Georgiou to trial in the high court of justice, all his supporters know that this will mean a certain conviction for him. The support network will then collapse, and they will find themselves accused for their betrayal against their homeland and crimes against its citizens. Our country will then pass from an underprivileged position of a beggar, to the strong position of a challenger, on the basis of specific articles of the Treaty on the Functioning of the European Union itself.	The Supreme Court in 2018 convicted the director for a breach of duty, and the network did not collapse but holds that Greek justice doesn't work. Above, I stated agreement with some link between the Georgiou ordeal and such "compensation" by the EU, but the relation is more complex and different than you state. Isn't there any awareness about issues in Greek society itself, and taking responsibility for the mess that you created yourself ?
As far as we are concerned, we do not really care about the strict or non-strict punishment of Georgiou, who is now a pensioner of the IMF.	Why is it necessary to say this ? Why would it be important if you did nor didn't ?
What interests us is to prove his guilt and to remove the injustice that has been committed against Greece through the false inflation of the public debt and deficit of 2009, and also prove the criminal involvement of the European Commission and Eurostat.	Can you please keep Greece out of it ? Your position in the case concerns your role at the board of El.Stat in 2010. Give witness statements, and don't claim what you cannot prove. Specify what the criminal involvement of Eurostat is, instead of leaving this to the world to figure this out.
This will only be done when the case is referred to an open court hearing, in which Eurostat and Georgiou will have to be	They will tend to declare under oath that they acted professionally as accountants. Please provide facts that would show this

present, in order to testify under oath whether or not they have falsely inflated the statistical figures of Greece, and the reasons they did so.	to be perjury. If you don't have facts, then you are doing them a favour by allowing them to restate their view under oath.
I do not know when and if this will happen, and how many battles we have to give from now on in order to achieve this. Some say, some tell us that there's no point in continuing to fight, as it seems that with such a front of support for Georgiou by strong decision-making centers, the battle has already been done against us. We reply by saying that if we stop fighting, there will simply be no other battle, something we don't want, because let's not forget what Bertolt Brecht said once: he who fights, can lose. He who doesn't fight, has already lost.	Why the words "battle" and "fight" ? Bertolt Brecht should also have said: Who, even with an academic degree, still fights windmills, has already lost from reality.
MN: Before we wrap up, and looking at the situation in Greece today and the economic claims that are being made by the Greek government, that the country has returned to economic growth, that Greece has turned a corner, do you believe that the Greek statistical figures today are credible, or are they perhaps still being manipulated?	Good question, but likely the wrong person to ask.
NL: Unfortunately, the statistical figures have already been exploited by any government in power so far in Greece. We have seen this happen with the alchemies of swamps [swaps] in order to get into the Eurozone. By the way, I wish that we had never gotten into the Eurozone in the first place! Our economy was not in a position to handle such a strong and competitive currency. We saw another exploitation of the statistical figures, of the deficit, this time. They became the reason for an economic crisis of the past seven years.	Logothetis first needs a sidetrack before getting to answering the question. Swaps were in 2001, and were not used to get into the Eurozone in 2000.
I cannot say what is happening these days with the statistical figures, I am not in EL.Stat, but anyway, we will find out sooner or latter what is happening.	Exactly, you are not at El.Stat, and thus you were not the person to ask this particular question. Why not say so directly ?
The truth always comes out for any case of mishandling of the statistical figures. We've seen this happening. But as long as there is no reliable team to correctly manage the handling of the statistical data in the Greek Statistical Authority, I'm afraid we should again expect irregularities and alchemies of	It is a fairy tale that "the truth always comes out". Remarkably, Logothetis still knows that current El.Stat cannot be trusted. Would this be a case of defamation, punishable with a fine of EUR 10 thousand ? Or the freedom of expression by a man fighting windmills ?

the statistical data, unfortunately.	
MN: Well Mr. Logothetis, thank you very much for taking the time to speak with us today here on Dialogos Radio and the Dialogos Interview Series, and for sharing your insights with us today. Best of luck with your continued efforts.	“Continued efforts” indeed sounds much better than “battle” and “fight”.
NL: Thank you very much, Mr. Nevradakis. I would be glad to hear from you again.	
Please excuse any typos or errors which may exist within this transcript.	Of course, except for the conceptual and factual errors.

References

45. *About the author*

45.1 *Abstract*

Thomas Cool (1954) uses the name *Colignatus* for his work in science to distinguish this from other activities. He is an econometrician (Groningen 1982) and teacher of mathematics (Leiden 2008). He was at the Central Planning Bureau (CPB) in 1982-1991, first as a specialist for the paper industry, printing and publishing sector, and then at multisector studies, where he participated in the long term study 1990-2015. Subsequently he did shorter projects, at Ministries VROM (RGD) and V&W (AVV), the European Commission (anti-fraud unit UCLAF / OLAF), Erasmus University – Erasmus MC (Public Health), and the research department of the Ministry of Finance of The Netherlands Antilles on Curaçao. He taught at the HES International School of Economics Rotterdam (ISER) and since 2007 also at highschool level. Next to his books on economics he wrote books on logic, social welfare and voting theory, and didactics of mathematics. He collects his software in *The Economics Pack. Applications of Mathematica.* He also writes science fiction, under the name *Acapulco Jones.* Key weblinks are:

http://thomascool.eu/
http://econpapers.repec.org/RAS/pco170.htm
https://zenodo.org/communities/re-engineering-math-ed
https://boycottholland.wordpress.com/about/

45.2 *Discussion*

My degrees are for econometrics from Groningen 1982 and for teacher of mathematics from Leiden 2008.

After graduating in 1982, I worked at the Dutch Central Planning Bureau (CPB) in 1982-1991. In 1989-1990 I was involved with the long term scenario study 1990-2015: *Scanning the Future* and *Nederland in Drievoud* (The Netherlands in Triplo). It was a good choice back then to include the *Global Crisis scenario* for 2015.

At CPB a major aim of research is to look for consensus to get the job done. The government budget cycle requires a forecast and one doesn't have the academic luxury of questioning everything. Outside of CPB, research tends to focus on the news that deviates from consensus. A key factor for me is also what happened in 1990-1991. Developments caused me to become much more outspoken than I prefer.

In 1989, running the first projections to 2015 I observed that unemployment would remain high, which doesn't make sense, since unemployment can be solved in the medium term, especially when policy makers know about such a threat. I grew more aware of the tricky issue that wrong policy might be caused by wrong modeling. Policy makers look for economic advice but the selection of the proper economic theory and actual choice of econometric model may not be done with sufficient quality of science, and there can be political meddling. This dismal state could already be observed in the period 1970-1990. My suggestion is to extend the Trias Politica model of democracy with an Economic Supreme Court (ESC). The CPB is supervised by the Ministry of Economic Affairs but the ESC is at the level of Parliament, Executive and Judiciary, and has a scientific and thus independent role, namely guarding the quality of information for policy making. [789]

After reporting my findings in 1989, I was given a separate room with the task of *reading and writing.* It wasn't a promotion, for I wasn't allowed to run the model, and all papers that I wrote were blocked from discussion and publication, which is censorship of science. I found myself dismissed with untruths in 1991. The civil servants court assumes that the Dutch government and its directors don't lie. It only looks at documents put before them and doesn't test them. There is no prosecutor or agency with a Sherlock Holmes to investigate such abuses of power.

The CPB-director Gerrit Zalm who censored my papers and who dismissed me with the abuse of power was no scientist but made his career within the bureaucracy. CPB claims to have scientific status but Zalm neglected this, first for himself and then for me. He became minister of Finance in 1994 and CEO of ABN-AMRO in 2009, not known as establishments for scientific research though they obviously do studies and keep an eye on research. More on Zalm in Chapter 34.

45.3 *Dutch culture and limits to tolerance*

Holland has the reputation of tolerance but reality shows its limits. Dutch culture is quite sensitive to social tension. Don't rock the boat. All too soon, Dutch people may presume that there is something about my person that causes turbulence without useful results. Perhaps Chinese culture allows for more personal freedom. At the same time, inconsistently, the Dutch think that they live in an open society so that people can say and publish what they want and so that there is no censorship.

The Dutch simply do not understand that censorship must be lifted before you can see the analysis that is being censored.

People also seem to think that an economist declares himself to be an absolute weirdo when he gives the summary that mass unemployment is a medium term problem only, and that the real problem is the structure of democratic decision making that gives not enough room for science and too much room for political manipulation.

There is no solution but for Dutch culture to grow up.

I advise to boycott Holland till the censorship by the directorate of the CPB has been lifted. This is the main message from my weblog [790] and also from an economics book from 2012 that discusses the cause and cure of the financial crisis since 2007 and actually the Great Stagflation since 1970. [791]

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[789] http://thomascool.eu/Papers/Drgtpe/Index.html.
[790] https://boycottholland.wordpress.com/about/
[791] http://thomascool.eu/Papers/CSBH/Index.html

46. *Literature*

Most references in the footnotes are not restated here.

MPRA is the Munich Personal RePEc Archive. EWP references are to the precursor Economics Working Papers Archive at the Washington University at St. Louis: http://econwpa.wustl.edu. See also http://thomascool.eu.

Note: Colignatus is the scientific name of Thomas Cool, econometrician (Groningen 1981) and teacher of mathematics (Leiden 2008), Scheveningen, Holland. Some archives may not recognize that name.

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