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PRESS RELEASE

On the Continuing Prosecution of EU-validated European Statistics in Greece

Regarding the case of the so-called "artificial inflation of the Greek deficit of 2009,"¹ on July 10 2014 the Council of the Appeals Court produced Ordinance No. 1212/2014, which, contrary to the prosecutor's proposal to put the case to file, ordered further major interrogation "... so as to exhaust every possibility to investigate all aspects of the case on the basis of which a sufficiently founded judgment by the court could be formed." To "exhaust every possibility of forming a sufficiently founded judgment of the court," the Appeals Council considers necessary to have further testimony on the accuracy of the Hellenic Statistical Authority's (ELSTAT) calculation of the government deficit that has been validated by Eurostat repeatedly over four years. The Ordinance considers necessary that this further testimony be provided by the former Secretary General of the National Statistical Service of Greece² and by the former Head of the National Accounts—"a purely technical high level staff of ELSTAT" according to the Ordinance. The latter, according to an assumption made by the Ordinance, "was moved from his position ... because of the reservations he expressed about the completeness of the information and the validity of the studies carried out regarding the reclassification of ... public enterprises into General Government."

On the occasion of this Ordinance, which was—consistently with standard practice—

¹ The so called "artificial inflation of the Greek deficit of 2009" case has involved the preliminary investigation since September 2011 and the pressing of criminal charges in January 2013 against the President of the Hellenic Statistical Authority and two senior staff on the basis of accusations that they artificially inflated the 2009 general government deficit, from 13.6 percent of GDP reported in the April 2010 EU Excessive Deficit Procedure (EDP) to 15.4 percent of GDP in the November 2010 EDP "on instructions from Eurostat, so that Greece would have the largest deficit in the EU and it would thus be forced to seek the support of the EU and the IMF under onerous terms." Following the pressing of charges, an interrogator was assigned the case and concluded in July 2013 that the case should be put to file. However, the case was reopened and a prosecutor of the Appeals Court conducted further investigation, before also recommending to the Appeals Council in May 2014 that the case be put to file.

² The NSSG was the predecessor of ELSTAT. After the eruption of the Greek crisis in 2009, and in response inter alia to demands by EU institutions to address the perennial problem of the unreliability of Greek statistics and the lack of alignment of the Greek statistical system with the European one, ELSTAT was created out of NSSG in 2010.

leaked to a certain part of the press even before the persons with a legal stake in the case would be notified, the usual rumors and conspiracy theories flourished one more time, striving to undermine the credibility of ELSTAT.

To remedy the truth, the following relevant points should be noted:

1. As is well known, the reliability of the statistics of Greece's deficit and debt had been the subject of continuous and exclusive attention of European institutions for many years. The term “greek statistics,” synonymous with deceit and lying, emerged in the international discourse so as to convey the state of complete unreliability of Greek statistics up to 2009 and became the pinnacle of the international denigration suffered by Greece in the field of statistics.

In particular, as noted by the Commission/Eurostat in the 8 January 2010 report³ that it prepared for the period 2004 - 2009 (following a similar 2004 report for the period 1997-2003), the Greek authorities had engaged in a host of cases in **deliberate and widespread misreporting** of data to the European institutions, which the report characterized “as individual, country specific problems.” The same findings are contained in the reasoned opinion of 6 April 2011 addressed by the European Commission to Greece for breach of the European Statistical legislation (infringement 2010/2002, E (2011) 2199 final). The reasoned opinion explicitly refers to, among many other related illegalities, cases where the data produced by the services of the General Accounting Office, such as the Public Debt Division, were suppressed, and distorted data were forwarded to the National Statistical Service of Greece (NSSG). It also refers to **cases in which the information transmitted by the General Accounting Office to the NSSG was communicated distorted from the NSSG to Eurostat.**

The sad situation in Greek statistics up to 2009 was presented in vivid relief by the Commission/Eurostat as follows:

”As far as a possible parallel between the 2004 and 2009 situations is concerned ... there are some common methodological features between the 2004 and 2009 episodes. 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.”

For these reasons, Eurostat concludes in its report with an observation that shows the size of the humiliation of the institutions in our country: “**deliberate misreporting or fraud (!) is not foreseen in the regulation.**”

Naturally, Eurostat would publish until 2009 the deficit and debt data of the Excessive Deficit Procedure (EDP) of our country only with reservations, except in the cases—as it highlights in the conclusions of its January 2010 report—when Eurostat itself had intervened before or during the notification period in order to correct mistakes or inappropriate recording that presented the deficit smaller than it actually was.

All the above are **formal** and **documented** findings of **competent European institutions** and for this reason they constitute a reference point throughout the edifice of European institutions. Indeed, the European Parliament itself, in its *Resolution of 13 March 2014 on the enquiry on the role and operations of the Troika (ECB, Commission and IMF) with regard to the euro area programme countries (2013/2277(INI))*,⁴ states that among the causes of the problematic situation in Greece was also “**statistical fraud** in the years preceding the setting-up of the programme” in 2010. Statistical fraud is the term in the English, French and German texts of the European Parliament resolution while **statistical sleight of hand** is the term in the Greek text of the resolution.

2. As is also well known, in contrast to the above extreme problems of deficit and debt statistics in Greece, following my taking office in August 2010 and continuously until today, for eight consecutive semi-annual publications, the Greek government deficit and debt statistics are being accepted by Eurostat without any reservation—following close scrutiny—and their reliability is no longer doubted by any European or international institution. The same applies to the 2009 deficit. The calculation of the 2009 deficit was carried out by ELSTAT fully adhering to the relevant European Statistical Regulations (223/2009, 479/2009, 2223/1996) and in accordance with European and international statistical principles. The calculation has been checked and found by Eurostat to comply with the relevant European legislation eight [8] times in a row since the first data submission in November 2010, in the context of the biennial recalculation of annual government deficit and debt statistics of the Excessive Deficit Procedure of the EU. At the same time, this calculation of the 2009 deficit has been fully accepted by all major users of these statistics, including the Greek State, the European Commission, Eurogroup, the European Central Bank, the International Monetary Fund and the parliaments of all Member States of the Eurozone that have participated in the official lending to the Greek State during the crisis.

3. In overt contradiction to all the above, there was no criminal prosecution, for the deliberate incorrect production and reporting of the deficit and debt statistics of Greece, of those who are responsible for the officially identified statistical frauds and statistical sleights of hand of the years until 2009. And this despite the fact that these statistical frauds were among the causes—according to the report of the European Parliament—of the current economic crisis, and the fact that these illegal acts are fully known. Instead, there was a choice to prosecute the deficit and debt statistics that, according to the successive validations by Eurostat, do NOT contain sleights of hand and do NOT deceive the Greek people, the European institutions and their users around Europe and the world!

⁴ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2014-0239&format=XML&language=EN>

4. And not only this, but “with a view to exhausting every possibility to investigate all aspects of the case on the basis of which a sufficiently founded judgment by the court could be formed,” it is deemed necessary to have testimony as to the correctness of the calculation of the deficit by those responsible for the deficit and debt statistics of the country in the years up to 2009— a period during which a staggering and unprecedented-for-European-standards host of cases of inappropriate compilation of data, interference with and distortion of data, and deliberate misreporting of data took place, which have been identified by European institutions as "statistical frauds" and "statistical sleights of hand"! Instead of investigating the responsibilities of such persons for the statistical frauds and statistical sleights of hand, they are invited to testify as to the accuracy of the calculation of the 2009 deficit. This is so because, as is indicated in the Ordinance of the Appeals Council, without the testimony specifically of those persons (!), in their “specific capacities” during the period up to 2009, as the Ordinance explicitly notes, a “sufficiently well founded” judgment by the court cannot be formed (!).

5. Thus, the legal proceedings are being carried out (a) without taking into account the validations of competent European institutions and foreign and international institutional users; (b) without calling to examine even one of the defense witnesses that had been proposed and who have the necessary specialized expertise regarding the implementation of Union Law on European Statistics, (c) with deliberate inaction regarding the investigation of unlawful acts that had been identified and documented by the European Commission/Eurostat concerning the multiple cases of inappropriate compilation, distortion, and deliberate misreporting of data, and (d) with calling upon the persons that were competent for the deficit and debt statistics of the country during the time when the statistical frauds and the statistical sleights of hand were taking place in order to form a "well-founded " basis for the court’s judgment.

Beyond the evident unlawfulness, this approach poses a formidable risk to the professional independence of ELSTAT, which is enshrined in Greek law as well as in primary and secondary European legislation. It amounts to a clear message to anyone who dares to implement European legislation and does not proceed—in violation of this legislation—to the desired manipulation of statistics in the same manner as it was certifiably being carried out in the past in our country. It is a message that he/she will be dragged through the courts, under the constant threat of loss of personal liberty or freedom of movement or imposition of onerous financial burdens. This message is all the more clear, inasmuch as the multiple cases of the past that have been identified by EU institutions as deliberate artificial reductions of the deficit have seen no follow-up, but rather those, in whose field of responsibility took place the statistical frauds, are called to appear as “expert witnesses” (!) in the present case.

It is also telling that while the above are taking place, the criminal prosecution for cybercrime against one of the persons, who make fanciful arguments and feel free to make ludicrous accusations regarding the correctness of the EU-certified calculation of the 2009 deficit, has not advanced for three and a half years. The judicial due process has not advanced for so long despite the fact that charges were pressed in January 2011 based on the finding of the Police Subdivision for the Prosecution of Cybercrime that this person was systematically stealing my e-mail correspondence since day one of my work at ELSTAT.

The juxtaposition of the fates of the above noted legal proceedings emphasizes even further the message that in our country institutions seem to applaud the manipulation of statistics, rather than the compliance with the relevant EU legislation.

6. From the moment ELSTAT acquired institutional independence and began to carry out its work as a National Statistical Institute in a European country should, strictly and unswervingly implementing the law and international statistical principles, it became the target—and continues to be the target—of manifold attacks.

All these attacks have as a goal to undermine the independence of ELSTAT and prevent the faithful application of the Law and statistical principles on the part of ELSTAT in order to revive the pernicious practice of producing statistics based not on what truly arises from the data, but in compliance with politically expedient and convenient outcomes at any given point in time. It is this latter approach that led to the deception of the Greek people as to the economic consequences of the policies followed over a long period of time, to the concealment of the true economic situation of the country that in turn facilitated its over-indebtedness (and over-lending to it by national and international investors) until it was too late, and to the international humiliation of the country with the infamous “greek statistics”.

The ultimate goal is, of course, to shake off political responsibility for the governance model that led the country to the economic ruin and the poverty it is experiencing today, as well as to avoid the emerging rejection of this governance model. It is the goal of those who hope for the continuation of this unproductive clientelist model of governance—the dismal failure of which is betrayed by the accurate recording of the deficits it produces—and who manufacture 'political solutions' to the compilation of statistics.

7. The role of Justice in all this should be only one: The realization of the rule of Law. Neither the clientelist model of governance of this country, nor fraud are provided for in Greek Law, nor is the deception of European institutions—not to mention self-deception itself—part of the national interest.

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