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Global Financial Stability Report April an October 2016 The IMF and the Crises in Greece, Ireland, and Portugal Evaluation Report of the IEO

Insolvency of the EFSF

Dear Madams and Sirs,

we appreciate the critical and more realistic assessment of the Euro-crisis in the IEO's Evaluation Report. It seems that this report's critical approach is echoed in the recent Global Financial Stability Reports which point sharply to the problems of the European banking sector. High levels of non-performing-loans and poor growth prospects build up to serious risks for the European banking sector. Even in the case of cyclical recovery (which may not happen) approximately a third of European banks would be "in danger".

In the name of "Menschen für Demo-kratie", a German NGO pressing for more (direct) democracy and transparency, we would like to draw the IMF's attention to a quasi-bank established during the early phase of the Euro-crisis, the EFSF. While European banks have been applied to "stress tests" and critical scrutiny by the IMF it seems that the obvious weakness of the EFSF is hardly recognized.

The EFSF has lent 134,8 billion € to Greece. Considering the level of sovereign debt, of unemployment, the poor economic growth rates and the collapse of the state welfare system a repayment is hardly possible. These are high risk non performing loans. The EFSF is bankrupt.

In repetitive overoptimistic statements European Politicians tend to deny serious problems. Necessary political action is postponed. The democratic right of proper information is violated.

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We would appreciate a thorough investigation of the IMF in the field of the EFSF to establish more realism and transparency. Please keep us informed about any ongoing research and publications.

Yours sincerely



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