

The end of the German dream

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I wrote [yesterday of the end of my European dream](#), and that is a theme I will return to when the Joy of Tax is finished (and the last chapter is due to the publisher on Friday). But, more pragmatically the German dream of Europe also looks to be coming to an end. As an FT email says this morning:

The International Monetary Fund has sent a strong signal that it may walk away from Greece's new bailout programme, arguing that it will not be able to participate if European creditors do not offer Athens substantial debt relief. The move again raises the pressure on Germany, which has opposed any debt relief, just as it prepares to seek the approval of its parliament to negotiate the details of a new bailout hashed out in a summit at the weekend.

Someone had to stand up to Germany and, firstly, to tell it to get its economics right, secondly, to negotiate realistic terms and, thirdly, to get off its high horse.

I did not think that would be the IMF but I had failed to take into account its French leadership. I smell a Lagarde / Hollande pact in this move. And right now that's just fine by me. Better a few tears now, some German frustration and a better deal for Greece [than all this falling apart in a year's time](#).