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Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination Pt 1

- Features - Economic and debt crisis -

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Proposals Doomed to Fail

In his latest book, *Adults in the Room* [1] Yanis Varoufakis gives us his version of the events that led to the Tsipras governmentâEuros"s shameful capitulation in July 2015. It essentially analyses the period 2009-2015, though it makes incursions into earlier periods.

With this voluminous work (550 pages), Yanis Varoufakis shows that he is a gifted narrator. At times he succeeds in moving the reader. His direct and vivid style makes it easy to follow events.

From the authorâEuros"s demonstration, we can clearly see that his behaviour and the politico-economic orientation he defended contributed to the disaster. Yanis Varoufakis clearly claims to have played a major role in working out the strategy adopted by a handful of Syriza leaders âEuros" Alexis Tsipras, Yanis Dragasakis, and Nikkos Pappas, essentially âEuros" *before* their victory in the January 2015 election.

Varoufakis does not plead guilty. He is convinced that had Tsipras actually taken the orientation he proposed and which Tsipras had agreed to late in 2014, the result would not have been defeat for the Greek people.

> Contrary to the conviction Varoufakis expresses, an attentive reading of his book leads to the conclusion that he contributed to that defeat

Varoufakis explains how he gradually convinced Tsipras, Pappas, and Dragasakis not to follow the orientation adopted by Syriza in 2012, then in 2014. He explains that along with them, he worked out a new orientation that was not discussed within Syriza and was different from the one Syriza ran on during the January 2015 campaign. And that orientation was to lead, at best, to failure, and at worst to capitulation.

The measures defended by Varoufakis

Varoufakis sums up the content of the agreement he made with Alexis Tsipras, Dragasakis and Pappas in November 2014 during a meeting in TsiprasâEuros"s apartment. The meeting had been organized by the Tsipras-Pappas-Dragasakis trio to convince Varoufakis to agree to become Finance Minister in the government that would shortly be formed by Syriza. âEurosoeAlexis then delivered his offer, unassumingly and under DragasakisâEuros"s watchful eye. âEurosÜIf we win, and there is no doubt we shall, we want you to become finance minister.âEuros"âEuros [4]

Varoufakis sums up six priority measures he proposed to Tsipras, Dragasakis, and Pappas and to which they agreed. *What these measures implied was that Greece would remain in the Eurozone.*

Varoufakis writes: âEurosoeI felt the need to recapitulate one more time what we had agreed our aims to be:"

- *Debt restructuring comes first.*

- *Second, a primary surplus of no more than 1.5 per cent of national income and no new austerity measures.*

- *Third, wide-ranging reductions in sales and business tax rates.*

- *Fourth, strategic privatizations under conditions that preserve labour rights and boost investment.*

- *Fifth, the creation of a development bank that would use remaining public assets as collateral to generate a domestic investment drive, and whose dividends would be channelled into public pension funds.*

- *Sixth, a policy of transferring bank shares and management to the European Union...*

- *Again they agreed, this time with greater conviction.* [5]

Varoufakis states clearly that these measures were to substitute for the measures in the Thessaloniki Programme Tsipras had presented in September 2014. Here is what he writes about that Programme:

- *Back in Austin, I heard on the news that Alexis had delivered a major speech in Thessaloniki outlining SyrizaâEuros"s economic platform. Gobsmacked, I got hold of the text and read it. A wave of nausea and indignation permeated my gut. Straight away I went to work. The article that emerged less than half an hour later was used soon after its publication by Prime Minister Samaras to lambast Syriza in parliament: âEurosÜEven Varoufakis, your economic guru, says that your promises are fake.âEuros" And so they were.*

- *The 'Thessaloniki ProgrammeâEuros" âEuros¦ promised wage rises, subsidies, benefits and investment paid for with sources of funding which were either imaginary or illegal. There were also promises we should not have wanted to fulfil. Above all, it was at odds with any reasonable negotiating strategy that kept Greece within the eurozone, despite advocating that it should remain there. It was in fact such a ramshackle programme that I did not even bother to criticize it point by point. Instead I wrote:*

- *âEurosÜHow I would have loved a different speech from Alexis Tsipras, one beginning with the question 'Why vote for us?' Before proceeding to answer it with 'Because we are promising you only three things: blood, sweat and tears!'*

- *Blood, sweat and tears, which Winston Churchill promised the British people in 1940 as he was assuming the helm of government, in return for their support and help to win the war.* [6]

Taking Winston Churchill as a positive reference in a public criticism of the Thessaloniki Programme took some doing. It was Churchill who organized the bloody repression of the demonstrations and strikes that shook Greece in late 1944 when, under the Yalta agreements, Britain took control of the country by repressing the very forces that had freed the country from the Nazi occupation.

Let us examine the measures as Varoufakis outlines them:

1. Debt restructuring

Varoufakis proposes restructuring the debt without reducing the debt stock. This first, very moderate measure depended on the good will of the Troika. In fact it was mere wishful thinking. Without recourse to a suspension of payment, combined with other unilateral acts including conducting an audit of the debt (with citizen participation), it was impossible to force the creditors to accept a real radical reduction of the debt. VaroufakisâEuros"s main proposal regarding restructuring the debt, as he says himself, is in line with his âEurosoeModest Proposal for Resolving the Euro Crisis." Putting that proposal, which consisted in mutualising the public debts of the Eurozone, into practice would have required a joint decision by the governments of the Zone to ease public finances and abandon austerity policies. This is technically possible, and is politically desirable from the point of view of boosting the economy and creating a new neo-Keynesian social contract. But despite the moderate nature of the proposal, it is totally incompatible with the policies of the majority of the governments concerned. One would have to be extremely naive to think that the government leaders in place in most European capitals could be favourable to a Keynesian stimulus. Basing a solution on such a hypothesis shows a total lack of awareness of the power balance and the motivations of European policymakers.

VaroufakisâEuros"s entire proposal regarding debt was and is unacceptable from a left-wing point of view because it presupposes evacuating any debate as to the legality and legitimacy of the debts whose repayment is being demanded of Greece

With regard to debt, VaroufakisâEuros"s most recent version of the proposal, issued in 2014-2015, does not call for questioning or reducing the debt owed to the IMF and to the private creditors, but rather for making an arrangement with the European partners on the following points:

- *1. Our government would issue new perpetual bonds, with the same face value as the bonds the ECB owned, bearing a small interest rate but with no expiry or redemption date ;*

- *2. Existing debt obligations to EuropeâEuros"s bailout fund would be swapped with new Greek government thirty-year bonds, again of the same value as the existing debt (so no formal haircut) but with two provisions: first, annual payments were to be suspended until the countryâEuros"s income recovered to beyond a certain threshold; second, the rate of interest would be linked to the rate of growth of the Greek economy.* [7]

Comment: These two proposals were just as unfeasible politically as was the idea of mutualising debt.

Moreover, VaroufakisâEuros"s entire proposal regarding debt was and is unacceptable from a left-wing point of view because it presupposes evacuating any debate as to the legality and legitimacy of the debts whose repayment is being demanded of Greece. VaroufakisâEuros"s proposal is in direct opposition to the position adopted by Syriza in 2012, which was to unilaterally suspend repayment and conduct an audit of the debt (I will return to this point later). Further âEuros" and this is important âEuros" in his proposal Varoufakis does not explicitly include the abandonment of the conditions imposed by the creditors.

Varoufakis himself recognises that his proposal is extremely moderate:

- *[These measures] were moderate and politically palatable to the creditors, as they included no outright haircut. They signalled to the public and to potential investors that the EU was accepting a new role: no longer the harsh creditor of an insolvent state, it would become a partner in GreeceâEuros"s growth, as its own returns would be proportional to Greek nominal income growth.*

- *âEuros¦Not once did any official of the EU or the IMF articulate a criticism of the logic behind these proposals. How could they?*

- *As the CEO of one of AmericaâEuros"s largest investment banks remarked after hearing them, âEurosÜYou are* *offering them a deal that a Wall Street bankruptcy lawyer could have come up with.âEuros"*

Comment: It is evident that this approach was also explicitly in opposition to a legitimate refusal to continue repayment of an odious debt.

2. "A primary surplus of no more than 1.5 per cent of national income and no new austerity measures.âEuros

Comment: Committing to a primary surplus of 1.5% is totally incompatible with a true policy of stimulation of the economy, public and private employment, and purchasing power for the mass of the population. In Greece, a left-wing government which wishes to actually implement a stimulus policy and respond to a humanitarian crisis must apply a policy of deficit spending over a period of several years and refuse to secure a primary surplus.

3. Wide-ranging reductions in sales and business tax rates

Concerning this measure âEuros" which Varoufakis sums up as follows: âEurosoeThis would require sharp reductions in VAT and the corporate tax rate in order to re-energize the private sectorâEuros âEuros" he cites a question from Tsipras:

> The belief that reducing corporate taxes will increase corporationsâEuros" contribution to revenues has never been demonstrated, and is more liberal incantation than reasoned argument

- *'Why should business pay less?âEuros" Alexis protested.*
- *I explained that I thought the private sector should pay more in total tax revenue, but the only way to achieve an overall increase in their contribution at a time of next to no sales and with bankrupt banks unable to provide credit even to profitable firms was to reduce the corporate tax rate. Dragasakis stepped in to say he agreed, apparently allaying Alexis and PappasâEuros"s initial consternation.*

Comment: Promising an undifferentiated reduction in corporate taxes is simply incompatible with a politics of the Left. Tax rates must be increased for large corporations, and the increase enforced. But there is no reason why the tax rates on small companies canâEuros"t be lowered at the same time. In any case, the belief that reducing corporate taxes will increase corporationsâEuros" contribution to revenues has never been demonstrated, and is more liberal incantation than reasoned argument.

4. Strategic privatizations under conditions that preserve labour rights and boost investment

Varoufakis says:

- *When it came to privatizations, I continued, we would have to make compromises if we wanted an agreement with the EU and the IMF. SyrizaâEuros"s blanket rejection of privatization would have to be replaced with a policy of considering them case by case. Fire sales of public holdings had to end, but there would be some* *assets, such as ports and railways, that we should make available conditional on a minimum level of investment, on the buyerâEuros"s commitment to granting workers proper contracts and the right to union representation, and on the state retaining a large, even if minority, shareholding, the dividends from which would be used to assist pension funds.*

Varoufakis was favourable to the continuation of certain privatisations. This attitude condemned the government to submission to the major corporations, and in particular to foreign capital

Comment: Whereas Syriza was fighting to put an end to privatisations and to renationalise a group of companies that had been privatised, Varoufakis âEuros" as indeed would be his practice once he became Minister âEuros" was favourable to the continuation of certain privatisations. This attitude condemned the government to submission to the major corporations, and in particular to foreign capital. The effect was to reduce the public authorities to impotence.

5. Creation of a development bank

âEurosoeFifth, the creation of a development bank that would use remaining public assets as collateral to generate a domestic investment drive, and whose dividends would be channelled into public pension funds.âEuros Varoufakis proposes the creation of a rump development bank as a consolation prize in exchange for the privatisations and the transfer of the Greek banks into the hands of the foreign creditors (see Proposal 6).

Varoufakis writes:

- *Meanwhile, those assets that were to remain under public ownership should be handed over to a new public development bank, which would use them as collateral in the raising of funds to be invested in these same public assets so as to boost their value, create jobs and enhance future revenues. They agreed on this too.*

Comment: Varoufakis presents the creation of a public development bank in order to wash down the bitter pill of Proposals 4 and 6, which are in total contradiction with a left-wing strategy. Measure 4 consists in continuing the privatisations and Measure 6 in relinquishing the power the Greek public authorities still had over the Greek banks. Measure 5 served as a lure to make it appear as though the public authorities were going to set up a true public development instrument.

6. âEurosoeTransferring bank shares and management to the European Union.âEuros (sic!)

Varoufakis describes the idea as being "that these bankrupt banks be placed under the management and ownership of the EU. âEuros¦this was an extraordinarily challenging proposal for a left-wing party that tended if anything towards nationalizing the banking sector.âEuros

Comment: The Greek state was the principal shareholder of all the Greek banks and SyrizaâEuros"s position was that the public authorities should actually exercise their power over the banks. In proposing to Tsipras, Pappas, and Dragasakis that the shares owned by the Greek public authorities should be transferred to the EU, Varoufakis was making an additional âEuros" and potentially tragic âEuros" step towards the complete abandonment of sovereignty.

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After summing up these six proposals that he claims were accepted by Tsipras-Pappas-Dragasakis, Varoufakis comes to the strategy a Syriza government should bring to bear in negotiating with the EU. He explains that if the EU decided to directly sabotage the government, the ECB would do the dirty work. It would cut off the cash flow to the Greek banks and require them to shut their doors, as was done in March 2013 in Cyprus, according to Varoufakis.

Varoufakis says that Tsipras-Pappas-Dragasakis agreed to respond in the following manner:

- *Their agreement had to extend also to my proposed negotiating strategy, complete with its key deterrent, the threat to haircut our SMP bonds, and the parallel payments system with which to buy time in the event of an impasse that would bring on bank closures.*

I will return to this issue of negotiating strategy in a forthcoming article in which I will discuss the period that followed the elections in January 2015.

Varoufakis tells us that following the meeting with the Tsipras-Pappas-Dragasakis trio, he accepted the position of Finance Minister. Dragasakis, for his part, would occupy the post of Deputy Prime Minister and would directly supervise three key ministries, including Finance.

VaroufakisâEuros"s questionable account of the origins of the Greek crisis and his surprising relations with the political class

On several occasions, Yanis Varoufakis mentions the broad range of his relations with members of the Greek political milieu. He stresses his past friendship with Yanis Stournaras (the current Governor of the Bank of Greece, an ally of Mario Draghi and of the private Greek and foreign bankers), his good relations in 2009 with George Papandreou (who implemented the policies leading in May 2010 to the first Memorandum of Understanding) and his relationship with Antonis Samaras (who led the Greek government after the second Memorandum of Understanding), and he devotes a large part of the first four chapters of the book to relating how a close collaboration, and at times a complicity, was formed with three Syriza leaders. Those leaders were Alexis Tsipras (who led the Greek people into the third Memorandum of Understanding) and Nikos Pappas (TsiprasâEuros"s alter ego, who became a Minister of State in the first Tsipras government), added to whom, along the way, was Yanis Dragasakis (before he became vice-Prime Minister of the first and second Tsipras governments). In this second part, I will deal with VaroufakisâEuros"s account of the start of the crisis in Greece and his relations with GreeceâEuros"s traditional political class.

VaroufakisâEuros"s account of the events leading to the imposition of the first Memorandum of Understanding in May 2010 is highly questionable. While defending his position, at the same time he reinforces the official narrative according to which the cause of the crisis lies in the inability of the Greek State to deal with its public debt. While he condemns the sorry state GreeceâEuros"s private banks had put themselves in, [8] he puts the accent on the Greek StateâEuros"s inability to deal with that situation and declares that Greece should have resorted to bankruptcy. He rules out the possibility that was âEurosoeofferedâEuros to the State to refuse to take responsibility for the banksâEuros" losses. His reasoning regarding the failure of the Greek State is based on the fact, according to him, that the liabilities (that is, the debts) of the private banks were the StateâEuros"s responsibility, and that nothing could be done about that. The private banksâEuros" liabilities were so extensive that the Greek State was incapable of assuming them. And yet, at certain points in history, States have refused to assume the losses of private banks. Iceland did it beginning in 2008 when its private banking sector collapsed, and with very positive results. Iceland victoriously stood up to the threats of Britain and Holland [9].

Saying that Greece is not Iceland and/or that Greece is part of the Euro Zone is not enough to put an end to the debate. VaroufakisâEuros"s attitude, in reality, is economically and socially conservative. He condemns the Greek bankers, but the solution he proposed to Alexis Tsipras beginning in June 2012 consisted in transferring ownership of

GreeceâEuros"s banks to the European Union. [10]

It is also clear that there was every reason to challenge the repayment of GreeceâEuros"s public debt, which had increased greatly mainly in the 1990s due to the pursuit of illegitimate goals (excessive military expenditure, financing fiscal gifts to major corporations and wealthy citizens, financing reductions in corporate contributions to social security using debt, etc.) or to financing the debt under illegitimate conditions (abusive interest rates paid to banks), and using methods characterised by corruption and other illegalities (see Chapter 1 of the âEurosoePreliminary Report of the Truth Committee on GreeceâEuros"s Public DebtâEuros).

Varoufakis and the government of George Papandreou (PASOK) 2009-2011

In the autumn of 2009 a new Greek government was elected on the promise of higher spending as a means of helping the nationâEuros"s income mountain recover, but the new prime minister and his finance minister, from the PASOK social democratic party, did not get it. The state was irretrievably bankrupt even before they were sworn in. [11]]

It is false to say that the State was bankrupt. That statement reinforces the deceitful narrative that is put forward by the Troika and the dominant media.

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 the statistics on GreeceâEuros"s debt âEuros" 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 GreeceâEuros"s Public Debt in its June 2015 report (see chapter II, p. 17). 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.

After the parliamentary elections of 4 October 2009, the newly elected government of George Papandreou illegally revised and increased both the public deficit and public debt figures for the period before the Memorandum of 2010. The public deficit estimation of 2009 was revised upward several times, from 11.9% of GDP in the first estimate to 15.8% in the final one. Andreas Georgiou, who was Executive Director of the Greek statistics bureau ELSTAT in 2009-2010 (despite the fact that he was still on the staff of the IMF), was sentenced by a court in August 2017. Here is what the French daily Le Monde wrote in its 1 August 2017 issue:

Andreas Georgiou, former head of the Greek statistics office, Elstat, a key figure in the saga of the false public-deficit figures at the start of the debt crisis, was sentenced Tuesday 1 August to a suspended prison sentence of two years. The Athens criminal court found him guilty of âEurosÜbreach of dutyâEuros", according to judicial sources. The former International Monetary Fund staff member was prosecuted for collusion with Eurostat (the EUâEuros"s statistics office, which is a Directorate of the European Commission) to inflate figures regarding GreeceâEuros"s deficit and public debt for the year 2009. The presumed goal was to facilitate surrendering control of the countryâEuros"s finances with the implementation of the first international financial assistance plan in 2010 âEuros" the third has been in force since August 2015. [12]

Further, contrary to what Varoufakis claims, the private banks did not cut off credit to the Greek State in 2009; [13] it was credit to the private sector that was interrupted during that year. In the fall of 2009, the Greek State was having no difficulty in raising funds. The financial markets cut off credit to the Greek State in 2010, after Papandreou dramatised the situation and at a time when the first Memorandum of Understanding was being launched.

Varoufakis explains at several points in Chapter 2 that despite obvious divergences, he maintained good relations with Papandreou: âEurosoe*In January 2010 in a radio interview I warned the prime minister, whom I knew personally and with whom I was on rather friendly terms, âEurosÜWhatever you do, do not seek state loans from our European partners in a futile bid to avert our bankruptcy.âEuros"*âEuros [14]

On this last point, Varoufakis is right âEuros" credit should not have been sought from the Troika. On the other hand, Varoufakis is wrong when he says that the Greek State should have declared itself bankrupt. An alternative, one that was contrary to the policy espoused by Papandreou and different from the one advanced by Varoufakis (bankruptcy of the State), was possible, and necessary.

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 [15] and in Sweden and Norway in the 1990s. [16] 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 IrelandâEuros"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.

Varoufakis and Antonis Samaras

Several times, Varoufakis refers to the contact he maintained with personalities in the first rank of GreeceâEuros"s political class, both members of PASOK and of the leading Conservative party, New Democracy.

One evening (in 2011; ed. note), on returning to our flat after yet another session at ERT, the Greek state radio and TV network, the landline rang. I picked the phone up to hear a familiar voice. It belonged to Antonis Samaras, then leader of the conservative New Democracy party, at the time GreeceâEuros"s official opposition [âEuros¦] âEurosoe We have never met, Mr Varoufakis,âEuros he said, âEurosoe*but having just watched you on ERT I felt an urge to call. For I cannot remember the last time I was so touched by something so profound I heard someone say on television. Thank you for your stance*.âEuros

He was not the only member of the Greek establishment to approach me. Indeed, my campaign had led to many secret discussions with socialist ministers, opposition conservative members of parliament, trade union bosses and the like who felt I was on to something. Once I outlined my basic analysis, not one of them contested it. [âEuros¦] The conservatives, at least up until November 2011, were a happier lot: with their leader Antonis Samaras adopting an anti-austerity, anti-bailout position, they felt freer to endorse my musings. [17]

After receiving a telephone call like this one from Samaras, some people would have asked themselves, âEurosoe *IsnâEuros"t it disquieting to receive compliments from one of the key leaders of the Conservative party?*âEuros But not Varoufakis.

The friendship between Stournaras and Varoufakis

Varoufakis devotes no less than four pages to describing his friendly relationship with Yanis Stournaras. [18] Between the late 1990s and the period of the Memoranda, Yanis Stournaras moved from PASOK to New Democracy. Varoufakis explains:

[It was he who] convince[d] Berlin and Brussels to let Greece into the euro. Once Greece was securely inside the euro, in 2000 the PASOK prime minister rewarded Stournaras with the Commercial Bank of Greece [âEuros¦]. [19] It was during this last phase of his career that we first met. Despite his busy schedule, Stournaras was always on hand to do his share of teaching, and to do it happily and devotedly. While our economic perspectives differed considerably, as did our politics, his commitment to the university and the good chemistry between us provided the foundation for a developing friendship.

Varoufakis tells how they spent the evening of the election of 4 October 2009, in which PASOK was victorious, together in StournarasâEuros"s apartment. At that time, Stournaras was a high-ranking advisor of the âEurosoesocialistsâEuros and beginning of 2010 had adopted PapandreouâEuros"s pro-Memorandum orientation. Varoufakis continues:

During that momentous year for Greece, 2010, Stournaras made a career move that raised eyebrows, becoming director of an economics think tank originally set up by GreeceâEuros"s National Confederation of Industries, the largest and most established bossesâEuros" guild in the land, traditionally affiliated to the conservatives of New Democracy.

This did not affect their friendship. A month before the May 2012 elections, Varoufakis was in Athens and called Stournaras:

We met the next day at a cafÃ© in the lobby of a hotel at the foot of the Acropolis; we hugged (âEuros¦). Turning to business, I briefed him on the discussions I had just had in Berlin with officials from the European Central Bank and the German government, with financial journalists and the like. I also mentioned a conversation I had had with financier George Soros. I told Stournaras that Soros agreed with my assessment of the Greek situation as well as with the gist of my economic policy proposals for Europe as a whole.

Varoufakis explains that Stournaras and he did not reach an agreement on the viability of the Memorandum of Understanding but that they parted with promises to keep their friendship intact. Things went sour a few months later, when Stournaras accused Varoufakis of speculating with Soros on Greek debt securities. That is when their relationship was broken off. Meanwhile, Stournaras had become Minister of Development (May-June 2012). Following the elections in June 2012, he became Finance Minister of the Antonis Samaras government. Then, starting in June 2014, Samaras appointed him Governor of the Bank of Greece, a position he still holds.

I have made a point of summing up this passage in VaroufakisâEuros"s book because it is revelatory of the ease with which he moved about in the environment of the Greek political class. Even if he held no official position at the time, he maintained relations with key leaders, and some of his ideas were not rejected, to say the least, by the conservative leaders. Clearly this is not embarrassing to him, since he discusses it at length in the book.

How TsÃ-pras, with VaroufakisâEuros"s aid, turned his back on SyrizaâEuros"s platform

Yanis Varoufakis traces his collaboration with Alexis TsÃ-pras and his alter ego, Nikos Pappas, back to 2011. That collaboration gradually broadened, starting with 2013, to include Yanis Dragasakis (who became vice-Prime Minister in 2015). There is a constant in the relations between Varoufakis and TsÃ-pras: Yanis Varoufakis constantly argues for changes in the political programme that Syriza had adopted. Varoufakis tells us that TsÃ-pras-Pappas-Dragasakis themselves clearly wanted to move toward an orientation that was different from, and significantly more moderate than, the one their party had adopted.

VaroufakisâEuros"s narrative is lively and piquant. Through it, we see how choices were made behind SyrizaâEuros"s back at very important stages, without regard for basic democratic principles.

To hear Varoufakis tell it, he played a central role, and he did in fact exert influence on the line adopted by the TsÃ-pras-Pappas-Dragasakis trio. ItâEuros"s also certain that TsÃ-pras and Pappas, outside of Syriza, sought to create fairly close relations with certain individuals and institutions in order to gradually move the policies put into practice farther and farther away from the positions Syriza had championed. Varoufakis is not the only person they contacted, but at a given point TsÃ-pras and Pappas felt that he was the right man to negotiate with the European institutions and the IMF.

Early 2011: VaroufakisâEuros"s initial contacts with TsÃ-pras and Pappas

Varoufakis describes his first meeting with Alexis TsÃ-pras and Nikos Pappas in early 2011. Pappas had set up a meeting at a small hotel and restaurant near SyrizaâEuros"s office.

- *When I walked into the hotel, he and Pappas were already at a table, ordering lunch. AlexisâEuros"s voice was warm, his smile unaffected, his handshake that of a potential friend. Pappas had wilder eyes, a high-pitched voice. (âEuros¦) From the outset it was evident that Pappas had the young princeâEuros"s ear, guiding, restraining and spurring him on, and this initial impression survived throughout the turbulent times that followed: these two young men, of similar age but different temperaments, were acting and thinking as one.* [20]

Varoufakis explains that TsÃ-pras was undecided about what attitude to adopt regarding a possible exit from the Eurozone.

- *Even in 2011 Syriza was torn by internal disagreements over whether the party should or shouldnâEuros"t make Grexit (GreeceâEuros"s departure from the Eurozone, though not necessarily from the EU) its official policy. As we talked, AlexisâEuros"s attitude to the question struck me as cavalier and immature. His focus was more on keeping control of the feuding wings of his party than on clarifying in his own mind what the right policy should be. Judging by the meaningful looks coming from Pappas, it was clear that he thought so too and was hoping I would help shift his leader away from casual experimentation with the idea of Grexit.*

- *I did my best to impress upon Alexis that turning Grexit into an objective would be as large a mistake as failing to prepare for it. I also criticized Syriza for making silly promises (âEuros¦).*

TsÃ-pras asked Varoufakis what he thought of the idea of threatening the European policymakers with Greece leaving the Eurozone should they refuse to reconsider the policies of the Memoranda. Varoufakis answered that he would avoid exiting the Eurozone since it was possible to negotiate a favourable solution for Greece, in particular a new restructuring of its debt.

TsÃ-pras replied that famous economists like Paul Krugman were saying that Greece would be better off without the euro.

Varoufakis continues his narrative: *I agreed that we would be better off if we had never entered the Eurozone but hastened to add that it was one thing to have stayed out of the euro and quite another to leave it. (âEuros¦) To try to shake him out of his lazy thinking, I outlined what I expected to happen immediately if Grexit were announced. Unlike Argentina, a country that had severed its currencyâEuros"s ties to the dollar, Greece did not have its own notes and coins in circulation.* To convince him, Varoufakis reminds TsÃ-pras that: *âEurosoe(âEuros¦) creating a currency takes months.âEuros*

In reality this argument, used many times by Varoufakis and other opponents of an exit from the euro, does not hold up. A new currency could have been adopted by using banknotes denominated in euros, but bearing a stamp. The banksâEuros" automatic teller machines could have delivered euro bills that had been especially hallmarked beforehand. James Galbraith explained the idea in a letter to his friend Varoufakis in July 2015. [21]

In reality, what Varoufakis wanted was to convince TsÃ-pras that it was possible to stay in the Eurozone while at the same time breaking with the anti-social policies that had been conducted until then: *(âEuros¦) we shall demand a renegotiation that yields a new deal for Greece, rendering our social economy sustainable within the eurozone, but if the EU and the IMF refuse to negotiate meaningfully, then we shall not accept any more extend-and-pretend loans from EuropeâEuros"s taxpayers. And if they want to retaliate by pushing us out of the euro, at immense cost to both themselves and us, then let them do their worst.*

> Varoufakis to Tsipras: we shall demand a renegotiation that yields a new deal for Greece, rendering our social economy sustainable within the eurozone

For Varoufakis, preparations should not be made for exiting the Eurozone, and if it were to happen one day, it would be the worst possible solution.

Varoufakis continues:

- *Pappas was nodding enthusiastically, but Alexis seemed elsewhere. When I pushed him to explain his silence, his reply confirmed that he was preoccupied with the goings-on within Syriza rather than engaging properly with the issue at hand. I was unimpressed. As the meeting drew to a close, and at the risk of sounding condescending, I offered him some well-meant but unsolicited advice on a separate matter, which he may have found offensive:*

- *âEuros" âEurosÜAlexis, if you want to be prime minister, you need to learn English. Get a tutor, it is imperativeâEuros".*

When Varoufakis returns home, his partner, Danae, asks him how the meeting went and he replies: *âEurosoeHe is a very agreeable person but I do not think he has what it takes.âEuros*

Varoufakis, the debt audit and suspension of payment

In his narrative of the events of 2011, Varoufakis never once mentions the citizen debt audit initiative, in which he refused to participate.

The CADTMâEuros"s views regarding the necessity of an audit of the debt began to be recognised in Greece starting from 2010. Several interviews were published in the Greek press. For example, the Greek magazine *Epikaira* published a long interview of myself, for the CADTM, and Leonidas Vatikiotis, [22] a journalist and far-Left activist. There I explained the causes behind the explosion of public debt and how the Ecuadorian experience could be a source of inspiration for Greece in terms of an audit commission and the suspension of debt payments. To conclude, I was asked *âEurosoeWhat should Greece do?âEuros* and I answered: *âEurosoeAn Audit Commission involving prestigious and experienced people should be formed immediately. My advice is clear: Open the books of account! (âEuros¦) Proceed in the utmost transparency and in the presence of trade unions and citizensâEuros" associations and discover which part of the debt is illegal and odious as per the international terminology. Denounce it!âEuros* [23]

> Varoufakis totally excludes the subject both in the positions he has defended and in his narrative of the events of 2011

Economist Costas Lapavitsas [24] also wrote several articles actively defending the need to establish an audit committee. Those were widely circulated in Greece. In one of them he wrote:
The international audit commission could serve as a catalyst and contribute to the transparency that is needed. Such an international commission, made up of experts in auditing public finances, economists, labour organisers and representatives of social movements, will have to be totally independent of political parties. It will have to have support from many organisations, which will make it possible to mobilise very broad social strata. This is how the popular participation necessary to deal with the question of the debt will begin to become a reality. [25] (Translation: CADTM)

On January 9, 2011, the Greek daily *Ethnos tis Kyriakis*, third in terms of circulation at that time, interviewed me and published it as: *âEurosoeIt is not logical to repay debts that are illegitimate. The people of Europe also should audit their creditors.âEuros* [26] The daily explained: *âEurosoeThe CommitteeâEuros"s work in Ecuador has recently been mentioned in the Greek Parliament by Sofia Sakorafa.âEuros*

Indeed, in December 2010, MP Sofia Sakorafa said in a speech in the Hellenic Parliament that a Debt Audit Commission, inspired by the Ecuadorian example, was necessary. The parliament was then dominated by PASOK and New Democracy, who had no interest in elucidating the debt, and her proposal was rejected. Nevertheless, people other than professional politicians kept on fighting the battle. The Greek debt audit committee (ELE) was launched in March 2011. This stemmed from major efforts to bring together people who had barely known each other just a few weeks earlier. The gravity of the Greek crisis catalysed the creative process. While preparing to launch the committee, Costas Lapavitsas issued an international appeal, supported by the CADTM. There was wide-ranging response.

Costas Lapavitsas consulted me for the content of the international appeal to support the committeeâEuros"s formation. I made some amendments. After that, we started seeking support from people likely to help us spread the word and also enhance the credibility of the initiative. I undertook to collect the maximum possible number of signatures from international personalities supporting the establishment of the audit committee. I had known many of them for years, such as Noam Chomsky (USA) with whom I had been in touch on the debt issue since 1998, Jean Ziegler (Switzerland) who was then a UN Special Rapporteur on the Right to Food, Tariq Ali (UK), and many economists.

In my quest for collecting signatures I was refused only once, by the North American economist James Galbraith. I had been conversing with him for several years during conferences on financial globalisation.

The second reason why Galbraith did not sign the appeal was Yanis VaroufakisâEuros"s advice to him. Varoufakis had publicly explained in 2011 why he refused to endorse the call for the Audit CommitteeâEuros"s formation. He says that Galbraith had contacted him, asking if he should sign this appeal and he advised Galbraith not to. Yannis VaroufakisâEuros"s refusal accounts for his indifference towards the Truth Commission on the Greek debt when he became finance minister in the first government of Alexis TsÃ-pras in 2015. [27]

In a long public letter published in spring 2011, Yanis Varoufakis justified his refusal to support the creation of the Citizen Debt Audit Committee (ELE in Greek). He wrote that if Greece defaulted, it would have to leave the Eurozone following which it would abruptly end up in the Neolithic age (sic!). Varoufakis also explained that the people who had taken this initiative were nice and well-meaning and that in principle he supported the audit but, in GreeceâEuros"s current circumstances the audit was not appropriate. [28]

The documentary *Debtocracy*, (https://en.wikipedia.org/wiki/Debtocracy and http://www.cadtm.org/Debt-The-Greeks-and-Debtocracy) aired from April 2011, championed the proposal for a citizensâEuros" debt audit and the need to cancel the illegitimate and odious part of the debt. [29] Aris Chatzistefanou and Katerina Kitidi, who directed this documentary in collaboration with Leonidas Vatikiotis, called on me about the contents from the beginning of February 2011. They took my suggestion to film a part of the documentary in Dakar on the occasion of the World Social Forum held there from February 6-11, 2011. The film was completed in record time and was circulated on the Internet. During spring 2011, more than 1.5 million people in Greece downloaded it in six weeks. It was a significant number for a population of 10 million, but no TV station broadcast it at that time.

Among the Greek personalities who signed the call for an audit in 2011 were Euclid Tsakalotos (who replaced Yanis Varoufakis as Finance Minister of the TsÃ-pras government in early July 2015 and kept that ministerial post in the second TsÃ-pras government, formed at the end of September 2015); Panagiotis Lafazanis (one of the main leaders of the Left Platform within Syriza, Minister of Energy in the TsÃ-pras government between January and 16 July 2015, leader of Popular Unity, founded in August 2015 by the group who left Syriza in opposition to the Third Memorandum of Understanding); Nadia Valavani (also a Left Platform member, Alternate Minister of Finance from 27 January to 15 July, 2015, also a member of Popular Unity); Sofia Sakorafa (elected Syriza MEP in May 2014 and sitting as an independent since September because of her opposition to the capitulation); Georgios Katrougalos (Alternate Minister of Interior and Administrative Reconstruction between January 2015 and July 2015, then Minister of Labour and Social Solidarity beginning in August 2015 and again under the second government formed by Alexis TsÃ-pras. From November 2016 he held the post of Alternate Minister for Foreign Affairs); and Notis Maria (elected MEP in May 2014 on the list of the sovereignist right-wing party ANEL and sitting as an independent since January 2015).

Neither does Varoufakis mention the international conference held in Athens in March 2011 by Synaspismos (the main component of Syriza, chaired by Alexis TsÃ-pras) and the Party of the European Left, even though he himself participated in it.

A few words about the conference. It took place in Athens in early March 2011. Synaspismos and the Party of the European Left had invited me as speaker. Alexis TsÃ-pras, Yanis Varoufakis, Oskar Lafontaine (one of the founders of the Left Party, Germany), Pierre Laurent (leader of the Communist Party and the Party of the European Left), Mariana Mortagua from the Left Bloc in Portugal, Euclid Tsakalotos (who became finance minister after Yanis Varoufakis resigned), Yannis Dragazakis (deputy prime minister in the first and second TsÃ-pras governments), myself, and several other guests delivered speeches during this conference.

My presentation focused on the causes of the crisis, and the vital importance of a drastic debt reduction through cancellation following a debt audit with citizensâEuros" participation. [30] Yanis Varoufakis presented what he called a âEurosoemodest proposal.âEuros

> It was quite an obvious choice to include a presentation on the need for an audit of the debt ; yet Varoufakis totally excludes the subject both in the positions he has defended and in his narrative of the events of 2011

There were 600 to 700 participants and the Nikos Poulanzas Institute published several speeches including those of TsÃ-pras, Varoufakis, and myself in a book in English. It was called *The Political Economy of Public Debt and Austerity in the EU*. [31] If I mention this conference, it is to show that at the time it was quite an obvious choice to include a presentation on the need for an audit of the debt; yet Varoufakis totally excludes the subject both in the positions he has defended and in his narrative of the events of 2011.

The international conference supporting the citizensâEuros" audit of GreeceâEuros"s debt was held in Athens in May 2011 and it was a resounding success, with the attendance of nearly 3,000 people during three days. The CADTM was one of the organisations convening that conference. I coordinated the first panel discussion where the prominent participants were Nadia Valavani (who later became the Deputy Minister of Finance in the TsÃ-pras Government) and Leonidas Vatikiotis. The CADTM helped the Greek organisers and the other non-Greek movements towards convincing a significant number of European organisations to support the conference and to collectively adopt a declaration upholding its essence (see box)

Declaration from the Athens Conference on Debt and Austerity

We, representatives of movements and activists from across the world, met in Athens to discuss the lessons of previous international economic crises, to challenge illegitimate debt and mobilise for its cancellation, to offer our solidarity to the European people struggling against unjust austerity programs imposed by governments, the EU and the IMF, exemplified by the âEurosoeMemoranda of Understanding,âEuros as well as to formulate a plan of economic action which meets the needs of people instead of serving a tiny social elite.

Many countries in the developing world have lived in debt crisis since the 1970s. After bouts of reckless lending by international finance, some of the poorest people in the world faced cuts in income and social provision when the IMF imposed sharp austerity policies in return for bailing out banks and financiers. These policies were unjust and did not facilitate recovery. Instead, they increased the dependency of indebted countries on the power of financial markets, making governments less accountable to their people. Only when a handful of countries demanded their rights and stood up to the imposition of austerity, to the bailing out of financiers, and to the crushing burden of debt did it become possible to recover, at least for a short while. This is what happened in Argentina in 2001. Other countries can benefit from its experience, including Egypt, Tunisia and the entire Arab world now fighting for democracy and confronting odious debts of dictatorial regimes.

Today, in the wake of the international economic crisis, peripheral countries of the EU face a deep debt crisis. They have been pushed into it by the operations of the global financial system but also by the institutional framework and the economic policies of the EU which systematically favour the interests of capital. The Growth and Stability Pact has put pressure on labour across the eurozone, while the European Central Bank has supported the interests of large banks. The EU has been split into a powerful core and a weak periphery. The accumulated debts of the periphery are a result of the gap with the core but also of deepening inequality between the very rich and the rest of society. Workers and the unemployed, small farmers, and small and medium businesses are now forced to carry the burden of these debts even though they have not benefited from them.

Austerity and privatisation measures will squeeze the poorest in society most heavily, while those that created the crisis will be bailed out. The Pact for the Euro will exacerbate pressure on labour. The rich and big business will also continue to dodge taxes which could be used to build a fairer society. If these measures go unchallenged, they will have an immense impact on Europe, drastically changing the balance of power in favour of capital and against labour for many years.

The attempt to make working people and the poor bear the costs of the crisis, while the very rich escape, will be opposed by those in the firing line. The people of Greece, Ireland and Portugal, but also Poland, Hungary, Slovenia and elsewhere in Central and Eastern Europe, challenge the austerity policies of the EU and the IMF, oppose international financial power, and reject the slavery of debt. We call on people across the world to show solidarity with movements in these countries struggling against debt and the pernicious policies it brings in its wake.

Specifically, we call for support for:

- **The democratic auditing of debts** as a concrete step towards debt justice. Debt audits which involve civil society and the labour movement, such as the Citizens debt audit in Brazil, allow people to establish which parts of public debt are illegal, illegitimate, odious, or simply unsustainable. They offer to working people the knowledge and authority necessary to refuse to pay illegitimate debt. They also encourage democratic accountability and transparency across the administration of the public sector. We express solidarity with debt audits in Greece and Ireland and stand ready to assist in practical terms.

- **Sovereign and democratic responses to the debt crisis**. Governments must be bound primarily by their people, not by the unaccountable institutions of the EU, or by the IMF. The people of countries such as Greece must decide which policies will improve their chances of recovery and meet their social needs. Sovereign states retain the power to impose a moratorium of payments if debt is crushing the livelihood of working people. The experience of Ecuador in 2008-9 and of Iceland in 2010-11 shows that it is possible to have radical and sovereign responses to debt, even including cancellation of its illegitimate part. Even UN resolutions legalise the cessation of payments in a state of necessity.

- **Economic restructuring and redistribution, not debt**. The domination of neoliberal policies and the power of international finance have led to low growth, rising inequality, and major crises as well as eroding democratic processes. It is imperative that economies are put on a different footing through transitional programs that include capital controls, severe regulation and even public ownership over banks, industrial policy that pivots on public investment, public control over strategic sectors of the economy, and respect for the environment. The first aim should be to protect and expand employment. It is also vital that countries should adopt far-reaching redistributive policies. The tax base should become broader and more progressive by taxing capital and the rich, thus allowing for the mobilisation of domestic resources as an alternative to debt. Redistribution should also include the restoration of public provision in health, education, transport and pensions as well as reversing the downward pressure on wages and salaries.

These are the first steps towards meeting the needs and aspirations of working people, while shifting the balance of power away from large capital and financial institutions. They would allow people across Europe, and more broadly across the world, to exercise better control over their livelihoods, their lives, and the political process. They would also offer hope to the young generation across Europe which currently faces a bleak future of scarce jobs, low wages and lack of prospects. For these reasons, supporting the fight against debt in Greece, Ireland, Portugal and other countries of Europe is in the interests of working people everywhere.

Athens, May, 8, 2011

Signed by the following:
Initiative for the Greek Audit Commission
European Network on Debt and Development
The Committee for the Abolition of Third World Debt (CADTM)
The Bretton Woods Project, UK
Research on Money and Finance, UK
Debt and Development Coalition Ireland
Afri - Action from Ireland
WEED - World Economy Environment Development, Germany
Jubilee Debt Campaign, UK
Observatorio de la Deuda en la GlobalizaciÃ³n, Spain

Source: http://www.cadtm.org/Declaration-from-the-Athens

During a discussion between Varoufakis and myself on 9 November 2016 in Athens, [32] I asked him why he had not supported the citizen debt audit initiative beginning in 2011. He answered that the initiative was not a good one since it called the legitimacy and legality of the debt into question. According to him, there was no reason to question the legality or legitimacy of GreeceâEuros"s debt.

Varoufakis adopted the position of a short-sighted economist who can see debt only in terms of financial sustainability and access to sources of financing. He completely failed to understand the importance of the citizen audit. Whereas in the book he stresses the importance of the occupation movement that gathered in GreeceâEuros"s public squares in June-July 2011, he did not notice the enthusiasm for a citizen debt audit initiative citizens expressed during that powerful movement.

Varoufakis adopted the position of a short-sighted economist who can see debt only in terms of financial sustainability and access to sources of financing. He completely failed to understand the importance of the citizen audit.

So, in fact, I was an eyewitness to VaroufakisâEuros"s refusal to support the citizen audit in 2011 and I saw how he was able to convince James Galbraith not to sign the international call we had launched along with Costas Lapavitsas. After an attentive reading of VaroufakisâEuros"s book, I am convinced that he intervened actively to convince TsÃ-pras, at least from May-June 2012, to abandon his support for the demands for a debt audit and for suspension of repayment of the debt while the audit was conducted.

Within the leadership of Syriza and among Alexis TsÃ-prasâEuros"s economic advisors, several key people were also opposed to the debt audit and suspension of payment. Yannis Dragasakis, one of the people in charge of economic matters for Syriza (and who became Deputy Prime Minister in the first and second TsÃ-pras governments) was ill-disposed towards it, and had said so to Giorgos Mitralias when the latter had tried to convince him in 2010 to support the idea of creating an audit commission. Giorgos Stathakis, a member of the team of economists close to TsÃ-pras, had declared in 2013 to the press that there was no need to raise the question of odious debt in GreeceâEuros"s case, since the odious share accounted for no more than 5% of total debt. Stathakis was Minister of Economy in the first TsÃ-pras government and for one year in the second, before he became Minister for Energy and Environment in September 2016.

VaroufakisâEuros"s collaboration with TsÃ-pras and Pappas intensifies in late 2011

In late 2011 Varoufakis was again contacted by Pappas and they held another meeting.

- *At our second meeting and in the meetings that followed I was pleasantly surprised: Alexis seemed transformed. Gone was the complacency, the fixation on SyrizaâEuros"s internal affairs and the casual attitude towards Grexit. He had clearly done his homework (âEuros¦). He also told me proudly that he had engaged an English language tutor and was making good progress. (âEuros¦) The best thing about our meetings was the emergent clarity and unity of purpose.*

2012: Varoufakis helps TsÃ-pras find support from the Democrats in the USA

Varoufakis, while he was working in the USA, tried to open doors for TsÃ-pras in Democratic Party circles.

Varoufakis explains that his sojourn in Texas *âEurosoe(âEuros¦)also offered an opportunity to build a bridge between Washington and my new Syriza friends, not the most natural of allies.âEuros* He goes on:
It seemed safe to assume that a future Syriza government would precipitate an almighty clash with Germany, the European Commission and the European Central Bank. The last thing Alexis and Pappas needed was a hostile administration in the United States. So, from 2012 to 2015, with Jamie GalbraithâEuros"s assistance and connections, I would do all I could to explain to American opinion makers and the Obama administration that the United States had nothing to fear from a Syriza government, whose priority would be first and foremost to liberate Greece from its crushing debt.

Varoufakis opposes SyrizaâEuros"s platform in May-June 2012

Varoufakis sums up his position:

- *My preference was for Syriza to present voters with a basic, progressive, Europeanist, logically coherent, non-populist programme as a foundation on which to build an image of a credible future government, one capable* *of negotiating the countryâEuros"s escape plan with the EU and the IMF. Alexis and Pappas were inclined to a different political program, one that maximized short-term electoral gains at the expense (in my view) of long-term logical coherence. When I read the economic policy segment of SyrizaâEuros"s 2012 electoral manifesto, my irritation was such that I stopped after a few pages. The next day I was asked to comment on it by a Greek television reporter. I said I was inclined to support Syriza but that my resolve to vote for the party was conditional on my capacity to resist reading its economic program.*

Varoufakis: I said I was inclined to support Syriza but that my resolve to vote for the party was conditional on my capacity to resist reading its economic program.

What was it in SyrizaâEuros"s platform that so irritated Varoufakis?

SyrizaâEuros"s 40-point programme for the 6 May 2012 elections

SyrizaâEuros"s programme, containing some forty points, was clearly radical. The first point had to do with debt and was articulated as follows: Audit public debt and renegotiate the interest due, and suspend payments until the economy has revived and growth and employment return.

Among other measures, alongside a series of emergency measures to be taken due to the humanitarian crisis, we underline: raise income tax to 75% for all incomes over 500,000 euros; increase taxes on big companies; **abolish financial privileges for the Church and shipbuilding industry**; cut military expenditure drastically; raise the minimum wage to bring it back to its level prior to the Memorandum of Understanding of 2010 (that is, 750 euros per month); use government, bank and Church-owned buildings for the homeless; **nationalise the banks; nationalise ex-public (service & utilities) companies in strategic sectors for the growth of the country**; take measures to restore and improve workersâEuros" rights; bring constitutional reforms to guarantee separation of Church and State; hold **referendums on treaties and other accords with Europe**; abolish privileges for MPs; lift immunity from prosecution for ministers and authorise courts to take action against members of the government; take measures to protect refugees and migrants; increase funding for public health up to the average European level (the European average is 6% of GDP; in Greece it was 3%); eliminate payments by citizens for national health services; nationalise private hospitals; eliminate participation in the national public-health system by the private sector; withdraw Greek troops from Afghanistan and the Balkans; **abolish military cooperation with Israel**; support the creation of a Palestinian State with the 1967 borders; negotiate a stable accord with Turkey; and last but not least: **close all foreign bases in Greece and withdraw from NATO**. [33]

With this programme, Syriza, who added the watchword âEurosoeNo sacrifices for the euro,âEuros saw its election results multiplied by four between 2009 and May 2012, from 4% to 16%.

SyrizaâEuros"s 2012 programme is very interesting and useful to read. It contains the principal measures that indeed need to be put into practice.

Nevertheless there are weak points:

- There is no hierarchising of the 40 points; but such a programme should state what a government will do first (say in the first 100 or 200 days). Also, the programme is not presented in operational terms. Yet it is important to present a roadmap specifying exactly how the government plans on attaining the goals it has set itself. In the present case, it was important to present a plan A and a plan B. Plan A is the first one to be applied and Plan B is a back-up solution should obstacles prevent the implementation of Plan A. For example: Plan A calls for a significant reduction of debt by striking an amicable agreement with the creditors (this is what the Thessaloniki Programme adopted in 2014 proposed âEuros" see below). If the countryâEuros"s creditors refuse to accept a radical reduction of the debt, the broad outlines must be given of what the government would do as its Plan B (suspend repayment of the debt, conduct an audit the debt with citizen participation, take targeted debt repudiation measures âEuros" see below).

- The need for constitutional reforms is mentioned, but without saying whether a general election is to be called to elect a constituent assembly. However it was very important to say exactly how these constitutional reforms were to be carried out. Finding a qualified majority within the Parliament as it is currently constituted is not at all the same thing as initiating a process involving the entire society by convening a constituent assembly.

> In the June 2012 elections, Syriza received 26.5% of the vote with this radical orientation, which went against Varoufakis.

The results of the elections held on May 2012 in Greece did not make it possible for a party or a coalition of parties to form a government. That led to new elections in June 2012. Between the two elections, TsÃ-pras put forward five concrete proposals for beginning negotiations with the parties opposed to the Troika (except Golden Dawn, which was excluded though also opposed to the Memorandum of Understanding):

- Abolition of all anti-social measures (including the reductions of wages and retirement pensions);
- Abolition of all measures that reduced workersâEuros" rights as regards protection and negotiation;
- Immediate abolition of parliamentary immunity and reform of the election system;
- An audit of the Greek banks;
- **The creation of an international debt audit committee combined with suspension of repayment of the debt until the end of the committeeâEuros"s work**.

In the June 2012 elections, Syriza received 26.5% of the vote with this radical orientation, which went against Varoufakis.

Despite VaroufakisâEuros"s disagreement with SyrizaâEuros"s 2012 program, TsÃ-pras and Pappas asked him to write a strategy paper

Between the elections, Varoufakis was again contacted by Pappas and a new meeting took place with TsÃ-pras. Pappas told him:

- *âEurosoeDo you realize that, if we win, you will be handling our negotiations with the EU and the IMF?âEuros*

Pappas asked Varoufakis to prepare a document explaining the broad outlines of the best negotiation strategy should Syriza win the elections to be held three weeks later, on 17 June. Varoufakis set to work that same evening and developed the idea that the capital of the Greek banks must be taken over by the EU.

As Varoufakis puts it, this would amount to *[âEuros¦] turning EuropeâEuros"s taxpayers into the owners of the Greek banks so that they were no longer the de facto liability of the Greek state but were backed instead by the European people, and by having the EU institutions run them on their behalf. This was the only way confidence in the banks* *could be restored.*

As indicated earlier, in proposing that the shares in the countryâEuros"s banks owned by the Greek State be transferred to the EU, Varoufakis was making an additional and dramatic step towards GreeceâEuros"s complete surrendering of sovereignty. According to Varoufakis, the move would facilitate restructuring the public debt.

He added a second proposal:
Second, any repayments of the Greek stateâEuros"s debt to the EU and the IMF arising from its two bailouts should be conditional on the countryâEuros"s recovery first reaching a certain momentum. This was the only way the national economy could be given a chance to revive.

ItâEuros"s important to point out that for Varoufakis the suspension of repayment of the debt we referred to earlier was part of the negotiations. But that suspension had to be authorised by the creditors and must not constitute a sovereign act. Varoufakis continues describing his fantasy:
Taken together, these two debt restructuring exercises would signal a new era: the EU and the IMF would no longer operate like a pre-Christmas Ebenezer Scrooge. Rather, they would become GreeceâEuros"s partners in promoting its economic recovery, without which their bailout loans would be haircut savagely anyway.

Instead of unilaterally suspending repayment of the debt, Varoufakis proposed refusing any new credits:
If you are prepared to issue moderate, sensible demands and at the same time say no to their extending-and-pretending (âEuros¦), the EU and the IMF will most certainly come to the table âEuros" it would cost them too much not to, both financially and politically.

TsÃ-pras had doubts about VaroufakisâEuros"s proposal concerning the Greek banks

- *âEurosoeAre you advising me to call for the Greek banks to be given to foreigners? How can I sell this idea to Syriza?âEuros* TsÃ-pras asked during a later meeting at the partyâEuros"s offices.

- *âEurosoeYes, this is precisely what you must do,âEuros" (âEuros¦)*
- *Alexis got it. But that did not mean he liked it. Particularly as SyrizaâEuros"s central committee was naturally drawn to the idea of nationalizing the banks.âEuros*

- Nevertheless TsÃ-pras objected: *âEurosoe(âEuros¦) without any influence over the commercial banks operating in Greece, he argued, it would be impossible for a government to implement an industry policy or a development and reconstruction plan.* ***He just couldnâEuros"t see the Syriza central committee swallowing it.*** âEuros

- Varoufakis, seeing that TsÃ-pras *âEurosoehad a pointâEuros* responded:
  As true internationalists, as progressive Europeanists, we would be taking bankrupt banks away from corrupt Greek privateers and handing them over to EuropeâEuros"s common people, to the same European citizenry injecting their money into those banks.

ItâEuros"s important to point out that for Varoufakis the suspension of repayment of the debt we referred to earlier was part of the negotiations. But that suspension had to be authorised by the creditors and must not constitute a sovereign act.

The contacts Varoufakis described took place after the general election held on 6 May 2012.

Since it was impossible to form a government, a new general election was called for 17 June 2012.

Varoufakis explains that when he learned about TsÃ-prasâEuros"s speech of 24 May detailing SyrizaâEuros"s economic policies, he realised that there was a gulf between what was being proposed and what could concretely be implemented in the Euro Zone. *âEurosoeWithin an hour I had dispatched a long scathing email to both Alexis and Pappas which highlighted the numerous logical flaws in what they had just promised voters (âEuros¦).âEuros*

TsÃ-pras turned to the right and drew closer to Varoufakis after the May-June 2012 elections

I myself can contribute to VaroufakisâEuros"s narrative, since I had direct contact with TsÃ-pras in October 2012.

In the space of a few months, the commitment to conducting an audit of the debt and in the meantime suspending repayment gradually disappeared from the discourse of Alexis TsÃ-pras and the other Syriza leaders. This was done discreetly and the fifth measure proposed by TsÃ-pras in May 2012 (see above) was replaced by a proposal to hold a European conference to reduce GreeceâEuros"s debt.

In October 2012, during an interview with TsÃ-pras, my suspicion that he was backing down was confirmed. Two days earlier, the *Wall Street Journal* had published the secret notes of an IMF meeting of May 9, 2010 (http://www.cadtm.org/Secret-IMF-Documents-on-Greece). It was clear that a dozen IMF Directors (out of a total 24) had opposed the Memorandum since it implied a bailout plan for the French and German banks, not Greece. I told TsÃ-pras and his economic adviser: *That is a solid reason for you to go against the IMF. If the IMF evidently knew that its programme would fail and the debt would not be sustainable, there is enough evidence for us to wage war against the illegitimacy and illegality of the debt.*

TsÃ-pras replied, *âEurosoeBut listen ... the IMF keeps its distance from the European Commission.âEuros*

I could well understand that he was envisaging the IMF as a possible ally of Syriza in case the latter formed a government. I also told TsÃ-pras that I had noticed that he was no longer talking about the five proposals he had advanced as being priorities after the May 2012 election and that the question of the audit was no longer being stressed. He answered without conviction that he was maintaining these five proposals and that there was nothing to worry about.

The next day, October 6, 2012, TsÃ-pras and I spoke publicly in front of 3,000 people at the first Syriza youth festival. I realised that he did not appreciate my emphasis on the need for a radical outlook on a European scale. [34]

> It was after the May-June 2012 election that TsÃ-pras and Pappas really made the choice to make Varoufakis part of a government

I am convinced that it was after the May-June 2012 election that TsÃ-pras and Pappas really made the choice to make Varoufakis part of a government. Until then, they met with him and get his ideas and then reflected on how to emancipate themselves from SyrizaâEuros"s decisions.

Varoufakis again discusses his collaboration with TsÃ-pras and Pappas in early 2013

Varoufakis tells how he wrote the speech TsÃ-pras gave at the Brookings Institution, a Washington-based think tank closely linked to the Democrats. Varoufakis sums up the speech in two points. First, Syriza was a pro-European party that would do all it could so that Greece remained in the Euro Zone; to remain in the Euro Zone and in order for it to survive, a new plan was needed in which the priority of priorities was debt restructuring, followed by reforms that would reduce the influence of the Greek oligarchy on the economy. Second, the USA had nothing to fear from the economic or foreign policies of a possible Syriza government.

That orientation, defended by Varoufakis and supported by TsÃ-pras, was clearly in opposition to the Syriza program that promised that Greece would leave NATO.

Varoufakis meets with the Syriza team of economists in May 2013

In May 2013, in Athens, Varoufakis met TsÃ-prasâEuros"s team of economists.

- *As well as Pappas and Dragasakis, the shadow finance minister, it included two other Syriza members of parliament whom I knew and liked well: Euclid Tsakalotos, a dear colleague at the University of Athens, and George Stathakis, an economics professor from the University of Crete.*

He submitted the proposed program TsÃ-pras had asked him to write to them.

- *The mood in the room was ebullient, which confirmed that my earlier efforts to dissuade Alexis from turning Grexit into an objective, or from using it as a threat, had not been wasted. While I lost a great many friends on the broader Left and within Syriza, who never forgave me for my role in expunging Grexit from SyrizaâEuros"s policy objectives, AlexisâEuros"s inner economic sanctum was evidently keen to pursue a viable solution within the eurozone.*

A new âEurosoeLondon ConferenceâEuros ? The hope for international cooperation versus âEurosoeunilateral sovereign actionâEuros

IâEuros"d like to relate another personal experience concerning the second working meeting I had with TsÃ-pras. It took place in Athens in late October 2013 in his office as member of the Greek Parliament.

Alexis TsÃ-pras wanted to convene a major international conference on debt reduction in Athens in March 2014. This was one of his planned initiatives. Urged by Sofia Sakorafa, Syriza MP since 2012, TsÃ-pras met me again in October 2013 and asked me to help with the preparations for such a conference by convincing a number of international personalities to accept the invitation. I had compiled a list of participants and I discussed it with Alexis TsÃ-pras, Sofia Sakorafa, Kostas Bitsanis (SofiaâEuros"s husband) and Dimitri Vitsas, general secretary of Syriza at that time. I proposed to invite the following personalities to the conference: Rafael Correa, Diego Borja (former director of EcuadorâEuros"s Central Bank), Joseph Stiglitz, James Galbraith, Noam Chomsky, Susan George, David Graeber, Naomi Klein, as well as the members of EcuadorâEuros"s debt audit commission. The latter had worked with me in 2007 and 2008. I noticed that Rafael Correa, from my list, did not interest him at all. On the contrary, he wanted the former president of Brazil, Lula, and the president of Argentina, Cristina Fernandez. Ecuador was too radical for him, and of course he wanted Joseph Stiglitz and James Galbraith, which was justified. But his plan was not to launch an audit committee; it was to convene the various member countries of the EU at a European conference on debt, similar to the London Agreement of 1953, where the winners of World War II considerably reduced West GermanyâEuros"s debt (http://www.cadtm.org/Greece-Germany-who-owes-who-1 and http://www.cadtm.org/In-February-1953-the-allied-powers). I told him that it would never happen. As the leader of Syriza, it was perfectly legitimate for him to propose that plan A, but it was absurd to think that Draghi, Hollande, Merkel, and Rajoy would agree. I told him that he needed a plan B which would include an audit committee. I also declared it to the Greek media. Here is an excerpt from an interview with me that the Daily Editors, near Syriza, published in October 2014. The journalist asked me what I thought of the European Debt Conference proposed by Alexis TsÃ-pras, based on the London conference of 1953, and I said,

Although this request is legitimateâEuros¦ it will not be possible to bring the governments of the main European economies and the EU institutions to the table on this agenda. The experience of the last ten years has shown that unilateral sovereign acts can get results. The creditors that reclaim the payment of an illegitimate debt and impose violent measures that attack fundamental human rights, including economic and social rights, must be refused. I think that Greece has strong arguments for forming a government that would have popular support for working in this direction. Such a popular leftist government could establish a debt audit committee that would include a large popular democratic participation. This audit committee would unilaterally suspend repayments and finally repudiate the part of the debt that it identifies as illegal and/or odious. [35]

Finally, Alexis TsÃ-pras asked me collaborate with him and Pierre Laurent (president of the Party of the European Left at that time) towards preparing for a European conference where debt would be one of the issues. It was to be held in March 2014 in Athens. This never materialised because during a meeting held in December 2013 in Madrid, the Party of the European Left had decided to hold a conference in Brussels, instead of Athens, during spring 2014. This Brussels conference had very little impact. Alexis TsÃ-pras, Pierre Laurent, and Gabi Zimmer (member of Die Linke, Germany, and President of the parliamentary group GUE / NGL in the European parliament) were present among others. I participated as speaker in a panel along with Euclid Tsakalotos, who would become Finance Minister for Alexis TsÃ-pras from July 2015. [36] I realised straightaway that he did not at all support a plan B on debt, banking, and taxation. Euclid TsakalotosâEuros" plan was to negotiate with the European institutions at all costs in order to obtain a reduction of austerity without resorting to default and audit of debt. During this conference I again argued for a plan B including debt audit and suspension of debt payment.

So, the discussion on the need for a plan B did not start in 2015; it clearly goes back to 2013-2014. The leadership hub around TsÃ-pras decided to exclude the groundwork of plan B and has stuck to plan A, which is an impracticable one.

LetâEuros"s go back to VaroufakisâEuros"s narrative. A few days after the meeting I had in late October 2013 in Athens with TsÃ-pras, he went to Texas to a seminar organized by Varoufakis and his friend and colleague James Galbraith.

November 2013: Varoufakis organises an appearance by TsÃ-pras at Lyndon B. Johnson University in Austin, Texas

- *In November 2013 Jamie and I organized a two-day conference at the University of Texas on the theme âEurosÜCan the eurozone be saved?âEuros" with Alexis, Pappas and Stathakis attending and giving well-received speeches. The idea was to introduce the three Syriza leaders to establishment figures from Europe and the United States, trade union leaders, academics and journalists. (âEuros¦)*

- *During the conference he and Pappas were present at a heated debate between me and Heiner Flassbeck, a left-wing German economist and former junior finance minister in the Schroeder administration, who argued that GreeceâEuros"s liberation from debtorsâEuros" prison was impossible within the eurozone. He maintained that Grexit was the correct objective for a Syriza government, or at least the best threat to use against its creditors* *âEuros" the same position as that of the Left Platform, an official faction within Syriza that numbered among its supporters one-third of SyrizaâEuros"s central committee. It was in Austin that I became convinced of AlexisâEuros"s rejection of this position and his belief that if anyone were to threaten Grexit, it must be the troika, not Syriza.*

June 2014: another meeting with TsÃ-prasâEuros" team of economists

âEurosoeThat June, back in Greece once more for the summer, I met Alexis and his economics team to warn them about a new threatâEuros . Varoufakis explains that he warned them about the action the ECB was planning to take from early 2015: shut off the flow of cash to the banks in certain countries of the Euro Zone and make only emergency liquidity assistance available to them. Greece was one target of these measures.

- *âEurosoeA couple of days afterwards, Alexis, Pappas and I met again.*

- *âEurosÜDo you realize,âEuros" asked Pappas, âEurosÜthat no one else but you can oversee the implementation of the negotiating strategy you are proposing? Are you ready to do this?âEuros*

- Varoufakis continues: *A week later, Wassily Kafouros, a dear friend from my undergraduate years in England, added to my misgivings. He asked me if I was the only person not to know that Dragasakis was extremely close to the bankers. I said I didnâEuros"t believe him. âEurosÜWhere is your evidence, Wassily?âEuros" I demanded. âEurosÜEvidence I do not have,âEuros" he admitted, âEurosÜbut it is commonly known that he has made it his business, even back in his communist party days, to keep the bankers close.âEuros"*

> Varoufakis: back in Austin, I heard on the news that Alexis had delivered a major speech in Thessaloniki outlining SyrizaâEuros"s economic platform. Gobsmacked, I got hold of the text and read it. A wave of nausea and indignation permeated my gut.

VaroufakisâEuros"s misunderstanding of Syriza and its leaders is clear here. Dragasakis had in fact had ties to bankers for years. He had been a board member of an average-sized commercial bank. He was a kind of bridge between TsÃ-pras and the bankers. Syriza was a new formation, and therefore its political leaders had relatively few connections with the spheres of the State âEuros" unlike PASOK, for example, whose history is linked to the Republic and to management of State affairs. Whereas before January 2015, none of SyrizaâEuros"s leaders had ever held a national position, and the only one who had been a minister at a given time, for a few months in 1989, was... Dragasakis. The government he served in was a coalition between the right-wing New Democracy and the Communist Party (KKE), of which Dragasakis was a member at the time. Dragasakis was clearly opposed to any measure that would be against the interests of the private Greek banks, and was also opposed to an audit of the debt and to suspension of payment. He was favourable to remaining in the Euro Zone.

August 2014: doubts about Dragasakis and changes to SyrizaâEuros"s program

In August 2014, Varoufakis finally shared his doubts regarding Dragasakis.

- *âEurosÜAlexi,âEuros" I said, trying to sound as nonchalant as I could, âEurosÜI hear Dragasakis is too close to bankers. And, generally, that he may be going along with our escape plans while in reality he is working to maintain the status quo.âEuros"*

He did not answer right away. Instead he looked towards the Peloponnese in the distance, before turning back to me. âEurosÜNo, I do not think so. He is OK.âEuros"
I did not know what to make of his brevity. Did he harbour doubts too but on balance trusted in his senior comradeâEuros"s probity or was he dismissing my question? To this day I do not know the answer. What I do know is that he kept insisting I had no choice: when the moment came, I had to play a leading role in the negotiations. [37]

Varoufakis confirmed that TsÃ-pras could count on him, but on one condition: that he take part in developing SyrizaâEuros"s economic program before the election. TsÃ-pras accepted.

Varoufakis: against the Thessaloniki Programme of September 2014

A month later, back in Austin, I heard on the news that Alexis had delivered a major speech in Thessaloniki outlining SyrizaâEuros"s economic platform. Gobsmacked, I got hold of the text and read it. A wave of nausea and indignation permeated my gut.

Varoufakis made a public statement harshly criticising the program and fully expected it to put an end to his collaboration with TsÃ-pras.

Pappas to Varoufakis: The Thessaloniki Programme was a rallying call for our troops. ThatâEuros"s all.

But in a dramatic turn of events, Pappas telephoned him, *âEurosoesounding chipper and as if nothing had happenedâEuros* and proposed another meeting. Varoufakis expressed astonishment and Pappas answered: *âEurosoeIt changes nothing,âEuros" he retorted light-heartedly. âEurosÜYou will get to shape the actual economic programme. The Thessaloniki Programme was a rallying call for our troops. ThatâEuros"s all.âEuros*

Under those conditions Varoufakis agreed to continue the collaboration, and eventually agreed to become Minister of Finance. He explains that the following exchange took place during the meeting during which he agreed:

- *âEurosÜAs you know,âEuros" I said, âEurosÜI have serious reservations about the Thessaloniki Programme. Indeed I have very little respect for it and, given that it has been presented as your pledge to the Greek people on economic matters, I cannot see how I can, in all honesty, assume the responsibility of implementing it as finance minister.âEuros"*
  Predictably, Pappas jumped in at this point to restate his insistence that the Thessaloniki Programme was not binding for me. âEurosÜYou are not even a member of Syriza,âEuros" he pointed out.
  âEurosÜBut would I not be expected to join if I am to become your finance minister?âEuros" I asked.
  Alexis interjected with a studied response: âEurosÜNo, under no circumstances. I donâEuros"t want you to become a member of Syriza. You need to remain unburdened by our partyâEuros"s tortuous collective decision-making.âEuros"

Conclusion

Varoufakis was a free agent, without influence inside Syriza (of which he was not a member). TsÃ-pras felt that if need be he could revoke VaroufakisâEuros"s appointment without causing a major disturbance within the party. VaroufakisâEuros"s profile corresponded to the casting defined by TsÃ-pras and Pappas: an academic economist, brilliant, and a good communicator who can use both provocation and conciliation with a smile, and with a perfect command of English.

> VaroufakisâEuros"s narrative is lively and piquant. Through it, we see how choices were made behind SyrizaâEuros"s back at very important stages, without regard for basic democratic principles.

Alexis TsÃ-pras decided to operate in a small group behind the back of his own party rather than implement a political orientation that had been decided on collectively within Syriza and approved democratically by GreeceâEuros"s people. Appointing Yanis Varoufakis Finance Minister and recommending that he not become a member of Syriza reveals a technocratic approach to governance in which Varoufakis would not be responsible either to Syriza or to Greek voters, but only to Alexis TsÃ-pras and his small circle. It is clear that this absence of popular participation and failure to take a democratic approach to setting the political orientation was not compatible with a Leftist governmentâEuros"s need to rely on popular mobilisation to ensure application of the radical political program on which it had been elected. A review of events between 2011 and late 2014 is indispensable for understanding what happened subsequent to SyrizaâEuros"s election victory in January 2015.

Varoufakis Surrounded Himself with Defenders of the Establishment

> The main purpose of our critique of the policies implemented by GreeceâEuros"s government in 2015 is not to determine the respective responsibilities of Tsipras or Varoufakis as individuals

ItâEuros"s essential to take the time to analyze the policies put in practice by Varoufakis and the Syriza government, because it was the first government of the radical Left to be elected in Europe in the 21st century. Understanding its weaknesses and learning from the way its members handled the problems it faced is vitally important if there is to be any chance of avoiding another fiasco. In other European countries, a majority of voters could put a government of the Left into power with the promise of emerging from the long night of neoliberalism. They are admittedly not numerous, but those countries do exist. Even where the chances of being elected are very limited, it is fundamental that a coherent set of measures be taken by a government that is as faithful to the people as the politicians currently in office are to big capital.

My criticism of VaroufakisâEuros"s choices is specific and uncompromising. Still, Varoufakis has made the effort to tell us what he considers to be the truth. And he took risks in doing so. Had he not written the book, many important facts would have remained unknown. Alexis Tsipras cannot be expected to give a serious account of his version of events. It would be impossible for him to give an account of his actions and to justify them. If ever he writes a book of his own, it will doubtless be the work of a ghost writer and be full of clichÃ©s and platitudes.

And a distinction needs to be made between Tsipras and Varoufakis: the former signed the Third Memorandum of Understanding and had it adopted by the Greek Parliament, whereas the latter opposed the MoU, resigned from the government on 6 July 2015 and as an MP voted against it on 15 July.

It is fundamental to draw conclusions as to what a government of the radical Left can do in a country in the periphery of the Euro Zone

The main purpose of our critique of the policies implemented by GreeceâEuros"s government in 2015 is not to determine the respective responsibilities of Tsipras or Varoufakis as individuals. What is fundamental is to conduct an analysis of the politico-economic orientation that was put into practice in order to determine the causes of its failure, to see what could have been attempted in its place and to draw conclusions as to what a government of the radical Left can do in a country in the periphery of the Euro Zone.

In this part, we will discuss the advisers Yanis Varoufakis brought in to make up his team. It must be acknowledged that, from the time he selected his principal advisers, Varoufakis called on people who were not at all disposed to see to it that SyrizaâEuros"s promises were kept (and that is an understatement) and to implement alternative policies in order to free Greece from the grip of the Troika.

Yanis VaroufakisâEuros"s advisers as Minister

In his book, Varoufakis describes his team of direct advisers and the ones he called in from farther afield. The choices made in putting the team together were fatally flawed. The thinking that influenced them partly explains the failure that was ahead. It was not the determining factor, but it played a role.

In appointing the Alternate Minister of Finance in charge of treasury supervision, a vitally important position, Varoufakis tells us that he consulted **Alekos Papadopoulos**, who had been Finance Minister in the 1990s and was a PASOK member. Varoufakis explains that he had worked with Papadopoulos in writing the economic platform presented by George Papandreou in the 2004 election, won by the conservative New Democracy party. Syriza, who were running in an election for the first time, won six PM seats with 3.3% of the vote. KaramanlisâEuros"s New Democracy had 45.4% of the vote and PASOK, led by Papandreou, had 40.5%.

Varoufakis writes: âEurosoe*While Alekos remained an opponent of Syriza, he was personally supportive and promised to come up with a name. The same night he texted me the name of **Dimitris Mardas***.âEuros [38] Varoufakis contacted Mardas directly and offered him the position of Alternate Minister of Finance.

What needs to be known is that on 17 January 2015, eight days before SyrizaâEuros"s election victory, Mardas published a particularly aggressive article against Syriza MP Rachel Makri under the title âEurosoeRachel Makri vs. Kim Jong Un and Amin Dada.âEuros The article ended with the very eloquent question (underlined by the author) âEurosoeAre these the people we want to be governing us?âEuros Ten days later Mardas, thanks to Varoufakis, had become Alternate Finance Minister. Varoufakis explains in his book that after one month as Minister, he realised that he had made the wrong choice. Note that Mardas, who supported the capitulation in July of 2015, was elected Syriza MP in September 2015. Papadopoulos also backed the third Memorandum of Understanding of July 2015. [39]

Varoufakis explains that the second choice he had to make involved who would be president of the Council of Economic Advisers. He realised that the position had been filled on his behalf by the vice-Prime Minister, Dragasakis. The latter had chosen **George Chouliarakis**, an economist around thirty years old who had taught at the University of Manchester before being seconded to the Central Bank of Greece. Chouliarakis played a damaging role from the start of VaroufakisâEuros"s tenure, and yet Varoufakis kept him in place to the end. His name will come up several times in the narrative of events.

Then Varoufakis added **Elena Panaritis** to his team, because she was familiar with the language and modus operandi of the Troika. Panaritis, as a PASOK MP, had voted in favour of the first Memorandum of Understanding in 2010. Before that, she had worked in Washington, mostly at the World Bank âEuros" where, Varoufakis tells us, she built up an excellent network of connections with the Washington-based institutions. That included former US Treasury secretary Larry Summers, whom she introduced to Varoufakis. Panaritis, in the 1990s, worked for the World Bank in Peru, where she collaborated with the corrupt and dictatorial neoliberal regime of Alberto Fujimori. As Varoufakis tells it, âEurosoe[âEuros¦] *when I met her again a few days before the election I did not hesitate for a moment to ask her to join my team, for there is no better person to fight the devil than one who has served him and, through that experience, become his sworn enemy*.âEuros [40] Later events would show that not only had she not become his sworn enemy, she continued to collaborate with him.

From the start, PanaritisâEuros"s appointment as Economic Adviser to the Finance Minister provoked reactions from Syriza members, and Alexis Tsipras tried to convince Varoufakis to get rid of her. But he eventually became quite comfortable with her. Later, in May 2015, when Varoufakis, with TsiprasâEuros"s approval, had Panaritis appointed as GreeceâEuros"s representative to the IMF, there was so much resistance within Syriza and in the Parliament that she finally gave up the post on 1 June 2015. [41]

Varoufakis also appointed **Glenn Kim**, a specialist in financial markets and in particular the sovereign-debt market, to his team. In 2012, Kim had taken part in implementing the restructuring of GreeceâEuros"s debt, notably as a consultant to the German authorities. When Varoufakis got in touch with Kim, he told him he was working as a consultant for the government of Iceland, helping end the capital controls that had been in force since 2008. That was quite acceptable to Varoufakis, who wrongly wanted to avoid resorting to controls on movements of capital at all costs, when in fact he would have done well to learn from the positive results the measure had produced in Iceland.

Varoufakis writes: âEurosoe*A cynic might say that professionals like Glenn were in it for the money and for their own career purposes. Possibly. But having people such as Glenn on my side, who knew where all the skeletons were buried, was a priceless weapon*.âEuros We should point out that Glenn Kim continued to advise Tsipras after the capitulation of July 2015. [42]

> The type of personalities alliances should not have been made with if a solution favourable to the people of Greece was to be promoted

Varoufakis seems proud of having accepted the services of the Lazard bank and of its director, Frenchman **Matthieu Pigasse**. [43] In exchange for tens of million of euros in commissions, Banque Lazard had collaborated in the TroikaâEuros"s restructuring of GreeceâEuros"s debt in 2012. According to Varoufakis, Matthieu Pigasse and Daniel Cohen (a professor at the Ecole Normale SupÃ©rieure in Paris and an adviser to Lazard [44]) âEurosoe*won me over with a frank account of their complicity, an equally frank apology and an offer to help get Greece back on its feet by providing their considerable services pro bono. With these illustrious defectors on our side, our technical strength was bolstered no end*.âEuros [45]

Among the members of the international team Varoufakis brought in was **James Galbraith**, who provided constant support and spent several periods in Athens during the first six months of 2015. Among the people Varoufakis mentions as having worked closely with him, James Galbraith is the only one worthy of trust, even if he did go along with the far too conciliatory attitude taken towards the creditors. James Galbraith is an American neo-Keynesian economist, close to the Democratic Party and familiar with international politics. In 2009, he was in close contact with the George Papandreou government. Galbraith worked mainly on a Plan B, in great secrecy. He tells the story himself in his book Welcome to the Poisoned Chalice: The Destruction of Greece and the Future of Europe. [46] Of all the team members Varoufakis mentions, Galbraith is the only one of whom it can be said that he could actually provide constructive aid to the Greek authorities. Yet, along with Varoufakis, he defended an approach that was excessively moderate and not commensurate with the challenges that needed to be met âEuros" a fact he himself admits in part. [47] Daniel Munevar, a collaborator of Galbraith, actively supported Varoufakis in the negotiations with the creditors beginning in March 2015, but Varoufakis does not mention his name. [48]

Varoufakis prefers to talk about the foreign personalities who are directly connected to the establishment: âEurosoe *Besides Norman [Lamont], my overseas supporters included Columbia University economist Jeff Sachs, who played a central role as adviser and advocate, the aforementioned Thomas Mayer of Deutsche Bank fame, Larry Summers and Jamie Galbraith* [âEuros¦].âEuros [49]

âEuros¦in other words, with the exception of Galbraith, exactly the type of personalities alliances should not have been made with if a solution favourable to the people of Greece was to be promoted. Here are a few examples.

Larry Summers, Jeffrey Sachs *et al*: Varoufakis continued making choices that were incompatible with SyrizaâEuros"s platform

There are certain stains on the career of **Lawrence âEurosoeLarryâEuros Summers** that by rights should be indelibleâEuros¦ and should have ruled out any collaboration. Yet Varoufakis systematically favoured that collaboration and expresses satisfaction with it. He declares in the introduction to his book that âEurosoe*Things were proceeding better than I had hoped, with broad agreement on everything that mattered. It was no mean feat to secure the support of the formidable Larry Summers* [âEuros¦]âEuros [50]
Certain major aspects of SummersâEuros"s past deserve to be discussed.

In December 1991, while chief economist of the World Bank, Summers wrote in an internal memo: âEurosoe*The under-populated countries of Africa are largely under-polluted. Their air quality is unnecessarily good compared to Los Angeles or Mexico (...) There needs to be greater migration of pollutant industries towards the least developed countries (...) and greater concern about a factor increasing the risk of prostate cancer in a country where people live long enough to get the disease, than in a country where 200 children per thousand die before the age of five*.âEuros [51] He even went so far as to add, still in 1991: âEurosoe*There are no limits on the planetâEuros"s capacity for absorption likely to hold us back in the foreseeable future. The danger of an apocalypse due to global warming or anything else is non-existent. The idea that the world is heading into the abyss is profoundly wrong. The idea that we should place limits on growth because of natural limitations is a serious error; indeed, the social cost of such an error would be enormous if ever it were to be acted upon*.âEuros [52]
Later, having become Undersecretary of the US Treasury under Clinton in 1995, Summers used all his influence with his mentor, then Treasury Secretary Robert Rubin, toward repealing the law that separated commercial banks from investment banks in 1999 and replacing it by a law that was dictated by the bankers. [53]

In 1998, with Alan Greenspan, Executive Director of the Federal Reserve Bank, and Robert Rubin, Summers had also succeeded in convincing the Commodity Futures Trading Commission (CFTC) to remove all controls on the Over-the-Counter (OTC) derivatives market. The door was then wide open for the acceleration of the banking and financial deregulation that led to the crisis in 2007-2008 in the US, which had repercussions in Greece in 2009-2010.

We should add that in 2000, as Secretary of the Treasury, Summers pressured the president of the World Bank, James Wolfensohn, to remove Joseph Stiglitz, who had succeeded him as chief economist and who was highly critical of the neoliberal policies Summers and Rubin were putting into practice all over the planet, wherever financial fires were breaking out. After the arrival of the Republican president George W. Bush he continued his career, becoming president of Harvard University in 2001. But put himself in a particularly uncomfortable position in February 2005 when he provoked the ire of the academic community following a discussion at the National Bureau of Economic Research (NBER). [54] Questioned about the reasons why few women hold high positions in science and engineering, he said that women intrinsically have a lower aptitude for sciences than men, ruling out social and family origin and discrimination as possible explanations. The result was a huge controversy, [55] both within and outside the university.

Summers apologised, but pressure from a majority of professors and students of Harvard forced him to resign in 2006.

In 2009, Summers became a member of president-elect Barack ObamaâEuros"s transition team and served as Director of the National Economic Council. In September 2010, Summers left ObamaâEuros"s team and resumed his career at Harvard, but continued to play a backstage role in politics in Washington and elsewhere. Varoufakis tells how he asked Elena Panaritis to put him in touch with Summers in 2015 in order to gain influence with Obama and the IMF.

Varoufakis asked **Jeffrey Sachs**, also a specialist in dealing influence in the back rooms of Washington, to collaborate closely, which Sachs agreed to do, travelling to Athens, Brussels, London, and Washington several times in 2015 to reinforce VaroufakisâEuros"s team. Sachs, like Lawrence Summers, is linked to the US Democratic Party and is presented by the dominant media as being favourable to a âEurosoesoftâEuros solution to debt crises, taking the interests of the poor into account. [56] Yet Sachs has been an adviser to neoliberal governments that have applied Shock Therapy policies in their countries: Bolivia (1985), Poland (1989) and Russia (1991). In her book *The Shock Doctrine: The Rise of Disaster Capitalism*, [57] Naomi Klein makes an implacable denouncement of Jeffrey Sachs and the policies he recommended in collaboration with the IMF, the World Bank and the local ruling classes.

Varoufakis also mentions the unfailing support he received from Lord Norman Lamont, who had been Chancellor of the Exchequer in the Conservative government of John Major between 1990 and 1993. âEurosoe*My friendship with true-blue Tory and Eurosceptic Lord Lamont of Lerwick, the chancellor who had ensured that Britain dropped out of the European Monetary System, thus guaranteeing that the UK would not join the euro, was at odds with my image as a loony-left extremist*.âEuros Varoufakis makes much of the importance of his collaboration with Norman Lamont: âEurosoe*Throughout my 162 days in office Norman proved a pillar of strength, advising me on the final draft of my reform, debt and fiscal proposals to the EU and the IMF*.âEuros [58]

Among the other foreign experts Varoufakis called on and who took part in working out the proposals he made to the creditors were Willem Buiter, who joined the Citigroup bank in 2010 as chief economist, and Thomas Mayer, ex-chief economist of Deutsche Bank.

According to VaroufakisâEuros"s narrative, these individuals played more than a trivial role. Referring to the nth plan he proposed to the creditors in May 2015, he writes: âEurosoe*By the time I landed in Athens, the Plan of Greece had been finalized. Jeff Sachs had beautifully edited the draft I had sent him a couple of days before; Norman Lamont had added some important vignettes; the people from Lazard had refined the debt-swap proposal, and Larry Summers had provided his endorsement*.âEuros [59]

Spyros Sagias, another example of a defender of the dominant order who was a member of the close circle around Tsipras and Varoufakis

Varoufakis explains that he had a close relationship with **Spyros Sagias**, who became legal adviser to Prime Minister Tsipras and whom he had met a few days before the elections. TsiprasâEuros"s choice of Sagias says a great deal about his priorities in choosing his entourage as head of government. He wanted, as much as possible, to secure the services of individuals who could build bridges with the establishment, with corporate leaders, and with the creditors. Sagias had advised the government of the Socialist Simitis in the 1990s at a time when it was undertaking a major program of privatisations.

Varoufakis describes Sagias as follows: âEurosoe*Sagias was not a politician but, as he introduced himself half-jokingly, a systemic lawyer. [âEuros¦] There was hardly a large-scale business deal involving private interests and the public sector that Sagias and his successful practice had not been involved in: privatizations, large-scale* *construction projects, mergers, all were within his ambit. He had even provided legal counsel to Cosco, the Chinese conglomerate that had acquired part of the port of Piraeus and was eager to take over the whole of it, a privatization that Syriza vehemently opposed.âEuros He adds: âEurosoeWhen Pappas informed me that Sagias was destined to become our cabinet secretary, I was surprised but also pleased: at least we would have a legal eagle on the team, a counsellor who knew how to author legislation and moreover where all the skeletons of the ancien rÃ©gime were buried. [âEuros¦] I decided I liked Sagias. He knew that he was tainted by decades of consorting with the oligarchy and did not care to hide it* [âEuros¦].âEuros [60]

Sagias, as Varoufakis shows later in the book, supported the successive choices that led to the final capitulation.

We should add that under the Tsipras I government, he also assisted Cosco in acquiring the parts of the port of Piraeus that the Chinese company still did not own. [61] As a matter of fact it was SagiasâEuros"s law firm that had drawn up the first agreement with Cosco in 2008. After leaving his position as cabinet secretary, Sagias returned to actively running his commercial law firm, [62] serving as official counsel to major foreign interests and promoting further privatisations. In 2016 he represented the Emir of Qatar, who wished to acquire the Greek island of Oxeia in the Zakynthos region, which is part of a Natura nature protection area. Sagias also counselled Cosco in 2016-2017 during a dispute with workers at the port of Piraeus when an early-retirement (or disguised firing) plan for more than a hundred workers nearing retirement age was being concocted.

[63]

Translated by Snake Arbusto in collaboration with Vicki Briault and Christine Pagnoulle

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[1] See https://www.theguardian.com/books/2017/may/15/adults-in-room-battle-europes-deep-establishment-yanis-varoufakis-review

[2] See https://www.theguardian.com/books/2017/may/15/adults-in-room-battle-europes-deep-establishment-yanis-varoufakis-review

[3] This version contains parts 1-4 of Toussaint's article which was originally published in 7 parts. Parts 5-7 are here Yanis VaroufakisâEuros"s Account of the Greek Crisis: a Self-Incrimination Pt 2

[4] Yanis Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, p. 98.

[5] Ibid., p. 102.

[6] Ibid., p. 88-89.

[7] This citation and all the following ones are from Chapter 4.

[8] I gave my own analysis of the crisis of the Greek banks in âEurosoeBanks are responsible for the crisis in Greece http://www.cadtm.org/Banks-are-responsible-for-the. See also Patrick Saurin, âEurosoeLa âEurosÜCrise grecqueâEuros" une crise provoquÃ©e par les banquesâEuros , (in French).

[9] CADTM - âEurosoeIceland refuses its accused bankers âEurosÜOut of CourtâEuros" settlements,âEuros published 2 March 2016, http://www.cadtm.org/Iceland-refuses-its-accused

[10] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, chap. 3, p. 65. I will return to this point in the next article.

[11] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, Chapter 2, p. 31.

[12] Read the article (in French) at http://www.lemonde.fr/europe/article/2017/08/01/grece-la-justice-condamne-l-ancien-chef-des-statistiques_5167573_3214.html#Zr8XIXFTIbLUtBT5.99 Note that this type of article is very rare in the daily Le Monde. GreeceâEuros"s conservative press (in particular the daily Kathimerini) stresses the displeasure of the European Commission. The CommissionâEuros"s spokesperson, Annika Breidthardt, announced on 1 August 2017 that the courtâEuros"s decision was not in line with judicial precedent and reiterated that âEurosoe[The Commission has] full confidence in the reliability and accuracy of ELSTAT data during 2010-2015 and beyond.âEuros

[13] I will be publishing a further article on this matter before the end of 2017. I will show that several graphs published by official entities, including the IMF, are false.

[14] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, Chap. 2, p. 31. On the following page, Varoufakis writes: âEurosoe*Convinced that our bankruptcy was assured whatever calming noises we emitted, I ploughed on. The fact that I had once written speeches for Prime Minister Papandreou caught the eye of the BBC and other foreign news outlets*.âEuros

[15] Renaud Vivien, Eva Joly, âEurosoeIceland refuses its accused bankers âEurosÜOut of CourtâEuros" settlementsâEuros , published 2 March 2016, http://www.cadtm.org/Iceland-refuses-its-accused

[16] Mayes, D. (2009). Banking crisis resolution policy - different country experiences. Central Bank of Norway. http://www.norges-bank.no/Upload/77285/Staff_memo_09_10.pdf

[17] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, Chap. 2, p. 38-39.

[18] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, Chap. 2, p. 68-72.

[19] The bank later changed its name to *Emporiki* and was bought out by the French bank *CrÃ©dit Agricole*.

[20] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, chap. 3, p. 57. All citations are from chapters 3 and 4.

[21] See the text of this letter in James K. Galbraith, *Welcome to the Poisoned Chalice: The Destruction of Greece and the Future of Europe*, Yale University Press, 2016., https://yalebooks.yale.edu/book/9780300220445/welcome-poisoned-chalice

[22] Five years later, Leonidas Vatikiotis would be part of the Truth Commission on Greek Debt.

[23] http://www.cadtm.org/Why-should-the-Greek-debt-be

[24] In January 2015, Costas Lapavitsas was elected from Syriza to the Greek parliament. After the capitulation he helped found the Popular Unity. His biography is available here: https://en.wikipedia.org/wiki/Costas_Lapavitsas

[25] Article published by the daily *Eleftherotypia* on 5 December 2010. See: http://www.cadtm.org/Commission-Internationale-d-audit (in French)

[26] In 2011, the centre-left *Ethnos tis Kyriakis* was the third Greek daily in terms of circulation (100,000 copies). The interview was originally published in Greek on 9 January 2011, http://www.ethnos.gr/oikonomia/arthro/kai_oi_laoi_tis_europis_prepei_na_elegxoun_tous_pistotes_tous-49752949/. For an English translation see: http://www.cadtm.org/The-People-of-Europe-should-audit

[27] In a book published in 2016, Y. Varoufakis does not at all mention the Truth Committee on Greek Public Debt. He also does not mention the action of Zoe Konstantopoulou, the President of the Hellenic Parliament. The book is: *And The Weak Suffer What They Must?: Europe, Austerity and the Threat to Global Stability* by Yanis Varoufakis, published by The Bodley Head, London, 2016.

[28] See £Çì»¹±"¹¬½·Â '±Á¿ÅÆ¬º·Â Debtocracy: "¹±Ä¯ ´µ½ ÃÅ½ÅÀ³Á±È± (in Greek) http://www.protagon.gr/epikairotita/oikonomia/debtocracy-giati-den-synypegrapsa-6245000000, published 11 April 2011. In this long letter, Varoufakis also gave his critical opinion on the documentary *Debtocracy*.

[29] Concerning *Debtocracy*, see: *âEurosoeDebt: The Greeks and DebtocracyâEuros* , http://cadtm.org/Debt-The-Greeks-and-Debtocracy, published 18 March 2012.

[30] See the slideshow of my presentation here: http://www.cadtm.org/IMG/pdf/Debt_Crisis_Athens_SITE_March2011_EricToussaint.pdf
See my main proposals in this presentation here: Eric Toussaint. Eight key proposals for another Europe, published on April 17, 2011. http://www.cadtm.org/Eight-key-proposals-for-another

[31] Elena Papadopoulou and Gabriel Sakellaridis (eds.), *The Political Economy of Public Debt and Austerity in the EU*, Athens, Nissos Publications 2012, 290 p., ISBN : 9-789609-535465. It will be useful to reproduce the contents of this interesting book as the names of the key players from Syriza appear there.

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Section 1 - Understanding the European Debt Crisis in a Global Perspective
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(N. Chountis was the former Alternate Minister for European Affairs in the first Tsipras government. Tsipras ousted him for his refusal to capitulate. Since September 2015 he has been Popular Unity's MEP).
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Pierre Laurent: âEurosoePeople Should Not Pay for the Crisis of CapitalismâEuros
The book is freely available in PDF format here: http://www.cadtm.org/Public-Debt-and-Austerity-in-the

[32] Daniel Munevar also took part in this discussion. Daniel was one of VaroufakisâEuros"s team of advisors when he was Finance Minister.

[33] Source http://links.org.au/node/2888

[34] See Eric Toussaint: *âEurosoeThe Greek people are currently at the epicentre of the capitalism crisis.âEuros* http://www.cadtm.org/Eric-Toussaint-The-Greek-people

[35] See Eric Toussaint: âEurosoeAlexis Tsipras is right to call for an international conference on debtâEuros http://www.cadtm.org/Eric-Toussaint-Alexis-Tsipras-is The original Greek version is available here : http://www.efsyn.gr/?p=245093

[36] Euclid Tsakalotos was Professor of Economics in the UK in 2014. He replaced Varoufakis as the Finance Minister from July 2015. He still holds this position in the second-term government of Tsipras.

[37] Y. Varoufakis, *Adults in the Room*, Bodley Head, London, 2017, chap. 4, p. 85. The following citations also come from Chapter 4.

[38] Yanis Varoufakis, *Adults in the Room*, Chapter 5

[39] See *Vice*, âEurosoeThe Former Finance Minister Who Tried to Warn Greece About the CrisisâEuros , 15 July, 2015, consulted 12 November 2017

[40] Varoufakis, *op.cit*., Chapter 5

[41] Adea Guillot, âEurosoeGrÃ¨ce : lâEuros"ex-dÃ©putÃ©e socialiste Elena Panaritis renonce au FMI,âEuros (Greece: Former socialist MP Elena Panaritis Gives Up the IMF), *Le Monde*, 1 June, 2015 (in French)

[42] Whereas under Varoufakis Kim received modest compensation, in August 2015 he presented an invoice for â ¬375,000 for the period prior to July 2015. That made waves and provided fodder for the campaign to discredit Varoufakis launched by GreeceâEuros"s mainstream press. GRReporter, âEurosoeA Korean adviser of Varoufakis claims a fee of â ¬375,000,âEuros 9 August 2015, consulted 12 November 2017

[43] Lazard is a worldwide financial counselling and asset-management firm. Created as a French-American house in 1848, Lazard is now listed on the New York Stock Exchange and is present in 43 cities in 27 countries. One of its directors who is well known in France is Matthieu Pigasse. Under his leadership the bank has advised several governments in the areas of debt and asset management (read privatisations): Ecuador in 2008-2009 foe debt, Greece in 2012 and 2015, and Venezuela in 2012-2013. Pigasse has direct interests in the Paris daily *Le Monde*, the *Huffington Post* and the magazine *Les Inrockuptibles*. In late 2017, Matthieu Pigasse and Lazard allied with the corrupt and repressive regime of CongoâEuros"s president Denis Sassou-Nguesso to provide aid in its dealing with creditors (in French).

[44] A specialist in sovereign debt, Daniel Cohen is an adviser to Lazard, in which capacity he advised GreeceâEuros"s Prime Minister George Papandreou and EcuadorâEuros"s president Rafael Correa in renegotiating their countriesâEuros" debt. He participated with the World Bank in the Heavily Indebted Poor Country (HIPC) Initiative. He is an editorialist for the daily Le Monde. Cohen has also been an adviser to FranÃ§ois Fillon, who was Prime Minister under Nicolas Sarkoy from 2010 to 2012. He then threw his support to FranÃ§ois Hollande, president of France from 2012 to 2017.

[45] Varoufakis, *op.cit*., Chapter 5

[46] James K. Galbraith, *Welcome to the Poisoned Chalice: The Destruction of Greece and the Future of Europe* (New Haven: Yale University Press, 2016)

[47] See the article (in French) by Martine Orange, âEurosoeLâEuros"Ã©conomiste James Galbraith raconte les coulisses du plan B grecâEuros (Economist James Galbraith: the Inside Story of GreeceâEuros"s Plan B)

[48] Daniel Munevar is a post-Keynesian economist originally from BogotÃ¡, Colombia. Between March and July of 2015, he worked as Yanis VaroufakisâEuros"s assistant while the latter was Finance Minister, advising him on budget policy and debt sustainability. Before that, he was an adviser to ColombiaâEuros"s Ministry of Finance. In 2009-2010, he was a CADTM staff member in Belgium, then, after returning to Latin America, he co-ordinated the CADTM network in Latin America from 2011 to 2014. He is an important figure in the study of public debt in Latin America. He has published a number of articles and studies. He participated with Ã0ric Toussaint, Pierre Gottiniaux and Antonio Sanabria in compiling World Debt Figures 2015. Since 2017 he had worked for the UNCTAD in Geneva.
Daniel Munevar refers to his participation in VaroufakisâEuros"s team in âEurosoeWhy IâEuros"ve Changed My Mind About Grexit,âEuros CADTM, 24 July 2015. In the book mentioned earlier, James Galbraith stresses the importance of the assistance he received from Daniel Munevar.

[49] Varoufakis, op.cit., Chapter 5

[50] Varoufakis, *op.cit.*, Introduction

[51] Excerpts were published in *The Economist* (8 February 1992) and the *Financial Times* (10 February 1992) under the title âEurosoeSave the Planet from the Economists.âEuros

[52] Lawrence Summers, interview with Kirsten Garrett on the occasion of the annual assembly of the World Bank and IMF in Bangkok in 1991, âEurosoeBackground Briefing,âEuros Australian Broadcasting Company, second programme.

[53] The law adopted under the leadership of Robert Rubin and Lawrence Summers is known as the Gramm-Leach-Bliley Act Financial Services Modernization Act of 1999. This law was adopted by the US Congress, dominated by a Republican majority, and promulgated by the Clinton administration on 12 November 1999. It allows commercial banks and investment banks to merge and establish universal banking services, that is, those of a retail bank, an investment bank and an insurance company. The adoption of this law came after an intensive lobbying campaign by banks to allow the merger of Citibank and the insurance firm Travelers Group to form the conglomerate Citigroup, one of the worldâEuros"s largest financial services groups. The new law in essence abrogated the Glass Steagall Act or Banking Act, in place since 1933, which declared that the professions of commercial banking and investment banking are incompatible and avoided major banking crises in the USA until the one that broke out in 2007-2008.

[54] *Financial Times*, 26-27 February 2005.

[55] The controversy was also fed by disapproval ofSummersâEuros"s attack on Cornel West, a progressive black academician, professor of Religion and African-American Studies at Princeton University. Summers, an outspoken pro-Zionist, called West an anti-Semite because of his support for students who demanded a boycott of Israel for its denial of PalestiniansâEuros" rights. See the Financial Times of 26-27 February 2005. Cornel West had been an enthusiastic supporter of Obama and was critical of the latterâEuros"s association with Summers and Rubin. See www.democracynow.org/2008/11/19/cornel_west_on_the_election_of

[56] In 2005 Sachs published a book entitled *The End of Poverty: How We Can Make it Happen in Our Lifetime*, which was very well received by the establishment. In 2007-2008 the CADTM participated in the making and distribution of the documentary film The End of Poverty? (See in French), which makes the opposite demonstration from SachsâEuros"s. The film, by Philippe Diaz, was selected for the CriticsâEuros" Week at the Cannes Festival in 2008 (it features interviews with Joseph Stiglitz, Susan George, Amartya Sen, Ã0ric Toussaint and John Perkins). Sachs published a new, mainstream book in 2015 on sustainable development. An example of the sort of promotional comment that can be found in the press: âEurosoeEconomist Jeffrey Sachs, Special Adviser to the UN Secretary General, is among the most influential figures in the field of sustainable development. An inspirer of the eight Millennium Development Goals in place from 2000 to 2015, SachsâEuros"s brilliance is respected in all milieux.âEuros (*Les Echos*, 11 June 2015, trans. CADTM)

[57] Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Picador Press 2007)

[58] Varoufakis, *op.cit*., Chapter 5

[59] Varoufakis, *op.cit.*, Chapter 15

[60] AdÃ©a Guillot and CÃ©cile Ducourtieux of the daily *Le Monde* wrote of Sagias âEurosoe*Long close to the PASOK, he took part in many negotiations of public contracts and regularly advises foreign investors looking to establish themselves in Greece*.âEuros *Le Monde*, 21 May 2015, âEurosoeQui sont les protagonistes de la crise de la dette grecqueâEuros (Who are the Protagonists of the Greek Debt Crisis?), trans. CADTM

[61] I will return to the subject of the role Varoufakis himself played in pursuing the privatisation of the port of Piraeus and his relations with Cosco.

[62] See the official site of SagiasâEuros"s firm

[63] Greek version: http://contra-xreos.gr/arthra/1225-2017-08-16-18-09-00.html

