

Eurogroup: A Ruthless Gang

by Leonidas Chrysanthopoulos, Ambassador *ad honorem*

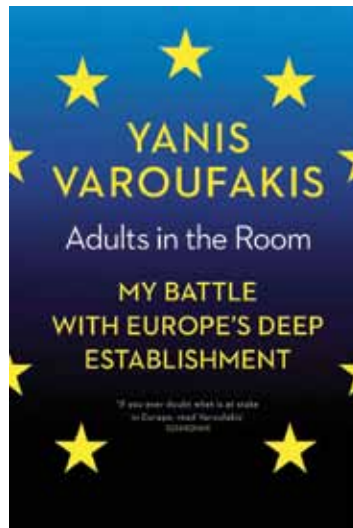
Greek Ambassador Chrysanthopoulos presents below his report on the book, Adults in the Room: My Battle with Europe's Deep Establishment, by Yanis Varoufakis, the former Finance Minister of Greece. Chrysanthopoulos was the Secretary General of the Black Sea Economic Cooperation Organization, and addressed the international Schiller Institute Conference of June 30-July 1, 2018 in Bad Soden, Germany.

The book's author, Varoufakis, was Finance Minister of Greece from January 2015 until July 2015, in the first government of Greek Prime Minister Alexis Tsipras, who came to power on the platform of reversing the so-called European Union "bailout" of Greece during its debt crisis. That "bailout" eventually loaded Greece with a total of 340 billion euro of debt, which in reality went straight to the far more bankrupt French, German, British and other leading European banks and the International Monetary Fund, in order to "save the euro."

As Finance Minister during the first six months of the government, Varoufakis took part in the struggle between Greece and the "troika"—the European Union, European Central Bank and International Monetary Fund. His book exposes the brutal tactics used to force the eventual capitulation of the Greek government and compel it to accept yet another 80 billion euro in debt, and sign yet another so-called "memorandum" stipulating brutal austerity measures. Varoufakis was forced to resign as Finance Minister, and eventually to resign his parliamentary seat as well. He is now a professor of economics.

Chrysanthopoulos started his campaign even before the memoranda, with an interview published in December 2009 in the Greek daily newspaper Eleftherotypia titled, "Nightmare a Fascist Europe." As a member of anti-memoranda political parties, he participated in the big demonstrations of 2011 and 2012, while at the

*same time writing articles and giving interviews to the foreign press. For his anti-memoranda activities, he had his title of Ambassador *ad honorem* withdrawn by presidential decree in 2013, only to be reinstated in 2016 by the Syriza government. He made demarches on human rights violations in Greece because of the austerity measures at the ministries of foreign affairs of the Benelux countries and Berlin in 2017. He submitted a complaint against Greece for human rights violations at the UN Human Rights Council in Geneva, while at the same time making speeches in various parts of Europe to publicize the deteriorating situation in Greece.*



Oct. 18—On reading the last book of Y. Varoufakis, *Adults in the Room: My Battle with Europe's Deep Establishment*, the reader's interest may focus on the disgraceful methods employed by the members of the Eurozone and the EU against Greece in order to obtain its third MOU [Memorandum of Understanding]. Not that the use of such horrible methods is unknown, but now we

have a first-hand account from Yanis Varoufakis, the person who negotiated with the troika during the first months of 2015.

The methods used also indicate the difficulties that the first "Anti-Memoranda" government of Greece will have to face, but by publishing them, the preparation of effective countermeasures is allowed.

The Eurogroup is an informal group of the ministers of finance of the eurozone. The EU Treaty, in its Protocol 14, Articles 1 and 2, mentions these informal meetings.

The Eurogroup used six coercive methods against Greece during the first six months of 2015 when the country was considered as an enemy state. All six will be discussed in depth below. These were 1. Extreme verbal pressure, 2. Effective blackmail, 3. Non-truths, 4. Use of Greek turncoats, 5. Pressures on third countries to abstain from financing Greece, and 6. Use of the



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Yannis Varoufakis (center), Greek Minister of Finance (January-July, 2015) was given an ultimatum by Klaus Regling (right), European Stability Mechanism Managing Director, to stick with the troika's austerity program, and told by Christine Lagarde (left), IMF Managing Director, that there is no going back for Greece.

European major mass media networks for disinformation campaigns against Greece.

Extreme Verbal Pressure

The first meeting between Jeroen Dijsselbloem, the President of the Eurogroup, with Y. Varoufakis, the Greek Minister of Finance, took place on Jan. 30, 2015. After a long conversation, the Dutch Eurogroup President issued the following ultimatum: “The current program must be completed or there is nothing else.”

On the margins of the first Eurogroup meeting in 2015, Christine Lagarde, the IMF’s Managing Director, told Varoufakis: “These targets they insist on, can’t work [referring to the troika program on Greece]. But you must understand that we have put too much on this program. We cannot go back on it. Your credibility depends on accepting and working with this program.”

In March 2015, during a meeting he had with Klaus Regling, head of the European Financial Stability Facility (EFSF), Varoufakis asked him the following question: “Given that, as it seems, in a week or two we shall run out of money with which both to repay the IMF and to pay salaries and pensions, what do you advise me to do, Klaus? The choice is between defaulting on the old and frail, and defaulting to the IMF. Which is of course an unnecessary dilemma given that our central bank (ECB) owes us a similar amount,” only to receive the following reply: “You must never, ever default to the IMF. Suspend all pension payments instead. This is what you must do.”

What a wonderful example of the EU’s social policies! Just before the Eurogroup meeting of June 27,

2015, Varoufakis met with Dijsselbloem, Weiser, and Sapin, who pushed him to have the referendum cancelled. Another practice undermining the Greek positions was whenever the Greek minister took the floor during Eurogroup meetings and presented concrete compromise proposals, a silence usually followed, organized on purpose, where no other minister took the floor to comment on the proposals, thus allowing Dijsselbloem to close the discussion with negative conclusions.

Effective Blackmail

Effective blackmail was in fact committed by the European Central Bank against Greece, particularly by its President, Mario Draghi. In the meeting that Varoufakis held with him on Feb. 4, 2015, and after having listened to the Greek proposals, Draghi replied by saying “And I must tell you that recent developments in Greece are putting us in a difficult position. Later today our governing board is meeting, and it is very likely that your waiver will be withdrawn.” (The waiver allowed the ECB to provide Greek banks with liquidity in return for junk collateral.) The decision was taken that same evening and Greek banks were excluded from this liquidity and could now only get liquidity by the Emergency Liquidity Assistance (ELA), which was more expensive.

In its meeting of March 4, the governing board of the ECB did not revoke its previous decision in spite of the fact that the loan agreement had been extended until June 30 by the Eurogroup teleconference of Feb. 24, which was a precondition for bringing back the waiver.

When the Eurogroup meeting of June 27 rejected extending the loan agreement until July 30, so that the referendum could take place on the 28th, the governing board of the ECB revoked the ELA facility of the Central Bank of Greece in an effort to influence the outcome of the referendum.

Non-Truths

After the impasse of the Eurogroup on June 27, Dijsselbloem announced that for the first time there would be a joint communiqué without the agreement of Greece, and in the afternoon meeting, Greece would not participate. Varoufakis then asked the Secretariat: “Is the Eurogroup President at liberty to issue communiqués when there is no unanimity, and also to exclude finance ministers at will from Eurogroup meetings?”

The reply he got was the following: “Minister, the Eurogroup does not exist in law, as it is not part of any of the EU treaties. It is an informal group of the finance ministers of the eurozone member states. Thus, there are no written rules about the way it conducts its business, and therefore its president is not legally bound.”

The reply was erroneous, since Protocol 10 of the EU Treaty, in its Articles 1 and 2, mentions the informal meetings of the ministers of finance of the eurozone. Had Varoufakis insisted, he could have remained in the meeting, but nothing, of course, would have changed.

On Feb. 4, in the evening, Varoufakis was scheduled to have a secret dinner with Jörg Asmussen and Jeromin Zettelmeyer, both key players in the German Social Democratic Party (SPD). As Varoufakis writes in his book:

The purpose of the dinner was ostensibly to build bridges between the Syriza government and the section of the German government controlled by the Social Democrats. . . . The agreement was that I would go to the restaurant alone, incognito and by cab, and that I would not tell



Jeroen Dijsselbloem, president of the Eurogroup, 2013-2018.

CC/Jeroen Dijsselbloem



European Central Bank President Mario Draghi.

European Commission

anyone we were meeting. The implication was that it would backfire on all of us if word leaked. . . . Just as I was ready to leave my hotel room, I received an email from Jeromin telling me that they had changed the restaurant booking because the original restaurant was too public, confirming once more the importance of discretion.

Sometime later, Asmussen’s phone rang and without saying anything on the phone, [he] gave it to Varoufakis. It was Draghi who announced to him the withdrawal of the waiver.

It seems that all Berlin knew with whom Varoufakis was having dinner that night.

Use of Greek Turncoats

Varoufakis mentions two strong supporters of the troika, the first one being the Governor of the Bank of Greece, Y. Stournaras, who from his position did everything possible to support troika policies; and

the other being G. Chouliarakis, who was the troika’s man in the Eurogroup and President of the Council of Economic Advisors. He represented Greece in the working group of the Eurogroup and as a close advisor to Varoufakis did everything possible to undermine his work. Today he is alternate Minister of Finance.

Pressure on Countries to Not Finance Greece

Particular and effective pressure was exercised on China. Varoufakis writes:

The intention was to restart the formal bidding process for the Port of Piraeus under the new conditions that the Chinese had accepted, while behind the scenes the two governments agreed the Chinese loans to the Greek state. . . . First, Beijing would inject the remaining 1.4 billion euros of the promised 1.5 billion into our T-Bills [Treasury Bills]. Almost simultaneously, the Deputy Prime

Minister Dragasakis would make a formal trip to Beijing to strengthen relations between the two governments and informally seal the agreement. Lastly, [Prime Minister] Alexis [Tsipras] would follow up with a full state visit in April or May to make public and sign the comprehensive agreement between Athens and Beijing.



Deputy Prime Minister Yannis Dragasakis.

fakis be able to survive the pressure?” asked the reporter. “At least Mr. Tsipras still trusts him,” [the Greek journalist] replied. “Then inform them in Greece, both the government and the people, that they can expect even more of these attacks,” he said. Which is exactly what happened. This can be called “freedom of a manipulated mass media.”

After such treatment, one may ask, “Why is Greece still in the eurozone and in the EU?

In the end, China purchased only 200 million euros of T-Bills. To quote again Varoufakis: “The next day, Alexis relayed the news from Beijing. Someone had called Beijing from Berlin with a blunt message: ‘Stay out of any deals with the Greeks until we are finished with them.’” In a footnote, Varoufakis observes: “... Also lost was Beijing’s readiness to help the Greek state get back on its feet (by buying government bonds) [until] when one day it regains solvency. In other words, Greece lost a strategic industrial partnership that went far beyond a port deal.” This constitutes a fine example of European solidarity.

An entire country has been destroyed in order to implement economic policies that all knew and admit would not work. Even the President of the German Bundestag, Schäuble, replying to a question of Varoufakis, if he would sign the Memorandum, were he in his place, replied in a moment of sincerity: “As a patriot, no. It is bad for your people.”

Finally, in order to get rid of the bonds of the Memoranda, Greece must rely only on itself and on its people, and only when it has freed itself from these bonds, may other external factors come in to play for assistance.

Use of Mass Media to Discredit Greek Government

The Europeans had mobilized the major mass media networks to discredit the Greek government from the outset and to perform character assassination against Varoufakis. He writes:

Of course it was the worst-kept secret in Brussels and beyond that I was to be targeted in this way. In early February 2015, around the time of my first two Eurogroup meetings, some Greek journalists were told as much by a reporter with first-hand knowledge of the campaign. One of those Greek journalists later reported the conversation: “Will Mr. Varou-



Xinhua/Marios Lolos

The container ship Cosco Shipping Panama docked at the Greek port of Piraeus, June 11, 2016.