

Unsettling account that raises disturbing questions about Europe's monetary union



[AMBROSE EVANS-PRITCHARD](#)

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Yanis Varoufakis in March 2015 CREDIT: JASPER JUINEN/BLOOMBERG

On a baking hot day in July 2015 Greece's radical-Left Syriza government won a spectacular mandate to defy the austerity regime of the EU-IMF Troika.

Against all expectations, 61pc of the Greek people voted in a referendum to reject the Carthaginian terms of their latest bail-out deal, a scorched-earth 'Memorandum' described by a young French economy minister named Emmanuel Macron as a "modern day version of the Versailles Treaty".

It seemed as if the long-running showdown between Athens and the EU authorities had reached an explosive juncture. Markets were braced for the ejection of Greece from the euro in short order. Monetary union was on the verge of break-up.

Yet the rebel victory instantly and inexplicably metamorphosed into surrender, and with it died the final hopes of the European Left. [Premier Alexis Tsipras](#) stunned his own people and the world by announcing that there would be no rupture with the Troika after all, and furthermore that he would join hands with the conservative cadres of Greece's ancien regime.



Celebrations in Athens on July 5, 2015 after the first exit-polls of the Greek referendum CREDIT: LOUISA GOULIAMAKI/AFP/GETTY IMAGES

The extraordinary developments are [recounted by Yanis Varoufakis](#) in his deeply unsettling account, 'Adults In The Room, My Battle With Europe's Deep Establishment', published in extracts in [the Telegraph](#). What the former finance minister reveals is that leaders of the Syriza government were seriously worried about dark forces in the shadows. They were frightened.

Vested interests with huge sums at stake – within Greece, and implicitly across the eurozone – were prepared to defend the existing financial order by any means necessary. The prime minister feared a military coup.

His warnings to Mr Varoufakis in soul-searching talks that night certainly raise eyebrows, all vividly narrated in a subchapter entitled 'the overthrowing of a people'. "Alexis confessed to something I had not anticipated. He told me that he feared a 'Goudi' fate awaited us if we persevered – a reference to the execution of six politicians and military leaders in 1922," he writes.

Mr Tsipras seems to have mixed up his history. What he meant was the 'trial of the six' in a military tribunal after the disasters of the 1922 campaign in Asia Minor and the carnage at Smyrna. Three former prime ministers were convicted and shot by firing squads.



Alexis Tsipras CREDIT: EPA/SIMELA PANTZARTZI

"Alexis then began to insinuate that something like a coup might take place, telling me that the president of the republic, the intelligence services and members of our government were in a 'readied state'," he wrote.

The mood in Athens was tense during those final weeks of high drama. None of the key players trusted their telephones. "We felt somehow shadowed. There were insinuations and veiled threats. We knew the deep state was mobilizing against us, and Alexis talked of the internal coups of the 1930s and 1960s," Mr Varoufakis told me.

This had been building up for months. Syriza claimed that the Bank of Greece had been operating as a Fifth Column, acting as an outpost of the European Central Bank inside the country.

As Mr Varoufakis describes events, it incited a run on the banking system as a pressure tool from the start, igniting a fire fanned enthusiastically by the Greek oligarchy through its stranglehold over the media.

The ECB was more than complicit. It stripped Greek banks of crucial support within days of the new government taking power, delivering a dagger blow even before Syriza had presented its first negotiating plan to eurozone finance ministers.

This asphyxiation campaign would reach its grim conclusion when the ECB cut off emergency liquidity for private Greek banks that had done nothing wrong, bringing the country to its knees. This was done in murky legal circumstances, arguably in violation of the ECB's treaty duty to safeguard financial stability. It was a highly political move.

The pressure came from all sides. Klaus Regling, head of the EU bail-out fund, wrote to Mr Varoufakis just before the referendum warning that the EU had the legal right to demand full and immediate repayment of €146bn of rescue loans, and that he would be held personally responsible as finance minister.

Mr Varoufakis replied with two words in Greek: 'Μολών λαβέ' – "Come and get them!", the pithy answer given to the Persian Empire by the King of Sparta, when the three hundred defenders of Thermopylae were ordered to throw down their weapons.

The final days of the referendum were surreal. Unbeknownst to the Greek people, Alexis Tsipras had called the snap-vote expecting to lose. Most of the Syriza leaders did not campaign. What they wanted was an "emergency exit", calculating that a respectable defeat would give them a way out after boxing themselves into a corner.

But humiliated and long-suffering Greeks instead seized on the chance to express their defiance, rising to a "gigantic celebration of freedom from fear" in the final intoxicating rally at Syntagma Square.



Crowds gather in Athens CREDIT: EPA/YANNIS KOLESIDIS

As the scale of the victory became clear on election day Mr Varoufakis penned a triumphant piece. "In 1967, foreign powers, in cahoots with local stooges, used tanks to overthrow Greek democracy. In 2015 foreign powers tried to do the same by using the banks. But they came up against an insanely brave people who refused to submit to fear."

He then went to join the victory party at the prime minister's Maximos Mansion, only to discover that the betrayal of the vote was already under way. "As I walked in, Maximos felt as cold as a morgue, as joyful as a cemetery. The ministers and

functionaries I encountered looked numb, uncomfortable in my presence, as if they had just suffered a major electoral defeat," he said.

Only he and his wife Danae were wearing jeans, once de rigueur in Syriza circles. "Sitting there, I began noticing things about the people around me that had previously escaped me. The men resembled accountants. The women were dressed as if for a state gala," he said. They were like the pigs on two legs, drinking with men, glimpsed through the window in George Orwell's *Animal Farm*.

Mr Varoufakis told the prime minister that it was his duty to honour the referendum, that he should seize on the thundering expression of popular will to escalate Greece's war of resistance, and to present the ECB and Berlin with a stark choice. It was wasted breath. The decision to accept what he calls "unconditional surrender" had already been taken, and a new finance minister willing to go along with this volte face had already been picked.

Two years later, little has changed. Greece is emerging from almost a decade of depression but the economic base is shattered. Youth unemployment is still 45pc. The debt ratio has risen further to 177pc of GDP. No debt relief is yet on the table.

The country is still embroiled in interminable talks with the EU-IMF Troika. Its sovereignty remains utterly compromised. The former student radicals of Syriza are in the odd position of celebrating a primary budget surplus of 3.8pc of GDP to pay off foreign creditors in perpetuity. "It is a catastrophe. All this is doing is eating into the flesh and blood of the private sector. There is no investment," says Mr Varoufakis.

What happened in Greece over those strange days in July 2015 raises disturbing questions about the character of Europe's monetary union. One might conclude that when push comes to shove, the euro system is held together by fear rather than democratic consent.

To paraphrase the famous dictum of Henry Ford, you can have any ideology you want in the eurozone, provided it is left-wing.

