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The Firefighter's Lament

Today most Greeks have forgotten the arsonists who laid the fire. Instead they blame those, like George Papaconstantinou, who tried to put it out.

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The Greek debt crisis is one of the great economic debacles of modern times. A country's sins caught up with it in 2009. A continent dithered and fluffed its response. A spreading panic threatened the euro and the world's recovery from the Great Recession.

Seven years on, the effects linger. Greece is stuck in the deepest depression in a developed economy since the 1930s. Southern Europe is suffering a lost decade. The European Union has become a byword for economic pain, making it an easy target for both the anti-capitalist left and the nationalist right. The euro has survived, but as an unhappy marriage with prohibitive divorce costs. How many European countries would choose it again?

What went wrong is still hotly disputed. Clashing popular narratives stress the laxity of Mediterranean debtors or the coldness of German-led creditors. Experts variously blame the euro's inherent flaws or avoidable policy errors.

Getting the story right matters for finding a better ending, not least in Greece. For years leading up to 2009, Greece's governments burned through money and hid the fact. Today much of the country has forgotten the arsonists who laid the fire and blames instead the firefighters who tried, albeit haplessly, to put it out.

"Game Over: The Inside Story of the Greek Crisis" tells the tragedy of a firefighter overwhelmed by the scale of the blaze. George Papaconstantinou, a British-educated economist whose career in politics proved short, will forever be remembered as the finance minister who signed "the memorandum" in May 2010: Greece's €110 billion bailout deal, worth \$144 billion at the time, with the German-led eurozone and the International Monetary Fund. The deal was German tough love: It saved Greece from bankruptcy but at the cost of drastic austerity that deepened its slump and broke its morale. The economy lost a quarter of its jobs and output.

Mr. Papaconstantinou, a political moderate of almost English reserve, became a hated figure. He lost his job and in 2015 landed in court on charges that smelled of a set-up. Today he keeps his head down in an Athens suburb, going into town only with a police bodyguard.

His big mistake was to inherit a financial mess. When his center-left Pasok party won in October 2009, he found that his conservative predecessors had lied about the budget. The deficit, officially projected at 6% of gross domestic product, was really twice as big. It was finally confirmed at over 15%.

"I was the one who, when the music stopped, turned on the lights and told everyone the party was

over,” Mr. Papaconstantinou writes. “Nobody likes that guy.”

His memoir is a brisk and lucid account of Greece’s descent into economic hell. Using copious notes he took at the time, he takes the reader inside the negotiations in Athens, Brussels, Berlin and Washington as Greece struggled to stay afloat.

A year into the bailout, he was removed as finance minister. At this point, the book shifts from an insider’s chronology to an observer’s astute analysis of events. In straightforward prose, mostly light on finance jargon, he narrates Greece’s second €130 billion bailout in 2012, its record sovereign default on €200 billion of bonds and political turmoil reminiscent of the Weimar Republic.

One of the book’s sharpest sections dissects the fiasco of 2015, when the radical-left Syriza party won elections and tried to take on Germany. The clumsy effort ended in surrender and a fresh €86 billion bailout, which Mr. Papaconstantinou argues was avoidable but for Syriza’s “plain incompetence.” Syriza’s siren promise to voters to simply end austerity had long been the bane of pragmatists like the author. But the party’s comeuppance gives him no satisfaction.

Most of the crucial moments in the Greek saga have been reconstructed before, including in this newspaper, the Financial Times and the Greek newspaper Kathimerini. Mr. Papaconstantinou offers few surprises, but the book is notable for its accuracy. He also adds some new details, such as a secret meeting with IMF chief [Dominique Strauss-Kahn](#) in a kitchen in Davos, Switzerland, in January 2010 to discuss a then-hypothetical bailout. “Game Over” is among the most important books on the Greek crisis, along with Yannis Palaiologos’s “The 13th Labour of Hercules” (2014), which shows the roots of Greece’s downfall, and Paul Blustein’s forthcoming “Laid Low,” on the roles of the IMF and Europe.

However, Mr. Papaconstantinou’s key contention—that the original 2010 bailout could have worked—is debatable. Many people at the time—and more later—argued that it was fatally flawed, requiring an overdose of austerity and hopelessly optimistic forecasts in order to pretend that Greece could service its debts.

Mr. Papaconstantinou retorts that beggars can’t be choosers. Greece faced imminent ruin. Only the eurozone and IMF could finance a rescue. And Europe flatly rejected debt relief. He adds that painful austerity was unavoidable, with or without debt relief, and many of the economic reforms were overdue.

Those points are fair but don’t rescue the bailout. As Mr. Blustein showed in a 2015 paper on which his new book will expand, the IMF had strong misgivings about a plan that required Greece to turn its double-digit deficit into unprecedented surpluses in a short time, while projecting economic recovery even faster. The IMF bowed to European pressure to pretend the numbers made sense. Its reputation in tatters, the IMF now wants Germany to lighten Greece’s debt decisively.

In “Game Over,” the former finance minister does his best to defend, up to a point, the policy that was imposed on him—and that burned him when he bore it to the Greeks.

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