

GEORGE PAPACONSTANTINOU

Memorandum of Economic and Financial Policies

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# GAME OVER

**THE INSIDE STORY  
OF THE GREEK CRISIS**

ΕΚΔΟΣΕΙΣ ΠΑΠΑΔΟΠΟΥΛΟΣ  
PAPADOPOULOS PUBLISHING

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## **GAME OVER**

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*To Jacoline*

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## PROLOGUE

You are about to read a political thriller. It is not a work of fiction, not even a dramatized version of real events – it firmly belongs in the “non-fiction” category. The events it describes all took place; the people are real; and identities have not been changed “to protect the innocent”. There are very few of those in this story.

This is the story of the six years in which the Greek drama has riveted the world. The story of a country whose mistakes caught up with her and forced unprecedented and painful actions. The story of an incredible period, told for the first time not by an outside observer, but by one of its protagonists.

Most of all, it is a story about the people who shaped events by trying to respond to rapidly evolving circumstances often beyond their control. About their decisions – good and bad, right and wrong – and about those who had to live with them. Decisions taken in official and behind-the-scenes gatherings in Brussels, Berlin, Frankfurt, Paris, London, New York, Washington and Athens; conversations with politicians and bankers in Luxembourg chateau courtyards, Davos kitchens and Bilderberg gatherings; in elegant offices and dreary basement meetings rooms.

This is a story about facing a harsh reality, coming to terms with long overdue changes, rewriting the rules of the game, jettisoning comfortable truths. About struggling to understand the new environment, rising to the challenge, and balancing what should be done with what populist sentiment and electoral timetables suggest be done. It is about politicians who tried in vain to understand and outsmart markets; and markets that proved how myopic they are, but also exposed failings in political systems.

Almost seven years after the shock revelation about the runaway fiscal deficit and the big lie which sustained it brought a whole way of life down, Greece is a broken country. And yet, while enormously painful, the road travelled in these years has been immense.

Meanwhile, in European capitals, the initial fire-brigade approach has slowly given way to a more determined attempt to fix what is broken. This means coming up with a delicate balance of what needs to be done with what can be done given the complex politics of different countries.

This book is about this momentous period; but it is also my own story.

Politics is not for the faint-hearted. Like life, it is “nasty, brutish, and short” – only more so. Most people think the world of politics is populated almost entirely of self-serving cynics. I am not one of those. I was never a career politician, rising through party ranks. I was from the beginning an outsider; I ran for elected office after a successful career, leaving behind a well-paid job and a pleasant life in Paris.

I was appointed Greek finance minister in October 2009, landing the post that some later called “the hardest job in Europe”. I was the one to sign the biggest loan ever received by a country, the loan that came with such a tough austerity programme attached. I went on to achieve an unprecedented deficit reduction and put in place difficult reforms. I then saw my popularity plummet as wage cuts and tax hikes took their toll and was eventually reshuffled when it became apparent I had become a liability.

Today, I am no longer in politics. I am *persona non grata* in my own country, with many blaming me for the crisis we are in and for their personal difficulties. Rather than the man who took harsh but necessary decisions which avoided the worst possible outcome for Greece, I am the architect of the hated “memorandum”, to many a traitor to the country.

## PROLOGUE

Greek society is desperately worried about its present and its future, having been let down by its self-serving political system and its broken institutions, with its values adrift. A large part of society is also buried deep in denial. It is quick to blame the ones who stopped the party in which so many were participating, very angry and looking for the “fall guy”, the convenient scapegoat. That turned out to be me. I was the one who, when the music stopped, turned on the lights and told everyone the party was over. Nobody likes that guy.

As a result, I have lived for years under a peculiar sort of a “house arrest”. Walking the streets became a dangerous sport. When going out, it was always accompanied by security. You need a thick skin in politics, but I never developed one. Whatever the undeniable mistakes made when handling an unprecedented and impossible situation, the personal cost has been higher than I ever thought. It even got to the point of me facing a life sentence in court and almost landed me behind bars.

Adding insult to injury, the anger is directed not so much at those who created the mess in the first place, but at those who tried to do something about it. We rarely talk about the arsonists who set the place on fire; instead, all the discussion is directed at the fire-fighters. Did they do their job right, did they cause too much water damage, or did they use too little water and allow the house to burn?

Friends often ask whether it was worth it. Would you do it again? Would you have done something differently? Yes, it was worth it. Yes, I would do it again. And of course I would have done some things differently. But not the main decisions we took; they were right and the only ones possible in the circumstances.

After all this is what politics should be about: you don't get to choose the time, or the role assigned to you, and you shouldn't just try to protect yourself in the process. You do the job to the best of your abilities. And you take the hit; but at least you can live with yourself.

Almost seven years since the crisis erupted, there are still many questions. Did we miss opportunities and solutions that were to hand? Should Greece have threatened to default to get a better deal? Should there have been debt relief from the beginning? Would Greece have been better off if it had left the euro? Could someone else have handled it all better?

These are legitimate questions and they deserve answers. In this traumatic period everything has been called into question; everyone has been second-guessed. And if we want anger, disillusionment and distrust to give way to the kind of self-awareness that heralds a new beginning, we'd better have convincing answers.

In an early draft of the book, I came up with the subtitle "How Greece Saved the Euro". People I discussed this with were shocked with the audacity of the premise. But it seems increasingly to be the case. What started as a problem in a peripheral country at the edge of Europe is now recognised for what it really was: a wake-up call to the whole of Europe to defend one of its greatest achievements and repair its design faults. In a way, to fix the bicycle while riding it.

For my country, it was a unique opportunity to correct past mistakes and start anew, this time on a more solid footing. An opportunity it has so far missed. Europe may have averted disaster, but Greece has not been saved – at least not yet.

GEORGE PAPACONSTANTINO

## GAME OVER

In this real-life political thriller, former Finance Minister George Papaconstantinou tells the inside story of the six years during which the Greek drama changed Europe and riveted the world. It is the story of a country forced by past mistakes into unprecedented actions with enormously painful consequences. A story about the people who shaped events by trying to respond to rapidly evolving circumstances often beyond their control. About decisions – good and bad, right and wrong – taken in official and behind-the-scenes gatherings in Brussels, Berlin, Frankfurt, Paris, London, New York, Washington and Athens; in Luxembourg châteaux courtyards, Davos kitchens and Bilderberg gatherings; in elegant offices and dreary basement meetings rooms.

**This is the breath-taking story of an incredible period, told for the first time not by an outside observer, but by one of its protagonists.**



George Papaconstantinou was born in Athens in 1961, and studied economics in the UK and the US, obtaining a Ph.D from the London School of Economics. After working for 10 years at the OECD in Paris, he returned to Greece to serve in a policy advisory capacity for the Greek government. In 2007, he was elected to the Greek Parliament, and in 2009 to the European Parliament. In October 2009 he was appointed Finance Minister in the newly formed government of George Papandreou. In that position he played a key role in the Greek crisis, negotiating the first bailout with Greece's European partners and the IMF.

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