

## Galbraith's letter to Kathimerini:

Let's talk about academic-journalistic ethics, shall we?

Yanis Varoufakis, August 6, 2016

Athens daily *Kathimerini* published a letter (see below) signed by 23 'US-educated Greeks' sent to the University of Texas' President denouncing James K. Galbraith (a long-standing professor there) for having helped me design a "monetary cum military coup d'etat". At least that was their description of my Plan X – a preliminary contingency plan to counter the European Central Bank's Plan Z with which Greece is being threatened continually since 2012 – see the Financial Times



report below. Once more, the victims of the troika's six-year-old coup d'etat, which has pushed the Greek people into a vortex of Depression and Insolvency, are being portrayed as coup plotters. The purpose of this campaign, in which *Kathimerini* has played an energetic role, is to vilify anyone who resisted the troika, who did her or his duty to defend Greece's democracy, and who continues to argue that the only way to end Greece's crisis is to oppose the troika. What is new here, with the letter of the 23, is a new violation – this time of the most basic of academic principles: "Never criticise a text that you have not read!" As Galbraith demonstrates in his response to *Kathimerini* (see below), the 23 'US-educated Greeks' based their denunciation letter on misinformation peddled by, amongst others, *Kathimerini* – e.g. the preposterous allegation that Plan X included a plot to arrest the Governor of the Bank of Greece.

## Professor James K. Galbraith's improper conduct

To: Gregory L. Fenves, President  
University of Texas, Austin, Texas, U.S.A.  
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Professor James Galbraith, of the L.B. Johnson School of Public Affairs, asserts in his recent book, *Welcome to the Poisoned Chalice* (Yale University Press, 2016) (and has confirmed in media interviews) that as a senior advisor to the then Greek Minister of Finance, Yanis Varoufakis, he designed for the Minister a contingency plan (Plan X) for a Greek exit from the Euro in 2015. In our view, this plan would have violated the constitution and Greek laws.

According to Professor Galbraith's interviews with the Greek press and extended excerpts from the Greek version of his book, the highly secret plan, which may be described as a "monetary cum military coup d'etat", included a declaration of a "state of emergency" and mobilizing the Greek armed forces to suppress possible civil disorder. The plan to use the armed forces is particularly shocking because the Greek constitution, written after seven years of military dictatorship, makes the national police force alone responsible for civil order. By law, the army's sole duty is protecting the country against foreign enemies. It also included financial measures: nationalization of the central bank (by law an entity independent of the government) and arrest of its governor; closing all banks; and a system of IOU's to pay for public expenditures until new currency was printed.

Greece did not leave the Euro in 2015 and Plan X was not implemented. Professor Galbraith regrets that.

We the undersigned believe that participation in designing a plan to undermine democracy and social order in any country is inconsistent with the ethical standards expected of the faculty of a reputable university. Galbraith has tarnished the reputation of U.T. Austin and the L.B. Johnson School of Public Affairs and his decision to boast publicly about it casts further doubt on his ethics and judgement. Academic freedom of expression must be consistent with ethical conduct and fundamental democratic norms.

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Galbraith's response to the editor of Kathimerini:

I understand that you have published the [letter](#) to the President of The University of Texas at Austin from twenty-three self-styled "US-educated Greeks."

The authors state that their knowledge of my work comes from "interviews with the Greek press and extended excerpts from the Greek version of his book." Since the authors are US-educated and the book was published in English, let me ask: shouldn't they have read the actual book?

Had they done so, they would have found that the allegations they make are factually false.

The letter refers to a memorandum I helped to prepare for the finance minister in 2015, which it describes as a "contingency plan." I prefer the term "preliminary plan." The work of a small team cannot fully prepare for such a dramatic event.

It was indeed "contingent." The contingency was that the European Central Bank might revoke the Emergency Liquidity Assistance then supporting the operations of Greek banks. This would have triggered a *forced exit* of Greece from the euro *against the will* of the government. The threat had been delivered by the president of the [Eurogroup, Jeroen Dijsselbloem, in late January](#). There were also suggestions by Wolfgang Schäuble, the German Finance Minister, that Greece might take a "[holiday](#)" from the euro.

The memorandum was prepared at the request of the Prime Minister as he has stated on several occasions. As I wrote [already a year ago](#), "at no time was the working group engaged in advocating exit or any policy choice. The job was strictly to study the operational issues that would arise if Greece were forced to issue scrip or if were forced out of the euro." The Prime Minister and the government received the work and made their decisions.

The letter describes the preliminary plan as a "monetary cum military coup d'état," and claims that it would have involved "mobilizing the Greek armed forces to suppress possible civil disorder." This is false. We did not suggest using the military inappropriately or outside the Constitution. The only use of the word "mobilization" in my book refers to the *civil service*.

The authors claim that we recommended the "arrest" of the governor of the Central Bank. We said no such thing.

Finally, the authors claim that I "regret" that Greece did not exit the euro in 2015. My personal feelings are irrelevant, but this claim is false. As reported by Kathimerini on July 6, 2016, "[we were preparing for a scenario that everyone hoped to avoid.](#)"

The letter concludes that "academic freedom must be consistent with ethical conduct and fundamental democratic norms." Here we agree. One of the norms of ethical conduct is to refrain from false and defamatory accusations, based partly on inflammatory and evidently unreliable press reports.

James K. Galbraith