

# Was defeat inevitable?

A review of Adam Tooze's meta-review of 'Adults in the Room' [1]

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[yanisvaroufakis.eu/2018/03/07/was-defeat-inevitable-a-review-of-adam-toozes-meta-review-of-adults-in-the-room-1](http://yanisvaroufakis.eu/2018/03/07/was-defeat-inevitable-a-review-of-adam-toozes-meta-review-of-adults-in-the-room-1)

March 7, 2018



To read one excellent review of one's book is a joy. To read an engaging and deeply thoughtful review of different *categories* of reviews of one's book is a rare privilege. Normally, I should have left matters there, enjoying the diversity of opinion that *Adults in the Room* engendered. But this is not an academic book whose work is done. Its subject-matter concerns really suffering people and a continent – Europe – that is conjuring up, once more, political monsters.

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So, the niggling question raised by *Adults*, and at heart of Adam Tooze's review of the range of reactions to it, remains: Was our 2015 defeat hard wired into the design of the strategy I deployed, given the state of play in Europe at the time? I propose to ponder his question while addressing Tooze's review of the various arguments waged against that strategy.

Tooze looks at three categories of reviews of *Adults*.<sup>[2]</sup> The first two varieties of review are denunciatory, in that they censure *Adults* chiefly as a means to condemning my political actions and, at times, my character, ethics, ideology etc. Interestingly, they come from two diametrically opposed political positions: one that adopts the Deep Establishment's paradigm wholesale; and another rooted in a left wing, radical tradition.

## Pro-Establishment denunciations

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(E.g. Joseph C. Sternberg, in *The Wall Street Journal* and Pavlos Eleftheriadis, in *Verfassungsblog*)

The reviews setting out to defend the Establishment position on the events of 2015, and to deride *Adults* in the process, are based on three (not-so-well) hidden axioms:

- There was no such thing as a Europe-wide *systemic* crisis caused by a eurozone architectural design bound to elicit a death embrace between insolvent banks and insolvent states, starting in the weakest countries
- Under trying circumstances, the EU's response to the eurozone crisis was (i) roughly right (excluding some mistakes that were, sooner or later, corrected) and (ii) consistent with Europe's democratic traditions
- In the case of Greece, and given (a) and (b) above, a crisis entirely due to homegrown malignancies (chronic tax evasion, corruption, low productivity) refused to respond to the EU authorities' valiant correctives (the troika's fiscal adjustment and reform program) because the Greeks resisted them. Even so, by 2014, Greece too was recovering as a result of the troika-administered bitter medicine.

With these assumptions firmly in place, and no reflection on their truth-value, the resulting reviews lash out against *Adults* as the memoir of an impossible narcissist who, after landing accidentally the job of Greece's finance minister in January 2015, set out clumsily to clash with the EU's sensible, rule-bound authorities – therefore annulling Greece's recovery and inflicting untold hardship and financial loss upon the Greeks.

I shall say no more about this category of review here as all three of their foundational assumptions have been exposed as motivated fallacies not only in the book I published in 2016 just before *Adults* (entitled *And the Weak Suffer What They Must? Europe's crisis and America's economic future*), but also by authors including Joe Stiglitz (*The Euro: How a Common Currency Threatens the Future of Europe*), Wolfgang Streeck (*Why the euro divides Europe?*), Heiner Flassbek and Costas Lapavistas (*Against the troika: Crisis and Austerity in Europe*) etc.

## Radical denunciations

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[E.g. Helena Sheehan, *Jacobin*, Eric Toussaint, *Verso Blog*]

Ever since the eurozone crisis began, inspired by the courageous stance of countries like Ecuador, Bolivia etc., a significant part of the European Left began a campaign for Greece to make three moves: Re-create its national currency, nationalise the banks, and announce a unilateral haircut of its public debt – preferably under the cover of a national debt audit that declares a large part of public debt onerous or illegal.

Back in 2010, when Greece fell into its insolvency trap, SYRIZA was a small left-wing party divided between activists who took the above Lexit view (i.e. the supporters of a left wing Grexit strategy) and others who were unconvinced – worried about the high cost of Grexit. As the crisis deepened, SYRIZA rose in the polls until, by the Spring of 2012, it appeared to have a shot at winning government. Around that time, the Lexiters within SYRIZA lost ground to the group around Alexis Tsipras – SYRIZA's leader – who adopted a strategy of seeking a New Deal for Greece within the Eurozone.

Meanwhile, since 2007, I had been arguing that the Great Crash of financialisation would

lead, as one of its symptoms, to the Greek state's bankruptcy. Based on that hypothesis, I began campaigning in favour of a unilateral default to our creditors within the eurozone, taking the view that Greece should neither propose Grexit nor accept the creditors' combination of predatory loans and swingeing austerity just because we feared an expulsion from the euro more than we feared a permanent Great Depression within the euro. So, when Alexis Tsipras approached me, to help his team put together such a strategy, it made sense to work together – and so I agreed.

Reviews of *Adults* written as radical denunciations appear to be driven by the reviewers' deep anger with me for not having endorsed the above Lexit strategy. Of course, their accusation that I usurped SYRIZA's leadership and led Tsipras astray is not one I can take seriously:

1. SYRIZA's leadership had rejected the Lexit strategy quite independently of me
2. My task was to render coherent a strategy of resistance within the eurozone
3. I opposed SYRIZA's moderate Thessaloniki economic & social policy program (September 2014) because it was wholly inconsistent both (a) with the chosen strategy (of opposing the troika without proposing Grexit) and (b) with Lexit (to the extent that none of the social expenditures in that program were possible under a Grexit scenario – at least not for the first few years)
4. My decision to seek powerful establishment allies (like Larry Summers, Jeff Sachs and Lord Lamont) was utterly consistent with 1&2 above.

In summary, ever since the Greek state became insolvent I have been treating Lexit as a respectable and coherent option for resisting the European and Greek oligarchy's bid to unleash a brutal class war (under the guise of internal devaluation and the weight of gigantic bailouts for bankrupt banks in Germany, France and Greece). However, I remained wholly unconvinced that it was our optimal strategy, preferring a strategy of resisting from within the eurozone and leaving to the powers-that-be any decision to expel us from the eurozone (for not surrendering to their directives and for not accepting their rolled-over extend-and-pretend loans).

For this judgement call, I seem to have incurred the wrath, and outrage even, both of the Deep Establishment (in Greece and internationally) and of the Lexiteers. The loathing of the former I welcome and, indeed, wear as a badge of honour. The wrath of the Lexiteers, on the other hand, saddens me for two reasons: First, because the Left does not seem to have learned its 20<sup>th</sup> Century lesson (i.e. that demonizing another leftist's opinion (with whom one may disagree strongly is never a good idea). Secondly, because even if one remains convinced that Lexit was the only way effectively to resist the troika, this is besides the point: *Had SYRIZA adopted a Lexit strategy in late 2014, we would never have won government in January 2015!*

In short, no reasonable account of recent history can support the claim that, if it were not for people like me distancing SYRIZA from its 'radical roots', Greece could have escaped its debt-bondage in 2015 via a Lexit strategy.

## Supportive but unconvinced by the strategy

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[E.g. Adam Tooze, [New York Review of Books](#) and his [review of reviews](#) published on his won blog; J.W. Mason in the [Boston Review](#); Pavlos Roufos, [Brooklyn Rail](#)]

In his considered and generous reviews, Tooze identifies as a great weakness my self-image as “the good doctor” who would, through the powers of persuasion, convince hardened Deep Establishment figures (e.g. Wolfgang Schäuble) to escape the error of their “muddled” ways. Tooze quotes, approvingly, from J.W. Mason’s equally sympathetic review:

“Varoufakis recounts these stories masterfully, yet curiously they never seem to shake his view that a mutually beneficial deal is just around the corner... Even when Schäuble tells him bluntly in a one-on-one meeting that ‘I am not going to negotiate with you’, Varoufakis goes on gamely trying to make a deal. Right to his last days in office, he is offering new proposals, all vetted by the highest authorities.”

Roufos is also of the same opinion:

“[Varoufakis] maintains that austerity in Greece was nothing more than a miscalculation, almost a mathematical error, that could be corrected through the mere force of his “unquestionable logic,” while his “obvious moderation” would allow the perpetrators of this fallacy to move beyond their embarrassment and admit to their ‘mistakes’.”

Which then leads Tooze to ask his pertinent question: “What if there was method to the apparent madness of the eurozone’s actions?” “What if, austerity and the rolling-back of social democracy were the goals all along, for which the Greek crisis simply provided an opportunity?”

The above constitute well-meaning and interesting criticisms. But are they accurate, and, thus, fair? To the charge that I saw the troika policies are ‘miscalculations’, ‘errors’ due to nothing more than ‘muddled’ thinking, I will call to the... witness stand my aforementioned 2016 book [And the Weak Suffer What They Must?](#) and its 2011 prequel [The Global Minotaur](#). Rather than mere ‘errors’ due to ‘muddled’ thinking, these two books tell a story of:

- How the big business cartel-like construction of the European Union (erected against the background of the US-designed Bretton Woods System) begat inevitable trade and financial imbalances that could only grow in time to unsustainable levels
- How the logical offshoot of these imbalances (after the collapse of Bretton Woods) was a monetary system (the ERM initially, later the ERM, eventually the euro) that was bound to create a chain reaction of banking and state insolvencies generating a paneuropean depression
- How this crisis would give Europe’s oligarchies a clear incentive cynically to transfer the financiers’ losses onto the shoulders of the weakest taxpayers while, at the same time, imposing austerity on them
- How the troika of creditors had to be hatched in haste and given a mandate to turn Greece into a wicked laboratory in which to test a combination of: (i) unprecedented internal devaluation, (ii) huge predatory loans, (iii) a wealth transfer from the public sector to the borderless oligarchy
- How this experiment was always meant as a dress rehearsal – and a morality tale –

functional to the main task: The imposition of large-scale austerity in countries like Italy, Spain and, ultimately, France. And the creation of new mechanisms of opaque, anti-democratic power at the heart of Europe.

It is indubitable fact that, as Tooze put it, there was a logic, and a method, to their 'madness' – in particular their penchant to shift losses to the weakest of shoulders and, then, to shift wealth away from the oligarchy's victims to the oligarchs.[3] But, this does not mean that, however motivated by their oligarchic interests, the authorities' thinking was not muddled! It would go against everything Sophocles, Shakespeare and Marx ever taught us to believe that figures of authority *always* think rationally and act in a manner that maximises their expected net gains.[4] This is why, in *Adults*, I insisted that watching people like Schäuble was a little like watching Othello – with a degree of sympathy for seemingly powerful people caught up in the kind of powerlessness to which the unchecked exercise of their inordinate power condemn them.

To sum up, no amount of good reasoning would have ever convinced Dr Schäuble, Mrs Merkel and their merry technocrats to yield to the SYRIZA government. Their policies were technically inept and failed by their own stated criteria. Like Macbeth, they covered up one crime (against logic) by committing another, focused as they were on the consistent transfer of losses from the few to the many and in the erection of a new, obscure networks of power.

Their thinking was, indeed, muddled when it came to restoring macroeconomic equilibrium to the eurozone but sharp as a razor when it came to moves that maintained their authority and control. They combined ridiculous economic and financial policies (e.g. the Greek bank recapitalisations of 2012 or the CDO-like bonds of the European Financial Stability Facility) with the admirable precision of their fiscal and financial waterboarding of *governments that feared expulsion from the euro above all else*. As I wrote in *Adults*,

“Not for a moment did I believe, back in January 2015, that the unquestionable logic and obvious moderation of my proposals would win our creditors over.”

So, one may ask, if you did not think that reasoned arguments would win the day, why did you keep coming back to them with new, mutually advantageous proposals? Why did you deliver speeches, and write articles, the purpose of which was to portray the authorities' irrational ways, their thinking as 'muddled', and your solutions as obvious? Because my chosen strategy was twofold:

- Of constantly exposing the technical incompetence and logical incoherence of the troika's proposals, while demonstrating (in technically impeccable ways) how the very constituents in whose names they spoke (e.g. German taxpayers, the IMF's share holders) would benefit if they relented.
- Be ready to go down to the wire, i.e. all the way to Grexit, if the troika insisted on our capitulation.

The key question always turned on the credibility of (2); of the commitment that we would not budge. Many accused me that this was a bluff. It was not! A bluff is a tactic you use only if you think the chances are it will not be called. By contrast, any move that you would make *whatever the opposition did* is the exact opposite of a bluff.[5] Sticking to my debt

restructuring and end-of-austerity conditions, even at the threat of Grexit, was not a bluff because of the following clear ranking of the three possible outcomes:

- Best scenario: A debt restructure and an end to austerity within the eurozone
- Middle scenario: Forced Grexit by a troika that chose to accept Grexit's cost (at around €1 trillion) over the loss of face from acquiescing to us
- Worst scenario: Capitulation leading to permanent depression within the eurozone

While I would have regretted it if the troika chose to push us out of the euro once they realised I would not budge, not budging and 'taking' a painful Grexit was preferable to capitulation and, therefore, our dominant strategy.<sup>[6]</sup> It was also what rendered my disobedience credible: the thought that, even if the troika were to do its worst, not budging and 'taking' a painful Grexit was preferable to capitulation.

## Was our deterrent meaningful? Why my sequence of proposals?

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Saying 'no', disobeying, is not enough. From the moment you say 'no' to powerful creditors, like the troika, to the moment of truth (i.e. when they must decide whether to chuck you out of their euro-system or to acquiesce) there are three moves that the weaker side needs make:

1. (Deterrence Plan) Signal to them what weapons you have by which to lessen your costs and increase theirs during their period of deliberation
2. (Blame Game) Win the battle of public opinion by demonstrating the reasonableness of your proposals and, thus, exposing the true motives of the creditors (which had nothing to do with their stated purpose of recouping the European taxpayers' money or respecting the fabled 'rules')
3. (Preparedness) Plan for the transition out of the eurozone, if this is what the creditors end up preferring once they realise that you will not budge.

Starting from 3 above, from the first day in office, two small teams were working on contingency plans for an imposed Grexit (in case the German Chancellor, Mario Draghi, the head of the Central Bank, and the rest of the troika decided to side with Wolfgang Schäuble's determination to throw us out of the eurozone if we did not capitulate within it). One team worked on what we labelled Plan X (that looked at what had to be done *viz.* banks, imports, foreign currency reserves etc.) and a second team was working on a parallel payments' system that would afford fiscal space within the euro but would, also, be simple to convert into a digital drachma currency in case we were expelled from the euro.

Moving to 2 above, one should never underestimate the importance of public opinion. Grexit would cost Europeans a great deal. It was imperative that we countered the attempts of the establishment media to present us as madmen and madwomen making impossible demands undermining Europe's integrity. This is why it was incumbent upon me to come back, 'gamely' as Roufos says, with one moderate proposal after another. As the minister of finance of a bankrupt state I had a duty to demonstrate to our people, to the people of Europe, but also to the creditors, that solutions existed within the rules of the eurozone that

would benefit everyone except: the oligarchy; the political class wedded to Greece's insolvency; and the troika officials whose new jobs and new rent-seeking opportunities depended on the European periphery's permanent insolvency.

Which brings me to the deterrence plan: see 1 above. It comprised the (greatly significant) parallel payments system (which curiously few reviewers of *Adults* delved into) and my threat to haircut the so-called SMP bonds (i.e. Greek government bonds that the European Central Bank, the ECB, had purchased in 2010/11 in an ill-fated attempt to keep Greece in the money markets). Here is how Tooze sums up my rationale, as outline in *Adults*, for threatening such a haircut if the ECB cut off all liquidity to the Greek banks:

“Draghi's bond-buying had a fragile political and legal basis. The German Supreme Court and the European Court of Justice had only grudgingly approved it after repeated legal challenges by German right-wing euroskeptics. What Varoufakis proposed was to unhinge that delicate legal and political equilibrium. To do so Greece would default on the Greek bonds that the ECB had purchased in 2010 and 2011 during earlier rounds of bond market stabilization. That part of Greece's sovereign debt had not been written down in 2012. The bonds were under Greek law. Their face value was roughly \$33 billion. If Greece defaulted on all or part of those bonds, the ECB would be forced to re-evaluate its entire portfolio of eurozone sovereign bonds, and the door would be thrown open to a new legal challenge from the German right wing, putting quantitative easing into jeopardy.”

Further down in his review, Tooze concludes: “Given Greece's subordinate position, it would be bombastic to call his scheme a ‘nuclear option’. But it was certainly a dirty bomb.” Two comments are pertinent here:

First, while I can see the appeal of the dirty bomb metaphor, I do not think it is helpful. A dirty bomb is an offensive weapon in the hands of a terrorist. In 2015 the ECB and the troika were the aggressors against a government that had just been elected. On Day 3 of my ministry,<sup>[7]</sup> the President of the Eurogroup threatened me in my office that, if I insisted on discussing debt restructuring, they would shut down our banks within days! Is it an aggressive move, a threat equivalent of a dirty bomb, to reply in the following manner? “OK, if you throttle us, if you ensure that no euros come out of our ATMs, and that our government is forced to default, then it is unreasonable to expect that we shall repay your bonds.”

Secondly, in the above passage Tooze misses out the deeper reason why haircutting these SMP bonds packed devastating power: The tussle between the ECB and its largest participant: the German Central Bank, the Bundesbank. In *Adults* I go to some lengths to explain the titanic legal battle between Jens Weidemann (Bundesbank's Chair) and Mario Draghi over whether the ECB should be allowed to buy Italian government bonds in 2015 – effectively to keep Italy in the eurozone, and thus save the eurozone from disintegration. To cut that long story short: To be allowed to carry out his massive bond purchase scheme (also known as Quantitative Easing) Draghi had to pledge at the European Courts that he would never allow any of the government bonds the ECB held on its books to default. Ergo, if I had haircut the said SMP bonds in response to the ECB closing down the Greek banks, he would be in violation of his Quantitative Easing program's terms and conditions. And this would send the markets spinning.

At this juncture Roufos comes in with a strong criticism of the central assumption behind my strategy:

“[T]his approach”, he argues “betrays a misreading of the recent history of crisis management, during which it has been demonstrated time and again that abstract legal principles do not stand in the way of important decisions. In point of fact, a careful reading of post-2010 policies reveals that ‘flexible’ interpretations of legal formulas or their complete overlooking is more often than not the actual background of economic policies.”

As a general point, Roufos is right: When it suits them, the powers-that-be treat their own rules, even their own laws and treaties, with characteristic contempt. They ignore them, change them at will, bend and distort them.

However, in this specific case Roufos neglects a crucial detail. These were not “abstract legal principles”. This was a legal settlement, a fragile equilibrium, between two clashing titans: The head of Europe’s Central Bank (who had the German Chancellor in his corner) and the head of Germany’s Central Bank (who expressed the interests of German financial capital, along with those of powerful financiers in Holland, Luxembourg and beyond).

By haircutting the SMP bonds, I would be giving Weidemann a magnificent weapon by which to re-start and intensify his war against an ECB that put the task of keeping Italy in the eurozone above interests that Weidemann represented. Given also that the Bundesbank always resented the inclusion of deficit Mediterranean countries in the eurozone, and would dearly like (along with the then German finance minister) to see Greece, Portugal and, perhaps, Italy, leave the euro, my haircutting of these pitiful Greek bonds would, with a high probability, de-stabilise seriously the unstable coalition of creditors that the people of Greece were facing. As their finance minister, I had the duty to pursue this course of action.[8]

## Would they have ever budged?

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My point is not a deterministic one. It is impossible to know for sure how the creditors and the EU would have reacted to a consistent ‘No’ to their new bailout and our continued debt bondage.

Of course, there is always the possibility that, faced by my haircut of the SMP bonds, Weidemann would have fallen into line with Draghi and Merkel to keep Italy in the euro and throw Greece out. But to assume that they would do so casually, as Roufos does, is to assume too much. There is also the distinct possibility that the €1 trillion euro cost of Grexit (and the possibility it would trigger an uncontrollable Italexit) would have given them pause – as the Vice President of the ECB confirmed in an interview (September 2015) in which he stated that they would never have allowed Greece to leave the eurozone as “the cost to Europe would have been too high”. But then again, as Dan Ellsberg warned me in an email when I was in the ministry – drawing from his own Vietnam war experiences –, one never knows how a crazed, self-absorbed establishment will react at a time of acute crisis: it is very possible that they will act in a self-destructive manner.

But, in the final analysis, our prediction of whether the creditors would have budged or not



is neither here nor there *given our pre-agreed ranking of potential outcomes*: As long as Grexit was not our worst possible outcome, and a debt restructure was seen as *sine qua non* within or without the euro, we should have stuck to our guns, we should have been ready to introduce the parallel payments system, to haircut the SMP bonds, and carry out of the preparations necessary prior to the second-worst-case scenario: Grexit.

## Looking to the future: DiEM25 and the strategy of Constructive Disobedience

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In the end, my own side (SYRIZA) capitulated. Capitulation came hand in hand with the depiction of Grexit as the worst possible outcome. That was the moment the small candle of hope that the people of Greece lit in January 2015 was extinguished. As its light went out, millions of Europeans who had looked to the Greeks for inspiration lost heart. Since then Europe is being buffeted by a liquidationist Deep Establishment and a disintegrationist Xenophobic Right.

Thankfully, no good fight is ever wasted. Out of our 2015 defeat sprang the first transnational paneuropean movement: DiEM25 – the Democracy in Europe Movement. To jolt Europe out of its path to ruin (i.e. a stagnation that will only benefit xenophobic, nationalist, regressive, disintegrationist forces), DiEM25 proposes that to bring constructive disobedience to municipalities, city councils, regions and governments across the continent.

Just like in 2015, we lead with constructive, rational policy proposals that outline fully alternatives to existing policies or directives. We call this policy framework the European New Deal. Of course, just like in 2015, we do not expect the Establishment to adopt our proposals just because they are smarter than theirs! This is where civil, governmental, paneuropean disobedience comes in: We plan to universalise, across Europe, the strategy that we were following at the Greek ministry of finance in 2015.

As I write these lines, DiEM25 and other political forces from across Europe are gathering in Napoli, Italy, to put together the first transnational paneuropean political party by which to contest the European Parliament election in May 2019.

Just like in 2015, failure does not scare us. Inaction and hopelessness does.

## Epilogue – my greatest regret

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In his review of *Adults*, Roufos accuses me of having a worldview in which:

“...the world of social movements is nothing but a secondary attachment, a mere stepping stone of uncontrolled spontaneity, whose potentialities depend entirely on the ability of some political party, state mechanism, or alliance of experts to concentrate its dynamic for a higher purpose.”

While I think this is a little too harsh, I fear he has a point. Indeed, in a new Introduction to the *Communist Manifesto*, to be published by Penguin with coming May, I write the following:

*Adults in the Room...* tells the story of how the Greek Spring was crushed via a combination of brute force (on the part of Greece's creditors) and a divided front within my government. It is as honest and accurate as I could make it. Seen from the perspective of the *Manifesto* however, the true historical agents were confined to cameo appearances or to the role of quasi-passive victims. 'Where is the Proletariat in your story?' I can almost hear Marx and Engels screaming at me now. 'Should they not be the ones confronting Capitalism's most powerful, with you supporting from the sidelines?' Too right! If there was one thing I could have changed in how that conflict panned out, this would have been it.

## A LIST OF REVIEWS OF *Adults in the Room*

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- Baker, D., [Huffington Post](#)
- Baumer, B., [Indypendent](#)
- Berman, S., [Washington Post](#)
- Eleftheriadis, P., [Verfassungsblog](#)
- Fouskas, V., [Fabian Society](#)
- Fox, J., [New York Times](#)
- Goodall, J., [Insider Story](#)
- Henwood, D., [The Baffler](#)
- Kampfner, J., [The Observer](#)
- Malik, K., [New York Times](#)
- Mason, J.W., [Boston Review](#)
- Mason, P., [The Guardian](#)
- Persky, S., [Los Angeles Review of Books](#)
- Roufos, P., [Brooklyn Rail](#)
- Sampath, G., [The Hindu Times](#)
- Sheehan, H., [Jacobin](#)
- Sternberg, J.C., [Wall Street Journal](#)
- Tooze, A., [New York Review of Books](#) and his [review of reviews](#) published on his own blog
- Toussaint, E., [Verso Blog](#)
- Tyson, P., [openDemocracy](#)
- Wolf, M., [The Financial Times](#)

## ENDNOTES

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[1] *Adults in the Room: My battle against Europe's Deep Establishment*, London: The Bodley Head

[2] There is a fourth category of fully supportive reviews, which I do not mention here. E.g. Justin Fox, [New York Times](#), Doug Henwood, [The Baffler](#), Stan Persky, [Los Angeles Review of Books](#), Paul Tyson, [openDemocracy](#), Jane Goodall, [Insider Story](#), Martin Wolf, [The Financial Times](#).

[3] [Phil Mirowski](#) has demonstrated brilliantly how our borderless oligarchs would never have let such a good crisis go to waste. [Or, as we Greeks say, "now that they found a gravedigger they are keen to bury as many bodies as possible."]

[4] If the reader has any doubt about the 'madness' in question, it might be helpful to read Chapter 6 of my *And The Weak Suffer What They Must?* The manner in which Europe's great and good stitched up the bailouts, first of the banks in 2008/10 and then of the states (using CDO-like loan structures which led to the avoidable bankruptcy of Ireland and Portugal), reveals that: (a) they were third rate technicians and (b) in a state of panic (exactly the opposite of methodic) that engenders muddle thinking. Naturally, once their inept mechanisms were in place, they were methodic in asphyxiating anyone who opposed them.

[5] In game theory it is called a 'dominant strategy' (i.e. a course of action that you would follow independently of what you predict others will do)

[6] That was the agreement I had struck with Tsipras before I accepted the finance ministry. The fact that he reversed his ranking is the cause of our defeat.

[7] 30<sup>th</sup> January 2015.

[8] Roufos' misunderstanding of the importance of Greece's SMP bonds leads him to taking me to task for misconstruing capitalism. He writes:

"[T]he abstract understanding of the law as a crystallization of the essence of capitalist social relations that Varoufakis and others promote leads to quite a few mystifications. Perhaps most importantly, it misconstrues capitalism as a set of relations held together (and engendered) by legal statutes, whose importance surpasses that of, say, profitability."

Had he read any of my other writings, Roufos would have known that this was never my understanding of capitalism. Indeed, my latest book (*Talking to my daughter about the economy: A brief history of capitalism*, Penguin, 2017) has been widely criticised for being too determinist, apportioning too little explanatory power to the 'superstructure' and, instead, prioritising too much the 'base'.