CHAPTER 28

The Euro Crisis

A minister on a motorcycle clashes with the minister in the wheelchair

I

During one of my many romantic periods as a teenager, I decided to start writing poetry. I started to get the hang of it and experimented with rhyming verses and other genres, like the haiku. Short, Japanese poems that are quickly written in seventeen syllables, divided over three lines. I was poetically productive, thanks to the haiku, and it also gave me access to the European President. But that was something I could not have presumed, as there wasn't a European President yet.

By the end of 2009, the Treaty of Lisbon was activated and the first permanent chairman of the European Council could be appointed, the European President. Statesmen and government officials gathered in Brussels and the name of the then Belgian Prime Minister Herman Van Rompuy was mentioned. He had studied Philosophy and Economy and he had started to lead the Belgian government just a few months prior, but he had been the Budget Minister and Vice Prime Minister for a long period in the '90's. A period in which Belgium made strenuous efforts to secure the Belgian participation in the Euro. 'Calm and firm' was his motto, and Van Rompuy was not someone to jump on tables or make crazy decisions or huge risks. 'Serious and boring' was his reputation.

When the European leaders had to choose a permanent chairman, these were the exact characteristics they were looking for. The name of the former British Prime Minister Tony Blair was previously mentioned, but the leaders were not looking for someone with a flamboyant character. Someone like Blair would inevitably show tendencies to step into the spotlights themselves.

Calming down Belgian politics was also a huge achievement by Van Rompuy. *The Wall Street Journal* mentioned that he was able to keep a country together that had six parliaments and a bureaucracy with over fifty ministers. The paper suggested that these qualities would surely help him hold office at a key function in Europe. During the

European summit meetings that he attended as the Belgian Prime Minister in 2009, he hadn't said much. That was also a key asset, by keeping a low profile, he didn't make much enemies. And his appointment solidified the idea that if you pursued a top function in Europe, the question is not whether you have enthusiastic ambassadors, but the absence of important opponents is much more important.

When Van Rompuy first appeared in the European Parliament in his newly appointed job, the first abject incident immediately occurred. Nigel Farage, the Eurosceptical Englishman who wanted to get his country to leave the Union, lashed out with venom. He thought that it was unacceptable and dangerous for the European Council to be led by someone that was virtually unknown outside of Belgium. He compared Van Rompuy with a damp rag and told he had the appearance of a low-grade bank clerk. He never specified exactly why looking like a bank clerk is problematic, but it probably was not intended as a compliment.

His most exotic feature was Van Rompuy's love for the haiku. He sometimes used to conclude large press conferences about the most complex and sensitive topics with the recital of a poem he had written himself, always reading it twice. The international press was stunned at first and would start searching frantically for hidden messages. The journalists soon got used to this, they were reassured by members of the Belgian press. It was harmless and you should not look for a deeper meaning, it was just a part of Haiku Herman.

II

I met Van Rompuy for the first time when he was the European President for a few months. He was being named a honorary citizen of the Belgian beach town De Haan where he spent his holidays for many years. He would receive a ribbon and a framed certificate, and maybe later on, they would name a street after him. And the mayor had invited me to give an introductory speech about the importance of this new European job title. We shared some polite pleasantries afterwards, but when I mentioned that I had also written haiku's, his interest grew. He invited me to his office and we saw each other regularly after this initial meeting, usually in Brussels.

The Europe Building, which is currently the place where the leaders have their meetings and looks like a giant glass egg, was still being constructed back then. Van Rompuy still had his office in the nearby Justus Lipsius Building across the Berlaymont, the European Commission's headquarters. I was allowed to enter through the protocolary entrance at the back of the building, which they would also use as the main entrance for the official receptions of world leaders. A herald would escort me to the elevators and it would be buzzing with activity upstairs. I saw important people of the International Monetary Fund (IMF) and the European Central Bank (ECB) and employees, directors-general and their deputies of the European Commission would often walk by. They would be in the halls and use hushed voices to comment charts with numbers and colorful diagrams. I heard English, French, and German, and sometimes a subdued curse in a language I could not recognize, presumably Greek. The European Union was in the midst of a debt crisis.

I usually visited the building around lunch time and I would have lunch with the President without employees or diplomats present in the room. These were formal meals, like rack of lamb with *gratin dauphinois* and spring vegetables, or turkey filet with cranberry sauce and croquets. And Van Rompuy would always have a beer. Besides Japanese poetry, we discussed the state of the European Union and he would make more jokes than you would expect, based on his reputation. He never panicked and was always confident that the Euro would survive this crisis.

Van Rompuy would be President for five years, a period dominated by problems with the Euro. A heavy crisis with a lot of dramatic press coverage, which would frequently declare the end of the Euro. But Van Rompuy, this was a blessing in disguise. As an economist, this was a topic he knew a lot about and could discuss it with a lot of knowledge. And as a former Budget Minister, he knew a lot about debts and deficits.

III

Greece had implemented the Euro in 2002. The country didn't meet the criteria to join the European currency, but that was the case with most Euro countries. The requirements were judged in a flexible manner, and the Belgian national debt was bigger than in Greece at that time. But because the Greek budget deficit would continue to be high, their national debt would become higher than the Belgian national debt a few years after adopting to the Euro. It was an ominous sign, but no one sounded the alarm.

These were interesting years for all involved. The Greeks lived wealthier than their economy allowed, buying things and building up a debt. Companies in Germany, France, Scandinavia, or the Benelux would earn well from their Greek customers. This made European banks eager to provide the Greeks with new loans with low interest. Somehow the money would travel back north anyway.

Things changed when the world economy took a dive. A *black swan* appeared in the US. The financial sector collapsed, Wall Street magicians fell of their pedestals, lost their jobs and fancy houses, and lost money. A lot of money.

On 15 September 2008, Lehman Brothers went bankrupt and the crisis crossed the Atlantic. Suddenly, European banks were in trouble, threatening to drop like dominoes and drag each other down with them. Governments delivered billions of Euros to avoid bankruptcies, but the unrest made all banks extremely cautious. They stopped lending money to countries with a lot of debts. And Greece was the first on the radar.

Was the country able to pay back all its loans? Credit rating agencies like Moody's, Fitch, or Standard & Poor's were increasingly uncertain of this by the day. Nobody of the general public had ever heard of these agencies, but their reports quickly dominated the news. They declared that every investment that used to be considered 'triple A', lost a letter, leaving only two 'A's', sometimes even adding a minus. More and more letters of the alphabet surfaced and the devaluations from A to B to C was not a good sign. Eventually they appointed ever more financial products as 'junk' and Greek bonds soon received this mark.

Greece was genuinely in trouble. They had a weak economy that was not based on export, the trade balance was askew, and corruption was rampant. For those that had been able to collect wealth, like the owners of some of the world's most profitable shipping companies, paying taxes was an option but apparently no obligation. When the government wanted to collect taxes, the computers at the ministry were not working or hard drives were missing. The legal loopholes were bigger than the entrance of a gigantic cathedral. The invoice for organizing the 2004 Olympics still had to be added to the budget. To make matters worse, Greek ministers had a habit of hiring Goldman Sachs consultants for advise for generous fees, a firm that was more skilled to hide deficits than solve them.

In October 2009, a new social-democratic government was installed, led by Georgios Papandreou junior. Being Prime Minister was in his blood, both his father and grandfather had previously ran the country, also under difficult circumstances. Papandreou saw that the numbers were falsified and that he could not get away with it. Greece had predicted a budget deficit of 3,7 percent, which was already more than the 3 percent that was allowed for Euro nations. 3,7 percent was adjusted to a worrisome 6 percent, but Papandreou had his Minister of Finance declare that the budget deficit would be no less than 12,5 percent. It would eventually be 15,6 percent, a deficit of 36 billion Euros in little over a year. The country's credibility was ruined.

Banks refused to lend more money to the Greeks. They stopped delivering funds or demanded exceedingly high interest rates to shake off their fears. If they would agree to these terms, Greece immediately would have to contract another loan to pay the interest of the previous loan, again at a high interest rate. Athens was being strangled.

The country was on the verge of bankruptcy. The treasury was empty and there were no new funds coming in. Nobody knew what would have if they would go broke. It had happened with South American countries, but it was highly unusual to happen in Europe. Besides, Greece shared a currency with the other countries of the Euro.

Going broke would mean that the country could no longer pay pensions or the wages from its civil servants. There would be no money for the army or police, public works would have to shut down, schools would have to close. There would be chaos at the Peloponnesus.

But the other European countries feared something different. If Greece would crash, all outstanding debts would not be repaid. The country had loaned tens of billions from French, German, Belgian, and other European banks. They all had just recovered from the financial crisis and could not handle huge amounts of money go up in smoke again. The consequences could be disastrous: people could lose their savings, the housing market threatened to implode, companies would no longer be able to invest. Everyone realized that the governments could not afford a collapse of the financial system. The Greek problem was in fact a European problem.

'Throw Greece out of the Euro zone', was the solution from the popular press and several economists. The term Grexit was coined. But the agreements did not include a procedure to banish a country from the currency union, even if it would request it themselves. We would enter uncharted territories with a lot of uncertainty. The chance that European banks would get back the money they had loaned to the Greeks, would in this scenario be zero. A Grexit would solve no problem at all.

But the treaty did include an article 125, which was reason for worry. It had a no-bail-out-clause, which meant that countries were responsible for their own state budget and could not be saved by other member countries. It was a sentence added as a warning, those who would let their budget spiral out of control, should not count on the other countries to help them out.

The article had to be bypassed, there was no other way. Greece represented a mere two percent of the European gross domestic product, but would absorb nearly all meeting time for the Prime Ministers and Ministers of Finance for years to come.

IV

On 11 February 2010, Van Rompuy was just installed a few weeks earlier and summoned all the leaders for a first crisis meeting. It was held in the Solvay Library, in the Leopold Park, behind the European Parliament. From 1851 to 1876, this used to be the location of a zoo, providing the citizens of Brussels a chance to look at bears, sea lions and camels. The elephants had to walk from the port of Antwerp to Brussels, which was a major expedition at the time. The travel for the leaders from the nearby Zaventem airport to Brussels was less far, but an adventure none the less. That Thursday there was a short but heavy snowfall, delaying traffic and many delegations arrived late.

Van Rompuy used the opportunity to have separate discussions with the German Chancellor Angela Merkel, the French President Nicolas Sarkozy, and the Greek Prime Minister Georgios Papandreou, at his office. When this company walked towards the Solvay Library, they were beset by journalists. The world press was present and Van

Rompuy lacked sufficient experience. Stunned, he looked left and right until Merkel came to his rescue: ‘Tell them you will give a statement later’. Van Rompuy straightened his tie, walked towards the press, coughed, and spoke the famous words: ‘I will give a statement later on’. Then he rejoined Merkel and asked her if he had done well.

Upon entering the Solvay Library he still was ill at ease. He was not familiar with the security personnel yet and doubted whether the man at the entrance was either a security agent or the new Prime Minister of one of the Baltic States. When greeting women, he hesitated on kissing once, twice, or three times.

In hindsight, the location was no success and hasn’t been used for a summit since. His experience in Belgian politics had taught Van Rompuy that arranging meeting on unexpected locations could be useful for the protagonists. Places far away from journalists, like the Egmont Palace or Hertoginnendal Castle. But the Solvay Library was cramped and it was hard to keep the press at a distance. After the meeting, Van Rompuy came out, got a crumpled piece of paper out of his pocket, and read his statement in the freezing cold, in clumsy English. The wind was blowing and it was hard to hear his words. The message was that Greece had to live more economical from now on and that its government had made solemn promises to set things right. The European Union would monitor its progress closely and assure that there would be no more accidents.

That last part was an important promise, but the financial markets failed to recognize it and were anything but reassured. In the following weeks, the unrest grew and Greece was unsuccessful getting more money. A new meeting with leaders was necessary and this time the result should be more than a vague declaration. The pressure had become too big.

Some economists pleaded for a Grexit and thought that the Euro zone could best be split into a northern and a southern zone, each with its own currency, a *neuro* and a *zeuro*. Other economists thought this was nonsense and were convinced that this would take Europe back to the stone age. Both sides featured several Nobel prize winners.

It was up to the chiefs to make a decision, while there was a lot of uncertainty. Merkel left no room for doubt when she spoke in the German parliament: ‘Scheitert der Euro, dann scheitert Europa’, if the Euro fails, Europe fails. From now on, she would secure that the situation would not get out of control at crucial moments, even if that would go against her own ministers.

It had nothing to do with altruism, the Greeks had to use the emergency funds to pay back the outstanding debts. Loans they had with banks all over Europe. The ingenious plan would make sure that money would be sent to Greece, which would directly be sent back to French, German, and other banks. Making it effectively a plan to save the banks, rather than saving the Greeks.

Unity grew, there had to be a rescue plan for Greece, but what about the no-bail-out-clause? Lawyers suggested to install a complicated construction, in which it was the international community saving the Greeks, and not the European Union. For this, the involvement of the IMF was necessary. And there was another reason why some founds this an interesting procedure. The IMF had the reputation of being able to play hardball with nations. Help would be sent to Greece, but under strict conditions and the IMF would help enforce these conditions. When necessary, they would exert pressure.

VI

They created a complicated financial system for Greece in May 2010. This consisted of a contribution of the IMF, but mostly of loans from the other EU countries. And it was agreed that these loans had to be repaid within three years, with high interest rates. These loans would even be profitable for the EU countries, but that appeared to be impossible in practice. The installment was lengthened to thirty years and the interest rates were lowered considerably. In this first phase they were able to create a loan of one hundred and ten billion Euro, which was being transferred to Greece in sections. It would not be enough, and another additional rescue plan, with the amount of one hundred and thirty billion Euros, was approved early 2012.

With this money, operation Offload had begun: paying back the European banks. A the start of the operation, Greece had a debt of nearly one hundred and twenty billion with German banks, and over sixty billion with French banks. By Spring 2012, this debt had been paid off and the Greek debt with the banks was resolved. It now only had debts with the IMF and the other European countries.

The money that was loaned to Greece, came with rock-solid conditions. The Greeks had to collect more taxes and sell as much public properties as possible. This would raise funds, and especially the Chinese government came for bargains, buying nearly the entire harbor of Piraeus. At the same time, budgets had to be cut down, meaning that pensions and civil servant's wages were lowered, while more work had to be done. Drastic budget cuts followed in health care and social programs. While the Greeks had never been the most rich European citizens, were collectively driven to poverty.

And humiliation was added to this. Representatives of the European Commission, the ECB, and the IMF, would watch over the Greek progress day and night. This trio was called the *trojka*, and it effectively took over government of the country. Members of the trojka often traveled to Athens, escorted from the airport to fancy hotels in expensive black Mercedes cars with sirens, or driven straight to the ministries, where they would interrogate, lecture, and instruct the Greek officials and ministers.

The Greek resistance grew, and two women and a man died in May 2012, when someone threw a Molotov cocktail into a bank. There were strikes and protests, and according to police statistics, there were 7,123 demonstrations in 2010, and 5,910 in 2011. Actually, there were protests continually, attended by both young and old. Syntagma Square became the center of the rebellion, a large and chaotic square with trees, bushes, and fountains, and you could see the Acropolis from the square. It was named in 1843, when King Otto of Bavaria, who rules the land at that time, was forced to install a constitution, which is called n, which is called *syntagma* in Greek. His former palace is now home to the Greek parliament, and directly opposite is the (drab) building of the ministry of Finance.

In Spring 2011, Syntagma Square was occupied by protesters for three months straight. The demonstrators were inspired by the Spanish *indignado's* who organized similar events in Madrid. They would gather at the square each night, thousand or two thousand at the start, but their numbers would soon rise, peaking at hundred thousand protesters. They accused their own politicians for complying with the trojka and refuse rebellion, but European politicians were denounced too. Especially Angela Merkel, who was depicted with a moustache like Hitler's.

A regular visitor at the square at night, was the economist Yanis Varoufakis, specialized in game theory. He lived ten minutes from the square, was often seen on television, and rode a motor bike. He was popular because he was unconventional, didn't mince his words, and repeatedly stated that cancel the debts was the only solution to get out of the downward spiral. He was not yet involved in politics at that time.

It were not just left-wing protesters that gathered at the square. The fascist political party Golden Dawn also occupied a corner. They had their own riot squads, a violent appearance, and would win seven percent of the votes at the 2012 election with a message against immigration. Afterwards, the party would be labeled a criminal organization, its members and mandate holders were involved in grimy activities, including killing opponents.

In June 2011, thousands of police officers ended the occupation of the square with force and tear gas, impressing even the most experienced war journalists. It would keep the Greek people at home, but the problems didn't go away. By 2011, over eighty percent of the Greek households had tax debts, and one million families could not pay their electricity bill. Minimum wages shrunk with forty percent, unemployment rose with 160 percent, creating a situation in which 3,4 million Greeks with jobs supported 4,7 unemployed and non-active Greeks. Gradually, more people who worked in the private sector didn't receive their paychecks, because their employers could not afford to pay them. The spendable income per household fell by thirty percent between 2010 and 2015, the minimum wages reached 562 Euro per month, and the pension was scarcely 425 Euro per month. But life in Greece became more expensive. VAT was raised from 17 to 23 percent, and suicide figures rose with twenty percent each year in that period.

On 4 April, 2012, Dimitris Christoulas walked towards Syntagma Square with a loaded pistol. He was 77 years old, a retired pharmacist, who stood in front of a tree by the side of the square and shot himself in the head. His family would find a suicide note in his home. It was a stinging indictment against the cuts that were imposed by the trojka and implemented by the Greek politicians. His wish was for the younger generation to hang the traitors of his country, like the Italians had done to Mussolini. To this day, the tree where Christoulas killed himself, is decorated with notes and flowers.

VII

And the problems were not only limited to Greece, there were other countries having a hard time finding money. Credit lines were evaporating and banks raised their interest rates. The Irish state debt had risen from 25 percent before the crisis, to 124 percent in 2013. Mostly because the Irish national bank had been generous in saving several banks in the country from bankruptcy. This came at a cost and the Irish debt increased. When Ireland themselves asked for a loan from the banks, their accountants pointed to the high state debt and told the country it wasn't creditable. The supply stopped, a highlight of cynicism. Then, there was nothing left to do, Ireland had to receive the same treatment that was draining Greece. Portuguese, Cypriot, and Spanish banks also were in bad shape and had to receive emergency funds, in exchange for heavy budget cuts.

Other countries narrowly avoided the same scenario. By the end of 2011, the financial markets had their eye on Belgium. The interest it had to pay for new loans increased rapidly, and the risk premium grew higher, almost by the minute. Belgium had a serious deficit and a sky-high state debt. Interim Prime Minister Yves Leterme had shielded the country from earlier interventions by selling government bonds to the Belgian public. In stead of the banks, it was the citizens themselves loaning money to the government. But that situation could not last long and the unrest grew while the country was heading for bankruptcy. This awakened the politicians and 541 days after the election, a government was formed, led by Elio Di Rupo, and peace was restored.

In Italy, the situation also was close to getting out of hand. Before Greece took the questionable lead, Italy was the European champion in regards to state debt. Silvio Berlusconi was the Prime Minister, but it was hard to tell if he was actually concerned with the state of his nation. He had other problems, was managing alimony files, and regularly had to appear before a judge to answer for his behavior. If Italy would go broke, it would cost at least six hundred billion Euro to save the country. More than the emergency funds had, and Germany was not prepared to provide much more too. Berlusconi and Merkel never got along and it didn't help that someone had leaked a telephone conversation between the Italian Prime Minister and one of his aides. Berlusconi told unflattering things about his German colleague and mentioned that, according to him, 'the Chancellor's ass was unfuckable'. Thing got from bad to worse economically in Italy, and in October 2011, Berlusconi was forced to step down, it was the only solution. Italians partied in the streets and an makeshift orchestra assembled at the presidential palace to play and sing the 'Hallelujah' from Händel's *Messiah*. Quickly, a business cabinet was put together, led by the thoughtful Mario Monti, and the calm was somewhat restored.

In many countries, all over Europe, the situation remained chaotic. Dozens of governments were in trouble, which led to changes of power and declared elections. By the end of 2011, European rules came into effect that aimed for a stricter budget surveillance. All countries had agreed to them, everyone was convinced they had to keep a sharper eye on each other's budgets. [...]

On July 26, 2012, the ultimate weapon was unexpectedly put in position. This was during a prestigious banker's conference at Lancaster House in London, close to Buckingham Palace, the day before the opening of the Olympic Games. The governor of the European Central Bank, Mario Draghi, gave a speech in which he unequivocally stated that the ECB was prepared to do whatever was necessary to save the Euro. It was the first time he was so outspoken on this position. *Whatever it takes*. He paused for a moment, and added: 'Believe me, it will be enough.'

His message came down to this: if countries were unable to get money from private banks, the ECB would loan them money. That made sense, because the ECB has a lot of money, because they print money. Until then, the ECB had kept a low profile, contrary to the central banks of America and England. They had a history of keeping their countries afloat by providing their governments with vast amounts of money. Now, the ECB declared that they too were prepared to do the same, if the politicians would ask them, at least. Money would not be handed over with a blank cheque, the countries that needed such funds should be prepared to implement major reforms.

In the days that followed, Michael Phelps won six medals in swimming, and Usain Bolt sprinted to gold on the one hundred meters, two hundred meters, and the four times hundred meter relay. But the hero of the European ministers with financial problems was *Super Mario*. Draghi had cast the magical spell with which calm was restored in the financial markets. There would no longer be speculated on the bankruptcy of countries, Draghi's speech was the turning point in the Euro crisis.

VIII

The situation in Greece remained precarious. The country had broken the world record in budget cuts and was stripped naked by the trojka. Investments were at a low and the GDP collapsed, the social problems were overwhelming. Greece had economized itself to pieces, nearly all economists agreed to this.

European politicians showed little mercy and the general public thought that Greece was to blame for its own misery. The fable of the cricket and the ant was often quoted, and in the European press the Greek population was depicted as profiteers, frauds, and lazy, who retired early, lounging at the beach, drinking ouzo, eating calamari, dancing the sirtaki, and spending loads of money without any sense of responsibility. […] That the money for the Greeks was actually used to save the French and Greek banks, was never mentioned of course.

The Greek themselves had a different point of view of course. They never experienced the average European wealth standard, and the data showed that they worked more hours than most Northern European employees. Because the super-rich evaded paying taxes, the average Greek felt justified to forget to declare their income from time to time, it was a matter of fairness. The rest of Europe, Germany in particular, was portrayed as tyrannical, dominant, and insensible. The European atmosphere was toxic.

Unlike in the beginning of the crisis, a Grexit was no longer out of the question. Greece no longer had debts with the banks, so a collapse of the financial system was no longer a possible scenario. The current lenders were the IMF, the ECB, and the countries of the European Union. In 2012, Citibank estimated the chance that Greece would still be part of the Euro zone at less than ten percent.

Angela Merkel thought that, now that so much time and energy had gone into saving Greece, it would be ludicrous to let that all go to waste by forcing the country to leave the Euro zone in the end. And she was not so sure that the exit of Greece would not start a chain reaction with other countries.

Merkel was clear: there would be no Grexit, and she would never waver from that idea. But her Minister of Finance, Wolfgang Schäuble, had a different opinion. If Greece deviated but a millimeter from the trojka's regulations, it would have to reinstate the drachma. The Euro had suffered enough from the Greek antics, was his view.

Schäuble was a political veteran. He was first elected as a member of parliament in 1972, when Willy Brandt still was the Chancellor. Later he became a loyal advisor for Helmut Kohl, as a member from his cabinet, and in 1989 he was Minister of Foreign Affairs. On behalf of Kohl, he led the negotiations for the German unification. On 12 October, 1990, after a small election meeting in a restaurant in Oppenau, something terrible happened. It was in the Baden-Württenberg area, his home turf, where he was very popular. After his speech and a chat with the attendants, he left the room. Someone from the audience, a man called Dieter Kaufmann, followed Schäuble, pulled out a revolver, and fired two shots. One hit Schäuble in the jaw, the other hit his spine. Kaufmann was mentally ill, and convinced that the German state was constantly torturing its citizens, using sound waves and other technologies. Schäuble was taken into hospital, fighting for his life. He woke five days later, was paralyzed and confined to a wheel chair for the rest of his life. He would never refer to the incident as an attack, but call it an accident.

Little more than a month later, he was back in politics again. Kohl continued to consider him a big supporter and his successor. But when Kohl got caught up in an affair involving illegal funds for his political party, he dragged Schäuble with him. He had to take a step back and forgo his ambitions to become Chancellor. His relationship with Kohl was never fully restored, but Schäuble remained an important figure in German politics. He became the Minister of Finance under Angela Merkel in October 2009, just in time for the Euro crisis.

IX

In the beginning, the most fundamental agreements about the rescue plans were made by the chefs in the European Council. The Eurogroup, featuring the Ministers of Finance of the countries from the Euro zone, decided on the further interpretation of the approach. In 2015, the mandate of European President Herman Van Rompuy had ended, and he was succeeded by the then Polish Prime Minister Donald Tusk. In those days, the Eurogroup became more and more the headquarters for the approach to tackle the crisis, but Poland was not even close to join the Euro zone, and Tusk was ill familiar with the topic. Unlike Van Rompuy, Tusk wasn't interested in figures and percentages, so by early 2015, all the important discussions about Greece were conducted in the Eurogroup.

The Eurogroup is an informal body. It is mentioned in treaties in vague terms and all the way at the end of the protocol. The meetings of the ministers were usually attended by a French lawyer who had a high position at the council's Legal Service, and had the fitting name of Hubert Legal. He stressed that there were few legal boundaries and that the Eurogroup had sufficient space to fill the policies, because there were few fixed procedures. Contrary to the common council of ministers, which is led by a different country each six months, the Eurogroup choses a fixed chairman. The Luxembourger Jean-Claude Juncker filled the seat for a long time, before becoming the chairman of the Commission. In January 2013, Jeroen Dijsselbloem was chosen as chairman of the Eurogroup, a Dutch social-democrat. Soon, many started to wonder how he could align his social-democratic beliefs with his ruthless severity towards the Greeks.

This came from the relentless Schäuble, who pulled the strings behind the curtains. When Dijsselbloem made a statement, it usually was met with a lot of criticism. In an interview in the *Frankfurter Allgemeine* in March 2017, he summarized the Euro crisis like this: 'If I spend all my money on booze and women, I can't ask for help afterwards', a harsh comment on the southern Euro countries, which was criticized by all the banks. But Schäuble nodded in approval and Dijsselbloem was thrilled.

Because the German minister was in function during the entire crisis, he knew the Greek file through and through. He remembered all previous agreements and decisions in detail, and this gave him a lot of power. His colleague Ministers of Finance rarely stayed in office this long, getting burned out or losing their position because they lose the ability to explain their policies. In the five years that Dijsselbloem chaired the Eurogroup, he met with no less then 55 Ministers of Finance from the 19 member countries.

In the meantime, Greece was cracking at the seams. The Greeks were fed up with the budget cuts and were longing for a long-term perspective. So in January 2015, they organized new elections. The extreme leftwing party Syriza was growing and all the polls showed that the party of Alexis Tsipras would become the biggest. In the Greek democratic system, the largest party gets a lot of extra senate seats, making it near-impossible to exclude them from the government. The polls were correct, Syriza gained almost an absolute majority. They formed a coalition with a small rightwing party that raged against gays and immigrants. It was handed the Defense portfolio and promised not to interfere with anything else.

Syriza had reached out to the popular economist Yanis Varoufakis, who had moved to the United States, where he lectured at the University of Austin, Texas. […] He agreed to his candidacy and received the largest number of personal votes from everyone on the Syriza election list. He didn't hesitate and returned to Athens to become the Minister of Finance.

He stood out, and not just in Greece, but in the whole of Europe. He appeared in public wearing a black T-shirt, sometimes a leather jacket, and his preferred mode of transportation was a Yamaha XJR motor cycle. He was often photographed with his equally flamboyant partner, Danae Stratou. She had studied Art in London at Central Saint Martins College, and was a classmate of Jarvis Cocker. He would later become the lead singer of the popular band Pulp, and rumor has it that their big hit 'Common People' is about her: the rich man's daughter who wishes to live like the common people, because she thinks poverty is cool.

X

Syrzia won the elections with the promise to end the budget cuts and humiliations. The trojka would be sent home and Varoufakis would take care of this in the Eurogroup. Varoufakis contacted Dijsselbloem, who immediately replied that there was hardly any room to amend the agreements. Greece would have to continue its budget cuts. Varoufakis and Dijsselbloem would never become a match after that. Pierre Moscovici, the French commissary for Economic Affairs, later told that he had to intervene once, because the two threatened to solve their difference with a physical fight. When Varoufakis wrote his memoirs, Dijsselbloem instantly felt obliged to publish his version of the story.

The meetings of the Eurogroup were anything but successful. Varoufakis got on the nerves of the other Ministers of Finance by lecturing them on economics over and over, and educating them at length. He explained that the cuts were useless and that debt relief was the only solution. The other ministers were hardly convinced. Schäuble regularly intervened with defiant remarks. He coughed and spat and was always in a fowl mood. Sometimes he would sullenly roll his wheel chair towards the exit, while his Greek colleague was proclaiming an economic theory.

In March 2015, Varoufakis gave an interview with photoshoot in *Paris Match*, that didn't quite strengthen his position at the negotiation table. The photos were from the interior of his home, him pretending to play a grand piano, and from his luxurious roof terrace, where he and Stratou enjoyed a table full of foods and the magnificent view on the Acropolis. There was further resentment over the secret recordings he made with his phone from the Eurogroup meetings and confidential conversations, which he would leak afterwards. Varoufakis was more rock 'n roll than his colleagues could handle.

There was a painful agreement to continue the current recovery program, but everybody saw that Greece would not survive without a new rescue plan. The Eurogroup would only agree with further support if the Greeks would continue with more budget cuts, privatizing more assets, and further raising taxes, in order to create extra income. This was exactly the opposite of the election promises with which Syriza got elected.

In this period, Schäuble started to plead in favor of a Grexit behind Merkel's back, if necessary even a temporarily Grexit. Nobody could quite understand what he meant by this or how it could be realized. Meanwhile, Prime Minister Tsipras kept in touch with Merkel in the background in private conversations. She was still against a Grexit and Tsipras was anxious about the chaos that such a decision would evoke. Still the Greek government made the snap decision to organize a referendum early that summer, which created more unrest and kept the banks closed. The choice was given to the Greek public: agree to more budget cuts or had it been enough? Syriza urged her voters to vote against further budget cuts.

On the evening of July 5, 2015, it became clear that the people had followed the lead of the government, 61,31 percent voted in favor of abandoning the trojka restrictions.

But Varoufakis was stunned to see that the Greek ministers were not happy with this result. They had advised to vote against the budget cuts, but were shocked by the outcome, and most of his colleagues were absent for the rest of the night. It was up to Varoufakis to give a press conference at 10.30 pm, in which he praised the Greek people for their decision. 'A No against the Euro zone as an iron cage, and a Yes for a democratic Europe'.

When he later walked into the Prime Minister's office alongside Stratou, the building felt chilly like a morgue. He soon found out that the government would surrender to the European constraints and would stop playing poker with the Union. He said to his wife: 'This is not the people overthrowing the government, this is the government letting down its people'. […]

XI

In July 2015 it was all hands on deck in Europe. The European leaders knew little about the internal struggles with Syriza and suspected that the Greeks would stick to their positions, leading to a Grexit. The Euro zone was close to imploding, the Eurogroup gathered and on 12 July there was another meeting called with the leaders of the countries from the Euro zone.

Tsipras showed that he no longer wanted to confront the issue and was ready to accept the conditions from the Eurogroup, including new budget cuts on the pensions and a raised VAT rate. But Schäuble wanted more, and attempted to punish the Greek government for being reckless. He thought that Greece had wreaked so much havoc that they had to make extra efforts. More state assets had to be privatized and Schäuble insisted that the institute that would arrange this extended sale would be located in Luxemburg. They negotiated day and night, but Tsipras went along with all conditions, except for the final demand. The institute to sell the final assets of the state would remain in Athens.

Everybody was dead tired when they left the meeting on Monday morning at 8 am. The Euro was saved and Greek would remain in the Euro zone, if the Greek parliament would approve the entire agreement, including all extra cuts, privatizations, and higher taxes. The Greeks complied with everything, there was no other option.

A quarter of all Greek members of parliament would not agree and broke with their parties. The other parties voted for the proposal, and in the summer a new rescue plan was approved, allowing for an additional ninety billion euro to be sent to Greece, in sections. Tsipras organized new elections, without Varoufakis this time, and even won.

The Greek debt remained sky-high and all the cuts took a toll on the country socially, but the stranglehold lessened. The IMF was reluctant to keep investing in bankrupt countries, and kept discussing the option for debt restructuring. Germany and most other European countries were against this, but the duration of their loans to Greece were prolonged, and the interest rates kept going down.

In the summer of 2018 Greece was able to retrieve money from the financial markets on its own again. And the other European countries that were given money from the rescue fund could stand on their own feet again. The Euro crisis kept resonating, and would continue to do so for quite some time after, but the biggest dramas were solved.

But the rest would be short-lived for the European leaders, as new problems arose and the number of crisis meetings was impossible to keep track of.