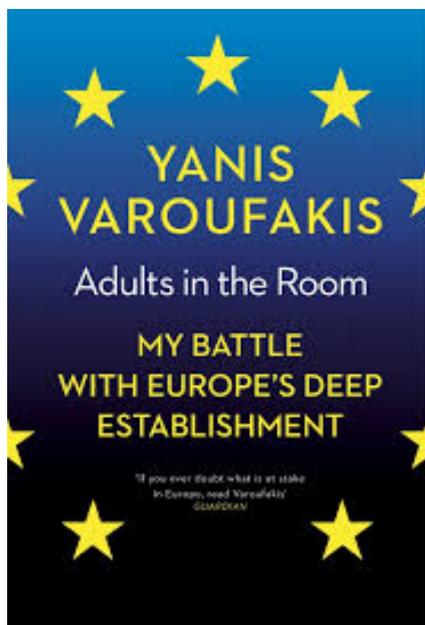


Review: Yanis Varoufakis, *Adults in the Room: My battle with Europe's Deep Establishment*

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Yanis Varoufakis, *Adults in the Room: My battle with Europe's Deep Establishment*, The Bodley Head, €18.99

The Dead-end of the EU and SYRIZA, as seen from the Inside

Yanis Varoufakis, in his new book, lays bare the rottenness of the EU for all to see. As the new Greek Finance Minister, he landed right into the bullying and fiscal waterboarding - his apt term - of the EU's relentless austerity drive. He describes every step from January to July in the fateful year of 2015, from the amazing defiance of the Greek people to the further austerity blow of another, worse Memorandum of Understanding, delivered this time by the Left-wing SYRIZA government.

Adults in the Room takes its title from a remark from IMF chief Christine Lagarde who claimed at one of the endless meetings that the crisis called for adults in the room. Varoufakis's curious embrace of this term, as well as his obvious respect for Lagarde, sits

ill with his uncompromising exposé of the Troika austerity terror regime. His overall political conclusions, likewise, fail to carry through the logic of his portrayal of the undemocratic nature of the EU.

He certainly gives in raw detail what Greece has suffered. When he became Finance Minister, it had lost 25% of its GDP, its minimum wage reduced by 40%, its pensioners had seen their living standards drop by 25%, one million Greeks could not pay their electricity bills, many did not have the money to put food on the table. The island of Crete, whose inhabitants are renowned for their pride, experienced the highest number of suicides. The story of Lambros, a translator who lost his job, his job and his family, stays with Varoufakis as Lambros implored him not to sell out like other governments did. The never-ending spiral of austerity policies, Varoufakis notes, has condemned Greece to a social version of a Dickensian debtors' prison and thrown away the key.

Varoufakis is new to establishment politics and, with fresh eyes, he reveals the EU's total disdain for democracy. His account gives an inside story of the EU bureaucracy, which has all the ghoulish goings-on of an episode of Versailles. He is also able to make astute observations about the capitalist nature of the EU. 'I observed first hand', he writes 'what I can only describe as naked class war that targeted the weak and scandalously favoured the ruling class'.

He shows how the January 2015 Greek change of government, and the 'no' vote in July, simply never figured in the Troika's calculations. German finance minister, Wolfgang Schäuble, insisted that elections could not be allowed to change economic policy. His inside account provides a sober message for those who, post-Brexit, on this island and in the UK, pin their hopes on a

supposedly liberal or democratic EU.

The blow by blow account, based on Varoufakis's recorded conversations, of the meetings of the Eurogroup read like show trials. The Eurogroup is an informal gathering of the Eurozone's Finance Ministers and has no legal status in EU law but this does not stop it having crucial and extensive powers. The set ritual of these meetings, Varoufakis explains, was completely Schäuble-dominated with everybody – Eastern European ministers, the bailed-out countries including Ireland, and French and Italian hangers on – parroting his and the ECB's tune, for fear of falling foul of Berlin.

Varoufakis explodes other myths. European banks were much more reckless than Wall St. French, German, Dutch and British banks had exposure in excess of \$30 trillion during the crisis, more than twice the US national income. As Varoufakis wryly observes, 'If Wall St deserved the wrath of the American public, Europe's banks deserved 38.8 times that wrath'. Washington was in a position to use the Federal Reserve to hold its bad assets. But Brussels and the ECB were not. That made the EU rigidly tied to austerity and taking the cash to bail out the banks from the people, as we in Ireland know only too well.

On his recent visit to Dublin, in a panel interview on RTE, Varoufakis reminded us again of the crimes the EU inflicted on Ireland. Unlike Greece, Ireland was forced to bail out private not public debt, leaving us today and forever with a burden of €200bn's worth of debt. He castigated the Irish government as pathetically weak for giving in without a whimper. He dismissed any suggestion of an Irish recovery by describing Ireland post-crash as 'a dual economy, with a German part and a Greek part' - one for the wealthy, doing boisterously well, and one for the poor, doing very badly with lack of housing, poor services and many still forced to become emigrants.

In the book, Varoufakis highlights for us the complicity of Irish politicians and bu-

reaucrats in forcing more austerity on the Greeks. Galway economist Declan Costello headed up the European Commission's mission to Greece as part of its hated troika of lenders. Varoufakis dubs Michael Noonan 'Schäuble's model prisoner' who takes a strong austerity line for fear 'that upstart Greece might escape having to do what they had been forced to do already in which case their own people might demand to know why they had not resisted austerity too'.

Michael Roberts, a Marxist who has written on the current Long Depression, says that for Greece there were three options in 2015. The first was the neoliberal solution demanded by the Troika. The second was the Keynesian one advocated by the left wing of SYRIZA which Varoufakis did not support, which theoretically would have meant boosting public spending to increase demand cancelling part of the government debt, and introducing a new currency to make Greek industry more competitive in new markets. In practice, as Varoufakis shows, the SYRIZA option became no option at all and morphed into worse austerity. The third was a socialist solution whose first step would be to replace Greek capitalism with a planned economy, with Greek banks and major companies publicly owned, and the drive for profit replaced by investment, growth and meeting the urgent needs of the people. Crucial to this being implemented was mobilization and creating people-led, bottom up European-wide movements that operated outside the asphyxiating structures of the EU.

Unfortunately Varoufakis's proposed solutions fall within the ambit of the first option.. It is true that his guiding light was to get debt restructuring and, to his credit, unlike others, he stuck to this principle to the end. But in other respects, his proposals as outlined in the book, were in sync with, not against, neoliberal Europe. A striking example was his plan to off-set the impending Greek default through more privatization. He recounts how he attempted to get the

Chinese conglomerate Cosco to extend their ownership of the Athens Port of Piraeus, to get companies like Foxconn, with offers of special business tax rates, to build production and assembly facilities nearby and to persuade the Chinese government to buy up some of the Greek debt to boot. The plan fell through. Ironically, Berlin contacted Beijing to tell them to withdraw from any deals with the Greeks until the Troika deal was done.

Varoufakis is scathing of the role of French and Italian social democrats, of the French Finance Minister, Sapin, who ducked, deferred and simulated. But he has no problem heaping praise on Emmanuel Macron. He criticises the Italian finance minister Pier Carlo Padoan, formerly the OECD's chief economist for his attacks on workers' rights. Yet Varoufakis's Cosco proposal took no account of what the dockers wanted. He refers to his affinity which he has with the mobilizations on Syntagma Square and his first action as Minister was to reinstate over three hundred cleaners who had been sacked from their jobs at the Finance Ministry who had been sacked by the previous government. But workers' struggles as a key tool against the Troika, supplementing the popular mandate of the new government, get little mention.

What Varoufakis, for all his 'sophistication' never seems to grasp, is that the utter intransigence of the EU and the Troika was not based on a particular 'mistaken' economic strategy for Greece, which they could be argued out of, but on an absolute determination to punish and humiliate Greece 'for the sake of the others', lest the idea of resistance should be contagious. This is why they were simply not interested in Varoufakis's clever arguments. This was not an error, but class war.

Surprisingly, given the dramatic austerity about-turn made by SYRIZA, Varoufakis provides little real analysis of why things went so wrong. Varoufakis faults the character of Tsipras more than his politics and,

quoting George Orwell, says that parties always end up making their members blindly follow Big Brother. Events showed otherwise as after SYRIZA capitulated, a section of their MPs and many hundred on the ground left them in disgust.

It was a specific politics that was to blame, as the examples Varoufakis gives show. Tsipras cynically used the anti-austerity Thessaloniki programme to gain support but never intended it to be implemented. This is condemned by Varoufakis not as parliamentary opportunism but as an inexplicable manipulation.

Most shocking to us in Ireland, since we demonstrated in our thousands in solidarity with the 'Oxi' vote in July 2015, are Varoufakis revelations about SYRIZA's cynical political calculations about the referendum. Tsipras called it, according to Varoufakis, with the conviction that it would result in a yes vote. This would let them off the hook and allow another memorandum to pass. On the night of the result, Varoufakis was with the other SYRIZA Ministers, and when the NO vote came in at an amazing 62.5%, he was the only one in the room celebrating.

Varoufakis had already sensed the transformation of SYRIZA into another austerity party but he is shocked at the speed of Tsipras's surrender. He describes how SYRIZA ministers increasingly came to look like accountants and succumb to the Thatcher doctrine of TINA – there is no alternative. Varoufakis refused to go along with the Memorandum, and Tsipras put him under pressure to resign. His close collaborator, friend and long-time SYRIZA member Euclid Tsakalotus duly assumed his position and took over the implementation of the most vicious third memorandum.

Varoufakis tends to see things in individual terms, and thus a convincing analysis of SYRIZA's capitulation eludes him. He fails to point out that the pressure of the system and the politics of reformism, as it had done for PASOK before, would bring SYRIZA inevitably to the austerity path. At a deeper

level, because Varoufakis shared SYRIZA's trust in the EU, even if he remained true to his principles about another memorandum, his alternative to wrest debt restructuring within the framework of the EU, was only a shade different to SYRIZA's.

Although Varoufakis claims to be political outsider, his book makes plain that he is in fact quite a system insider. He is personal friends with George Osborne, Norman Lamont, Jeffrey Sachs, and Larry Summers, to mention just a few. The movement that Varoufakis has helped to found, DiEM25, certainly represents no break with the political status quo. Its aims are to bring together democrats, Greens, radical left liberals, to stop the rise of 'misanthropy, xenophobia and toxic nationalism' and to 'repair the EU'. It proposes to implement a 'New Deal policy agenda without Treaty changes', and to stabilize and democratize Europe. Just how this will happen especially in light of the effective waterboarding that the EU meted out to Varoufakis himself, remains a mystery. In reality, without specific proposals beyond the setting up of a 'transnational party', DiEM25 is proposing nothing very different to what EU insiders – like Guy Verhofstadt or Jean Claude Juncker – now say, post-Brexit. In the recent UK general election DIEM25 distinguished itself by endorsing 25 'progressive candidates' including the hated former Liberal Democrat leader, Nick Clegg (the Joan Burton of British politics, who lost his seat) but NOT Jeremy Corbyn!

Varoufakis believes, like Swift's Gulliver stumbling into a mass of human irrationality and stupidity, his tale will make the EU austerity regime see the error of its ways. Incredibly, after what his country has been through, he claims in all of this there are 'no good guys or bad guys'. Instead he wrote the book, he says, to get inside the heads of Merkel, Schäuble, Eurogroup head, Dijsselbloem to understand them better. All well

and good to deeply criticize the ruling order. But it will take more than moral outrage of an 'outsider' to dismantle the source of the problem. It's not that the EU has gone awry, but that it is representing the same interests that set it up in the first place. It is not individuals or belief systems which are at fault but the structural imperatives of capitalism. This is why Varoufakis embracing an insider strategy has no hope of success. In the last paragraphs of the book he gives away the weakness of his project: DiEM25 has 'the hope of being around to pick up the pieces when the whole EU edifice comes tumbling down'.

Yet history does not unfold like that. What the Greek people did in 2015 made a difference. For one, they inspired the anti-austerity movement in Ireland and fed into our confidence to strike with the water charges movement a successful blow against austerity.

The fourth latest bailout deal, pushed through by the SYRIZA government this May, contains more spending and pension cuts, higher taxes and increased privatization, new legislation to curb or eliminate strikes. In the run-up period it met with strikes and demonstrations on Syntagma Square. Adults in the Room from that point of view, says no more than what the Greek people have come to know full well: that the EU is not for turning. Clinging to the EU in the vain hope that it can be 'repaired' offers no way forward. It is not about making the EU change its mind but about finding ways to build again the resistance and the tested strength of people power in Greece. That means a Grexit led by an anti-austerity movement to escape from the fiscal waterboarding of the EU. Nothing else will work – something which Varoufakis's account proves, even it fails to provide a way out.