

Banks Not Tanks: How to Take Over a Government 2.0

Yanis Varoufakis, *Adults in the Room: My Battle with the European and American Deep Establishment* (New York: Farrar, Straus and Giroux, 2017) 550 pp.

On July 5, 2015, with their government bankrupt and every bank closed, the people of Greece voted overwhelmingly to reject their creditors' demands. Despite capital controls and threats of impoverishment turning into reality, the country wanted to exit from the tyranny of austerity and toil. While it took seven years, Greece's fall from grace began with the 2008 US financial crisis, when American banks teetered on the edge of bankruptcy and called in European loans. Themselves overextended and short of liquidity, German and French bankers demanded loan payoffs from Greece, Spain, and Portugal. Beginning in 2010, three successive Greek governments were compelled to borrow increasingly enormous sums of money to pay their European creditors, and with "help" from the International Monetary Fund, a small but proud country had control over its economy wrested away by a foreign power—the troika of the European Central Bank, the European Commission and the IMF.

The 2015 referendum was Greek people's last attempt to regain control over their destiny. From the beginning, popular resistance to austerity was fierce. The country's GDP had more than doubled in seven years after 2001, when it joined the Eurozone. As is often been the case, when rising expectations are crushed, movements emerge with unexpected speed and depth. Beginning in 2008, street protests and general strikes steadily built in numbers and militance. In 2010, when PASOK leader George Papandreou signed the first bailout of €110 billion, three bank employees were killed before order was restored. The following year, Syntagma Square in the center of Athens was occupied for more than six weeks. Public assemblies continually called for politicians to be removed from office and for the troika to leave Greece. Dozens of cities and islands experienced popular uprisings before police brutally cleared the squares. The next year, fighting grew even more intense. On February 12, 2012, many parts of downtown Athens were in flames as protesters demanded an end to austerity. Nine days later, the second bailout of €246 billion was signed by the conservative Samaras government.

Amid nationwide jubilation, Syriza (as the Alliance of the Radical Left was known) came to power on January 25, 2015 with Varoufakis as its first finance minister. Syriza had promised voters to renegotiate and cut the country's debt, nationalize banks, restore the minimum wage and labor protections, and reconnect electrical service to thousands of people who had been taken off grid for failure to pay. Days after Syriza came to power, European Central Bank president Mario Draghi banned Greek banks from purchasing their own government's T-bills, thereby assuring that the Greece would go bankrupt. From the first day of Syriza's ascendancy, Prime Minister Alexis Tsipras promised Varoufakis that if banks were forced to close, Syriza would implement a plan to keep the economy going through a parallel payment system using digital smart cards and rotating tax credits for businesses and consumers. Foreign debt would get an immediate haircut, at least temporarily, and the Central Bank of Greece would be returned to parliamentary control.

Varoufakis acknowledges that Syriza's rise to power was predicated upon the emergence of radical movements in the streets. "After the brutal eviction of the Syntagma Square occupiers...the spirit of Syntagma would become an unstoppable political movement which used the ballot box to establish a new government..." Within six months, "radical" Syriza succumbed to the troika's dictates, despite Varoufakis' best efforts, which he describes in painstaking detail.

His memoir (and the film version soon to be released by legendary Director Costa-Gavras) takes its title from a quotation of IMF chair Christine Lagarde, who called for having a conversation with "adults in the room" two weeks before the 2015 referendum. Varoufakis' book is remarkable for many reasons, not least of which is his use of secret recordings of meetings with some of the world's most powerful people. Many pages are pure quotations, and they reveal a callous rejection of both democracy and common people's needs. Greek democracy succumbed in 1967 to tanks and a military coup d'état, but in 2015, it fell to a dictatorship of unelected international bankers and European bureaucrats. Varoufakis' narrative makes clear that to take over a government, it is no longer necessary to kill a president like Salvador Allende of Chile or to oust an Arbenz in Guatemala, a Mossadegh in Iran. Why bother indulging in such publicly repugnant acts when the "soft power" of men and women in suits can politely compel even the most radical heads of state to do the bidding of bankers?

It was not only Greece that fell prey to the vultures of high finance. Nelson Mandela, imprisoned for 27 years, emerged from Robben Island to become president of South Africa. Unable to take control of the South Africa Central Bank or to direct the nation's economy (which remained in the hands of the same whites who ran the apartheid regime), Mandela could only watch as poverty among black South Africans became worse than during apartheid. South Korean Kim Dae Jung, winner of the 2000 Nobel Peace Prize, had returned from imprisonment and exile to become president, but he inherited an economy in shambles with the IMF crisis of 1997. Kim went on to implement neoliberal reforms and brutally repress the resistant labor movement.

Omnipresent secret recordings and wiretapping in the world of high finance make for one of the most interesting subplots in Varoufakis' copious memoir. He himself was secretly recorded and surprised when his private musings became a media sensation. In 2015, in the midst of Greece scrambling unsuccessfully to locate funds to make payments demanded by the IMF, Varoufakis took a call from his friend and advisor, Columbia University professor Jeffrey Sachs. Against his better judgment on a non-secure line, Varoufakis blurted out that Greece had no choice but to default on loans from the IMF. Within a few minutes, Sachs called back, laughingly telling him he has just received a call from the US National Security Council asking whether Varoufakis was serious. The NSC felt no need to masquerade their espionage on an allied country's finance minister. Months later, Varoufakis visited Julian Assange in the London Ecuadorian embassy. They listened to a recording of a telephone call between IMF European chief Poul Thomson and his Greek mission's head. In very clear language, Thompson verified what Varoufakis had insisted all along—that the third bailout was not sustainable for Greece. Publicly, Thomson continued to insist upon Greece accepting it.

Less than a month after Syriza's election, Varoufakis made an eloquent plea on February 11, 2015 at his first Eurogroup meeting. He told the assembled leaders, "We are dedicated Europeanists...we can carry the Greek people along with an agreement that is genuinely beneficial to the average European. In us you will find trustworthy partners..." After the French finance minister expressed support, his German counterpart, Wolfgang Schäuble tersely replied: "Elections cannot be allowed to change economic policy." One of the few elected representatives in the room, Varoufakis made creative and intelligent proposals, none of which was discussed, most not even heard. Although it has no legal standing, the Eurogroup—an informal gathering of finance ministers of member states—makes most vital decisions affecting the daily lives of millions of people.

The global mass media sensationalized the negotiations, spinning the story as Greece getting "aid" from the troika. New loan obligations were issued ostensibly to bail out Greece, but in reality, they were paid to the country's bankers to repay German and French banks. In five months from 2010-2011, German exposure to Greek loans went from more than €91 billion to less than one billion, while French banks' risky loans were reduced even faster. The next step was to shift loan obligations from Greek banks onto the shoulders of the public. Nowhere is the sad travesty of justice more evident than in the smoke and mirrors through which this process was hidden. As Greek government debt skyrocketed, the effects were devastating. With active help of the troika, unemployment was up 160% resulting in more people without jobs (4.7 million) than with jobs (3.5 million). GDP decreased by 11 per cent, and the country lost 28% of its national income from 2010-2014.

Varoufakis abundantly illustrates how Germany enforces its will through the Eurozone. As he scrambled for funds to make loan payments, he sought and received a promise from Beijing to help with a purchase of €1.5 billion of Greek T-bills. As soon as China bought 200 million worth, top officials in Berlin pressured them into stopping. Then French finance minister Emmanuel Macron promised to help, but German Chancellor Angela Merkel personally instructed French president Hollande to keep him out of debt negotiations.

With Greece unable to use normal channels of refinancing government debt, European Working Group president Thomas Wieser told Varoufakis to take money from pension funds, universities, utilities and local governments. Syriza complied by emptying the nation's coffers to the tune of €7.2 billion. But even that was not enough. The troika refused to budge on the MoU's signed by previous governments. They made irrevocable demands that Greece cut pensions, slash salaries, raise retirement age, and sell off the nation's precious resources at fire sale prices. Pristine beaches and islands, the ports and post office, everything was to be sold off. German debt to Greece from World War 2, continually upheld in world courts and totaling more than €278 billion, was not even allowed to be considered. Nor was responsibility for enormous bribes paid to Greek defense officials to order hundreds of millions of euros for German and French weapons the country did not need. Even while the second bailout was being negotiated in October 2011, Merkel and French president Sarkozy insisted that all existing arms contracts be honored by Greece.

Varoufakis has been deemed a pariah and narcissist—even a criminal. He has been faulted for many reasons, nearly all of them inane. His Herculean efforts to liberate Greece from “debtor’s prison” and to stop its “fiscal waterboarding” certainly were not welcomed by his predecessors, who had lulled creditors with promises of responsible fiscal policy while they behaved with utmost irresponsibility and signed any agreement thrust before them. Few would disagree that Varoufakis’ mastery of the dismal science we call economics is superb. He was full of ideas about debt restructuring and ways in which Greece could repay its obligations without bankruptcy. Those with power remained intransigent even though they recognized his economic models were far more accurate than theirs and that his grasp of econometrics was light years ahead. He failed to get Greece’s debt restructured, but it cannot be said that he let the country fall to corporate greed without protest and disobedience. His honest assessment of his own mistakes as well as betrayals from within Syriza provide a startling view of how a nation lost its hopes, of how bankers and bureaucrats forced a generation of youth to migrate abroad.

Varoufakis did succeed in ways few thought possible. For better or for worse, he expunged from Syriza its own left wing’s demands to leave the Eurozone; he defeated Schäuble’s Grexit imperative after the German finance minister had publicly stated that no Greek government “could keep it in the Eurozone.” To critic Stathis Kouvelakis, Varoufakis was living in a “Habermasian dreamworld” in which pure communication among equals could occur, where arguments would be won on the basis of their validity. All his proposals were rejected for political reasons—to make the Greek Spring an example to Catholic Europe (Spain, Italy, Ireland, Portugal and even to France). At one point, a shouting match between French minister Michel Sapin and Schäuble delayed the start of a meeting in Paris. Schäuble had insisted that France’s membership in the Eurozone meant it must accede to European control of the country’s budget deficits. Later, as if to rub salt in Greece’s wounds, the very measures Varoufakis had so eloquently advocated were later extended to the right-wing government of Ukraine.

The tragedy Greece has suffered needs to be understood as part of a global assault on freedom. Ominous as the rise of lunatic right-wing fanaticism is today, German domination of the continent is far deeper and more tenacious than the Nazi regime could ever claim. Varoufakis notes with alarm that the Greek crisis resulted in neo-Nazi Golden Dawn’s entry into parliament as its third largest party. Soon to follow were xenophobic parties in Hungary, Poland, France, Germany and the UK. In 2019, Golden Dawn has become a pariah, but the crisis endured by the country continues to threaten long-held traditions of everyday life. The troika’s assaults damaged a culture where family and friends come first, where public discourse is elevated above private profit, where relaxation is more important than discipline and work. Greece’s fate reveals our common future. Like the glaciers of the Andes, longstanding beneficial features of the social landscape are disappearing.

Unwilling to go down without a fight, Syriza finally called for a popular referendum on whether to accept troika demands. With banks closed and money in short supply, Greeks turned out in overwhelming numbers (62.5%) and by a landslide margin of 61.3% voted NO! The country was

electrified, but that very evening, Tsipras refused to continue resistance. Varoufakis resigned. The troika had won. It knew that to truly pacify the Greek opposition, it had to compel the radical left to sign the third memorandum relegating Greece to a permanent debtors' prison. Tax-evading oligarchs were given a free pass by the troika, who also insisted that the salaries of their officials in Greece be restored to exorbitant levels.

In his defense, Tsipras insinuated to Varoufakis that "something like a coup might take place, telling me that the president of the republic, [Bank of Greece governor] Stournaras, the intelligence services and members of our government were in a 'readied state'." The Syriza leader was afraid chaos might engulf a disobedient Greece, and therefore chose "a reshuffle that says, 'We're good kids now'..." However he justified his actions, Tsipras failed to stand erect at the moment history proclaimed loudly: "Hic Rhodus, hic salta!" After he signed the memorandum, Syriza won a snap election in September, but the party over which he had established autocratic control was finished as the bearer of hope and courage.

Reflecting upon Syriza's failure of nerve, Varoufakis portrays the drama as individual leaders creating traps of their own design. He twice blames Merkel's "spell" over Tsipras for his prime minister's lack of will. By April, he tells us, "Alexis had succumbed to the chancellor's spell." She "toys" with him and hangs him "out to dry." He mentions character assassination, truth reversals "that would make Joseph Goebbels proud" and his counterparts' failure to comprehend the basics of economics. But he never portrays the struggle as one between classes, but rather as involving individual leaders and nations. In 2019, Varoufakis was reelected to the Greek parliament, where he continues "constructive disobedience." Surprisingly, he never questions whether what he is seeking to construct is simply a more streamlined version of the same system causing problems.

Wherever we look, "radical" left-wing leaders have done little more than to legitimate militarized nation-states and to rescue global capitalism from its inherent crises. This may be their greatest achievements—and their most enduring failures. For all his brainpower, Varoufakis fails to mention the obvious: Like never before in history, humanity's vast wealth is scandalously held in the hands of billionaires. Our technological advances make real the possibility of a genuine alternative to the existing system, yet they are turned into means of destruction, not construction. We stand at the threshold of a society based upon reduction of toil to an absolute minimum and the elevation of desire to the pinnacle of economic and political priorities. Instead we suffer a global imperative to work more hours, for more years, for less pay. Our own conformity prevents realization of utopia. Ultimately, the system's power rests upon the vast majority of us being willing to spend our lives privately "making a living" rather than living together creatively.

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