

Article by an MPIfG researcher

Wolfgang Streeck: [Book Review] Greek to a Greek: Varoufakis, Yanis: *Adults in the Room: My Battle with Europe's Deep Establishment* (London: Bodley Head, 2017). In: *Inference* 4(3), (2019). *Inference*
The original publication is available at the publisher's web site: <https://inference-review.com/article/greek-to-a-greek>

Greek to a Greek

Wolfgang Streeck

Adults in the Room: My Battle with Europe's Deep Establishment

by Yanis Varoufakis

The Bodley Head, 560 pp., US\$49.00.

Political Science / Book Review / Vol. 4, No. 3

What a strange book—strange but indispensable nevertheless. From January to July 2015, Yanis Varoufakis served as the Greek government's finance minister. *Adults in the Room* is an account of his battle with what he calls Europe's deep establishment. It is often self-indulgent, sometimes sentimental. He also takes pains to show he is human. He describes his happy marriage. He takes dinner with friends. He remembers his student days, and argues with his daughters. He encounters German secret service agents who unaccountably urge him to continue fighting the good fight. His mistakes he assigns to a nature that is too trusting given the intrigues both abroad and at the court of Alexis Tsipras, his prime minister and the leader of Syriza.

And yet, the book is indispensable. For whom? For the journalists who helped the masters of Europe get rid of Varoufakis; for the armies of European functionaries, *les ronds-de-cuir*; and, one might hope, for teachers and students of the policy sciences. Varoufakis's book provides an honest account of how our world is governed. It will be plausible to anyone who has tried to make sense of political life without falling victim to the charm of political power.

What Varoufakis describes is the politics of disorganized irresponsibility. One sideshow follows another. A parade of drifting busybodies and stuffed shirts makes senseless decisions, or no decisions at all. In his travels, Varoufakis encounters many nice people. Their tone is pleasant; they express sympathy with the plight of the Greeks, even support. Jeroen Dijsselbloem is less forthcoming. He offers Varoufakis nothing. Press statements are released after amicable meetings, but Varoufakis's friends turn out to be his enemies. A secret meeting at a Berlin pizzeria turns out to be anything but secret. Mario Draghi and Wolfgang Schäuble know all about it. So, it would seem, does Angela Merkel. The pace is fast, new problems pop up every day, opportunities beckon, losses must be managed. In the end, nothing changes. With no agreements reached, the Greek economy undergoes a period of financial waterboarding—Varoufakis's term; the European leaders call in the Greek debts, and the call-in causes bank runs, chases out investors, and brings the banks repeatedly to the brink of closure. As the waterboarding goes on, Draghi, Christine Lagarde, Pierre Moscovici, Sigmar Gabriel, Jean-Claude Juncker, Michel Sapin, and Emmanuel Macron express their sympathies. Conversations take place on a first-name basis, although no one in Germany would ever dare address Schäuble as Wolfgang. Varoufakis might well have ended up in a leading position at the European Central Bank (ECB), the International Monetary Fund, the

Organization for Economic Co-operation and Development, or the World Trade Organization, had he been prepared to believe in the reasonability of the unreasonable.

It is not that Varoufakis had no allies. But they were a strange bunch: fellow-leftists, such as James Galbraith, and men no longer holding political power, such as Lawrence Summers, Jeffrey Sachs, and Norman Lamont, the former chancellor of the exchequer. A good deal of Scotch with Summers in a Washington bar fails to produce much beyond the beginning of a wonderful friendship. All those emails, references, telephone calls, nightly conversations, and the memos that sprang from them—one wonders whether any of the principals ever read them.

The outcome was clear from the start. The law had long been laid down. Varoufakis, in his desperate attempt to understand what was happening, guessed that the padded cell in which he found himself was German engineered. In this, he was not quite right. Schäuble *did* dominate the Eurogroup. He was blunt to the point of impoliteness. His rudeness led Varoufakis to suppose that Schäuble was planning to eject Greece from the monetary union. Quite the contrary: Schäuble was willing to offer Greece an expensive golden handshake in an effort to salvage his project of a Europe small and homogenous enough to be governed from a neoliberal Franco-German center. Concessions yes, but only outside the European economic and monetary union, not inside. Schäuble had no eagerness to see the French climb on board the beggar's train.

Sensing the tensions between Schäuble and Merkel, Varoufakis compounded his mistake by imagining Merkel and Schäuble occupied antipodes, one pro-European, the other anti-European. When the game was over, he discovered that Merkel's Europe was, out of loyalty to the geostrategic interests of the United States, bigger and more heterogeneous than Schäuble's, including not just Greece, but, as a future prospect, many other countries on the European periphery. Golden handshakes were verboten; Europe had to be kept together, if possible by persuasion, if necessary by force. It was this misunderstanding that endowed Merkel with her image as Mother Earth. Tsipras and his entourage were eager to see her in this way.

She rewarded them for their credulity by breaking Syriza.

It occurs to Varoufakis that the European monetary union may really be a German dictatorship. But at no point does he seem concerned that it may be a dictatorship of unchallengeable stupidity, an empire of sovereign states sharing a common currency without sharing common sovereignty. The fundamental perversity of this construction escapes Varoufakis. He demands respect for the national sovereignty of Greece, only to be told, by Schäuble, of course, that under the Economic and Monetary Union there is also German sovereignty to be appreciated, and Finnish sovereignty, and a lot more sovereignties.

Varoufakis wants Europe to honor the outcome of the Greek election. Germany has elections too, Schäuble reminds him, and a constitutional court to boot. No default could be allowed nor debt forgiven. New loans or new debt? *Aber natürlich*. But only on condition of structural reforms, more austerity shrinking the economy, and thus increasing the debt. Varoufakis's demand for a clean break was tantamount to an attack on the institutional concrete underneath the political mush of Europe. This attack could not but end in defeat.

As it did.

The players Varoufakis encountered tried, without effect, to convey this to him. Since Varoufakis did not, or would not, understand, he would eventually be discarded. *Wer nicht hören will, Schäuble* can safely be assumed to have said, or mumbled, *muss fühlen*.¹ Whatever the accidents Varoufakis suffered on his journey through the European bureaucracy, he never lost his faith in the European project, a project that he assumed involved debt relief for Greece. In many ways, this recalls those functionaries of the Comintern, who refused to recognize the monster they were serving even as it had begun devouring them. At every turn, Varoufakis protested that he was a deeply devoted Europhile; his one and only desire was to keep Greece in the European Union.² With his devotions affirmed, Varoufakis ceased to frighten men like Schäuble, Dijsselbloem, or Draghi. If he meant what he said, he would not rock the boat, if only because he was on it. How in the world could Varoufakis, an accomplished academic game theorist, have hoped to extract concessions from the European Union by assuring it of his everlasting allegiance? Things would have been different had he entered the Brussels negotiating chamber and said: “Look, if you don’t listen, I’ll blow myself up right here by defaulting on the Greek debt and exiting from the euro, and while I may go under as a result, you and all your works will go under with me.” Rather than instilling the fear of God in his European enemies, Varoufakis politely asked for a consensual restructuring of the Greek public debt, on the correct premise that the Greek state had already for some time been bankrupt.

Correct premises did not interest Schäuble. They were not what he had promised to his parliamentary party, or what its members felt capable of selling to their voters. He could only offer Varoufakis another loan in return for more austerity and structural reforms. It was a loan, of course, that would go to Greece’s creditors. Sign on the dotted line, Varoufakis heard again and again, or Draghi will end the flow of euro cash to the Greek banks. To extract anything from his new friends, Varoufakis required a deterrent. He found one ferocious enough, but using it would need the firm support of his comrades at home. That deterrent was a unilateral restructuring of Greek government bonds that the ECB had purchased from Greek banks to inject liquidity into the markets under its Outright Monetary Transactions (OMT) program. Varoufakis was certain that by unilaterally restructuring that debt, the Syriza government would force the German constitutional court to declare OMT illegal under German and European law. This would force Draghi to end the program, in turn, blowing up the euro and the eurozone. Varoufakis managed to get Tsipras and his negotiating team to enter into a covenant that Greece would use their deterrent if Europe shut down the Greek banking system.

Varoufakis was checkmated before he made his first move. He was not a man disposed to blow up what he loved. Before lighting the fuse, he thought twice. It did not take much to get him to do so. Small concessions tendered at the last moment were quite enough, if not to change his mind, then at least to wobble his composure. He was becoming irrational, emotional, erratic, unpredictable, his opponents observed, and in this they were helped by character assassinations in the press. Merkel herself opened a line to Tsipras to explain how the world really worked. The deterrent had only existed in Varoufakis’s imagination.

The high point of Varoufakis's story—one of several reasons why reading it is a must—is his final conversations with Schäuble, when the two suddenly became something like coconspirators against their superiors, Merkel and Tsipras. Plain words were spoken, and we cannot escape a sense of tragedy as we observe Schäuble realizing, with astonishing dignity, his own relative powerlessness: “You must tell [the Greek people] that if they want the euro they must have the *MoU*”—the memorandum of understanding containing the latest version of the reforms issued by the troika. “If they don't want the *MoU*, then that's fine, move on. Just move on.”³ A referendum, Schäuble suggests, would be the way out of the European Union, and if it took six months or so to prepare, intermediate funding of the Greek state would be made available. The Greeks, Schäuble was convinced, would see the light and exit, perhaps just for a while and “with huge help from us,” until devaluation of a new drachma restored the country's economic competitiveness. “The *MoU* is bad for your people. It will not allow you to recover.”⁴ And then, for the history books:

“In the Eurogroup you are probably the one who understands that the eurozone is unsustainable,” [Schäuble] said. “The eurozone is constructed wrongly. We should have a political union, there is no doubt about it.”

“I always knew you to be a dedicated federalist,” [Varoufakis] interrupted... “I am sure Mrs Merkel could not see as well as you did the importance of a federal political structure to go along with the monetary union.”

He seemed pleased for a moment. “And the French too,” he added. “They opposed me.”

“I know,” I said. “They wanted to use your Deutschmark but without sharing sovereignty!”

Wolfgang agreed heartily. ... “So, you see,” he continued, “the only way I can keep this thing together, is by greater discipline. Anyone who wants the euro must accept discipline. And it will be a much stronger eurozone if it is disciplined by Grexit.”⁵

It was at this point that Varoufakis, his Europeanist passions notwithstanding, decided to explore how big Schäuble's help might be. Varoufakis had become willing to think things over. Tsipras allowed Varoufakis to seek further clarifications. Merkel would not have any of it. Greece was only offered the *MoU*. Reaching an impasse, Schäuble and Varoufakis talked for the last time on June 8, 2015, in Berlin at the German finance ministry.

Only a move beyond reasoning and rhetoric could break the vicious cycle, I thought, a human gesture. “Will you do me a favour, Wolfgang?” I asked humbly. He nodded warmly... “I need to ask you to forget for a few minutes that we are ministers. I want to ask you for your *advice* [emphasis original] ... Will you do this for me?”

Under the watchful eyes of his deputies, he nodded again. Taking heart, I thanked him and sought his answer as an elder statesman, not an enforcer. “Would you sign the *MoU* if you were in my place?” ... [H]e looked out of the window. By Berlin standards, it was a hot and sunny day. Then he turned and stunned me with his answer. “As a patriot, no. It's bad for your people.”⁶

Schäuble knew, by then, that Merkel was working with Tsipras in order to teach him how to govern Merkel-style. The day after the Greek people said no to the MoU, Varoufakis resigned and Tsipras said yes to another MoU even more ferocious than its predecessors.

1. The literal translation of the German is, “Whoever does not want to hear must feel.”
2. Indeed, shortly after the system had finished with him, Varoufakis founded and appointed himself leader of an organization called the Democracy in Europe Movement (DiEM25). Its purpose is to combat the problems that Varoufakis faced during his tenure: stagnant bureaucracy, media manipulation, the Eurogroup, and other groups that use fear and secrecy to bend weaker European partners to their will. The members of DiEM25 aim to see true democracy in place throughout Europe by 2025. See DiEM25, “.”
3. Yanis Varoufakis, *Adults in the Room: My Battle with Europe’s Deep Establishment* (London: Bodley Head, 2017), 407.
4. Ibid., 408.
5. Ibid., 409.
6. Ibid., 415.

Published on March 1, 2019 in Volume 4, Issue 3.