



Transcript of video: Yanis Varoufakis: Democratizing the European Union and the Corporate State

NOTE: This transcript may not be 100% accurate.

QUESTION: Why do we need to democratize the EU given that the EU has institutions like the EU Council and the European Parliament?

Yanis Varoufakis: All democracy is necessary. Because without it, you end up with exceptionally bad economic policies. Which are responsible for the fact, that the European Union is the sick patient of the global economy. The reason why, out of all the regions of the world, the Europe has done the worst – which is the financial crisis of 2008. Because of lack of democracy. Lets me put it really simply. If in the United States the economic outcomes were so bad as they are here, if they still had 11-12% average unemployment rate, the government would have fallen, the bureaucrats would've been fired. Here, they can keep making one mistake after the other. It's a comedy of errors, it's a debacle. They are incompetent. Yet nobody can fire them. So they keep doing the same thing again and again. You asked about democracies. Let me say something very simple. In democracies the people have the right to ask four questions of the people that make the decisions on their behalf. The important decisions, and not about who is named to gather the garbage. Well these are important decisions too, but I'm talking about decisions about our money, about our working conditions, about our environment, about our wealth estate. We should be able to ask them four questions, firstly: what powers do you have? Define them. Tell us exactly what in Europe you got, because they make them up as they are going along. Secondly: Who gave you those powers? They can't tell you. For instance, did you know that most of European policies are being dictated by something called the Euro working group, chaired by a certain Mr. Thomas Wieser? Who has more power than most of the EU government ministers. Thirdly: how do you use your powers? What exactly do you do? All the decisions are made behind closed doors. They don't even know, what their decisions are. Especially in the periphery of Europe, ruled by the totally opaque troika. And finally: how can we get rid of you? If you can't ask the rulers, how can we get rid of you, and get an answer – which you can't here, because the euro working group you cannot get rid of. The euro group you can't get rid of. Because it's a group, that makes all the important decisions, but there is no body, like a parliament, that could get rid of them. The Federal Republic, the government, can be gotten rid of by the Bundestag. In Europe, there is no such mechanism. At all. So, there is no democratic deficit here in the European union. It's not that the European Union is not sufficiently democratic. Imagine for a moment, that you have a man, or a woman, on the moon in a space suit. And he takes the helmet off. "Oh, there is an air deficit". There is no deficit; there is no air. The same would apply in the European Union. There is no democracy – there is indeed the opposite: contempt for democracy. Democracy is used as a fig leaf. In order to legitimize what they're doing.

And, so, why do we need democracy? The reason why we have democracy in Germany, in Britain, in Greece, in the United States, is because capitalism without democracy is a very uncivilized system. In which life is nasty, brutish and short.

Well, we don't have democracy in the European Union. Well, we have a democracy, but it doesn't count. So, in nation states we have democratic processes and institutions and constitutions. Very democratic ones, because they evolved out of centuries of democratic struggles. But by creating the EU the way we have, annulled all this. So we have governments, political parties, standing for election in France, in Germany, in Greece, in Ireland and so on. Making all these promises. Then they get elected. And they have no instruments (by which) to implement them. Which is the reason why you have this disconnect between the government and the people. And then when the decisions are made by those who have never (been held) accountable to anyone in dark rooms, somewhere between Frankfurt and Brussels, these decisions – because they (were) never checked by democratic processes – tend to be extremely bad, because they asked the wrong questions. They don't ask the question "How can we make life better for Europeans". The question that they usually ask in Brussels and in Frankfurt is "How can we pretend that our previous policy did not fail". Not the same. So the result is a reinforcement mechanism between more authoritarianism and worse economic outcomes. This is the syndicate in Europe. So democratization is not a lofty ideal. It's what we need to stop the collapse of Europe.

QUESTION: Should we democratize corporations given their immense power?

Yanis Varoufakis: Well, for a start it would be nice if we actually constrained them. Put some limitations to them. Likewise, make them pay tax. Stop this regime of the race to the bottom, where they can go to an island and pay 12% corporation tax in order to avoid the German tax. Then, even that they don't pay, because they have a deal with the Netherlands where the money goes before it goes to the Caribbean. And in the end they end up paying 1%. So, how about, before we democratize them, make them pay where they sell.