



Yanis Varoufakis interview with acTVism Munich – Part 2

NOTE: This transcript may not be 100% accurate.

Zain Raza: I want to talk about privatization. In December of 2015, a German airport operator called FRAPORT won the bid to operate and maintain 14 regional airports in Greece. According to their website, Lufthansa owns around 8.45% shares in FRAPORT. Specifically about privatization, have the Greek people benefited from it?

Yanis Varoufakis: I keep an open mind on privatization. When people ask me are you in favour or against it? My answer is it depends - which privatization and under what conditions and circumstances. So when it came to the privatization of, let's say, a telecom company, the Greek telecom company, I don't think that was a bad idea. But if you ask me about the privatization of the electricity grid - I am dead against it because it never works. Whenever you privatize such a natural monopoly the result is inefficiency and corruption. California style for instance, right.

On the question of the Greek regional airports: Even if you are a neo-liberal who believes in privatization, you should question the sale of all 14 regional airports to one company. Supposedly, when Margaret Thatcher introduced privatization on a neo-liberal agenda that I fought against, I used to live in Britain back then and I used to demonstrate against Mrs Thatcher's policy, I don't believe that Mrs Thatcher would ever consider selling all airports to one company, because the point of privatization was to bring competition into the market. There is no competition there when one company buys all the airports. So I'm afraid that the fact that the Greek government, actually no Greek government since 2010 has owned its economic and social reform policy agenda - leads to colonial type deals which in the end do not benefit the economy and make the people of the country feel that effectively they have been reduced and exploited and this is never a good feeling to have when you want to reform a country.

Zain Raza: Let's move on to some topics that I think require more scrutiny. Wolfgang Schäuble, followed by the media here, made a big fuss about Greece's moral obligations to pay its debt. The media here in Germany hasn't made much fuss about the moral obligation to end the suffering of the Greek people - I want to test the "Memorandum of Understanding" and its "compatibility with the "Declaration of Human Rights" and I've picked two articles from the declaration and let's go through them together and I want to know your opinions about them, whether they are compatible or not.

Article I

“All human beings are born free equal in dignity and rights. They are endowed with reason and conscious and should act towards one another in a spirit of brotherhood.”

Your opinion?

Yanis Varoufakis: Well, it's a very fine piece of text, but it is not particularly pertinent when it comes to the policies of the European Troika, as anyone with experience with those machinations know. But let me make a very simple point: Capitalism only flourished when moralizing about debt ended. Let me remind you, that there used to be debt prisons in the 19th century. If you were a businessman and you lost your capacity to repay your debt, you ended up in debt prison - effectively you were finished as a human being, you lost your human rights, your dignity. Capitalism only took off when the concept of limited liability was introduced - You can start a business, you can fail, but that doesn't mean that your kids are going to end up in a debt prison. When we are bringing a moralizing agenda back into the midst of a crisis like the one we are having in the Eurozone, what we are doing is [that] we're undermining the very principles of capitalism and it takes a left-winger in order to say that. So even if you are a liberal who believes in the market's capacity to bring about a miracle of growth and stability and so on and so forth - this kind of moralizing and finger pointing is not helpful and must end and let's not forget that Germany was given an opportunity to pick itself up from the boot straps in 1953, only due to the American's insistence that the London Conference in 1953 should write off more than 60% of German debt in order to allow this country to fulfil the speech of hope that secretary Barnes issued in Stuttgart. If we condemn a whole generation to permanent poverty because of debts that should have never been accumulated, we are doing a major disservice to Europe.

Zain Raza: Let's talk about the media for a second. You've been invited to England by the labour party for a series of talks.. Jeremy Corbyn, a socialist, was elected to leadership several months ago. The media in England has been quite ferocious in its attacks and even the Guardian had negative opinions about you, calling you “anti-EU”. From your experience do you have any thoughts on how the left can defend itself against these sort of attacks from the centrist media as well as the right-wing press?

Yanis Varoufakis: Ignore them and articulate reasonable, rational policies which eventually through the strength of their rationality and pertinence, manage to push through the barriers of distortions of the media and touch the minds and the hearts of the audience. Dis-intermediation is the name of the game - that we speak directly to the public bypassing the media and then the media will shift their positions.

Zain Raza: Also what's rarely known or talked about is the entire atmosphere during the negotiation process - what politicians go through, how much time, deadlines and so forth and so on. So James Galbraith mentioned that it was quite chaotic, the entire negotiations in the European Union and also our reporter from Greece reported that there was never enough time for Greek politicians that came back to have a meaningful debate, present it to the public whenever some new proposal came. Could you talk about your experience in these negotiation processes?

Yanis Varoufakis: It's worse than that [laugh].

Crosstalk by Zain Raza: It's worse than that? [laugh]

Yanis Varoufakis: Because as Henry Kissinger said once, "When I want to talk", he said, "to the leaders of Europe, I don't know whom to talk to, who do I call, I don't have a telephone number." That was the feeling that I was getting. We were negotiating, supposedly, with Europe. But Europe appeared to us as a Troika - three institutions - and each one of them had its own agenda and those agendas were clashing against one another. So the IMF for instance, the International Monetary Fund, was very sympathetic to our position. The first deep part of the deal should be debt relief, in order to be able to stabilize the macro economy and to render the Greek economy and the Greek society reformable. The commission fearing the position of several finance ministers who were adamant that there should be no debt relief, blocked that and the European Central Bank has its own agenda. Within the institutions you talk to the head of the commission you got one view, you talked to somebody lower down the food chain within the commission you got a completely different view. So you can imagine how frustrating it is when you don't know who to negotiate with. The other side is fragmented both vertically within the institutions and horizontally across the institutions and let me say something that may strike our audience particularly in terms of its awareness but it's completely true - we never had any proposals from the other side. You mentioned that we didn't have the time to go back and debate the proposals we had with parliament, with cabinet with society at large - we never had any proposals from them until the 25th of June [2015] when we got an ultimatum. During the period of negotiations between January and June, it was a merry go round - we were being asked what our policy was on privatization, we would present our policy on privatization, and then we would disagree and then they say yes but what about VAT? Then we would talk about Value Added Tax (VAT) and they would reject our proposal. They wouldn't give us a proposal!

Zain Raza: And you even proposed 500 tax advisors from Germany, if I'm correct?

Yanis Varoufakis: There were all sorts of things. I even proposed a debt break, which is a very German thing and it was ignored. Look let's be clear about this - there was never any intention by the other side to reach a normal agreement with us. The only objective was to humiliate a government that dared say to their face that the program that the troika had been implementing for the last 5 years in Greece had failed. It's that simple. It was naked power politics of the 19th century type.

Zain Raza: So to my last question and I want to try to see the, what we think, is the fundamental [causes] of the crisis, part of the fundamentals. There is a YouTube video of a lecture by Vivek Chibber, professor of sociology and politics, that has been floating around since 2007. In it he talks about how the state has built-in structural bias against labour and in favour of capital. He mentions that even when left-wing parties achieve power, the first thing that they do, is go to investors before even considering the needs of the voters. That if investors are not satisfied with election outcomes and party mandates, they may take action in the form of an investment strike thereby starving the state of badly needed funds for government programs. Eventually, the same people who voted for a left party go and vote for another party, basically vote them out.

What do you make of this argument? And do you think the reform approach can work

without massive mobilization? That [This] is the first part.

And are we doomed to be forever locked in a battle with capital? Or is there an alternative?

Yanis Varoufakis: Well you are talking to a left-winger so it's quite predictable what I'm going to say. Of course, this is not the [a] level playing field. If you have an agenda in favour of redistributing from profits to wages, if you have an agenda for taxing the top 0.1% ,in order to bolster low pensions – you have an uphill battle, because there is a “triangle of sin” ,as I call it, that is going to oppose you to the end, which is perfectly normal and perfectly natural. The triangle comprises:

The media owners, the banking establishment financial sector and those who have a very cosy relationship with the state in terms of procurement and development and so on and so forth. But at least you have a chance in places like the United Kingdom, like in India, like in the United States, in Canada. In Europe things are far far far worse, and the reason they are far worse is because we don't have a parliament which is capable of keeping checks and balances on the executive, so there is a policy on labour markets, there is a policy on fiscal matters, there is a policy on monetary policy but there is no parliament which can even theoretically say to those who are in control of this policy, “You know what, you are fired!”. In the United States there is a Congress, in Britain there is the House of Commons, even the House of Lords has the capacity to impose certain constraints on George Osborn, for instance. In Europe we have a European Parliament, but by definition and design cannot legislate. So we have the Euro-Group which passes all these decisions regarding, for instance labour markets in Greece, but there is no parliament that can dismiss the Euro-Group. The fact that the Greek finance minister or German finance minister can be fired by the Greek or German parliament is neither here nor there, because the Greek member of the Euro-Group goes to the Greek parliament and says, “I disagree with what the Euro-Group did.” And maybe he did or she did. So we have a fundamental lack of liberal democracy, even bourgeois capitalist liberal democracy. So the struggle for looking after the weak in a place like the Eurozone is infinitely more difficult than it is in the United States or Great Britain.

Zain Raza: Yanis Varoufakis, thank you for joining us today!

Yanis Varoufakis: Thank you!

Zain Raza: And that is all from the team in Munich, please tune in on www.acTVism.org

Thank you for joining us!