



How to Save Europe - Exclusive with Yanis Varoufakis - Part 1

Note: The following transcript may not be 100% accurate.

Question: Is there a historical context to DiEM 25's socioeconomic plan called the European New Deal? What do you aim to achieve with it?

Yanis Varoufakis: Yes, of course. The New Deal as we all know was Franklin Roosevelt's policy in 1933 by which to deal with the Great Depression. And with all the political monsters that that depression and the 'grapes of wrath' as Steinbeck described that depression was breeding. This is what happens when we have deflation, depression, you have political monsters, you have racism, you have xenophobia. What was the idea behind the New Deal? Capitalism collapsed, fell on its face and could not get up after 1929, 1930, 31, 32. And when capitalism caused this kind of spasm, this vicious crisis, you have a very large quantity of savings and zero investments. And nothing that the market can do will bring the two together because pessimism breeds pessimism and pessimism gives rise to an investment strike by investors and therefore investment cannot rise up even though there are savings to be invested because those who have the money are too scared to invest it in productive processes. So the idea of the New Deal was to have the state soak up the excess savings and put them to work. That was the New Deal and it worked quite well in the United States. So we need something similar in Europe. That's why DiEM25 is putting forward its European New Deal idea which is primarily a way of taking the excess cash; we have something like 4 trillion euros of money sitting in bank accounts doing nothing in Europe. When investment is so low and the quality of jobs is non-existent and hopelessness is ruling the day, so our European New Deal has this as a primary objective. How to energize existing cash for good reasons, good purposes, like the green energy union and the research and development in renewable energy sources that Europe desperately needs for the purposes of fighting climate change, creating good jobs and disentangling ourselves from Gazprom and Mr. Putin. That's the primary objective. Together with all these we have answers for all the other sub-problems that the lack of investment generates, public debt, not just for countries like Greece, but also countries like Italy, even France. What to do with the banking sectors that are in disarray all over Europe; poverty, fighting poverty, and what to do with the Eurozone. So we have been working now for more than a year, with a combination of economists, experts, and members of DiEM25, rank and file activists, hundreds of them. We have gone through the very difficult process of producing what we think is a very useful comprehensive agenda for economic and social policy throughout Europe to be applied not only in Eurozone member states but as members of the EU that are not in the Eurozone and also European countries that are not even in the European Union or are about to leave the EU like Britain. It's a continental plan which is applicable in every country and it is our antidote for TINA, for the dogma that 'there is no alternative' because this dogma is what is destroying Europe.

Question: Can you talk about some proposals mentioned in DiEM's European New Deal?

Yanis Varoufakis: Let's begin with our ideas regarding sharing the proceeds of automation. We have a proposal for creating a European equity fund which is going to have a number of different sources of income. One would be a percentage of shares of corporations incorporated in Europe, IPOs, increases in capitalization, say 10 percent of all new shares going there. Why, what is the point of this? Capital is increasingly socialized in terms of its production. Every time you search something on Google you are contributing to the capital of Google. So capital is produced socially increasingly but the returns to capital are still private. This incongruity is not only unfair but it is also macro-economically problematic. Because the more you have the privatization of socially produced capital the lower the demand for the commodities that capital produces. And the greater the problem with investment and aggregate demand. We are proposing a universal basic dividend, not a universal basic income in the form of taxation, but in terms of returns of capital. Returns of capital must be socialized because the production of capital is socialized. This is just one example.

Similarly, or going beyond that, on the question of providing employment we believe that it is essential to bring together under the progressive umbrella of DiEM25 or any progressive international movement, transnational movement, the left and the greens. The two have had very serious difficulty for many decades now conversing. Usually those who were interested in things like climate change and looking out for the planet are not interested in social issues and those who are interested in jobs are not interested in climate change. So we are trying to combine the two by saying that we need a Carbon Tax, a very simple plain Carbon Tax to be applied throughout Europe, and the proceeds of the Carbon Tax should create a jobs guarantee scheme. People should get an opportunity to do socially useful work in their own communities and get paid a small but substantial sum of money for doing this. This is going to help the welfare state because people will have income and pay tax. Secondly, it will stop involuntary migration. People leave their communities and migrate to large cities, to other countries, to London, to Berlin and so on not because they want to move but because they have no alternative. And it will give rise to a different kind of social contract, a different kind of feeling that is now missing in communities that feel discarded and they become attracted and lured by xenophobia and movements like the AfD here in Germany, Brexit in Britain and so forth. So there is a very large array of issues that our European New Deal policy paper is addressing. Too many to enumerate in an interview like this. I'd invite our viewers to go to DiEM25.org and have a look at the European New Deal paper and tell us where they disagree with us. I'm sure that there are many elements of it that can be improved. We believe that this is the very first time that a movement tried to ask the question 'What should we do in Europe?' If you think about it, even progressive parties have not asked themselves that question. They talk about local issues, about national issues, but confronting the European crisis as a systemic crisis systematically is something that no one has done. The European Parliament has not done it, the European Commission has not done it, and the European party of the left has not done it. DiEM has done it.

END