



## The Euroleaks & how Austerity accelerated the Coronavirus | With David Adler

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**Zain Raza (ZR):** Thank you guys for tuning in today and welcome to another episode of The Source where we interview policy experts, whistleblowers or former insiders. I'm your host Zain Raza. Today, I will be talking to the Policy Director of the *Democracy in Europe Movement*, David Adler. *Democracy in Europe movement*, also known as *DiEM25* is a pan-European progressive movement that is advocating for an alternative to the European Union's austerity policies. David Adler, thank you so much for joining us today.

**David Adler (DA):** It's a pleasure to be here. Thank you for having me.

**ZR:** So let's begin with the March 14th leaks by *DiEM25 - the Democracy in Europe Movement*. You guys released a lot of audio files and transcripts pertaining to the European Union. Could you, before we get into details, introduce and talk about its scope and magnitude?

**DA:** Many of your listeners will remember the events of 2015, both for the brutal imposition of these austerity policies by the so-called *Troika* that European Commission, European Central Bank and the International Monetary Fund, the IMF. This group of three institutions imposed these very strict fiscal policies on the so-called *PIIGS* - Portugal, Ireland, Italy, Greece and Spain. Many of your listeners and viewers will also remember that in Greece there was a particularly vicious form of austerity imposed by the Troika and the Left movements had cohered around Syriza which came to power in 2015 (in Greece) to buck these austerity policies and that that was a brutal slog. My colleague Yanis Varoufakis was at the time finance minister and confronting not just the Troika, but also there is this organisation called the Eurogroup, which convenes the finance ministers of the various member states of the European Union, and in which the dogma of austerity and the importance of fiscal responsibility was perhaps most consolidated.

Of course, from where I'm sitting now in the context of this vast coronavirus that that sort of push for fiscal austerity, to slash social budgets, to slash investment in things like public health looks as insane as it did to many people back then. But the fact was that even as the Greeks were rising up to claim their right to invest in their communities and in their fellow citizens, European institutions were having none of it. And at the time, Yanis was trying from the Greek perspective to make some so-called modest proposals for restructuring debt and releasing Greece from its debtor's prison so that it could once again invest in its economy. And, you know, we're talking about the context of roughly a third of economic activity just evaporating from the Greek economy, severe unemployment and the like.

So I won't go through all of the events that transpired between 2015 and now but what I think is most important is to remember that that same dogma of austerity has never left us. So many of the leaders of the European Union, whether you are in the halls of the ECB, whether you're at the European Commission or elsewhere, will happily proclaim the end of crisis and say, "ah, well, we did whatever it takes to get Europe out of the 2008 to 2012 main crisis period, and we've rebounded to a significant recovery". But the fact is that both - in member state governments that continue to implement these austerity packages and in Brussels or Frankfurt for that matter - this dogma persists.

*Euroleaks* is intended to shed light on the internal political dynamics that sustain that dogma. It can look from the outside like austerity as this "there is no alternative": "We must balance our budgets. We must restrict fiscal expenditure of these reckless governments in places like southern Europe." And what these recordings (*Euroleaks*) aim to do is reveal both the shallowness of solidarity among fellow European finance ministers and governments, as well as the severity of the attack against a democratically elected government that sought to extricate the Greek people from this debtor's prison.

**ZR:** So talk about why DiEM25 released this five years after the crisis?

**DA:** There are reasons that are both domestic and international. In the Greek case, although the European institutions and the new Greek government run by *New Democracy* would like to say, "Austerity is over we welcome this new day to the Greek economy." The fact is that Greece is trapped in the expectation of a massive budget surplus for years and years to come until 2060. So there has been no freedom for Greece from this debtor's prison, despite the fact that the bailouts are over and it's supposed to be this great new day for the Greek economy. And stagnation remains the order of the day in Greece with youth unemployment numbers, you know, over 20 percent, if I'm not mistaken. So the importance of releasing them now was to say this crisis is not over. And I think it's also reads at the European level, you know the European Union right now is embarking on a very ambitious programme of reform. "Ambitious", I put in quotes ranging from what they claim is this vast investment program under the auspices of the so-called *Green Deal* to initiate a green transition and make Europe the first climate neutral continent in the world, their words, as well as embarking on a conference on the future of Europe, which is supposed to mark some great democratisation of the European Union. Now we at DiEM25 are deeply sceptical of both of these projects.

Both because we think the former the so-called *Green Deal* does not do anything to undermine or otherwise reform the policies of austerity that are strangling and straitjacketing investment across Europe and really hurting households at the most vulnerable community, communities and frontline communities who are at the forefront of climate change. At the other end, the pretence that the European Union is taking seriously these concerns about democracy and transparency also appear wildly out of step with the content of the proposals actually on the table. So we have this new set of leaders at the helm of Europe's institutions after the 2019 European Union elections that put in charge a new parliament, as well as a new commission. And we have this vast, this kind of highfalutin rhetoric of reform that suggests a real gesture towards fixing the problems that emerged in 2015. And yet there is actually no movement on this.

So I think to put this also into the context of the present crisis, it's essential that we take these *Euroleaks* also in the context of the coronavirus, because we're just seeing those same bonds of solidarity strained. We're seeing those same institution like the European Central Bank, indeed these very same people like Christine Lagarde, who was at the helm of the IMF and now runs the ECB, fail again to stand up and protect other members of the European Union who are ailing, whether that's Greece or in this case, whether it's Italy whose bond yields are soaring. Those same questions of solidarity, of transparency, of democracy, which predominated in 2015 and went unresolved, are now being put back on the table by these recordings with the hope that they may be put back on the table politically so that we can mobilize people to demand far better solutions than those on offer right now.

**ZR:** These files, I looked them up are really in-depth and detailed. The transcripts are really long. Therefore, could you for our viewers, just briefly mentioned some notable findings that stand out at first sight?

**DA:** I leave your listeners to go look through the *Euroleaks* themselves. I think that there are some easy "*explainers*" and titbits that will help them to parse through it. We'd like to think that the website is easy to navigate, but I think the crucial takeaway again is understanding the internal dynamics of the so-called "*TINA*" dogma: "*There is no alternative*". The sense that what was actually happening, that Eurogroup was not a discussion of the tactical proposals, was not a discussion of the merits nor the feasibility of what the Syriza government was putting on the table by way of extricating Greece from this debtor's prison, but was much more about intimidation, threats and abuse to an ailing member state. So I think, you know, it's clear writ large across these recordings, the absence of solidarity in the face of crisis.

**ZR:** I remember back in 2010 and 2011 when austerity was being imposed in full gear after the crisis emerged, there were so many reports coming in about suicides rising in Greece, about the failure of proper hygiene equipment in hospitals. I cannot imagine what the situation must be right now in places like Greece with a corona virus hitting. Talk a little bit more about how austerity policies impact social health in the context of the coronavirus.

**DA:** So austerity explicitly targets the state's capacity to invest in public services. Part of those are infrastructure things like trains, which obviously the state cannot do if it doesn't have access to basic fiscal resources. But a much bigger part is in social protections. That's pensions, that's health care systems. These are crucial things that allow people to survive crucial things that the coronavirus is now revealing as fundamental to the basic functioning of a decent society. I think it's very interesting to think about why the logic of austerity did not strike the broader European public as particularly perverse even though many people were trying to make the case that these cuts were indeed disastrous. But now, with a flip of a switch, it seems people are finally discovering that what austerity specifically does is undermines the state's capacity to respond to a crisis (corona) like this.

You know, we're dealing right now with a situation where the primary area under the microscope for reporters, for the media, is northern Italy, in particular the region of Lombardy. You know, this is one of the richest regions in Europe and richest regions in the world with a health system, with high capacities across the continent. We don't yet know what it's like when this virus moves to places like the south of Italy or indeed to Greece,

where austerity has had a brutal impact on the state's capacity to invest amidst very, very low levels of demand and in the income in the communities surrounding.

So my hope, my prayer is that this is really the last nail in the coffin of austerity. That logic has been exposed as the fallacy that it always was that if you do not invest in basic social services, that is not an economic logic. You are further paralyzing, crippling and otherwise devastating the economy by failing to activate demand in those places, if you want to speak in those terms, you know if you want to speak in economic terms. This is a truly self-defeating policy, which was, of course, the core claim that Greece had made (in 2015). It has borne out in the five years since 2015. But the hope is really that we can see much more clearly now the direct relationship between austerity, economic damage, as well as social and human costs associated by failing to take care of people when they need it most.

**ZR:** How has the media resonance been so far? I could imagine that the coronavirus has probably drowned a lot of coverage on these leaks.

**DA:** It's a very interesting moment because there is a sense in which, you know, these leaks arrive at a strange time for many people. You know, it's not 2015. And there's a sense in which it's also strange because we have this very clear and present crisis. However, I think it's magnificent. I think it's a really perfect, you know, accident of timing that we now understand what happens in the so-called situation rooms where key decisions are made about the future of Europe and about the prospects for its most vulnerable communities, precisely at a moment when the crisis is revealing the need for extended and broadly representative investment. So I think that it's going to be a challenge to get people to take seriously the gravity of the content of what's happening in those rooms. You know, these *Euroleaks* are specifically about the decision making processes that happen among, for example, the Eurogroup. So I think it can feel, and the intention (of Eurogroup meetings) is precisely for it to feel far away from the public. The public doesn't have direct access to those board rooms where these decisions are made. But it's ever more important at a time like this that we are activating the anger active in tapping into the anxieties and fears and resentments and all of the sense that people don't have the ability to exercise a meaningful say over the health of their communities, literally and figuratively, and to democratically control the decision making processes that happen at a place like the Eurogroup.

**ZR:** The counter argument would usually be that transnational movements could lead to federalization of the European Union, which in terms of health care might make sense because we are seeing that a threat in Italy or a threat in any other country could be a threat to Western European countries as well in terms of the coronavirus, for example. But the sceptical argument that I usually hear is that federalization of Europe, centralisation of Europe, could lead to a massive bureaucracy and governmental power that could be, as governments have done historically, misused on a much larger scale. What do you hold of these arguments?

**DA:** I think it's pretty crucial to distinguish between two very different concepts. One concept is “transnationality, transnationalism” and one is “internationalism”. Why is it essential to distinguish between these two different concepts?

In many cases, transnationality, transnationalism involves the liquidation of state capacity at national levels, at local levels, in service of creating this even terrain on which capital can run free, labour can run free and goods can travel freely. Transnationalism is often the auspices under which the most vicious kind of hyper globalisation can take place, as has been overseen by the European Community and the European Union's efforts to create this internal market and preserve the integrity of its single market effectively.

Internationalism, by contrast, implies enhanced cooperation between these countries. We do not deny the fact that countries are essential units, just like municipalities are essential units and regions are essential units by which to govern by which to respond democratically to the needs and preferences of people on the ground, and by which to deliver on key social policy preferences. This crisis (coronavirus) has simply revealed the need for states at all levels to be investing in their communities, to be investing in their people, to be investing in public health systems. It is also revealed the need for deeper and more meaningful forms of solidarity and cooperation between them. It doesn't take a genius, it doesn't take a mathematician to look, for example, well I was going to go to the bond yields maybe it does take a bit of a mathematician to understand what's happened in the bond markets, but when you have countries on the same continent, in the same union who are suffering in such differential ways, that have different resources and different capacities that have different levels of expertise, that know different things, that have different ways of contributing to the same common response to this crisis, it is essential to enhance those modes of international cooperation.

A lot of the conversation around whether it's globalisation, whether it is federalization, whether it's European integration, they make it sound like it's an on off switch - "more or less - anti Europe or more Europe". DiEM25's whole raison d'être and indeed the whole intellectual architecture is to say there are varieties of globalisation, there are varieties of integration, and we need to make sure that we're strengthening modes of international cooperation, strengthening modes of solidarity, while making sure that that doesn't override domestic and indeed local forms of democratic participation.

**ZR:** To my last question, let's talk about solidarity in times of the corona crisis. What advice would you give to people that have seen the democratic freedom of assembly, freedom of movement being limited due to the coronavirus? How can we act in solidarity in these moments in time?

**DA:** I think the answer is going to have to happen on two different time horizons.

The first time horizon is to make sure that our governments are responding in ways that are universal. There's going to be a temptation to rely on types of means testing, types of very partial targeted reforms that can help the people most affected. No! This is an opportunity for us, recognise a common humanity and design a social response that is indeed universal. That's going to be essential in the short term and there are all sorts of ways that we can get activated through DiEM25 and across Europe to make sure that we are holding our leaders to account so that our response is universal and we're entrenching universality as a guiding principle of our social policies.

The second time horizon, which is even more important, is that we do not allow social isolation to become sticky, that once we are actually free to get out from this quarantined moment, we do come together. We do congregate at cafes. We do go to bars. We do come together. We do find a way to reconnect in our communities and reconstitute those forms of person to person, real human solidarity that has been eviscerated by the needs of this coronavirus to isolate ourselves physically and socially.

**ZR:** David Adler, director of Policy for the *Democracy Europe Movement*, thank you so much for your time.

**DA:** Thanks very much for having me.

**ZR:** And thank you guys for tuning in today. Don't forget to subscribe to our YouTube channel by clicking on the bell below and to donate so we can continue to produce independent and non-profit news & analysis. I'm your host Zain Raza. See you guys next time!

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