

Ironman Varoufakis's Revolutionary Plan for Europe

Don't Tell Anyone in Berlin

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"The ongoing dispute between the German and Greek governments is nothing less than a democratic revolution against German hegemony and the attempt of the Germans and their paladins in the EU to dictate Greek domestic policy."

–Mathew D. Rose, [It's a revolution, Stupid!](#) Naked Capitalism

"Germany is eating itself over Greece. It is eroding its moral authority, and seems prepared to destroy the eurozone's integrity just to make a point."

–Paul Mason, [Germany v Greece is a fight to the death, a cultural and economic clash of wills](#), Guardian

If you haven't been following developments in the Greek-EU standoff, you're really missing out. This might be the best story of the year. And what makes it so riveting, is that no one thought that little Greece could face off with the powerful leaders of the EU and make them blink. But that's exactly what's happened. On Monday, members of the Eurogroup met with Greece's finance minister, Yanis Varoufakis, to decide whether they would accept Greece's terms for an extension of the current loan agreement. There were no real changes to the agreement. The only difference was semantics, that is, the loan would not be seen as a bailout but as "a transitional stage to a new contract for growth for Greece". In other words, a bridge to a different program altogether.

In retrospect, Varoufakis's strategy was pure genius, mainly because it knocked the EU finance ministers off balance and threw the process into turmoil. After all, how could they vote "thumbs down" on loan package that they had previously approved just because the language was slightly different? But if they voted "thumbs up", then what?

Well, then they would be acknowledging (and, tacitly, approving) Greece's determination to make the program less punitive in the future. That means they'd be paving the way for an end to austerity and a rethink on loan repayment. They'd also be conceding that Greece's democratically-elected government had the right to alter the policies of the Eurogroup. How could they let that happen?

But, then again, how could they vote it down, after all, it was basically the same deal. As Varoufakis pointed out in a press conference on Monday:

"We agree to the terms of our loan agreements to all our creditors". And we have "agreed to do nothing to derail the existing budget framework during the

interim period.”

See? It's the same deal.

This is the conundrum the Eurogroup faced on Monday, but instead of dealing with it head-on, as you would expect any mature person to do, they punted. They put off the loan extension decision for another day and called it quits. Now maybe that was the smart thing to do, but the optics sure looked terrible. It looked like Varoufakis stared them down and sent them fleeing like scared schoolchildren.

Now, remember, Monday was the absolute, drop-dead deadline for deciding whether the Eurogroup would approve or reject the new terms for Greece's loan extension. That means the Eurogroup's task could not have been more straightforward. All they had to do was vote yes or no. That's it.

Instead, they called 'Time Out' and kicked the can a little further down the road. It was not a particularly proud moment for the European Union. But what's even worse, is the subterfuge that preceded the meetings; that's what cast doubt on the character of the people running EU negotiations. Here's the scoop: About 15 minutes before the confab began, Varoufakis was given a draft communique outlining the provisions of the proposed loan extension. He was pleasantly surprised to find that the document met all his requirements and, so, he was prepared to sign it. Unfortunately, the document was switched shortly before the negotiations began with one that backtracked on all the crucial points.

I'm not making this up. The freaking Eurogroup tried to pull the old switcheroo on Varoufakis to get him to sign something that was different than the original. Can you believe it? And it's only because Varoufakis studiously combed through the new memo that he was able to notice the discrepancy and jam on the brakes. As it happens, the final copy was just a rehash of the same agreement that Varoufakis has rejected from the onset. The only difference was the underhanded way the Eurogroup tried to slip it by him.

Now you tell me: Would you consider people who do something like that “trustworthy”?

Of course not. This is how people behave when they don't care about integrity or credibility, when all that matters is winning. If the Eurogroup can trick the Greeks into signing something that's different than what they think they're signing; then tough luck for the Greeks. “Caveat emptor”. Buyer beware. The Eurogroup has no problem with that kind of shabby double-dealing. That's just how they play the game.

But their trickery and bullying hasn't worked, mainly because Varoufakis is too smart for them. And he's too charismatic and talented too, which is a problem for the EU bigwigs who resent the fact that this upstart Marxist academic has captured the imaginations of people around the world upsetting their little plan to perpetuate Greece's 6-year long Depression. They never anticipated that public opinion would shift so dramatically against them, nor had they imagined that all of Europe would be focused laserlike on the shady and autocratic workings of the feckless Eurogroup. That's not what they wanted. What they wanted was carte blanche to impose their medieval policies on the profligate Greeks, just like the good old days after Lehman Brothers tanked. After all, that's how a “anti-democratic imperialist project” like the EU is supposed to work, right?

Right, except now Varoufakis and his Marxist troopers have thrown a wrench in the

Eurogroup's plans and put the future in doubt. The tide has turned sharply towards reason, solidarity and compassion instead of repression, exploitation and cruelty. In just a few weeks, the entire playing field has changed, and Greece appears to be getting the upper hand. Who would have known?

If you look at the way that Varoufakis has handled the Eurogroup, you have to admire the subtlety, but effectiveness of his strategy. In any battle, one must draw attention to the righteousness of their cause while exposing the flaws in the character of their adversary. The incident on Monday certainly achieved both. While David never really slayed Goliath, Goliath is certainly in retreat. And that's a lot better than anyone expected.

As for the "cause", well, that speaks for itself. The Greek bailout was never reasonable because the plan wasn't designed to create a path for Greece to grow its way out of debt and deflation. No. It was basically a public relations smokescreen used to conceal what was really going on behind the scenes, which was a massive giveaway to the banks and bondholders. Everyone knows this. Check this out from Naked Capitalism:

"According to the Jubilee Debt Campaign, 92% of €240 billion Greece has received since the May 2010 bailout went to Greek and European financial institutions." ([Naked Capitalism](#))

Yep, it was all just one big welfare payment to the moocher class. Meanwhile, the Greeks got zilch. And, yet, the Eurogroup wants them to continue with this same program?

No thanks.

As far as Greece's finances are concerned, they've gotten progressively worse every year the bailout has dragged on. For example, Greece's debt-to-GDP ratio has gone from 115 percent in 2010 more than 170 percent today. The country is headed in the wrong direction, which is what makes Varoufakis's remedies so compelling. It's because everyone knows that 'if you are already in a hole, stop digging'. That's the logic behind Varoufakis's position; he simply wants to "stop digging." But that can't be done by borrowing more money to repay debts that only get bigger with each new bailout. And it can't be done by implementing excruciating belt-tightening measures that increase unemployment and shrink the economy. It can only be done by reducing one's debts and initiating programs that help to grow the economy back to health. This isn't rocket science, but it is anathema to the retrograde ideology of the European Union which is one part bonehead economics and one part German sanctimony. Put the two together and you come up with a pre-Keynesian dystopia where one of the wealthiest regions in the world inches ever-closer to anarchy and ruin for the sole purpose of proving that contractionary expansion actually works. Well, guess what? It doesn't, and we now have six years of evidence to prove it.

It's worth noting that the Eurogroup hasn't budged one inch from its original position. In other words, there really haven't been any negotiations, not in any meaningful sense of the word. What there has been is one group of pompous blowhards reiterating the same discredited mantra over and over again, even though austerity has been thoroughly denounced by every reputable economist on the planet. Of course that doesn't matter to the ex-Goldman swindlers at the ECB or their hairshirt counterparts in Berlin. What they want is to extract every last drop of blood from their Greek victims. That's their game. And, of course, ultimately what they want to do is annihilate the entire EU welfare state; crush

the unions, eviscerate pensions, wages and health care, and privatize everything they can get their greasy hands on. That's the real objective. Greece's exorbitant debts are just a means to an end, just a way to decimate the middle class in one fell swoop.

Keep in mind, the EU just narrowly avoided a triple-dip recession in the third quarter, which would have been their third slump in less than six years. How do you like that track record? It just illustrates the stunning mismanagement of the Union's economic affairs and the incompetence of the bureaucrats making the decisions. Even so, these same leaders have no qualms about telling Greece to step in line and follow their diktats to the letter.

Can you believe the arrogance?

Fortunately, Greece has broken from the herd and set out on a new course. They've disposed of the mealy-mouth, sellout politicians who used to run the country and put the A-Team in their place. And, boy, are they happy with the results. Syriza's public approval ratings are through the roof while Varoufakis has become the most admired man in Europe. The question is whether this new troupe of committed leftists can deliver the goods or not. So far, there's reason for hope, that is, if we can agree about what Varoufakis's strategy really is.

In earlier writings, Varoufakis said that he wants a New Deal for Greece. He said:

"Unless we have a new deal for Europe, Greece is not going to get a chance....It's a necessary condition that the eurozone finds a rational plan for itself.... until and unless the eurozone finds a rational plan for stopping this train wreck throughout the European Union, throughout the eurozone, Greece has no chance at all." [Naked Capitalism](#)

Okay, so Varoufakis wants to stay in the EU, but he wants a change in policy. (Reducing the debts, ending austerity, and boosting fiscal stimulus.) But he also has more ambitious plans of which no one in Brussels, Frankfurt or Berlin seems to be aware. He wants to change the prevailing culture of the Eurozone; gradually, incrementally, but persistently. He wants a Europe that is more democratic and more responsive to the needs of the member states, but he also wants a Europe that is more united via institutions and programs that will strengthen the union. He believes that success will only be achieved if concrete steps are taken "to unify the banking system", mutualize debt ("the Federal Government having its own debt over and above states.") ... "And thirdly we need an investment policy which runs throughout the Eurozone... a recycling mechanism for the whole thing. Unless we have these things,... I'm afraid there is absolutely nothing to avert the continuation of this slow motion derailment." [Naked Capitalism](#)

So, there you have it. Nationalize the banking system, create a Euro-wide bond market, and establish mechanisms for fiscal transfers to the weaker states like we do in the US via welfare, food stamps, gov contracts, subsidies etc. to create some balance between the very rich and productive states like California and New York and the poorer states like South Dakota and Oklahoma. That's what it's going to take to create a viable United States of Europe and escape these frustratingly recurrent crises. Varoufakis knows this, but of course he's not pushing for this. Not yet at least.

Instead, he's decided to take it slowly, one step at a time. Incremental change, that's the ticket. Just keep plugging away and building support until the edifice cracks and democracy

appears.

That's Varoufakis's plan in a nutshell: Revolution from within. Just don't tell anyone in Berlin.

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