

# Yanis Varoufakis: Europe Entering a Century of Humiliation?

Yanis Varoufakis is an economist, the former Finance Minister of Greece, and the author of numerous bestselling books. Varoufakis discusses why Europe is possibly sliding into a century of humiliation". Follow Prof. Glenn Diesen: Substack: <https://glennDiesen.substack.com/> X/Twitter: [https://x.com/Glenn\\_Diesen](https://x.com/Glenn_Diesen) Patreon: <https://www.patreon.com/glennDiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glennDiesen> Buy me a Coffee: [buymeacoffee.com/gdieseng](https://buymeacoffee.com/gdieseng) Go Fund Me: <https://gofund.me/09ea012f> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

## #Glenn

Welcome back. We are joined today by Yanis Varoufakis, a professor, former finance minister of Greece, and also the founder of DiEM25, the Democracy in Europe Movement. So thank you very much for coming back on.

## #Yanis Varoufakis

Always a pleasure, Glenn. Always a pleasure.

## #Glenn

Well, we're both Europeans. I think we both share some concern about the future of the continent. My list of grievances tends to be somewhat long, though. I often look towards the redivision of Europe in the 1990s with NATO expansion. I look at the management of the 2008 global financial crisis, the failure to develop technological sovereignty, the excessive dependence on the US. But I would say over the last few years, something else has begun to go terribly wrong, it seems. That is, we're seeing this economic stagnation, if not decline, a much more authoritarian EU situation, and I think eventually disintegration. But again, I've been told I'm often too pessimistic. So I was wondering, what is your view? What do you see happening to Europe as well as the European project?

## #Yanis Varoufakis

Well, I'm very much afraid that we're on the same boat. It's not just pessimism. Pessimism is a question of expectations. I don't think it's a question of pessimism. It's a question of hard-nosed, particularly rational assessment of where we are. And where we are is on a trajectory that is leading Europe to a very long period of decline and stagnation—decline financially, ecologically, morally. So,

you know, in that sense, we are more or less on the same boat. But now, why has this been happening? Well, you know, you spoke of the authoritarianism and the fragmentation that results from it. Look, Glenn, when the French and the German banks went belly up immediately after Wall Street's collapse in 2008, we had a coup d'état, effectively, in Europe.

When I was involved, I was finance minister in the Eurogroup and the European Council. It was clear that during that emergency—it was a true emergency—the whole of the banking system of at least the Eurozone had gone under. And the powers that be were frantically trying to refloat it and to bail it out. Not in the way that happened in the Scandinavian countries in 1992, because back then, as you know better than anyone, the banking system of the Scandinavian countries—Sweden in particular, but also Denmark, not sure about Norway, you have to tell me about that—they went bankrupt. And what happened was the state stepped in and bailed them out, but they didn't bail out the bankers in 1992. They were nationalized and then eventually they were reprivatized.

But what happened in Europe was all the losses of the criminal bankers of Frankfurt and Paris, but also of Rome and others, were shifted onto the shoulders of the weakest European taxpayers as part of a coup d'état because, you know, parliaments were not involved. The people didn't know. No one was consulted. It happened overnight. This was socialism for the bankers and austerity, harsh austerity for everyone else. And to effect that transfer, Glenn, I witnessed this up close and personally. Essentially, the European Commission—even the European Commission, which nobody can accuse of being a democratic body, right? I mean, it's a bureaucracy—but even the European Commission was sidelined.

Glenn, when I was traveling to Brussels to negotiate for our right to negotiate—we didn't even negotiate—we negotiated for the right to negotiate the basic parameters of Greece's political economy. I can tell you that the European Commission, it was presided over by Mr. Juncker at the time, and the economics commissioner of Europe back then was Pierre Moscovici, the former finance minister of France. They were irrelevant. They were actually both quite sympathetic to our case and to my case. They don't say it, they don't admit it now, but back then, I can assure you, they were telling me that I was right. But they were totally sidelined.

There was a bureaucracy, a cabal essentially, that had been appointed primarily by Berlin, and I'll be very specific here. So there's the Eurogroup, which is the finance ministers' body, and then underneath it, at least hierarchically, was the so-called Euro Working Group. And the head of the Euro Working Group was somebody appointed—God knows how—his name was Thomas Wieser, an Austrian national, and he had more power than Juncker, than Moscovici, than the real European Commission. And he was there, actually, as a person who was equidistant between the German Chancellor and the German Finance Minister, because these two, Merkel and Schäuble, were at odds with one another.

So Wieser was the only man who was close to both of them. And he was running Europe. Are they done? You know, you could tell. I mean, Moscovici would have ideas about how we would resolve

the debt disaster that was Greece. And they were very close to mine at some point. And I remember he and I thought that we would go and walk into the Eurogroup, and that's what he said to me, and put forward a joint proposal that would have been actually quite good both for Greece and for Europe. And it turns out that five minutes before the meeting, I witnessed the utter humiliation of the European Commissioner for the Economy and Finance, Moscovici, by these underlings, by people like Wieser and Dijsselbloem.

The complete humiliation. I mean, the guy who was actually Moscovici, in front of him, was almost in tears. So, that's something that Europeans are not familiar with. When the proverbial feces hit the fan, even the European Commission was sidestepped in favor of some people that nobody had heard of who were actually running the show. And the way they ran it was intended to achieve one objective and one objective alone: to make sure that the taxpayers, especially the weaker, the working-class taxpayers of Germany, of Holland, of Greece, of Slovenia, of Slovakia, and so on, took under their shoulders the largest percentage of the burden of the banking sector.

And that was all done in the name of European solidarity, European values, and democracy. There was no democracy. It was just utterly, utterly dictatorial and corrupt. So, you know, that was back in 2010, 11, 12, 13, 14, 15. So it's a mistake to think that, you know, everything was going swimmingly, we were a democracy up until a couple of years ago, and then something happened and democracy fell by the wayside. No, this has been part and parcel of that. So effectively, Glenn, my point about the European Union now is that the chickens have come home to roost.

Because, you know, once you transfer cynically these gigantic losses of the bankers onto the shoulders of the weakest of taxpayers, and you impose austerity upon the majority, harsh austerity upon the majority, while practicing socialism for the bankers and the financiers—socialism in inverted commas, of course—then two things happen. The first thing is that aggregate demand falls massively. While aggregate demand falls, industrialists are not investing, because why would they invest in high-quality, value-added goods when the many are impecunious? They just count up a few pennies together, a few euros together. And at the same time, you have the European Central Bank printing trillions that they pass on to the industrialists, who will not invest even those trillions.

But they will take these trillions because they are given to them for free, at almost zero interest rates. And they will use them to buy back their own shares. So asset prices go up. All other prices go down, including wages, including pensions. And, you know, you end up with stagnation. And, you know, this is the reason why even Germany is deindustrializing as we speak. And when you have Germany deindustrializing in a Eurozone which is predicated upon, you know, it is founded on the German business model, you know, the whole thing starts fragmenting, collapsing. And, you know, you end up with a political personnel that is absolutely incapable of articulating a position which is consistent with the viability of this Eurozone.

**#Glenn**

Glad you mentioned Germany because, well, as we know, Germany was the locomotive driving Europe forward as well. And beyond the economic power, it also held up as a country that had learned from its history. Transcended history, it was argued. Never war again. And again, embracing democracy. But now we also see, at the heart of the EU, that Germany itself has reversed in many ways. That is, it's deindustrializing, becoming more authoritarian. I think you've been banned from speaking there, even over Zoom, if I'm not mistaken. And again, also much more warmongering. We saw this from what's happening in Gaza, the genocide. They had no opposition in the attack on Iran. Mearsheimer made the point that Israel is doing the dirty work there. And of course, no one seems to want to put an end to the war against, or war with, Russia. And indeed, they seem very much intent on escalating. So how do you explain this huge switch in Germany as well? Does it also have the same, I guess, common source from back in 2008?

## **#Yanis Varoufakis**

I remember a conversation, one of my first conversations with Wolfgang Schäuble then, the late Wolfgang Schäuble, who was the finance minister of Germany at the time. And, you know, he was talking to me as if the problem was Greece and that, you know, we simply had to take the tough medicine and, you know, receive the tough love from Northern Europe. And I was trying to explain to him that, listen, what you're doing is not just detrimental to the Greek people. It's detrimental to the German people. Because, you know, I know you're imposing austerity on us in Greece in order to bring austerity to Germany. And he agreed. He said, yes, absolutely, because, you know, we can't compete with the Indians, with the Bangladeshis, with the Chinese. We have too generous a social system, a social pension system. Our wages are too high.

So he agreed that he was imposing austerity upon the Greeks to bring it back to Germany. I said, look, this is going to be a self-inflicted wound for your own country because, you know, with this austerity you're going to have less and less investment, and you're going to end up with discontent. And the only people who are going to benefit from that discontent are the far-right neo-Nazis. And this is exactly what is happening. Why is Germany deindustrializing? Why can't Volkswagen produce cars that are competitive vis-à-vis BYD or even Tesla in the United States? Well, the answer is because they haven't really invested in the last 15 years. And why have they not invested? It's not that they didn't have money. They had plenty of money. They had their own money. They had surpluses. And they had the money that the European Central Bank printed and gave to them.

The reason why they didn't invest was because the level of demand for high-value-added cars was very low in Europe. And why was it very low? Because of austerity for the many and socialism for the bankers. And the result now is that, you know, Volkswagen cannot compete. They're shutting down factories. And they, in a desperate attempt to reduce the rate of deindustrialization, given that they can't sell cars, pass on whole production lines to Rheinmetall, the German arms manufacturer, to build Leopard tanks on those production lines of Volkswagen. Now, these Leopard tanks, as you know, they're completely useless. Even the Ukrainians do not want them because they are death traps.

But it's what Rheinmetall can produce that uses a lot of metal and a lot of labor. So they are desperately trying to slow down the process of deindustrialization by producing these Leopard tanks. Now, the only way that they can justify producing these Leopard tanks and, you know, pass it through the Bundestag and convince, you know, even members of their own party, the Christian Democrats, that it's a good idea, is to say, well, you know what, we have a war happening in Ukraine, and so we need to rearm. Now, firstly, any expert on warfare and geostrategic dynamics will tell you that these days the Leopard tanks that Rheinmetall are producing are useless in the field of battle.

They're not even producing the drones which are necessary, but that's what Rheinmetall can produce. And secondly, far more importantly, the point of doing this is to find a stopgap for the deindustrialization process. And therefore, the continuation of the war in Ukraine is functional. Because let's say that tomorrow morning Zelensky and Putin kissed and made up—just assume, hypothetically—then why would they produce more Leopard tanks and sell them to the German army, to the Greek army, and so on? They would lose the excuse for doing it. And given that they have no industry policy, they have no plan for arresting the rate of deindustrialization, you know, the war in Ukraine and the perpetuation of the war in Ukraine is some sort of solution.

## **#Glenn**

Yeah, well, that's why I also wanted to ask, what is it that's holding these 27 EU member states together today? Because the EU as a geoeconomic project, I can see great potential. That is, with the collective bargaining power, the EU could, well, essentially represent Europe. We could stand next to the US, Russia, China, India, as one of the great powers. But it seems like the EU has shifted now from this geoeconomic to a geopolitical project. And the geopolitical project, it seems, our unity, as you suggested, is dependent more on balancing Russia in a military sense. But this means that the economic benefit of the EU is gone.

That is, we cut ourselves off from the Russian market, especially energy. We send our money and weapons to Ukraine. And whatever remains of money has to be wasted on horrible trade deals with the United States, because as long as the war goes on, we have excessive security dependence on the US, which it knows how to convert into loyalties. For example, when von der Leyen had to show up at Trump's golf course and sign that awful trade deal, because they know this is what you have to do. But again, anyone can be stuck in a horrible security situation where this is a necessity.

But given that the EU doesn't even want to pick up the phone and talk to the Russians and try to find a diplomatic off-ramp, some way of reforming the European security architecture, something... I mean, what is it that brings us together now? Because all I'm seeing is the EU celebrating themselves for fake victories. All conflicts are framed as good versus evil, so we won't dissent too much. Any dissent will be populism, or people simply voting incorrectly and having to do it over again. I mean, there's more narrative management than open debates. I was just wondering, how

do you see this? What is it that's going to hold the EU together in the years to come, now that the EU is officially a geopolitical project?

## **#Yanis Varoufakis**

Well, there are different levels, aren't there? So most Europeans like the idea of a common European space. Students love the Erasmus program, where you can spend six months in a different country, in a different institution. They like freedom of movement, and that's totally understandable. I happen to like that. But, you know, we Europeans live under a myth — the myth that the European Union was a European creation for the purposes of ending war and for the purposes of bringing together, uniting Europeans. That aspiration is absolutely real, but this is not how the European Union was created. The European Union was created as a cartel of big business, and it was done under the supervision of the United States.

The New Dealers after the 1940s, and even the Republican administration of the 1950s, were responsible for actually designing the European communities of coal and steel like a cartel. And, you know, it was utterly intertwined with NATO. It was a project for making sure that the United States maintains control of Europe. It was a colonial project to a very large extent, to which, of course, the ruling classes of Europe were very, very happy to participate. And their dependence on the United States was the be-all and end-all of the European Union. So the lack of European sovereignty vis-à-vis the United States, the total subservience to the United States, to NATO, and so on, was embedded, ingrained into the DNA of the European Union.

So if you look at the first two decades of the European Union, the 1950s and the 1960s, that coincided with the Bretton Woods system. The Bretton Woods system was a system where effectively the dollar was our common currency. We were part of the dollar zone. We had fixed exchange rates, and everything was managed by Washington, D.C. So if you look at the German industrial miracle, it emerged because the United States provided the macroeconomic framework within which the German industrial machine became one of the pillars of the American dollar. Similarly with Japan on the other side of the world in East Asia.

And then you have the Nixon shock in 1971, when the United States ceased to be a surplus country, and therefore they decided that in order to restore the competitiveness of the American population, the industrial sector vis-à-vis Germany but also Japan, they would devalue the dollar, they would destroy the fixed exchange rate regime. And then, you know, that transformation from the Bretton Woods system to financialization and neoliberalism, what it did was reverse the manner in which surpluses and deficits were recycled between the United States and Europe. But nevertheless, again, the United States was providing the macroeconomic stability and environment within which German industry and Dutch industry, and to some extent French and Italian industry, could function.

So Europe was always absolutely dependent on the kindness of the United States to create the circumstances for the European industrialists, for the European ruling classes to be able to reproduce

themselves as a ruling class. You know, that's when 2008 comes in, because with the collapse of Wall Street, a process begins by which essentially you had your exit, right? By your exit, I mean the throwing out of the dollar zone of Europe. It took them a long time to realize that. But with Wall Street's collapse, again, the United States, through the Federal Reserve and its swap lines, saved the bacon of the European banking system, of the European Central Bank, and so on. But nevertheless, the decoupling of Europe from the United States begins—something that the European elites, the European ruling classes, were simply not ready for. And they are still in denial of it.

Now, Donald Trump is being portrayed by centrists all over Europe as the man who destroyed the special relationship between the European Union and the United States. This is not true. What happened was, you know, Donald Trump is just ruder than previous presidents were. I remember very well under Obama, I was having a conversation with Jack Lew, who was his finance minister, the U.S. Treasury Secretary, and he admitted that he and I agreed on a very damning interpretation of the European Union. I mean, I remember them saying that Europe is exporting deflation to the United States because of the great trade surplus that the European Union is having vis-à-vis the United States.

That was the Obama administration saying it, very politely, of course, and sort of in a very quiet voice. But, you know, it's more or less what Trump has been saying, except that Trump has been shouting it from the rooftops. And he has been clamping down on that with his tariffs. Now, the European elites, especially the German ones, refused to acknowledge the fact that the macroeconomic environment that between 1945 and 2008 was being managed on their behalf by the United States, as long as they played the role that the United States wanted for them. That's gone.

And because they were always, always absolutely dependent psychologically as well as financially and institutionally on NATO, on the United States, they just cannot even envision a situation where the European Union develops its own geoeconomic or geostrategic position. So if you look at Ukraine, for instance, Angela Merkel was never in favor of demonizing Russia and pushing NATO all the way into Ukraine. When the Obama administration under Secretary of State Nuland was doing that and was concocting various administrations in Ukraine, there were all these machinations that led to Maidan, and in effect it could have died against Yanukovich.

The Germans were not in favor of that. And indeed, Nuland herself has been quoted by WikiLeaks saying, you know, "F the Europeans." But very gradually, the Europeans got on board with this idea that Russia is, you know, the new Hitler, the new enemy, and we need to define Europe's sovereignty, or bid for sovereignty, in juxtaposition to Russia, and therefore, you know, to justify whatever needs to be done in order to create a move towards more authoritarianism within Europe as a necessary reaction to the Russian bear, to the Russian threat. And, you know, in the end, that has become functional to Rheinmetall, to their attempt to slow down deindustrialization.

It's the *raison d'être* now of the European Commission. It is the *raison d'être* of the European Union Council. But, you know, there is also a degree of utter cynicism here. So, I'll just give you an example, Glenn. And it will be very close to my heart, to my home. The Greek government. The Greek government of Prime Minister Mitsotakis. Now, he's completely on board with the NATO position, the dominant position in the European Union, that Ukraine has to win the war and it has to join NATO. Now, if you ask him, OK, so how is Ukraine going to win the war? He's got no answer. But he doesn't even care to give one. Because he doesn't care about any of that. He doesn't care about what's happening in Ukraine.

He doesn't care about the future of Europe. All he cares about is maintaining his own power base in Greece. Now, you and I and our audience have been witnessing for years the way that Orbán was presented in the corridors of power in Brussels, in Frankfurt, in Paris, in Berlin. Now, I have no love lost for Orbán. Politically, I am completely opposed to his ethno-nationalism, to his quasi-fascism and all that. But there is this observation which I want to come to. Orbán was lambasted by Brussels for corruption, for circumscribing the freedom of the press, for misappropriation of European Union funding, all those things. Now, Mitsotakis, my prime minister here in Greece, has done exactly the same. And actually worse. The degree of corruption of this government is worse than Orbán's.

He was caught red-handed, eavesdropping on conversations of his own cabinet members, of opposition leaders, even of members of the armed forces. He was caught. This is not an allegation. He admitted it in Parliament. And nothing happened. And no one from within Brussels, whether it's NATO or the European Union, criticized him like they criticized Orbán. Why? Why did they not criticize him since he's been doing exactly what Orbán has been doing domestically? Well, the reason is because he's—okay, look, I'm all in favor of Ukraine joining NATO and, you know, we should all back Ukraine until it takes Moscow or whatever ridiculous statements are coming from Europe regarding the war between Russia and Ukraine, this tragic war.

So what I'm trying to get at is this: there are interests like Rheinmetall, very hard-nosed financial interests that want the war in Ukraine to continue forever, in order to keep getting money to build tanks that nobody wants, not even the Ukrainians, on production lines that Volkswagen doesn't need anymore because it can't compete by selling cars. Then you have the people who actually, you know, there's an ideological inertia, an ideological momentum. When you tell a whole population for many years that, you know, Russia needs to be defeated, at some point this is a self-reproducing ideological position. And then you have the cynicism of people like the Greek prime minister who don't give a damn about either Zelensky or Putin or anything.

They just want to maintain their hold on power in their own little jurisdiction, which happens to be Greece on this occasion. But it's not just Greece. You know, Milan in Italy—they just want to control their own little world. And if that means going along with the narrative from Brussels that Ukraine must win, even though they are not helping Ukraine win in any particularly tangible way, they'll go along with that. So it's complicity. It is an ideological, self-perpetuating... and there is the cynicism

of, you know, we will just replicate and reproduce all the rubbish that comes from Brussels as long as they let us plunder our own people.

## **#Glenn**

So if you fall in line, you're protected. If you oppose Brussels, then you'll be held accountable for it. Exactly. Well, but it seems as if the issue of rationality is something that should be addressed, because you mentioned President Obama, and he was the one who first advocated for, or called for, this pivot to Asia. And this seemed implicitly like a recognition that a multipolar world was coming our way. That is, if the US can't be everywhere, it has to prioritize—you know, where is it going to be? I think Trump, in his own rude way, has focused hard on this. That is, the US has to focus on the Western Hemisphere, its own backyard, and East Asia, where its peer rival is.

But it seems as if what they want to do is adjust to multipolar realities, to reduce their footprint in Europe and the Middle East. But for the Europeans, though, it seems like the logical thing, if they want to become more autonomous, would be to, at some point, find a way of working with Russia again to end this division of Europe, both for their own economy and security, but also to reach out more to other great powers. I mean, China, India—they should still have good relations with the United States, but they can't put all their eggs in one basket, especially when that country doesn't really want to be in Europe that much anymore. It doesn't make much sense.

But again, the assumption here is that all states are rational, that they act according to this international distribution of power. But, you know, you were the finance minister, you engaged with the European elites there. What is your impression? Because when I saw, for example, we mentioned Orbán trying to push for diplomacy—he met with Zelensky, Putin—you know, he was punished. The EU seems to define energy security as cutting off a key supplier instead of getting as many suppliers as possible. It's very hard to see the rationale, the strategy behind the whole thing here. Yeah. Do you get that impression when you speak with people in the EU, or are there some other objectives I'm missing here?

## **#Yanis Varoufakis**

No, I don't think there are objectives. I think that they are completely clueless. And they are clueless because when your industrial base, when your economic model, your business model is failing, and you don't have the levers which are necessary to pull in order to bring it back together—because this is what we did in Europe. We created federal money. We federated our money without a federal treasury. And then we had 20 national treasuries without a central bank to have their back. And these national treasuries have to look after banking systems and industrial systems and electricity networks without having a central bank to backstop them. So this is a disastrous design. During the good times, at the beginning in 2000, 2001, 2002, when it was first created, it was all plain sailing.

So it's a bit like, you know, imagine a beautiful riverboat that you try to use in order to cross the Atlantic. When the weather is nice, it looks splendid. But then the moment the first storm comes, it starts leaking water, right? And starts sinking. And then you panic. I think this is the state of Europe. They didn't think it through. They didn't have a plan for what would happen if Wall Street collapsed as it did in 2008. Who is going to bail out the banks? Under what conditions? Is there going to be a banking union? They were resisting it. They're still resisting it. You know, we have a banking union without common deposit insurance. It's pathetic. It is just, you know, it's mind-boggling. Can you imagine a banking union without a common deposit system? And so, in other words, let me give you another metaphor other than the fine riverboat.

It's like taking the shock absorbers out of your car and then driving it into a pothole. It's going to be a catastrophe. And then, of course, you will panic because you will be left with a wreck of a car. This is the situation we find ourselves in. And, you know, Glenn, from an economic point of view, this was completely and utterly predictable. Nicholas Kaldor, the famous Cambridge economist who died a long time ago, in 1970 wrote an article in the New Statesman. And it was back then, 1970, remember, was a time when it was clear that the Bretton Woods system was not going to last forever. The fixed exchange rates would go. And therefore, Europe was going to be in trouble because the European Union had to have a fixed exchange rate regime because it was a cartel of big business.

And cartels need a common currency or at least fixed exchange rates. Otherwise, it becomes... If currencies start going up and down, that destabilizes the cartel, which is all about agreeing to quotas and prices. So in order to prevent these fluctuations of prices that destabilize the cartel, that was the European Common Market and then the European Union, they needed fixed exchange rates. So Nicholas Kaldor foresaw that the Europeans would try to fix the exchange rates, that that would fail, and therefore they would create a monetary union, a common currency like the euro. And he wrote in 1970 in the New Statesman that if you make this mistake of thinking that you're going to create a monetary union as a stepping stone towards a political union, that's a big mistake.

It's not going to work, because the monetary union is going to create such a toxic crisis that then it will be politically impossible to unite, to create a political union. And this is exactly what happened. So now, take Emmanuel Macron. Emmanuel Macron wants a political union. At least he told me once that he wanted it and that he was desperate for it. And there are some people in Germany as well that want a political union. But try to go to the people of France or the people of Germany and talk to them about a political union, effectively tell them that you need more Europe. Every time they hear "more Europe," it's like Iraqis hearing the words from Westerners, you know, "more democracy."

They hide under the table because for Iraqis, when Westerners promise them more democracy, the bombs start falling out of the sky. So similarly, Europeans, when you tell them you want more Europe today, oh, they say, okay, more austerity, in other words, right? This is what you're telling

us. Less degrees of freedom, less democracy. Because this is what happened as a result of having created the Monetary Union first and then suffered the repercussions. So I don't think they have a plan. On Ukraine, you know, I talk to people who genuinely think that Putin is the new Hitler, genuinely think that. And they're really scared.

So I said to them, OK, look, I'm not going to try to dissuade you. I personally don't like Putin much. But, you know, if you think that Putin is the new Hitler, why aren't we sending troops to defeat him, to push him down the bunker and to force him to commit suicide or to drag him to Nuremberg? If you think he's the new Hitler, you're not sending troops in there. OK, you're not sending any money, not any serious money. I mean, they borrowed now 90 billion. It took them a year and a half to get that agreement among themselves. And that 90 billion has already been spent. What are they going to do next year?

Borrow another 90 billion? They don't want to. It's not as if they're saying, oh, look, we have Hitler, the new Hitler in the form of Vladimir Putin, and we're going to take, you know, 500 billion, 600 billion and give it to the Ukrainians. So they have no plan for winning the war, for Ukraine winning the war. But they have no plan for peace. You know, I have been struggling politically now for years, four years now, to put forward a peace and security agenda for Europe, Ukraine, and Russia. And every time I put this forward, I'm being demonized, I'm being painted as Putin's handmaiden, as Putin's servant, as Putin's client.

So, you know, anybody who dares talk about a peace and security agenda with Russia that would resolve the war in Ukraine peacefully is immediately thrown out of the room, demonized, taken to the cleaners, like people like me, and I suspect you as well. So, no plan for war, no plan for peace. Now, why would the Chinese, or the Indians, or the Mexicans, for that matter, take Europe seriously? Because, you know, the Chinese, the Indians, the Bangladeshis, the Africans, they want an end to the war in Ukraine the same way they want an end to the war in Iran, because it is impacting their livelihoods negatively. But they see that Europe doesn't have a war plan. It doesn't have a peace plan. So why should they care about Europe?

## **#Glenn**

That's a great question. This is one of the things that confused me in Europe as well — they're suspending diplomacy, essentially, like they have. But I feel like everything in Europe now is normative arguments. They keep referring to how they wish the world was instead of taking actual steps in terms of how it is. I just want to address what you said about the EU being now a cartel of big businesses, because what you're describing, I think, has been referred to as the EU as a half-built house. That is because usually you want to have a political union, and then you can have a fiscal union, and then you establish a monetary union, along the lines of what the United States did. But the EU went the other way.

First, the monetary union eventually would have some conflict or problems building up, which forces a fiscal union, which would then force a political union. But all of this would assume that the EU would be, as you suggested, born in crisis almost. But here's the problem, though: you can't really sell more Europe, as they call it, when it's not performing. So, given that we now have these problems which have been building up, and we have the war in Ukraine, we have the war in the Middle East, we have the United States losing interest in Europe, the banking crisis... what is the future now for Europe? I mean, is Europe done, or do you see any way out, any recovery?

## **#Yanis Varoufakis**

Unfortunately, I don't see a way out. That's why I was prognosticating earlier that we are entering a very long period of stagnation, a very long period of decline. I think the historian of the future, especially the economic historian of the future, is going to identify the 2008 crisis as the beginning of a half-century or even a century of European decline. This is, you know, I hope I'm wrong. I really, truly hope I'm wrong. But I don't see how it can be averted. I didn't go straight into that kind of pessimistic, negative mindset. Immediately after 2008, 2009, 2010, I struggled. I fought my corner by tabling proposal after proposal of how that can be reverted. There were many ways of doing it.

James Galbraith and I, and other economists, had put forward the so-called Modest Proposal, and Stuart Holland, a British politician and economist, a great economist. So Holland, Galbraith, and I were putting forward, since 2008–2009, the so-called Modest Proposal for the resolution of the euro crisis. It was a very simple idea that we should simulate a federation, given that we didn't have one, by using the European Investment Bank as a major pillar of growth and investment in research and development and so on, by means of bonds that the EIB, the European Investment Bank, would issue, to be supported by the European Central Bank. Yeah, that would have given us an opportunity to arrest the decline, the fragmentation, the bailouts, in order to create the space for having the conversation about the political and the fiscal union, which was necessary.

And the partial piece said 9-9-9-9. And then, when I was a finance minister, I put forward the same proposal along the same lines at ECOFIN, the economics and finance ministers' meetings at the Eurogroup. The people from the European Investment Bank, including the German head, Werner Hoyer, were very enthusiastic about that. But the German government said no. And the people in the European Commission, or around the European Commission — the European Commission that I mentioned before — people like Thomas Wieser and Eisner and so on, you know, this bureaucratic, shadowy government of Europe, they were absolutely determined to kill these ideas and to impose austerity instead.

Austerity is a bit like a huge dose of cortisone in a cancer patient. You know, it seems to work. The patient recovers a little bit, becomes more alive, but the cancer continues to do its evil work under the skin. And this is exactly what happened. So, you know, they're celebrating the end of the Euro crisis. The Euro crisis never went away. In my country, for instance, even though the financial

numbers are fantastic, very financial, you're laughing all the way to the bank in Greece. You buy non-performing loans at 5% of their value, you sell them for 50%, you made, you know, 10 times what you put in.

You buy Greek bonds. Well, the European Central Bank is supporting them. But all that has happened at the expense of 80% of the population sinking into greater misery now than ever. And, you know, negative net investment. So, you know, this is what they're doing. They're doing everything they can. They will change everything to make sure that nothing changes in a Europe that needs change. And that brings about what you and I have been discussing, this constant decline. You know, we are falling behind everything. We are not producing green energy. Solar panels, that used to be a great German invention, are not produced anymore because the Chinese are producing them so much better and so much cheaper.

And it's not that it's dumping. They have quite high profit rates. It's just that they have developed technologies that Europeans have not invested in. We can produce electric cars, but we produce Leopard tanks instead. We have no investment whatsoever in what I call cloud capital, in algorithmic capital, in AI. So all the technologies of the future have bypassed us. And simultaneously, you have political dwarfs ruling the roost. You have Ursula von der Leyen, who has been given free rein, and she's doing things that are absolutely detrimental to the interests of Europe.

Let me remind you that when Donald Trump was elected, she flew soon after that to Scotland and met him, met Donald Trump, the President of the United States, on a golf course owned by Donald Trump, and signed a ridiculous trade deal with the United States where, you know, Europe gave everything and took nothing. And not only that, but she made a promise, a solemn promise, to Donald Trump. You know, if you promise Donald Trump anything, you better deliver, because if you don't, then he gets really peeved, and he can be very nasty when he gets peeved. And she promised him 700 billion euros of investments into the United States. Now, the European Union commissioner, or president of the European Commission, does not have that money to give.

She doesn't have the budget. She cannot send a check for 700 billion to the United States to be invested there. She doesn't have the mandate to do it, and she doesn't have the funds to do it. So she was making a promise that she could not keep, hoping the German industry would, fearing tariffs, shift production lines, like, you know, bus production lines, Mercedes-Benz, Siemens production lines, Krupp-Thyssen production lines, to the United States. And this is, you know, the head of the European Commission doing that. So when I say that we've entered the period, yeah, just like the Chinese went through 100 years of humiliation and decline, I think that's where Europe is. We are at the beginning of that.

## **#Glenn**

Century of humiliation. Well, it was only economic stagnation, but all of this economic collapse and political failures is happening also at a very critical time in human history with this new industrial

revolution, the emergence of, for the first time, a truly global, multipolar world. It's not a great time to fall behind in this way. Anyway, I think we've already gone over our time. Do you have any final thoughts before we wrap up?

## **#Yanis Varoufakis**

Well, look, I don't want to leave people with a very bitter aftertaste in their mouth. The fact that the way things are today is pointing towards 100 years of humiliation doesn't mean that it has to be that way. The beauty about human societies is that they are very much unlike the weather. The weather doesn't give a damn what we think about it. But when it comes to social outcomes, to historical outcomes, we are the determinants of them. So if we change our mind and we act collectively and rationally, then we can prevent that century of humiliation. That's why I'm still in active politics. That's why, even though I'm not optimistic—because only fools can be optimistic under the circumstances—I don't lose hope, and I hope that others don't lose hope, and we come together and maybe, you know, by means of some kind of collectively created miracle, we can prevent that.

## **#Glenn**

Yes, well, with the current political leadership, I remain pessimistic, but I do agree, though, one shouldn't... That's why we need to overthrow them, Glenn Diesen.

## **#Yanis Varoufakis**

Sorry? That's why we need to overthrow them.

## **#Glenn**

I was going to ask as well if we live in pre-revolutionary times, but that might be answering my question already. Thank you very much, though, for taking the time.

## **#Yanis Varoufakis**

Thank you.