

Yanis Varoufakis. *Adults in the Room: My Battle with the European and American Deep Establishment* (NY: Farrar, Strauss and Giroux, 2017), 550 pages. Also available as *Ανίκητοι Ηττημένοι – Για μια Ελληνική Άνοιξη μετα απο ατελείωτους μνημονιακούς χειμώνες* (Athens: Ekdoseis Pataki, 2017). Translated by Petros Georgiou, Alexandros Vafeiadis and Maria Christou. 829 pages.

Reviewed by Constantine P. Danopoulos.

Tired and frustrated by more than five years of austerity, high unemployment, and wage and pension cuts, the Greek people επαναστάτησαν (revolted) against the two governing parties, Panhellenic Socialist Movement (PASOK) and New Democracy (ND), and in the January 25, 2015 parliamentary elections handed power to a hitherto marginal, leftist-wing political formation, SYRIZA (Coalition of the Radical Left). Led by the young, inexperienced but charming Alexis Tsipras, SYRIZA promised an immediate end of the two unpopular bailout agreements (memoranda) previous Greek governments had signed with the so-called troika (International Monetary Fund--IMF, European Central Bank--ECB, and the European Union--EU). SYRIZA promised immediate debt-forgiveness, restoration of all cuts in wages, social services and pensions, and a roll-back of tax increases imposed by the lenders.

SYRIZA formed a coalition government with the small right-wing party ANEL (Ανεξάρτητοι Έλληνες—Independent Greeks) that shared similar views with respect to the sovereign debt problem, and set about to accomplish these highly ambitious goals. The loquacious Yanis Varoufakis, a British-trained academic/economist and a self-professed game theory advocate with considerable communication skills, international connections, and a seemingly assertive personality, was appointed minister of finance to lead the way. Although Varoufakis's tenure was brief (end of January to July 13, 2015), it was full of drama and suspense, associated with heated and often public wrangling with troika representatives, threats of Grexit, and finally the imposition of capital controls. *Ανίκητοι Ηττημένοι*, the Greek translation of is supplemented with a brief introduction and a short annex. In vivid and at times animated prose, often mixing game theory concepts with Shakespearean drama, Varoufakis describes in excruciating detail the events, the twists and turns, the philosophical disagreements, and the personality clashes

that occurred during the suspenseful and frequently acrimonious meetings with the lenders. He is especially harsh on his fellow EU finance ministers, led by the parsimonious German Wolfgang Schäuble, but also criticizes his own colleagues in the cabinet. Although self-serving, as is usually the case with memoirs and autobiographies, Varoufakis's book is an eyewitness account of events that unfolded in what is arguably the most dramatic chapter in the sovereign debt saga that has engulfed Greece since 2008. The former minister's chronicle is based on his recollections, notes he kept during official meetings, conversations and corroborations with various participants, as well as audio recordings he made on his cell phone during the various meetings.

Although he did not seem to disagree with his party's declarations, Varoufakis claims that as a candidate for parliament the only promise he made was that he would do all he could to save Greece from the debt trap and the crippling austerity imposed on his country by the lenders in exchange for bailout loans. Varoufakis saw this as a new form of slavery, referring to it as *χρεοδουλοπαροικία* (debt serfdom). The Greek finance chief anchored his strategy on two key hypotheses. First, he viewed the Greek crisis essentially as an EU problem. He felt that the country's debt was the result of an unethical transfer of losses from the books of Franco-German banks who unloaded their debts on the shoulders of one of the EU's weakest and least resistant taxpayers, the Greeks. By this logic, then, Greece owed no money to the EU because they had loaned funds that were not theirs. The bailout funds, he argues, came from contributions from Eurozone member states such as Slovakia and Finland that had been deceived to think that they were assisting a EU partner in distress.

The second premise Varoufakis made came straight out of game theory. That is, he believed that the size of the debt was so high, and growing, that there was no way a bankrupt Greece could meet the terms of the loan obligations spelled out in the two memoranda that previous governments had signed. Although in the English-language edition of the memoir he insinuates that Greece might be better off exiting the Eurozone than signing a third memorandum demanded by the lenders, Varoufakis admits it outright in the introduction of the Greek version of the book: "To the great question as to what would have been preferable between Grexit--which we did not want--or sign another (3rd) memorandum, despite the heavy cost, the answer is simple: Grexit."

Even though Varoufakis sought the advice of well-known American academics such as Jeffrey Sachs and James Kenneth Galbraith as well as a few practitioners like former US Treasury Secretary Larry Summers, he did not seem to value the importance of symbolism, interpersonal relationships, or coalition building. Adopting a didactic if not pontifical style, he disregarded protocol and dressed casually trotted to various EU capitals, as well as the United States, to expose the reality, unfairness, and

ineffectiveness of the bailout agreements and ask for debt relief. The Greek finance minister reckoned that the threat of Greek default would hold very serious and unmanageable consequences for the future of the EU, a risk EU officials would not want to take. He was shocked when EU representatives, promptly and without subterfuge, rejected Varoufakis's arguments and brinkmanship strategy. He came to be viewed as uncooperative, unrealistic, conceited, and self-important. In turn, the Greek finance minister came to see his EU colleagues as heavy-handed, cold-blooded predators lacking sensitivity and a spirit of fraternity.

In addition, Varoufakis appeared to have underestimated the power of institutions to influence the official behavior and actions of those representing them. An informal private meeting with Summers in April 2015 was an eye opener for the politically inexperienced Varoufakis. Friendly, but firm, the savvy American financial wizard candidly warned him that he was not winning the propaganda war against the Europeans, and then proceeded to counsel him that there are two types of politicians: outsiders and insiders. An outsider is more of a crusader determined to speak the truth regardless of the personal or political consequences. An insider, by contrast, keeps his private counsel, never turns against fellow insiders and never reveals to non-insiders what transpires during insiders' meetings and interactions. As a result, insiders have access to information and are better prepared to influence developments. Outsiders deprive themselves of these tools. Summers, then, asked Varoufakis which of the two he considered himself to be. Varoufakis claims to have replied that by nature he was an outsider but willing to suppress his character, if it would help free Greece from the debt yoke. But Varoufakis added that he was equally prepared to return to the outside and become a whistle-blower, if this would accomplish the cherished goal.

In time, the politically neophyte Varoufakis came to appreciate Summers's shrewd admonitions, concerning both his Greek colleagues as well as EU and IMF officials. His experience with IMF chief Christine Lagarde, a prominent insider, is a case in point. Varoufakis recalls that privately Lagarde agreed with him that the targets the lenders insisted on were unrealistic, but publicly she was unwilling to break ranks with the other troika members who had a different view. Varoufakis formed similar sentiments toward his EU interlocutors who, operating from a position of strength, toed the line and appeared cold and indifferent to the plight of his compatriots. But the finance minister saves his most unflattering remarks for some of his fellow cabinet ministers, especially his own deputy and the vice-president of the government, who, eager to protect their newly-acquired insiders status, turned their backs to debt relief: the centerpiece of the leftist-dominated government.

These disappointments do not even come close to the letdown and betrayal Varoufakis felt when he realized that Prime Minister Tsipras had caved in and had decided against the default strategy, despite the fact that 61 percent of the Greeks heeded the government's advice and voted against a new bailout agreement proposed by the lenders in the July 5, 2015 referendum staged by the government. At that moment Varoufakis's ministerial spell had come to an ignominious end, and with it the brief Ελληνική Άνοιξη (Greek Spring). A few weeks later, the SYRIZA-led government reneged on every promise it had made, capitulated and signed a third memorandum every bit as stringent as the previous two. Varoufakis characterizes this reversal as nothing less than a *πραξικόπημα* (coup d'etat) and laments the government's timidity and lack of resolve. He strongly believes that in 2015 there was a way for the country to escape from the debt prison and remain in the euro if the political leadership had understood that Grexit was a better strategy than signing another stringent memorandum demanded by the lenders.

Varoufakis's memoir is thorough, rich in detail, lucid, and well organized. It brings to light relevant events and the behavior of the various personalities, vividly and colorfully. It is important to note that the former minister spares no effort to paint a portrait of himself as an uncompromising advocate tirelessly fixated on Greece's sovereign debt nightmare. However, there is precious little introspection. Although Varoufakis has no trouble assessing the motives, actions, and character of those with whom he dealt during his tenure in the finance ministry, one is hard pressed to find many places, if any, in the narrative where he admits his own mistakes or shortcomings. Instead, he comes across as the man in a white hat battling alone against a bunch of calculating, selfish, and sensitivity-challenged partners. His single-minded, focused-beam approach, coupled with a flamboyant personality and sanctimonious, cocky demeanor, led him to take a defiant attitude toward the inherently uneven lender-borrower relationship, thereby further weakening his country's negotiating position. Simply put, Varoufakis's approach did not seem to fully appreciate a diachronic reality: beggars cannot be choosers. At the same time, the SYRIZA government's belief that it would find a more favorable environment by helping to resurrect Europe's social democratic values was unfounded and out of sync. In the words of a sympathetic analyst, Jack Rasmus, their "delusions about the restoration of social democracy in Europe were . . . self-defeating and misleading to followers and supporters."¹ They failed to realize that "social democratic Europe had already been pushed aside by the Neoliberal revolution that had been deepening for the past quarter century."²

Reading through this voluminous tome one comes away with the distinct impression that Varoufakis is responsibility-averse and a man in love with himself. We will never know if his high stakes Grexit strategy would have been better than signing

another memorandum. However, he deserves credit for having the temerity to fight for his beliefs and to recount his thoughts and experiences so thoroughly and expeditiously. Varoufakis's responsibility-aversion is not necessarily the result of a uniquely flawed personality, but closely reflects the contemporary Greek national character. Survey after survey reveals that the Greeks feel no sense of culpability for the melancholic state of their country's economic situation. Instead, they see themselves as the innocent victims of the incompetence and irresponsibility of their political leaders, and the greed, ungratefulness and machinations of the Europeans and foreign capitalists. Varoufakis's memoir feeds that sentiment, and in so doing whitewashes and reinforces the Greek society's responsibility-avoidance attitudes and behavior. This could well be the book's most enduring dis-service.

¹ Jack Rasmus, *Looting Greece: A New Financial Imperialism* (Atlanta: Clarity Press, Inc., 2016), 34.

² *Ibid.*, 131.