

Confessions of Yanis Varoufakis, Syriza's Finance Minister

The Failings of His Erratic Marxism

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February 21, 2015

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On January 2015, the left-wing Syriza party was elected to the government of Greece, with a 36% plurality. This demonstrated that the Greek working class, and much of its “middle class,” are reacting against the vicious effects of the “austerity” which has been imposed on them by European capital. They are fed up with the Greek mainstream political parties. These parties (including Pasok, the long-time Socialist party) had gone along with the imposed austerity. The election victory has inspired workers throughout Europe, at least. Whether Syriza’s coalition government (Syriza is allied with with right-wing ultra-nationalist party) has a program which can adequately deal with the economic and political crises in Greece and Europe, is another question—and the important one.

To answer this question, it is worth exploring the views of Yanis Varoufakis, the Finance Minister of the Syriza government. At this writing, he is trying to negotiate a new arrangement with European banks and politicians in which Greece would pay off its debts in a less painful way while still getting loans to keep the country going. Whether he will succeed is not yet determined.

Before he was a Finance Minister, however, he was a well-known economist. In May 1913 he gave a speech at the Sixth Subversive Festival in Zagreb, which was published on his blog that December as, “Confessions of an Erratic Marxist in the Midst of a Repugnant European Crisis.” (Varoufakis 2013) From this, it is possible to learn the background beliefs of one of the most influential members of Syriza. I will present these beliefs and discuss their inadequacy (in my opinion) for dealing with the crisis. (He also published a slightly altered version in *The Guardian*; Varoutakis 2015. I am relying on the first version.)

An “Erratic Marxist”

As an economics professor, and now as a politician, Varoufakis admits that his work has been essentially pro-capitalist. “My whole academic career largely ignored Marx, and my current policy recommendations are impossible to describe as Marxist.” But he is now “com[ing] out of the proverbial closet as a Marxist” Indeed, he is “an unapologetic Marxist.” He finds much that he likes in Marx’s economic theory but also much that he dislikes, announcing, “I am by choice an erratic, inconsistent Marxist.”

I myself am not a Marxist but an anarchist who finds aspects of Marx’s Marxism to be very useful—especially his economic theory. (Price 2013) Therefore I do not criticize Varoufakis for using Marxist theory and doing this in a critical manner. In fact, I think this is just the way it should be used. The key questions are: what does he criticize about Marxism and how does he actually use the theory? Does he criticize Marxism from the right (as do liberals or conservatives) or from the left (as do anarchists)?

But before discussing Varoufakis’ more abstract comments on Marx’s theory, I will first discuss the political conclusions which he has reached, his “current policy recommendations.” He asserts profound hostility to the status quo: “... This European Union [is] a fundamentally anti-democratic, irrational cartel that has put Europe’s peoples on a path to misanthropy, conflict and permanent recession.” Yet he summarizes his present program this way: “It is the Left’s historical duty, at this particular juncture, to stabilize capitalism; to save European capitalism from itself and from the inane handlers of the Eurozone’s inevitable crisis... to work towards a broad coali-

tion, even with right-wingers....” (The Syriza government is a coalition including a right-wing ultra-nationalist party.)

To advocate this strategy, it is not necessary to be a Marxist (“erratic” or otherwise), nor an anarchist, nor any kind of socialist, communist, or radical. Any reasonable liberal will do, such as Paul Krugman or Joseph Stiglitz. Their liberal program is to increase taxes on the very rich, stimulate the economy by more spending on social services, increase regulation of big business, and—in Greece’s case—renegotiate national debts. This is more intelligent than the neoliberal austerity program and would cause less popular suffering. Again: whether it would be enough to solve the basic problem is another question.

Why does Yanis Varoufakis advocate this, admittedly non-socialist, program? There are broad theoretical reasons in the background, but he focuses on his personal experience: “Mrs. Thatcher’s lesson for today’s European radicals.” While he was studying in Britain, Margaret Thatcher was elected as Prime Minister, replacing the Labour party. She then carried out a right-wing assault on the British workers. Varoufakis thought that the deterioration of working class life, the attacks on the unions, and the inadequacy of the Labour party’s social democratic program, “would automatically lead to a renaissance of the Left.” This did not happen. “I continued to harbor hope that Lenin was right: ‘Things have to get worse before they get better.’” (Lenin never said this. On the contrary, the Leninists [falsely] accused the anarchists and other “ultra-leftists” of saying “the worse the better.”)

He feels that the Left failed in Britain because the socialists were foolishly “promoting an agenda of socialist change that British society scorned....” Tony Blair and the right wing of the Labour Party also drew this conclusion, turning toward the right, which even led to winning elections—but Varoufakis does not seem happy with Tony Blair either. He does not mention the great British miners’ strike which was betrayed by the union leaders and the Labour party.

Anyway, Varoufakis drew the conclusion that “a long lasting recession [can] undermine progressive politics and entrench misanthropy into the fibre of society....” To allow this to go on, he decided, will only lead to fascism. Since the capitalists and their politicians are not able to end today’s long recession, then the radicals, with their greater insight into how capitalism works, will have to do the capitalists’ job for them. The non-socialist program for socialists, then, is “to put forward ... proposals for stabilizing Europe – for ending the downward spiralThose of us who loathe the Eurozone have a moral obligation to save it!”

His observations of Britain under Thatcher are a rather limited amount of evidence for drawing broad political conclusions. At the time of the First International, Marxists and anarchists disagreed about whether to build workers/socialist parties to run in bourgeois elections, to attempt to get elected to manage capitalist states and thereby capitalist economies, on the road to socialism. (This was the main practical difference between the two tendencies during the First International—both tendencies were for unions.) So there is a lot of experience to draw conclusions from, beginning with the betrayals of most socialist parties in the First Imperialist World War. Since he accepts the label “Menshevik,” he might have considered the effects of the Menshevik policies in the Provisional Government during the Russian revolution of 1917. He might have discussed the failures of the socialist parties of Italy, Germany, Spain, etc., to prevent the victories of fascism in the twenties and thirties. He could have reviewed the not-so-long-ago experience of the Allende regime in Chile or the Mitterand government of France. (Flood 2015)

Or he could have gone deeper into his own experience: in Britain, after all, he saw the elected Labour party unable to prevent the victory of Thatcher or her long tenure. The next Labour gov-

ernment was unable to prevent the economic crash or the policies of austerity. Back in Greece, at first he supported the election of George Papandreou, the Socialist leader. In practice, “Mr Papandreou’s party not only failed to stem xenophobia but, in the end, presided over the most virulent neoliberal macroeconomic policies that spearheaded the Eurozone so-called bailouts thus, unwittingly, causing the return of Nazis to the streets of Athens.”

And if he says (with some justification) that the failures of the British Labour Party or of the Greek Socialist Party are complicated, I can reply that the weakness of the Left in relation to the Thatcher government was also quite complicated. (Meiksins Wood 1998) But a century and a half of electoral efforts by socialist parties has had pretty consistent results. Elected socialist parties have not done well in terms of managing capitalist states when in crises. Revolutionary anarchists and far-left Marxists have concluded that capitalist states need to be dismantled and replaced by new, non-statist, radically democratic, institutions.

The Nature of the Crisis

What does Yanis Varoufakis think caused the economic problems which are now crushing Greece and much of the world? He denies that the crisis is “a ‘normal’ capitalist recession.” Instead it is a “secular, long-term slide toward asymmetrical depression and monetary disintegration...” But although it is “long-term,” it is not due to any deep background weakness in current capitalism. Rather, it is an accidental conjuncture, a “once-in-a-century capitalist crisis,” that capitalism just sort of fell into and now cannot easily climb out of. It was not Marx, he writes, but the liberal economist J.M. Keynes who understood the problem. Everything supposedly depends on the unstable and capricious mass psychology of the capitalists. Keynes showed that capitalism “was an inherently indeterminate system....It could fall into one of these terrible [depressions] at the drop of a hat, unpredictably, without rhyme or reason....We have no way of knowing what capitalism will do tomorrow....” Therefore, Varoufakis insists, radicals must try to get capitalism back on its feet, back to “normal” prosperity, so that the Left can return to gradually building itself.

However, Marx himself had expected capitalism, as a world system, to develop and then to enter a long-term epoch of decline. Revolutionary Marxists generally believed that this began around the end of the 19th century. There appeared an epoch of semi-monopoly businesses, a tighter world market, imperialism, greater wars, and a background tendency of the overall rate of profit to fall. This would work its way through the ups and downs of the business cycle, through uneven technological and regional development, and increasing crises of various sorts.

Varoufakis implicitly rejects any concept of an epoch of capitalist decline. He points out that there was a period of relative prosperity (from the late 40s to about 1970)—using his own peculiar explanation. It was the 1917 Russian revolution: “the success of the Russian Revolution caused capitalism, in due course, strategically to recoil and to concede pension schemes and national health services.... The creation of a workers’ state... force[d] capitalism to become more civilized....” Presumably, if capitalism made these concessions once, it could do it again.

But before capitalism became so “civilized”, following the Russian revolution, it really went through a Great Depression, the defeats of attempted workers’ revolutions, the rise of fascism culminating in Nazism, the consolidation of Stalinism, and World War II. These terrible defeats of the working class permitted the post-war reorganization of world capitalism behind US imperialism. They permitted the growth of the “permanent arms economy,” the neocolonial super-

exploitation of the oppressed nations (where capitalism never did become “more civilized”), and the looting of the environment. Their factors wore out their stimulative effects by about 1970. The overall direction of the world economy has been downhill ever since. World capitalism has returned to the symptoms showing the epoch of its decline. That is the background reason for the current stagnation and financial unbalance, as well as the world threat of horrible ecological catastrophes. (Price 2013)

The programmatic implications of this analysis (which was developed with Marx’s economic theories) is quite different from Varoufakis’ program. A liberal program will not solve the problems of an epoch of decline, whether implemented by liberals or by socialists. There may be—there will be—ups and downs in the economy, improvements here and there, lopsided development, temporary “prosperities” for the few based on financial bubbles—but there will also be long-term stagnation, repeated bursting of bubbles, continuing wars, ecological decay, and vast suffering for many working people around the world. There will be a rise of right-wing authoritarian forces, including outright fascists.

Syriza’s program, as advocated by its Finance Minister, to “stabilize capitalism; to save European capitalism from itself” is what C. Wright Mills once called “crackpot realism.” It may sound good. It got them elected, for a time. But it solves nothing.

His Evaluation of Marx’s Economic Theory

Before reviewing Varoufakis’ critique of Marx’s economic theories, I want to make a point. While there are many disagreements between Marxism and anarchism, there is one major area of overlap. Both class-struggle anarchism and Marx’s Marxism agree on the revolutionary importance of the modern working class. Due to its central position in the capitalist process of production, it has a strategic potential power to overthrow capitalism—especially if allied with other oppressed sections of society. From a revolutionary-democratic interpretation of Marxism:

“The heart of [Marx’s] theory is this proposition: that [for the first time] there is a social majority which has the interest and motivation to change the system, and that the aim of socialism can be the education and mobilization of this mass-majority. This is the exploited class, the working class....A Socialism-from-Below is possible, on the basis of a theory which sees the revolutionary potentialities in the broad masses, even if they seem backward at a given time and place. CAPITAL, after all, is nothing but the demonstration of the economic basis of this proposition.” (Draper 1992; 10)

Of course, not all who regard themselves as Marxists would agree with this “proposition.” Many would agree in the abstract but not in practice. Many find “the heart of [their] theory” in some other aspect of Marx’s work. I am not arguing whose interpretation of Marx is “correct.” Drastically different versions of Marxism may be equally rooted in aspects of Marx’s work.

What is the “heart” of Varoufakis’ theory? He refers to several key issues that he values about Marxism. Since he was a child, he states, he believed in “the effect of technological change and innovation on the historical process...This constant triumph of human reason...” This is what he regards as “historical materialism” (but sounds close to technological determinism) combined with a focus on “rationality.” “Marx was adamant: The problem with capitalism is not that it is unfair but that it is irrational...” Socialism, presumably, will be a “rational” society. Or so I would guess, since he says nothing whatever about the nature of the socialist goal. He also raises “free-

dom,” which he somehow merges with rationality (which is very Hegelian). He even criticizes the Communists and social democrats because “instead of embracing liberty and rationality..., they opted for equality and justice...” Anarchists are also for rationality, and make freedom central to their values, but would not counterpose them to fairness, equality, and justice. And they would not agree that Marxist-Leninists and social democratic reformists showed a lot of concern for equality and justice—let alone too much.

He also praises Marx for his “dialectics,” as in an “alertness to binary oppositions,” demonstrated by Marx’s view of labor. Yet he also blames Marx for being “insufficiently dialectical.” However, I will leave alone Vanoufakis’ excursion into dialectical philosophy and the nature of labor, which would take too long to untangle.

What Yanis Vanoufakis does not discuss, as the heart of his theory, is class or the working class or the need for “education and mobilization” of the working class and other oppressed groups. He discusses “freedom” in terms of individual workers’ labor, but not as a goal of a class movement. He does not seem to have the goal of the workers taking over society and reorganizing it, moving towards a cooperative, radically democratic, community without classes, a state, or oppression. He has so thoroughly accepted that the goal of the Left can only be to improve capitalism that there is no point for him to raise such issues.

(Of course, my comments are only based on this one essay. I do not know what Varoufakis may have written elsewhere, in his books and articles and his blog. But his article is presented as an overview of his political and economic opinions, focusing on his views about Marxism, and I take it as such.)

He also raises a set of severe criticisms of Marx’s critique of political economy. He condemns “Marx’s two unforgivable errors....I remain terribly angry with him....Marx committed two spectacular mistakes.” To Varoufakis, “Marx’s first error” was to fail to notice that his theory was “exceptionally powerful” and that this could have authoritarian effects. “How come he showed no concern that his disciples...might use the power bestowed upon them, via Marx’s own ideas, in order to abuse other comrades, to build their own power base, to gain positions of influence, to bed impressionable students, etc.” As a result, he says, “the creation of a workers’ state...would be infected with the virus of totalitarianism.”

It is not entirely clear what Varoufakis means by this “first error.” Does he blame Marx for developing a “powerful” theory and suggest that he should have proposed a “weaker” set of ideas? If so, this is nonsense. But what he might mean is that there is a danger in having a group come to state power which believes that it knows “scientific socialism,” that it has, in effect, the Absolute Truth, that it knows better than everyone else, including all the workers and peasants, and that it can crush anyone who disagrees, because it knows that things will inevitably come out all right in the end.

If this is what he means, then anarchists are in full agreement, and have long said the same thing. In 1873, Michael Bakunin wrote that under the Marxist state, “These elected representatives, say the Marxists, will be dedicated and learned socialists....[It] will be nothing but a despotic control of the populace by a new and not at all numerous aristocracy of real and pseudo-scientists. The ‘uneducated’ people will be totally relieved of the cares of administration....A government of scientists will be a real dictatorship regardless of democratic forms.” (Bakunin 1980; 331)

Bakunin was not opposed to the development of theory (he admired Marx’s CAPITAL). Nor did he think that the solution was to avoid having a revolution at all (as Varoufakis appears to believe). Instead, he thought that the revolution should be even more radical and popular, setting up

institutions of mass self-rule (workplace councils, communal assemblies, popular militias, etc.). Bringing the broad masses of working people, of both genders and all races and nationalities, into the “administration” of socialist society, these would federate together for communication and democratic coordination.

“Marx’s second error,” according to Yanis Varoufakis, “...was his assumption that truth about capitalism could be discovered in the mathematics of his models (the so-called ‘schemes of reproduction’).” He blames Marx for “This determination to have the ‘complete,’ ‘closed’ story, or model, the ‘final word’...” Apparently, what Varoufakis is condemning is Marx’s tendency to treat abstract theories as concrete reality, which cover everything, and asserting the “inevitability” of his theories coming to pass. The anarchist Ronald Tabor calls this “the tyranny of theory.” He summarizes, “At bottom, the totalitarian content of Marxism is rooted in its belief that the universe in all its facets—inorganic, organic, and human/social—can be encompassed within, and accurately represented by, one logically coherent world view or philosophy.” (Tabor 2013; 329)

Not that this is all there is to Marxism. Varoufakis, as I have shown, also believes that Marx recognized complexity, freedom, and indeterminacy. But a great many Marxists have presented their Marxism as rigid and deterministic (“socialism is inevitable”), and confusing abstract and concrete conceptions. This has been the mainstream interpretation under both traditional social democracy and Stalinism.

But weirdist of all is Varoufakis’ claim that Marx really knew that some of his theories were wrong but deliberately continued to advocate them anyway, for the sake of dominating others. “The reason for his error is a little more sinister...he coveted the power that mathematical ‘proof’ afforded him. If I am right, Marx knew what he was doing....” Aside from my belief that Marx was not wrong on the issues Varoufakis raises (essentially the “transformation problem”), this is an unprovable claim at best and is extremely unlikely. I do not claim that Marx was a saintly person, but such character assassination is to be expected from a bourgeois politician, not from any kind of radical.

The main disagreement between anarchists and Marxists has been over program. Marxists’ goal is for the workers to take over the state (either the existing one or a new state of their own) and to nationalize and centralize most of the economy. From the beginning, anarchists have charged that this program, if achieved, would result in a bureaucratic ruling class over a state capitalist economy. Instead, anarchists advocated replacing capitalism and its state with federations and networks of workplace councils, neighborhood assemblies, voluntary associations, workers and consumers’ cooperatives, and self-managed communities which integrate industry and agriculture. With the advantage of hindsight, it seems obvious that the anarchist criticism of the Marxist program, at least, has been correct.

Conclusion

Bourgeois politicians run for office in order to get elected, and then—if they are not yet corrupt—to “do good” FOR the people. Hopefully, socialist politicians do not run for office just to get elected but to carry out a program. Then the question is, what is their program? Will it solve the current problems of the people? I have argued that the current crisis is much deeper than believed by Yanis Varoufakis or his Syriza party—basing my view on Marx’s economic analysis.

Therefore his program, even if it could be carried out in the face of right-wing opposition, will not solve the problems facing the Greek working class.

Anarchists and other far-left socialists do not aim to take power for themselves and therefore do not run for electoral office. As part of the working class and the oppressed, they want the people to organize themselves to take over and transform the system. They do not believe that this can be done through the state and the electoral system, agencies of capitalism.

The need for a total change of society does not mean that nothing can be done short of a revolutionary uprising. Demands can be proposed to the workers to be raised in the unions and communities. For example, demands for full employment through expropriation of failing businesses to be taken over and managed by the employees and communities. (Actually Syriza does endorse some ideas of worker management, in terms of supporting local cooperatives. But this is not part of a democratic, bottom-up, plan for changing the total economy.) Anarchists look for ways to encourage popular struggle. For example, Greek workers have had a number of general strikes against aspects of austerity. But these strikes were planned to be limited to a definite period. Anarchists would call for unlimited mass strike action, until at least certain gains were clearly won. This would show the power of organized workers far more than elections ever could.

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February 21, 2015

<http://anarkismo.net/article/27919>

Yanis Varoufakis is the Finance Minister of the new Greek government of the left-wing Syriza party. Describing himself as an "erratic Marxist," he has presented an overview of his political and economic opinions. This provides background information on the philosophy and strategy of Syriza's leaders, which can be critiqued from the perspective of anarchism.

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