

Yanis Varoufakis tours Australia: A pseudo-left representative of European capitalism in search of political allies

Oscar Grenfell
29 March 2024

Greek politician Yanis Varoufakis concluded a fortnight-long tour of Australia earlier this month with a March 13 address to the National Press Club. Varoufakis's remarks at the event centred on a call for the Australian and European ruling elites to adopt a more "independent" foreign policy, amid mounting geopolitical tensions and competition, lest they be consigned to "irrelevance."

The tour was organised by the Australia Institute, a liberal think tank based in Canberra. Varoufakis received a warm, even fawning reception, from the upper- middle class layers around the Institute. He gave talks on a similar theme in inner-city Melbourne and Sydney and addressed panels at the Adelaide Writers' Festival.

While Varoufakis was introduced at these events as Greece's former finance minister, the real significance of that tenure was buried. In fact, Varoufakis, a political scoundrel and opportunist of the first order, was culpable for one of the most significant betrayals of the working class this century.

The Syriza government, of which he was a key leader, came to office in January 2015 based on promises for an end to the European-dictated austerity measures that were creating a social catastrophe. During his little-over five months as finance minister, Varoufakis was at the centre of a political conspiracy in which Syriza betrayed that mandate, suppressed explosive opposition to austerity and imposed the deepest cuts in Europe.

The welcome Varoufakis received, extending from the Australia Institute, which has ties to the Greens and the union bureaucracy as well as the financial press, was not despite this record but because of it. Varoufakis is a valued servant of capitalism, whose political career is based on dressing up right-wing, pro-business policies with vaguely left-populist rhetoric, especially pitched to affluent and aspirational sections of the middle class.

Varoufakis toured not as a private individual, but as the secretary-general of the "Democracy in Europe Movement 2025" (Diem25). It is based on calls for a revitalisation and "democratisation" of the European Union. Diem25 warns against European national divisions, instead calling for a pan-continental unity.

As the WSWs explained upon its foundation in 2016, Diem25 represents a layer of well-heeled EU functionaries and sections of the European ruling class itself, fearful that their privileges and wealth are being jeopardised by the fracturing of Europe and its subordination to US imperialist interests.

That was the essential content of Varoufakis's remarks at the high-profile National Press Club whose events are televised.

He told his audience: "Europe and Australia are facing a common existential threat: a creeping irrelevance caused, on the one hand, by our failure properly to invest and, on the other hand, by our ill-considered slide from a strategic dependence on the United States to a non-strategic,

self-defeating servility to Washington's policy agenda."

The world, Varoufakis asserted, was increasingly dominated by "cloud capital," a catch-all term for high-tech firms and Internet companies. He bewailed the fact that Europe, i.e., the European capitalists, along with their Australian counterparts, had fallen far behind in this crucial area. "[I]t is a little like trying to make our way during the 19th century without steam engines," Varoufakis said.

He stated that cloud capital was dominated by the US and by China. Their competition in this area, Varoufakis argued, was the primary, or even the sole reason for what he termed a "new Cold War" between them.

Varoufakis's argument, stripped of verbiage about "democracy" and "peace," boiled down to a call for the European and Australian governments to heavily invest in "cloud capital," so that they can compete in that sphere, and to end an unquestioning "servility" to the US, lest its activities jeopardise their own imperialist interests.

His entire analysis was geared towards reaching this conclusion. It combined superficiality with falsification.

That was evident in Varoufakis' equation of the US and China, two countries with extremely divergent histories and positions in the world economy. Despite its major economic advances, and the aspirations of the ruling elite spawned by the Stalinist restoration of capitalism, China, unlike the US, is not an imperialist power. It remains locked within a financial system dominated by the US and European banks and corporations.

Varoufakis's blithe dismissal of these issues, lines up with the depictions of China as a new imperialist power, used by pseudo-left groups and others to legitimise the US war drive. A similar position has been advanced by the pseudo-left on Russia, which they employ to back the US-NATO proxy war in Ukraine.

Inevitably, the word "imperialism" did not pass Varoufakis lips, nor the crisis of global capitalism and its intractable contradictions.

Dominance over high-tech development is an increasingly important component of the US-led war drive against China and the broader explosion of imperialist militarism, but it is one expression of more fundamental processes.

Confronted with a deepening crisis of the real economy, a highly-unstable financial system and massive internal social tensions, all of the major powers, including in Europe, are turning to a program of militarism and war. This process finds its starkest expression in the eruption of American militarism, because the US was the dominant power in the post-World War II order, and is desperately seeking to maintain a hegemony that it sees as being under threat on multiple fronts.

In the final analysis, the US turn to war is an expression of the intractable contradiction between a unified global economy, and the

division of the world into antagonistic capitalist nation-states. For a time in the post-World War II period, the US was able to regulate this contradiction because of its vast industrial base, financial resources and the dominance of the dollar. Its global position, however, has deteriorated over the past 50 years, exemplified by its transformation from the world's premier creditor to a major debtor.

The very economic development of China, promoted in an earlier period by the US, is viewed by the strategists of American imperialism as the chief threat to their interests. The program of US capitalism in decline is not, as Varoufakis contends, a new "Cold War," but active and advanced preparations for war with China, as part of a broader drive to dominate the decisive Eurasian landmass. This is already underway, with the US-NATO proxy war against Russia in Ukraine, and a vast military build-up in the Indo-Pacific.

Varoufakis said nothing about this very hot war, the worst in Europe since World War II, which has claimed hundreds of thousands of lives. The central role of Germany, Britain, France and other European powers in the NATO-led operation completely refutes his theses, both of conflict centring exclusively on the US and China, and of a European ruling elite that is a passive victim of the US.

Varoufakis did not address, let alone explain, why the program of militarism is being adopted in all the imperialist centres, including throughout Europe. The attempt to palm this off as the exclusive responsibility of Washington is a sham. Germany and other European powers are, at this point, advancing their imperialist interests under the umbrella of NATO and the US alliance. But as part of this they are engaged in their own military expansion without precedent since the 1930s, demonstrating that all of the capitalist powers are responding to their deepening crisis with a program of war.

Varoufakis's positions are utopian and reactionary.

It is more than a century since the great Marxists, Lenin and Trotsky, explained that a unified Europe under capitalism is an impossibility. Such unity, only temporary, would only be possible under the dominance of one of the major imperialist powers, such as Germany. As the history of two devastating wars in the 20th century shows that arrangement would not last long, inevitably giving way to armed conflict based on the rival interests of the different European capitalist states.

Varoufakis particularly singled out Germany's decline as a cause of upset. "Europe's doom loop between banking losses, stagnation, unpayable public and private debt and an investment strike lasting quarter of a century thus leading, now, to Europe's and, in particular, Germany's de-industrialisation," he stated.

He bemoaned the fact that divisions in the continent meant that "Europe's industries are falling rapidly behind their competitors in the United States and China in every technological race that matters," and that "our continent lacks cloud capital" under conditions "where power stems from cloud capital."

However he tries to dress it up, with references to "peace" and investment in environmentally-friendly industries, Varoufakis's call for European "power" amid geopolitical competition is a militarist one. He is advocating an expansion of the capitalist industrial base of Europe, to advance its interests against those of rival imperialist powers.

This dovetails entirely with the military build-up that is underway, with Germany, France and other states diverting vast sums to their armed forces, and their political leaders insisting that the time for European passivity is over. As he did when implementing austerity measures on behalf of the major European banks, Varoufakis is trying to give this reactionary program a pseudo-left facelift.

One of the few Australian figures he referenced is former Labor Prime Minister Paul Keating. Keating has bemoaned the complete Australian alignment with the US war drive against China, noting that it remains the country's largest trading partner. Keating speaks for a minority faction of

the ruling elite, fearful of the economic and political consequences for Australian imperialism of full-blown war. But Keating advances no alternative and has stated before that the more "independent" foreign policy he advocates would involve a major military expansion.

Figures such as Keating, and Varoufakis, are not even advocating an end to the US alignment, merely its recalibration, to better advance the interests of their own ruling classes. Varoufakis called only for Australia to adopt a policy that is "not automatically aligned with every warmongering adventure decided in Washington." This, of course, does not rule out participation in any particular warmongering adventure should it coincide with Australian or European interests.

In reality, the lock-step alignment of Australia with the US since World War II is not simply a matter of the subjective intentions of its political leaders. Rather it stems from the fact that Australian imperialism, a middle-order power, has been completely dependent on US imperialism to prosecute its own economic and strategic interests in Asia and internationally.

Varoufakis, having made his public overtures to Keating, a right-wing, free market figure whose government deepened Australian militarism, concluded by declaring that during his Australian tour, he was "thrilled to discover that there are talented people and effective organisations dedicated to the same cause."

Syriza's historic betrayal of the Greek working class

The promotion of Varoufakis by bourgeois organisations such as the Australia Institute is invariably based upon hazy references to the fact that he was finance minister in Greece at a pivotal turning point in the development of that country and Europe. The details of what transpired and Varoufakis' actual role, however, are never spelt out.

The polite discretion reflects the fact that those who promote Varoufakis themselves are hostile to the interests of the working class. Varoufakis, moreover, represents a particular layer of the upper-middle class. He is what they want to be: a rich, famous jetsetter, feted in the corridors of power.

A bourgeois figure, Varoufakis has dedicated his adult life to career advancement and making money. Aside from a lucrative, decades-long career in academia, Varoufakis's only political experience prior to the Syriza government was to serve as an economic advisor to the right-wing social-democratic (PASOK) government of George Papandreou between 2004 and 2006.

Amid the protracted Eurozone crisis following the 2008 global financial meltdown, Greek governments instituted sweeping austerity measures at the behest of the European banks. PASOK all but collapsed, with its percentage vote in the January 2015 election in the single digits. That heralded an explosive and potentially revolutionary situation, amid growing ferment and mass struggle against the ruling elite's imposition of destitution.

Syriza was unexpectedly swept into power, having declared that it would end austerity and champion the needs of working people. Only registered as a political party in 2012, its name was Coalition of the Radical Left-Progressive Alliance. Syriza was an unprincipled amalgam of pseudo-left groups that had rejected the revolutionary role of the working class and broken from the Trotskyist movement, ex-Stalinists, middle-class environmentalists and "left" social-democrats.

Varoufakis was parachuted in as finance minister, not only because of his pretensions as an economist, but also because as a previous advisor to PASOK he undoubtedly had close ties to the political elites throughout Europe and the US.

Almost as soon as the election result was revealed, Syriza worked to undermine the mandate it had been given. It formed a coalition government with the Independent Greeks, a far-right, anti-immigrant party. Aside from domestic considerations, this was intended as a signal to the European powers of Syriza's hostility to any fight to unify workers

throughout Europe against austerity. His latter day “pan-Europeanism” notwithstanding, Varoufakis fully accepted this turn to Greek chauvinism. His pan-Europeanism of today is not a deviation from this. It is a policy for cooperation of the European ruling elite, not a struggle to unite workers against it.

Varoufakis was then at the centre of Syriza’s manoeuvres to continue the austerity measures, leading backroom, closed-door negotiations with representatives of the EU and the European banks.

As the WSWS reported: “Yanis Varoufakis, later told the *Observer* that he went into the initial EU negotiations proposing ‘standard Thatcherite or Reaganesque’ economic policies, which he had co-authored with a ‘Board of International Advisors’ that included the Thatcherite Lord Norman Lamont, chancellor of the exchequer in the British Conservative government of John Major, as well as former US Treasury Secretary Lawrence Summers.” Reagan and Thatcher, of course, were associated with a vicious onslaught against the working class. Varoufakis and Syriza, in other words, intended to enforce the dictates of European capital from the outset.

Within its first month in office, Syriza had agreed to continue cuts mandated by agreements signed by previous governments, and gave a guarantee that it would not act “unilaterally to terminate the austerity pacts. As the WSWS commented, “Even in the entire squalid history of ‘left’ petty-bourgeois politics, it is difficult to find an example of deceit, cynicism and truly disgusting cowardice” comparable with the rapidity of Syriza’s betrayal.

Varoufakis was both the behind-the-scenes negotiator and the frontman for Syriza’s imposition of the dictates of the European banks. He caused outrage and anger by declaring that Greek workers had to make “sacrifices,” while he and his wife did cover shoots for French fashion magazines featuring their Athens mansion.

With opposition mounting, the Syriza leadership decided that it needed a pretext for the further imposition of cuts. In July, it called a national referendum on whether Greece should accept the bailout conditions proposed by the European authorities, which mandated a sweeping reduction of social expenditure.

Varoufakis would later admit that Syriza, despite its anti-austerity posturing, was banking on a “yes” vote. It did not campaign for a rejection of the bailout terms, instead seeking to foist responsibility onto the Greek population for their acceptance. Varoufakis would recount scenes of dejection in the Syriza central leadership, when the results showed more than 60 percent of the population had voted “no.”

Almost immediately, Syriza violated the referendum’s anti-austerity mandate, pushing an austerity package through parliament. For his part, Varoufakis, anxious that his career would be over if he were further discredited, left the government, later stating that he had “fled into the night” after the referendum.

The social consequences of Syriza’s betrayals were disastrous. Coming on top of previous austerity, its cuts reduced workers’ real incomes by up to 30 percent. By 2016, unemployment stood at 28 percent, with more than 50 percent for workers under the age of 25 out of a job. As the WSWS noted in that year: “A Doctors of the World report states that budget cuts to health care have led to a humanitarian crisis, with 25 percent of Greeks no longer having any access to health coverage and a 51 percent increase in infant mortality in the last three years.”

Varoufakis, of course, was not among those thrown into poverty. Married to the granddaughter of one of the country’s textile tycoons, he is also independently wealthy. In early 2016, he founded Diem25 and shortly thereafter returned to the Greek parliament. In 2019, parliamentary disclosures revealed that Varoufakis was among the most financially successful political leaders in Greece. Over the previous three years, he had taken in €970,000 in income, and reported stakes in or ownership of ten properties.

As the WSWS alone explained exhaustively, Syriza’s betrayal was a seminal experience for the working class. Through their exercise of state power, the pseudo-left had shown themselves in practice to be a viciously anti-working class tendency, advancing the interests of affluent layers of the upper-middle class, who seek to pursue their privileges within the framework of the existing capitalist profit-system. Their occasional “left” rhetoric, and in Varoufakis’s case, previous claims to be an “erratic” or “libertarian” Marxist are a sham and window dressing for a socially and politically reactionary program.

That is the framework within which Varoufakis’s occasional professions of concern for the people of Gaza or for Julian Assange should be seen. As an exemplar of the pseudo-left as a social type, he does not defend a single principle and should not be trusted for a moment.

Thus, Varoufakis could stand up at the National Press Club and bemoan, without blushing, the current “debilitating inequality, high inflation and low wages.” It would be hard to conceive of more staggering hypocrisy! Of course, no one in the audience pointed out that Varoufakis’s role in implementing massive, EU-dictated austerity had substantially worsened social inequality.

It is also the means of understanding his newfound discovery that the majority of the population are powerless “serfs,” beholden to the tech companies and easily manipulated by them. Dressed up as a pseudo-theory of “techno-feudalism,” this is Varoufakis asserting that the working class cannot, and must not, take up any independent struggle against the profit order he defends. At the same time, Varoufakis insists that the emergence of modern-day serfdom necessitates an alliance with “vassal capitalists,” i.e., sections of the European bourgeoisie that he represents.

The working class, however, is entering into struggle all over the world against austerity, authoritarianism and war. To go forward, these struggles must take on an explicitly socialist and internationalist perspective. That means an implacable political fight against the pro-capitalist pseudo-left and its celebrity representatives such as Varoufakis.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact