

The anti-Marxism of Yanis Varoufakis

By Nick Beams
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The recently published *Guardian* article by Yanis Varoufakis, the finance minister in the Syriza-led Greek government, setting out his encounter with Marx lays bare the class character of Syriza and the pseudo-left tendencies of which it is a representative.

Varoufakis' essential argument, as a self-styled "erratic Marxist," is that his task is to try to rescue capitalism from itself because any struggle to overthrow it is not only doomed to fail, but would open the door to extreme right-wing and even fascist forces.

Varoufakis attempts to justify his political orientation with a combination of praise for the discoveries of Marx and exposures of what he claims are Marx's sins of omission and commission.

All of what he writes is either a complete misrepresentation of Marx, a confused jumble, or out and out nonsense. But an analysis of his article is nevertheless valuable from two standpoints.

First, its dissection serves to clarify some of the most fundamental points of Marx's analysis, as opposed to the distortions and falsifications of Varoufakis. Second, it throws further light on the essential orientation of the pseudo-left milieu for which Varoufakis became something of a poster boy.

Like so many other would-be critics of Marx, Varoufakis begins with paeans to the insights provided by the founder of scientific socialism into the workings of the capitalist system. In so doing, he reveals that either he has understood virtually nothing of Marx, or he has deliberately set out to misrepresent him.

According to Varoufakis, Marx "made a discovery that must remain at the heart of any useful analysis of capitalism," namely, "the discovery of [the] binary opposition deep within human labour." Marx revealed that labour has two different natures, Varoufakis asserts. It is a "value-creating activity that can never be quantified in advance (and is therefore impossible to commodify)" and also "a quantity (e.g., numbers of hours worked) that is for sale and comes at a price."

The total confusion that characterises Varoufakis' musings and his outright distortions of Marx begins here.

Continuing and deepening the work of the English classical political economists, most notably Adam Smith and David Ricardo, Marx established that the value of a commodity is determined by the amount of socially necessary labour embodied in it, measured by time. This is the law of value from which all the appearance forms of capitalist economy—wages, profits, rent and so on—are ultimately derived.

But Marx's analysis is grounded on a crucial discovery that answered a question which had bedevilled all his predecessors: What is the origin of profit?

The issue emerged in the following theoretical form: If labour was the source of value and if commodities exchanged on the basis of the amount of labour embodied in them, that is, if equivalents exchanged for equivalents, then how did profit arise?

Or, to put the question another way: if labour was the source of value, then what was the "value of labour" that was bought and sold on the market in the form of the payment of wages? To say that the value of the commodity labour was determined by the labour embodied in it answered nothing.

The classical political economists had travelled in a circle around this question. Adam Smith, for example, had concluded that the law of value applied in a simple commodity-producing society, but not in capitalism. But as Marx drew out, capitalism arose on the basis of commodity production, and so Smith had taken a backward step, in effect abandoning the search for a scientific analysis of its laws.

Marx's crucial breakthrough, which was to disclose the secret of surplus value and its appearance form as profit, was the discovery that the commodity the worker sold in the market was not labour, but labour power—the capacity to work.

Like all other commodities, its value was determined by the amount of labour needed to reproduce it. That is, the value of labour power was determined by the amount of labour needed to sustain the worker and his family. This was not the same as the amount of labour provided by the worker in the course of the working day. The origins of surplus value lay in the fact that it took less than a day's labour to provide commodities needed to sustain the worker and reproduce the next generation, whereas the worker supplied a day's labour to the capitalist in the course of the process of production.

In other words, the value of the commodity, labour power, which the worker sold to the capitalist, was entirely different from the value added by the worker in the course of the working day, embodied in the commodities that emerged at the end of the production process. For a portion of the working day, the worker reproduced the value of his or her labour power, but in the remainder of the working day he or she rendered surplus value to the capitalist for which no payment was made.

With the emergence of labour power as a commodity—the product of a whole chain of historical developments in which a new class, the working class, was created, separated from the means of production and having nothing to sell but its capacity to labour—the appropriation of the labour of one class by another class—exploitation—took place not in violation of the law of value and the exchange of equivalents (Marx assumed throughout that the worker was paid the full value of the commodity, labour power, which he or she sold), but in accordance with it.

In the course of his article, Varoufakis jumbles up and confuses these decisive questions. At one point he writes that "both electricity and labour can be thought of as commodities," completely blurring the distinction between labour—the measure of value—and the commodity labour power, which is sold by the worker to the capitalist.

In the same paragraph he writes that "prospective employees go through the wringer in an anxious attempt to commodify their labour power." In fact, labour power has already been turned into a commodity, which is then consumed by the capitalist in the production process, giving rise to surplus, or additional, value.

Piling confusion upon confusion, Varoufakis writes, "If workers and employers ever succeed in commodifying labour fully (now labour, not labour power), then capitalism will perish."

Insofar as any sense can be made of this, it implies that there is the possibility of some kind of reformist agenda, lessening exploitation, because if capitalism were to achieve complete "commodification" it would collapse.

There is another aspect to Varoufakis' references to the capitalist drive to "commodify labour." He writes: "Marx's brilliant insights into the essence of capitalist crises was this: the greater capitalism's success in turning labour into a commodity, the less the value of each unit of output it generates, the lower the rate of profit, and ultimately the nearer the next recession of the economy as a system."

What he appears to be referring to here is the historical course of capitalist production, in which capital continually strives to create the conditions whereby the living labour of the worker can be replaced by a machine, today often involving the development of computerisation, and how this striving leads to violent crises because of its impact on the rate of profit and the process of capitalist accumulation itself.

The sole source of surplus value, which forms the basis for the accumulation of capital, is the exploitation of the working class. This is not a product of the subjective drive of the capitalist, but is rooted in objective social relations based on the private ownership of the means of production and the buying and selling of labour power.

Capital consists of two components: capital laid out on the means of production (raw materials, machinery, etc.) and capital laid out in the purchase of labour power. Surplus value, however, emanates from only one part of capital—that laid out on labour power. But accumulation involves the expansion of the mass of capital as a whole. Therefore, to the extent that living labour forms a decreasing component of the production process, there is an inherent tendency for the rate of profit, determined by the ratio of surplus value to the total amount of capital, to decline.

One crucial way in which capital strives to overcome this tendency is by further developing the productivity of labour. It seeks to reduce the portion of the working day in which living labour reproduces the value of labour power and increase the portion of the working day in which surplus labour is rendered free to capital. This is done through the development of new technologies, so that processes once carried out by living labour can be carried out by machines.

However, there are inherent limits to this process. If, for example, the working day is 8 hours and the value of labour power is reproduced in 6 hours, then there are 2 hours of surplus labour. If the productivity of labour is doubled, so that the value of labour power is reproduced in 3 hours, then there will have been an increase in surplus labour extracted in the course of a working day from 2 hours to 5. If this process is repeated and the productivity of labour is again doubled, so that the value of labour power is now reproduced in only 1.5 hours, then the surplus labour will have increased only from 5 to 6.5 hours, a far smaller percentage rise.

Thus, the more the productivity of labour has already been developed, over a whole historical period, the more difficult it is to counter the fall in the rate of profit through increases in labour productivity.

This reduction in the time taken to reproduce the value of labour power is the outcome of nothing other than the development of the productive forces and the social productivity of labour—the basis for the advance of human society. But because of its impact on the rate of profit, that is, the rate at which capital accumulates and expands—its self-realisation as capital, as Marx puts it—the development of the social productivity of labour creates a historic crisis for the capitalist mode of production, which expresses itself in mounting crises.

"The growing incompatibility between the productive development of society," Marx writes, "and the hitherto existing relations of production [based on the private ownership of the means of production and the buying and selling of labour power] expresses itself in bitter contradictions, crises and spasms."

These crises take the form of deepening economic stagnation, a slowing down or halt in the process of accumulation, and the destruction of whole sections of the productive forces in recessions, depressions and military conflicts.

In order to continue the process of accumulation, entire areas of capital

are destroyed in order to increase the surplus value available to those that remain, the working class is impoverished through the driving down of wages, and social services, which represent in the final analysis a deduction from the surplus value available to capital, are slashed or eliminated.

It is vital to note here that this devastation arises not from any decrease in the social productivity of labour, but rather from its increase. In other words, the very development of social productivity of labour, which forms the basis for the advance of human civilisation, creates a deepening crisis for the profit system, which it attempts to resolve through the destruction of capital, creating mass unemployment and impoverishment and giving rise to the conditions for war.

As Marx explained so clearly: "The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given to it to be gone and to give way to a higher form of social production." [Karl Marx, *The Grundrisse*, pp. 749-750]

It must be emphasised that Marx is here speaking of historical processes, not simply fluctuations in the business cycle. Capital has already passed through periods of violent explosions and waves of destruction in the course of the 20th century in its desperate striving to continue. These great upheavals have resulted in untold human misery and degradation and threatened the destruction of human civilisation itself.

The working class in the course of the storms of the 20th century time and again entered the struggle for the revolutionary overthrow of capitalism. But, with the exception of the Russian Revolution, it was unsuccessful, due to the betrayals of its leadership. Varoufakis, like so many others, draws the conclusion from this historical experience that capitalism is too powerful to be overthrown and that the working class itself is organically incapable of rising to its historic tasks.

Now, another breakdown is underway in which the task of overthrowing this outmoded social and economic order is once again placed on the agenda as the precondition for ensuring the continuation of civilisation itself.

But no matter how powerful "the advice is given to it to be gone," capitalism will not disappear of its own accord. It must be overthrown by a social force created by capitalism whose historical interests lie in carrying out this task. This can only be a conscious operation.

That social force is the international working class. Here again it is necessary to disentangle the confusion created by Varoufakis concerning the distinction between labour and labour power. The working class is that class, created by capital, that sells its commodity, labour power. Its social identity is not determined by race, gender, sexual orientation or any of the other categories on which the practitioners of identity politics obsessively focus, but by its relationship to the means of production. As the seller of labour power, it stands as the polar opposite to capital, its very antithesis, in a way that no other social force can because of its objective role in capitalist economy.

Today, the latest phase in the historical development of capitalism, driven forward by its desperate striving to overcome its irresolvable contradictions, has resulted in the globalisation of production and the establishment of a truly global market for labour power. The working class has become the overwhelming majority of the world's population, standing, in objective terms, in global unity against its antithesis, global capital.

Because of its objective social character, this global class, the proletariat, cannot win its emancipation anywhere and prevent itself from being plunged into disaster other than by the overthrow of the social system based on private ownership of the means of production and private accumulation. It is compelled, as a matter of necessity, to take control of the productive forces that it has created as the starting point for the

reconstruction of society on new, socialist foundations. In short, as Marx foresaw: “The proletarian movement is the self-conscious, independent movement of the immense majority in the interests of the immense majority.”

Varoufakis is very aware that the capitalist system has already entered a new epoch of violent explosions. But his perspective is, in the fullest meaning of the word, counterrevolutionary.

He advises the capitalist class and its representatives that they should take some notice of Marx, recognise where their system is heading, and try to make a course correction in order to prevent a disaster. This advice is put forward with the intention of politically disarming the working class by insisting that saving capitalism from itself is the only realistic perspective if fascism is to be prevented.

However, it is not socialist revolution and the reconstruction of society that constitute some utopian ideal, but the political agenda Varoufakis advances of somehow trying to slow down or prevent a catastrophe within the framework of capitalism.

This is because the destructive logic of the capitalist economy, laid bare by Marx, is not the outcome of the subjective outlook of the capitalist class or its political representatives, but is rooted in the irresolvable contradictions of the profit system. Their agendas are the translation into politics of the objective drive of capital itself.

The crucial issue confronting the working class, therefore, is the development of its independent political struggle to overthrow the historically outmoded and reactionary capitalist system, basing itself on the program and perspective of Marxism.

The working class will be driven by the crisis of the capitalist system into massive social and political struggles, the initial signs of which have started to emerge. But no matter how great their scope and intensity, the necessary program for the overthrow of capitalism will not arise spontaneously out of these struggles. The crucial link in the chain of historical causation leading to the overthrow of the capitalist system is the role of the revolutionary party, which provides the program and perspective for this task—in short, the necessary revolutionary leadership.

Given that he has defined his role as saving capitalism from itself, it is not surprising to find that Varoufakis directs his criticisms of Marx at this all-important question.

Towards the conclusion of his article, in which he explains why he is “terribly angry with Marx” and considers himself to be “an erratic, inconsistent Marxist,” Varoufakis claims that the founder of scientific socialism “committed two spectacular mistakes, one of them an error of omission, the other an error of commission.”

The error of omission, he maintains, lies in Marx’s failure to give sufficient thought to the impact of his own theories upon the world. Marx “showed no concern that his disciples, people with a better grasp of these powerful ideas than the average worker, 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.”

In other words, rather than provide the theoretical weapons by which the working class could achieve its emancipation, Marx, in fact, developed a theory that could be used by intellectual elites to exercise power over it. This is simply a variation on a very old theme: that Marxism and Marx himself are somehow responsible for the crimes of those who betrayed them.

Varoufakis provides no concrete examination of the historical record to support his assertions. Nor could he, because history demonstrates the complete opposite of his thesis.

Consider the rise of the Stalinist bureaucracy in the Soviet Union, which usurped political power from the working class in the 1920s following the October Revolution. Its rise to power over the working class was not a product of its better grasp of Marxist theory, but a product of the isolation of the Soviet Union, which, in conditions of economic backwardness and

scarcity of material resources, led to the emergence of a bureaucratic caste.

The ideological foundations of Stalinism were not based on Marxist theory, but the anti-Marxist nationalist theory of “socialism in one country,” a doctrine that had been refuted long before by Marx.

In the *German Ideology* of 1845-46, where he began elaborating his theory of historical materialism, Marx explained that communism presupposed and arose out of the development of the world market, and that “the proletariat can thus only exist world historically, just as communism, its activity, can only have a ‘world-historical’ existence.”

Furthermore, the development of the productive forces on a world scale was the necessary premise for communism because “without it, want is merely made general and with it distribution, the struggle for necessities and all the old filthy business would necessarily be reproduced.” [*German Ideology*, pp.46, 48]

It was on these Marxist foundations that Leon Trotsky in his masterful work *The Revolution Betrayed* provided the scientific analysis of the rise of the Stalinist bureaucracy—the representative of “all the old filthy business”—showing how it emerged as the policeman of social inequality under conditions of economic backwardness and the isolation of the Soviet Union from the world economy and the international division of labour resulting from the defeats of the working class in Western Europe.

Far from the rising bureaucracy basing its rise to power on a superior knowledge of Marxism by intellectual elites, Stalinism emerged in a relentless war against genuine Marxism. This war, which began on the ideological front, led to the mass murder of the Marxist vanguard, culminating in the assassination of Trotsky in 1940.

The situation is the complete opposite of that depicted by Varoufakis. The flower of the Marxist cadre, the most powerful and far-sighted thinkers, those who had the most decisive grasp of Marxist theory and had devoted their lives to using that knowledge to guide the working class in carrying out its historic task, was destroyed as the grasping bureaucrats, espousing anti-Marxist conceptions, secured for themselves positions of influence and privilege. The consequences of this intellectual genocide remain today, not only in the toxic political and intellectual atmosphere in the former Soviet Union, but also in the widespread confusion and disorientation in the working class.

On the basis of Marxism, Trotsky not only explained the origins of the bureaucracy and its rise to power, but warned that unless it was overthrown by the working class, it would inevitably lead to the restoration of capitalism—a perspective that was tragically confirmed, in opposition to the myriad bourgeois intellectuals and apologists for Stalinism who had maintained that the Soviet Union had been permanently established.

Marx’s supposed error of commission, according to Varoufakis, was even worse. It was lodged in his “assumption that the truth about capitalism could be discovered in the mathematics of his models.”

Marx certainly used mathematics in his work, but he did not develop “mathematical models” in the manner of bourgeois economists. Rather, he elaborated an historical analysis of capitalism, laying bare the contradictions within it that were the source of its motion, and the development of which would inevitably pose the necessity for its overthrow if mankind were to resume its ascent.

The attack on Marx’s use of mathematics, however, is just a preliminary assault. The real target is Marx’s striving to lay bare the laws of motion of capitalist economy.

According to Varoufakis, Marx proceeded by ignoring that “a proper economic theory must respect the idea that the rules of the undetermined are themselves undetermined.”

In short, the gyrations of the market, the countless array of accidents through which it operates, are unfathomable. There are no underlying driving forces that produce them and consequently no laws that can be

discovered.

Scientific knowledge of the workings of the capitalist economy and the development of a practice based on that knowledge are therefore impossible. Everything remains a mystery and, consequent upon this, the working class must simply submit to its fate.

What a libel on mankind's intellectual capacity, to adapt a phrase used by Marx in relation to Parson Malthus. Man might be able to develop knowledge of the outer reaches of the universe, penetrate to the heart of the atom and beyond, uncover the secrets of life itself in the structure of DNA and the human genome, but knowledge of his own socio-economic organisation, which he himself has created and developed, remains a closed book.

The political purpose served by this attack on the very possibility of a scientific understanding of capitalism emerges all too clearly in the next paragraph.

According to Varoufakis, recognition by Marx, and, by implication, contemporary Marxists, that his "laws" were not immutable would mean conceding to "competing voices in the trades union movement that his theory was indeterminate, and therefore that his pronouncements could not be uniquely and unambiguously correct. That they were permanently provisional."

Here Varoufakis makes clear his connection to the entire school of postmodernist falsification, which insists that there are no "meta-narratives" of history and there is no objective truth to be discovered.

The political purpose of his attack on the very possibility of a scientific understanding of capitalist economy is to insist that there is no basis for the working class to develop a political struggle against the betrayals of the trade union apparatus and the pseudo-left parties like Syriza, because everything is indeterminate. There are lots of truths, and therefore there is no truth.

The strident manner in which Varoufakis defends this conception gives an indication of its significance for the social forces he defends.

"This determination," he writes, "to have the complete, closed story, or model, the final word, is something I cannot forgive Marx for. It proved, after all, responsible for a great deal of error and, more significantly, authoritarianism."

There is a certain acute irony in Varoufakis' denunciations of Marxism for opening the way to authoritarianism. In the five weeks since it came to power, the Syriza government, of which he is the finance minister, has been subjected to the relentless authoritarianism of European finance capital as it demands that the onslaught against the Greek working class be intensified and that Syriza scrap the very program on which it was elected.

To this bourgeois authoritarianism Syriza submitted in the space of a few weeks and in the most abject and cowardly manner. The next phase will see Syriza, and, if he remains in government, Varoufakis himself, marshalling the violence of the capitalist state to bloodily repress the opposition that will inevitably emerge from the working class.

Varoufakis addresses the political representatives of the financial oligarchy as "colleagues" and "partners." But workers and intellectuals who denounce the capitulation of Varoufakis and the Syriza government as a betrayal, on the basis of the scientific analysis of Marxism, are accused of opening the way to authoritarianism.

Varoufakis' article serves a useful purpose in exposing the class character of his perspective and the government in which he serves. Even more importantly, it underscores that the fight against its betrayals and the pseudo-left milieu of which it is a part must place at its centre the theoretical struggle against the entire school of postmodern falsification, which, in its attacks on the scientific analysis of Marxism, functions as nothing less than the ideological handmaiden of the financial oligarchy.

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