

FROM THE NUMBER 1 BESTSELLING AUTHOR

YANIS  
VAROUFAKIS

*Talking to  
My Daughter  
About the  
Economy*

A BRIEF HISTORY  
OF CAPITALISM



**VINTAGE**

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# About the Book

## **Why is there so much inequality?**

In this short book, world-famous economist Yanis Varoufakis sets out to answer his daughter Xenia's deceptively simple question.

Using personal stories and famous myths – from Oedipus and Faust to *Frankenstein* and *The Matrix* – he explains what the economy is and why it has the power to shape our lives.

Intimate yet universally accessible, *Talking to My Daughter About the Economy* introduces readers to the most important drama of our times, helping to make sense of a troubling world while inspiring us to make it a better one.

## About the Author

Born in Athens in 1961, Yanis Varoufakis was for many years a professor of economics in Britain, Australia and the USA before becoming finance minister of Greece in 2015.

His memoir of his experiences in government, *Adults In the Room: My Battle with Europe's Deep Establishment*, was a number one bestseller in 2017. His previous book, *And The Weak Suffer What They Must?: Europe, Austerity and the Threat to Global Stability* was a number one bestseller in 2016.

He is currently Professor of Economics at the University of Athens and speaks to audiences of thousands worldwide as a co-founder of the Democracy in Europe Movement (DiEM25).

His daughter Xenia is now fifteen years old and lives in Sydney, Australia.

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ALSO BY YANIS VAROUFAKIS

*Adults in the Room: My Battle with Europe's Deep Establishment*

*And The Weak Suffer What They Must?: Europe, Austerity and the Threat to  
Global Stability*

*The Global Minotaur: America, Europe and the Future of the Global  
Economy*

YANIS VAROUFAKIS

# Talking to My Daughter About the Economy

*A Brief History of  
Capitalism*

TRANSLATED BY  
JACOB MOE AND YANIS VAROUFAKIS



THE BODLEY HEAD  
LONDON

# Prologue

This book grew out of my Greek publisher's invitation, back in 2013, to talk directly to young people about the economy. My reason for writing it was the conviction that the economy is too important to leave to the economists.

If we want to build a bridge, better to leave it to the experts, to the engineers. If we need surgery, better to find a surgeon to operate. But books that popularize science are important in a world where the president of the United States wages open war against it and our children eschew science courses. Cultivating a broad public appreciation of science throws a protective shield around the scientific community that must produce the experts society needs. In this sense, the small volume here is quite different from those books.

As a teacher of economics, I have always believed that if you are not able to explain the economy in a language young people can understand, then, quite simply, you are clueless yourself. With time, I recognized something else, a delicious contradiction about my own profession that reinforced this belief: *the more scientific our models of the economy become, the less relation they bear to the real, existing economy out there*. This is precisely the opposite of what obtains in physics, engineering and the rest of the real sciences, where increasing scientific sophistication throws more and more light on how nature actually works.

This is why this book is my attempt to do the opposite of popularizing economics: if it succeeds, it should incite its readers to take the economy in their own hands and make them realize that to understand the economy they also have to understand why the self-appointed experts on the economy, the economists, are almost always wrong. Ensuring that everyone is allowed to talk authoritatively about the economy is a prerequisite for a good society and a precondition for an authentic democracy. The economy's ups and downs determine our lives; its forces make a mockery of our democracies; its tentacles reach deep into our souls, where they shape our hopes and aspirations. If we defer to the experts on the economy, we effectively hand to them *all* decisions that matter.



There was another reason I agreed to write this book. My daughter Xenia is an almost constant absence in my life. Living as she does in Australia and I in Greece, we are either far apart or, when we are together, counting the days until the next separation. Talking as if to her about things that the scarcity of time never allowed us to discuss felt good.

Writing the book was a joy. It is the only text I have written without any footnotes, references or the paraphernalia of academic or political books. Unlike those ‘serious’ books, I wrote it in my native tongue. In fact, I just sat down at our island home in Aegina, overlooking the Saronic Gulf and the mountains of the Peloponnese in the distance, and let the book write itself – without a plan or provisional table of contents or blueprint to guide me. It took nine days, punctuated by the odd swim, boat ride or evening out with Danae, my forgiving and ridiculously supportive partner.

A year after the book was published in Greek, life changed. The collapse of the Greek and European economies pushed me through the rabbit hole of a ministerial position in the midst of an almighty clash between the people who elected me and a global oligarchy. Meanwhile, thanks to my new role, this little book was being translated into many languages, its musings acquiring a large audience in France, Germany, Spain and several other places. The only major language that it was not translated into was English.

Now, with the help of Jacob Moe, who translated from the original Greek, and the good people at Penguin Random House, Will Hammond in particular, it is appearing in the language in which I usually write. Following swiftly on the heels of another book, *Adults in the Room*, which was exceptionally painful to write, documenting as it did the traumatic events of 2015, reworking this book into its English incarnation has been therapeutic: an escape from the trials and tribulations of one caught up in the vortex of a collapsed and sinking economy. It has allowed me to return to a long-lost self who once wrote in peace and quiet, without the constant assaults of the press, doing what I have always loved: seeking ways to disagree with myself in order to discover what my true thoughts are.

The problem with our daily exchanges over the issues of the day is that we drift into a debate uninformed by the elephant in the room: capitalism. During the week in July 2017 that I worked on this English edition, again in Aegina, overlooking the same sea and the same mountains, I loved *not* writing about Brexit, Grexit, Trump, Greece, Europe’s economic crisis but instead talking to my daughter, in the abstract, about capitalism. For, in the

end, nothing makes sense if we do not come to terms with this beast that dominates our lives.

In view of what I've just written, readers may be surprised by the absence of any mention of 'capital' or 'capitalism' in the book. I chose to leave out such words not because there is anything wrong with them but because, loaded as they are with heavy baggage, they get in the way of illuminating the essence of things. So, instead of speaking about capitalism, I use the term 'market society'. Instead of 'capital' you will find more normal words like 'machinery' and 'produced means of production'. Why use jargon if we can avoid it?

Turning to my influences and sources, I have a confession: this book, courtesy of having been written as something of a stream of consciousness lasting a mere nine days, is riddled with ideas, phrases, theories, stories that I have been consciously or unconsciously collecting, borrowing, plundering since the early 1980s to shape my thinking and to help me come up with teaching devices that shake students and audiences out of lethargy. A complete list is impossible, but here are some that come to mind.

Besides the works of literature and the poems mentioned in the text, as well as the science-fiction movies without which I find it hard to understand the present, I shall mention four books: Jared Diamond's *Guns, Steel and Germs*, which underpins the story in the first chapter that explains the emergence of gross inequities and, ultimately, racist stereotyping; Richard Titmuss's *The Gift Relationship*, whose discussion of the blood market underscores ideas first developed in Karl Polanyi's *Great Transformation*; Robert Heilbroner's majestic *The Worldly Philosophers*; and novelist Margaret Atwood's *Payback*, which I recommend unreservedly as perhaps the best, and most entertaining, book ever written on debt.

Finally, it would be remiss not to mention the spectre of Karl Marx, the dramaturgy of the ancient Athenian tragedians, John Maynard Keynes's clinical dissection of the so-called 'fallacy of composition' and lastly the irony and insights of Bertolt Brecht. Their stories, theories and obsessions haunt every thought I ever had, including the ones laid down in this book.