

Yanis Varoufakis: From Accidental Economist to Greece's Finance Minister

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Since 2009, the economic situation of Greece has helped expose the architecture and policy regime problems of the European Union and the eurozone. On Sunday the Greek electorate rebelled against the self-defeating austerity policies imposed upon the country by Germany and its collaborators. As the new Greek government begins to take shape an Australian connection has emerged, with Yanis Varoufakis appointed to the crucial position of finance minister.

Of course, there has long been an Australian connection with Greece - Australia has been a major destination for the Greek diaspora of the twentieth century. But Yanis Varoufakis is not really a part of that phenomenon.

Born and raised in Greece, following university studies in economics in England, including a PhD, he came as a lecturer at the University of Sydney in the late 1980s. He stayed at Sydney University for more than a decade, returning to Greece and a position at the University of Athens in the early 2000s.

Varoufakis was a gifted and popular university teacher in Sydney. I know because I taught side-by-side with him for a number of years. He was also a thoughtful and productive researcher.

His research was first focused primarily upon game theory. But he also developed an expansive intellectual reach across what may be called "political economy" in the generic sense, particularly focused on the evolution of capitalism as a global system. He became a highly [active commentator](#), including for The Conversation, and policy advocate in relation to the euro crisis over the last half-decade.

The problems of the eurozone can be more easily understood with an analysis of global capitalism and the place of the US within it. On the one hand, the eurozone then appears as a smaller-scale version of the problem of international imbalances (deficits and surpluses) between the national economies of the global system. On the other hand, as a common currency area, the eurozone and its governance could be contrasted (unfavourably) with a successful common currency area, the United States. The operation of the latter could serve to reveal what was lacking in the architecture of the euro area.

Hesitant politician

Varoufakis has described himself as an "accidental economist". He is perhaps even more an accidental finance minister.

There is no reason to doubt the sincerity of his earlier expressed ambivalence about entering politics and the party-political fray. It is the vacuum created by the failure of the mainstream parties of the centre-left and centre-right that calls forth this participation.

Indeed it is the moral and intellectual failure of the European political class as a whole that is the root cause of the both leftward and rightward shifts of European voters in recent times.

The media's referring to the new Greek government as "far left" or "radical left" is just an intellectually lazy acquiescence in the language of the European political and policy establishment.

In truth, the position of Syriza is not so way out. That such a perception can have public currency is more a symptom of how far to the right the centre of politics has shifted since 1979 (Thatcher, Reagan) and 1989 (the collapse of official Communism). Syriza is merely left-wing, whereas the mainstream European parties supposedly of the centre-left are no longer left-wing at all.

A new game to play

I mentioned above that Varoufakis's earliest academic research was concerned with game theory, albeit from a rather critical standpoint. He has already [broken down the realities of one Greek election](#) using game analogies.

Game theory as a method of research in the social sciences is first and foremost about the logic of strategic interaction between players. The situation that is being played out now, between Greece (as well as others of the "south") and the political establishment in Europe, is without doubt a strategic situation. It is a game of high-stakes policy poker with the players on both sides, perhaps engaged in an element of bluff.

It is interesting that a game theory expert should find himself, now, at the centre of this situation. There is a great deal at stake, for the welfare of the people of Greece, the other high-debt States and Europe as a whole, as well as for the viability of the European Union and the euro.

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