

Yanis Varoufakis: From Liberal Wars to Traditional Imperialism

Yanis Varoufakis is an economist, the former Finance Minister of Greece, and the author of numerous bestselling books. Yanis Varoufakis discusses why the Trump administration has thrown away the liberal democratic veil of Western imperialism and returned to a more honest form of empire. Follow Prof. Glenn Diesen: Substack: <https://glenndiesen.substack.com/> X/Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glenndiesen> Support the channel: PayPal: <https://www.paypal.com/paypalme/Diesen79> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f>

#Glenn

Welcome back to the program. We're here today with Yanis Varoufakis, who is a professor, former finance minister of Greece, and founder of DiEM25, the Democracy in Europe Movement. Thank you very much for taking the time.

#Yanis Varoufakis

You're most welcome, Glenn. Thank you so much.

#Glenn

So I really want to discuss with you today what has happened in Venezuela and what it means for the wider direction—not just of the United States, but the world. But before we do that, I should give a little warning to viewers to keep an eye out for deepfakes of you. I just read an article saying you're one of the most deepfaked people on the Internet. There are a lot of fake videos repeating things you haven't said—and some you definitely wouldn't have said. So, yeah, just a warning: stick to reliable sources, ideally this one, of course. But let me start by asking, how do you interpret this latest U.S. action against Venezuela? I mean, is it primarily about regime change, control over resources, or is there some wider objective here?

#Yanis Varoufakis

Oh, there are so many different layers to it. But Glenn, let me share with you the first thought I had when I heard about it. I thought, "Oh my God, Putin is now in the Kremlin, having a remarkably good life, thinking to himself how beautiful it is—how beautiful it is that I've managed to polarize the whole of the West, and in particular the United States." Not that the United States violated international law for the first time, of course; it's been doing that since the 19th century.

But what has changed is that, you know, compared to people like Bill Clinton, who bombarded Yugoslavia—violating international law—and Bush, who invaded Iraq, similarly violating international law, American presidents so far have been very keen to find some rationale for doing this, for, you know, wrapping their violations of international law in a kind of emballage of respectability, of respect for democracy. Putin simply said, “I want Ukraine,” so he stepped in there to take it. And this is exactly what Trump is doing—he just says, “I want it.” In the same way, he says he wants Greenland. Why? Because he wants it. So he’s just going to take it. So, you know, from Putin’s perspective, this is a kind of crushing of international law by saying, “I don’t care; there’s no such thing as international law.”

The Greek prime minister came out yesterday, scandalously, and said, “Oh, you know, we shouldn’t worry about international law. What matters is that we did what needed to be done,” which is a fantastic, fantastic gift to President Putin, who did exactly the same thing with Ukraine. It’s actually an amazing legitimization of any potential move by China to take Taiwan. So yeah, I have to say, this was the first thing that came to mind. But to come to your question—what does it mean? Why did it happen? Well, there are many different theories, aren’t there? There’s the question, of course, of oil. Donald Trump has, a number of times, said that Venezuelan oil is his—or theirs—that it was taken away by the Venezuelan people from U.S. oil companies, which is true. It was nationalized at some point, quite rightly so, by the people of Venezuela.

So, yes, there is oil. But, you know, I think that all these explanations—oil, the Monroe Doctrine, a new Monroe Doctrine, according to which the Western Hemisphere, that is, the Americas, belongs to the Americans and they can do whatever they want with it, which is what they’ve been doing for a very, very long time, for a century at least—all those explanations hold. They’re partly true. But I think that, you know, if you put a gun to my head and asked me to come up with one reason, it’s because this is what Donald Trump understands his strategy to be domestically. He’s doing this. Many people within the United States, in particular, accuse him of being all consumed by foreign affairs—he cares about Ukraine, about Gaza, about this—and that he doesn’t pay attention to America. I think he pays attention to his political project in the United States.

The greatest threat to Donald Trump at the moment is the schism within the MAGA movement—his own political base. There’s an almighty split there. You know it, you see it. There are the populists, led by Steve Bannon and others, who are aghast that the American working class is being shortchanged by their own administration. They put Trump in power, and, as of a few days ago, millions of Americans lost their health coverage—Obamacare—because of policies by Donald Trump. So these populists within the MAGA movement are shocked that he’s abandoning them. Then there are the neocons still remaining in the Republican Party, who have been opposed to Trump but are still in the fold.

Then there are the tech lords, people like Elon Musk. And he’s profoundly interested in keeping this MAGA base unified. Nothing keeps a Republican base more unified than some kind of quick and dirty

military victory abroad. And if you notice, he has this pattern: he steps into Gaza and claims it as his own. This is the very first time that an entire territory has been annexed by a company created by an American president—and he's made himself chairman of that company. It's not even that Gaza has been annexed by the United States; it's been annexed by him personally. So he goes in there, makes a complete mess of it—I mean, people are dying now of hunger, malnutrition, lack of medicine, and shelter. The genocide is continuing in Gaza.

But he's moved on. You know, he's creating a lot of noise. We're all now talking about Venezuela—we're not talking about Gaza. Nobody really talked about Mamdani becoming the mayor of New York, because this has been overshadowed by all this. And, you know, soon I think he's going to move into Greenland. It's the next low-hanging fruit. He's going to go into Greenland, and we'll all be talking about Greenland. Then he'll make a move on Canada. And this, I think, is the pattern. Remember what Steve Bannon was referring to as "flooding the zone"—creating so much noise that nobody else's perspective can get an airing?

I think this is what he's doing. And he's doing it outside the borders of the United States—flexing his muscles, giving a lot more legitimacy to Putin and to China, which he doesn't mind at all. It's part of his plan to cut deals with them. Even with the vice president of Venezuela, he's going to cut a deal now, it seems, in order to keep flooding the zone and maintaining his stronghold—his hold over the United States. By the way, using the military for him has nothing to do with foreign policy. He tried to use the military in Chicago, in Portland. Next, it would be New Jersey or New York.

#Glenn

Well, it's interesting what you said about the efforts, historically, by the United States to give some respectability to its empire, because over the past 30 years this has been done mainly under what they often refer to as the "rules-based international order." I often trace it back to Kosovo, because they said, "Well, it's not legal, but it's legitimate." So why is it legitimate? Well, they referred to liberal democratic values giving an exemption to international law, which is obviously the sole prerogative of the political West under U.S. leadership. But this is why it's a bit strange—why didn't Trump take this approach of legitimizing it? Because the Europeans tried to offer this.

I mean, in my country, in Norway, they gave this as a layup. We gave the Nobel Peace Prize to Machado, who was essentially calling for military interventionism—putting her in power—and then we say, well, yes, that would be democracy, that would be freedom. So giving it this legitimate route, but it's, well, not really legitimate. But nonetheless, Trump went the other way, saying, "This is our oil, narco-terrorism," all of these more, let's call them unconventional ways of using military force in this manner. Why do you think he didn't go down this preferable path by the Europeans—that is, liberal democratic wars?

#Yanis Varoufakis

He despises the whole notion of liberal democracy. But the difference between him and the so-called liberal Democrats is that he says so. He doesn't wrap himself in the flag of liberal democracy. You mentioned Kosovo—I think that's a brilliant example. When the Europeans kick and scream that Putin should never be rewarded or allowed to get away with changing international borders through bombardment, through war, what were they doing when they were bombarding Belgrade, against international law, destroying the rules-based international order? The answer that Clinton would give—ah, freedom, democracy, high humanistic values. But everybody in the United States knows now that this is all rubbish. Nobody takes the Clintonite liberal democratic narrative seriously. It's been absolutely discredited.

It was discredited primarily in Iraq. You know, supposedly they moved into Iraq in order to bring democracy. Now, you utter the word "democracy" in Iraq and people hide under the table because they think they'll be bombed. So, you know, thousands of Americans were killed in Iraq supposedly for democracy, a million Iraqis were killed. And remember that Obama and Trump share one campaign point: they both campaigned against the invasion of Iraq. The difference was that the moment Obama moved into the White House, he started doing the same thing. He did the same thing in Libya, and he justified turning Libya into a place where it's impossible to imagine civilization coming back—with Hillary Clinton at the forefront of that—again, on the basis of liberal democratic values.

And, you know, by that time—by the time Libya was turned into killing fields on the pretense of spreading democracy by Obama, who supposedly was the man against Bush doing the same thing in Iraq—this whole project of regime change and bringing democracy through U.S. military might was totally discredited. And it was Trump who inherited the mantle of fighting against it. But Trump comes from real estate, and he looks at everything as a real estate deal. He says, "Okay, what Obama said, what Bush said, what the Clintons did in Kosovo and so on—this was all hypocrisy. It undermined the interests of the United States. So what I'm going to do is cut these."

And I'm going, you know, whenever I need to snatch territory from somebody, I will. But I'll be honest. I'll say I'm simply snatching it because I want it. That's it. And, you know, I think that deeply cynical people in the United States—made cynical by a sequence of administrations that lie to them about the purpose of military interventions—at least appreciate the honesty of the man. You know, he says, tomorrow he'll look at Norway and say, "I want Norway." And, you know, some people—the only disagreement among his base—would be, do we really want Norway or not? Not, is it right to covet Norway? That discussion has now been won by the gangsterism that's so naked and so profound in the face of Donald Trump.

#Glenn

I made the point that when they renamed it the Department of War, I actually appreciated, on some level, the honesty—because political propaganda is always selling war as peace, making the horrible seem virtuous. So I do appreciate that honesty. But what are the consequences for Europe, though—

this kind of new honesty in terms of giving its stamp of approval? Because the EU is... it's not a state. It's very much built around the ideas of common values and ideals. If you look over the past few years, of course, the Europeans, as you said, were quite outraged when Russia went into Ukraine. But the Russians said, you know, NATO is building up a proxy on our border; we can't accept it. But now... we have to continue.

We can't even have diplomacy with the Russians because we're apparently so outraged. But when it came to Gaza, we saw the Germans and the EU in general, you know, referring to international law, yet still backing the genocide. And now we see Venezuela—rather than focusing on international law—there's the kidnapping of a state leader and, of course, the killing of all these people. We now refer to the illegitimacy of Maduro because he's a dictator. So what will be the consequences for the EU project? Because if we don't have the ability to maintain an economic purpose for the EU, since it's diminishing, and we don't have the values they keep referring to or the commitment to international law, what do you think is going to happen to the EU as a consequence of this?

#Yanis Varoufakis

Well, the European Union has managed to project the image of utter hypocrisy, incompetence, and impotence—hypocrisy, impotence, and incompetence—the destructive trifecta of disasters that has befallen the European Union. Remember how I started our conversation? My first answer to your question was that the first thing that came to mind when Trump grabbed and abducted Maduro, just because he felt like it, was to think that Putin, seeing his own legitimization through this act, felt that he had managed to Putinize the White House. And what was the first reaction of Ursula von der Leyen? That she was "monitoring the situation." That was the height of her moral argument—that she was monitoring the situation. Not a word of condemnation or criticism.

Of what? Of the kind of action that legitimizes Putin. So, you know, the Europeans are not even consistent in pursuing a policy—a kind of philosophy, a line, a narrative—that admonishes the acts of the man they consider to be the number one threat to the European Union: Putin. They don't understand that... What is it that they don't understand, really? I mean, Glenn, Donald Trump has never missed an opportunity to say that he loathes the European Union, that he considers it a threat and an enemy to the United States, that he wants it to be dismembered. I mean, he doesn't hide it. And yet there they are—they arrive at the White House and sit like children in front of daddy.

They call him daddy, you know. Mark Rutte, the former prime minister of the Netherlands and currently the secretary general of NATO, has called him daddy and said, "Daddy's right." And you have Ursula, and you have, you know, Friedrich Merz, and you have Macron, and you have Keir Starmer keeping their mouths shut. And then, two days later, they come up with the idea that, oh, but, you know, you shouldn't take Greenland. Well, if I take Venezuela, why can't I take Greenland? Why can't I take Scotland if I want to? Who's going to stop me? So, you know, I never expected that in my later decades of life, I would see Europe being so utterly, purposely, and in a self-inflicted manner, humiliated.

I mean, they're shooting themselves in the foot every day. The Greek prime minister, as I said before, came out and said that Maduro had to go—this is not the time to think about international law. And immediately, Glenn, immediately—here I am in Greece, this is the Aegean, and on the other side there's Turkey—Turkish politicians, quite rightly, came out and said, "Oh, this is amazing news, magnificent news. The Greek prime minister has just done away with a hundred years of the Greek government's, or the Greek state's, argument that the best defense shield for Greece vis-à-vis Turkey is international law." Unforced errors, they call this in Danish.

#Glenn

Yeah, you saw the prime minister of Denmark about a year or so ago. She said there's only one power that threatens Europe, and that's Russia. And she also said that war would be better than peace now, because if there's peace, then Russia could deploy its troops elsewhere, such as in the Baltic Sea. And now, of course, Trump is threatening to take Greenland from them. The only thing they can do is refer to international law—and they need to respect it after spending all these years undermining it themselves. It's quite shocking, the self-harm. I don't know what direction the Europeans are going in here. But from a political-economic perspective, what is the relevance of what's being done to Venezuela? Because it's often pointed out that this is a key hub for China to get energy resources and to cooperate with the wider Latin America. So do you see this also being targeted against the Chinese people?

#Yanis Varoufakis

Not at all. Not at all. I think the transactional nature of Donald Trump is perhaps a tiny silver lining in all this vis-à-vis China. Look, Trump is a disaster for Europe—there's no doubt about that. But in the global scheme of things, I think we can find some solace in the fact that he doesn't seem interested in intensifying tensions with China. President Xi, like President Putin, must be very happy—not that Venezuela has been taken over by Trump, but because, from their perspective, it really strengthens their argument that they have every right to move into Taiwan.

I hope they don't, but from their perspective, it does. Now, my understanding is this: when it comes to energy, the Chinese have put all their eggs in the renewables basket. It's clear to me—if you look at the data—that within a few years, maybe a decade or so, they'll have weaned themselves off fossil fuels. The rate at which we're expanding solar and wind power, and maybe fusion as well, is such that China isn't going to need greater access to existing reserves of fossil fuels, like in Venezuela. Trump is moving in exactly the opposite direction, which is a disaster for the planet.

More and more reliance—you know, "drill, baby, drill." So he needs Venezuelan oil in a way that China doesn't. And I think what he signaled to the Chinese is, "I'm quite happy for you to have your sphere of influence. You can have your BRICS. I'm getting complete control over the Americas. Europe volunteers to be my slave, my vassal. So let's split the world in two." Now, that's a terrible

thing, because I don't want to live on a planet where you've got two zones—the American zone and the Chinese zone. But at least the chances of a confrontation between the American and Chinese militaries in the South China Sea are receding as a result of this.

The big question, as far as oil is concerned—allow me to raise this point briefly—and it is a political question I'm going to raise, is this: yes, on the one hand, I did just argue, didn't I, that the United States, because it's moving away from renewables instead of toward them, needs Venezuela's oil. On the other hand, politically, come to think of it, the political base of Donald Trump is not ExxonMobil or Chevron. You know, ExxonMobil and Chevron, of course, they're not ideological; they just want to maximize their profits. But they're more of an establishment outfit—or outfits.

His political base is in Texas, in places like New Mexico, where America's oil has been fracked. It's been extracted through horizontal drilling by mostly small companies that own 10, 20, 30 oil wells each—not many more than that. Anybody who's watched **Landman**, the series with Billy Bob Thornton, which I think is one of the great series of our time, will see that they're struggling. They need, you know, between 60 and 65 dollars per barrel, minimum, to keep fracking. Now, imagine—I'm not saying this is necessarily going to happen—but imagine that tomorrow Chevron and ExxonMobil get their hands on Venezuelan oil, extract it, and sell it to international markets. Well, the price of oil is going to drop precipitously because there'll be a massive increase in the supply of oil.

That will destroy these smaller companies that are the backbone of domestic oil production in the Permian Basin and so on. And those people are Donald Trump's electoral base. I don't think he wants to do that to them. This is why I think—this is my theory—I may be wrong, but I'm going to share it with you. I'm very interested to see what your view is on this. This is why I think he hasn't taken Machado, the leader of the opposition who was scandalously given a Nobel Prize by the Nobel Committee—scandalously, given that she was calling for the invasion of her own country and for Netanyahu to be allowed to complete the genocide in Palestine. Such shameful appeals by her. But anyway, that's my view. It doesn't matter.

Everybody expected that once Maduro was out and the United States was in, they would take Machado and use her as a puppet. But he said, "No, I'm going to do business with Maduro's vice president, Delcy Rodríguez." Now, why is that? Well, one reason could be that he doesn't want to put boots on the ground and repeat the whole Iraq debacle. But I also think he doesn't want to give Chevron and ExxonMobil all of Venezuela's reserves. He claims he will, but he really doesn't want to, because he'd lose the Permian Basin—he'd lose his own people there. So there are all these, you know, this is how he thinks. And one of my great laments is that Europeans love to dismiss Trump as a buffoon who doesn't know what he's doing. He's very strategic. You know who's not strategic at all? The Europeans.

#Glenn

Oh, that's a good point. Yeah, I'm not sure how to make sense of that because, again, this did look like a layup. It would be very easy to do, and it would also have the support of the Europeans. But I'm not sure why it didn't go that way. I was thinking that perhaps he has some insiders in Venezuela, because the way they were able to pull this off tactically—it was a success in terms of how they could move in and take the president of a country in and out so quickly. I wasn't sure if they then preferred to work with the current government, because we say that the Venezuelan government has been removed, but they only took Maduro. The way Trump speaks now, it's as if, "Well, we're going to run Venezuela until we find a new government." They don't control the government.

They got Maduro, and they'd like the rest of the Venezuelan government to essentially accept this defeat and fall in line. So I'm wondering—I don't know, at this point it's just speculation—but I would assume, unless it's just nonsense, that they have someone on the inside who they hope can exploit the vacuum created by Maduro's absence. I guess in the coming days or weeks we'll know if there's anything to it. But of course, I very much agree with what you said—that he's not just a buffoon who doesn't think. I do think he has his own strategic thinking, but it's on different levels. He looks at how he maneuvers within the U.S. political system, as well as how to manage international rivals. So... no, I think he's dismissed too easily, especially by the Europeans.

#Yanis Varoufakis

And come to think of it, Glenn, the argument that he did to Maduro what Bush Sr. did to Noriega in Panama—that's a facile argument. There is a similarity in the sense that, you know, American commanders were sent in and extracted Noriega and extracted Maduro. Yeah, but that's where the similarity ends, because, firstly, Noriega was a CIA asset who had gone rogue. Maduro was never a CIA asset. And the vice president under Noriega, who stayed behind in Panama on behalf of the Americans, was already an American asset. Whereas, you know, the vice president of Venezuela and much of the Venezuelan government were people who had been schooled in the acts of subversion against the Americans and the American-backed regime before Chávez, right?

Delcy Rodríguez, who is the vice president and is trying to find some kind of accommodation with Donald Trump at the moment—you know, her father was tortured to death by CIA-trained Venezuelans of the Machado type. So we must not forget that. He knows that. He knows that the only way he can give all the oil to Chevron and ExxonMobil is to do it like in Iraq—to put boots on the ground and be prepared for an insurgency. Because, you know, out of the 28, 29, 30 million Venezuelans, there will be a few million who are armed and who will resist the takeover of the oil industry, just as they did in Iraq. I don't think he wants that. I think he wants to flood the zone. I think he wants us to discuss Venezuela today so that we don't discuss Gaza. And tomorrow he's going to move on—he's going to, you know, take Greenland so that we talk about Greenland and forget what happened in Venezuela.

#Glenn

He's already talking about Colombia possibly being next, while Marco Rubio has his eye more on Cuba. They might even go after the Panama Canal again. And of course, he made the comment that he won't rule out striking Mexico. Only in the Americas—he seems to have quite a long list of targets going forward, which is a bit ironic, given that he was elected with a peace mandate. But of course, we've seen this kind of thing before. Let me just ask one last question, though: how do you see all of this impacting the overall global economy? Because it appears that the whole post-1945 economic order is more or less coming to an end.

We're ending up in a situation where states are moving away from the open economic system. They want to control industries, technologies, transportation corridors, various ports, sea lanes, and so on. They want to control banks and currencies. I mean, there's a very strong rivalry now between the different economic powers. Do you see this seizure of Venezuela—or attempted seizure, at least—of Venezuela's natural resources in the same light? Because other countries would have to respond in a similar way, that is, to protect their resources around the world. Again, it could set off very dangerous developments.

#Yanis Varoufakis

I don't see this as the most significant way of approaching the situation. Bush Jr. went into Iraq with Halliburton and Dick Cheney, and they took over the oil. That was part of the international global order—it was part of the World Trade Organization, part of neoliberalism and globalization. So if snatching other people's resources was part of that neoliberal order, I don't think what we're seeing in Venezuela is significant in that regard. That has gone. You know, the crisis of 2008—the financial collapse of 2008, our generation's 1929—is what started the process that has led to deglobalization and to what I call techno-feudalism, and, you know, all the major shifts in the international political economy.

I don't think what he did in Venezuela can be seen as significant from that perspective. I don't think economic historians in the future are going to say, "Ah, the move into Venezuela or the abduction of Maduro was a significant point." What really needs to be stressed is that, to a very large extent, what Trump is doing is a change of style, not of substance. You know, when I hear people saying, "Oh, these things have never happened before," I say, what? They've been happening. I mean, they got rid of Mossadegh. The reason Iran has been in turmoil for decades is because the CIA overthrew and killed Mossadegh. They did it to Allende in Chile. They did it here in Greece. I grew up under a fascist dictatorship that was imposed by the CIA. That is not new.

What is new, as I was saying at the beginning, is that it's naked. There's not even an attempt to dress it up in liberal democratic clothes. I mean, there wasn't an attempt to do that when my country was being taken over by fascists who were on the CIA payroll. So, you know... this neoliberal order, globalization—how was it established exactly? Was it the result of, you know, the great and the good among the liberal West getting together and saying, "Let's establish an international

order"? No. It was Richard Nixon, on the 15th of August 1971, who blew up the post-war Bretton Woods system—totally destroyed it. Without consulting anyone, he sent John Connally, his Treasury Secretary, to us folks in Europe. And remember what he said.

"You're done. It's our currency, and it's going to be your problem." He meant the dollar. And he treated them like vermin—that's how he treated them. That's what Richard Nixon did. Essentially, he imposed a remarkably irrational but, for many decades, stable system. Why did the United States blow up the Bretton Woods system? Because they no longer had a surplus to recycle. They had become a deficit country. So they decided, instead of doing austerity, instead of becoming Germanic, they would increase their trade deficit. They consumed even more—net exports into the United States, net imports from their perspective. And how did they pay for it? Well, they made the Europeans pay for it, and they made the Japanese pay for it. How?

They were, you know, German capitalists—Mercedes, BASF, and so on—who were paid in IOUs called American dollars that were just printed. And then, similarly with the Japanese and later the Chinese, these capitalists—the German, Japanese, and later Chinese—what could they do with the dollars they were receiving from the U.S. trade deficit? They were sending them back to New York, to Wall Street, to invest in American debt, effectively financing the American government. They bought real estate, and they bought some shares. And that was all the result of a very naked, horrible, totally rude, uncouth move by President Nixon. I mean, effectively, Trump is doing everything that all his predecessors were doing, but he's not wrapping it up in those liberal democratic narratives. I think it's important to stress that—the sense of continuity rather than discontinuity.

#Glenn

So the main difference you see, then, is essentially the liberal veil of imperialism being thrown away. But in terms of Trump, is this because he sees liberal democracy and globalism as distractions from hard American interests—something that weakens the U.S.? Because he often talks about the decline of the U.S. being due to weak leaders. And this is where he comes in: he's the strong leader who will, through his forceful actions, make America strong again. Is this what's transforming that former liberal imperialism into these new, very shameless colonial efforts? I say "colonial" because the goal was, say, to have Tony Blair run Gaza—now they're going to have Pete Hegseth run Venezuela. This is colonialism. There's really no other good word for it, I think.

#Yanis Varoufakis

But it's always been colonialism. You know, ever since they took the Philippines, the rest of Latin America... Remember Roosevelt? It was Roosevelt referring to the dictator in the Dominican Republic who said, "He's a bastard, but he's our bastard." And, you know, this Roosevelt was perhaps the most enlightened of American presidents. As I said, this is the sense of continuity. But look—to keep America in control of capitalism, of global capitalism, which it has been since the 1930s or 1940s—

you need to constantly, you know, turn upside down the system that you impose on the rest of the world.

So, you know, Richard Nixon destroyed an American design. The Bretton Woods system was a remarkable American design—think about it. In fact, we had the dollar zone: Europe was part of the dollar zone, Japan was part of the dollar zone. That's what fixed exchange rates do. They had created this very complicated, centrally planned, almost socialist or social-democratic system because it was in the interest of the United States ruling class—so they could rule over the working class in the United States and over the colonies, the rest of us.

And then, you know, when it was no longer fit for purpose—because they lost their surpluses, right? They became a deficit country—they blew it up and created neoliberalism. And now they're blowing that up and creating another form of colonialism. So, as I said, this is the only way you can have one country whose industrial output is a decreasing portion of global output. The only way it can remain on top is by continually, and at least periodically, overthrowing the system it has created until it establishes a new one to preserve this growing chasm between each hegemony and its output.

#Glenn

Yeah, just thinking, the two things that are really defining our current era, in terms of the wider geopolitics, are the rise of China and a pending economic crisis in the United States. Because if the goal, as it always has been, is to keep American capital dominant—and this kind of militaristic imperialism is a way to achieve that—you know, from Iraq to Venezuela, you'd expect it to become a bit more aggressive, even more shameless, in the months and years to come, if they're going to preserve the dominance of American capital. It doesn't seem they can compete that well with China. They haven't really faced an adversary like this before. Of course, you can go back to Britain in the 19th century, but beyond that, they haven't really had a peer rival in this way, so...

#Yanis Varoufakis

That's correct. And Donald Trump knows that. This is exactly why he's segregating the world into zones—one that he's reluctantly but deliberately handing over to China, saying, "I'll keep the rest." He can't keep the whole thing because, you know, he can't do a Plaza Accord. He can't do what Reagan did to the Japanese in 1985. For the benefit of our audience—I'm sure you know this, Glenn—in 1985 the great threat to American industry was Japanese industry. So Reagan used tariffs, or the threat of tariffs, to effectively force the Japanese to increase the value of the yen in order to reduce Japan's net exports to the United States. And, of course, the Japanese rolled over—because, let's face it, they have 80,000 American troops on their soil.

And they are a vassal government to the United States. That's not the case with China. You know, Mao Zedong stopped that from happening to China—he stopped China from becoming the vital space, the Lebensraum, of Japan and the United States. They developed. And now, you know,

Trump is a businessman; he's finding an accommodation, he's finding an accommodation with China. The moment he threatened them with large tariffs, like Reagan had threatened the Japanese, President Xi turned around and said, "No more rare earths from us." Immediately, Donald Trump retreated. And the result is this accord. It will be very interesting in April because they'll have a meeting to extend that accord. What will happen then? I suspect they'll find another accommodation.

#Glenn

The Chinese had this interesting 30-year period, starting with Mao Zedong restoring China's sovereignty. Then, from 1979, there was another 30-year phase of what they called a peaceful rise, focused on internal development. The next 30-year period began around 2009, after the global financial crisis, when the Chinese realized they were becoming too big for the U.S.-led economic order and started creating alternative institutions, and so on. I'm just thinking—when America says, "We need Greenland," I think there's a point to be made there. They do need Greenland if they want to restore their dominant position. Not that I condone it, but when Europeans respond by invoking our common values and international law, I don't think they fully grasp the changes in the international system or how the U.S. has chosen to adapt to them. But it's... yeah, I don't know. It's frustrating to watch European politics these days, I guess.

#Yanis Varoufakis

There's no point in watching European politics anymore. It's completely uninteresting. I mean, nothing happens—zero happens. We used to have a North–South divide in Europe; now we have an East–West divide as well. Every government is paralyzed. Macron doesn't control his own government. Merz can't control—I don't even think—his own household. Keir Starmer is in retreat. Italy has a solid prime minister who, however, seems far more interested in holding together her ideological neofascism with her complete subjugation to the EU—whatever the EU says.

You know, we are neither preparing for war nor pursuing a peace project. We say we're preparing for war, but they don't have the money to put into it. If they were serious about preparing for war, the first thing they'd do would be to issue a eurobond and create a federal treasury so they could finance a federal ministry of defense. They're not even discussing this. So I very much fear that the rest of the world doesn't really care about what the Europeans are saying or doing anymore, because it's just noise—no signal.

#Glenn

We also say we need greater autonomy and should diversify away from America, but then we do everything America says—as was evident in Venezuela—and sit like good schoolboys in front of his desk when he calls on us. So there are a lot of contradictions these days. I don't think it can go on forever, of course.

#Yanis Varoufakis

Well, it can go on for a very long time because, you know, Europe is very rich, Glenn. We're still very, very rich. It's a very rich continent. So, in other words, we have a lot of wealth to waste. You know, we've been fading for a very long time. As Keynes once said, the market can stay irrational for much longer than you can stay solvent. So, similarly, this Europe can remain bogged down in orchestrated idiocy for a very, very long time.

#Glenn

On that note, thank you so much for taking the time, Yanis. Really appreciate it.

#Yanis Varoufakis

Always good to talk to you, Glenn.