

Review of Yanis Varoufakis' Book "Technofeudalism: What Killed Capitalism"

Muhammad Atif

Assistant Professor in the School of Integrated Social Sciences University of Lahore, Pakistan. muhammad.atif@siss.uol.edu.pk

Sundas Maqbool

MPhil Scholar in the School of Integrated Social Sciences University of Lahore, Pakistan. sundas.maqbool@gmail.com

Abstract: This paper presents a review of Yanis Varoufakis' book "Technofeudalism: What Killed Capitalism".

Keywords: Technofeudalism, Yanis Varoufakis

Technofeudalism: What Killed Capitalism by Yanis Varoufakis, Melville House, 2024, 304pp, Paperback, U\$19.99, ISBN 9781685891244

In the book "Technofeudalism: What Killed Capitalism", Yanis Varoufakis audaciously proclaims the collapse of capitalism, a development he sarcastically attributes to the very factor that created it – capital itself. As a distinguished economist and former finance minister of Greece, Varoufakis boldly presents controversial hypotheses that challenge the established norms of both mainstream economists and Marxists. The book examines the contemporary global landscape, which is shaped by unprecedented financial crises, supply chain disruptions, and the ongoing COVID-19 pandemic. Varoufakis asserts that we are navigating uncharted territory, facing technical and economic challenges that even the most astute capitalists could not have foreseen. He constructs a narrative of capitalism's decline through personal stories, integrating examples from popular culture alongside his progressive background. The book introduces the concept of technofeudalism, arguing that society has transitioned from capitalism to a more subtle and exploitative system reminiscent of historical feudalism. In this emerging economic model, ownership of capital is supplanted by rental fees for access to cloud infrastructures, trading platforms, and the Internet. Varoufakis contends that authority is now firmly held by those who manage information networks and data, radically shifting the dynamics of socioeconomic power.

Chapter 1 ("Hesiod's Lament") begins with an experiment conducted by the author's father to illustrate how heat can transform magical materials, specifically iron and bronze. This narrative highlights the significance of understanding metal transitions and solid-liquid transformations (p. 14). It introduces historical materialism to the child, who observes his father's struggles for control during the demonstration. The father explains the process, emphasizing that it is not merely a simple transformation, like evaporating tin, but a remarkable metamorphosis. In this context, copper symbolizes the leap from prehistory; its ability to alloy with arsenic and tin to create bronze enabled the Mesopotamians, Egyptians, and Achaeans to develop new technologies such as

ploughs and axes, ultimately leading to agricultural surpluses that financed grand temples and armies. While the journey from the glacial Bronze Age to the dynamic Iron Age brought incredible innovations, the manufacturing of iron and steel remained complex and costly for a long time. Initially, steamships were primarily made of wood, with steel reserved for essential components (p. 16). Hesiod observed that iron not only strengthened our tools but also our spirits (p. 17). The author's father maintained hope for humanity's appreciation of these transformative gifts, driven by a natural optimism in their furnace's glow and a deeper understanding of light's dual nature (p. 18). This notion of duality extends to the author's evolving comprehension of capital, akin to light and labour, rooted in the dual influence of his parents (Abbas and Al-kinani 2022).

Once more, even before the author studied Marx, the more he considered capital, the more convinced he became that, like light and work, it also had two natures, owing respect to Mum and Dad (p. 22). The resulting General Theory of Relativity was not for the faint-hearted. To understand it, we first had to adopt a mindset that rejected what our senses told us. Einstein said if you want to grasp gravity, you must stop seeing space as a box the universe fits into. Acting as one, matter and energy shape the flow of time and help define the boundaries of space. To understand space and time, or matter and energy, we must see them as partners caught in the most intimate, inextricable embrace. We sense gravity when navigating the shortest path across this four-dimensional spacetime (p. 24). The economic option appeared but was as free as the one offered by a mafioso who, smiling, assures you: "I shall make you an offer you cannot refuse" as feudalism faded (p. 27). Today, almost everyone treats capitalism as if it were the invisible, irreplaceable, natural ether through which we travel, taking it for granted like fish take to water (p. 29).

Chapter 2 ("Capitalism's Metamorphoses") examines the intricate evolution of capitalism, rooted in humanity's relentless urge to assign value to previously unvalued entities. This includes aspects such as human labour, shared common lands, and essential household goods like homemade bread. The rise of capitalism has turned everything shared and cherished – from local wines to woollen garments – into commodities, often stripping these items of their intrinsic "experiential value". For instance, a beautiful song, a breathtaking sunset, or a lovingly crafted tablecloth made by a grandmother now transforms aesthetic value to mere exchange value (p. 32). As commercial television emerged, the techno-structure of the labour market captured vigorous public interest. This era introduced a dual nature of labour alongside a dual spectacle: one side presents a cultural product rich in experiential value yet devoid of exchange value, and the other showcases a viewer-engagement event with significant exchange value but lacking experiential essence (p. 39). During this pivotal time, American hegemony relied heavily on the supremacy of its currency, which remained highly coveted globally, regardless of the intentions behind purchasing goods from the US. After the dollar detached from gold, European currencies lost their tether to it, causing significant fluctuations in value much like driftwood in a turbulent sea (p. 48). Suddenly, the dollar reasserted its dominance as king. Nixon's economic turmoil paradoxically positioned a seemingly failing economy at the helm of global currency strength (Frantzen 2025). Despite capitalism's tumultuous nature, capital continues to thrive. Just as evolutionary mutations increase the diversity of a species, technological advancements within a social framework evolve until a transformative change occurs. Nevertheless, this evolution does not suggest the elimination of the fundamental components – capital, labour, and money – that constitute the system (p. 56).

In the chapter “Cloud Capital” (chapter 3), Varoufakis presents the notion of “cloud capital”, highlighting that real power stems from substantial wealth, not from fictional figures like Iron Man or Superman (p. 58). He explains that the shift from feudalism to capitalism represented a pivotal transition, in which authority shifted from landowners to owners of capital goods. This change was facilitated by peasants forfeiting their independent access to common lands. Notably, British enclosures hindered the local workforce from benefiting from opportunities that Peel's workers discovered in Western Australia, playing a critical role in capitalism's emergence (Hedrick 2024). Furthermore, many cherished Hollywood narratives reflect humanity's ongoing anxieties about technological advancements (p. 64).

Varoufakis describes the Internet as a child born in a hostile era in the 1970s, where its open protocols faced considerable opposition. Unlike individuals who lose their identities in the digital realm, private enterprises dominate our data, owning everything from purchase histories to social connections. While platforms like Facebook and Twitter monetise our interests and behaviours, they also contribute to the erosion of our privacy, demonstrating how intimately these companies understand us (p. 70). Being vulnerable to someone or something that seems to understand us better than we do is a natural part of being human (p. 74). Consider Mechanical Turk, a “crowdsourcing marketplace that makes it easier for individuals and businesses to outsource their processes and jobs to a distributed workforce”¹, as defined by Amazon. It consists of employees who are capable of carrying out their duties virtually. Let's call it what it is, though: a cloud-based sweatshop where employees are compensated on a piece-by-piece basis for working remotely (p. 77).

Chapter 4 (“The Rise of the Cloudalists and the Demise of Profit”) discusses the aftermath of capitalism's crisis fifteen years ago, highlighting how central bankers have created and distributed money to financiers, believing they are preserving capitalism. Actually, by contributing to the funding of the rise of cloud capital, they have been destabilizing it. However, history arises from unforeseen events (p. 89). While self-defeating austerity is used to punish the bankers whose quasi-criminal actions caused suffering for the masses, an activist state makes them extremely wealthy. Permanent stagnation and corrupt politics are the harbingers of new disasters (p. 91). However, this has inadvertently fostered the rise of cloud capital, upending the original system. The text critiques self-defeating austerity measures imposed on bankers, which seem to enrich them while causing public suffering. Additionally, it points to the emergence of a “technofeudal” system, where digital platforms like Amazon exert control akin to feudalism, sidelining traditional capitalist markets and profits (p. 97). The chapter aims to evaluate the concept of technofeudalism and argues that while feudalism has not replaced capitalism, it is evolving into new forms that challenge the capabilities of nation-states and social democracy. Furthermore, the chapter outlines the “libertarian Marxist” alternative proposed by Varoufakis, criticizes the idea of consumer sovereignty and more direct profits despite claims that markets and profits are no longer central to technofeudalism. Overall, the text reflects on the challenges and transformations in the current economic landscape (p. 103).

In chapter 5 (“What's in a Word?”), Varoufakis argues that while capitalism still extracts value from wage labor, the traditional capitalists are now overshadowed by a new elite class – those who own “cloud capital”. This shift suggests that many have regressed to a state resembling serfdom, working unpaid to enrich this new ruling class, exemplified by companies like Amazon and Apple (p. 111). Varoufakis does not

¹ <https://www.mturk.com/>, accessed on 28 June 2025

explore the nuances between feudalism and capitalism nor defines the roles of lords, vassals, and serfs in this so-called “technofeudalism”. He notes a lack of traditional markets under these conditions, emphasizing that pursuing market dominance through monopolistic strategies takes precedence over merely extracting profit. Thus, the evolving class structure raises questions about societal relationships and power dynamics within the modern economic framework (p. 127).

In chapter 6 (“Technofeudalism’s Global Impact: The New Cold War”), Varoufakis explores President Donald Trump’s 2019 directive that barred Google from allowing its Android operating system on Huawei smartphones. This action effectively pushed Huawei away from Google’s cloud ecosystem. Furthermore, the U.S. government urged European nations to abandon their plans to incorporate Huawei into their 5G networks (p.128). The text argues that true hegemony is maintained through compelling agreements rather than military force, citing the previous Dark Deal that shaped US-China economic relations. Cloud capital surged in China, driven by investments, mirroring the funding seen in the U.S. from the Federal Reserve (Rolf and Schindler 2023). As peace is compromised, the growing influence of a small elite, labelled “cloudalists”, threatens the possibility of authentic democracy. Ironically, from a Western perspective, the Chinese Communist Party emerges as a key force capable of restraining these individuals and safeguarding democratic values (p.150).

Chapter 7, which is the book’s final chapter (“Escape from Technofeudalism”), discusses how mental health has long been affected by possessive individualism, a situation exacerbated by the rise of technofeudalism. This system dismantles the barrier that once offered liberal individuals refuge from the marketplace, reducing people to data fragments managed by the algorithms of cloud capital. As a result, individuals find themselves either unable to possess themselves or becoming overly possessive (p.154). The emergence of cryptocurrency in 2008, especially Bitcoin, provided alternatives during a financial crisis triggered by capitalist failures. The Occupy Wall Street movement, started by cypherpunks concerned with privacy, embodies this alternative ethos, though later flaws became apparent, favouring its libertarian faction (Beltramini 2020). A new international financial system facilitates ongoing wealth transfers to the Global South through global commerce and payments, while also addressing trade and financial imbalances that can cause financial crises and bubbles. The idea is that a new digital international accounting unit, which he calls the Kosmos, will be used to denominate all trade and financial transactions across different monetary systems, including the US, China, Germany, and the UK (p. 172). The ruling class’s power under feudalism came from owning land that others were bound to but couldn’t own. Under capitalism, the majority’s ownership of capital gave them power. They didn’t possess it outright but had to work within it to earn a living. A new ruling class gains control under technofeudalism by owning cloud capital, whose interconnected tentacles entrap everyone (p. 179). The scope of rent extraction through property rights grew significantly, leading to the creation of entirely new firms based on rent extraction that quickly began to dominate the global capitalist system. The processes of enclosure and privatisation, along with the distribution of the gained value, became central to transforming social relations and conflicts. These new forms of capitalism, focused on rent extraction and rent seeking – especially those involving the information sector – exhibit some fundamental formal similarities to the structure of feudalism. Accordingly, the term “Capitalist Feudalism” was coined to distinguish this latest form of capitalism from the traditional concept of “Capitalist Feudalism.”

Varoufakis’s main point that we have shifted from capitalism to technofeudalism is bold and thought-provoking. He argues that rent and digital “fiefdoms” controlled by

"cloudalists" have replaced profit and markets, which are the traditional pillars of capitalism. This fresh perspective encourages readers to reevaluate the state of the global economy. Varoufakis simplifies complex economic ideas, such as the dual nature of labour, capital, and money, drawing on Marx and Einstein, making them surprisingly easy to understand. He eases the intimidation of these concepts by using analogies, personal stories – particularly about his father's lessons on iron and light – and pop culture references, such as *Mad Men* and *Star Trek*. The book provides a comprehensive history, tracing the evolution of capitalism from the Industrial Revolution to the emergence of the "technostructure" and the "Global Minotaur", culminating in the digital age. Varoufakis skilfully connects these historical shifts to the rise of cloud capital and technofeudalism, showing a clear understanding of historical materialism.

The main idea behind Varoufakis' analysis of "technofeudalism" is strong. However, some people might think it is too deterministic or a stretch. Critics may argue that it downplays the importance of capitalist dynamics, even if they evolve. The analogy is useful, but some may feel it oversimplifies complex power dynamics. Varoufakis sometimes makes broad statements about economic actors and historical processes to argue that capitalism is dead. While this makes the book more engaging, it may also turn off readers who prefer a more subtle or less confrontational style. Varoufakis clarifies that his book is "not regarding what modern technology can do to us" but "what exactly has been previously done to capitalism". Nonetheless, there is a movement that occasionally leans toward technological determinism. The power attributed to "cloud capital" and algorithms might suggest that change is less driven by human agency than some economists believe.

The final chapter, "Escape from Technofeudalism", presents a detailed plan for a radically different kind of society. Some might see ideas like "one-employee-one-share-one-vote" firms or a global "Kosmos" currency as too idealistic or lacking practical details for immediate implementation. The use of a fictional story to explain these concepts could also make them seem more like aspirations than achievable goals. Some critics may argue that Varoufakis focuses only on parts of history that support his technofeudalism thesis and overlooks other perspectives or counterarguments about economic changes.

Techno Feudalism: What Killed Capitalism is a bold and creative book that transforms how we discuss digital economies. Its creativity, accessible language, and significant concerns about power and agency in the digital age are among its greatest strengths. However, the book's surprising historical comparisons and tendency to oversimplify complex economic events undermine the rigour of its analysis. Ultimately, Varoufakis's work serves as an excellent starting point for conversation while also stimulating further discussion and research into the intricate relationship between technology and modern capitalism.

References

- Abbas, Muhammad A. A., and Ali A. A. Al-kinani. 2022. Intellectual implications of the duality of mother and child in the social perspective. *Journal for Educators, Teachers and Trainers* 14 (3): 229–237. <https://doi.org/10.47750/jett.2022.13.04.032>
- Beltramini, Enrico. 2020. Against Technocratic Authoritarianism. A Short Intellectual History of the Cypherpunk Movement. *Internet Histories* 5 (2): 101–118. <https://doi.org/10.1080/24701475.2020.1731249>
- Frantzen, Michael K. 2025. *Birth of the Financial Thriller*. Edinburgh: Edinburgh University Press.

- Hedrick, Mark C. 2024. The Australian Woolen Industry; British Investment in Colonial Australia: Unraveling the Threads of Economic Development 1788–1850. Lynchburg, VA: Liberty University. <https://digitalcommons.liberty.edu/doctoral/5753>
- Rolf, Stefan and Steffen Schindler. 2023. The US–China Rivalry and the Emergence of State Platform Capitalism. *Environment and Planning A: Economy and Space* 55 (5): 1255–1280. DOI: <https://doi.org/10.1177/0308518X221146545>

About the Author

Muhammad Atif

Muhammad Atif is an Assistant Professor in the School of Integrated Social Sciences at The University of Lahore, Pakistan. His research interests include Regional Organization, International Development, International Political Economy, Global Governance and International Organization.

Sundas Maqbool

Sundas Maqbool is an MPhil Scholar in the School of Integrated Social Sciences at The University of Lahore, Pakistan.