

TIMES OF LONDON  
13-6-15

# Hello, it's Yanis. We have a problem

Janice Turner



Yanis Varoufakis in his office overlooking Syntagma Square, Athens

Here the motorbike-riding academic at the heart of the crisis tearing Europe apart. Greek finance minister Yanis Varoufakis talks to Janice Turner (in between taking calls from economists around the world)

The epicentre of the European economic crisis is down a scruffy sideroad round the back of Athens's Oxford Street. Two stray dogs sleep on the hot pavement by the door. Waved through languid security up to the sixth floor, I am sent to a waiting room with broken air conditioning. An hour passes. Staff disgorge from a conference room, raucous and casual in jeans and T-shirts. But I am prepared to wait. Frankly, I am amazed the Greek finance minister, Yanis Varoufakis, can meet me at all.

Our interview was due to be in Paris, at the surprisingly ritzy Hotel du Collectionneur Arc de Triomphe. But then came a text from the Syriza government's press person: "URGENT-URGENT; TRIP TO PARIS CANCELLED DUE TO VERY SERIOUS DEVELOPMENTS IN NEGOTIATIONS." Varoufakis is staying put. Instead, his prime minister, Alexis Tsipras, is off to Brussels. The situation is, to say the least, fluid.

Two days after we meet, Greece is due to make its first June loan repayment to the International Monetary Fund of €310 million (£228 million), then three others totalling just under €1.3 billion

over the course of the month. Already Greece has dug down the back of its national sofa for loose change. Hospitals, universities and local authorities have handed over their reserves; the government is holding back payments to suppliers. After five years of austerity, the Greek economy has shrunk by 25 per cent and has just fallen back into recession; a quarter of its people (and 60 per cent of its young) are unemployed.

Can it, will it, pay? 'Ah, this is far too boring,' says Varoufakis, refusing to comment further. (No wonder. A day later, Greece announces it will bundle its four IMF payments into one, and settle this at the end of June, a rare and provocative act.)

What Greece needs, what it is waiting for in the mad, Peter-to-pay-Paul way of global finance, is another loan, a €7.2 billion dollop of bailout money from the so-called 'troika' of financial institutions: the IMF, European Central Bank and the European Commission. But that is being withheld until Greece agrees to fall in line with the troika's demands for privatisation, cuts in pensions and changes to labour laws making workers easier to fire. In other words, more austerity, which is exactly what the radical Syriza government won a landslide victory in January to fight.

The talks, having bounced around Riga, Berlin, Paris and Brussels, have turned into a fiscal game of chicken. Who will blink first? Greece, which risks defaulting, plummeting out of the euro and into full-blown economic depression? Or the Eurocrats, who dread a 'Grexit' destabilising the monetary union, and Greece realigning with Russia?

When the press officer appears, a large, rather ponderous man, he shakes his head: 'The situation is terrifying.' But the intellectual who believes a broken country of 11 million people can take on the Germans, that radical economics can defeat neoliberalism, doesn't look terrified. Yanis Varoufakis bounces to greet me, his eyes bright.

He chats openly, breaking off every ten minutes to take a phone call. The last time with Larry Summers, the Harvard professor and Clinton treasury secretary, he conducts in his private bathroom. Varoufakis, 54, doesn't appear weighed down by carrying his nation's fate. As he tells me of his 16-hour days, dropping by to see Alexis Tsipras last night at 8pm and not leaving until midnight, and that 'these past four months have been like a century', he looks only excited. I suspect the academic in him is exhilarated by all this amazing primary material. Will he write a book? 'Of course I will! Haha.'

And he is, of course, the least jaded of politicians. When I ask if, as a young lecturer at the University of Essex where his catchphrase, 'Subvert the dominant paradigm', was turned into a T-shirt by his students or he could have imagined being finance minister, Varoufakis laughs. 'I couldn't have imagined it last year!' Indeed, he was working in Texas when Syriza put him on the ballot paper. He wasn't a party member then and still isn't now, yet in January's election received the highest vote of any Syriza-backed candidate.

Varoufakis, for all his many books, has described himself as an 'accidental economist' and now says he is a 'reluctant politician'. This is his superpower. As a lecturer, he couldn't understand why anyone wanted to be a head of department: 'It's a chore. Why would you want it unless you weren't a good academic?' He argued that colleagues should round on the best candidate and tell them to take their turn. 'Similarly, I believe in reluctant politicians. Anybody who is enthusiastic about political power should be disqualified from having it.'

At the Syriza government's first meeting, he tells me, the new prime minister said, "Guys, remember we don't care for our offices." Varoufakis looks around his own room, with its splashy modern painting, droopy yucca plants, shelf of economics texts and absence of personal effects, then thumps the arms of his magenta sofa. "I have no attachment to this office, this couch. I mean, if I lose it tomorrow, I don't give a damn. That, I think, is fundamental. If you start feeling that if you lose your ministerial position or the opinion polls are sliding, my goodness! The Wall Street Journal is not saying good things about me, maybe I'm facing the door or if you start worrying about that, then very quickly, you lose your punch."

That Varoufakis refuses to compromise his character, ideas or flamboyant words has had mixed consequences. His vulpine, shaved-headed, sexy mien, the leather jacket he wore during his inaugural tour of European leaders and the motorbike he always rides, picked him out as a rock star among bland suits.

"My motorcycle is downstairs," he says. "I rode it in this morning. I bought my first motorcycle in 1978 in Colchester, and I have never not had a motorcycle since then." He ordered the £350,000 bulletproof ministerial BMW to be sold and uses a six-year-old Toyota to take him to the airport. "And I've never not had a leather jacket," he adds, though in the June heat he is wearing jeans, and a purple shirt, unbuttoned. "So I don't know why I should change just because I became a finance minister. It's very simple as far as I'm concerned. Who wears the best Armani suits? The Mafiosi. Does this make them respectable?"

But his outspokenness and rumours of a temper meant after the Riga summit he was branded a lightweight time-waster and an impediment to any deal. There were reports Tsipras had sidelined him or he was soon to be fired. Varoufakis responded with a quote from Roosevelt on Twitter: "They are unanimous in their hate for me; and I welcome their hatred." It was his message to the press who spread "black propaganda" and he chose FDR since he too sees himself as the author of a New Deal.

It is the finance minister's job to be a lightning rod for criticism, the bad cop speaking tough. Tsipras forewarned him: "He said, 'Listen or they are going to try to get to you, to drive a wedge between us, because you are the linchpin. If they fell you, then they can get at me.'" He has not been sidelined from the talks, he says; he is not in Brussels because his opposite number, the German finance minister Wolfgang Schäuble, won't be there.

Varoufakis is refreshingly free from media-trained, arse-covering flummery. He writes a blog of candour and eloquence. When I say he hasn't yet learnt the ways of politicians, he says dramatically, "The moment I learn them I will resign. In other words, the moment I start lying, and not calling a spade a spade, we have ceased to be useful. I don't think the world, and certainly Greece, needs another politician who misrepresents reality. I haven't been outspoken; I'm just speaking the truth."

On his election he caused a stir by declaring, "I am the finance minister of a bankrupt state." But this, he says, is simple fact. Greece isn't suffering from a lack of liquidity; it is insolvent. And no loan will cure it. "It's like a friend of yours who can't pay their mortgage getting a new credit card and saying, 'Problem solved!'" He has argued this since the 2010 crisis, when he was so excoriating about the bailouts, the kleptocrats who siphoned off funds, the injustice of ordinary Greek people suffering for the recklessness of bankers, that he received death threats.

What is needed, argues Varoufakis, is not just investment in Greece but generosity of spirit. He talks of the famous speech of hope made by the US secretary of state, James Byrnes, to Germany in 1946 as a prelude to the Marshall Plan. It was America's declaration that it wished for peace with its conquered foe; that Germany should have the right, through hard work, to be prosperous again. Greece's speech of hope, he says, should be delivered by Angela Merkel.

Whenever he's negotiating, he keeps in mind several Greeks who exemplify to him the country's ills. There are a couple of young entrepreneurs he's met, struggling to get a start-up off the ground, dragged down by the tax system. He thinks of a man in his late forties who came to translate when he did an interview with a Spanish newspaper. A former foreign language teacher with a family, he now lives on the streets. "He said, 'I support you, but there's nothing that you can do for me. I'm gone. Finished. Just do something for those who are at the edge of the precipice and who haven't yet fallen down.'"

Then, one late night in the upmarket Athens district, Kolonaki, having a drink with his wife, artist Danae Stratou, he spotted a very beautiful older woman in her eighties, very prim and proper, sitting there on a park bench. It turns out she used to be a bourgeois, living in one of the apartments, and now is homeless. She just stays there overnight, and the people there who know her look after her.

And then there are his former students at the University of Athens. Before the crisis they would queue outside his office for references for master's degrees. After 2010 they wanted references to go abroad to work. He joined the brain drain himself in 2012, leaving for the US dismayed at the depletion of his department and the cut in his salary that meant he couldn't support his daughter, Xenia, who since 2005 has lived with his former wife, academic Margarite Poulos, in Sydney.

Although a new politician, Varoufakis grew up in highly politicised times. His father, Giorgos, who worked his way up to be the chairman of Greece's biggest steel company, fought on the communist side in the civil war; his mother, a biochemist, was a campaigning feminist. His father was briefly arrested by the military junta who were in power in Greece in the late Sixties and early Seventies; an uncle was imprisoned for several years. "I remember the door being kicked down by the secret police," Varoufakis recalls. At night, the family would huddle together secretly listening to the banned BBC World Service.

He left to study in England at 17 and staying until he was 27 and found it hard to convey to British friends the horror of living under a dictatorship. He is at ease in Britain and quotes Monty Python in his speeches to the (probably puzzled) Germans. He is, however, baffled by our urge to leave the EU. "I think there is a bit of a paranoia in Britain. It is looking for a scapegoat." One of his best friends in international politics is Norman Lamont. "I get on better with the Tories than the left, which creates a great deal of existential angst."

He must know the popular view in northern Europe that, however heartbreaking the plight of the Greek people, this misery is self-inflicted. Greek tax evasion has been endemic, its politics dirty, the pensionable age low, its public sector bloated and this has hardened hearts. "There are very big lies founded in myriad truths," says Varoufakis. "Tax immunity for the powerful, corruption, an oligarchy that rules very inefficiently – Yes, lots of malignancies. It's been true since 1827 when the modern Greek state was created." But, he argues, the Greek state lives within its means as regards pensions and salaries; it is just crippled by debts. And Greece's current problems are entirely down to entering the eurozone: "The crisis that we've had over the past seven years

simply would not have happened. In 2008, we would have had a small correction, a bit like Bulgaria. And now we'd have been growing very fast for the past three or four years.

Where Syriza agrees with the troika is in the need for tax reform. But already billions in capital has been taken from Greek banks to be squirrelled away or sent abroad. Won't the rich just flee? "Let them go," says Varoufakis with a dismissive wave. "They're out anyway or they have their money in London and the Cayman Islands. So I think we'll do without them. What we need to do is just stop this regime which perpetuates and reproduces the malignancies."

But what about those who say Greece obfuscated about its debts to meet the euro entry criteria? "Can you really believe that the Europeans are so gullible?" he cries. "That we lied to them and got away with it? To say that the Greek governments of that era managed to lie their way through, is simply disingenuous." Greece, he says, should "absolutely not" have joined the euro, but given its crisis is entirely caused by entry, it is Europe that must solve the resultant crisis.

Doesn't he feel, after months of negotiations, that Germany and Greece are simply irreconcilable? "I'm an optimist," he says. What has disappointed him most about the talks, after years in academia, is their shallowness and lack of rigorous debate. For ten minutes each, "Unelected bureaucrats speak from the perspective of their institutions, then we spend hours agreeing on a communiqué."

Wolfgang Schäuble has been Greece's most voluble hardline opponent, insisting upon austerity measures, but Varoufakis says that he prefers him to other, perhaps more two-faced negotiators. "I enjoy our meetings because he calls a spade a spade, too. So when we talk, it's very civilised, full of mutual respect or we disagree, but I know I can believe what he says."

In the swirl of speculation about Syriza's intentions, there is a theory that Varoufakis, who has written books on game theory, is secretly working on Plan B or Greece's exit from the euro. But he rebuts this passionately: "I don't have a mandate to povertise another million or two Greeks as part of a social experiment, so we have four million people living below poverty, just to see how quickly we will recover later." This is not like his friend Norman Lamont singing in the bath after he unclipped the pound from the European exchange rate mechanism. It would take Greece a year to create a whole new currency. "Imagine if Britain were to announce a year in advance that it would devalue the pound. Destruction. Complete destruction. Everybody will sell up and shift all the capital out of Britain. There would be nothing left; it would go back to the palaeolithic age. So I am not prepared to conduct this experiment to liberate ourselves from the euro. I think we need to fix the euro."

Syriza has made much of its "red lines" in negotiations. But what are his own? "I just don't care much about being a politician, and certainly not about being minister. I mean, I'm not going to trade my integrity in order to retain this position." He would quit, he says, if he were unable to liberate Greece from its eternal loan-repayment-austerity cycle.

But, he warns darkly, if Greece defaults and leaves the euro, if the country plunges downwards, the Syriza government won't be replaced by the old failed centrist parties, but by Golden Dawn, the Greek neo-Nazi party. "This is a country that fought tooth and nail against Nazis. The three countries in Europe that had the highest percentage of losses from fighting the Nazis were Russia, Yugoslavia and Greece. A home-based, indigenous Nazi movement in Greece is just an affront to our history." But the combination of economic implosion and national humiliation or

“As you say, Europeans, the world, seeing the Greeks as an impossible lot comprising rascals and scoundrels and tax cheaters and lazy bums, right?” he could bring it to power.

And where would Varoufakis go? “Back to the university,” he shrugs. He misses having time to read and running in the streets without being waylaid by citizens stopping him with their stories. (He wears a Fitbit activity tracker and tells me he is dying to go to the gym: “It clears the head like nothing else.”) He and the beautiful Danae still eat in Athens’ outdoor restaurants without security, even after the incident in April when anarchists surrounded and threatened him. Although these days there is little time to enjoy their little boat or life’s other pleasures. After a Paris Match photoshoot he now regrets, he was derided for daring to eat fish on his terrace during a crisis. “I’m not Catholic; I don’t believe in purgatory or self-flagellation. People say to me, ‘We spotted you drinking wine.’ So?”

In the meantime, the phone is ringing. In Brussels and Berlin and Washington the bankers and bureaucrats are puzzling how to deal with this reluctant politician who is still subverting the dominant paradigm, because he and his country feel they have everything to lose.