

The issue for Greece is all about whether it can beat t...

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The [FT has a report](#) on the visit of the new Greek finance minister, Yanis Varoufakis, to the UK yesterday.

Three comments leapt out. The first was this:

[T]here is still deep scepticism in many European capitals, in particular Berlin, about the new government's brinkmanship and its calls for an end to austerity policies.

This was the second:

Mr Varoufakis said the government would maintain a primary budget surplus – after interest payments – of 1 to 1.5 per cent of gross domestic product, even if this meant Syriza, the leftwing party that dominates the ruling coalition, would not fulfil all the public spending promises on which it was elected.

And finally there was this:

Mr Varoufakis also said the government would target wealthy Greeks who had not paid their fair share of taxes during the nation's six-year economic slump. "We want to prioritise going for the head of the fish, then go down to the tail," he said.

The net effect of these comments is that Greece will, even under a left wing government, run its country for the benefit of its creditors. However, the assumption that underpins its ability to do so is that tax evasion can be beaten. And the governments of Europe do not, or as likely, do not want to believe that.

If the EU wanted to solve this crisis Greece has very clearly offered the mechanism for it to do so. It can and will pay, it says, if it can. That is the best any creditor can hope for when they cannot liquidate the person who owes them money.

But the fact is that Greece needs help to achieve this goal. That help will come in the form of the technical aid, and maybe long loan of personnel, required to help the Greek government collect the tax that is owed to it.

I have seen no mention of this issue of assistance to achieve this goal in any report, so far, but it seems to me that it is absolutely central to the debate to be had. Unless and until it is acknowledged that Greece (and other countries) need help to collect tax owing, and that a new international consensus to beat tax evasion is at the heart of making our economies work again, then progress on Greece, and on Spain and other countries to come, will not happen.

What is that technical assistance that is needed? First, a proper evaluation of the tax gaps of these countries is essential.

Then an analysis on an individual country basis of why the gap is occurring needs to be undertaken so that an effective plan to tackle the issues can be prepared.

At that point it is likely that technical assistance from other authorities with experience of tackling evasion may well be needed: a cross fertilisation of ideas is vital.

So too though is the loan of personnel. Sometimes it is essential that people from outside a country help it in the process of transforming a tax system to collect the tax owing. The reason for that is simply stated: outsiders are harder to corrupt in these situations because they do not face the same risk of future retribution for the actions they take.

There is, then, an answer for Greece, and it all comes down to tax. The question to the ECB then is now about whether or not it will help Greece collect the tax owing to it, or not. It's a straightforward question requiring a straightforward answer. I would love to think that the ECB will supply one, but that may be far too optimistic of me.