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## Greek Leader Finds Balm for Deficit: Straight Talk

By SUZANNE DALEY  
Published: June 15, 2010

ATHENS — Newly elected and facing a huge budget deficit, Prime Minister [George Papandreou](#) arrived in Brussels for his first meeting with European leaders last December with few cards to play.

He might have tried to play for time. Instead, he told them everything. Not only was the Greek deficit twice as high as previously reported, but his country's finances were also a mess. Corruption was pervasive. [Tax evasion](#), rampant.

"I said, listen, let's not, you know, beat around the bush," Mr. Papandreou recalled recently, sitting in his cavernous office at the Maximos mansion, his backpack at his feet, his Kindle on the coffee table. "This is a problem. I will tell you what my view is and what I am trying to do."

Improbably, perhaps, his strategy worked. Within months, he had managed [to secure the bailout](#) he needed while still maintaining good relations with his fellow European leaders — quite a feat, many observers say.

"There is a lot of tension among the players at the E.U. right now," said Joseph E. Stiglitz, a Nobel laureate economist who frequently advises Mr. Papandreou. "Another personality, and that tension would have blown."

Perhaps even more improbably, Mr. Papandreou's strategy of telling it like it is has worked out for him at home, too. Despite imposing a series of harsh cutbacks and telling Greeks they are largely to blame for their own problems, he remains popular with voters who only a few years ago questioned whether he was tough enough for the job.

Greek leaders have tended to be flamboyant and uncompromising, with a penchant for nationalistic rhetoric and a love of perks.

Mr. Papandreou, though a scion of a pedigreed socialist political clan, has broken the mold. At times, he talks so quietly — whether in the English he speaks with a California twang or in his other three languages — that it is hard to hear him.

He had barely taken office when he gave up his predecessor's luxury BMW and plucked a used Toyota Prius from the state motor pool as his official car. Then he told his ministers to downsize, too. Some even had to share cars.

"I think they understood it was important," Mr. Papandreou said. Perhaps. But he gave them little choice.

Such concessions helped persuade Germany, the most reluctant of the big European countries, to back a rescue package for [Greece](#), one of the most fiscally profligate members of [the euro](#) currency zone.

At the height of the crisis in the spring, Mr. Papandreou brought the [International Monetary Fund](#) into negotiations. Some considered that an implicit challenge to Europe's

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Prime Minister George Papandreou of Greece at the European Union headquarters in Brussels in May.

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ability to sort out its own financial affairs, but it also served as a wake-up call that Greece needed the region's collective help.

No one seems more eager for reform than Mr. Papandreou himself. Though the Papandreou family has the political resonance in Greece of the Kennedys, Mr. Papandreou is American-born and educated. He has stubbornly pursued the prime minister's office for much of the decade, despite being rejected twice by the Greek voters.

He ran an Obama-like campaign promising change and transparency. He now faces the tasks of dismantling the sprawling Greek welfare system that his father, Andreas, helped erect when he was prime minister in the 1980s.

Not much of an orator, Mr. Papandreou is at home in the world of academic conferences and foreign policy discussions. He hits his stride talking about how globalization has affected decision making. "There is a paradox," he said. "People are much more aware of the common problems. But at the same time, there is the realization that you can't do much on your own."

Richard Parker, an economist at Harvard's Kennedy School of Government who has known the family since he was a graduate student working for Mr. Papandreou's father, said George Papandreou was "very low key, a democrat with a small d."

"There is a lack of bluster or pretension to him, and yet he is quite fluid in the Davos world where others are quite married to the pecking order."

In fact, Mr. Papandreou hosts his own mini Davos on a different Greek island every year. The result is that he has a vast network of experts, including Mr. Parker and Mr. Stiglitz, whom he consults with regularly, often through overnight e-mail messages. His aides jokingly call these consultations going into the F.O.G., for friends of George.

He has televised cabinet meetings, publicly shamed tax-dodging doctors and started investigations of low-level Finance Ministry officials, who own homes worth more than \$1.3 million, though they earn only modest salaries.

At the same time, he has pushed through legislation to remake the country's government structure, reducing the number of states to 13 from 76 and the number of counties to 370 from 1,034.

Yet Mr. Papandreou displays none of righteous glee of public crusaders like Rudolph W. Giuliani or Eliot Spitzer.

1 | 2 | [NEXT PAGE >](#)

*Niki Kitsantonis contributed reporting.*

A version of this article appeared in print on June 16, 2010, on page A5 of the New York edition.

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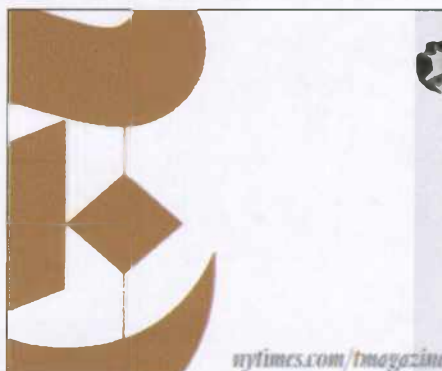
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