# International New York Times

SATURDAY-SUNDAY, FEBRUARY 21-22, 2015


## How bad is Greek debt? The answer may surprise

### One man campaigns to convince investors it's not as big as they think

BY LANDON THOMAS JR.

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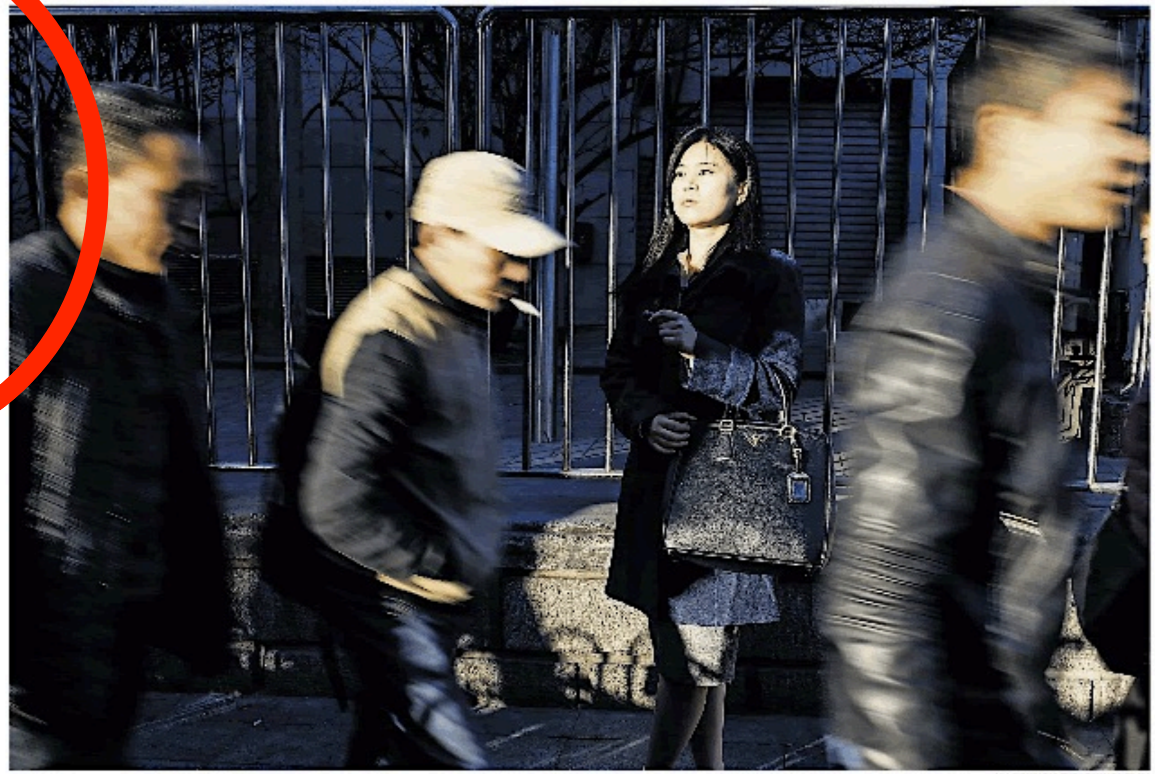
As the new Greek government and European finance ministers remained locked in 11th-hour talks in Brussels on Friday over how to pare Greece's debt burden, which at 175 percent of total economic output trails only Japan's, Mr. Kazarian's claim that there is no debt to reduce has an absurdist feel to it. After all, the country's debt, and the brutal austerity measures that were imposed in return for a financial lifeline, lie at the heart of the dispute between Greece and its creditors.

As Greece and the rest of Europe ap-

*GREECE, PAGE 10*

**WEIGHING THE COST OF KEEPING GREECE**
The talks have raised a basic question: What cost are European leaders willing to bear to keep Greece in the eurozone? *PAGE 10*. More news and analysis over the weekend. **nytimes.com/business**



SIM CHI YIN FOR THE NEW YORK TIMES

**Fu Xin, 32, an architect who designs car dealerships, said she rarely finds women at her level. When she meets clients at the airport, "they often look past me for the boss," she said.**

## Boom in China leaves women behind

BEIJING

### Socialist equality yields to sexism and a revival of traditional values

BY DIDI KIRSTEN TATLOW AND MICHAEL FORSYTHE

Fresh out of college, Angela Li was proud of her job as a teller at the state-owned China Everbright Bank — maybe it wasn't exciting, but it had prospects. After a year and a half she applied for a promotion, along with a male colleague who had joined with her.

He got it. She did not.

"Our boss came to talk to me afterwards," said Ms. Li, 25, sporting scraped-back hair and a quiet gaze. "He said, 'It's good that you girls take your work seriously. But you should be focusing on finding a boyfriend, getting married, having a kid.' "

Ms. Li quit. "I could compete in terms of ability, but not in terms of gender," she said.

China is often held up as a model for women in Asia. Women made great strides in the early decades of Communist rule, and the government has taken pains to portray women as equal to men, starting with Chairman Mao's declaration that women "hold up half the sky."

More recently, as China has shifted to a market economy, admiring reports of "wonder women," often promulgated by the state media, suggest that Chinese women have made it in business.

In fact, Ms. Li's experience is more typical. The economic boom that has created opportunities for women has also fostered a resurgence of long-repressed traditional values. More and more men and women say a woman's place is in the home, wealthy men take mistresses in a contemporary reprise of the concubine system, and the pressure for women to marry young is intense. In the office, Socialist-era egalitarianism has been replaced by open sexism, in some cases reinforced by the law.

In Japan, where women fare even

*WOMEN, PAGE 5*

## ISIS videos show power of brutality's shock value

BEIRUT, LEBANON

### A propaganda strategy spreads, and is adapted, even among opponents

BY ANNE BARNARD

The killings have been both deliberately lurid and strangely intimate. Designed for broadcast, they have helped the Islamic State militant group build a brand of violence that shocks with its extreme brutality, yet feels as close to viewers as the family images on their smartphones.

Broadcast specifically to frighten and manipulate, the Islamic State's flamboyant violence consumes the world's attention while more familiar threats, like the Syrian government's barrel bombs, kill far more people but rarely provoke widespread outrage.

A few human rights advocates and antigovernment activists in Syria are trying to reciprocate, creating shocking if nonviolent images and videos — even herding children in orange jumpsuits into a cage — to call attention to the wider scope of violence. So far, though, their voices have hardly been heard.

The Islamic State's campaign of high-profile killings is not war at a remove, with the mechanized distance of drone strikes or carpet bombing. It is one-on-one slaughter with Hollywood production values, seeking to maximize emotional impact and propaganda value.

Cameras zoom in as captors lay hands on their captives — Western reporters, a Jordanian pilot, Egyptian Christian laborers. In the group's latest video, black-clad men lead the Egyptians al-

**"It's like action movies," a bid "to win the prestige of horror."**

most gently, one by one, down a sunset-tinged beach, then saw off their heads until the waves turn red.

For many in the Middle East who obsessively share the latest images, the Islamic State's exhibitionist brutality is the

The New York Times DealBook

## FRONT PAGE

# Greek Debt Is Vastly Overstated, an Investor Tells the World

By Landon Thomas Jr. | Feb. 20, 2015

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Paul B. Kazarian, founder of the investment company Japonica Partners. Lia Chang

High in a Morgan Stanley office tower, Paul B. Kazarian, one of the largest holders of Greek government bonds, was recently trying to persuade a room full of investors that Greece's debt load of 318 billion euros was actually a tenth that size.

When you use international accounting standards, he declared, "it reduces the value of the debt."

Yet with Greece's debt woes whipsawing markets, the conference participants were having a hard time wrapping their brains around the notion. Not least one panelist, Reza Moghadam, a Morgan Stanley banker who, in his previous job at the International Monetary Fund, was the point man for the Greek bailouts.

"I don't think it is as simple as that," Mr. Moghadam said, as he broke into Mr. Kazarian's monologue. "And really, we should let some other people ask questions, too."

As the new Greek government and Europe engage in tense talks about how to pare Greece's debt burden, which at 175 percent of total economic output trails only Japan's, Mr. Kazarian's claim that there is no debt to reduce has an absurdist feel to it.

After all, the country's debt, and the brutal austerity measures that were imposed in return for a financial lifeline, lie at the heart of the dispute between Greece and its creditors. Talks in Brussels between Greece and the other 18 countries that share the euro currency appeared to be close on readhing a temporary agreement on Friday.

As Greece and the rest of Europe appear entrenched in their positions, Mr. Kazarian's analysis is a distinctive, if not quixotic attempt — it has so far fallen on deaf ears among European policy makers and economists — to break the logjam of thinking as to what Europe should do about Greece's debt.

Although Mr. Kazarian pushes it to an extreme, his main proposition — that Greece's debt is not as burdensome as it might appear — is not outlandish. The country must make some very large lump-sum payments this year, but in the future, Greece will pay interest rates of 2 percent and below on debt that matures in 30 to 40 years.

“Paul has a point, which I share to a large extent,” said Daniel Gros, an influential German economist at the Center for European Policy Studies in Brussels. “Namely, that given the low interest rates, Greek debt is sustainable.”

Paul B. Kazarian, the founder of Japonica Partners, explained in 2013 why he became one of the largest holders of Greek government bonds. Video by GreekReporter

Over the last two years, Mr. Kazarian, 59, has been aggressively promoting his idea, convinced that if he can just bring just a few economists, journalists or analysts over to his side, many other doubters will follow.

He has met with Greek finance ministers in Athens, top policy makers in Berlin, officials at the European Central Bank in Frankfurt and economists at the International Monetary Fund in Washington.

This week, he was in Brussels, closely tracking the Greek debt talks, and he is planning another trip to Athens soon to push his ideas on the new Greek government.

He has put together a team of 100 economists, accountants, public relations experts and lawyers to help him advance his agenda, via conferences, newspaper advertisements, individual consultations and the churning out of endless briefing books and memos in multiple languages.

Wiry and intense, Mr. Kazarian can come across as slightly offbeat. With the pink oxford shirts he wears every day, he deploys a plastic pocket protector that holds his collection of six pens and markers. His mien can veer from professorial to a bit manic, especially when he senses that someone is not quite grasping his line of reasoning.

Indeed, when he is working on a deal, there is nothing but the deal. His work days are 20 hours long (sleep comes from 2 to 4:30 in the morning), with breaks taken for morning Mass and a spin on a stationary bike (where he continues to pore over documents).

But he is no crank.

In the late 1980s, he quit a banking job at Goldman Sachs to start his own investment company, Japonica Partners, named after the quiet street in Pawtucket, R.I., where he grew up. (Mr. Kazarian works out of Providence, R.I.)

Seeded by two investment giants of that era — Michael Steinhardt and Michael Price — he was given a mandate to hunt out companies drowning in debt, turn them around and sell them at a profit.

This is precisely what Mr. Kazarian did in 1990 with his hostile takeover of Allegheny International, the manufacturing conglomerate, which subsequently became Sunbeam. He ran Sunbeam for three years before being ousted in a management shake-up.

The Allegheny buyout, which reaped about $1.6 billion in profit, came to be seen as seminal for that era and was turned into a case study at Harvard Business School.

In many ways, Mr. Kazarian is following the same playbook with Greece. He has scooped up a large chunk of the discounted bonds and is now trying to make the case, by persuading and educating, that the market is mistaken in how it is valuing his bonds.

Mr. Kazarian has spent two years and millions of dollars on his campaign, but within the small world of Greek bond investors, he remains a mystery. He says he did much of his buying in 2012, when bond prices were rock bottom, but Greek bankers and government officials say they have seen no sign of him.

"We just don't talk about our investments," Mr. Kazarian said, adding that he has not sold a single bond to date. "But it would not be a lie to say that we are one of the larger investors in Greek bonds."

Mr. Kazarian's argument stands or falls on a pretty simple accounting principle. If Greece's debt were to be measured under the International Public Sector Accounting Standards, which most governments use, then its debt figure would need to be adjusted downward, instead of being recognized at its face value of 318 billion euros.

That is because there have been a series of adjustments to Greece's debt over the years, including a restructuring, debt maturity extensions and interest rate reductions that should, if international accounting rules were applied, bring down the debt's value.

By doing that and taking into account the assets owned by Greece, the overall net debt figure falls sharply to 32 billion euros.

"How do you change the terms of a debt contract and ignore the impact on the debt?" Mr. Kazarian asked in an interview. "You can't. You just can't — the size of the debt must come down to its economic reality."

Over time, his hard-charging style has mellowed some. In the Allegheny deal, he challenged a rival executive to a fight and barged uninvited into board meetings, as described in the book "The Vulture Investors" by Hilary Rosenberg.

Still, his trademark persistence remains.

After the brushoff from Mr. Moghadam at the conference in New York, Mr. Kazarian flew to London, where the Morgan Stanley banker is based, and was able to pin him down for a dinner.

And in Greece, where he spent six months last year, Mr. Kazarian became such a pest that finance ministry officials in Athens began referring to him as the Armenian visitor — an old Greek expression for someone who overstays his welcome, although in Mr. Kazarian's case, he happens to be Armenian as well.

"This is what we do — we educate," said Mr. Kazarian, who says that his bet on Greek bonds has been his most profitable investment ever.

But it remains to be seen if 1980s-style takeover tactics have a place in today's sovereign debt crisis. For example, Mr. Kazarian's skills were honed on corporate, not government, balance sheets. Moreover, as a takeover artist, he had a fairly focused target: the board of the company in his sights.

Now, he must win over technocrats, economists and government officials across Europe, most of whom take a fairly dim view of distressed debt investors as a general species.

Success on that front would mean that all the deeply discounted Greek bonds that Mr. Kazarian has been accumulating over the Last two years would soar in value, giving him a multibillion-dollar investment payoff.

Eventually, he is convinced, they will see the light and write down the value of their loans.

"You are suffocating a country with a figure that has no relevance," Mr. Kazarian said. Greece's creditors, he says, should just take the loss and move on.

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