

Setting Greece's SYRIZA Straight, the New York Times Gets it Wrong on Debt

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Greek Finance Minister Yanis Varoufakis—an economics professor who has taught at Cambridge and the universities of Athens, Sydney and Texas—may understand the Greek debt crisis even better than New York Times reporters. (photo: Angelos Tzortzinis/NYT)

As corporate media prepared to caricature the [new Greek government](#) led by the anti-austerity SYRIZA party as dangerously naive radicals, the New York Times ([1/29/15](#)) published a piece by Liz Alderman with a devious suggestion that SYRIZA Finance Minister Yanis Varoufakis does not understand the basic debt dynamics of his own country. She then followed up with her own erroneous definition of a fiscal “primary surplus,” a crucial accounting concept for the Greek debt work-out.

Here's the Times report (emphasis added):

When pressed to describe how Greece would pay for bonds falling due in the coming months without taking the €7 billion installment, Mr. Varoufakis replied, “Let's not talk about details.” To SYRIZA's detractors, such remarks might signal that the new government does not understand the magnitude of Greece's financial challenges. But Mr. Varoufakis suggested that the government could finance its obligations by reducing the target for the so-called primary surplus, the amount of cash in Greece's coffers after expenses and interest payments.

But Alderman got the primary surplus back to front. The [definition](#) should actually be *before* interest payments—the primary surplus being a measure of whether a government would be spending more than it takes in if it weren't paying back past borrowing. Could it be the Times reporter does not understand the magnitude of Greece's financial challenges?

Varoufakis surely does. He is a top economist, author of the influential [Modest Proposal for Resolving the Eurozone Crisis](#), a Keynesian plan offered as an alternative to austerity. Before being named Finance minister last week, he was working on debt dynamics with James Galbraith at the University of Texas at Austin.

The New York Times' headline characterized him as “feisty.”

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