

## Remarkable interview on Greek debt with IMF executive director Paulo Nogueira Batista

Joseph Stiglitz, Paul Krugman, Charles Wyplosz (see, for example, Wyplosz' excellent article "[Messing up the next Greek debt relief could endanger the Eurozone](#)"), Paul de Grauwe and Yanis Varoufakis are among the well known, thoughtful economists who have criticized the way European policymakers and the IMF have handled Greece's debt problems (and that of other European countries). One of their criticisms is that Greece's debt should have been reduced in 2010 rather than increased, as was done when the first EU-IMF 'rescue' loan package for Greece was put in place. Rather than helping the Greek people, these new loans helped European private banks to survive.

Their criticism was shared by Brazilian economist Paulo Nogueira Batista, executive director of the IMF, who said [in a prepared statement](#) to the May 9, 2010 IMF board meeting discussing an IMF loan to Greece: "The risks of the [Greek] program are immense....As it stands, the program risks substituting private for official financing. In other and starker words, it may be seen not as a rescue of Greece, which will have to undergo a wrenching adjustment, but as a bailout of Greece's private debt holders, mainly European financial institutions."

Recently, [in a television interview](#) by Thanos Dimadis for Alpha TV, published on March 4, 2015, Paulo Nogueira Batista added:



Paulo Nogueira Batista, executive director of the IMF

"I was critical of the way the Greek issue was handled by the Troika including the IMF. One of the major problems of the IMF program was that they put too much of a burden on Greece and not enough of a burden on Greece's creditors. The first program of 2010 was presented as a bailout for Greece, but in reality was more a bailout of the private creditors of Greece. Greece received enormous amounts of money but the money was basically used to allow the exit of, for example, French and German banks, without any contribution to the restructuring of the Greek economy. (...)

In my opinion, the debt is way too large and a solution to the Greek crisis should include a restructuring of the debt of Greece with its official creditors. If you look at the situation in Greece, it's difficult to see how Greece will extricate itself from this serious economic and social crisis without some debt restructuring. The largest part of Greece's debt is now with its European partners. (...)

The Troika or the institutions as they are now called, should respect the sovereignty of the Greek nation. The IMF and the European partners cannot behave as though the elections did not happen. It would be wrong to say that Greece should stick to all the commitments made by the previous government. This has to be reviewed. The IMF should consider the fact that the targets for the fiscal adjustment and the targets for the primary surplus need to be revised downward and substantially."