Illustrative Comments on Correctly Measuring Greece Debt: Within Greece (1 of 4)

1. **New Democracy President Kyriakos Mitsotakis:** The public debt is not the most fundamental problem of the Greek economy. The problem is the reform deficit, competitiveness deficit, investment deficit, and the persistent unemployment. In other words, the denominator is the problem. The GDP, far more than the numerator, the debt. A very interesting debate has begun on the accurate representation of the public debt in present value terms. (Speech in Parliament, 22 May 2016)

2. **Former Deputy Prime Minister and Finance Minister Evangelos Venizelos**: Since the beginning of 2012, Greece has received a debt reduction of more than €200 billion: €100 billion in nominal terms, and another €100 billion in net present value terms. (Speech to Hellenic Republic Parliament, 4 Dec 2015)

3. **Former Finance Minister Gikas Hardouvelis**: Greece was offered substantial debt relief through the PSI of February 2012 as well as maturity extensions, interest rate reductions and even a grace period in its interest rate obligations… The long maturities, low yields and grace period render the true (present) value of debt obligations very small relative to its nominal (face) value. (World Post, 29 Feb 2016)

4. **Former Finance Minister Yannis Varoufakis:** A Misunderstanding - The misunderstanding regarding Greece solvency owes to the fact that the blunt 175% Debt-to-GDP number does not fully describe the actual burden to public debt over the economy. Indeed, if Greece's debt was calculated in NPV terms, say with a 5% discount rate factor, the Debt-to-GDP ratio would already be as low as 133% of GDP. (Eurogroup Non-Paper, 16 Feb 2015)

Illustrative Comments on Correctly Measuring Greece Debt: Within Greece (2 of 4)

5. **Former Minister of Economy and Finance Nikos Christodoulakis**: I agree that the present value of the debt is the right way to look at the debt stock. Debt is not the issue, it's about growth. (CEPS, 9 Feb 2016)

6. **Bank of Greece Deputy Governor and Former Deputy Finance Minister Iannis (John) Mourmouras:** Greek debt should be correctly calculated using international accounting standards, based on present value terms, which would most accurately reflect the economic reality that most of Greek government debt is with the official sector and under concessional terms (low interest rates and long maturities).

7. **Deputy Minister of Foreign Affairs and Former Deputy Finance Minister Dimitris Mardas:** Greece government debt would be recorded at net present value taking into consideration the current value of the debt discounted by their expiry date on the basis of the market. (Economist Government Roundtable Speech, 14 May 2015)

8. **Governor of the Bank of Greece Yannis Stournaras:** The combination of these actions would amount to a net present value benefit of about 17% of 2015 GDP for Greece over the next 35 years, thus improving debt sustainability. (LSE Speech, 25 Mar 2015)

9. **Deputy Minister of Finance Giorgos Chouliarakis:** The main short-term measure is considered to be the restructuring under conditions of present value of the large debt of EFSF. (Speech to Parliamentary Subcommittee 3 November 2016)

Illustrative Comments on Correctly Measuring Greece Debt: Within Greece (3 of 4)

10. **PWC Greece:** The net present value of Greece government debt is less than half of its nominal value. (Directions for Economic Recovery in Greece, Sep 2013)

11. **Brookings Institute Senior Fellow Theodore Pelagidis**: Undermining business confidence for political reasons by saying that debt is unsustainable? A vicious circle of political risk and debt sustainability. Greece debt metrics are a fraction of peers, but its borrowing costs are almost 1,000 bps greater. Why? The political risk again is the answer. Numbers are even better when using present value, not future face value. (LSE, 1 Mar 2016)

12. **LBS Professor Michael Jacobides:** Calculating this debt in "present" (i.e., today's) value, as the leading governments and businesses that follow international accounting standards do, suggest that the debt is actually 68% of GDP rather than 176%, the number you get if you considered the debt without taking into account maturities and duration. And that is without even deducting the significant value of government financial holdings to produce the net debt figure. (Harvard Business Review, 16 Sep 2016).

13. **American-Hellenic Chamber of Commerce Executive Director Elias Spirtounias**: When accounted for correctly, Greece's net debt to GDP is significantly below 60%, not the often cited figure of 175%. (Nov 2014)

Illustrative Comments on Correctly Measuring Greece Debt: Within Greece (4 of 4)

14. **Chair of Transparency International Greece Costas Bakouris:** Using IPSAS, we could highlight that the fair value of our loan obligations is much lower than the nominal one… comparison of the fair value versus the nominal value of the net versus the gross debt to GDP will be considerably less and it is estimated to be comparatively less than that of our creditors, which actually constitutes an important competitive advantage. (Naftemporiki, 19 Feb 2015)

15. **Chairman of AmCham Taxation Committee Stavros Costas:** In the framework of the implementation of IPSAS, the value of the Net Debt on 31 December 2013 would be 18% of GDP, a substantially lower level than the subversive threshold of 60% GDP provided for by Maastricht Treaty... By the principal criterion of Net Present Value, instead of the Market Value, the classification of the Country, according to the Maastricht Treaty, at the 12th and final unfavorable position among the 12 Eurozone Countries with an increased Debt, would change drastically by bringing competitively the Country to the second best position, after Slovenia. (Voria, 23 Dec 2014)

16. **Kathimerini Editorial (INYT local affiliate):** Editorial calls the government claims of a debt mountain a hoax on the public and the refusal to admit that debt relief reduced the debt outstanding part of a failed and destructive political strategy. (Kathimerini, 4 July 2016)