

FUTURE ECONOMICS SYSTEM
AND BUSINESS ETHICS

SWISS ACADEMIA AT ENGELBERG

A.E.GORTZIS 14-16/10/2015

**European President for Business
Ethics Network**

- Governments need to restore trust, confidence of consumers, investors their markets , where investors need **BUSINESS ETHICS** more than ever.

- **We cannot continue to letting our industry, relocating its physical product and services outside Europe by losing every year the best managers or even brains-natural talents from our Universities.**

- **Less unemployment**
- **Expand EU external trade**
- **Promote private investment**
- **Innovation and more research and development**
- **Restructure of the very big public sector**
- **Safeguard the Euro**
- **Improve public finances and structural reforms**
- **Education, education ,education**

- Globalization cannot succeed without **global ethics**.

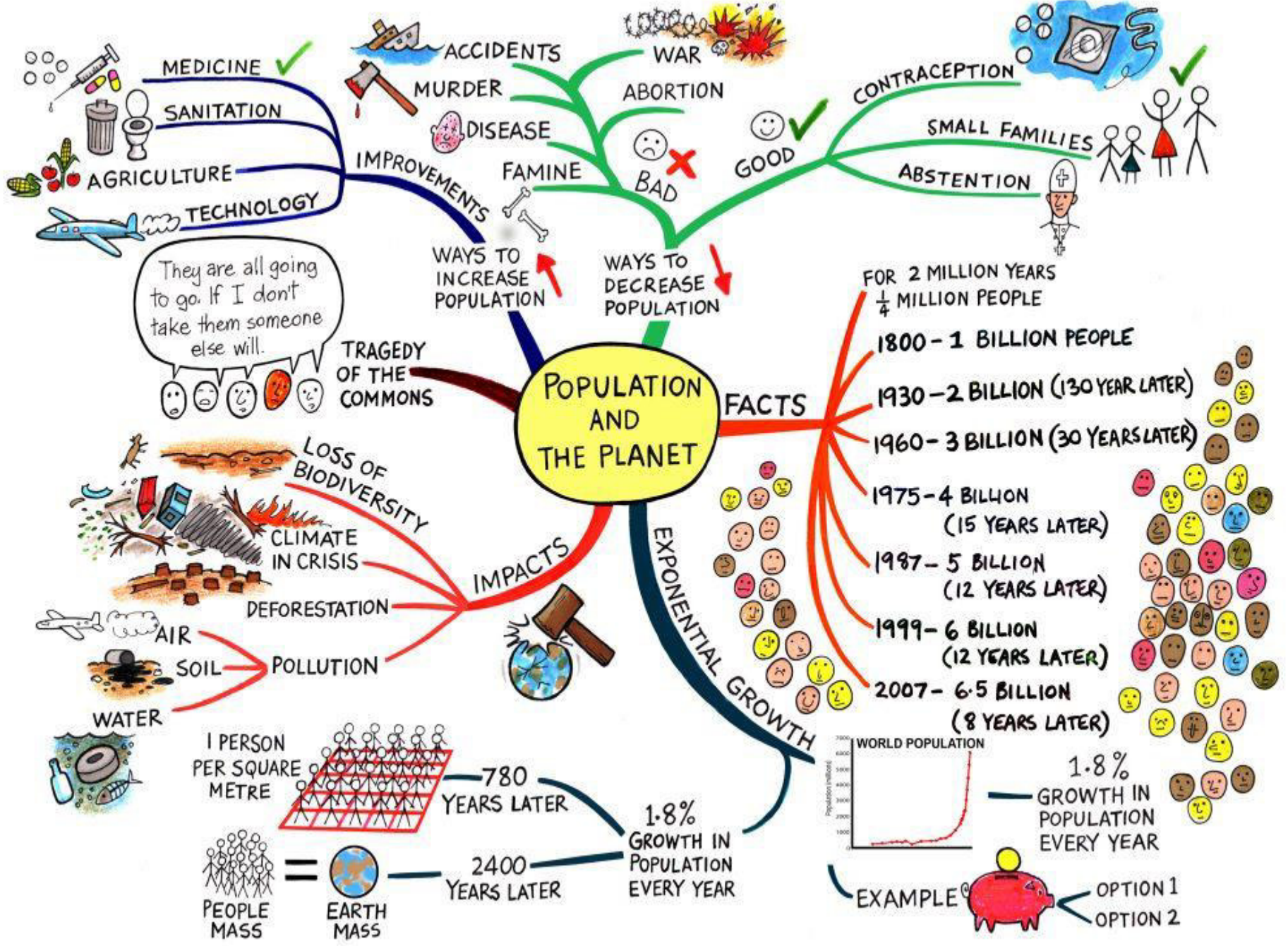
- **Performance values**
- **Communication values**
- **Cooperation values**
- **Moral values**

- **The job you have today may not even exist in the near future’.**

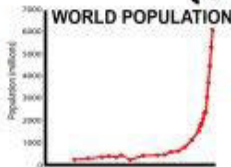
- **Population**
- **Unemployment**
- **Low productivity**
- **Inflation**
- **Business ethics**
- **Resources**
- **Responsibility**
- **Jobs get more virtual**

- **In the coming years, the rules of the global financial and economic system will be rewritten .**

- **New business era, culture, more ethical, dynamic & responsible.**



They are all going to go. If I don't take them someone else will.



1.8% GROWTH IN POPULATION EVERY YEAR

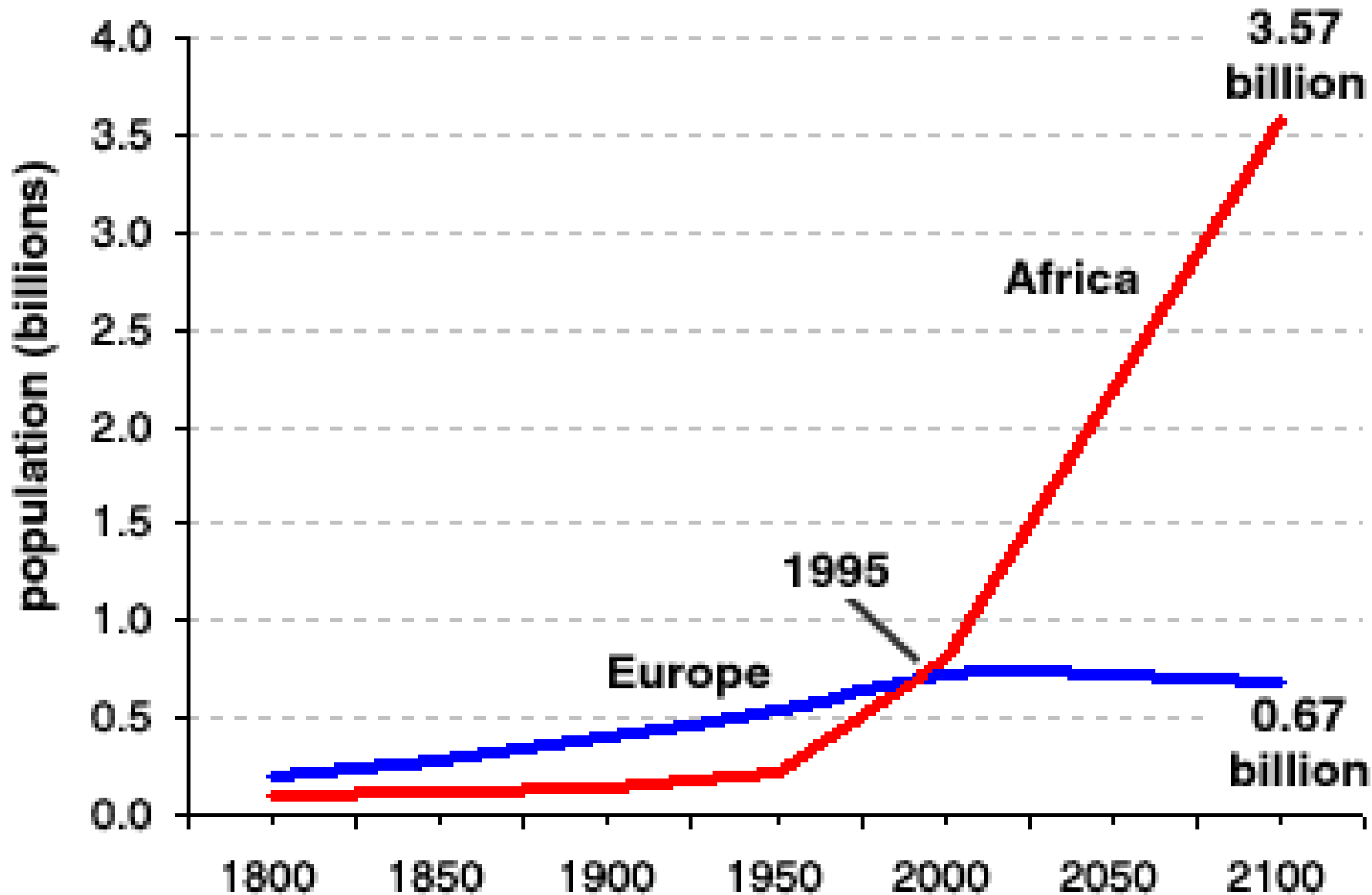
EXAMPLE OPTION 1 OPTION 2

- **Every culture and nation has its own values, history, customs and traditions, thus it has developed own ethical values and understanding of ethical principles;**

• URBANISATION	2011	2030
• N.AMERICA	82	86
• EUROPE	73	77
• LATIN	79	83
• ASIA	45	56
• AFRICA	40	48
• OCEANIA	73	77

- **The average annual growth rate of the European population was 3.8% during 2002-2011 and will be 3.62% from 2008 to 2035 and 0.64% in 2050 onwards.**

Population of Africa and Europe (1800-2100)



- **I am afraid that weakness of European growth does not allow a sufficient rate of job creation to ensure a rapid decrease in the unemployment rate.**

REAL GDP GROWTH

- | | <u>2012</u> | <u>2013</u> | <u>2014F</u> | <u>2015F</u> |
|-------------|-------------|-------------|--------------|--------------|
| • EY-ZONE | -0.6 | -0.4 | 0.8 | 1.2 |
| • USA | 2.3 | 2.2 | 2.2 | 3.1 |
| • UK | 0.3 | 1.7 | 3.1 | 2.6 |
| • JAPAN | 1.5 | 1.5 | 1.1 | 1.2 |
| • CHINA | 7.7 | 7.7 | 7.3 | 7.1 |
| • INDIA | 5.0 | 4.7 | 5.6 | 6.3 |
| • INDONESIA | 1.3 | 3.9 | 3.2 | 3.7 |
- Source, Consensus Economics (OCT2014)

- **Population & human capital**
- **Capital and capital markets**
- **Technology-innovation-productivity growth**
- **Globalization and trade**
- **Natural resources**
- **Education**

- **63% believe their vote makes a difference**
- **36% feel that politics are not interesting enough to concern them**
- **66% have a positive view of the EU**
- **65% believe that European politics are not intersected in the views of young people.**

- **Our mission is to promote ethics and excellence in businesses, to increase awareness about ethical challenges in the global marketplace and to enable dialogue on the role of business in society.**

- Europe is by definition a very strong **BRAND NAME**. We absolutely have to make the most out of it.

- **We have the tools; we have the structure; and we cannot afford to fail.**

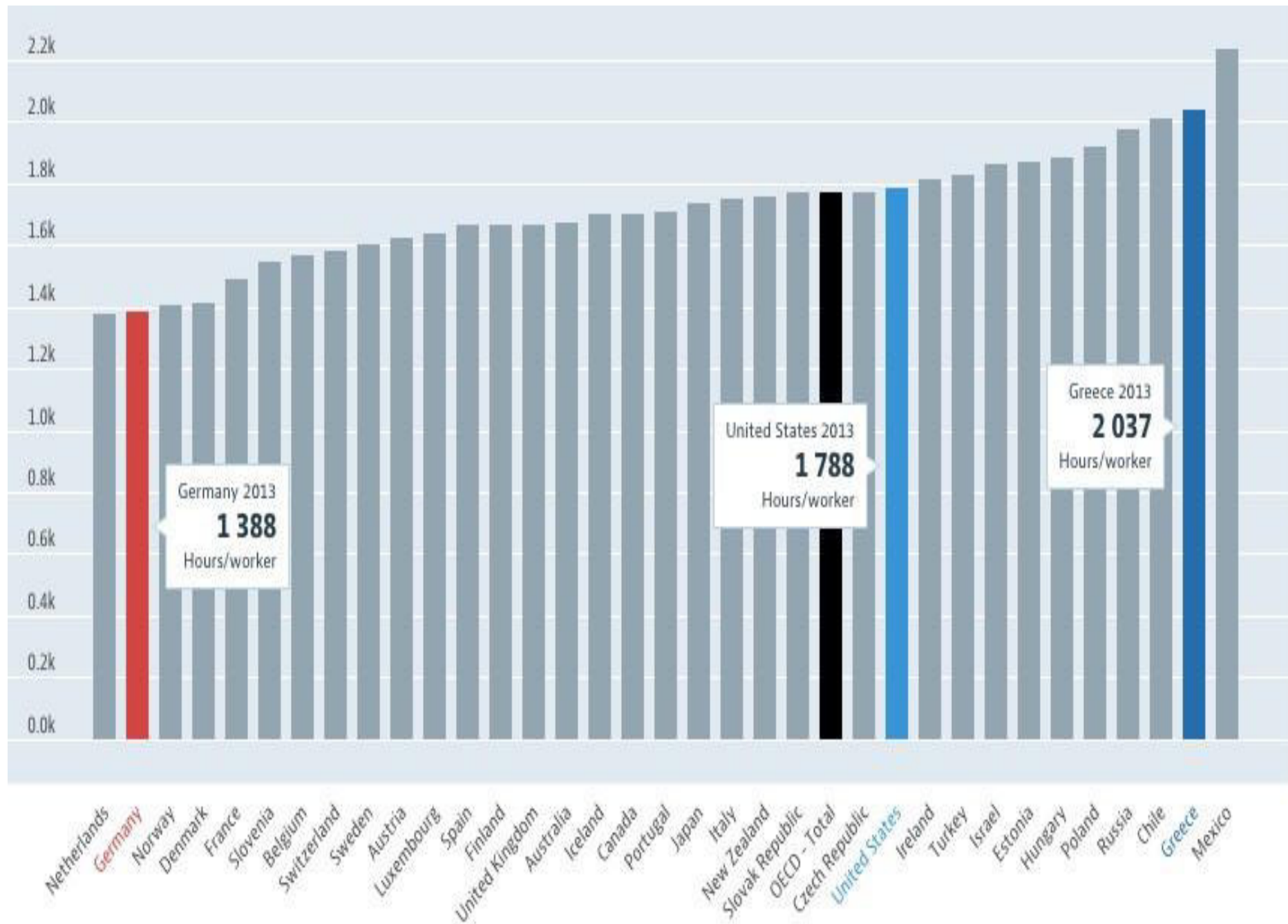
- Thank you.

THE GREEK- CRISIS CASE

- **SWISS ACADEMIA AT ENGELBERG**
- **A.E.GORTZIS 14-16/10/2015**
- **European President for Business Ethics Network**

- **1. GREECE JOINED THE EUROZONE WITHOUT BEING ADEQUATELY PREPARED.**
- **FOR EXAMPLE, ITS PUBLIC DEBT WAS IN THE RANGE OF 100% OF GDP, MUCH HIGHER THAN THE LIMIT OF 60% OF GDP SET BY THE EMU.**

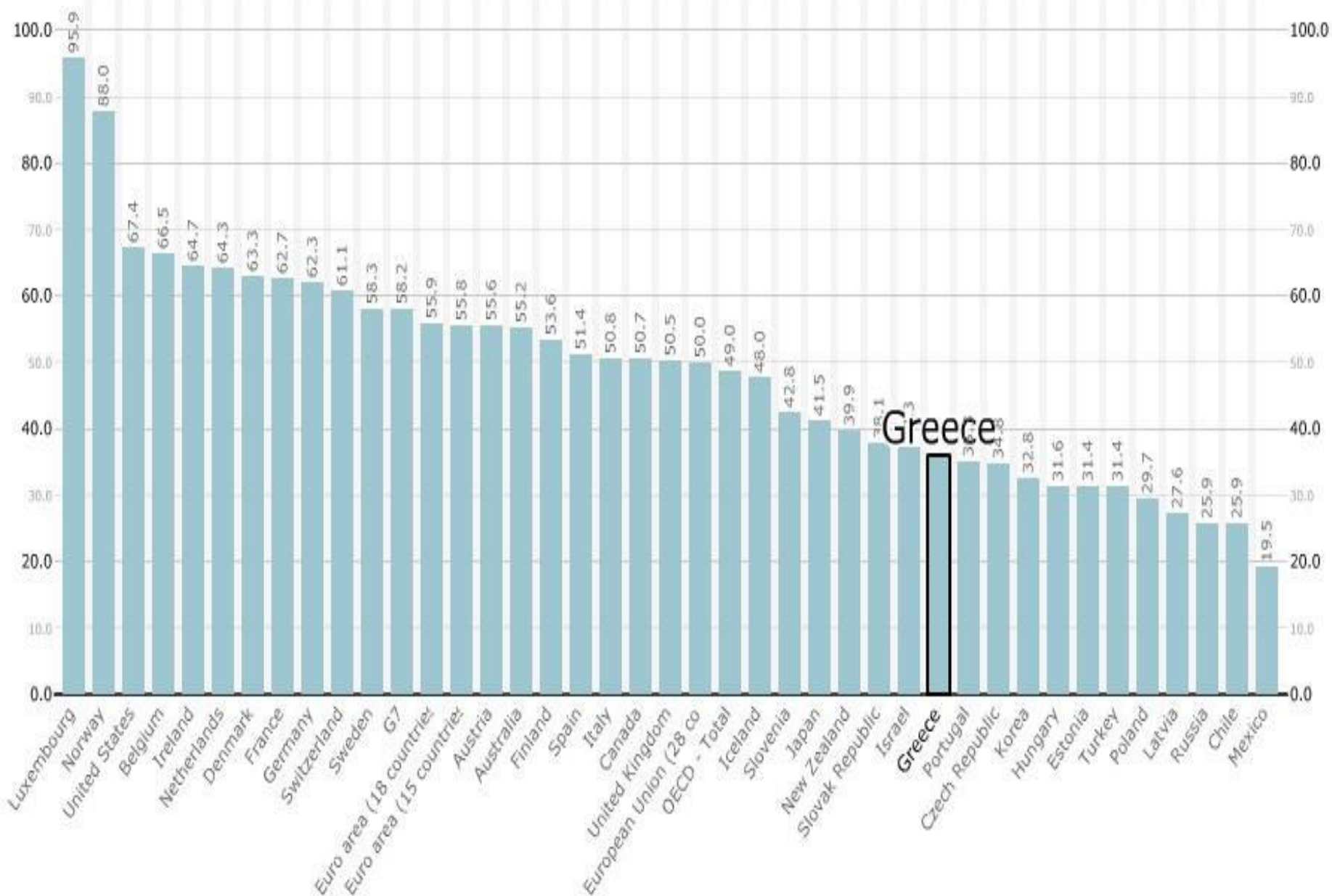
- **2. DID GREECE GET IN TROUBLE BECAUSE GREEKS DON'T WORK HARD ("YOU KNOW, WITH THOSE LONG SIESTAS OVER LUNCH")**



- **3. SO, IF THE GREEKS WORK SO HARD, HOW COME THEY DON'T PRODUCE ENOUGH TO COVER THEIR OBLIGATIONS?**

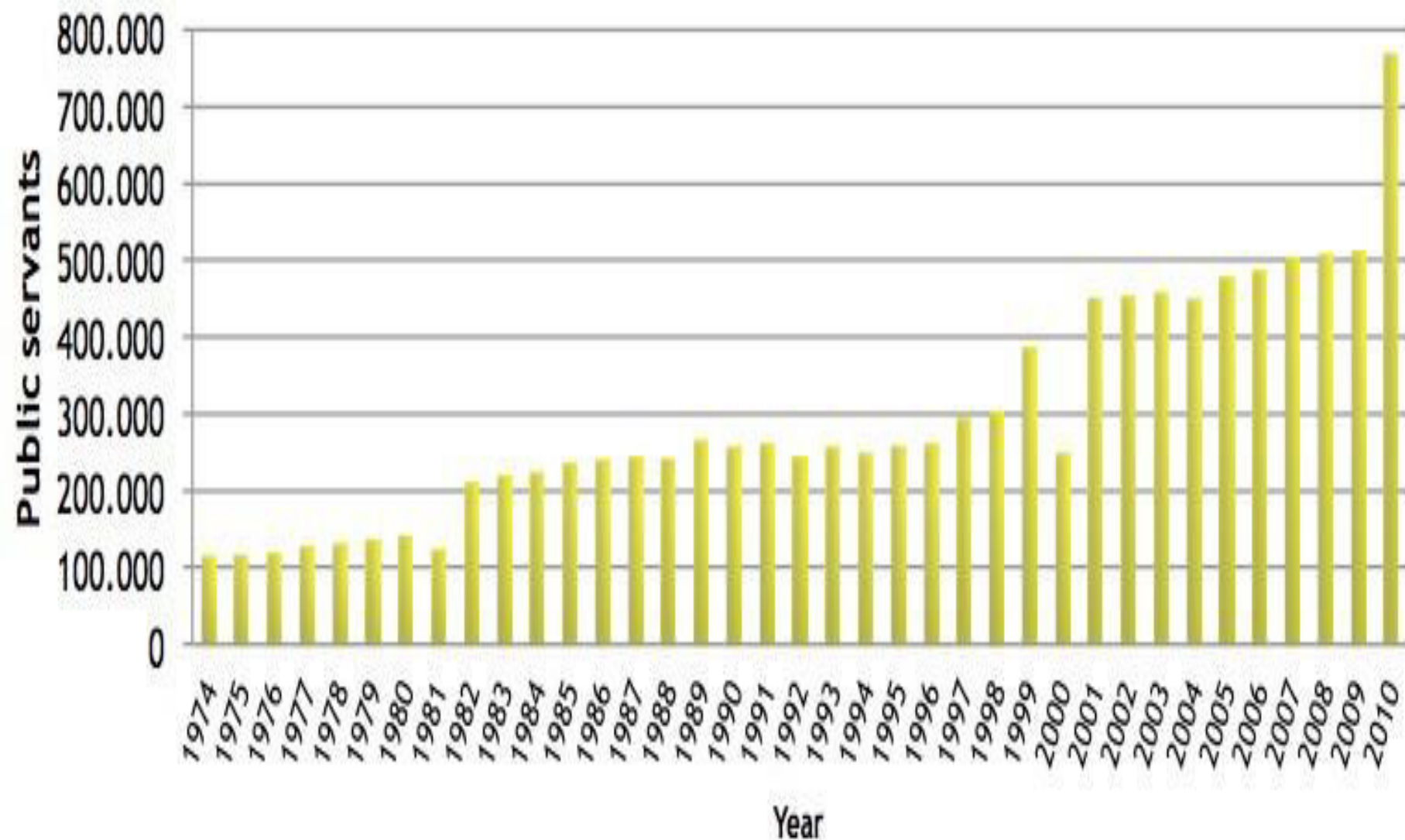


GDP per hour worked, USD, current prices, current PPPs



- **4. WHY IS PRODUCTIVITY SO LOW?**

Figure 6.2.1 Number of public servants, 1974-2010, Greece



Source: Adapted from Aspridis & Petrelli (2010) after permission from the authors

Note: The drop in 2000 as well as the drastic increase in 2010 is assumed to be due to a shift of methodology

- **5. AT THE SAME TIME, GREEKS LOVE TO STRIKE TO FIGHT FOR MORE BENEFITS. POLITICIANS WERE HAPPY TO OFFER MORE.**

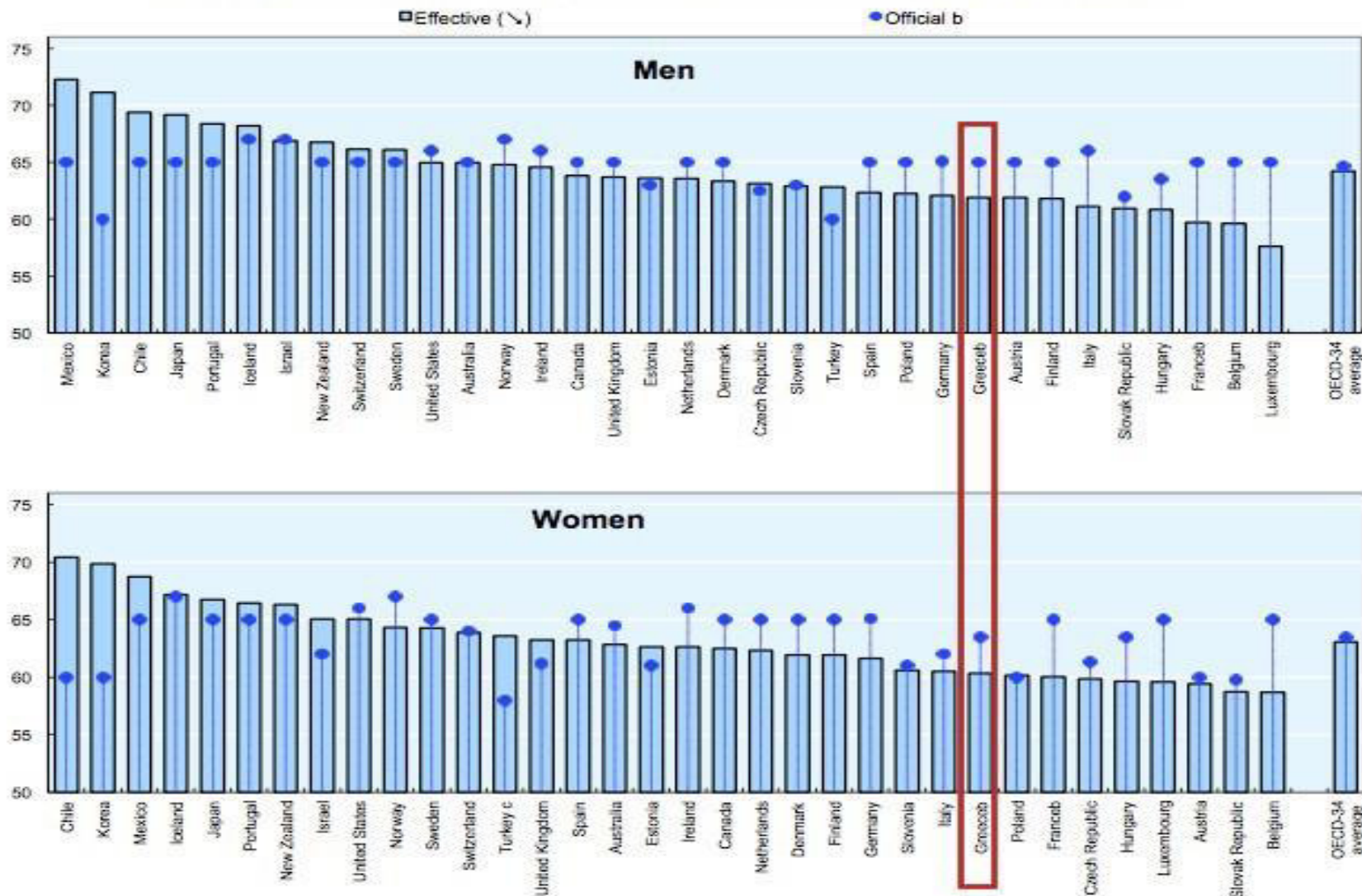
Country	General strikes 1980-2008	Strike ranking 1980-2006 (days lost/1000)
Greece	38	1
Italy	13	3
France	10	11
Belgium	7	12
Spain	6	2
Austria	3	13
Netherlands	3	15
Portugal	3	10
Luxembourg	1	16
Norway	1	8
Denmark	0	6
Finland	0	4
Germany	0	14
Ireland	0	5
Sweden	0	9
UK	0	6
TOTAL	85	

Table 1: General and Economic Strikes by Country

- **6. SPEAKING OF STATE FAVORITISM,
HOW ABOUT CORRUPTION IN
GENERAL?**

- **7. ON TOP OF THAT, ON
AVERAGE GREEKS RETIRE
EARLIER**

Average effective age of retirement versus the official age, 2007-2012^a



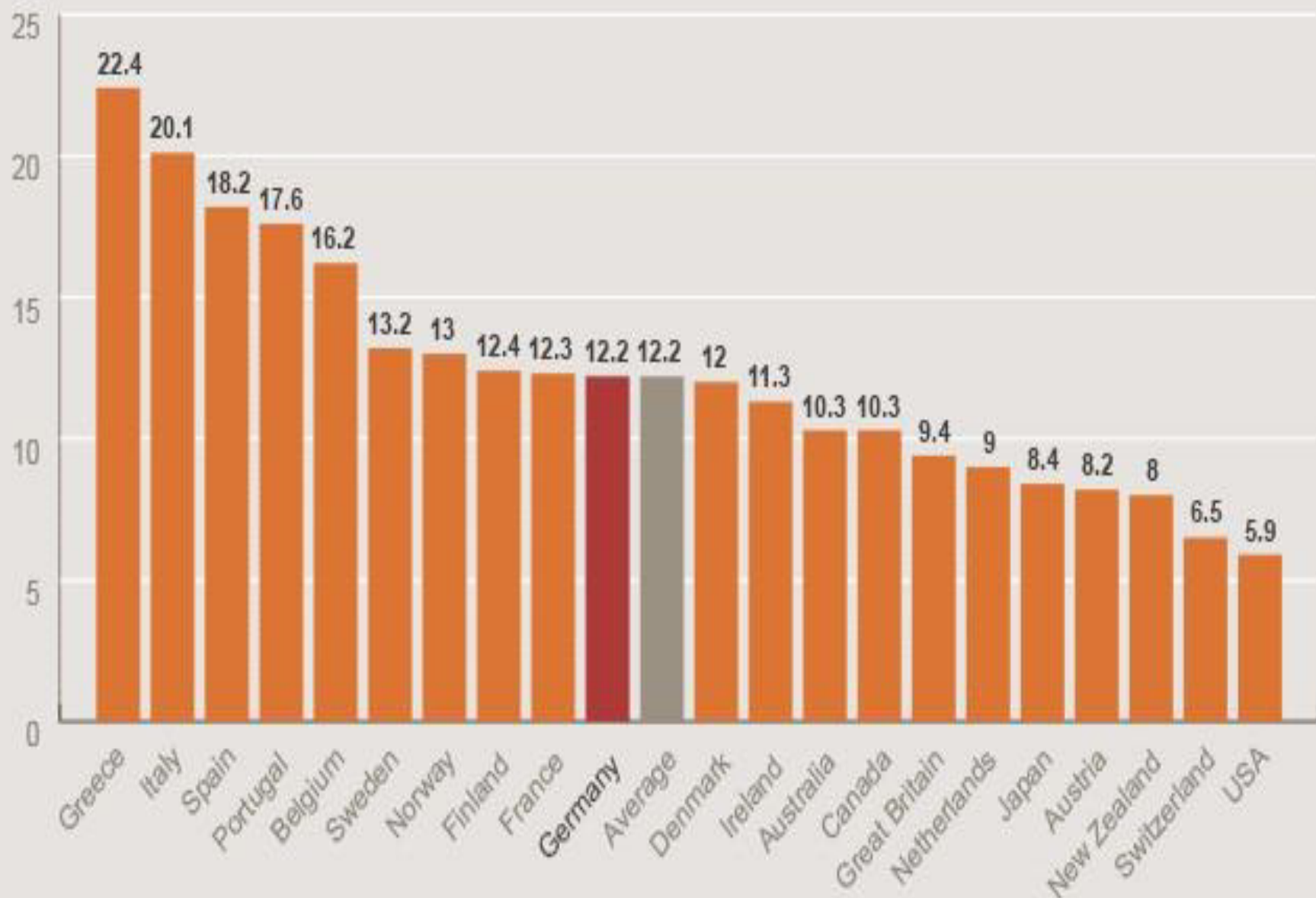
a) The average effective age of retirement is defined as the average age of exit from the labour force during a 5-year period. Labour force (net) exits are estimated by taking the difference in the participation rate for each 5-year age group (40 and over) at the beginning of the period and the rate for the corresponding age group aged 5-years older at the end of the period. The official age corresponds to the age at which a pension can be received irrespective of whether a worker has a long insurance record of years of contributions.

b) For France, workers can retire at age 60 with 41.5 years of contributions; for Greece, at age 59 with 37 years of contributions.

c) 2008 instead of 2012 for women in Turkey. The data for women in Turkey from 2009 onwards are not shown because participation rate changes have led to net entries into the labour market rather than net exits for some of the older age cohorts and hence to unreliable estimates of the effective age of retirement.

- **8.GREECE HAS THE LARGEST - AS PERCENTAGE OF THE ECONOMY - SHADOW**

Level of the shadow economy in OECD countries. 2015 (relative to GDP)



Source: IAW Tübingen

© DW

- **9. HOW CAN THEY ESCAPE TAXES?
MOST OF THE PEOPLE WORK FOR
TINY BUSINESSES WHO CONDUCT
PRIVATE CASH TRANSACTIONS THAT
CAN MORE EASILY BE HIDDEN.**

1. SMEs in Greece – basic figures

	Number of enterprises			Number of employees			Value added		
	Greece		EU-28	Greece		EU-28	Greece		EU-28
	Number	Proportion	Proportion	Number	Proportion	Proportion	Billion €	Proportion	Proportion
Micro	629 811	96.2%	92.4%	1 130 794	55.2%	29.1%	16	33.1%	21.6%
Small	21 669	3.3%	6.4%	398 503	19.5%	20.6%	11	22.5%	18.2%
Medium-sized	2 464	0.4%	1.0%	227 832	11.1%	17.2%	8	16.5%	18.3%
SMEs	653 944	99.9%	99.8%	1 757 129	85.8%	66.9%	34	72.1%	58.1%
Large	423	0.1%	0.2%	290 547	14.2%	33.1%	13	27.9%	41.9%
Total	654 367	100.0%	100.0%	2 047 676	100.0%	100.0%	48	100.0%	100.0%

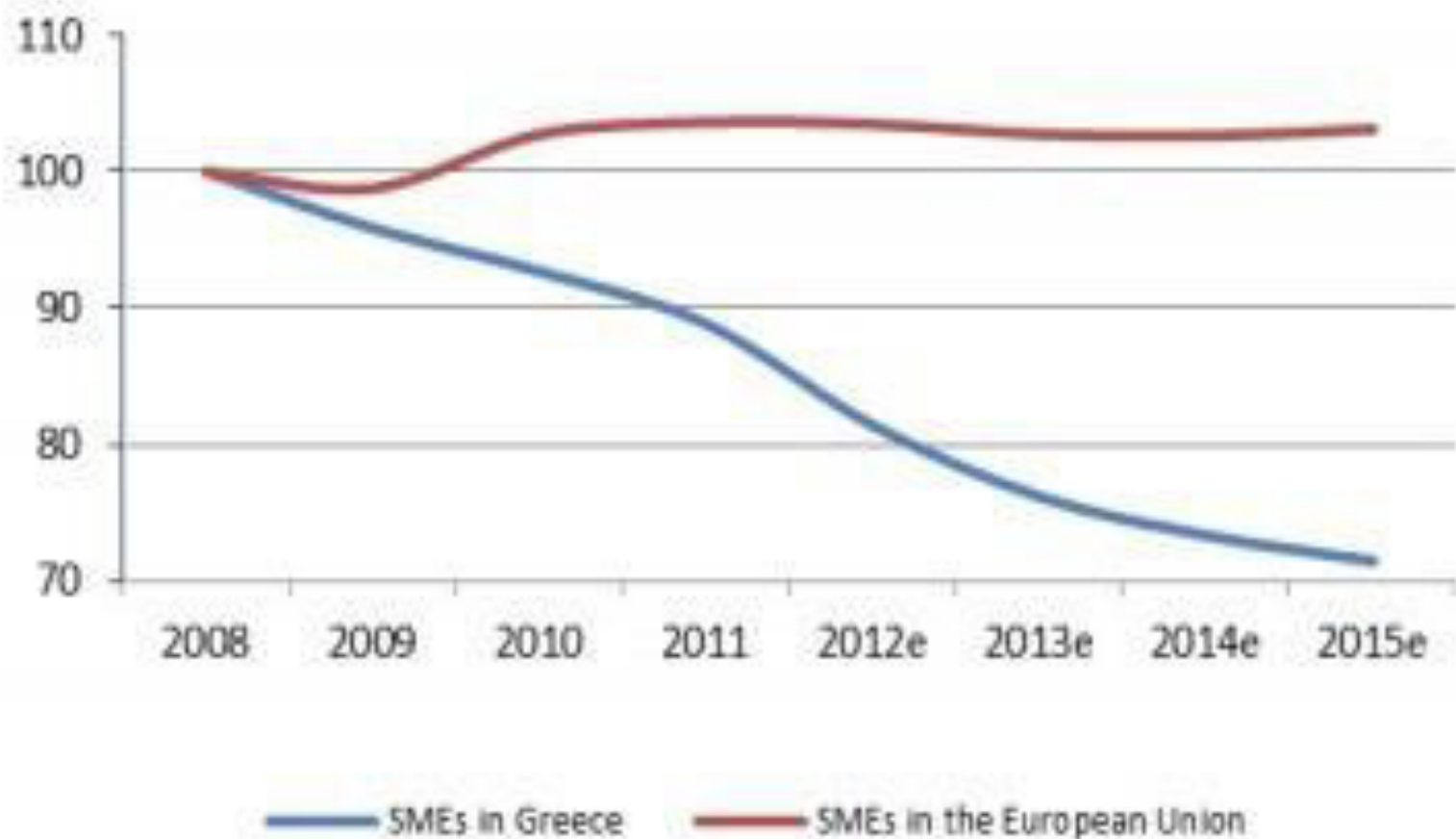
These are estimates for 2013 produced by DIW Econ, based on 2008–11 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, except D, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

- **10. AND BY THE WAY, THE
NUMBER OF THOSE BUSINESSES
IN GOING DOWN...**

SME trends in Greece²

Number of SMEs

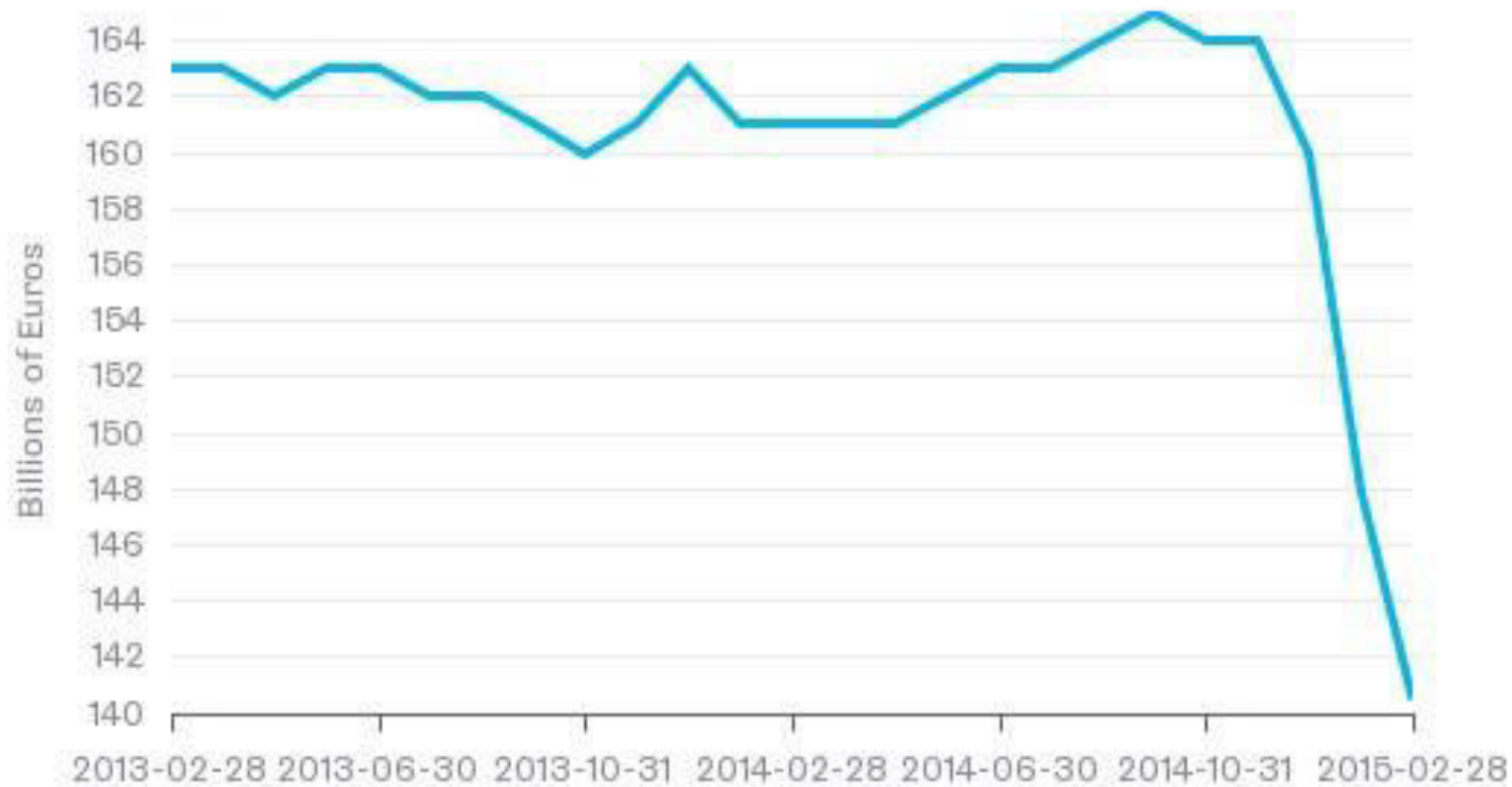
(Index: 2008=100, estimates from 2012 onwards)



- **11. SO THEY DECIDED TO ELECT A RADICAL LEFT COALITION PARTY THAT PROMISED TO UNDO THE FORMER POLICIES. HOWEVER, IT SEEMS CONSUMERS DON'T HAVE MUCH CONFIDENCE THAT THE NEW LEFTIST GOVERNMENT WILL BE ABLE TO REACH AN AGREEMENT WITH ITS EUROZONE PARTNERS.**

Running Out of Money

Greek Bank Deposits



Source: Bank of Greece via Bloomberg

BloombergView

- **13. IN THIS ERA OF UNCERTAINTY, BUSINESSES AND INVESTORS HAVE POSTPONED INVESTMENTS AND REVERSED ECONOMIC GROWTH, PROMPTING THE EUROPEAN COMMISSION TO SLASH GROWTH ESTIMATES.**



- **14.WHAT DOES GREECE NEED TO DO?
HERE IS A LIST OF POLICY
RECOMMENDATIONS FROM OECD FOR
SUSTAINABLE RECOVERY, SIMILAR TO
THE SPIRIT OF THE REFORMS PROPOSED
BY GREECE'S EU PARTNERS.**

- **SIMPLY AND MODERNIZE THE TAX SYSTEM**
- **IMPROVE THE PROCESS OF BUDGET PREPARATION**
- **TIGHTEN CONTROL OVER PUBLIC SPENDING**
- **REFORM URGENTLY THE PENSION SYSTEM TO ENSURE LONG-TERM FINANCIAL VIABILITY**
- **RAISE LABOUR MARKET FLEXIBILITY AND TACKLE POVERTY**

- **ENHANCE THE EFFECTIVENESS OF COMPETITION POLICY**
- **STRENGTHEN EFFICIENCY OF THE EDUCATION SYSTEM**
- **FOSTER INNOVATION AND KNOWLEDGE-BASED ACTIVITIES AND PROMOTE A GREEN FISCAL REFORM**
- **REFORM CONFIDENCE IN THE MANAGEMENT AND IMPARTIALITY OF THE STATE**

- **LONG LIFE TAX SCHEME**
- **MORE MONEY TO DEVELOPMENT AND INNOVATION**
- **MORE BUSINESS AND POLITICAL ETHICS**

- **In the dictatorship of moderate minds, we oppose the domination of few but Excellent!(PLATO)**

- **United we stand, divided we fall (AESOP).**

- **Thank you**