



ACADEMIA ENGELBERG

Media Release

Engelberg, October 17, 2015

Economic Systems with Optimization Potential

Innovation capital for all 18-year-olds; the decentralization of political power; an independent person as central bank president for West Africa; and true-cost pricing for mobility: young scientists presented these four innovative proposals for improving the economic systems at this year's Dialogue on Science of the Academia Engelberg Foundation.

The recent financial and economic crises and socio-political changes gave rise to re-thinking the economic system and the market economy in Engelberg. Some 150 personalities from science, business, politics, and society discussed for three days which solutions criticism of capitalism can offer or what an ecological and social market economy might look like. The future generation was given particularly extensive opportunity to present its ideas.

Young Scientists' Demands

A new type of start-up aid for adolescents, explicitly geared to the federalist Swiss system, was proposed: Oana Steopan, University of Bayreuth, called for the introduction of seed capital in the amount of 40,000 Swiss francs for all 18-year-olds in Switzerland. This would provide them the opportunity to build their own business or to pursue studies. Depending on the Canton, the amount could be higher or lower, but all would have equal opportunities and the chance to try out new ideas.

Another group called for a fundamental system change in Greece through the decentralization of power. Nick Theodoropoulos of the Athens University of Economics illustrated how through the decentralization of tasks and competences the inefficient bureaucracy, corruption/nepotism, and the concentration of power could be eliminated. If the Greeks regained a trustworthy system, tax compliance would also improve, which ultimately would stabilize public finances. He was aware, however, that this would be a slow process of change and that significant resistance would have to be expected.

In order to reduce the economic impact of the power elite in developing countries, Rachel Sidi Mweri of the Maasai Mara University in Kenya and Maria Isabella Wieser of the University of Lucerne suggested electing Barack Obama as the next president of the West African Central Bank. It is important to recruit a personality from independent circles and also from abroad for such an important position. This would strengthen the Central Bank's role and ensure independent decisions. The institution



would become a reliable partner. It would contribute to the reduction of corruption by guaranteeing macro-economic stability. This would strengthen trade and decisively improve the country's development.

Another group campaigned for true-cost pricing in transportation. Given the rapid increase in mobility there must be a change towards cost transparency. Mario Malzacher of the University of St. Gallen presented ideas of how the global subsidies for fossil fuels, but also for public transportation, could be abolished. This would result in the incidental external costs being entirely charged to the sources of traffic. This, in turn, would also lead to a fundamental change in mobility.

These four ideas for improving the economic systems on different continents were developed by twelve aspiring scientists from Germany, Greece, Kenya, Romania, Sweden, and Switzerland as part of a summer school in Ruswil in the Canton of Lucerne under the leadership of Professor David Stadelmann, University of Bayreuth, in early July 2015, refined in preparation for the Congress, and presented.

What Ants and Financial Experts Have in Common

Professor Alan Kirman, University of Aix-Marseille III, explained the complexity of the financial markets: "The development of the economy follows its own rules. As long as all benchmarks point north, nobody questions the financial model. Just like the ants who all follow the same path, financial experts orient themselves on other financial experts rather than obtaining their information themselves. In extreme situations, these paradox group dynamics lead to massive declines or increases in prices." This came true once again during the latest economic crisis in 2007. „Did we learn anything from it,“ asked Professor Thorsten Hens of the University of Zurich: "Given various financial innovations, Bitcoins for example, which again destroyed enormous value, that is not so sure." He stressed the importance of better training future financial specialists in order to develop new and flawless systems.

Professor Bruno S. Frey of the University of Basel campaigned not only for new financial systems, but also for a new kind of flexible, dynamic, and democratic political institutions. Such a new institution would have to dispose of considerable autonomy and overcome national borders. It would thus allow an efficient economy. The European Union is not well suited for this because it is built strictly on nation states, inflexible, and not very democratic.

Helping People Help Themselves

In a world in which income is continuously rising, prosperity is increasingly concentrated on a few; this leads to higher inequality. Taxing the high incomes would be unrealistic unless this strategy would prevail internationally. Therefore, Professor Giacomo Corneo of the Free University Berlin proposed the creation of a 'Sovereign



Capital Fund': "Countries with very high financial strength lend money at low interest rates to other countries in the sense of a long-term return on investment. The profit is used to fund a social dividend aiming to reduce inequality. This dividend should be paid to the public household and earmarked for special purposes."

Are Data the New Gold?

On the one hand, the rapid technological developments provide us with all kinds of useful tools, as impressively presented by publicist Hannes Grassegger: from a cooking computer that accompanies you step by step while baking a cake to automatic storage media like the pedometer bracelet, to search engines that also follow our wanderings through the Internet with great interest. But all this also has its price: "Our personal data are the new gold. In the meantime, our environment has become so smart that data are diligently collected without our help. So far, Switzerland and Europe lacked their own model of how to deal with the Big Data Economy," Grassegger warned. Prof. Philipp Theisohn, University of Zurich, even predicts a world in which machines will do all the work. But the big question is how to pay the machines for their work and what people would be doing for work. In his assessment of the conference, Hans Groth, President of the Board of Trustees, stated that the approximately 150 participants from various disciplines and different continents experienced a journey through a complex subject. He said it is important to continue to work on the ideas that were presented to ensure that future economic systems with manageable risks will be created for the good of all mankind.

Topic 2016: Where Are the Limits?

In mid-October 2016, the medical, juristic, technical, and social limits will be explored at Academia Engelberg Foundation's 15th Dialogue on Science. The first part will address man's areas of life, from birth to death. In the second part, the boundaries of the laws of nature, from the smallest particle to the universe, will be examined. And the third part will be dedicated to the limits of understanding a range of issues, from life and work to politics to nationality. International experts will examine in an intergenerational and interdisciplinary dialogue how well we know our limits and what the situation is with respect to overstepping these.



<Box info> A Bridge between Science and Society

Basic findings from science frequently meet with strong reservation and suspicion among the general population. With its interdisciplinary dialogue, the Academia Engelberg Foundation contributes to the building of a new foundation of trust between science and the public at large. Each fall, personalities from science, business, culture, politics, and society meet at the annual conference in Engelberg, Switzerland. Additionally, projects resulting from the outcomes of the conferences are realized and in-depth follow-up events organized. For further information: www.academia-engelberg.ch.

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[Images and copy from the Conference are continually available here.](#)

Video channel: <http://academia-engelberg.ch/en/program/>

Additional information for members of the media and arrangement of interviews:

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