

Under the Auspices of  
H.E. the President of the Hellenic Republic  
Mr. Prokopios Pavlopoulos



# DELPHI ECONOMIC FORUM

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## White Paper Report 2016

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Every effort has been taken so that the information contained in The White Paper Report is accurate and fair to the views and opinions of the panelists and the speakers of the Delphi Economic Forum 2016. While considerable effort has been taken to accurately document the discussions taken place, the final interpretation of the information contained herein resides with the author.

# About Delphi Economic Forum

Delphi Economic Forum is a nonprofit, nonpartisan organization working in close cooperation with civil society, public organizations, businesses and individuals.

It engages business, political, academic, and other top experts in an effort to address emerging challenges, influence the national and regional agendas and promote sustainable and socially responsible growth policies for Greece, Europe and the wider Eastern Mediterranean region.

Delphi Economic Forum is governed by a Foundation Board which is dedicated to its strategy and mission, monitors and improves the performance of the organization and ensures that it brings value to the members through its annual meetings, policy papers and knowledge platforms.

# Foreword

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Delphi Economic Forum's first annual meeting took place under the auspices of H.E The President of the Hellenic Republic, Mr Prokopios Pavlopoulos between the 25th and the 28th of February, 2016, at the European Cultural Center, Delphi, Greece.

It provided an opportunity to assemble prominent national and international leaders in business, policy, civil society and academia to address the issues facing Greece and the Eastern Mediterranean region.

The forum focused on key areas that define many of the challenges that the wider region faces today: the transformative shifts in the global balance of power, the business climate, the need for opportunities in finance and access to capital, the need to grow the culture of innovation and the concerns over the emerging political polarization and economic fragmentation of the European Union.

Along with identifying the most crucial steps that the country's leadership can take to ensure sustainable and socially responsible growth policies, the Forum also provided a platform for sincere dialogue between our speakers and attendees that debated and defined actionable recommendations.

Delphi Economic Forum is focused on developing a more thorough understanding of the issues discussed at the 2016 annual meeting and on creating knowledge platforms for disseminating many of the recommendations over the coming year.

Delphi Economic Forum would like to thank the advisory board, the members, the partners and the sponsors of Delphi Economic Forum and the panelists of the 2016 annual meeting who made this possible. Their support, insights and involvement are essential to our work.



# Attaining Stability in Shifting Landscapes

## Greece and Europe in Pursuit of Growth and Security

There have been few times in recent European history that the prospects of further EU integration seemed so grim, and that the future of the Union looked – on the whole – so uncertain.

Within Europe, the centrifugal forces pushing the member-states at the opposite direction than an 'ever closer Union' have multiplied. This 'tug-of-war' is revolving around the financial crisis and the European economic slowdown; the migration and the refugee crises; new waves of nationalistic retrenchment; and an environment of shared hard security threats such as international terrorism, regional instability, and conflict.

In the EU today, nothing seems to be stable and guaranteed: the Euro Zone; the Schengen Zone; the United Kingdom's membership; and the membership of other Central and Peripheral – Mediterranean member states, are all now questioned. Topping that, we have the following paradox: in what is a series of critical crises with profound economic, social, political and security ramifications whose resolution requires 'more Europe' and greater deepening, Europe seems to be answering with steps back jeopardising its very cohesion in the process. Unilateral actions such as border closures and the undermining of the Schengen and other core EU agreements; referenda that have direct implications for the EU's unity and stability; and far-reaching divisions, driven by self-interest, over central issues such as the peace in the neighbourhood and a decisive resolution of the refugee crisis, are some of the highlights that make up the current EU predicament.

The global geo-economic and geo-political context are not working in Europe's favour either. The Union's safety and economic prosperity very much depends upon advantageous milieu shaping in its near abroad and in its Eastern, Eurasian and Mediterranean neighbourhoods. In particular, the largely unfortunate conclusion of the so-called 'Arab Spring' left Europe's Middle East and Mediterranean neighbourhood more unpredictable, more unstable and more vulnerable. For Europe, these multiple crises, and the Syrian crisis in particular, are directly linked with an unprecedented migration and refugee crisis. A crisis that is testing the very limits of Europe's external borders – Greece above all. Simultaneously the 'refugee crisis' is testing the limits of EU solidarity, its commitment to its aquis, ideas and values.

In the economic sphere the context for Europe remains quite adverse. The slowdown of Chinese economic growth, combined with the overall decline in global aggregate demand and the uncertainty that pervades the world's geo-economic, geopolitical and geostrategic chessboards are negatively affecting the EU's growth prospects'. A part of the challenge is that Europe is failing to coordinate and work together at an EU level to answer the fun-

<sup>1</sup>See for example Roubini (2016) for context.



damental question of what will Europe produce given the global context, competition and realities. However, this equation is very much the key for a return to stable, sustainable growth and prosperity.

The first Delfi Economic Forum (DEF) very aptly bridged the above-described global and regional context with the current Greek and European realities take stock and evaluate its implications immediate and indirect on the current European and Greek prospects. With respect to Europe the participants underlined the fact that the Union's multiple internal crises with their high political and economic costs tend to enhance Europe's inwardness and myopia. In particular, many international participants expressed the view that many member states seem to fall short of understanding the broader power-shifts unfolding in the world and Europe's neighbouring regions. These power-shifts are decisively changing the map of interests, the EU's politico-economic milieu, and the strategic dilemmas that 21st century Europe is called upon to address. Europe will very soon have to be able to tackle the crises in its near abroad relying on its own capabilities, filling an ever-growing power vacuum in these regions. The EU must rise to meet its share of global responsibility and power taking collective leaps forward if it wants the rules of the game and the world to remain an advantageous and safe environment for its member states and their societies.

Greece, which was DEF's main focus, faces most of the common EU challenges and more: the dual challenge of the ongoing for over 7 years national economic crisis and the ever more acute migration and refugee flows; the challenge of populism and political instability; a society approaching its limits vis-à-vis adjustment and austerity; an alienation from the national and European political systems due to the consecutive disappointments and refutations by a populist political elite and a series of adjustment programmes that fell short of their targets. The Greek structural reform efforts more often than not seem like a Sisyphean labour; often taking one step forward and two steps back. This has further undermined the chances of turning the majority of the Greek society into a pro-reform ally. Both the narratives and the policies failed to ensure this.

All participants had a common denominator for Greece and Europe alike – growth. The preeminent requirement for European and Greek stability, social and economic prosperity is for the Greek and European economies to return to steady, positive and sustainable growth rates. In the case of Greece the vast majority of the participants concurred that the key to recovery is a period of stability. In particular, the necessity of a period of 3-4 years with a specific plan, a clear framework, a stable tax and legal context, firm rules of the game, transparency and meritocracy was highlighted, with a view to maximize simultaneously the productivity of the public and the private sector alike. Such a period of stability and the pursuit of a tangible, realistic and practical vision is expected to untie and unleash the most productive segments of the society; 'unlock' domestic investments; attract foreign investments from the diaspora and beyond; facilitate the restoration of lost credibility and trust in the eyes of the country's creditors and partners; allow for a stable recovery, the creation of sustainable jobs, and overall foster the conditions for viable socio-economic development. It was overwhelmingly suggested that there is in Greece both the political capital and the techno-political expertise and experience required to safely steer the country out of the vicious cycles of the crisis and capitalise on the latent creativity and agency which is waiting to be rekindled.

In the context of upping Greece's attractiveness for investors a series of legal revisions and bureaucratic simplifications were suggested on the basis of international and European best practices and success stories; while also making the most out of Greece's comparative advantages. Along these lines, a series of reforms that could further enhance the prospects for political, economic and social stability were discussed at length ranging from Constitutional and Electoral law revisions, to specific laws and policies per sector or region. One central argument that kept coming up by the legal experts in the DEF discussions and debates was that the underlying problem is not the shortage of laws; instead the problem was identified in the non-implementation of these laws – and especially within a sensible time-frame. In short, the faster administration of justice would also help boost

entrepreneurship and attract new investments. Simultaneously, constitutional revisions and strategic changes in the electoral system could help up the stability of the Greek political system and ensure greater degrees of continuity in governance.

Many participants expressed optimism with respect to the prospects for the Greek economy suggesting that the macroeconomic indicators of the country suggest that there conditions are ripe for private initiatives, the rejuvenation of entrepreneurship with the proper channelling of European development funds and the observation that the Greek economy remains comparatively small – and therefore with the right conditions for growth and targeted boosts it can grow at a pace faster than anticipated or predicted at the moment. Participants subscribing to this line of thinking underlined that the debt sustainability analysis is often an arbitrary mathematical exercise, aptly explaining that a stable return to positive growth rates of around 3-5% coupled with the restoration of credibility and trust will greatly shift the debt dynamics and prevailing analyses, stabilizing the markets and ending the prevalent uncertainty.

With their insightful interventions, the DEF participants highlighted the critical direct links between the Greek and the European crises. In this context, it was suggested that both Greece and Europe need to take decisive leaps forward, transcending their rigidities to embark on a path of stable progress and growth, to secure a powerful and safe place on the increasingly uncertain, unstable and dynamically varying global chessboard. For the majority of the participants the optimal path for Greece and the other EU member states is further integration; an ever closer Union. Our common European history encourages it; our common interests demand it and that our common security commands it.

**1,400,000** tons  
annual Bauxite production



**4** Continents  
exports to Europe, Asia, Africa,  
North America



**2** private loading ports



**65%**  
of personnel is highly skilled



**80%**  
of personnel is between  
20 – 35 years old



**360°**  
investment



- Know-how
- Equipment
- Geological research
- Human resources
- Environment
- Health & Safety

## Responsible operation

### Continuous monitoring

Objective and measurable targets for reducing environmental impact

- Compliance with all environmental legislation & regulations
- Certification ISO 14001/2014
- Environmental Programs for the achievement of targets
- Monitoring and measurement of environmental parameters/targets

### Rehabilitation

Every 5 years a reclaimed area is delivered for public use

- Reformation of the dumping areas
- Hydroseeding with native species
- Planting (250 plants/1000 m<sup>2</sup>)
- Maintenance of the planted areas

### Private plant nursery

27 years of the Fokis plant nursery

- 150 kg of seeds from local plants is collected for the rehabilitation works every year
- Annual plant production: 30.000-50.000
- Since 2009 all plants grown in the nursery are native
- Reproduction of 22 native species

### Social contribution

A giving neighbour

- Infrastructure development projects and donations to local NGOs and institutions
- Construction and operation of the Fokis Mining Park "VAGONETTO", a nationwide tourist attraction with more than 9.000 visitors annually

# CONFERENCE DAY ONE

Friday, February 26, 2016

Opening Session, Plenary

## Safely Navigating and Overcoming the Crises: Union and Nation at the Crossroads

H.E. the President of the Hellenic Republic,  
**Mr. Prokopios Pavlopoulos**

**Helene Ahrweiler**, Rector, President of the Administration  
Board of the European Cultural Centre of Delphi

**Nikos Voutsis**, President of the Hellenic Parliament

**Dimitris Avramopoulos**, EU Commissioner Migration,  
Home Affairs and Citizenship

**Pierre Moscovici**, EU Commissioner, Economic and  
Financial Affairs (video message)

**Kostas Bakoyannis**, Governor, Region of Central Greece

Welcome note by **Athanassios Panagiotopoulos**,  
Mayor of the Municipality of Delphi

The DEF formally launched with a strategic overview of the preeminent Greek and European challenges. In the opening session, a series of proposals and an overall vision for how Greece and Europe should proceed to best overcome their respective existential challenges was sketched out by the distinguished speakers. The common denominator of all the interventions was the criticality of safeguarding the European identity and future of Greece. The central suggestion being that the country's security, economic and social prosperity is best advanced and guaranteed when firmly embedded in the heart of the Europe and all the key EU institutions that Greece is already a part of. In a way, the Euro-Area and the Schengen Zone very much define the 'inner core' of the Union. Therefore, it is argued, that given Greece's financial status and limited geostrategic options in its tough and ever-shifting neighbourhood, it is the more quintessential that its position at this inner European core is undoubted – by external and internal observers and stakeholders alike.



- In reference to the Economic crisis it was underlined that the Greek crisis should not be taken out of context; suggesting that one must recognise that the crisis is also very much a crisis of the Eurozone's institutions and asymmetries and issues in as much as it is a crisis relating to the Greek political system and the economy's and country's structural problems.

- One-sided, dogmatic, austerity is a central part of the European problem. It hinders recovery and stalls growth as underlined also by a number of leading Economists and Nobel Laureates such as Professors Stieglitz and Krugman; and an increasing number of IMF reports and staff members. The issue is however, that only Greece remains in such a programme today, excluded from the ECB's quantitative easing programmes and still on 'life support'. All the other EU member states that needed a bailout programme, took the bitter medicine prescribed, worked hard, acted fast, improved the medicine's composition on the grounds of tangible, measurable progress and are now on auspicious recovery paths – e.g. Ireland, Portugal and Cyprus.

- Greece had developed a positive momentum in 2014 and that the economy built considerable resilience (above expected). This became particularly visible in 2015 when the economy held up at the face of the toughest turn of the Greek crisis. For the quicker easing of the capital controls and the return to positive growth a number of proposals were tabled: a) the swift conclusion of the first evaluation - review of the Third Economic Programme; b) a bold, deep cutting and growth-oriented pension reform; c) the broadening of the tax base; d) an independent national revenue agency; e) stability and the projection of certainty – political, legal and administrative among others; f) ending capital and human resource flight; g) the dynamic re-launch of the privatization and public asset management programme will further improve the investment climate; h) be organised and act fast to make the most of the €35bn of EU investment funding; i) channel these investment funds in a swift and unhindered manner to the real economy; and j) a broad political consensus could facilitate a safer, more stable and more concrete recovery; it can improve the economic prospects and accelerate the recovery pace.



- Ever-widening global inequality and the over-concentration of wealth at the hands of the world's richest is a problematic and unsustainable trend. It is a hindrance to economic growth and social progress, and an exacerbating factor of socio-political tension and instability. In this context some speakers called for bold income redistribution policies that can promote growth and advance social justice.

- The dilemma for Europe has become clearer: Further integration at a high cost on the one hand – including more adjustment for the European South, fairer burden sharing for the EU's external borders, further deepening in the economic and security spheres and so forth; or risking costly centrifugal forces, steps back and jeopardising the Union's cohesion on the other.

- For one speaker the path forth entails two major politico-economic decisions: a) the revision of the treaties concerning the role and mandate of the ECB to strengthen and broaden it; b) the issuing of Eurobonds in order to enhance the Euro-Area's stability and growth prospects whilst putting a permanent end to any remaining doubts vis-à-vis the Zone's cohesion.

- Following a similar reasoning and line of argument, another speaker suggested that the solution to most of these critical issues is 'more Europe', with a (more) federal structure that will be addressing the current structural weaknesses and asymmetries that exacerbate and perpetuate the crises.

- The EU's democratic deficit - which widened in the context of the management of the financial crisis - has to be addressed decisively along with the issue of informal directorates and the role and power the Union has accrued to unelected bureaucrats whose obsession with numbers and maths prevents them from realising the limits of financial adjustment given the social conditions, the adjustment fatigue and the simple reality of reforms falling short of target when implemented in adverse, recessionary contexts.

- The refugee crisis has to do with the very core identity and values of the EU. Greece is not a part of the problem, but a key to any sustainable solution. Europe cannot simply ignore the refugee crisis and the flows associat-



ed with the heightened instability in Europe's backyard. Nor can one ignore the broader geopolitical shifts in the neighbourhood with their far reaching geostrategic and security implications.

- Through a more cultural-historical lens, one speaker made the case that crises are as old as civilizations; and they are multifaceted – economic, social, civilizational, communicational and so forth. In general, crises tend to coincide to the expansion of space; they are largely caused by it. We now have two such expansions of space unfolding simultaneously – Europeanization and Globalization. The mixing or socialization of people of different traditions, different cultures, different historical experiences, different collective memories and so forth this invariably leads to different identities, which in turn inevitably generates a degree of insecurity.

- Focusing on Europe's responsibilities from a primarily EU perspective, one speaker underlined that in these critical moments the vision, future and very identity of Europe is at stake. Europe's problems and challenges will not go away by themselves. The Union's cohesion and the member-states' values are being tested vigorously. As things stand this is not the EU that its forefathers envisaged, nor is it the EU that we want to pass on to our children. We have to protect and revive the EU project, its values and its attractiveness. It is not the economic crisis after all that is defining the future of European Integration, but the key question of how to address the refugee crisis.

- The protection of the refugees is not just a European Directive; it is a responsibility and categorical commitment of the member states. Some approaches taken unilaterally and in a hasty and reactionary manner must be revisited in recognition of the broader geopolitical changes unfolding in parallel. Greece, due to its geographical and geopolitical position is at the very centre of all these tectonic shifts; it also has a unique geostrategic role and added value for Europe.

- Instead of giving in to the fear of breakdown we should overcome the crisis with a break-through. It is highly unfortunate to witness the oxymoron of Greece building new recording and hospitality centres, new 'hot spots', and at the same time neighbouring states erecting fences to trap the refugees – and thus 'the problem' – in Greece. The role



of Schengen for the process and prospects of EU integration and security is critical; we must protect the Schengen Zone at all costs.

- The European Commission is working towards new and more far-reaching measures to support Greece, expanding the manpower on the various EU operations, the financial assistance, as well as the pressure for a constructive deal with Turkey and a more decisive and fair approach to burden sharing. At the same time, initiatives and policies that contribute to the ending of the Syrian Civil War are also critical as only these may really help stem and eventually – with the stabilization of the war-ravaged country – reverse, these flows.

- Greece and Europe both require bold agency and steadfast leadership to deal with history and not with polls and statistics; it is the time to rise and meet our responsibilities, show solidarity, honour our treaties and uphold our agreements. From the 160.000 agreed intra-EU allocation of refugees only 800 have been moved.

- The intra-EU levels (and quality) of information sharing and the efficiency in their joint processing is very poor at the moment, as exemplified by the Paris attacks. To make matters worse, our integration policies have clearly been failing us, with a number of former refugees turning against their host countries and their citizens.

- Furthermore a clear deterrence policy was delineated: the paperless migrants will be sent back – and in this context the EU must use its immense aid and trade leverage to enforce the readmission agreements. Greece and Europe say 'no' to irregular economic migrants and 'yes' to those refugees that have the grounds to request asylum and need Europe's protection.

- Restoring balance in the destabilized MENA region, defeating ISIS, ending the Syrian Civil war and stabilizing Europe's neighbourhood will have positive implication for the efforts to tackle the challenges of terrorism and irregular flows.



The member states face common challenges and bear common responsibilities. The external borders of the Union are pivotal for the EU's security and the protection of the Schengen Zone. They are exposed the most to the problems and challenges emanating from Europe's neighbourhood(s) and their proximity to the source of the issues makes them more vulnerable. The Greek coastline, becomes de facto permeable when Turkey fails to clamp down on the human trafficking networks operating from its shores. Greece's vast coastline with its numerous isles and islets is therefore the 'Achilles heel' that requires decisive EU assistance and fortification with the strengthening of the relevant institutions and their capacities. Namely, the further empowerment of FRONTEX and of the migration and external border related funds.

In the economic sphere, the time for major decisions is very much upon us. Europe must move beyond austerity to address its vast inequalities, remedy its asymmetries and attain long-term growth and stability through



a comprehensive European development strategy. Targeted growth policies are required to help boost the European periphery and decisive EU economic governance reforms to guarantee their macroeconomic stability. At the same time the Southern member states and Greece first and foremost need to continue to advance much-needed reforms that promote social justice and the sustainability of the economy. Addressing long-standing imbalances, ending vertical privileges, fixing the unsustainable and skewed social security system, upping quality competitiveness, fostering stability and an environment inviting for foreign investment are some of the priorities.

In parallel, in the ever-more uncertain and anarchic international system the maximisation of the Union's and the member states' security can be best ensured through decisive leaps forward and deeper integration. Along with the 'federal solutions' to Europe's problems, the member states have the responsibility to uphold the EU's values and protect the Union's identity which are under great stress in this challenging period and context.

## THE ROAD TO 2020 AND BEYOND: SHIFTS IN THE GLOBAL BALANCE OF POWER

What are the large, transformative shifts in the global balance of power that will have a far-reaching impact on businesses, economies, industries and societies and will define the future? How should policies adjust to cope with this change?

Chair: **Athanasios Platias**, Prof. of Strategy, Dept of Int'l & European Studies, University of Piraeus, Greece

**Dora Bakoyannis**, MP, former Minister of Foreign Affairs of Greece

**Dr. Ian Lesser**, Ex. Director, Transatlantic Center, German Marshall Fund of the US, Brussels

**Mujtaba Rahman**, Europe Practice Head, Eurasia Group, UK

**John Sitolides**, Principal, Trilogy Advisors LLC, U.S.A.

**Vladimir Gligorov**, Researcher, The Vienna Institute for International Economic Studies

The world is changing. The dividing lines of the past have fallen and the preeminent question for Europe is how to best navigate the new uncharted and ever-fluid global map. Twenty-first century geo-politics, geo-economics and geo-strategy too often seem to be calling for a new compass and a new modus operandi. At the same time the old ways of conducting international relations, diplomacy and foreign policy remain particularly relevant in many regions of the world. Territorial disputes and conflicts such as those in Eurasia and the South China Sea; 'defensive nationalism' in China; irredentism amid many Eurasian states; a forceful Russian Federation expanding or reaffirming its spheres of interest and influence; a more outward China projecting its power and advancing its interests and politico-economic influence globally – all unfold in a period where the US and its European allies seem less prepared to take on additional global responsibilities and act as global policemen.

The world's transition from unipolar to multipolar seems to have largely transpired. A transition that did not befall due to the decline in the power - absolute or relative - of the world's superpower US as many predicted (e.g. Kupchan, 2012 and Wallerstein, 2013); nor was it a result of the profound increase in the power another actor in the global system; but has more to do with the conscious distancing of the superpower from a number of global problems and regions. The changing global chessboard has profound economic implications. Antagonisms and conflicts greatly affect the global political economy and may redefine economic and business ties. The majority of speakers predicted a tougher and more uncertain global environment for the EU and its allies, unless Europe actually walks down the path of becoming a more robust military actor and a deeper Union.

- The speed and pace of change is so impressive that there is a dramatic shift in the global map between 2005 and 2016.

- There is arguably a rise in regional wars and tensions around the world. This is in part connected to a rise in religious conflicts and a 'clash of civilizations' largely unfolding between the 'West' and 'Islam'. This 'clash' perhaps becomes clearer if one looks at the map of military interventions in the past decades and the heightened levels of radicalization - epitomized by this new chapter in international terrorism and the role of ISIS. This map of global instability, geostrategic competition, conflict, territorial, cultural and religious tension is further complicated by the growing number of failing and failed states – such as Libya, Syria and Lebanon – and the question of how to best deal with these zones of intensified anarchy. Furthermore, we are already experiencing a dire geo-economic competition which has the potential of igniting regional tensions and conflicts. Also, many regional conflicts bear a



high-risk of escalation, and the potential of evolving into a great power arm wrestle (Syria for example). The same speaker closed this 'stern' read of the global international relations and security outlook suggesting that this historical period has many parallels and similarities with the period that led to the Treaty of Westphalia.

- One speaker chose to put good distance between the above-delineated 'pragmatist' perspective to suggest that one should continuously strive to think and take initiatives "out of the box to avoid the trap of giving in to the 'charm' of these divisive lines". It is much easier to divide than to unite. Reality requires us to think of bridges and strategic alliances; cooperation and joint efforts – not to return to the logic of independent city-states. The role of socialization processes, economic interdependence, trade and business ties, cultural and social links, confidence building exercises, zones of cooperation is particularly key when seeing the global international context via this 'lens' instead.

- Europe's geopolitical and security environment seems to be becoming increasingly unfavorable. It is more and more fluid, unpredictable and profoundly unstable. This undoubtedly incurs risks for the Union and its member states, and especially its external borders.

- This reality commands for a powerful Europe. The EU's military, security and foreign policy capacities must be upped decisively to equip the Union with the means to act effectively on this new global context. Europe has been already very late to rise to its responsibilities and take initiatives. Alternatively, the EU will find it hard to remain secure and relevant in this new global environment.

- The refugee crisis cuts deeper than many observers and the Greek government tend to suggest. Four million people are waiting in Lebanon, Turkey and other countries for the opportunity to cross and find safe refuge or seek a better life in Europe. The composition of the flows is very perplexed. The deliberate or accidental conflation of asylum seekers and refugees with irregular economic migrants by the Greek administration contributed to the problem and the crisis. According to one speaker, of all the people crossing, around 65% are paperless economic migrants and only 35% refugees with a legitimate claim to EU asylum. Europe cannot handle alone the refugee and

the migration crisis. It has to advance, straightaway, a more comprehensive and successful, European, repatriation program, working out rigid and enforceable agreements with third countries.

- The panel was adamant that a Brexit would be a problematic development that would come at a high cost for both the EU and the UK. It makes no sense economically and it is a disaster geostrategically. Overall it was argued that populism has come at high cost in European politics and that great caution is required to safely navigate these new uncharted waters. We must emerge stronger out of this period that is vigorously testing the resilience of the fabric of our Union. The world needs it and our national and common European interests command it.

- The case was made that there is a general erosion of the power of the state. Not just because of the increasing power of non-state actors, but also as a result of the decline of the state from within. Contributing to this can be of course external destabilizing factors such as regional instability, neighboring failing or failed states and being at the epicenter of transformative international, cross-border crises. This is particularly visible at the moment in the MENA region and even China. Against this background we have also seen a re-nationalization trend.

- It was argued that China has an increasingly assertive policy of 'going west', constantly trying to expand its zone of interests and influence closer to Europe and in the Mediterranean. If China succeeds, it will emerge as a key regional player. On the other hand, someone could counter-suggest that the slowing down of China's growth coupled with the pressure for the Chinese government to constantly improve the access and living standards of its own large population could limit to some extent its capacity for foreign economic policy and diplomacy.

- Delving deeper on the geopolitical ambitions and geostrategic objectives of China and their implications, one participant focused on the Pacific Rim suggesting that China projects authority over new areas challenging the territorial rights of 9 other states of the region. China wants to assert itself as a regional hegemon for legitimate reasons; it is emerging as a global power. The key question however is how will the US respond? Will American power defend navigational freedom? Or will it concede the region and

the waters to China? If it does concede, what does this mean for Japan? Does Japan become a Nuclear Power? What would the implications be in this case? What do the US and the world do if this era of nuclear proliferation re-emerges? This is just one example of the key pivotal geopolitical questions that we are faced with.

- It was suggested that there is indeed an American pivot or shift of weight and focus. The one hundred year pivot to Europe is gradually revisited, as other zones of vital US interests require increased attention. America is very much a bi-oceanic power; and in the US there is the belief that the EU's member states have the power and capacities to assume greater responsibilities and burdens in their neighborhood.

- The role of Russia was analyzed, highlighting the numerous incidents of Russian re-assertion in its near abroad epitomized by the Georgian and the Ukraine conflicts. In this context it was suggested that there are numerous areas and regions where Russia has territorial claims and crucial interests. Eastern Europe and the Arctic for example. If Russia uses these 'frozen claims' to reignite regional conflict and tensions it could cut Latvia, Lithuania and Estonia from Europe. In such a scenario, will Greece and the other NATO and EU powers go to war with Russia over these territories? The Arctic is a region where Russia seems to have a great leverage; Russia has 40 ice-breakers; the US have only 2. Arctic Ocean shipping will be de facto dominated by Russia for at least the next 2 decades to come.

- On a different critical issue, the possibility of an independent Kurdistan, connecting Iraqi Kurdistan to the Mediterranean was evaluated. How does Turkey respond to this new independent Kurdish state? Does NATO get involved there?

- Coming from a more Eurasian perspective, one participant suggested that the game-changer in the equation is that Russia has decided that NATO is an enemy and that the US has also concluded that Russia is a threat. The theatre for this competition is the Eastern Mediterranean, Eastern Europe and some could also add the Middle East. These dynamics are the result of Russia's decision to challenge and favorably shift the regional and global distribution of power and influence. Coming from this particular angle of analysis it was argued that there is a serious risk that Europe will disintegrate as the only things keeping it together are the Internal Market and the Euro.

- The same speaker downplayed the graveness of the refugee crisis, suggesting that even 5 million refugees would not be an existential issue. With respect to debt it was argued that it is not as a serious problem as of-

ten portrayed; the difficulty is upon agreeing to the distribution of the costs. A greater challenge at hand, is the turmoil in global economics and the changes in the monetary regimes. At the moment we have a decline in commodity and energy prices, downward pressures to the global stock exchanges, a slowdown in global economic growth and a reduction of global aggregate demand. What are their implications? How does the international community respond?

- There was intense debate between the panelists on the pressing questions of European Integration; the Refugee Crisis; Russia's geopolitical ambitions; Terrorism and whether the risks are mostly associated with the policies and pursuits of the great powers or with accidents (structural risks vs. accidents).

- A key observation was that the current generation of policy-makers largely consists of politicians that have mostly been conducting politics on the basis of polls and public opinion; not in response to real, existential problems. For instance, the key role and underlying message of the European unification that followed the two devastating World wars is now very distant if not lost.

- In response to very absolute 'reads' of the global balance of interests on speaker reacted intensely: The Russians were always at the border of those states other speakers mentioned. "I have been long enough in politics to know that it is much easier to support 'black or white' messages than any form of gray". Turkey sees no real incentives to become Europe's border policeman; perhaps understandably since it is not part of the Union, nor does it seem to have imminent prospects of membership.

- With respect to the Syrian crisis it was argued that Europe is not a big player on the table; it does not have as great leverage as it could and is disproportionately affected by the crisis.

- Overall, it was also underlined that we have less dialogue and understanding between the major nuclear powers, and a lesser comprehension of the interests and pursuits of the main powers – trends not reassuring or conducive to greater global security, stability and cooperation.

- Performing an on-the-spot analysis of the dynamics of the upcoming US elections, one speaker suggested that Donald Trump holds a high chance of winning the US Presidency. The same speaker suggested that it is in America's interest to keep the pressure on China to uphold and adhere to international norms and laws.

Plenary Session (Konstantinos Karamanlis Hall)

## EAST MEDITERRANEAN AND SOUTH EAST EUROPE: DISRUPTION PROSPECTS CHALLENGES

How do we understand the competition for hegemony that will define the region in the future? What are the linkages between regional changes and global geopolitics and strategy? What are the prospects for economic growth and political cooperation in the wider region?

Chair: **Dr. Constantinos Filis**, Research Director, Institute of International Relations

**Amb. Michael B. Christides**, Secretary General, Organization of the Black Sea Econ. Cooperation, Istanbul

**Jovan Kovacic**, EWB President, Trilateral Commission Serbian Group Chairman, Serbia

**Ahmet Evin**, Founding Dean of Faculty of Arts and Social Sciences at Sabanci University

**David Koranyi**, Director of Eurasia Energy Center, Atlantic Council, U.S.A

**Amb. Dr. Sergei Goncharenko**, Chairman, Committee of Senior Officials, BSEC Org., Chairman of ICBSS

The Eastern Mediterranean and South East Europe is Greece's direct neighborhood and Europe's South-East backyard. It is currently the epicenter of the European and Greek 'refugee crisis'; a regular theatre for geo-economic competition and conflict – such as the Russia-Ukraine 'Gas Wars' – with their implications for many EU member states; and it is the region where Balkan, Middle-Eastern and North-African instability often pressure Europe for greater agency in its near abroad.

- The Eastern Mediterranean and South East Europe is a key region for Europe; a zone pivotal for the economic and security interests of the member states.

- The so-called 'Arab Spring' and its aftermath left the region less stable, less secure and less predictable. The area is characterized by increased levels of anarchy and chaos. Authoritarianism, the proliferation and intensification of terrorist groups and their activities, the destabilizing role and power of hybrid non-state actors – all paint a picture of greater insecurity.

- The key stakeholders in the region apart from the EU are Turkey – the preeminent regional power, and the Russian Federation, whose geo-economic interests and influence are intrinsically linked with this part of the world.

- Turkey is an increasingly independent actor in a very difficult region and neighborhood. It is difficult to safely conclude whether there is a coherent strategy and policy that one may deconstruct and find out exactly what Turkey wants. When Turkey declared it pursues 'zero problems with neighbors' it was applauded; it has not necessarily been the case in practice however. Turkey is an extremely ambitious power, even for its weight. Therefore it finds it hard to persuasively project power and influence, often finding itself increasingly isolated. Interestingly, Presidents Putin and Erdogan perhaps hold the keys to addressing the refugee crisis. But the downing of the Russian plane means that Turkey cannot do much in Syria now. In other words Turkey very much is an unpredictable variable in a very fragile and difficult region in pursuit of stability. The extent of the refugee crisis and its burden on Turkey is not helping either.

- With respect to the flows one speaker highlighted the difficulty of knowing 'who is who'. Meaning that it is difficult for someone to assert who are the terrorists, the migrants and the refugees.

- With respect to the prospects for Ukraine one participant expressed optimism in the short term due to the Economic realities in Russia and the pressures on its economy but scepticism for the medium-long run. It was therefore predicted that Putin will try to keep the conflict frozen, retaining at the same time the capacity to reheat it whenever he sees fit.



- The Syrian cease-fire was characterized as 'extremely fragile'. Given Russia's regional interests and ambitions it was suggested that Russia will not truly pursue a lasting solution in Syria.

- Referring to the role of the BSEC, one speaker suggested that it has enhanced the cooperation of a number of states in a challenging neighborhood on a number of areas spanning from energy and economic cooperation to cultural exchanges and the management of natural disasters. The BSEC very much serves as a bridge for cooperation, socialization and ideational exchange; an important, ongoing, confidence building process. The speaker summed his points up paraphrasing a famous American election slogan - 'it is trust among member states stupid'.

- The panel discussion was succeeded by an intense debate with conference participants from the audience on the latest developments and prospects for Kosovo and Serbia, with one participant drawing parallels between the Kosovo case and the Russian-Georgian War (South Ossetia and Abkhazia) and Ukraine and Crimea; and another participant suggesting that Condoleza Rice was wrong after all in saying that Kosovo was a 'unique' case.



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# Overcoming the Economic and the Refugee Crisis

## In Conversation:

Chair: **Pavlos Tsimas**, Editor at large for Huffington Post Greece

**Yiannis Dragasakis**, Deputy Prime Minister of Greece

- The key challenge is how to simultaneously address and overcome the economic and the refugee crisis.

- The Greek society is in transition. The privileges of the past are over, the preferential treatment of businesses, tax avoidance and tax evasion are also over; and so is clientalism. A fair, meritocratic system is advanced for sustainable and equitable social and economic progress.

- The future of the Greek agricultural sector lies with competitiveness and depends upon the quality of the products sold; not on EU and Greek subsidies.

- The image of closed borders, rising xenophobia and nationalist seclusion are reinforcing centrifugal, destabilizing processes in the EU today. The refugee crisis is here to stay. Greece and Europe must work together to deal with it effectively. The 'hot spots' and other centers for the recording of refugees should be seen as a safeguard for our society. We must all get out of these complex crises strengthened and more united.

- Greece will not accept to become the 'sponsored' border guard of Europe, not is this the government's vision. Greece will not accept to become 'Europe's Lebanon or Jordan'. Since the beginning of 2016, more than 100.000 refugees reached Europe; of them 90% entered via Greece. In 2015 over 800.000 people crossed the country in order to reach central Europe. The refugee crisis and how we shall respond to it has profound ideological and ideational significance. It has great implications for our identity and our values; but also for our security, as there are clearly broader political and geopolitical implications.

- The crisis in Syria and its management is the key for the management of the refugee flows and the refugees already in Greece and Europe. In short, four immediate measures should be taken to address this far-reaching crisis: a) the tackling of the root cause of the crisis with a series of decisive and across-the-board initiatives for the restoration of peace in Syria and the region; b) a comprehensive plan for the management of the flows which will simultaneously advance a more efficient and effective European border control and management mechanism, and secure legal and safe passages



for the asylum seekers; c) a comprehensive burden sharing plan; and d) a wide-ranging plan for the reconstruction of the areas destroyed by the conflicts and the safe return of the migrants and refugees that wish to return to their home countries.

- The first economic review of the Third Programme must be completed the soonest. Following the review the ECB will ensure liquidity for the Economy and improved conditions for banking stability facilitating the return to growth.

- The Greek government tried to tackle unemployment, the humanitarian crisis, to reinforce the weakest, to rebuild bottom-up the welfare state – all these key aims remain priority targets albeit the broader economic realities and pressures.

- In analysing the current status and prospects of the Greek economy the speaker made a series of key observations: i) we must be prepared for a potential global economic downturn; ii) we must always keep in mind that the MoUs were brought upon the country by the poor functioning of the Hellenic state, the absence of a sustainable and dynamic growth model and the pervasive inequalities; iii) we must aim to increase the productivity of the workforce and not reduce its cost; iv) we need to rebuild the Greek welfare state; v) we must advance a very targeted policy to tackle the pressing issue of non-performing, non-serviceable, so-called 'red' loans.

- It was the Greek government's own decision to have a heavily front-loaded programme. This means that we have already undertaken over 70% of the agreed reforms. We even made sure to deliberately underestimate our progress with the budget so in fact we expect a minor surplus.

- Lastly, it was stressed that delays are not always a responsibility of the Greek government; with the speaker advising the press to be more cautious, objective and balanced in their coverage of the crisis. In this context the speaker pointed to the IMF as the actor largely responsible for the delays, always coming up with new requests and suggestions.

Plenary Session (Konstantinos Karamanlis Hall)

## LAYING THE FOUNDATIONS FOR GROWTH IN GREECE: STRATEGY FOR SUSTAINABLE DEVELOPMENT

What are the actions needed to achieve a new, dynamic, competitive Greek economy that is capable of generating sustainable growth, creating jobs, supporting social cohesion and delivering the expectations of Greek citizens?

Chair: **Plutarchos Sakellaris**, Professor of Econ. & Finance, Athens University of Economics and Business

Keynote Address: **Lucas Papademos**, Former Prime Minister of Greece, Vice-President, Academy of Athens  
"Achieving Durable Growth in Greece: Strategy, Policy and Prospects"

**Theodora Tzakri**, Deputy Minister for Industry, Ministry of Economy, Development & Tourism

**Deborah Wince-Smith**, President and CEO, US Council on Competitiveness, USA

**Dirk Reinermann**, Program Manager for Southern Europe, World Bank Group (WBG), USA

**Yannis Ioannides**, Max and Herta Neubauer Chair and Professor of Economics, Tufts University, U.S.A.

**Takis Athanopoulos**, Chairman of the Board, Foundation for Economic & Industrial Research, Greece

A National Plan for Greece: **Harris Pamboukis**, former Minister of State to the Prime Minister of Greece  
"The need for a plan to overcome the crisis"

Keynote Address: **Corina Cretu**, European Commissioner, Regional Policy  
"The role of Public Investments in Facilitating Growth"



Successive Greek governments, over the course of the past six years have tried to implement far-reaching reforms in order to set the country 'back on track' and on a sustainable recovery path. With small - yet notable - exceptions when these efforts seemed to be having discernible results, the majority of these efforts have not paid off and the country remains weak and in need of external assistance. The current Greek government is now implementing the third economic assistance 'Programme' (formerly referred to as MoU) and is in the process of completing its first review.

In the past eight years the Greek economy has contracted by more than 25% (GDP, in real terms). Unemployment, which still lingers at about 25% and youth unemployment close to 50%, remains the most serious economic and social problem. Moreover, the refugee crisis is adding to the social tensions and exacerbates an already difficult economic situation. Uncertainty is high, confidence low; the debt level is high, credibility and trust remain low. Overall, there is little evidence that the country is at a better position now than at any other year of the crisis. Liquidity remains low, investments and investment confidence feeble; instability and insecurity remain high while savings remain low; EU investment funds are very targeted and Greece has not managed to secure funding for major investments to date – overall the picture remains bleak and the ball in Greece's, court.

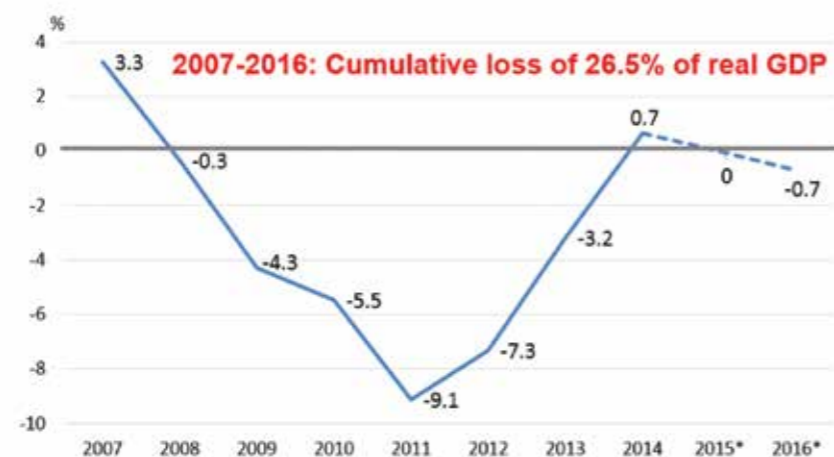


Diagram A

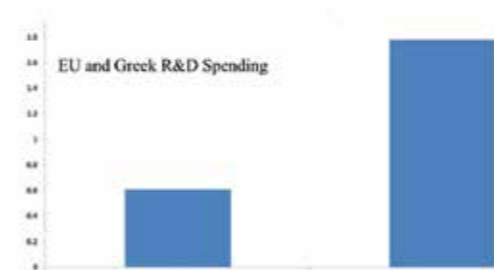


Diagram B

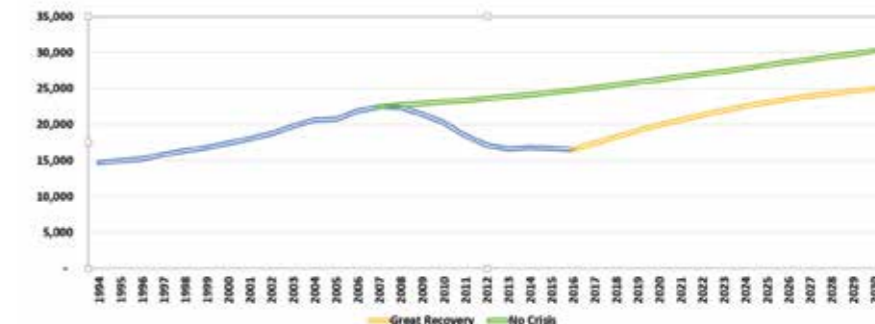


Diagram C

Source: HELSTAT & State Budget 2016<sup>2</sup>

Diagram A: The loss of national wealth in the period 2008-2016 in real terms; the country is seeking to exit an unprecedented and extended recession.

- Greece needs to become more productive. It is a question of both technical improvement and more efficient resource allocation. The 0.6% that Greece invests in Research and Development is very low compared to the EU average. The role of the state is to facilitate wealth creation by the private sector, provide quality public goods and promote greater equity via redistribution.

- One panelist developed a working hypothesis suggesting that if: i) unemployment was reduced to 8% and ii) productivity increased substantially, by 2030 we could be enjoying an increase in per capita GDP from €16.000 to 25.000 as shown in Diagram C right below:

- A different presentation assessed the preconditions for growth. In this context, it was suggested that a successful growth strategy must: a) be formulated on the basis of a correct identification of the factors which have inhibited growth and job creation in the past; b) employ policy instruments which can effectively attain its goal; c) be conducive in restoring public trust and market confidence; and d) can be implemented in a manner that preserves and strengthens social cohesion.

Restoring confidence and fostering a collective sentiment of social justice are also particularly important. The underlying objective of the strategy and the preeminent policy challenge is to achieve high and durable growth while securing debt sustainability.

- To improve the functioning of the markets and institutions in Greece, we need to: a) increase the efficiency and quality of public administration; b) improve the functioning of product and labour markets; and c) enhance human capital through better education and training.

Such reforms are necessary in order to raise productivity, encourage investment, strengthen structural competitiveness and boost exports – all essential ingredients for long-term growth.

- A better functioning justice system and an improved tax revenue service are key for all the above and for fiscal consolidation in an equitable manner. Moreover, we urgently need reforms to build an institutional, cultural and entrepreneurial environment that fosters competition and stimulates innova-

tion. Competition and innovation are key factors for high and durable growth.

- For growth to blossom we need to restore the stability and the well-functioning of the Greek financial system. Alleviating the persisting credit crunch and improving the financing of small and medium-sized firms should remain key priorities. These are the majority of the Greek firms and can therefore create jobs and new incomes easier. At present, with capital controls in place, the capacity of the banking system to finance the economy is severely constrained by three factors: i) the exceptionally high share of non-performing loans (NPLs) in total loans; ii) the sizeable outflow of deposits; and iii) the substantial borrowing requirements of the government. The recently completed recapitalization of Greek banks was absolutely necessary for easing the credit squeeze, but it is not sufficient.

- Emphasis was then placed on the need to stimulate aggregate demand directly over the short and medium term. European Investment Bank funds, EU Structural Funds and Investment funds under the so-called 'Juncker Package' must be secured and investment strategically.

- One speaker identified three scenarios - the good, the bad and the ugly. In the good scenario, the country completes successfully the first review of its programme, confidence improves, the economy improves, the financing of the Greek banks improves, entrepreneurship is boosted and a virtuous cycle is created. In the bad scenario, we have a repetition of the mistakes of the past, our relations with our EU partners and creditors deteriorate further and in general we remain in a prolonged deep crisis with little chance of breakthrough. In the ugly scenario the bad scenario simply goes worse, we are again in need of a rescue programme...but the probability of a 4th rescue programme is zero. This means that if this one fails, we will probably end up outside of the Euro-Area. On the upside, the good scenario is also the most likely one. The same speaker made a nice metaphor drawing on the history of Delphi suggesting that the prophecy Pythia might give to Greece could be: 'Know Thyself' and 'Nothing too Much', in other words: 'learn from your mistakes, act well, act fast, act together and do not talk too much; you are running out of time'.

Source: OECD<sup>3</sup>

Diagram B: Gross domestic spending on Research and Development as a percentage of GDP (2004-2012)

Source: Own Calculations of the panellist<sup>4</sup>

Diagram C: GDP per capita 1994-2030 (working hypothesis and projection).

<sup>3</sup>As provided by a panellist.

<sup>4</sup>The working hypothesis of the speaker as presented: ALP growth assumed at 1.43% (its 1974 to 2007 average). Population and Working Age Population projections are taken from Eurostat. Great Recovery: European Commission (Aut. 2015) forecasts GDP Growth Rate at -1.4% and -1.3% for 2015 and 2016; Unemployment Rate= 25.7% and 25.8% respectively. We assume reduction of the Unemployment Rate to 8% from 2016 level by 2027. No Crisis: Employment Rate is assumed constant at 2007 level.



- Subsequently, it was suggested that the country was caught off guard by the crisis – a crisis brought upon by the tremendous deficits of previous governments. These observations on the national responsibilities for the crisis and its poor handling were followed by a sharp critique of the 'Troika's' obsession with dogmatic austerity policies that lead to poverty and unemployment and a series of privatization policies that are effectively 'sell outs' if advanced without the commitment of the bidders to the creation of new jobs and major investments. Nonetheless, it was also recognized that in the absence of government investment funds to boost business and entrepreneurship, private investments must be encouraged and facilitated. In this context, favorable conditions for entrepreneurship must be fostered to help it grow and blossom, through stability, incentives and a series of reforms that improve the business environment.

- The key to prosperity in Greece is very much related to the country's ability to seize the power of innovation technology (e.g. nanotech and biotech). One does not need today to own rigid assets to succeed; Uber and Air BnB for example do not own any real estate. Manufacturing is smart, safe and sustainable. For instance, the US is in many ways a 21st century manufacturing nation.

- The only path to progress in the future is 'disruptive innovation'. Many prospective investors avoid Greece in fear of the rigid and extensive Greek bureaucracy and red tape. All these complications deter and turn away prospective investors. The Greek economy needs a new tapestry that will be welcoming for investors, friendly to creative disruption and innovation.

- We are swiftly moving from the 'internet of things' to the 'internet of everything'. There are huge opportunities and huge risks. Cyber security is a case in point: on the one hand it produces huge economic opportunities; on the other it raises serious national security questions and issues. The speaker also tabled two practical suggestions: a) the creation of a private University in Athens with the support and funds of the Greek ship-owners; and b) the creation of an advanced international cyber-security course in Athens, taking advantage of the skilled Greek IT experts in Greece. This speaker's 'Delphic prophecy' was 'innovate or evaporate'.



- Taking a different angle of approach one speaker underlined the need for Greece to fully harness the advantages of its geographical position. This suggestion moved beyond tourism and shipping to emphasize the opportunities in transportation and logistics, cutting edge agricultural production and fisheries and the key role of the port of Piraeus whose output quadrupled (in the crisis and even though the port is by-passed by so many ships choosing other more distant ports).

- The steps required to establish an oil mill firm in Greece and France where compared to demonstrate that although one would expect that Greece maintains a comparative advantage and it would therefore have a more straightforward and efficient process in place, in fact in France you only needed 3 steps to start your oil mill compared to the 11 in Greece. It was therefore argued, as a general principle, that the lower the risk of your investment the less the government regulation and tight inspection should be.

- The crisis tends to lead to an increase of poverty, hitting first and foremost the society's weakest. This means that if the government does not take initiatives upping social protection, education will also be adversely affected, same as social cohesion, and ultimately, growth. Ensuring social inclusion, social justice and social progress is also a key element in a comprehensive, long-term and sustainable growth strategy.

- The absence of good, responsible and effective governance has led many countries to bankruptcy; often more than once. Economic performance indeed depends upon structures; but also, upon attitudes. In Greece the attitude is far more unfavorable than in any other comparable European state – such as Belgium, Portugal, the Netherlands, Sweden and Denmark. In parallel to all the other important above-discussed reforms, tackling wide-spread corruption and addressing the issue of negative attitudes which are unfavorable and discouraging for business are also key priorities.

- The decrease in investments has led to an increase of unemployment in the EU. Investment only works under the right conditions. There is a common responsibility to 'lift' Greece out of the crisis. But Brussels cannot design projects or draft investments; it is the member states that are called upon to

do so and the Union with its institutions and mechanisms then comes on to support these in the best of its ability and to the extent that its capacities allow for. While the EU is so often accused for having too much red tape, the national projects usually need 20-30 different signatures from domestic, national legislators; not by the Union, its technocrats and institutions.

In sum, the path to regaining competitiveness, ensuring macro-economic stability and attaining long-term and sustainable economic growth is complex and demanding. Success or failure in this effort almost entirely depends upon the will of the Greek policymakers and the society as a whole. The key is to embark on a solid recovery path underscored by continuity and stability in the political and economic governance of the country. Such a context will help Greece pull much-needed investments, foreign and domestic. Targeted investments in innovation, technology and Greece's strategic productive sectors may in turn decisively help to maximise employment and boost growth. It requires systematic effort and a lasting vision that can 'win over' a society that has not been so far an ally in the successive reform efforts.



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# GREECE'S CONSTITUTIONAL REVISION DILEMMAS

Is constitutional revision necessary in Greece?  
How much does the current crisis influence  
the dialogue about constitutional revision?

Chair: **Dimitris Mihalelis**, Editor at Large Real News, Director, Real.gr

**Panagiotis Pikrammenos**, former Caretaker Prime Minister  
of Greece; former President, Council of State  
(Supreme Administrative Court)

**Antonis Manitakis**, Prof. of Law, Univ. of Thessaloniki,  
Former Minister of Interior & Administrative Reform, Greece

**Filippos Spyropoulos**, Professor of Constitutional Law, University  
of Athens, Greece

**Pavlos Eleftheriadis**, Associate Professor of Law, University of Oxford

**Harris Ikonopoulou**, Greek joint President, British Hellenic  
Chamber of Commerce

As most Greek legal experts tend to highlight, Greece does not suffer from a shortage of laws; on the contrary it has too many laws and an extremely poor record at enforcing them. Therefore, many political and economic analysts highlight the need of a faster and more efficient judicial system.

While there are not many who claim the Constitution to be a hindrance to economic growth, there are many who are deliberating whether certain constitutional revisions could help foster better conditions for economic and social progress, greater political and economic stability, and an environment more favorable to investments and business.

In the context of the management of the financial crisis in the Eurozone, many countries discussed the potential gain of passing certain core laws with respect to the state budget, national fiscal policies and obligations or commitments (e.g. caps on deficits)<sup>5</sup>. The idea behind such revisions was to hold successive governments 'tied' to these constitutional provisions to prevent economic derailments in the future. In the process however, some of these initiatives also fostered greater political cooperation and agreement around these pivotal questions and pressing matters.

Overall, a political system which has reached a principal agreement around the fundamentals of EU and Eurozone membership, and is committed to uphold its obligations, seems to be a crucial reassurance for its creditors and the markets (such as the experience of Portugal and Ireland showed for instance).

- The underlying cause of the crisis was the inefficient and wasteful Greek public administration. The constitution is not among the causes of the crisis. It is however linked to today's dead-ends and an obstacle for the modernization of the state. Crucially, it impedes the proper governing of the state – an example is Art. 86 for the legal responsibility of the Ministers and Art. 110 concerning the Review Process (which should just apply for the parts revised and not the constitution as a whole).

- Although the speakers identified a number of much-needed constitutional revisions there was a wide recognition that the revision should not take place 'right here and now'. Careful study and solid political consensus is required (which is not exactly handy at the moment). As observed, Greeks in general need to learn how to cooperate – in the parliament and in the society. Greater levels of cooperation and consent are also the path to end the poisonous populism that hinders progress, obfuscates and simplifies pressing major and strategic debates for the future of the country and its people.

- The constitutional revision that concentrates the greatest parliamentary support is the review of article 86 for the legal responsibility of Ministers – it is perhaps a starting point. But overall a constitutional revision would take time

<sup>5</sup> For instance Spain did so pre-emptively in 2011, voting in favour of a constitutional amendment to cap its deficit. See for example the following Economist (2011) article for context.



and would not shift the short term dynamics or solve the pressing imminent problems. In fact one speaker was polemically against a constitutional revision at this stage, suggesting that it would be a distraction from the far-reaching required reforms in the functioning of the government and the political system that only require simple laws and not a constitutional revision.

A well worked constitutional revision advanced by a broad consensus can give however a long-term boost to the functioning of the state and the performance of the country; can contribute to greater political stability and continuity in the governance of the country; and therefore the ground must be paved until presented with the right timing to advance it.

- Some of the preeminent changes proposed included: a) reforms to help foster a modern, productive and agile state; b) strengthening of the Greek Presidency; c) direct election of the President by the people and not via the current (indirect) parliamentary processes with their political implications; d) better, faster and more efficient administration of justice; e) more operative, independent and effective control and oversight mechanisms; f) the tackling of corruption; g) the empowering of private initiatives, entrepreneurship and competition; h) public administration must also be reformed with public employees working under the same legal framework as private sector employees; and i) the welfare state and the pension system need modifications to address the demographic reality of the inverting pyramid of the Greek population and the plain fact – imbalance rather – that 2.5 million people make up the Greek private sector whereas 4 million account for the public employees and the pensioners.

- Among the revisions proposed were: i) the reduction of the number of MPs by 60 seats (by 1/5) – increasing the responsibilities of the MPs; ii) ensure that no MP can hold his parliamentary seat while serving in a Ministerial position. In other words, ensuring that MPs focus on their legislative duties and that Ministers focus on their governmental / Ministerial / Office duties alone; and iii) a redrawing of the electoral districts and the elimination of the 50 seat bonus to the first party. In short the political system must become more autonomous, and the MPs must answer only to the nation and serve only the national interest; not their political party or vested interests in their electoral districts.

- In addition, it was suggested that Ministers should not be allowed to run for MPs in the next elections. Also, it was proposed that the process of the Presidential election should be tweaked to ensure that failure to elect a President does not lead to new elections; but new government instead, a under a Prime Minister proposed by the President. In short, each Parliament must perform its duties for the time it was elected for – the whole 4 year term. We cannot create instability in the name of democracy. Also the Greek parliament must finally exercise effective parliamentary oversight and control; not those inconclusive parliamentary 'investigations' and ineffective series of committees.

- Notably one speaker differentiated considerably from the others in suggesting that the constitutional revision is not as complicated or time-consuming a process as suggested, and that in fact, the whole process could be completed in no more than 2-3 months using a referendum.

The constitution, the speaker continued, is the cornerstone of Democracy, Justice, Security and Wealth; its preeminent aim the wellbeing and prosperity of the people. Democracy entails binding referendums, social legislative initiatives and the overseeing of their elected representatives. Prerequisite for a well-functioning democracy is a well-educated society. The Greek electoral system should switch to 'Proportional Representation'. With respect to the Justice system it must be ensured that all are equal in the face of the law and that laws apply the same for all. To up efficiency it was suggested that we need stable 5-year governments and a semi/quasi-Presidential System.

One could however counter-argue that proportional representation would lead to a greater number of parties; and therefore, in a country like Greece with limited experience of multi-party governments and inter-party cooperation, it would not necessarily lead to greater political stability. With respect to the attraction of investments and foreign capital, it was suggested that a stable tax regime should be introduced, which will not be revised in the next 10 years.

In sum, while a constitutional revision does not hold the key to growth per se, it perhaps holds the key to greater political stability and more efficient governance. Greece is in dire need of greater political consent around its core national interests and greater continuity in governance vis-à-vis advancing these interests. Therefore, in the path to sustainable long-term growth, constitutional revision has an important part to play.

## DEVELOPMENT AND EVOLUTION OF POLITICAL INSTITUTIONS IN GREECE

What can we do to create the institutional infrastructure for a thriving civil society and transparent, participatory governance?

Chair: **Pavlos Tsimas**, Editor at large for Huffington Post Greece

**H.E. Christophe Chantepy**, Ambassador of France to Greece

**Nikiforos Diamandouros**, former European Ombudsman, Greece

**Kevin Featherstone**, Eleftherios Venizelos Professor of Contemporary Greek Studies and Professor of European Politics; Director of the Hellenic Observatory, LSE, UK

**Nikos Passas**, Distinguished Inaugural Professor, Collective Actions, Business Ethics and Compliance, International Anti-Corruption Academy, Vienna; Professor, School of Criminology and Criminal Justice, Northeastern University

**George Floridis**, former Minister of Public Order and former Governor of Kilkis Region



The broad and active participation of the citizens in the major decisions for the future of their country is vital for the chance of success of the endeavor in question. In Europe – and Greece in particular – there has been a discernible decline in the energy and dynamism of the civil society, and the overall participation of the citizens in the public realm and vis-à-vis crucial questions of governance is discouragingly low.

- In our democratic societies, it is important to encourage citizens to actively participate in the public realm. The actions of governments have a direct effect on citizens. Often, when the citizens feel that their interests and concerns have not been represented appropriately (and provided that they do not see another promising political option) they distance themselves from the public policy sphere.

- The state must provide protection, ensuring that all citizens feel safe and protected. At the same time, the state must provide good quality public services – such as education, healthcare and public infrastructures. Ensuring in parallel wide, fair and unrestricted access to these central services. Failure to satisfy collective demands leads to popular frustration and therefore an alienation from the state and the policymakers.

- Low quality public institutions contribute to greater mistrust by the people, ultimately leading to more corruption. It is a vicious cycle that must be reversed.

- Throughout the crisis, the Greek political system and society, both, have avoided an honest, critical self-evaluation and self-criticism. Instead of the crisis leading to more transparency, and to essential institutional reforms, it has led to populism, parasitism and opportunism.

In a way, it was argued, before changing the state, we need to first change our mindset, to avoid thinking on an individualistic, purely self-interested manner; and instead start thinking more collectively.

- The reforms required are strategic not tactical.

- Escaping from the social trap is central. But how does one go about it? It either requires a slow, gradual, long-term process; or, decisive interventions to introduce social change that go beyond the 'Troika', external, 'top-down' pressure model that has fallen short in the case of Greece.

- Constitutional reform is needed to improve transparency, tackle the clientalist-state and create a more democratic system. But we also need to build new solid social pillars, not just constitutional (or economic).

Parallel Sessions (Dionysos Hall)

## EUROPE'S MIGRATION AND REFUGEE CRISIS IN CONTEXT: WHY NOW AND WHAT NEXT?

How can we better understand the determinants, drivers and infrastructures behind the unprecedented levels of migratory waves across the Mediterranean in the context of regional geopolitics and European population dynamics?

Chair: **Paschos Mandravelis**, Columnist, KATHIMERINI, Greece

**H.E. Peter Schoof**, Ambassador of the Federal Republic of Germany in Greece

**Theodore Pangalos**, former Deputy Prime Minister of Greece

**Petros Mastakas**, UNHCR Associate Protection Officer in Greece

**Christiana Kalogirou**, Governor of North Aegean Region, Greece

**Luigi Paganetto**, Professor Emeritus of Economics & President, Tor Vergata Economics Foundation

**Dr. Thanos Dokos**, Director General, Hellenic Foundation for European & Foreign Policy, Greece

Intervention by **Grigorios Apostolou**, Director, Frontex Operational Office, Athens, Greece

Irregular migratory flows have been a prominent issue on the European and Greek Agenda. While waves of irregular migrants are not new to Europe, the exponential increase in the pressures from 2014 to 2015 was striking. From 216.000 irregular arrivals via sea in 2014 we had over 1.000.000 in 2015 (Corriere della Sera, 29.01.2016: 3), close to a five-fold increase. In terms of total irregular arrivals in Greece, from a total of 41.000 in 2014 the number climbed up to 851.000 in 2015, representing a 1.972% increase (Kathimerini, 03.02.2016: 3). The intensification of the Syrian Civil War and the destabilizing role of terrorist organisations and preeminently ISIS had a key role to play in the escalation of the flows. Analysts and commentators critical of the Greek government have also suggested that a degree of responsibility lies with the Greek government for changing the previous border-management approach to take a more leftist-internationalist, 'open-borders' approach to migration (e.g. Panousis, 2016<sup>6</sup>). All in all, the hard reality is that the Greek sea border is particularly hard to control and that today a number of refugees are now 'trapped' in Greece seeking to move on to other European countries. The de facto closing of the so-called Balkan Crossing implies a new context and calls for a new approach to address the challenge. Simultane-

ously, there is a recognition across Europe of the need to reinforce the Union's relevant institutions and structures – pre-eminently FRONTEX – with a view to best safeguard the EU's external borders and the safety of the Schengen Zone.

As one speaker summed up the challenge, Greece, as every other EU member state, has the responsibility to prevent the entry and passage of people through its borders if they do not meet the relevant requirements. However, it is extremely hard to do so if the flows are coming from the sea, Turkey is your neighbour, and you have the vast Greek coastline to patrol. The EU is helping to the best of its ability with the means it has in its disposal; but these are not by any standard sufficient. The crisis and its complex implications have far exceeded the national and European capabilities.

In many ways, as one speaker aptly suggested, funding is not the main issue. The deeper issue is burden sharing beyond its financial aspects. It has to do with the actual allocation of refugees within Europe. Such a far-reaching decision was the one of Germany to accept 800.000 refugees. Fences and unilateral actions do not remedy the situation in the long term. There is a need to address the root causes of the problem and reach collective solutions to best manage this common challenge.

A panellist who had a particularly critical view of the crisis, argued that the confusion and conflation of irregular economic migrants and refugees was done on purpose; consciously, deliberately and methodically by the Greek government. The Greek press fell easily into the government's line as 'most journalists do not really know what they are talking about'. The refugees have specific rights, which are clearly defined (under the 1951 Refugee Convention): they can ask protection under the regime of political asylum – because they can prove that their life runs an existential risk, providing relevant evidence.

The crisis will start to be coming to an end 'only when the repatriation flights begin' the speaker continued. Meanwhile, for those who have no legitimate claim to asylum – meaning the irregular economic migrants – 'for as long as they stay here, they must be in the camps – and from there straight back to their countries. These are tough decisions. But emotions do not help as a policy advisor. But instead, these fuel the enemies of the state, the enemies of freedom, the enemies of democracy and in general it is not viable otherwise'.

The same speaker was particularly critical of Turkey's agenda and role, suggesting that 'it is arming ISIS' and that 'if ever the new Khalifate emerges Erdogan will be the Seikh'. In the context of the role of Turkey vis-à-vis the management of the refugee crisis, another panelist expressed his scepticism vis-à-vis the efficiency and the effectiveness of the EU policy of sending grants and money to Turkey as a 'carrot' for Europe's large neighbour to take additional measures to stem the flows, explaining that this has not led to tangible results so far.

Nonetheless, it was generally accepted among the panelists that Turkey remains a pivotal actor in the region and largely holds the key to the flows to Greece (and thus the EU) via the Aegean Sea. Therefore, as hard as enforcing the agreements can be, it was suggested that the EU and Greece must find the right formula to persuade Turkey that it has more to gain with a constructive stance vis-à-vis the irregular flows than vice-versa.

In thinking how best to approach Turkey, one panellist suggested that it is imperative that Turkey clamps down on traffickers. Moreover, in an ideal scenario, Turkey would also allow for a European hot-spot within its territory for refugees to apply there directly. In this context, reference was made to the European Stability Initiative's suggestion of filtering all the asylum applications directly in Turkey. However one may justifiably probe how easy would that be in practice. Such a direct 'EU asylum processing centre' does not exist in Greece which is a member state; how easy will it be to set up and operate one in Turkey when the existing agreements with Europe's large and pivotal neighbour are already not enforced as agreed.

There is a paradox particularly noticeable in Greece: of a great number of people entitled to

<sup>6</sup> As quoted in HuffPost Greece



asylum status only few actually claim it. Refugees want to head to other EU countries and not Greece because they seek the places with the highest chances of integration, get the best quality papers, enjoy the highest safety and so forth. In other words, there are some EU laws that complicate the process (e.g. Dublin Agreements).

Among the proposals put forth were: a) the need for an EU asylum office, given the administrative difficulty of the Greek Asylum Office handling 300.000 applications; b) the creation of EU checkpoints in third countries for the asylum seekers to apply there directly instead of risking their lives entrusting them to smugglers. This would also eliminate the main motive for the refugees to turn to smugglers – i.e. that there is no other way in; c) the crisis, and the over 700.000 crossings via Greece alone in 2015, underlined the fact that the flows exceeded both the national and the European capabilities. Therefore, these capacities and capabilities must be revisited, strategically strengthened and best prepared for the management of such pressures. As one speaker put it with reference to the European capacities, 'the EU needs a stronger border force with extended powers and resources'.

Calls for a fully-fledged EU Border and Coast Guard are not a new phenomenon. In fact, EU Commission President Juncker (2015) placed particular emphasis in his 'State of the Union Address' on the need to strengthen the EU's "joint efforts to secure [its] external borders", underlining the "need to strengthen Frontex significantly and develop it into a fully operational European border and coast guard system". The key question, as always in EU policy-making, remains whether the member-states will show the political will to advance this much-required reform.

With respect to hard security, one speaker noted that the 'jihadist risk' is there. The flows to and from Syria must be monitored to the best of our ability and EU information sharing must be at the very best level. In the same way that we need better border controls however, we also need better integration policies. Desperate people cannot be stopped by fences; and there are a considerable number of 'push' factors that will persist even after the restoration of peace in Syria.

One speaker added, that the use of force (pushbacks for example) is an option, indirectly implied by the Visegrad group; if they really advocate this, they should state it openly. All the panellists agreed that unilateral actions are not helpful at all, nor are they a part of a viable and sustainable solution – and that they should be reconsidered and avoided.

Commenting on the role of FRONTEX, one panelist suggested that the institution's role is to coordinate the efforts of the member states and assist them into carrying out their work. Frontex assists and empowers the national border control capacities with sea, land and air means, as well as technical equipment and specialised assistance. Frontex has now expanded and deepened its cooperation with Europol, Eurojust, UNHCR, the IOM and is seeking to further expand its repatriation flights programme.

The refugee crisis has far reaching implications for the Greek islands of the Aegean, tourism, the healthcare system, the local and regional economies, as well as the local and regional administration and staff. Nonetheless, the local societies have shown profound acceptance and warmth to the refugees. Supporting them with great selflessness and generosity albeit the general economic difficulties and adversities that they have been facing.

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DEPA works for the further expansion of the Natural Gas grid in Greece, so that more consumers can benefit from the environmental-friendly energy solution.



## INJECTING ENTREPRENEURSHIP IN THE GREEK ECONOMY

Entrepreneurship can play a vital role in Greek economy. There is an urgent need for political and economic reform in order to support entrepreneurship and secure the valuable contribution to the economy.

**Loukas Pilitsis**, Partner & CEO, Anchorstone Partners

**Panagis Vourloumis**, former Chairman & CEO, Hellenic Telecommunications Organization, Greece

**Ulysses Kyriacopoulos**, former Chairman, Hellenic Foundation of Greek Enterprises (SEV), Greece

**Aristos Doxiadis**, Partner, Openfund, Greece

**Nikos Efthymiadis**, Hon.Chairman, Federation of Industries of Northern Greece

**Theodoros E. Tryfon**, President of Greek Pharma. Industries; Co-Managing Director, ELPEN Group

**Athanasios Savvakis**, President of Federation of Industries of Northern Greece

**Ioannis Tsakiris**, Head of SE Europe and EU Neighbourhood, European Investment Fund

**Effie Kyrtata**, co-founder and CEO of Reload Greece Foundation (RG)

**Eleftheria K. Mamidakis**, former Vice President, Mamidoil-Jetoil S.A., Greece

**Sheri L. Orlowitz**, Founding Partner, ARTEMIS Holdings Group LLC

**Marco Veremis**, CEO and co-founder, Upstream, Greece

**Alexandros Eleftheriadis**, Co-founder and Chief Scientist, Vidyo

**Litsa Panayotopoulos**, Secretary-General, American-Hellenic Chamber of Commerce, Boston Hamilton Ltd

In this highly dynamic and crucial discussion, the views, opinions and insights of over 15 panelists were developed with a view to highlight some of the key steps necessary to kick-start and re-fuel Greek entrepreneurship. The common denominator of all the speakers and the participants that intervened was that the Greek private sector, private initiative, business and entrepreneurship hold the key to recovery, growth and job creation. At the very least, the Greek state must provide long-term stability vis-à-vis the rules of the game, the legal and tax context and reduce the bureaucratic 'weights' and rigidities that slow down and too often freeze entrepreneurial activities.

It is fundamental that the Greek startup ecosystem, innovative enterprises, youth entrepreneurship and all other high-potential sectors in the Greek business map receive the maximum assistance from the state, the financial sector, but also Greek and international private investors. The state must a) provide an optimal framework for business development and the attraction of Foreign Direct Investment (FDI); b) encourage and facilitate where possible Greek applications for strategic EU funding (e.g. under EFSI); and c) channel strategically the EU investment funds in its disposal. Other than that government intervention should be limited and targeted.

There was a broad agreement that there is a dire need for investments and greater liquidity channeled to the Greek private sector with a view to boost entrepreneurship and job-creation in the private sector. Greece does not actually have functional national investment institutions. Therefore, again, the weight falls primarily on the private sector, on private investments, foreign and domestic; and on EU and international investment sources. The risk-averse mentality that characterises the Greek banking sector must also be revised to embrace promising initiatives and fuel growth.

- The ratio between effort and success, result and gain in the Greek business realm is getting worse and worse.



- On capital flight and brain drain, one speaker suggested that our main export now is our entrepreneurship, our entrepreneurs with their firms moving abroad. If one cannot spread his wings here, he will do so elsewhere. Brain drain is indeed a leading challenge. However, another panelist highlighted that it can also be seen positively. In the sense that the Greeks leaving gather experience, succeed abroad, create their own international network, capital and connections; serving meanwhile as the country's best ambassadors. This 'foreign success' can in a way translate into future domestic gain, facilitating investments and channeling capital and wealth back to the Greek economy. Supplementing this view, one speaker highlighted the importance of harnessing the full power and advantages of the Greek diaspora and its network which may further empower and facilitate the process of turning 'brain drain' into 'brain gain'.

- The Greek educational system is certainly a hindrance; its structure and approach does not gear the Greek youth fittingly for their first steps as entrepreneurs. This needs to be addressed. On a related, positive note, one speaker referred to the Hellenic, European and global school entrepreneurship competitions and accentuated their value, suggesting that these are particularly important initiatives that help foster an entrepreneurial culture and a positive perception for entrepreneurship among the youth and the society with immense success.

- One panelist suggested that with respect to new, startup entrepreneurship, there are several success stories and the encouraging fact that the four main investment (Jeremie) funds in Greece are very close to being fully investment and in pursuit of new funds. Also, Greeks have a spectacular capacity to adapt since, as a people, they have lived for decades in fluid environments. They can adapt faster to the tacit rules of the game, changes, new priorities and aims. The skilled and educated Greek human capital is a valuable asset and key resource.

- The Greek pharmaceuticals are the second largest national exporter. There is today much better and deeper cooperation between Universities and the research sector – which is particularly encouraging given the European and global experience.

- One participant made a motivating metaphor drawing from his personal professional experience suggesting – that the country should perhaps look at its partners and creditors in their eyes, persuade them of its resolve to return to a virtuous path of growth, working hard and honoring its agreements as a responsible entrepreneur must always do with his partners and creditors, to see the DEF audience positively welcoming and embracing this metaphor in a round of applause. In short, the issue of trust and credibility is as pivotal for the state as it is for professionals in the private sectors.

- The importance of 'contract farming' was highlighted, suggesting that the key is to move beyond the logic and practice of non-competitive farming, i.e. not caring for the quality of one's production since one is effectively 'producing for the subsidies'. But instead, focus on producing a high quality product in order to satisfy a specific (contacted) demand.

- One participant focused on the critical importance of manufacturing, suggesting that we need both the macro-environment that will draw FDIs but also the effort to attract and secure local investments from Greek firms.

- The need for across-the-board stability, and in particular a stable tax and legal framework was repeatedly emphasized by a number of panelists who stressed the need for continuity, predictability and stable rules of the game and context for a set number of years. The same applies for competition rules and transparency if one is serious on facilitating investments and business development. Along similar lines, several speakers suggested that a better functioning judicial system is direly needed to administer justice faster, fairer and more efficiently.

- Panelists with different expertise and experience agreed overwhelmingly upon the need to create value chains and ensure that one produces the final product, selling it at its final form, processed, therefore receiving the maximum value, and not export it at earlier stages or as a the raw material (e.g. olives and olive oil).

- One participant sketched out the different stages of entrepreneurship, suggesting that the first phase is the 'conception', where one first comes up with an idea. Then comes 'the flirtation' phase – where one is basically selling and testing his idea – above all to himself wondering 'What should I

know? What should I do with this idea?'. Then, provided the 'flirtation' phase goes well, one eventually 'falls in love' with his or her idea, takes the risk and acts. Once you take that risk you have passed the point of no return. If it is a product, you hire the people and then you produce. Then you satisfy a need, you find the customers, and you sell to them. Profit should not be the drive of entrepreneurship; the pleasure and the satisfaction of creation should be the motor for an entrepreneur.

- The instrumental value of creativity was also underlined drawing parallels from real life with examples of where people display their creativity – e.g. flirting. Through this exercise the speaker pertinently demonstrated that entrepreneurship is in fact an attitude in life. It is how one manages change; it is trying to see things from a different angle; it is adapting and responding to the challenges at hand; it is a trait. One very much needed in government as well.

- Although entrepreneurship is now growing again in Greece, and we have fewer companies closing, the problem is that many of these companies are driven not by opportunity, but by the need to tackle immediate consumer needs – garages, hair salons, and coffee and souvlaki shops. This presents great difficulties when it comes to questions of scalability for instance.

- The European Investment Bank (EIB) has invested in excess of 100 million euros in 5 (soon to be 6) investment funds in Greece – which channel these funds in Greek businesses and startup entrepreneurship. In this context the Bank is also financing angel funds and University research directly to facilitate technology transfer effects. The EIB has an ambitious plan for the coming years and part of the so-called 'Juncker Package' is to be channeled into the Greek entrepreneurial scene as well.

- What is missing from the Greek economy today is smart money; money that will finance those entrepreneurs that can go in very quickly, create added value and grow very fast – in short, innovative companies that will produce an exportable product that can attract global demand.

- One pannelist focused on the opportunity for Greece to emerge as a key hub for research, proposing the idea to play in the medical cannabis business which is a 5 billion dollar market in the US. In doing so, Greece could benefit

from an investment in excess of 200 million euros in the depth of 4-5 years.

- Wide ranging agreement that the Entrepreneurship is the only way out of the crisis. The issue is one of scale and of the non-tradable(s); can they grow? Can they employ more than 50 people? How many of these firms are scalable? We now need in Greece more than 15.000 new scalable companies.

- Hard data suggests that Europe is a region in entrepreneurial decline. One only needs to look at the top technology companies of the world where out of the top 15 global firms, none is European. To Europe corresponds a 12% share of the global venture capital. Venture capital is putting your money where your mouth is; taking the risk to invest in startups and new business projects.

- The issue of branding was raised in a critical context, to suggest, quoting Bill Bernard that 'nothing would kill a bad product as fast as good advertisement', explaining that we would very much run the same risk given the quality of our product.

- In the Greek startup ecosystem there are over 50 million euros invested; in Israel over 3.5 billion invested, with investors getting back 5.2 billion – i.e. a dollar and a half to the dollar. For Greece, Israel is perhaps the best case study and example to emulate. Growing our startup ecosystem will make Greece attractive again. The same is true if Greece begins to enjoy a greater number of international success stories – we had 4-5 such super-cases in the past years.

- To prove that innovation holds the key to growth one participant drew a historical parallel: 'Thebes was a very small city; and yet it managed to defeat the Spartans. How? One innovation in combat, the diagonal phalanx'. In other words, sometimes success depends upon game-changing ideas.

- One participant observed that while the raw material sector in Greece at the moment accounts for the 3.5% of the country's GDP, it could easily be more than double. To achieve this we ought to think big and find ways to sell globally.

- The Greek citizens and entrepreneurs should not wait and expect the political system to change; one must act and 'do' in order to bring about change. Passive expectation is not an entrepreneurial approach after all.

## CONFERENCE DAY TWO

Saturday, February 27, 2016

Plenary Session (Konstantinos Karamanlis Hall)

Chair: **Sia Kosioni**, Anchorwoman, SKAI

Keynote Addresses

**Dr. Wolfgang Schüssel**, Federal Chancellor of the Republic of Austria 2000-2007

"The Migration Crisis: European Values versus National Interests?"

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The underlying push factor accounting for the refugee waves to Europe is the conflict in Syria. There is a proliferation of armed conflicts around the world. Thousands are killed and millions are displaced. Rebel groups are fighting other rebel groups which are fighting failing regimes. The situation is chaotic and problematic. In Syria alone for example, there are over 1600 opposition groups. But there are many other factors influencing migration, such as demography and the environment which can and will play a key role. The African population will reach the 4 billion mark in our century from the 1 billion it is today. We need a comprehensive strategy that will address the short-term problems, answer the long-term challenges and will safeguard our external borders whilst upholding our fundamental values and principles.

- 2014-2015: We had a twenty-fold increase of refugees and migrants coming to Europe.
- Not all EU member states are affected in the same way. The main pressure is on the points of first entry, our South-Eastern Mediterranean member-states – principally Greece, but also Cyprus, Malta and Italy.
- The Balkans are just the Transit Route; the destiny countries are Germany, Austria and other central European countries.
- Not all member states have the same underlying interests and concerns. For instance Poland and the Baltic member states look to Russia in anxiety for the great power's agenda; Spain and Portugal are seeking to form a government and so forth.
- The end of Schengen would be a disaster for the EU. Yet it is the greater risk and threat at the moment. It would cost 500bn euro according to one

conservative estimate, and can cost up to 1.3 trillion euros according to more pessimistic assessments. This huge cost would negatively affect growth – no question about this. Moreover, a breakdown of the Schengen Zone would question the single market as well – gravely affecting the movement of cars, trucks and so forth.

- The need to upgrade and empower FRONTEX was highlighted, suggesting that this crucial EU institution must become able to act alone; it must be called upon to do so. We are also in need of a robust EU Coast Guard; with a substantial fleet. In fact, people expect that we have such a capacity as EU; but we do not. The current Frontex budget of 300 million euro is nothing given the problem at hand.
- We must also take steps to decrease the pull factor. We need to increase our aid, address the root causes of the problem in the sending countries and also assist Turkey and Jordan who are not receiving enough assistance.
- NATO involvement was seen positively, in the sense that since Turkey is a member of NATO, one can be hopeful that this can improve our cooperation and coordination on the pressing issue of the refugee crisis, encouraging Turkey to uphold the relevant agreements and adopt a constructive stance.
- On a particularly skeptical statement vis-à-vis the intentions of Turkey however, it was also suggested that it is perhaps hard to explain the sheer number of vessels leaving the Turkish coast; it does not seem possible to a third party observer that all this can happen without the silent if not open support of the authorities.



**Giovanni Buttarelli**, European Data Protection Supervisor  
 “Living in a future Big Data world: can prosperity, freedom and fundamental rights be reconciled?”

**Giovanni Kessler**, Director-General of the European Anti-Fraud Office (OLAF), European Commission  
 “Fighting corruption, a common EU-Greek interest”

**George Dertilis**, Professor, École des Hautes Études en  
 “Wars, Debt and Crises in Greece, 1821-2015: an Ignored History”



Today data are a form of currency. Think about it as new oil of sorts. Data create information. Each one of us creates 7 books every second just by owning a smartphone. Today nothing is for free; you pay with the personal information relating to you. In the Silicon Valley, there are enormous pressures to monetize this data. The Internet today consumes much more energy than Greece; something between Spain and Italy.

- The key point is that data, with appropriate processing, can contribute to the reform of FRONTEX and other key EU institutions, to assist them in their efforts through a successful harnessing of the power of data – in a legal, ethical and sustainable way.

- In general, businesses and governments want to know what their people are doing. But no country has a golden rule on data protection. In the EU today, we are approaching a key milestone: A common law for the EU 28. The EU is leading by example in practice but at a technical level, the law is still pending.

- The most critical matter is for the new regulation to help achieve a new level of accountability. We should not slow down innovation; but we must also not accept something just because technological progress makes it possible; it must also meet the standards for moral sustainability.

Corruption and Fraud are among the principal causes of the economic crises in Greece, Europe and in the world. The bankruptcy and collapse of the Lehman Brothers in the US bankruptcy was in part a result of an accounting fraud and, of course, a blatant failure of the regulatory – oversight agencies in question.

- Greece in 2011 was able to collect only the 20% of the fines to punish tax evasion; 40% was written off and 40% was collected and stayed with the officers.

- There can be no real sustainable economic development if the public investments are distracted from their key roles and targets; if they are diverted, or even feeding corruption and organized crime. The same applies to European funds – i.e. the key instrument of the EU.

- The large Greek shadow economy is hampering growth, undermining social justice and gravely damaging the economy.

- Trust is key in a country, in a community and the same applies for the economy. The 96% of the Greeks think that corruption is wide-spread in their country compared to the EU average of 76%. How can there be trust and a chance of economic recovery and development when the majority of the Greeks in the business community think that the state and business in Greece is corrupt?

- The priority must always be to deliver tangible results. This entails systematic and regular detection and prosecution of corruption; not random. This is required to send a big message to the criminals and a sign to the good and responsible businessmen that trust can be restored.

- The need to tackle cash is also pivotal; cash is king in the illicit markets facilitating tax evasion and the financing of illegal activities. Five-hundred euro notes are printed loads by banks in some European countries. Luxembourg for example that accounts for the (0.2% of the EUs population) prints a lot of them. More than 50% of the 500 euro notes go to human traffickers; often referred to as the ‘Bin Laden’ bank note.

One speaker drew parallels between the Greek defence spending and public debt. In the period 1883-1997 defense expenditure fluctuated between 20 and 40% of the total national expenditure (debt service excluded). As a percentage of GDP Greece was constantly at the very top of the global spending – between the first and fourth position – interchangeably.

- The country was at the borders of 5 empires: Ottoman, British, French, Russian and Austrian. The role and interests of the great powers was key. They were trying to stabilize the Balkans whilst inflaming the East. The debt was used as a lever. The instrument to increase the debt levels and thus the leverage were the military procurement programmes. The arm sales produced debt, debt produced leverage, leverage led to wars.

- The debt restructurings in the country’s recent history followed wars and, often, the intervention of great powers in these conflicts.

- The Anti-Memorandum ‘camp’ has been based on a false, inexistent dilemma and has led to the waste of 5 critical years; and equally counterproductive, costly and moot was the ‘Bonapartian’ ‘YES’ or ‘NO’ referendum that

was a clear signal of a Prime Minister and a Finance Minister not knowing what they were doing.

- Uncollected taxes does not help the economy or the budget; but it wins votes and it has historically done so in Greece. History is to be used as a guide to avoid repeating the mistakes of the past; not as a justification of the failures and shortcomings of the present.

- One could perhaps attempt to draw a parallel between this 'defensive nationalist' emotional support for wars and military spending with the 'resistance' to the 'European', 'externally-imposed' reforms agreed upon with our partners and creditors – the delays in the implementation and the constant efforts to water down the reforms and avoid their implementation.

- With the introduction of the Euro Greece had its last chance to create a new productive and sustainable growth model and economy.

- Over the course of the past two centuries, Greece experienced 7 wars, 4 civil wars and endless crises. The horror and dread of war; the insecurity of economic crisis; the skepticism vis-à-vis our neighbors both as individuals and as country; and the bitter civil wars partly explain a certain degree of social division and enmity that has been generally characterizing the Greek society. The great chance lost for national reconciliation was right after the fall of the Junta in Greece.



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Plenary Session (Konstantinos Karamanlis Hall)

## DEBT OVERHANG AND GROWTH IMPLICATIONS

Can countries imperil their growth prospects by having too much debt?

Chair: **Anthony Papayannides**, Managing Director, Economia Publishing

**Gikas Hardouvelis**, former Minister of Finance, Prof. of Finance & Economics, Univ. of Piraeus, Greece

**Tassos Giannitsis**, Prof. of Economics, Univ. of Athens, Former Minister of Labour & Social Affairs, Greece

**Nicholas Theocarakis**, Chairman & Scientific Director, Centre of Planning & Economic Research (KEPE)

**Peter Spiegel**, Brussels Bureau Chief, Financial Times

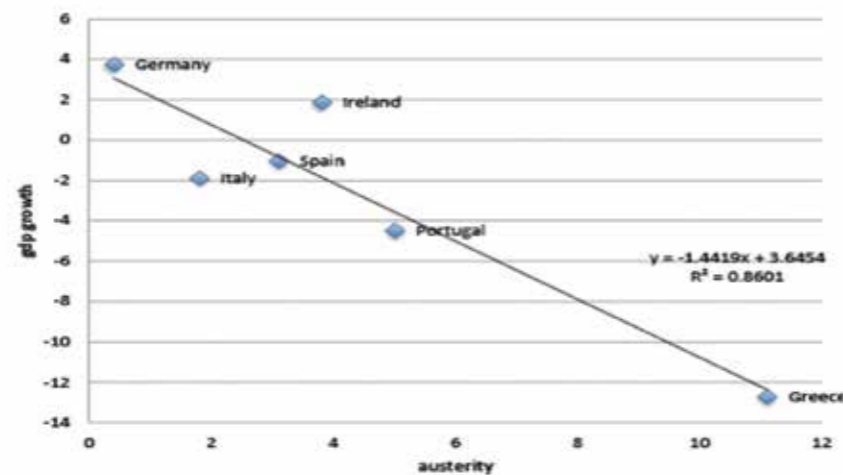
**Yanos Gramatidis**, Honorary Chairman, American-Hellenic Chamber of Commerce, Greece



- The highest debt to GDP ratio in Eurozone is 178%, that of Greece. However, Japan is able to borrow at under 1% interest rate with a 230% debt to GDP ratio. In other words the numbers do not tell it all for debt sustainability. This is also true for the 120% debt to GDP mark set as target for Greece; these numbers are invented, arbitrary.

- The issue has to do with the expectations and the credibility of the EU institutions, as much as it is the country's massive debt. Credibility is more important than numbers. For example, given the shortcomings in the management of the Eurozone crisis and the EU's own assessment of certain European national bonds, why should someone invest in Eurozone bonds?

- The Private Sector Involvement (PSI) in Greece led to a massive debt reduction; yet the debt climbed back again. Is the debt viable? The IMF suggests that it is not, since productivity increase and growth are not enough to make the debt viable. What is particularly pressing is to ensure the sustainability of the Greek pension system and, secure a new decisive debt relief by our EU partners. The majority of the Greek debt is to its EU partners. A deep-cutting debt restructuring is therefore possible, with long-term expiries, an average maturity of 16.6 years and an interest free period – say till 2022.



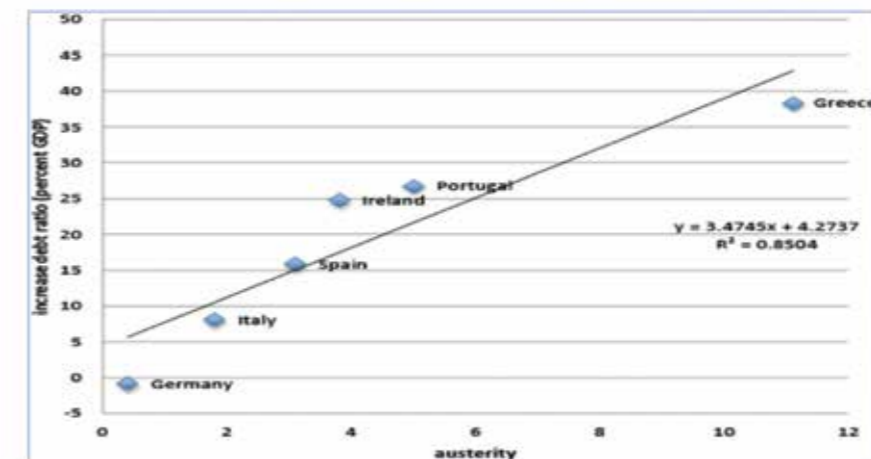
Source:  
Financial Times & Datastream<sup>7</sup>

Diagram D: GDP growth and Austerity

- Debt is not the number one issue; growth should be. In actual terms we will have negative growth again instead of the positive growth predicted initially for 2016. We should concentrate on attracting investments.
- In this context another speaker added that there is a particular Debt - growth causality. The cause - effect relationship can be reversed. Low growth leads to more debt; whereas high growth allows for the decisive reduction of the debt levels and a positive debt dynamic.
- As was stressed repeatedly over the course of the forum, advancing far-reaching structural reforms in an adverse recessionary context, with an adjustment-fatigued society negatively predisposed is already a herculean challenge; add to this mix successive waves of tough austerity measures and the attainment of growth becomes phenomenally tough.
- Overall, excessive horizontal austerity without the introduction of 'Keynesian countermeasures' - without targeted injections to counter its adverse impact on the economy - worsens a country's growth and debt dynamics.
- As shown in Diagrams D and E, Greece has experienced the greatest levels of austerity within the Euro-Area and this has had a heavy negative impact on both the country's growth and debt levels. Growth has been greatly undermined and the debt ratio as a percentage of GDP has increased - in the short run at least. These diagrammatic depictions of the impact of austerity back up in a way two arguments emphasized repeatedly throughout the DEF, namely: a) that excessive, prolonged and mainly horizontal austerity impacts negatively a country's growth and debt dynamics; b) that with respect to debt sustainability growth plays a key role (along with stability, credibility and trust of course)- and it is not perhaps by chance that the government in Japan, which is a frequently mentioned example, the government has been basically implementing the opposite of austerity, systematically boosting the economy, stimulating aggregate demand and fueling growth with the so-called 'Abenomics'.

- Debt relief could be linked to new reforms each time; agreed reforms should be implemented to their 100% in order to be able to ask for the far reaching debt relief required now and avoid having to adopt new measures down the line to secure the relief.

<sup>7</sup>Diagram as provided and presented by a DEF panellist.



Source: Paul De Grawe<sup>8</sup>

Diagram E: Increased Debt Ratio and Austerity

- It was also suggested that Greek growth has been historically supported through public investments. Which in the period 2009-2014, as a result of the crisis and the national economic contraction, shrunk by 45%. In fact, GDP growth in Greece was for a number of years largely a result of additional lending; as the country was experiencing a higher debt growth than GDP growth.
- The asymmetric focus on increasing tax revenue through tax increases as opposed to decisively clamping down on tax evasion has also been a hindrance to growth.
- We should be looking the ability of the economy to sustain the debt, not just the level or increase in the debt level.
- Any viable growth policy in Greece must include an effective plan to tackle the high levels of corruption; the shadow economy; reduce tax evasion; successfully introduce a far reaching reform that ensures the long-term sustainability of the Greek pension system; and a strong emphasis on Research and Development, Research and Innovation.
- The success or not of fiscal consolidation depends on fiscal deficit decrease and growth; cutting wages and labor (de-)regulation did not lead to growth. Instead it had negative social consequences contributing to tension and instability.
- Greece needs to agree with its creditors upon a dynamic investment programme.
- Another participant suggested that although debt is indeed a burden the pre-eminent issue is that the Greece's main productivity is non-exportable. The public sector jobs and the skewed pension system have been the main cause for the budget deficits of the country.
- There are serious issues associated with the functioning and efficiency of the Greek state, the education system, and our culture, as well as an imminent need for the emancipation of the Hellenic entrepreneurship.

<sup>8</sup>Diagram as provided and presented by a DEF panellist.



## CREATING AN EFFICIENT BANKING SYSTEM FOR A MODERN ECONOMY

The banking sector faces unprecedented challenges and uncertainties amidst the large scale changes that are taking place globally. What changes need to take place in the banking system so it can better serve the economy?

Chair: **Vassilis Antoniadis**, Partner & Managing Director, Athens, The Boston Consulting Group

**Christos Staikouras**, M.P., former Alternate Minister of Finance, Greece

**Dr. Christos Gortsos**, Secretary General, Hellenic Bank Association

**Chris Megalou**, Managing Director, TITE CAPITAL Ltd, Canada

**Haris Karonis**, Founder and CEO, VIVA, Greece

Today, there is an increased number of checks and balances in place in the Greek and European banking sectors. Within the Eurozone a Banking Union has been devised and is being progressively advanced and, within Greece a series of measures to protect and support the Greek financial sector have been implemented throughout the course of the crisis. Recently the Greek banking system was successfully recapitalised with a surprising private sector participation - given the broader uncertainty and adverse context

The on-going capital controls and the low savings are most certainly not helping the good running of the Greek Banking system, which has in fact shown considerable resilience if one considers the very difficult external context and the successive crises the economy and the country have undergone in the past 7 years. At the moment, addressing the issue of the non-performing loans (NPLs) is fundamental for the stability and the well-functioning of the Greek banks.

- It was necessary to create a framework to support the banks ever since the beginning of 2008, to ensure its credibility and assure its liquidity. The guarantee of the deposits was upped from €20.000 to €100.000; and the national stability council was founded to ensure the stability of the banking system.

- There is a nexus of instability in Europe at the moment, encompassing diverse elements, that all contrive to augment the risk and uncertainty in the equation: populism and extremism; radicalization and terrorism; the migration and refugee crises; the fragility of the Schengen Zone; the Greek economic crisis; the fear of various member state 'exits' from certain EU institutions or the Union as a whole.

- In Greece, the key is the restoration of trust through political stability and multi-level reassurance and constancy. This involves: achieving budgetary stability and financial consolidation; successfully advancing privatizations and reforms; as well as dealing conclusively with the non-performing loans which will further restore trust and facilitate the return of the deposits - savings in the Greek banking system.

- Many panelists made reference and analyzed the problem of overregulation, or the so-called 'regulatory tsunami'. A number of these regulations are indeed required to show the government's commitment to achieve stability. The key question however is how much of this regulation is actually needed to achieve stability? How well do these regulations work? And how do they perform in action?

The solutions to the crisis do require regulation alone; but also careful oversight, effective mediation, sensible economic policies and so forth. Regulation can help but not when you are in the perfect economic storm.

- The Greek crisis was largely an exception in the sense that the responsibility of the banking system for the crisis was not major and mainly related to mistakes made in the 2007-2009 period.

- Internationally, compliance expertise gets you a very high paying job in top banks.

- The new digital lending platforms are only partial game changers for now: 'p2p' lending; angel investment systems and groups; crowd-funding and so forth. What about the role of the bitcoin; of zubeo? A risk or an opportunity? Generally, Greece is far behind in alternative finance while London is the capital. Nonetheless, according to some speakers these alternative lending platforms are perhaps the future of banking.

To sum up, in Greece, the preeminent aim should be macro-economic and political stability along with a resolution for the NPLs which is pressing and cannot be overlooked. On a European level, the full completion of the 'Banking Union' is crucial; it can help prevent crises and the ECB can play a key role. An EU guarantee on deposits would also be of decisive added value since it would help restore the depositors' confidence. Also, the single resolution board currently has a very small reserve fund, forcing people to be skeptical; this issue must also be dealt with.

# IMPACT ASSESSMENT OF THE SHIPPING CLUSTER ON THE GREEK ECONOMY & SOCIETY

**Karmenu Vella**, EU Commissioner for Environment,  
Maritime Affairs and Fisheries (video message)

**In Conversation:**

Chair: **Vassilis Antoniadis**, Partner & Managing Director, Athens,  
The Boston Consulting Group

**John C. Lyras**, Principal, Paralos Maritime Corp. S.A,  
former President, Union of Greek Shipowners



Greece is a shipping giant and a magnet for Tourism. Greece can champion these sectors and create new niche tourism capitalising on a sustainable round-the-year national tourism model. The aim is sustainable economic growth. The future of Greece will be based on the country's green natural assets and blue economic growth based on shipping and tourism. Every euro invested in the water sector produces 5 euros in the economy and we also have a great impact on jobs, as every one job leads to the creation of 4 more jobs. Between 2014 and 2020, Greece will receive, in total, close to €20 billion from the European Structural and Investment Funds, of which almost €1 billion for waste management and nearly €390 million for fisheries and maritime affairs. It is a unique opportunity for Greece to diversify and further modernise its Tourism sector, its waste management and its quality water sector.

- The Greek Shipping sector, from 1980 onwards has grown from the Greeks that lived outside Greece, of the diaspora.
- The main risk when it comes to increasing taxation in the shipping sector, as it is a very mobile enterprise and you could lose a great number of ship-owners who would switch to foreign flags.
- The particular added value to the Greek economy is because of the presence of the main offices and the company management offices in Attica and that considerable maintenance takes place in the country. Law 27 which set up a one-stop law for shipping investments and FDI allowed the establishment of the shipping offices in Piraeus and Attica.
- In this current phase 'wet' freight ships doing well, profiting from the low oil prices, whereas the 'dry' freights are mostly recording losses due to the low prices.
- There is a strong Greek brand and tradition in shipping – which is helping on various levels.
- The majority of the Greek ship-owners now have their base of operations in Greece; and therefore, the industry needs to cooperate with the state.
- In this context, the ship-owners also seek a stable environment without frequent changes.
- The EU seems to be creating some issues lately with its regulatory pressures and mainly with the state aid guidelines and the requests for increased taxation – with the Commission not accepting the tonnage tax currently applied<sup>9</sup>.

<sup>9</sup>Diagram as provided and presented by a DEF panellist.

Plenary Sessions (Konstantinos Karamanlis Hall)

## EUROPE'S FUTURE: FRAGMENTED IMPLOSION OR GREATER INTEGRATION

An outlook on the macroeconomic convergence and divergence among the Euro zone countries and the factors underlying the future of European integration.

Chair: **Tasos Telloglou**, Journalist, KATHIMERINI

Ambassador (ret.) **Charles Ries**, Vice President, Rand Corporation, U.S.A

**George Pagoulatos**, Prof., European Politics and Economy., Athens University of Economics & Business

**Dr. Constantinos Filis**, Research Director, Institute of International Relations

**Adriano Bosoni**, Europe Analyst, Stratfor, Spain

The Eurozone is growing modestly this year. All MoUs have ended but the one in Greece; perhaps it is not just the Eurozone and its policies to blame. The crisis is perceived in a fragmented way; as if no one really grasps the full picture. At the moment, long term unemployment is still pressing high; we have very negative employment rates; very negative investment rates; and overall growth prospects are not looking too promising.

Arguably, the Eurozone's response needed to include a stimulus. We have no Eurobonds and no European Unemployment Scheme. We have a common currency, but no real fiscal, transfer, economic or political Union. In many ways, national governments reacted to the crisis in sovereign, national terms.

Europe is in a 'poly-crisis'. The only way to use constructively this crisis is to proceed with greater deepening in the economic sphere, along the lines delineated in the report of the five presidents (Juncker et. al, 2015) to best fence against future shocks and crises. Greece, which is also in a 'poly-crisis', in a tougher position, can also position itself advantageously and gain from this process.

### Is Europe close to fragmentation?

- Most speakers agreed that the disintegration of Europe is not the most likely scenario.

- However, the consolidation of a very right wing front within Europe and particularly in Eastern European states is a particularly worrying development. The mainstream EU political parties are being flanked by vociferous anti-Europeans.

- For example the sexual assaults in Cologne and their powerful media coverage; coupled with the Paris terrorism experience most certainly affected the perceptions and approaches towards the refugees.

- The recent UK experience reinforces the trend towards an 'EU of exceptions', of 'opt outs'.

- In many ways, the EU is undergoing a passive phase. It is dragged by events, it is piecemeal and reactive in its responses and overall the Union is not driven by an overarching strategy or vision.

- Europe is called upon to protect its aqis and its identity; the Union is lapsing towards 'lesser Europe' at a time when 'more Europe' is needed on the continent and in the world.

- In this context, it was argued that we should not allow the reduction of the Schengen zone; we must prevent the various 'exits' and address decisively the Union's shortcomings.

One participant observed that the notion of an 'Ever Closer Union' has officially collapsed. Recent events and EU decisions such as: a) the tabling of a 'Grexit' proposal in the context of the Eurozone crisis by some member states; b) the unilateral decisions on the refugee crisis and the 'closing' of the



so-called Balkan Corridor; and above all c) the EU-UK negotiations that led to the UK being legally allowed to claim back sovereignty made sure of that.

Referendums and the threat of calling referendums might become more and more common in the foreseeable future. I will not be surprised if in the future the threat of holding a referendum. Through this lens, three scenarios can be evaluated:

- Scenario 1. The EU becoming United States of Europe. Unlikely given the rise of nationalism, the fact that it would imply fiscal transfers, a true transfer Union and a series of cessations of sovereignty that the member states do not seem prepared to consider.
- Scenario 2. EU becoming completely disintegrated. Not likely albeit the numerous crises at hand. Full disintegration would be a surprise even for the skeptical observers.
- Scenario 3. A transition from a German Europe to a British Europe. In other words, Europe becoming more of a club of sovereign nation states that want to cooperate at different speeds - no Euro, no Schengen; but intra-EU regional cooperation, with dynamic intra-groupings.

In many ways, 2017 is the most important year since the beginning of the crisis, as the two largest member states, Germany and France, are holding national elections at the backdrop of growing right wing populism and extremism.

- With respect to the role of the IMF in the Eurozone crisis, it was argued that certain capitals and governments believe in the role of the IMF as a reassurance to the markets.
- With respect to the refugee crisis it was implied that serious phrases and calls for assistance with a 'humanitarian crisis' should have been reserved for this existential challenge – as this is truly a humanitarian crisis in Greece and the EU must be more comprehensive and fair when it comes to burden sharing.
- Central and Southern Europe have different understandings of what an EU Fiscal Union implies and entails. The key is the capacity to offset asymmetric shocks (for which a new intra-EU grand bargain would be required); to have a fiscal channel for the joint issuance of debt; in turn, Eurozone denominated bonds can be used to boost liquidity and investment. With the help of the latter and taking advantage of the super-low interest rates an ambitious investment programme could be advanced to tackle the negative disinvestment and reverse it.
- Lastly, there was considerable agreement that greater American involvement and assistance in the management of Europe's difficult challenges is required (and invited).



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## FOREIGN DIRECT INVESTMENT AS A KEY DRIVER FOR GROWTH AND PROSPERITY

Given the potential role that FDI can play in accelerating growth and economic transformation, countries are strongly interested in attracting it.

What are the necessary actions to improve the principal determinants influencing the location choices of foreign direct investors?

Chair: **Marios Kyriacou**, Senior Partner, KPMG Greece

**Dimitris Tryfonopoulos**, General Secretary, Greek National Tourism Organization (GNT0)

**Dimitris Tsitsiragos**, Vice President, Global Client Services, Int'l Finance Corporation, World Bank Group

**Simos Anastasopoulos**, President, American Hellenic Chamber of Commerce, Chairman, PETSIAVAS S.A.

**Dr. Margarita Mathiopoulos**, Founder/CEO ASPIDE Group; Prof. of US Foreign Policy, Univ. of Potsdam

**Dennys Plessas**, Business Dev. Initiatives VP, Europe, Middle East & Africa, Lockheed Martin Aeronautics

**John D. Saracakis**, Chairman, Hellenic-Swedish Chamber of Commerce, Greece

Greece is in dire need of investments. The Greek productive sectors need targeted injections to innovate, expand and scale up further. Given the unavailability of public investments, a rounded approach requires a combination of securing and channeling EU investment funds; as well as the attraction of private investments, foreign and domestic.

Foreign Direct Investments can play a pivotal role in the case of Greece as the levels of investment required for a rapid and dynamic recovery are very high – greatly exceeding the domestic investment capabilities. The key problem is that FDI is highly mobile and volatile. It is increasingly difficult to attract, in fact there is a rising global competition for it, and once secured, hard and systematic work is needed to ensure more investments keep coming.

The areas where Greece has or can acquire easily a comparative advantage are a strategic starting point for the attraction of international investment resources – such as tourism or targeted innovative agriculture and so forth. The state must improve the context to make the country more welcoming towards FDI: reduce bureaucracy and corruption; provide stability and constancy in the framework and the rules of the game (tax, legal); improve competitiveness and overall improve the 'ease of doing business' in the country. The Greek entrepreneurs must in turn maximize their efforts to come up with solid, viable plans, joining forces where possible and conducive, to submit inviting proposals for foreign investors.

- On tourism, one speaker explained that tourist reservations increase every year. There was a 5% increase for Mediterranean Europe last year and even with the refugee and the migration crisis unfolding we still enjoy an increase in global tourism of around 20%. Greece has a powerful global brand and it is strategically aiming to secure tourists from high income backgrounds. Even so, Tourism, the sector where Greece enjoys a comparative advantage, still provides great space and opportunity for investments. There is tremendous room for return and it is overall a highly resilient and safe area to invest in. Tourism is in a way Greece's 'blue chip' in a fluid and rapidly changing environment.

- At first, private investment carried a negative connotation in Greece. From 1980 to 2002 there was a 166% growth of FDIs in Greece – around 1/5th of the EU average. By comparison, in the same period FDI in Portugal and Spain rose by 1.100% and 4.000% respectively. But Greece is still in the process of enacting fundamental reforms – for instance, Greece only very recently really acquired a comprehensive privatization framework, with the setting-up of 'Hellenic Republic Asset Development Fund' (HRADF) and the passing of law 3986 of 2011.

- Heavy, rigid and corrupt bureaucratic structures are most certainly discouraging FDI, especially in the face of so many appealing alternatives. There is a global competition for the attraction of FDI. Estonia, Turkey and Portugal – all of which have gone through IMF-led adjustment programmes – are extremely easy to do business in. They have simple tax regimes, a great approach on



profit taxation and advanced online platforms such as the Estonian 'e-residence' where one can digitally sign documents, reclaim tax online and so forth. Comparing Greece to Sweden for example is rather disappointing. The structure of the Greek business map is also not helpful; as the vast majority of the Greek SMEs are not scalable and hard to invest in.

- Neither the Greek public nor the Greek private sector have the hard and soft infrastructure to invite and encourage FDI. Complex tax regimes, complex restrictions, complex oversight and regulation, complex and heavy red tape, heavy admin processes, time consuming and energy wasting processes, limits to certain sectors and forms of protectionism - a discouraging context. The global investment community has a certain collective understanding, knowledge and experience; and this has not been good so far in Greece.

- It is inadequate to say that we want to improve context; one has to convince with actions that he means it; simplifying and passing a set of laws that are fixing the framework would certainly be a step in the right direction. Moreover, the taxation policy and the relevant rules of the game must be fixed for an agreed time frame irrespective of who is in power. Structural reforms are key, and so is the restoration of trust. The forming of an independent national investment council and an independent investment mediator would also be steps in the right direction. Similarly, focusing on and highlighting our success stories may critically help shift around the climate.

- Although the idea of Greece emerging as an energy hub remains overly ambitious and in part unrealistic, the LNG storing projects such as the ones in Revythousa, Kavala and Alexandroupoli are in the right direction and will pave the way to the seizing of more opportunities when the US starts exporting its shale gas. Greece can also become a very successful Transport and Logistics hub. The same is true for pharmaceuticals and cosmetics; as well as competitive and innovative agriculture. For a number of reasons relating to climate, the riches of the Greek nature and soil as well as its geographic position, the country is strategically positioned to successfully pursue these options. Additionally, the Greek banking and shipping sectors can play a key role in facilitating the attraction and targeted investments.

"A systematic boosting of exports and import substitution can catalytically enhance the recovery"

- The role of China in developing economies was highlighted. China is a huge FDI player in developing economies, strategic investor in energy and infrastructure projects with a substantial record of completed projects. Chinese Investors for example have expressed considerable interest for a number of Greek assets, and certain Greek governments have not always ensured the most welcoming climate.

- We need to encourage and facilitate South-South investments. South – South FDI has more than quadrupled in the past years.

- On a different point one speaker made the case that defense expenditure can serve as a driver for growth; a fuel for development and a catalyst for economic and technological progress.

The solid Greek defence capabilities and in particular its firm deterrent is a key tool for military diplomacy, international influence and fundamental for one's security in a difficult global and regional context. However, the Greek defense industry is a relatively small part of the Greek economy. Investments in the defense sector must have solid infrastructure development legs; technology transfers, the opening up of new markets and so forth.

- Following the disinvestment of the last 6-7 years we need €200bn euros worth of investments to recover our losses; in other words 15bn euros invested annually over the course of the next 13 years. These must be strategic investments; investments that concern the dynamic, productive sectors of the economy and can have a decisive, multiplied impact.

- Overall, Greece needs to urgently move beyond the norm that the state is a key source of investments; and beyond the experience of the 80s which is unlikely to be repeated any time soon. It must look at becoming more competitive and appealing to attract an increasingly mobile and elusive resource. The focus must swiftly shift to the attraction of major private investments via a solid long-term strategy and not the usual short-termism that characterizes Greek political initiatives.

# THE IMPORTANCE OF VALUES FOR THE REFORM PROCESS

As change agents we need to start by understanding our values around the reform process and how these values contribute to growth and development.

Chair: **George Archontas**, PhD in Political Philosophy, Panteion University, Athens, Greece

**Yannis Panousis**, Professor of Communication and Media Studies, University of Athens, Greece

**Vassilis Karapostolis**, Professor of Culture & Communication, Department of Media, Univ. Athens, Greece

**Ioanna Tsivacou**, Professor, Department of Comm. Media & Culture, Panteion University, Greece

The importance of values for the reform process is instrumental. It is crucial to 'win over' the society on a genuine platform for the transformation of the economy and the state. We have to protect and uphold our values albeit the changes, the pressures and the various crises. We need to genuinely answer the question of 'who am I' and 'what I am worth'. The key is in what we choose to defend collectively as a civilization; and not what we choose to collectively fight. However one could also argue that particularly indicative of the values of a people is what they fight to change; what they want to leave behind; how they want to transform their lives and societies.

- The panelists identified a worsening Greek 'cultural crisis'; a steep decline in the underlying values of the Greek society which is in part explaining the economic crisis and in part exacerbated by it.

- Geostrategic realities, historical experiences, collective memories, affluence – all influence a society's reform capacity and its pace.

- Greek social coherence generally depended upon 'big ideas'; great 'big truths'; a 'big ideal' – justice, equality, freedom, democracy; or the notion and perception of an external threat or enemy.

- The Hellenic society's solidarity in supporting the migrants and refugees is great; but we mistrust the state and therefore we are against the state's initiatives and infrastructures. We generally distrust the state's intentions, and there is an issue of legitimacy associated with this.

- Society should normally be driven by honorable motives; instead, in Greece, we are training our citizens in every stage of their life how not to live honorably. This is striking. Popular participation in Greece often resembles more to accomplice to a crime or an act of corruption unfolding. In a way, in Greece all 'participate' to 'normalize' or 'legitimize' the crime. No surprise that tax evasion and so many other offences have become rather mainstream



in Greece (crime under the 'veil' of the so-called 'University Asylum', countless driving-related offences, public littering, smoking law violations, illegal gun ownership, construction-housing violations and so forth). It is even used as an excuse, if not defense, when caught – 'come on, everyone does it'. This needs to change.

- Take for example corruption – it always exists, in every society and every political system. The issue in Greece is that corruption is in a way a socially accepted 'value' in the Greek society, an established norm. When someone engages in corrupt activity in Greece, 'since everyone does it' or since 'anyone would do it were he in his/her shoes' it means that when they perpetrate these illegal acts they do not feel that they are guilty.

Reacting to these thoughts and taking the discussion to a more theoretical level, one speaker suggested that there is a particular distinction between 'freedom and a 'free person'; or Static vs. Fluid or Dynamic Ethics.

- One speaker suggested that it is quite paradoxical for someone to claim that Greece is in crisis; as a crisis implies that the country was functioning well before, something occurred, and this well-functioning suddenly stopped or was disrupted.

- Although the Greek society welcomed generally with excessive enthusiasm the 'great reformers' and visions promising far-reaching change and transformation, more often than not, our nation's 'great reformers' were assassinated and largely saw a bitter end. The same speaker also suggested that whenever Greeks are on the verge of the cliff, they usually dive shouting; clarifying that he was not sure as to why this tends to be the case.

- As a society, Greeks have a bizarre form of statism; a form of paralysis underlined by a feeling of helplessness; a crisis of trust towards everyone and especially the official institutions. This is exacerbated by a general perception of unaccountability. A case in point is the delegation of responsibility that takes place between the various state agencies, but also between different

ministries and public offices when one asks for the person or agency responsible for a particular occurrence. The one passes responsibility to the other until the observer, exhausted, concludes that it is 'the system' to blame (i.e. no-one in particular to blame; or vaguely the Greek state).

The same participant made a particularly interesting observation with reference to the 'NO' vote in the 2015 referendum on the third MoU: The 'NO' in the referendum touched and built on the feeling of 'resistance' in the Greek society. The Greek people understood and identified with the 'NO' vote to a greater degree.

- 'We will either all work together and change, or be destroyed altogether'. Greeks are characterized by an unbelievable ego; however, this is a transformable trait. It can be turned into altruism exactly because the ego is so huge; it is in such abundance that you can give to others. The non-behaving, the non-conforming also tend to have an itch; a particular curiosity and interest to take initiatives and demonstrate agency.

- 'Optimism is the Opium of the world'. As a society, we have been historically under the impression that we are something different than what we really are. We 'resist' blindly against everything. But what is resistance. Resistance should be altruism. Also, there are limits to what a democracy can accept as 'resistance' – the idea of resisting against the system is problematic in Greece as it often undermines democracy and the freedom of other fellow citizens (the so-called school and University occupations; or the vandalisms under the veil of the 'asylum' in the state universities are some examples).

- Another participant stressed that the underlying aim of the government should be to reconcile; re-unite our society again. As what we have been seeing so far is the deliberate dividing of the the society and the drawing of new divisive lines; we need to unite and guide our society. If the state is seen as something divisive, that people will not accept anything – reforms, facts, broader realities such as the European or international dynamics and so forth.

# EUROPE AGAINST THE CHALLENGES OF EXTREMISM AND POPULISM

Populist and extremist parties present one of the most pressing challenges for European Democracies. What causing citizens across Europe to shift their support towards populist extremists and how mainstream political parties can respond to this challenge?

Chair: **Lamprini Rori**, Marie-Curie Fellow at Bournemouth University, UK

**Nikos Dendias**, MP, former Minister of Defence, Justice and Economic Development, Greece

**Anna Diamantopoulou**, former Minister of Development & Education, President of Diktio, Greece

**Takis Pappas**, Prof. Comparative Politics, Uni. of Macedonia, Greece; Visit. Prof. Central European Uni. Budapest

**Alkis Courcoulas**, Journalist, Correspondent in Turkey; Special Advisor, ELIAME

All populist parties tend to be eurosceptic. The 'far right' family is the largest pool of eurosceptics. The age of austerity in Europe provided a great opportunity for Eurosceptics: new parties were formed, parties of minimal influence entered national parliaments and, today, far right 'Front National' is aspiring to capture the French Presidency in 2017. These parties seized the moment and expanded their power and influence. In Greece we even saw the paradox of the populist left forming a government with the populist right – by choice – and not because it was forced by the conditions as one panellist highlighted.

Far left and far right populist parties largely expanded in the power vacuum left by the decline of mainstream parties. The latter have been shrinking in the context of implementing tough austerity policies and structural reforms in recessionary environments, losing electoral power and influence in their respective societies. More recently, the refugee crisis came to provide more 'food' for xenophobic far right populists in Europe.

- Populism claims to express the will of 'all of the people'; it tries to claim an ethical and moral high ground; It tries to feed the electoral body oversimplified concepts and 'truths' which do not require heavy processing or engagement by the public. More often than not populism comes with references to past glory, historical grandeur, and other emotionally catchy memories, images or symbols. The populists have a certain aggressiveness, barbarism even in their public statements.

- It is interesting to revisit the history of the Weimar Republic' – suggested one speaker who underlined the fact that we too often tend to put the blame to the 'one leader' and his 'core inner team', overlooking their broader social support, acceptance and thus responsibility.

- One participant referred to the experience of Austria with the far right populists, suggesting that the political system there was also wondering how to deal with the phenomenon. They tried everything: to ostracize them, to isolate them, to demonize them, to undermine their points and in the end, what worked was that we integrated them, and after 3.5 years in the government they have nearly vaporized.

- One speaker argued that there is no perfect explanation for the rise of the far right. For example, Sweden integrated last year the largest number of refugees and migrants in relation to its population. The country has no crisis, does not suffer from high unemployment or particularly high criminality and yet the far right reached 27%.

- Europe is so often accused of having an extreme neoliberal agenda' observed one speaker who wondered whether we are 'seriously suggesting



that Europe with its overregulation and the EU welfare state is neoliberal?' and whether 'neoliberalism is really our enemy?'

- In countries where politicians do not mention numbers and figures, this it is something 'telling of their societies'. It suggests that these are societies that largely decide emotionally, reacting more to the issue of delivery, of the style of 'how' the politician expressed something and not on the actual dilemmas – e.g. how will we go from A to B? At what cost? With what implications?

- When a panelist suggested that Greece never accepted the condemnation and equation of communism and Nazism, one participant reacted intensely with the panelist and the participant engaging in a heated debate where the participant suggested that communism is in fact the exact opposite of Nazism and fascism.

It was also suggested that in Greece the far left has been historically respected; largely because of its unfair and extreme crushing by the then Conservative Right since the 'Civil War'.

- In Greece, there is also a tendency to use, try to exploit and conflate our major 'national issues' in the political debates – therefore undermining our national interests and further perplexing the issues.

- One speaker identified three crises: a) Nondemocratic extremism - negation of the pluralism of representative democracy; Rightist nativism – using 'othering' processes; and c) Populism – democratic illiberalism.

There was also a critique of the educational system that basically does not

teach and educate in depth; instead it basically accumulates information. It does not build personalities and it does not transfer qualities and values to the students.

- Populism is not new to the Greek political system. When Eleftherios Venizelos was voted down in 1920 for example, the opposition of the time was proclaiming that they will bring the army back, keep Asia Minor and simultaneously achieve growth. One speaker identified an analogy with 1920 in the first SYRIZA win, reminding how the current Greek government got to power with the slogan that 'we will tear the MoUs, stay in the Euro and enforce none of the agreed reforms'. Adding that, both populist slogans ended up in costly failures.

- Of course, for populism and extremism to rise something is going wrong or at least is communicated wrong. Many mainstream political parties in Europe paid a high price for disconnecting with their societies and their failure to 'win' their citizens over in supporting their reform efforts.

- One participant argued that we always had a high degree of populism in Greece and in Europe. What is particularly worrying and new is that this new wave of populism now has a nationalistic dimension. It is an 'ethno-nationalist' form of populism, upon new dividing lines, redefining who each of us is through inward-looking processes.

Most people in Greece tend to be inimical to the idea of 'political liberalism'; the term has somehow emerged to be a bad word in Greece. Interestingly however, 'political liberalism' is the exact opposite of populism.

# RESTORING GROWTH: STRUCTURAL FUNDS AND STRATEGIC INVESTMENTS

In order to restore growth Greece, needs to use all available resources. That includes both the structural funds, which sum up to 25 billion for the period of 2014-2020 as well as new investment tools such as the European Fund for Strategic Investments, which is intended to mobilize 315 billion euros of investments in Europe by the end of 2018.

## In Conversation:

Chair: **Christos Folias**, Former Minister of Development

**Iskra Mihaylova**, Chair of the Committee on Regional Development of the European Parliament, the Alliance of Liberals and Democrats Party

**Maria Spyraiki**, Member of the European Parliament, Nea Dimokratia party, European People's Party

**Iraklis Roupas**, Secretary, Department of Growth Economy Entrepreneurship & Investment, PASOK



- On a critical and in a way reflective note one speaker suggested that successive Greek governments were not earnest about the fact that a) EU structural funds would eventually end; b) that a lot of the money received and pumped in the economy were in fact loans. Therefore, the country that has received perhaps the greatest levels of EU assistance to date has turned against 'the hand that was feeding it' wondering why the flows stopped.

- With respect to the EU's structural funds, more often than not, one hears the words 'spend', 'use' or 'absorb'; but very rarely would someone in Greece choose the word 'invest'. In fact the EU funds should be channeled in a way that multiplies their impact; seen and treated as a seed that can and will grow.

Moreover, the EU is increasingly seeking effective projects to invest in; not necessarily large projects. The keyword now in the Regional Development Committee of the EP is 'implementation' – meaning the implementation of the EU's regional policy and the synergy between all the tools and the instruments in order to achieve growth in a sustainable and lasting manner. Our main instrument today is the reformed cohesion policy package – prioritizing education, innovation and research. Therefore, in many ways we have a paradigm shift beyond just large infrastructure projects. The new rationale considers education, innovation and research as the means to growth.

- Greece is at the precipice, at point zero asserted one panelist. The so-called 'Juncker package', formally known as the European Fund for Strategic Investments or EFSI, is a new tool geared at injecting growth by fuelling private investments. It is a form of insurance against market failure and will be funneled to private projects. The current state of the EFSI is that no Greek project submitted so far has been approved by the EIB to get money via the EFSI; we have not yet managed to submit worthy proposals. We are in the direst need of investments compared any other Eurozone member state and yet 22 other countries have already secured EFSI investment funding in excess of 60bn and we are still to have a single project approved. We need to get serious, be strategic and act fast.

- One speaker underlined the critical importance of having your own country, 'house' 'in order' when entering an international dialogue or negotiation. On another skeptical note, one panelist enquired that 'given the problems of the Greek banking sector, who is to funnel the liquidity and channel the investment funds?'

- Youth, innovative, startup entrepreneurship is vital and indeed should be a focal point. The NSRF funds failed as they were not targeted enough; they had no strategic objectives when it came to boosting entrepreneurship. The new NSRF programmes announced recently are even less strategic, effectively encouraging the creation of 'individual firms' (with the issues of sustainability and scalability this type of businesses have).

- At the same time, according to one speaker, we should also perhaps consider a centralized growth strategy; with careful planning and enforcement of this design. We need a specific plan for our banks to re-assume fully their role in the economy and in the map of investments. We need to reconstruct the Greek regions / peripheries; in achieving this, we can consider a form of regional bonds.

- Along similar lines it was aptly highlighted that it is particularly unfortunate that we degraded and destroyed the Cooperatives in Greece; European Co-operatives such as those in Denmark for example are thriving, enjoying profound economies of scale and collective negotiating power.

- The need to eliminate the bureaucratic obstacles that prevent successful investments was highlighted, emphasizing the key importance of enhancing the national administrative aptitude and efficiency. If need be, Greece should hire more experts; fire some people if economic realities do not permit the creation of new positions; and hire new, able and enthusiastic experts that can perform the tasks required.

- One panelist probed, on a rather gloomy note, that 'if it took 20 years, with ample funding, to create 1 million jobs; how can we recover now, without money - and how fast - the over one million jobs lost in the past 5 years?' In response to the question posed, one participant suggested that it takes quite long to fill a barrel with water, but only one kick to empty it. Also, what became particularly clear in the context of the crisis is that the jobs that were reliant on the real economy, on solid production were not lost as easily; at least not to the same extent and not so fast. For example Italy's real economy and productive sectors absorbed much better the shocks of the crisis.

- The key is for the European investment programmes to reflect the needs of the people and to create sustainable jobs. People tend to go for the easy money, after the easy profit and this was particularly visible in Greece where a great part of the agricultural sector greatly undermined their competitiveness and the quality of the product offered – becoming increasingly reliant on EU subsidies.

–One member of the audience asked the panel where the EU deals with its competitiveness vis-à-vis the rest of the world.

–'Nobody is waiting for you' was the message according to one panellist who continued to suggest that building on the EU 2020 strategy, the Union and its member states must act and take initiatives to defend the cohesion policy and create growth. Advancing rapidly the Energy Union and the Banking Union as well as the Single Digital Market is important; and the same is true with respect to safeguarding the European aquit.

–A more critical speaker added that all too often instead of competing altogether as a Union against the global competition we compete against each other – an inwardness we must overcome in order to succeed on the bigger picture.



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Parallel Sessions (Dionysos Hall)

## GREEK PENSION SYSTEM AND AGEING DEMOGRAPHICS

An outlook on the conflicts between economics, politics, ageing demographics, incomplete reform efforts and the future of the pension system

Chair: **Susanna Vogt**, Head of Greece Office,  
Konrad-Adenauer-Siftung

**George Katrougalos**, Minister of Labor, Social Security and Social  
Solidarity of Greece

**Constantine Michalos**, President, Union of Hellenic Chambers  
of Commerce & President of the Athens Chamber of Commerce  
and Industry (ACCI)

**Panos Tsakloglou**, Prof. Int'l and European Economic Studies,  
Athens University of Economics & Business

**Margarita Antonaki**, General Manager, Hellenic Association  
of Insurance Companies

**Platon Tinios**, Assistant Professor, Dept of Statistics and Insurance  
Science, University of Piraeus, Greece



Over the course of the past 20 years, Greece has launched 22 pension system reforms. Of these, very few really grappled with the tough, pressing issues relating to the ageing Greek society and the inverting pyramid; the disproportion between the workforce and the pensioners; and none really succeeded in ensuring its viability and its sustainability<sup>10,11</sup>.

Instead, many previous reforms kept the clientalist state intact and used the state budget to cover the pension system's consecutive deficits. The pensioners have been considered as a reliable pool of voters by the Greek political elite which for years chose to allow the problem to escalate further.

Simply put, Greece which is the weakest link in the Euro-Area and has suffered from successive budget deficits is also running the expensive pension system in Europe amounting to 18% of its GDP in 2012. The diagrams below provided by one panelist are particularly telling. The country is spending excessively on pensions, and the pensioners are the only social group currently enjoying a minimum income scheme (minimum pensions; pensions for the uninsured; EKAS). In fact, as shown in the second diagram on the right, in relative terms, the elderly improved their position in the crisis (or seen from another angle, were protected the most).

- To a considerable extent, retirement age in Greece needed to harmonize with the European realities and recognize the unevenness between the active workforce and the pensioners as well as the broader demographic dynamics in Greece. As things stand the current pension system is imbalanced towards

<sup>10</sup> For greater context with respect to the dynamics and implications of the 'inverted' or 'inverting pyramid' and an apt comparative assessment please see the relevant World Bank Report by Schwarz and Arias (2014). In short, while this is a challenge that most European countries are facing, in Greece the picture is particularly discouraging.

<sup>11</sup> For a more in-depth picture of the ageing Greek society and the so-called Greek 'demographic bomb' please see Salourou (2015).

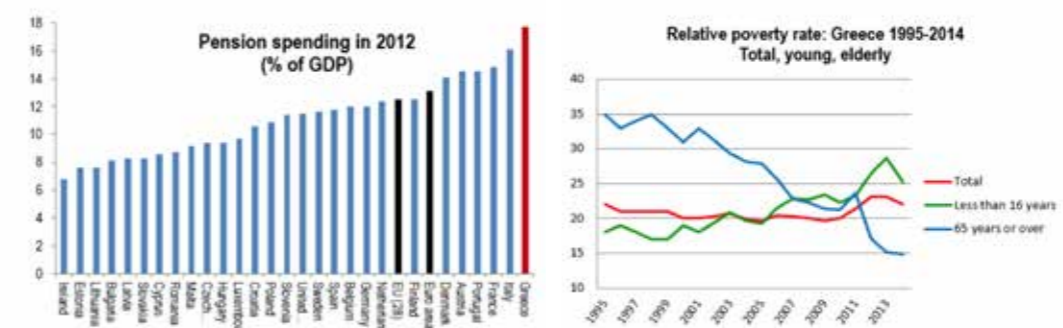
the current employees and in particular those in the private sector.

- According to one view, unreasonable contributions are being asked to support many pensioners which did not contribute to the system – not taking into account personal wealth. This leads to people avoiding to pay their contributions, since they do not expect to get anything in return, thus aggravating the pension system's problem and insolvency.

The growing disproportion of the so-called 'productive sector' vis-à-vis the so-called 'unproductive' consumers (pensioners and public employees) - aggravated by extensive unemployment, the closing of a substantial number of private businesses in the context of the crisis and the growing number of pensioners – can be clearly observed in Diagram I below.

- The older generation seems to be relatively protected by the reforms whereas the new generation is burdened extensively and disproportionately. The biggest issues encountered at the moment are unemployment and an ageing population leading to an unsustainable model where very few people are supporting the majority of the system.

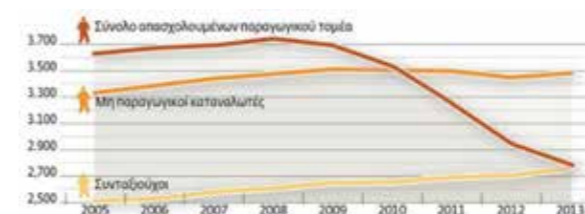
- Private pension schemes must be introduced as well to diversify the system, emulating other international examples where the pension systems and funds attract foreign investments and are assets and not existential liabilities.



**Diagrams F & G:** EU Pension Spending in 2012 as a percentage of GDP, and Relative Poverty Rate in Greece from 1995 to 2014 for the young, the elderly and on the whole.<sup>12</sup>



**Diagram H:** Percentage of the age groups 25-54 and 65+ as a proportion of the population 2013 to 2050 (projection)  
Source: Stratopoulos, 2016<sup>13</sup>



**Diagram I:** The total number of those employed in the 'productive sector' (private sector) (red line), the total number of 'non-productive consumers' (pensioners & public sector employees) (orange line) and the total number of the pensioners (yellow line).  
Source: Manos, 2015<sup>14</sup>

<sup>12</sup> As provided by a panelist.

<sup>13</sup> Stratopoulos, G., 2016. The Fiscal Dimension of the Social Security System. Protagon.gr [online]. Available from: <http://www.protagon.gr/scripta/editorial/i-di-mosionomiki-diastrasi-tou-asfaltikou-44341040175>. [Last Accessed: 10.04.16] (In Greek).

<sup>14</sup> Manos, S., 2015. The Dramatic Reality. Kathimerini.gr [online]. Available from: <http://www.kathimerini.gr/798213/opinion/epikairothta/politikh/h-dramatikh-pragmatikothta>. [Last Accessed: 05.04.16] (In Greek).

# STRATEGIES FOR MEDIA REFORM

Given the importance of media and communications to contemporary societies, democratic media reform is a milestone for modern politics.

Chair: **Popi Tsapanidou**, Journalist, STAR CHANNEL

**Theocharis Filippopoulos**, Chairman & CEO, Attica Publications, Greece

**Dimitris Maris**, President, Greek Online Publisher Association, Chairman, 24Media Group, Greece

**Domna Michailidou**, Economic Adviser, OECD; Centre for Development Studies, Uni. of Cambridge

**Fabrizio D' Angelo**, former CEO, Burda International and CEO Inti Consulting Sagl



- The new technologies, smartphones and social media in particular, have radically transformed the contemporary media environment.
- Today, there is effectively a live global coverage of all the news through the social media - therefore lessening the traditional work of the journalist.
- Advertising revenue towards the old / traditional media forms has greatly decreased, leading some of these near to bankruptcy.
- In a rapidly changing world, the modern, contemporary media need to embrace the technological changes and their implications in order to survive economically and remain relevant. For instance there is significantly more money to be found in digital advertisement.
- The greatest part of the income of the new media now comes through data mining and online transactions; and not through the actual selling of media content. For example, data harnessed through the social media can be used to predict election results with substantial accuracy, sometimes more effectively than traditional methods of polling - which we have seen failing so often over the past few years.
- In Greece, we are very much in need of an efficient, effective and truly independent authority responsible for the issuing of media licenses; this is a task that should not be performed by governments for reasons related to Media Freedom and the independence of the press.
- Issues of internet restrictions and other such interventions in the media in Europe were also discussed. These are indeed particularly key issues that are intensely debated in Europe - especially following the Turkish government's most recent media interferences and acts of censorship.

# RE-SKILLING THE WORKFORCE FOR THE DIGITAL AGE

An ever growing need for skilled workers and an even more quickly changing business landscape has led to an increase in skill gaps as mature economies face the challenge of high unemployment. The only rational approach to this challenge is to increase learning and development efforts in order to create a learning culture.

Chair: **Stamatis Zacharos**, Publishing Consultant, 24Media Group, Journalist, Athens 9.84 Radio

**Georgios Doukidis**, Professor of Management, Science & Technology, Athens Uni. of Economics, Greece

**Nikos Christodoulou**, General Manager, Group Chief Information Officer, National Bank of Greece, President, Greek IT Directors Association

**Byron Nicolaides**, President, Council of European Professional Informatics Societies (CEPIS), Chairman and CEO, PEOPLECERT

**Dionisis Kolokotsas**, Public Policy Director, Google, Greece

**Andreas Drimiotis**, Business Consultant

**Peggy Antonakou**, CEO, Microsoft, Hellas

**Anastasios Tzikas**, President & CEO, Federation of Hellenic Information Technology and Communications Enterprises (SEPE)

- The challenges and opportunities presented by the new technologies and the so-called 'digital age' are immense. The introduction of the new technologies in our daily lives and in the workplace is a great opportunity to re-educate the workforce. An opportunity to retrain the personnel - guiding our fellow citizens how to gainfully harness the advantages and benefits of these new technological capabilities. In other words, optimally adapting to the rapidly changing environment to maximize productivity. This is a great challenge, as it can be very difficult to train older people, but experience has shown that many of them have the willingness, thirst even, to learn.

- "The capacity to learn is a gift. The ability to learn is a skill. The willingness to learn is a choice".



- It is essential to change the current Universities' curricula and train our youth in the new technologies. In particular we have to start teaching programming from a young age and therefore diversifying and improving our youth's skill set from early on. Greece is currently at the very bottom of the European Digital Map. Greece must aim to climb and stay in the top 10.

- Moreover, this changing environment has presented us with a new challenge - the new generation prefers a more flexible working environment.

- Attracting global information companies, and the technology sector can help push Greece out of the crisis and catalytically promote employment. Geographical bounds are not as constrictive as they used to be in the past and a digital company based in Athens can have tremendous global penetration and reach.

- Greece has a very good supply of people with strong analytical skills, such as its pool of highly skilled and educated mathematicians and engineers which can be far more easily acquire cutting edge digital skills and aptitudes.

- The critical importance of programming was highlighted by most of the panelists. The bottom-line argument was that a great number of jobs can be created fairly swiftly in this rapidly growing and ever-vital sector. One participant took the discussion a step further, suggesting that with a comprehensive resolute strategy, up to 500.000 jobs could be created if Greece was to emerge as the 'Silicon Valley of Europe'.

- Greece's relatively cheap high-skilled workforce and large pool of talent can serve as an attractive feature for global investors, provide of course that the government fosters the appropriate environment for investors to identify and employ them.

- An intense debate followed vis-à-vis the limits of retraining and the difficulty of encouraging the use of the new technologies in a country that still overwhelmingly relies on a heavy paper-based and only now slowly 'digitalizing' its processes. More critical participants added that this slow transition and 'resistance' to the digitization of the public sector's processes is largely a conscious choice to retain some space for corrupt practices and exploitation. As the computerizing of all public sector processes will catalytically help in tackling corruption.



## THE NEW ENERGY ROADMAP – ENERGY EFFICIENCY AND CHOICES FOR THE REGION

SE Europe and Eastern Mediterranean  
regions have to face similar challenges.  
What are the necessary steps towards  
common solutions?

Chair: **Alexia Tasouli**, Diplomatic Correspondent, Mega Channel

**In Conversation:** Energy and Geopolitics in the Eastern Mediterranean

**Antonia Colibasanu**, Partner, Regional Director, Stratfor, "Honorary  
Adviser" Ministry of Energy, Romania

**Dr. Theodore Tsakiris**, Assist. Prof., Petroleum Geopolitics & Econom-  
ics, School of Business Uni. Nicosia

**Dr. Yannis Maniatis**, MP, former Minister of Environment,  
Energy & Climate Change

**Emmanuel Panagiotakis**, Chairman and CEO, Public Power  
Corporation, Greece

**Theodoros Kitsakos**, CEO, Public Gas Corporation (DEPA), Greece

**Steven Bitner**, Economic Counselor, U.S. Embassy, Athens Greece

**Anastassios Kallitsantsis**, Chairman, Hellenic Association of  
Independent Power Producers

**Athanasios Kefalas**, President, Greek Mining Enterprises Association



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Regarding the prospects for the creation of a new European Energy roadmap, it was emphasized that the member states remain the key geopolitical players. Pooling power can yield of course important advantages. A collective European stance and the completion of the EU Energy Union can help maximize bargaining power in a number of cases, especially with regards to the EU's energy demand. Questions of security and diversification of supply can also be best advanced through collective strategizing of the 'EU 28', under the EU umbrella; and a deepening in the EU security and defence sphere which can further facilitate the efforts of member states aspiring to become energy producers. Nonetheless, narrower national interests, individual anxieties of the member states and other national agendas will continue to present challenges and difficulties in achieving consensus on these pivotal questions.

- More political will, leadership and persistence is needed for the formulation of a comprehensive European Energy policy and the completion of the EU Energy Union.
- Energy and pipeline politics can serve as a potent geopolitical tool; a powerful source of hard power leverage. In our recent history so-called 'gas wars' have been carried out in Eurasia - and Eastern Europe in particular - to exert political pressure and influence and to promote the interests of the country controlling the flows.
- The new Energy roadmap is strongly influenced from geopolitical events in and near Europe such as the Ukraine issue and the Cyprus problem. In a difficult and ever shifting geopolitical map the EU is seeking to diversify its energy supply, and, primarily, decrease its dependence on Russian gas which passes through Ukraine.
- Although the (Israeli-) Cypriot gas seems like a good candidate to help augment the EU's security of supply, Turkey's role complicates the situation.
- In this context, it was argued that transporting Israeli and Cypriot gas supplies with pipelines via Turkey would not conclusively contribute to the goal of greater EU Energy security and diversification of supply; as, although dependency to Russian would be reduced, a new dependency to Turkey would be formed which has its own complications - such as the Cyprus problem, the complex Turkish agenda and the instability surrounding Europe's large neighbor. Moreover, this solution is not practical since there are no gas pipelines at the moment connecting Turkey with mainland Europe.
- Therefore, there is a growing need for Greece and Cyprus to formulate a common energy policy. This would increase the geopolitical power and influence of both countries and has the potential to help pull Greece out of the crisis. Creating a pipeline from Israel, via Cyprus, through Greece and then Italy bears comparable costs to those of a pipeline via Turkey but allows Greece to increase its geopolitical sway in the EU, and provides Europe with a more secure, stable and safe energy route than a pipeline crossing through Turkey.



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#### In Conversation:

Chair: **Giannis Politis**, Journalist, Action24

**Evangelos Venizelos**, former Deputy Prime Minister of Greece

- The government is enjoying constitutional legitimacy; it does not enjoy however political legitimacy. The pension reform they are advancing and the way they are advancing it for example; as well as the poor handling of the refugee crisis, greatly exceed this government's election platform and mandate, but also its capabilities.
- The government, unable to solve these issues alone, instead of requesting greater cooperation and pursuing wider consent, is becoming more hostile against the social groups that it does not consider its 'electoral audiences' and towards other political parties – polarizing the political system at a time when the key prerequisite is the upping of stability.
- There is a need for the integration of the political space between New Democracy and SYRIZA; adopting clear positions will be an essential factor in the equation.
- The capital controls actually kept the economy standing as there is no foreign investment and our current financial system would have collapsed otherwise.
- What we are seeing today unfolding in Greece is not just a simple political strategy. It is ideology which is at work here – an attack on the internet and the media; and a challenge of the other independent checks and balances as well, with worrying interventions in the justice system.
- There is no Schengen exit issue, the issue is that Greece will have to carry all the difficulties and burdens of the Schengen together with all the disadvantages tight border control. Similarly, the issue is not to prevent a Grexit; the key issue is to evade Bankruptcy and economic collapse.



#### In Conversation:

Chair: **Ioannis Politis**, Journalist, Action24

**Adonis Georgiades**, Vice-President of Nea Demokratia party

- There can be no 'ecumenical' or 'grand-coalition' government with SYRIZA and ND at its core. The two parties have completely different agendas. The constant clash of the two – opposing effectively – ideologies and agendas will impede anything from being done.
- The first review of 'SYRIZA's MoU' should have been finalized by now; SYRIZA wants to follow a program that it does not actually believe in – and openly says so, without paying the political cost. As time passes the performance and prospects of the Greek economy deteriorate and the reforms needed are becoming more costly.
- SYRIZA has no ideology. This party is willing to vote anything just to stay in power. This is why this government is losing political capital rapidly; the government has no credibility.
- Grexit will occur in July if the Programme Review does not get finalised fast.
- Is Austria our new enemy? The meeting in Austria without Greece should not have happened. But Greece should not have recalled its ambassador, this was self-defeating.
- Minister Tasia Christodouloupoulou and Prime Minister Tsipras consciously and deliberately changed the national migration policy. They opened the borders with the known results. See the comments of Minister Panousis who was warning them of the consequences, the expected sheer increase in the numbers of the refugees, the risk of getting pushed out of the Schengen and so forth. His calls were not heeded. The government opened the borders to all, deliberately conflating henceforth irregular economic migrants with refugees and asylum seekers with legitimate claims to protection.
- The SYRIZA government unilaterally opened the Greek borders; and the others unilateral closed their borders with Greece. We need to control the influx; SYRIZA is not fully in touch with reality. Migration flows are like river flows, if you lift the river damn the water will flow faster.
- SYRIZA and Tsipras, in the run-up to the 2014 election were like the 'Helen of Troy'. In the Iliad, Homer never describes Helen's characteristics; therefore every reader imagines Helen as he/she would like her to be. This was Prime Minister Tsipras in 2014: you wanted the ENFIA tax on property – you voted Tsipras; you wanted out of the MoU – Tsipras was your candidate; you wanted in the heart of Europe with no responsibilities and costs – you voted Tsipras. SYRIZA had promised everything to everyone and in Tsipras everyone could see whomever he wanted to see.

## THE CHALLENGE OF GREECE'S FISCAL CONSOLIDATION AT A GLANCE

There is a growing consensus for the necessity for restoring public finances as it is prerequisite for sustainable economic growth. What are the next steps towards restoring sustainable finances and implementing credible fiscal consolidation strategies and plans.

Chair: **Constantinos Bogdanos**, Journalist, SKAI TV

**Christos Staikouras**, MP former Alternate Minister of Finance, Greece

**Panagiotis Liargovas**, Coordinator of the Parliamentary Budget Office, Greece

**Nicholas Theocarakis**, Chairman & Scientific Director, Centre of Planning & Economic Research (KEPE)

**Katerina Savvaidou**, former Secretary General of Public Revenue, Ministry of Finance, Greece



- Greece was extremely hard hit after 2009 because of its chronic problems, its national structural weaknesses, the absence of a solid and sustainable productive economic model and, overall, because of its vulnerability in the absence of ample EU and government subsidies and other support funds.

- The broader economic cycle needs to be taken into account when estimating the fiscal targets. To successfully overcome the crisis, fiscal consolidation needs to be accompanied by targeted reforms that can help foster positive growth dynamics in the short-medium run. This is particularly critical in order to counter fiscal and structural adjustment's negative implications in the short-term which may encompass a deepening of the recession and unemployment. In short, these heavy recessionary adjustments worsen economic performance in the short-run but improve the long term growth prospects and outlook.

- To achieve medium and long-term fiscal and macroeconomic stability, we need: a) greater political cooperation; b) a more stable and well-functioning banking environment; c) to protect and ensure social cohesion and harmony; d) a far reaching tax reform followed by a cross-party commitment for stable taxation for the next 5 years; e) a decisive, final pension reform that will ensure its sustainability; and f) the best possible management of the public assets. In parallel to the MoU, we must launch a national programme geared at maximizing productivity, employment and the attraction of investments – national, from the diaspora, European and global.

- In 2014 the country was enjoying a primary surplus and positive growth fol-

lowing the successful implementation of targeted reforms; the government paid the 2/3 of its debt to the private sector and overall there was a great improvement in the macroeconomic performance of the economy and the solid beginnings of the recovery. This auspicious trajectory has been since interrupted.

- The issue with the majority of the austerity policies enforced in Greece was that they were largely underpinned by 'horizontal' policies and measures. For example, a proportional reduction in the pensions over 800 euros; not the vertical removal of skewed regimes such as the extremely high pensions of certain syndicalist groups, the benefits for the unmarried daughters of military and police officers and so forth. The austerity reforms in Greece did not promote social justice. They were 'money-making' policies for the state to 'fill gaps' and close certain 'holes' in its budget to pass the reviews. More horizontal austerity will only lead to greater recession and more debt.

- In fact, expectations are critical for the growth of the economy; pervasive negative expectations are currently perpetuating the crisis and stalling the recovery. Another major mistake is the emphasis on tax increases. The 70% of adjustment should come from primary spending cuts and only 30% from tax increases. Today, although Greece's taxation levels are higher than the EEA and EU average, tax revenue has been on the decline after 2012. Along similar lines, one speaker added that consecutive tax increases produce long-term issues – slowing down growth and hindering business and economic activity and development. In other words, they have a sharp, direct, impact on the GDP, dragging it down and undermining productivity and inhibiting growth.

- One participant took issue with what he thought as attempts to imply a consensus on the panel of a growing popular dissatisfaction with SYRIZA's economic policy, suggesting that the government has tried to protect the vulnerable and the weakest societal groups in Greece many of which have suffered disproportionately from the crisis. In some ways, it can indeed be argued that SYRIZA has chosen to shift as much of the new adjustment weights possible to what it perceives as 'higher incomes'.

- According to one speaker, the Eurogroup is a notable example of power without responsibility; and there are quite a few institutions of governance with such characteristics today (G7/8? G20?).

- We need a robust growth policy, coupled with fiscal prudence and a broadening of the tax base. The broadening of the tax base will allow for the lowering of the taxes for all and it will simultaneously help foster a feeling of greater social justice.

- Successful fiscal adjustment depends upon a country's economic power, the well-functioning and resilience of its economic structures, the resilience and the resolve of the society, the political will and the access to external financing via the global markets.

- Greater transparency is also a critical factor that too often Greek governments promise but fail to deliver. But transparency is not just a political slogan. It is primarily a means to earn trust, restore credibility, regain lost confidence, and improve one's perception and image and so forth.

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## WIDENING THE COOPERATION BETWEEN DIASPORA AND HOMELAND

Highlighting policy measures and feasible strategies that can foster the development of effective and sustainable institutional cooperation between Diaspora and homeland.

Chair: **Athanasios Ellis**, Senior Editor & Columnist, Kathimerini  
**Ioannis Amanatidis**, Deputy Minister of Foreign Affairs of Greece  
**Thomas Katsiantonis**, President, World Hellenic Inter-Parliamentary Association (WHIA)  
**John Sitolides**, Principal, Trilogy Advisors LLC  
**Harry Papasotiriou**, Director & Chairman of the Board, Institute of Int'l Relations, Greece



On the discussion regarding the cooperation between the Greek diaspora and the homeland it was widely agreed upon that the Greeks abroad are not assisted or guided in any consistent, constructive or effective way by the Greek state to promote the country's interests around the world.

Although the eminent and powerful on its own merit Greek diaspora is largely willing to voluntarily spend time and money to lobby for Greece, the absence of proper guidance by the Greek state often leads to a loss of interest and, in some cases, misunderstandings and even counter-productive lobbying. For example, there are some Greek diaspora groups whose lobbying line for the so-called 'Name Issue' with FYROM is that 'no composite name including the term 'Macedonia' will be ever accepted' – when in fact the national negotiating line has greatly shifted since then.

The internal political situation in Greece, underlined by the lack of stability and continuity, coupled with the complications produced by the various party interests, politics and dynamics – often result in these efforts by the Diaspora becoming increasingly sporadic and less operative. A consistent, up-to-date strategy must be regularly communicated to the Greek lobbies abroad and the diaspora. This will allow for more effective lobbying for the Greek interests

and issues and, greater pressure on the key 'national issues' of Greek-Turkish relations, the 'Name Issue' and the Cyprus Problem. In this list one may add today the economic crisis.

The powerful institution of the Orthodox Church is an important contributor to Greek influence abroad. It has a solid presence and a powerful global network. Crucially, in many cases, the Church is serving as the main link between the diaspora and the homeland. The role of the Church is increasingly more important for 2nd and 3rd generation Greeks, as this is very often, their only connection with Greece. Through the Greek Orthodox Church, they are able to stay connected with their Greek heritage and feel Greece as part of their inheritance.

To harness the full power of the Greek diaspora, it should a) be allowed to vote, and b) be assisted in its efforts to invest in Greece. If we want the Greeks living internationally to work as 'investment ambassadors' for Greece, they have to firstly invest themselves. Otherwise, it might be rather hard for them to be persuasive in inviting others (foreign nationals) to invest. Although many members of the Greek diaspora express their keenness to invest in Greece, they also express their concerns about the levels of corruption, the lack of transparency and the extensive instability that characterises the country. Widespread political instability and the fact that too often, inappropriate, unfit and under-educated people hold important relevant public offices makes international investors more apprehensive when faced with the prospect of investing in Greece. In other words, persuading foreign investors to come to Greece, is a hard task if the former are seeing that the Greeks themselves are reluctant to invest.

Importantly, the diaspora is also a promoter for Greek trade since a lot of the Greek products are bought, advertised and consumed by the Diaspora, boosting Greek exports.

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## EDUCATION REFORM: A PRIORITY FOR A BETTER FUTURE

No country can achieve sustainable economic development without substantial investment in human capital. As difficult as the current economic crisis is, it is important not to lose focus on the importance of education and to start addressing some of the problems that have long plagued the nation's education system.

Chair: **Yannis Perlepes**, Chief Editor, NAFTEMPORIKI S.A.

**Marietta Giannakou**, former Minister of Education, Religious Affairs, Health, Welfare & Social Security

**David Horner**, President, The American College of Greece

**Thanos Veremis**, Professor of Political History, University of Athens, Greece

**Efstathios Efstathopoulos**, Associate Professor, Medical and Radiation Physics in Medical School, University of Athens (NKUA)

**Georgios Doukidis**, Professor of Management, Science & Technology, Athens Uni. of Economics, Greece

The Greek Educational system and Greek 'education' at large is very often faulted for a range of problems. Clientalism and corruption; a wide-ranging disrespect towards rules and laws; a feeling of unaccountability; a mistrust and negative attitudes towards authority and the central state – these are only some of the problems that the absence of good 'education' in Greece is thought responsible for.

Education is vital for growth; it affects social attitudes vis-à-vis entrepreneurship, productivity, the desire to succeed and excel, the desire to innovate and the courage to take initiative. However, very few people see the Greek educational system as the hub where these attitudes can be (co-)nurtured. The Greek educational system is in many ways undermined both internally and externally. Internally, by its members that do not respect it from the very early stages of their education; and teachers that approach their classes superficially ('covering the material') and not in-depth seeking to affect and engage the personality, individual skills and capabilities of each student. Externally, by a state and a business community that do not decisively invest in the creation of an exportable, internationally competitive and nationally advantageous educational system.

Over the past 15 years we have had substantial investments in the Greek educational system's infrastructure. But the legislative revisions required to allow the creation of Greek Private Universities were never completed. This is problematic in the sense that Greece is in a privileged position to start thinking along the lines of exporting education. Not least due to its historical brand and legacy - from the ancient Greeks; its leading global position and well-known tradition in the shipping industry; its Tourism Brand; and its leading, internationally distinguished, academics. For instance, it is unthinkable not to have a series of internationally competitive and acknowledged bachelor and master programmes in mathematics, history and philosophy, archaeology, shipping, hospitality and tourism, medicine and healthcare – to cite a few. International students graduating from these programmes will foster closer ties with our country, visit it with friends and family regularly and become global ambassadors.

But also there are a number of hubs in public universities – where leading innovation is taking place and exportable academic programmes can be set



up. Arguably, it would be particularly helpful if all Greek research papers were published in English or at least concurrently translated in English so that the international research community can keep track of and engage with the progress and the findings of the Greek community.

- Teacher performance and teaching standards must be systematically reviewed and evaluated. The teaching material and the breadth of capabilities fostered in the Greek schools must be fully up-to-date and on par with the leading EU standards.

- The so-called 'University asylum', the role of extremist wings in the Greek Universities, the destruction of University (public) property and criminal activities under the 'veil' of the 'asylum' are chronic problems of the Greek educational system that have not yet been fully addressed. Addressing them is key in order to foster a new culture in the Greek Universities and a breakthrough from the past.

- The 'Giannakou' and then the 'Diamantopoulou' reforms were steps in the right direction. Steps now partially reversed and partly threatened by the educational reforms currently advanced that move to the opposite direction of the reforms the country and the educational system require.



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# Conclusions

These are defining moments for the future of Greece and Europe in the context of an increasingly uncertain and tough regional and global environment. The resilience, fortitude and cohesion of Greece and the EU is being tested vigorously. Their economic prosperity is challenged, and their internal and external security threatened. Given this difficult and adverse context, identifying the principal dilemmas and the underlying challenges was of pivotal importance. The first Delphi Economic Forum successfully completed this exercise. Moreover, the beginnings of a road-map indicating how to best address these challenges also originated, thanks to the in-depth set of proposals and policy suggestions tabled.

Greece seems to be suffering from a 'poly-crisis', facing all the European crises together: economic and refugee; credibility and confidence; populism and extremism; instability and uncertainty; lack of steadfast political leadership and a failure to inspire the society. Building on these observations, the DEF participants discussed and identified the critical reforms required to restore stability in the economy and the political system; external credibility and trust; but also the identity and value-related questions that need to be answered in order to stabilise the Greek society – without the agency and participation of which the country cannot move forward.

The path to stability and the return to growth requires among others: a) continuity in governance; b) stability in the taxation regime and the rules of the game; c) greater political cooperation and consent – and if possible an 'ecumenical', grand-coalition, broad-majority government for a fixed number of years; d) decisive reform of the social security system; e) a better, faster and more efficient public administration; f) a better functioning judicial system that must proceed faster and more effectively with the administration of justice; g) a clamping down on unnecessary laws, red tape and bureaucratic complexities and hindrances; h) the broadening of the tax base and diminishment of the shadow/underground economy; i) constitutional review when the timing is appropriate to increase the stability of the political system and increase the continuity of the Greek governance; as well as j) targeted growth-boosting reforms to counter the negative implications of fiscal consolidation.

To best sketch out the path to recovery, the participants of the DEF extensively assessed the obstacles to Greek entrepreneurship and the attraction of do-

mestic and foreign investments. Clearly, without new, strategic and productive investments, coupled with a series of measures boosting entrepreneurship, we cannot break out of the impasse. The stability of the Greek banking system must also be restored, addressing the issue of the NPLs and reinforcing the banks. In turn, the Greek banking system must then rise to the task of channelling much-needed liquidity and funnelling EU investment funds (e.g. EIB, EFSI, structural and NSRF funds). Furthermore, to attract international funding, highlighting the national success stories is vital. Scaling up and multiplying these success stories, along with the imperative need to build on Greece's comparative advantages, is an important part of the recovery compass. In this context, Greece can, and, in fact should, strategically cultivate and harness the full power of the Greek diaspora.

The global geo-economic and geo-political context is not helping. Greece must act fast and decisively to protect its 'national issues' and advance its vital interests. In parallel, it must avoid at all costs their linkage to the Third Programme's Review Process and, overall, any economic adjustment negotiation. The question of what will Greece and Europe offer and produce on the increasingly competitive global map was also extensively debated in the context of the Forum. The competitive advantages of Greece were carefully assessed to come up with a series of targeted proposals. Europe as a whole however, needs to answer this question urgently, collectively and decisively. This exercise perhaps holds the key to remedying many of Europe's asymmetries and imbalances.

The refugee crisis and the regional and global challenges have far-exceeded not just our national structures and capabilities, but those of the EU as well. Both Greece and Europe are called upon to adopt far-reaching reforms in order to embark on a steady growth path and secure a powerful and safe position on an increasingly uncertain, unstable and dynamically shifting global chessboard. Clearly, on this new global landscape, the interests, security and prosperity of Greece and the other member states can be best advanced through deeper integration, closer cooperation and a more powerful Union. External and internal security challenges, pivotal questions of economic and energy security, terrorism and irregular flows – the whole list of the preeminent challenges the EU's member states are facing can be addressed more effectively and efficiently collectively than individually.

# List of Diagrams

**Diagram A:** The loss of national wealth in the period 2008-2016 in real terms; the country is seeking to exit an unprecedented and extended recession.

**Diagram B:** Gross domestic spending on Research and Development as a percentage of GDP (2004-2012)

**Diagram C:** GDP per capita 1994-2030 (working hypothesis and projection).

**Diagram D:** GDP growth and Austerity

**Diagram E:** Increased Debt Ratio and Austerity

**Diagrams F:** EU Pension spending in 2012 as a percentage of GDP;

**Diagram G:** Relative Poverty Rate in Greece from 1995 to 2014 for the young, the elderly and on the whole.

**Diagram H:** Percentage of the age groups 25-54 and 65+ as a proportion of the population 2013 to 2050 (projection)

**Diagram I:** The total number of those employed in the 'productive sector' (private sector), the total number of 'non-productive consumers' (pensioners & public sector employees) and the total number of the pensioners.

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# Endnotes and Clarifications by the Editor

A) With respect to the question of debt sustainability, the debt to GDP ratio has been seen as a parameter of critical relevance. However, the debt to GDP measurement is a particularly dynamic equation. For instance, there are several growing economies with worse macroeconomic indicators than Greece, more indebted, whose debt is however considered by the markets as sustainable. For greater context please see the IMF perspective, available from: <https://www.imf.org/external/pubs/ft/dsa/> and in Belhocine and Dell'Erba (2013), available from: <https://www.imf.org/external/pubs/ft/wp/2013/wp1393.pdf>; Roubini (2001), available from: <http://people.stern.nyu.edu/nroubini/papers/debtsustainability.pdf>; and for a broader, comprehensive and more technical account see D'Erasmus, et. al., 2015, available from: [http://www.sas.upenn.edu/~egme/wp/HandbookDraft\\_0413.pdf](http://www.sas.upenn.edu/~egme/wp/HandbookDraft_0413.pdf).

B) Clarification: the Diagrams presented by the DEF panelists are not necessarily presented in this report under the same panel as the one originally presented on. This is due to the emphasis placed in each panel discussion, the focus and the insistence on some points which in some cases suggested that the Diagram's value and relevance might be best highlighted in the context of a different section of the report. As the editor and the rapporteurs had the holistic view, they carefully reviewed the graphs and tables presented and provided and tailored some of them in the report to highlight certain points.

# Bios of the Rapporteurs

## **Pavlos Efthymiou**

Currently finishing his PhD in Politics and International Studies at the University of Cambridge, Pavlos holds an MPhil in International Relations from the same University and a first-class honours BSc in Politics with Economics from the University of Bath. Pavlos has worked with a number of Think Tanks in Athens, London and Brussels, and has been working with the China-UK Development Council since 2012 where he has done extensive project organization and management. Since 2014, he has been working as an adviser for the Hellenic Entrepreneur's Association (EENE). Pavlos has taught in numerous academic programs in the UK and Europe, including competitive programs of leading University Colleges in Cambridge and Oxford. He has work experience in diplomacy, business and policy consulting, and systematically writes Op-Eds on current events.

## **Iacovos Sterghides**

Iacovos is a London-based market risk analyst and consultant. He holds a bachelor's degree in Mathematics from St. Edmund's College, University of Cambridge and a master's degree in Risk Analysis from Imperial College London. Iacovos has served as an Officer in the Cypriot National Guard, completing a big part of his service in Greece. He has extensive work experience in the UK and European banking sector and is currently working in one of the leading UK banks on economic, market and risk management issues. He joined and contributed to the Delphi Economic Forum (DEF) in his individual capacity.

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