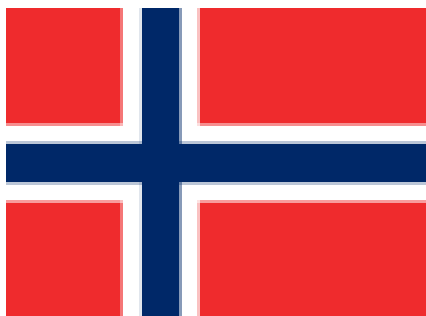


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## **ACADEMIC PROOF THAT ETHICS PAYS ABRIDGED VERSION**

THE MOST ETHICAL COUNTRIES ARE THE MOST PROSPEROUS AS  
ASSESSED BY CORY'S INDEX OF MAIN INDICES OF PERFORMANCE

JACQUES CORY

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## EXECUTIVE SUMMARY

In my book "Ethics Pays", I proved that the most ethical countries in the world, according to Transparency International (TI) Corruption Perceptions Index, are also the best countries according to the most salient parameters of performance, tangible and intangible, in data and values as well. However, I was often asked how I can assess such an unequivocal conclusion according to fifty different parameters with results which are not always identical. Many unethical businessmen and politicians are trying to refute once and again that ethics does pay, as we have to live according to the laws of the jungle, to Machiavellian precepts, the survival of the fittest (the crookiest?), that sustainability is a myth, that the company has only one purpose to maximize profits, that the most profitable companies are also the most corrupt, etc.

I have therefore decided to devise an index that I have called Cory's Index, which integrates 50 of the most salient parameters and gives a common determination to the performance of countries. I calculate the average ranking of every country in all those parameters, the most salient and unequivocal, devised by the most objective organizations, in the same period, with a large number of countries in every table. As the countries with the best ranks and scores are also the most ethical and have a very strong statistical correlation it proves my thesis that Ethics Pays. I am aware that in the middle the results may vary, but my theory is assessed at least with the most ethical countries in the world. That is what I have proved with my new Cory's Index, the integral index, and I analyze in this dissertation the results that I have found.

Cory's Index comprises 50 parameters – tangible and intangible, data, values, quantitative and qualitative, with a balanced distribution between its components. To the best of my knowledge no other index comprises such a varied and large list of parameters and it gives in the most salient way the status of the country from all its angles, based on data gathered by the best sources – UN, CIA, World Economic Forum, World Bank, and well-known institutes.

The 50 parameters are: GDP Per-Capita, GDP – Gross Domestic Product, GDP Growth Rate, Industrial Production Growth Rate, Gross National Saving, Budget Surplus or Deficit, Net Government Debt, Inflation Rate, Current Account Balance, Quality of Overall Infrastructure, The Size of the Shadow Economy, Global Competitiveness, Market Value of Public Traded Shares, International Innovation, Patent Applications, Ease of Doing Business, Financial Development, Commercial Bank Prime Lending Rate, Soundness of Banks, Credit Rating, Globalization, Networked Readiness, Median Per-Capita Income, GDP Per Hour Worked, Income Inequality/Distribution of Family Income/Gini Index, Gross National Income (GNI) Per-Capita, Distribution of Wealth/Wealth Per-Capita, Unemployment Rate, Health Expenditure Per-Capita, The World's Health Systems, Education Index, Culture and Media Composite Parameter, U21 Ranking of National Higher Education, Human Capital Index, Human Development Index, Inequality Adjusted Human Development Index, Newsweek's World's Best Countries, The Economist's Where to Be Born Index, Global Wellbeing Index, Gender Inequality, Percentage of Population Living in Poverty, Ranking of Happiness, Democracy Index, Social Progress Index, Global Peace Index, Fragile States Index, Index of Economic Freedom, The Human Freedom Index, Press Freedom Index, Environmental Performance Index. In tables where the "best" countries have the lowest rank (170 or so), as for example the level of inequality, I have reversed the ranks giving the most equal countries the highest rank (1 to the lowest inequality and so on). I am systematic in this respect that I perceive as the best (a rank of 1) – a country with the most favorable parameters: highest GDP per capita, happiest, the best democracy, the most peaceful, the lowest poverty, the highest equality, development, freedom, sustainability... I have kept academic rigor, without "extenuating circumstances", and in case of doubt I opted towards the most conservative

solution. Even if some parameters were "unfair" towards ethical countries, such as growth rates, due to special circumstances, such as the Great Recession, I included them in my Index, in spite of the negative impact on the results, without any manipulation in my choices.

I compare Cory's Index to Transparency International's Corruption Perception Index in 2014. I have found in my analysis of TI indices over the years that there are very few changes in the ranking of the most ethical countries, but as I wanted that the periods surveyed would concur as much as possible to TI's Index, I have managed to include in my Integrated Index the most recent data, mainly from the last decade, and in most of the cases for the period of 2012-2014. We have included in Cory's Index most of the parameters that were part of my book "Ethics Pays", but we have added a few additional parameters in order to render the Index as balanced as possible, and included only parameters with rankings in order to find the average ranking, as when there are no rankings we cannot analyze the data statistically as we have done.

When I started to write my book *Ethics Pays* and this dissertation I had no idea if I'll succeed to prove that the most ethical countries according to Transparency International's Corruption Perceptions Index have also the top ranks in the composite index of the main characteristic parameters. After choosing the parameters and analyzing them I reached the conclusion that for the first time there is an academic proof at the macro level of countries that Ethical Countries obtain the top performance in the composite index of all the parameters with a very strong correlation. I figured that if I'll find that there is a clear correlation between the two indices I'll prove my thesis, but I never figured that all the first 13 countries in TI's Index, the Top 13 ethical countries are exactly the same as the first 13 countries in Cory's Index: Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg, Canada, Australia and Germany; with one exception – the last one of TI's Top 13 Iceland is in Cory's Index ranked 23, while the country ranked in TI's 2014 Index in no. 23 Austria is in Cory's Index ranked 9. This exception is analyzed at length in my book.

The score of each country in Cory's Index is computed by finding the average ranking of each country in all the 50 parameters. The best ranks in Cory's Index are attributed to the countries with the highest average ranks, as the best countries ranked 1, 2, 3 have also the highest ranks. Cory's Index is of course not the only Index that can integrate 50 or more parameters about the performance of each country into one parameter. Other scholars may devise similar or different parameters in order to validate or refute my thesis that "Ethics Pays". The subject is so important, in view of the deterioration of ethics in today's economy and the Great Recession, that I'll be honored and welcome prominent professors, authors, politicians, businessmen, economists, prominent people, universities, newspapers and organizations to cooperate with me or devise surveys, researches, parameters and indices of their own

In TI's Index the ranking is attributed according to the highest scores that the countries obtain and Denmark ranked no. 1 (the highest rank is of course the best result with the lowest numerical value) has the highest score of 92. I was not satisfied with those results and I validated them by finding the average ranks for the best ethical countries since the first year of TI's Index – 1995 and until 2015, 21 years overall. Yet, I remained with the basis of 2014 for TI's Index, since I have chosen it as the basis of my computations in my book *Ethics Pays* because it concurs most with the average years of computation of the parameters that I have chosen. The first 11 countries in TI's Index in 2014, the most ethical countries with scores of 80 to 92, are exactly the same countries as in TI's average indices for 21 years, with one exception – Luxembourg is no. 9 in 2014 and no. 12 on the average and Iceland is no. 6 on the average and no. 12 in 2014. There are of course differences within the group but those differences are rather small in 4 countries (1, 2, 3, 4) and the ranks are identical in 6 countries. In the category of very ethical countries (12-20) there is 1 gap – Belgium, and in the category of the ethical countries (21-38) there are 6, but as a rule the ranking of the 38 most/very and



ethical countries in 2014 is similar or almost identical to the average ranks in most of the cases, which we wanted to validate in order to ensure that the ranking of the ethical countries in 2014 should be the basis for comparison to Cory's Index, while the ranking in 2014 is more compatible to the rankings in Cory's Index and in its 50 parameters comprised in the Index.

There are of course absolute differences between TI's Index and Cory's Index within the group of the Top 11/13, Top 20 or Top 38 most ethical, very ethical and ethical countries. In order to analyze a group which is large enough to validate statistically, we didn't calculate the differences in the subcategories of ethical countries but in all the 38 most/very and ethical countries in TI's Index in 2014 scoring 60 and more which includes all the ethical countries. There are many ways to analyze those differences in order to find if there is a correlation between the two indices. I analyzed it by finding the Spearman's rank correlation coefficient. In statistics, Spearman's rank correlation coefficient or Spearman's rho  $\rho$ , is a nonparametric measure of rank correlation (statistical dependence between the ranking of two variables). It assesses how well the relationship between two variables can be described using a monotonic function. In mathematics, a monotonic function (or monotone function) is a function between ordered sets that preserves or reverses the given order. This concept first arose in calculus, and was later generalized to the more abstract setting of order theory. The Spearman correlation between two variables will be high when observations have a similar rank, relative position label of the observations within the variable: 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, etc., or identical for a correlation of 1. If the ranks in the two tables are identical the correlation is 1 and the closer the rho is to 1 the higher is the correlation, which is set according to the distance from 0.

The formula of the Spearman's rank correlation coefficient is:

$$r_s = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}.$$

- $d_i = \text{rg}(X_i) - \text{rg}(Y_i)$  is the difference between the two ranks of each observation.
- $n$  is the number of observations

In our case we calculated the sum of the squared differences between the ranks of each one of the 38 ethical countries in Transparency International's Index and in Cory's Index, between the ethical performance/low corruption and the qualitative/quantitative performance of those countries (20 out of the 38 have a minimal difference between 0 to 4 and 5: 5-6):  $16 + 9 + 1 + 9 + 49 + 4 + 16 + 4 + 196 + 9 + 64 + 9 + 121 + 1 + 4 + 1 + 324 + 16 + 4 + 36 + 36 + 225 + 121 + 1 + 144 + 25 + 1 + 4 + 36 + 81 + 0 + 225 + 4 + 169 + 16 + 144 + 36 + 64 = 2225$ .

The squared number of countries is 1444 (38x38). The rho is therefore:  $1 - 6 \times 2225 : 38 \times (1444 - 1) = 1 - 13350 : 54834 = 1 - 0.243 = 0.757$ , which is a very good correlation, very close to 1. Rho values from 0.75 to 1 point to very good to excellent correlation between the variables, with very strong relationship, and we have received here a Rho that is higher than 0.75.

The very high correlation is due to the fact that the difference between the ethical and prosperity rankings of almost all the ethical major economies as well as the smaller ethical countries is quite low, proving statistically for the first time that Ethics Pays in the level of countries when we compare the ethical and prosperity performance of the ethical countries, which measures qualitative and quantitative prosperity in 50 parameters of GDP, happiness, social progress, democracy, innovation, human development, peace, indebtedness, equality, employment, ecology, etc. In a nutshell – the ethical countries have the best quality of life!

# INTRODUCTION

In my book "Ethics Pays", I proved that the most ethical countries in the world, according to Transparency International (TI) Corruption Perceptions Index, are also the best countries according to the most salient parameters of performance, tangible and intangible, in data and values as well. However, I was often asked how I can assess such an unequivocal conclusion according to fifty different parameters with results which are not always identical. Many unethical businessmen and politicians are trying to refute once and again that ethics does pay, as we have to live according to the laws of the jungle, to Machiavellian precepts, the survival of the fittest (the crookiest?), that sustainability is a myth, that the company has only one purpose to maximize profits, that the most profitable companies are also the most corrupt, etc.

I have therefore decided to devise an index that I have called Cory's Index, which integrates all the salient parameters and gives a common determination to the performance of countries. But other scholars may devise indices of their own that will integrate similar or different parameters and try to validate/refute with an academic/statistical proof that Ethics Pays. After reading hundreds of books on business ethics, capitalism, economic theories, and consulting well-known experts, I am convinced that the parameters that I have chosen are the most salient, and it really does not matter if they are 50, 44, or 55, but they are very numerous and very diverse, they are based on data and on values, they are tangible and intangible, and most of all I have found a way to integrate all of them in one ultimate integral index, Cory's Index.

I calculate the average ranking of every country in all those parameters, the most salient and unequivocal, devised by the most objective organizations, in the same period, with a large number of countries in every table. If the countries with the best ranks and scores are also the most ethical it proves my assumption, and vice versa if the countries that have the worse ranks and scores are also the most corrupt it proves my point. I am aware that in the middle the results may vary, but my theory is assessed at least with the most ethical and unethical countries in the world. That is what I have proved with my new Index, the integral index, and I analyze in this dissertation the results that I have found, bringing also as a backup – the results and tables that I have included in my book "Ethics Pays", as well as data on the states.

I have omitted from the parameters those that included very few states or only part of the world as OECD, mostly less than a hundred, as it might have distorted the rankings, giving to corrupt countries average ranks of 30 just because only 30 countries were surveyed. But I have included few (4) and important parameters where I had only 50-80 countries, assuming that the distortion will be minimal, as most of the parameters include 150-200 countries, and the average number of countries surveyed is similar to the number of countries in TI's Index – 175. I have not computed any ranking of parameters, as I rely on the best sources, as CIA, UN, World Economic Forum, and well-known organizations. My only contribution is in analyzing the ranking of those parameters with an ethical prism and devising Cory's Index.

Some of the tables include dependencies and microstates (a population of less than 50000). For example in the table of GDP per capita we find in: no. 2 the microstate Liechtenstein, no. 4 the dependency Bermuda, no. 5 the microstate Monaco, and up to no. 20 we find the dependencies: Jersey, Falkland Islands, Isle of Man, Guernsey, Cayman Islands, Gibraltar. But as the TI index does not include those states it does not distort effectively the findings as we don't include them either in Cory's Index. The only exceptions are the dependencies Puerto Rico, Hong Kong and Macao rated by TI. I have tried to include in Cory's Index all the parameters surveyed in my book Ethics Pays, but as we make a statistical survey, I had to find the right balance between tangible, qualitative, quantitative, values and data parameters.

In tables where the "best" countries have the lowest rank (170 or so), as for example the level of inequality, I have reversed the ranks giving the most equal countries the highest rank (1 to the lowest inequality and so on). I am systematic in this respect that I perceive as the best (a rank of 1) – a country with the most favorable parameters: highest GDP per capita, happiest, the best democracy, the most peaceful, the lowest poverty, the highest equality, development, freedom, sustainability... I have kept academic rigor, without "extenuating circumstances", and in case of doubt I opted towards the most conservative solution. Even if some parameters were "unfair" towards ethical countries, due to special circumstances, I included them in my Index, in spite of the negative impact on the results, without any manipulation in my choices.

We considered not including in our index growth rates, as it would be unfair to compare the growth rate of developing countries that have to grow immensely in order to reach the level of development of developed countries, which are growing at a very low level of growth since it is much more difficult to grow in their advanced state of development. But as growth rates are very important and positive parameters, we have included them in our Index. The same choice applies also to gross national saving as % of GDP, which is much higher in developing countries. No "discounts" also in including some of the oil-rich countries, excelling in many of the parameters, such as Libya, Algeria, Iran, Nigeria, even if their corruption level is quite high. You can be rich and corrupt, but my Index proves that Ethics prevails in spite of that.

The question that we try to answer with Cory's Index is in a nutshell – do the most ethical countries have the best quality of life? We can have a fantastic quality of life in spite of a low growth rate or savings rate, included in our Index, because you are in such a good situation that you don't need to improve it. You don't need to grow because your status is very high already and you don't need to save too much because the welfare state takes care of all your needs in case of illness, unemployment or old age. Yet, the level of net indebtedness and soundness of banks are very important parameters, as well as unemployment, and if you achieve your welfare because of too many debts, if your banks collapse, and your workers are unemployed it affects in the long run your quality of life, even if you are insured or protected.

As all the parameters do not include all the countries, we have divided the sum of all the rankings by the number of parameters in which they appear, and some countries as Barbados and Hong Kong do not appear in too many of the parameters. Nevertheless we have decided to include them in Cory's Index, as they are in TI's index and we wanted to compare the performance of all the countries surveyed by TI, even if their performance data is lacking. As we have fifty parameters in Cory's Index, the weight of each parameter is 2%, and even if some parameters are lacking in some countries or are not too relevant according to some critics, the distortion will amount only to a few percents. However, I assume that all the parameters are parameters that have a consensus on their relevance and their sources.

I personally believe that a high level of taxation is essential in order to achieve a high quality of life and a viable welfare state, but I reckon the fact that a high quality of life can be achieved also with a very low level of taxation, as in Singapore and the United States, and there are people who maintain that a low level taxation is a prerequisite of a high quality of life, of economic freedom, even of civil rights. That is why I have not included the parameter of the level of taxation in my Index, as I try to remain as objective as possible, without imposing my views. But if you have to pay taxes, at any level – low or high, this is a precondition of a quality of life as everybody has to share with the burden, without any shadow economy, so the level of shadow economy is one of the parameters of Cory's Index.

What do we do if the year of the table is a year of a recession as 2009, or the aftermath of a recession as 2013, the year in which we have a table on the budget surplus or deficit as a % of GDP? We cannot make any exceptions because of such events, as there is no end to special circumstances. That is why we have included this parameter in our Index although many

ethical countries have a deficit, though not so large. A "moderate" deficit of 2.5% causes Denmark to be at the very low level of 103 although many corrupt countries as Congo have a very high surplus and are ranked no. 3. The average of dozens of parameters will level off this "drawback", which could be unfair as a deficit of 2.5% is not so bad after all, but we have to stick to our principles that every deficit is bad, even if this is highly distorted in this case.

We have learned at the university that inflation is bad, but inflation rates are nowadays very moderate in most of the countries and an inflation rate of 2.5% of the Netherlands position it at a rank of 93, which is very low and could deteriorate its ranking as one of the most ethical states. However, we have to remain consistent and include this parameter as well, even if it might distort the results. What about parameters with absolute levels such as GDP? As our ethical countries are quite small in comparison to large economies it might distort the results, but we have decided to include them in our Index, as there are no exceptions. However, we have a much better parameter – GDP per capita – and it gives an excellent aspect on the economic situation of the country, which is why we include also this parameter with the GDP.

Another issue is how can we add the ranking of GDP per capita and happiness in the same Cory's index, although they are quantitative and qualitative, and why do we give the same weight to every parameter? I believe that quality of life consists of tangible and intangible factors and that is why I have included them in the same Index of the Indices, furthermore I cannot assess that happiness is more important than GDP per capita, or that equality is more important than low net indebtedness. That is why I have given the same weight to every parameter, they are All My Sons, and I perceive quality life as a holistic texture, as I cannot decide which of My Sons is worthier than the others. I let the insurance company assess what is more important a foot or an arm, which finger, an eye or an ear, for me they are all vital.

Modern economic theory proves that excessive income inequality, as measured by the Gini Index, is bad for the economy and for society. Yet, many neo liberals perceive equality as "communism" and an adverse incentive on the economy, believing that a welfare state is an aberration, sustainability is a hoax, and corporate social responsibility is the mother of all evil. One has to draw the line somewhere and make choices, and I cannot exclude inequality from my Index as I did for taxation, as equality is one of the cornerstones of modern times, as freedom and welfare, at least an adequate equality, which is surveyed by Gini Index and is part of Cory's Index as well. Economy and business are not goals on their own, they have to serve mankind and not the other way round, and fortunately this has become the consensus.

Is it fair to introduce in the index the absolute market value of public traded shares? Even if in the list of the most ethical states we find very small countries in population and in area, such as Luxembourg and Singapore? But here again, we discover a "surprise" that huge economies as the US, UK and Japan are ranked no. 1, 4 and 3, while much smaller economies as Hong Kong, Switzerland and Singapore are ranked no. 5, 14 and 18. And this is a "revelation" that ethical countries not only are not hindered by their ethics but they can achieve the highest market values in absolute terms alongside with huge economies with much larger populations and infrastructures, as ethics pays, and even in the "bastion" of capitalism – the stock exchange – with the highest values, the highest financial rankings, the lowest interest rates.

A problematic parameter is the percentage of population living in poverty below national poverty line – poverty is undoubtedly one of the most crucial parameters, but the most ethical nations, such as Sweden, Finland, Norway, New Zealand and Australia, are so rich that they are not even included in the poverty indices. But other very rich countries are included in the indices, such as Switzerland, Canada and the Netherlands. Furthermore, as the criterion is below the national poverty line, this line is set much higher in the rich countries than in the poor countries and we can reach such absurdities that the percentage of people living below

poverty line is identical in the very rich Germany and in the very poor Afghanistan – about 16%, and the rich Denmark has a higher percentage of poor – 13.4 than poor Vietnam – 11.3.

And it reminds us of the old joke about the tycoon's daughter who had to write a composition about poverty and she wrote that she comes from a poor family – her gardener is poor, her driver is poor and her nanny is also poor. So, there is a substantial problem in using such scores, as even among the poor countries we find discrepancies that cannot be explained – in Argentina 30% of the population are poor, twice as much as in Afghanistan, and in Azerbaijan we find the lowest rate of poverty – 6%, like in Austria... The reason that I include this parameter in Cory's Index, imperfect as it is, is that the parameter is so important that it is imperative to include it even if it is only one parameter. In my book "Ethics Pays" I analyze in depth the problem of poverty, using other quantitative indices, \$1.5 - 2 per day, etc.

Some of the parameters in this dissertation and in Cory's Index may seem overlapping in some respect, but after much consideration I have arrived to the conclusion that they reflect best the performance of the countries. Furthermore, the ranking is quite different in those "overlapping" parameters, which proves that there are substantial differences between the parameters; the perspective is different, and very often they complement each other. On the other side, we can of course include all the components of parameters such as HDI, women's share of seats in parliament, wealth per adult, etc., but after much consideration we have decided not to include them in Cory's Index, yet we include them in the 100+ tables of parameters, and anyone can make sensitivity tests including or excluding those parameters.

I compare Cory's Index to Transparency International's Corruption Perception Index in 2014. I have found in my analysis of TI's indices over the years that there are very few changes in the ranking of the most ethical countries, but as I wanted that the periods surveyed would concur as much as possible to TI's Index, I have managed to include in my Integrated Index the most recent data, mainly from the last decade, and in most of the cases for the period of 2012-2014. We have included in Cory's Index almost all the parameters that were part of my book "Ethics Pays" with the reservations stated above, but have added a few additional parameters in order to render the Index as balanced as possible, and only parameters with rankings in order to find the average ranking, as when there are no rankings we cannot analyze the data statistically.

I believe that even the parameters that were not included in Cory's Index are reflected in the parameters that were included. For example, I have not included taxation parameters for reasons stated above, but the issue of taxation is reflected in the parameters of the Index of Economic Freedom, included in Cory's Index. This index assumes that fiscal freedom is a precondition for economic liberty and the highest ranking countries are those with the lowest tax rates of individuals and corporate and lowest tax burden as a % of GDP. The higher government spending is (also for welfare and social benefits) the lower the score. The higher scores are for countries free from legal regulation on the labor market, from microeconomic intervention, from government control & interference in the financial sector, including banks.

I have included this parameter, opposite to my beliefs, as I reckon that many countries with neo liberal regimes are successful and ethical as well. Nevertheless, we bring all the other 22 parameters (72 in total) that were not included in the 50 of Cory's Index at the end of this book, including area of countries, population, density, reserves, taxes, and other parameters putting my dissertation into perspective. The book is an eBook, due to its thousands of links, but can be printed as well. In the book of Appendices we bring an original dissertation written on the subject of devising a Culture Index with additional tables (100+ in total), as well as data and links to tables (sometimes there are slight differences as data is updated online), data on countries, statistical data, maps, flags, bibliography, Cory's publications, and related data.

## COMPARISON BETWEEN TI'S PERCEPTIONS INDEX AND CORY'S INDEX OF THE PERFORMANCE OF 50 MAIN PARAMETERS

When I started to write my book *Ethics Pays* and this dissertation I had no idea if I'll succeed to prove that the most ethical countries according to Transparency International's Corruption Perceptions Index have also the top ranks in most of the main characteristic parameters. After choosing the parameters and analyzing them I reached the conclusion that for the first time there is an academic proof at the macro level of countries that Ethical Countries obtain the top performance in almost all the parameters. But this proof lacked statistical validation linking together all the parameters chosen and that is why I devised an Index combining all the parameters, ultimately the 50 most characteristic parameters, into one Index that I called Cory's Index, measuring the average rank of all the 50 parameters for each one of the 175 countries surveyed by TI's index in the basic Index of 2014. I figured that if I'll find that there is a clear correlation between the two indices I'll prove my thesis, but I never figured that all the first 13 countries in TI's Index, the Top 13 ethical countries are exactly the same as the first 13 countries in Cory's Index: Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg, Canada, Australia and Germany; with one exception – the last one of TI's Top 13 Iceland is in Cory's Index ranked 23, while the country ranked in TI's 2014 Index in no. 23 Austria is in Cory's Index ranked 9. But Austria has improved its TI's rank from 23 in 2014 to 16 in 2015 and 17 in 2016. Austria was in almost all the years among the Top 20 (except in a short period of 2012-2014) and was on average in the years 1995-2015 in rank no. 16. While Iceland was affected by the ongoing worldwide financial crisis, the nation's entire banking system systemically failed in 2008, leading to a severe depression, substantial political unrest, and the institution of capital controls.

The score of each country in Cory's Index is computed by finding the average ranking of each country in all the 50 parameters. The best ranks in Cory's Index are attributed to the countries with the highest average ranks, as the best countries ranked 1, 2, 3 have also the highest ranks. Cory's Index is of course not the only Index that can integrate 50 or more parameters about the performance of each country into one parameter. Other scholars may devise similar or different parameters in order to validate or refute my thesis that "Ethics Pays". The subject is so important, in view of the deterioration of ethics, that I'll be honored and welcome prominent professors, authors, politicians, businessmen, economists, prominent people, universities, newspapers and organizations to cooperate with me or devise surveys, researches, parameters and indices of their own – Joseph Stiglitz, Naomi Klein, Robert Reich, Paul Krugman, Thomas Friedman, Charles Ferguson, Michael Moore, Andrew Ross Sorkin, Daniel Kahneman, Dan Shechtman, Nassim Taleb, Michael Lewis, Roger Lowenstein, George Soros, Muhammad Yunus, Joel Bakan, Laura Nash, Henri-Claude de Bettignies, Yehuda Kahane, Nouriel Roubini, Robert Shiller, Fareed Zakaria, Matt Taibbi, Noam Chomsky, Sheila Bair, Dan Ariely, Anat Admati, Thomas Piketty, Niall Ferguson, Yvon Pesqueux, Jerry Wind, Jean-Pierre Lehmann, Shlomo Avineri, Ilan Meshoulam, Harvard, Stanford, Columbia, NYU, Berkeley, Princeton, Wharton, INSEAD, IMD, ESCP, Duke, CNAM, Transparency International, CEIBS, the Universities of Jerusalem, Tel Aviv, Haifa and the Technion, The New York Times, The Economist, The Wall Street Journal, Le Monde, The Financial Times, The Marker, neo-liberals, socialists, Chinese, Japanese, UN, EU, NZ, Singaporean, Russian, French, US, UK, Spanish, Indian, Israeli, Egyptian, South African, Australian, Scandinavian, Swiss, Benelux, Canadian, German, Italian, Brazilian, Argentinian, Korean, Taiwanese, Saudi, Mexican, Greek, Turkish, Indonesian, and other organizations.

In TI's Index the ranking is attributed according to the highest scores that the countries obtain and Denmark ranked no. 1 (the highest rank is of course the best result with the lowest numerical value) has the highest score of 92. I was not satisfied with those results and I validated them by finding the average ranks for the best ethical countries since the first year of TI's Index – 1995 and until 2015, 21 years overall. Yet, I remained with the basis of 2014 for TI's Index, since I have chosen it as the basis of my computations in my book *Ethics Pays* because it concurs most with the average years of computation of the parameters that I have chosen. The first 11 countries in TI's Index in 2014, the most ethical countries with scores of 80 to 92, are exactly the same countries as in TI's average indices for 21 years, with one exception – Luxembourg is no. 9 in 2014 and no. 12 on the average and Iceland is no. 6 on the average and no. 12 in 2014. There are of course differences within the group but those differences are rather small in 4 countries (1, 2, 3, 4) and the ranks are identical in 6 countries. In the category of very ethical countries (12-20) there is 1 gap – Belgium, and in the category of the ethical countries (21-38) there are 6, but as a rule the ranking of the 38 most/very and ethical countries in 2014 is similar or almost identical to the average ranks in most of the cases, which we wanted to validate in order to ensure that the ranking of the ethical countries in 2014 should be the basis for comparison to Cory's Index, while the ranking in 2014 is more compatible to the rankings in Cory's Index and in its 50 parameters comprised in the Index.

It is not a cliché to assume that the performance of a country is due mainly to the human factor. There are of course oil-rich countries, countries with minerals, excellent weather conditions, or countries stricken by aridity, earthquakes and wars. We know that, but if this is the case how is it possible that such countries with minimal resources as Singapore, Israel, Luxembourg, the Netherlands, Finland or Denmark flourish so much. The answer is obvious – because of their citizens – we find neighboring countries with the same conditions – one of them is among the richest in the world and the other among the poorest. Countries with so much resources as Russia and Argentina receive the lowest scores because of their corruption, while Poland and Chile manage to be very successful because of their ethics. Furthermore, countries that were very poor become very rich because of a change in attitude, mentality, ethics and leadership – the best examples are Singapore, Finland, Ireland, Estonia & Taiwan.

There are of course absolute differences between TI's Index and Cory's Index within the group of the Top 11/13, Top 20 or Top 38 most ethical, very ethical and ethical countries. In order to analyze a group which is large enough to validate statistically, we didn't calculate the differences in the subcategories of ethical countries but in all the 38 most/very and ethical countries in TI's Index in 2014 scoring 60 and more which includes all the ethical countries. There are many ways to analyze those differences in order to find if there is a correlation between the two indices. I analyzed it by finding the Spearman's rank correlation coefficient. In statistics, Spearman's rank correlation coefficient or Spearman's rho  $\rho$ , is a nonparametric measure of rank correlation (statistical dependence between the ranking of two variables). It assesses how well the relationship between two variables can be described using a monotonic function. In mathematics, a monotonic function (or monotone function) is a function between ordered sets that preserves or reverses the given order. This concept first arose in calculus, and was later generalized to the more abstract setting of order theory. The Spearman correlation between two variables will be high when observations have a similar rank, relative position label of the observations within the variable: 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, etc., or identical for a correlation of 1. If the ranks in the two tables are identical the correlation is 1 and the closer the rho is to 1 the higher is the correlation, which is set according to the distance from 0.

The formula of the Spearman's rank correlation coefficient is:

$$r_s = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}.$$

- $d_i = \text{rg}(X_i) - \text{rg}(Y_i)$  is the difference between the two ranks of each observation.
- $n$  is the number of observations

In our case we calculated the sum of the squared differences between the ranks of each one of the 38 ethical countries in Transparency International's Index and in Cory's Index, between the ethical performance/low corruption and the qualitative/quantitative performance of those countries (20 out of the 38 have a minimal difference between 0 to 4 and 5: 5-6):  $16 + 9 + 1 + 9 + 49 + 4 + 16 + 4 + 196 + 9 + 64 + 9 + 121 + 1 + 4 + 1 + 324 + 16 + 4 + 36 + 36 + 225 + 121 + 1 + 144 + 25 + 1 + 4 + 36 + 81 + 0 + 225 + 4 + 169 + 16 + 144 + 36 + 64 = 2225$ .

The squared number of countries is 1444 ( $38 \times 38$ ). The rho is therefore:  $1 - 6 \times 2225 / 38 \times (1444 - 1) = 1 - 13350 / 54834 = 1 - 0.243 = 0.757$ , which is a very good correlation, very close to 1. Rho values from 0.75 to 1 point to very good to excellent correlation between the variables, with very strong relationship, and we have received here a Rho that is higher than 0.75.

We have therefore proven that Ethics Pays, as there is a very good correlation between ethics and prosperity, between the ranking of the 38 ethical countries and their ranking in Cory's Index. We have maintained throughout this book that the correlation is strongest in the first ranks of the ethical countries, here the 38 first ranks of the ethical countries with scores of 60 and more in TI's Index. We may chose to try to prove that Ethics Pays also with less ethical countries – quite ethical countries ranked 50 and more in TI's Index, but the correlation might be less unmistakably clear than with the more ethical countries. We may also chose to try to prove that there is a correlation between the low ranking of the corrupt countries in their different categories in TI's Index and their low ranking in Cory's Index. But even if there are no such correlations, this dissertation has managed to prove the main thesis of this book that Ethics Pays, as there is a very good correlation between the rankings of the 38 ethical countries in TI's Index and their ranking in Cory's Index, which measures qualitative and quantitative prosperity in 50 parameters of GDP, happiness, social progress, democracy, innovation, human development, peace, indebtedness, equality, employment, ecology, etc.

Most of the countries have a very small difference in their rankings in the two indices – 0 to 4. I have already mentioned and analyzed the large difference in the ranking of Austria (TI – 23, Cory – 9, Difference – 14) and of Iceland (12/23/11 respectively). Germany has a difference of 7 between its TI ranking – 12 and Cory ranking – 5, as its prosperity is stronger than its ethical ranking, but Germany has improved its ethical ranking to 10 in 2015 and 2016, lowering the difference to only 5. Nevertheless, Germany is the most ethical major economy ahead of UK - 14, Japan - 15, US - 17 and France - 26, and probably it is much harder for a large nation to receive a top ethical ranking compared for example to small nations as Denmark and New Zealand. But even a ranking of 12 in 2014 and 10 in 2016 is an excellent ranking among the top 10 or 12 ethical countries. Finland (3/11/8) and New Zealand (2/13/11) are much more "ethical" than "prosperous", but they have nevertheless excellent rankings in Cory's Index – 11/13, bearing in mind that they are small countries with few natural resources. France is more prosperous than ethical (26/20/6), yet it has improved its ethical ranking in 2015/2016 to 23, thus lowering the difference to only 3. The spread between the ethical and prosperity rankings of the ethical major economies is quite low, even for France and Germany, Japan has a difference of only 1, USA is 2, UK is 4, which shows that for ethical major economies there is a strong correlation between ethics and prosperity.



In a few cases there are quite large differences: Belgium (15/21/6), Spain (37/25/12), Poland (35/29/6), Uruguay (21/34/13), etc., but the largest difference is the difference between the ranking of Israel in ethics (TI – 37) and prosperity (Cory – 22), a difference of 15, as Israel has a much better prosperity than ethics. But, Israel was much more ethical over the years than in 2014 and it has improved its ethical ranking substantially in 2015 (32) and 2016 (28), with a much smaller difference of 6, and it is not clear if the improvement in ethics has improved its prosperity or vice versa. Anyhow, most of the ethical countries have a similar ranking in both Indices, proving once more than Ethics Pays and ethical countries achieve the best average results in the 50 parameters of Cory's Index with a very strong correlation.

TI's Index Rank|Country's Name|Score||Cory's Index Rank|Country's Name|Score||Difference

Most Ethical (ranks: 1-11, score: 92-80),

Very Ethical (ranks: 12-20, score: 79-74), &

Ethical Countries (ranks: 21-38, score: 73-60)

1.	Denmark	92	1.	Switzerland	15.39	4
2.	New Zealand	91	2.	Norway	18.78	3
3.	Finland	89	3.	Sweden	21.63	1
4.	Sweden	87	4.	Denmark	23.00	3
5.	Norway	86	5.	Germany	25.58	7
5.	Switzerland	86	6.	Netherlands	25.60	2
7.	Singapore	84	7.	Australia	25.61	4
8.	Netherlands	83	8.	Canada	26.60	2
9.	Luxembourg	82	9.	Austria	27.54	14
10.	Canada	81	10.	Singapore	27.83	3
11.	Australia	80	11.	Finland	29.61	8
12.	Germany	79	12.	Luxembourg	30.39	3
12.	Iceland	79	13.	New Zealand	32.57	11
14.	United Kingdom	78	14.	Japan	34.28	1
15.	Belgium	76	15.	USA	36.08	2
15.	Japan	76	16.	Ireland	36.38	1
17.	Barbados	74	17.	Taiwan	36.83	18
17.	Hong Kong	74	18.	United Kingdom	37.04	4
17.	Ireland	74	19.	Hong Kong	37.95	2

TI's Index Rank|Country's Name|Score||Cory's Index Rank|Country's Name|Score||Difference

17.	USA	74	20.	France	38.10	6
21.	Chile	73	21.	Belgium	38.18	6
21.	Uruguay	73	22.	Israel	40.92	15
23.	Austria	72	23.	Iceland	42.30	11
24.	Bahamas	71	24.	United Arab Emirates	43.33	1
25.	United Arab Emirates	70	25.	Spain	44.04	12
26.	Estonia	69	26.	Chile	46.42	5
26.	France	69	27.	Qatar	47.68	1
26.	Qatar	69	28.	Estonia	48.38	2
29.	St Vincent & Grenadines	67	29.	Poland	48.70	6
30.	Bhutan	65	30.	Lithuania	50.75	9
31.	Botswana	63	31.	Portugal	51.47	0
31.	Cyprus	63	32.	Barbados	57.65	15
31.	Portugal	63	33.	Cyprus	58.47	2
31.	Puerto Rico	63	34.	Uruguay	67.60	13
35.	Poland	61	35.	Puerto Rico	78.20	4
35.	Taiwan	61	36.	Bahamas	79.48	12
37.	Israel	60	37.	Botswana	85.07	6
37.	Spain	60	38.	Bhutan	99.48	8

#### Quite Ethical Countries

(ranks: 39-54, score: 59-50)

39.	Dominica	58	39.	St Vincent & Grenadines	110.14	10
39.	Lithuania	58	40.	Dominica	112.58	1

## **Other Countries in Transparency International's Index of 2014 (rank, name, score):**

### Other Quite Ethical Countries (ranks: 39-54, score: 59-50):

39. Slovenia 58 - 42. Cape Verde 57 - 43. Korea (South) 55 - 43. Latvia 55 - 43. Malta 55 - 43. Seychelles 55 - 47. Costa Rica 54 - 47. Hungary 54 - 47. Mauritius 54 - 50. Georgia 52 - 50. Malaysia 52 - 50. Samoa 52 - 53. Czech Republic 51 - 54. Slovakia 50 -

### Quite Corrupt Countries (ranks: 55-79, score: 49-40):

55. Bahrain 49 - 55. Jordan 49 - 55. Lesotho 49 - 55. Namibia 49 - 55. Rwanda 49 - 55. Saudi Arabia 49 - 61. Croatia 48 - 61. Ghana 48 - 63. Cuba 46 - 64. Oman 45 - 64. The FYR of Macedonia 45 - 64. Turkey 45 - 67. Kuwait 44 - 67. South Africa 44 - 69. Brazil 43 - 69. Bulgaria 43 - 69. Greece 43 - 69. Italy 43 - 69. Romania 43 - 69. Senegal 43 - 69. Swaziland 43 - 76. Montenegro 42 - 76. Sao Tome & Principe 42 - 78. Serbia 41 - 79. Tunisia 40 -

### Corrupt Countries (ranks: 80-125, score: 39-30):

80. Benin 39 - 80. Bosnia & Herzegovina 39 - 80. El Salvador 39 - 80. Mongolia 39 - 80. Morocco 39 - 85. Burkina Faso 38 - 85. India 38 - 85. Jamaica 38 - 85. Peru 38 - 85. Philippines 38 - 85. Sri Lanka 38 - 85. Thailand 38 - 85. Trinidad & Tobago 38 - 85. Zambia 38 - 94. Armenia 37 - 94. Colombia 37 - 94. Egypt 37 - 94. Gabon 37 - 94. Liberia 37 - 94. Panama 37 - 100. Algeria 36 - 100. China 36 - 100. Suriname 36 - 103. Bolivia 35 - 103. Mexico 35 - 103. Moldova 35 - 103. Niger 35 - 107. Argentina 34 - 107. Djibouti 34 - 107. Indonesia 34 - 110. Albania 33 - 110. Ecuador 33 - 110. Ethiopia 33 - 110. Kosovo 33 - 110. Malawi 33 - 115. Cote d'Ivoire 32 - 115. Dominican Republic 32 - 115. Guatemala 32 - 115. Mali 32 - 119. Belarus 31 - 119. Mozambique 31 - 119. Sierra Leone 31 - 119. Tanzania 31 - 119. Vietnam 31 - 124. Guyana 30 - 124. Mauritania 3

### Very Corrupt Countries (ranks: 126-160, score: 29-20):

126. Azerbaijan 29 - 126. Gambia 29 - 126. Honduras 29 - 126. Kazakhstan 29 - 126. Nepal 29 - 126. Pakistan 29 - 126. Togo 29 - 133. Madagascar 28 - 133. Nicaragua 28 - 133. Timor-Leste 28 - 136. Cameroon 27 - 136. Iran 27 - 136. Kyrgyzstan 27 - 136. Lebanon 27 - 136. Nigeria 27 - 136. Russia 27 - 142. Comoros 26 - 142. Uganda 26 - 142. Ukraine 26 - 145. Bangladesh 25 - 145. Guinea 25 - 145. Kenya 25 - 145. Laos 25 - 145. Papua New Guinea 25 - 150. Central African Republic 24 - 150. Paraguay 24 - 152. Congo, Republic of the 23 - 152. Tajikistan 23 - 154. Chad 22 - 154. Congo, Democratic Republic of the 22 - 156. Cambodia 21 - 156. Myanmar 21 - 156. Zimbabwe 21 - 159. Burundi 20 - 159. Syria 20

### Most Corrupt Countries (ranks: 161-175, score: 19-8):

161. Angola 19 - 161. Guinea-Bissau 19 - 161. Haiti 19 - 161. Venezuela 19 - 161. Yemen 19 - 166. Eritrea 18 - 166. Libya 18 - 166. Uzbekistan 18 - 169. Turkmenistan 17 - 170. Iraq 16 - 171. South Sudan 15 - 172. Afghanistan 12 - 173. Sudan 11 - 174. Korea (North) 8 - 174. Somalia 8

## 50 MAIN CHARACTERISTIC PARAMETERS OF CORY'S INDEX

Cory's Index comprises 50 parameters – tangible and intangible, data, values, quantitative and qualitative, with a balanced distribution between its components. To the best of my knowledge no other index comprises such a varied and large list of parameters and it gives in the most salient way the status of the country from all its angles, based on data gathered by the best sources – UN, CIA, World Economic Forum, World Bank, and well-known institutes.

The 50 parameters are: GDP Per-Capita, GDP – Gross Domestic Product, GDP Growth Rate, Industrial Production Growth Rate, Gross National Saving, Budget Surplus or Deficit, Net Government Debt, Inflation Rate, Current Account Balance, Quality of Overall Infrastructure, The Size of the Shadow Economy, Global Competitiveness, Market Value of Public Traded Shares, International Innovation, Patent Applications, Ease of Doing Business, Financial Development, Commercial Bank Prime Lending Rate, Soundness of Banks, Credit Rating, Globalization, Networked Readiness, Median Per-Capita Income, GDP Per Hour Worked, Income Inequality/Distribution of Family Income/Gini Index, Gross National Income (GNI) Per-Capita, Distribution of Wealth/Wealth Per-Capita, Unemployment Rate, Health Expenditure Per-Capita, The World's Health Systems, Education Index, Culture and Media Composite Parameter, U21 Ranking of National Higher Education, Human Capital Index, Human Development Index, Inequality Adjusted Human Development Index, Newsweek's World's Best Countries, Where to Be Born Index, Global Wellbeing Index, Gender Inequality, Percentage of Population Living in Poverty, Ranking of Happiness, Democracy Index, Social Progress Index, Global Peace Index, Fragile States Index, Index of Economic Freedom, The Human Freedom Index, Press Freedom Index, Environmental Performance Index.

There are hundreds of relevant parameters and I had to sort out which ones are the best, most salient and relevant parameters, with the best sources, the largest international coverage, the most recent data, with the right balance, not too many parameters and not too few. As I had to integrate them in one Index those parameters had to be ranked with a country comparison, and as there are 50 parameters in Cory's Index, the weight of each parameter is 2% of the total. In the Introduction I have dealt with the issues of weighting equally all the parameters and the justification of those parameters, I would just add that scholars are invited to devise similar Indices with other mixes of parameters, different weighting and different sources, all the more so – it would be very interesting to validate or not the assumption that Ethics Pays at a country level. I presume that this assumption will be validated in every configuration, I myself have proposed 22 more parameters (72 in total), and the analysis of most of those parameters validates the assumption that Ethics Pays, as long as they are relevant to those issues. There might be changes in correlations, some countries might be added or subtracted, but I presume that the Rule that Ethics Pays for countries will prevail in any configuration, as I have managed to prove for the first time in an academic research by devising Cory's Index.

# 1. 228 COUNTRIES COMPARISON: GDP PER CAPITA- GROSS DOMESTIC PRODUCT ON A PPP DIVIDED BY POPULATION (2013 EST.) - CIA- WORLD FACTBOOK

## COUNTRY COMPARISON: GDP PER CAPITA - GROSS DOMESTIC PRODUCT ON A PPP - PURCHASING POWER PARITY BASIS, DIVIDED BY POPULATION AS OF 1 JULY FOR SAME YEAR (MOSTLY 2013 EST.) - CIA- WORLD FACTBOOK

Prima facie, the 11 most ethical and least corrupt countries of the world do not obtain in this parameter the highest scores – Finland for example is ranked only no. 38 and New Zealand – no. 46, a good position in a 228 countries list, but still not among the 10 or even the 20 best countries. But if one analyzes who shares the best ranks we find that we have at least 14 countries that are not relevant to the comparison, as they are micro-states countries (except the huge Greenland that is almost empty), with a population of thousands or tens of thousands people, and dependencies with a very limited economic activity, and are not included in TI's Index, such as Liechtenstein, Monaco, Jersey, Falkland Islands, Gibraltar, Andorra, Isle of Man, Guernsey, Cayman Islands, British Virgin Islands, Greenland, St. Pierre and Miquelon, Faroe Islands and Bermuda, that may have a very high GDP per capita, but we cannot compare them to TI's Index countries, such as Denmark, Canada, Singapore, or Australia.

The GDP per capita (PPP) of the 11 most ethical countries are in US\$ - Luxembourg - \$77,900, Singapore - \$62,400, Norway – 55,400, Switzerland – 54,800, Netherlands – 43,300, Canada – 43,100, Australia – 43,000, Sweden – 40,900, Denmark – 37,800, Finland – 35,900, New Zealand - \$30,400. If we leave only the comparable countries, we find that 7 (58%) out of the first 12 countries with the highest GDP per capita are the most ethical countries: Luxembourg, Singapore, Norway, Switzerland, Netherlands, Canada and Australia. And we include in those countries the very small but very rich in oil and gas reserves Qatar with the highest GDP per capita - \$102,100, which proves that if ethics pays – oil pays even better

Still, Qatar is no. 26 in TI's index and United Arab Emirates are no. 25. In 2013, Qatar's total population was 1.8 million: 278,000 Qatari citizens and 1.5 million expatriates. If we take into consideration that it has a Gini coefficient of 41.1, higher even than Russia and Senegal, and it applies only to the citizens, we can deduct that the rulers earn so much that the figure of \$102,400 applies mostly to them and not to the majority of the citizens and of course not to the expatriates. We could find such similarities also with oil rich states as Brunei and Kuwait.

19 out of the 20 most ethical countries in 2014, adding Germany, Iceland, United Kingdom, Belgium, Japan, Hong Kong, Ireland and the United States (without Barbados...) are among the 32 richest countries in the world (without the states with micro population: 46-14=32), or 60% of the richest states are also the most ethical, while the others are mainly oil countries or ethical/quite ethical countries ranking down to 43: Qatar, Kuwait, Saudi Arabia and Brunei (rich in oil but with a high degree of inequality), Austria ( TI - 23), France (26), Taiwan (35), Israel (37), South Korea (43), European Union that is not a country, dependencies... So, after all, Ethics Pays and the most ethical countries are almost exclusively the richest countries in the world, together with some oil rich countries and states with micro population.

The 20 -30 most corrupt countries score here again the worst results (\$400-\$1,800) and they are the poorest countries in the world: Democratic Rep. of the Congo, Zimbabwe, Somalia, Burundi, Central African Republic, Afghanistan, Guinea-Bissau, Eritrea, Haiti, South Sudan, Myanmar, North Korea and Kenya. But what about corrupt "rich" countries, rich in oil and minerals, apparently they are not poor in GDP per capita, but due to their high level of inequality, most of the population is very poor even if the GDP per capita is not so low. Those countries are economically disparate, with the majority of the nation's wealth concentrated in a disproportionately small sector of the population: in \$ - Sudan – 2,600, Nigeria -2,800, Republic of the Congo – 4,800, Angola – 6,300, Iraq – 7,100, Venezuela – 13,600...

## 2. 229 COUNTRIES COMPARISON: GDP - GROSS DOMESTIC PRODUCT AT PPP DATE OF INFORMATION (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

### COUNTRY COMPARISON: GDP - GROSS DOMESTIC PRODUCT AT PPP - PURCHASING POWER PARITY EXCHANGE RATES, DATE OF INFORMATION (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

The 11 most ethical and least corrupt countries in the world are also among the richest countries - proportionately to their size, population and distribution of wealth. A Gulf state can be very rich but most of the wealth belongs to a tiny minority of the population, while Finland can be "poorer", but most of the population benefits from the country's wealth. In the following tables one can see that the welfare of a country is not confined to its GDP or wealth, but to much more parameters, such as happiness, human development, democracy, freedom, ethics and minimal corruption, social progress, and least inequality and poverty.

Canada has a GDP of 1.5 trillion US dollars (PPP), Australia – 1 trillion US\$, Netherlands – 700 billion US\$, Sweden – 394 billion US\$, Switzerland – 371 billion US\$, the very small Singapore – 339 billion US\$, Norway – 282 billion US\$, Denmark – 211 billion US\$, Finland – 196 billion US\$, New Zealand – 136 billion US\$, and Luxembourg – 43 billion US\$. Denmark has a GDP smaller than the United Arab Emirates – 270 billion US\$ and a little more than Qatar – 199 billion US\$, but by all standards presented in this book the welfare of the Danish people is much greater than the majority of Qatar/United Arab Emirates people.

### 3. 221 COUNTRIES COMPARISON: GDP REAL GROWTH RATE, ADJUSTED FOR INFLATION IN % - (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

In this parameter the best results are achieved by developing countries (there are almost no developing countries among the most ethical countries) and ethical conduct seems at first not to affect the GDP real growth rate. As the ethical countries are very rich it is much more difficult to increase GDP substantially every year, while poorer countries such as South Sudan, Sierra Leone, Paraguay, or Mongolia increase their GDP at a rate of above 10% annually. Developing countries (excluding micro-states) prevail also in the growth bracket of 5%-10% - Moldova, Laos, Liberia, Cote d'Ivoire, Ghana, China (7.7%), Panama, Mozambique, Tanzania, Uzbekistan, Ethiopia, Burma, Philippines, Mauritania, Sri Lanka, Congo DR, Zambia, Bangladesh, Angola, Uganda – and only in the 47<sup>th</sup> rank we find the first oil-rich country – Qatar with 5.5%, followed by Bahrain, UAE, Saudi Arabia, and so on.

The first rich non-oil ethical country is Singapore with 4.1% (ranked no. 74), which is quite high taking into consideration the World Great Recession. The other 10 most ethical countries score much lower results: New Zealand – 2.5% (130), Australia – 2.5% (131), Switzerland – 2.0% (146), Canada – 1.6% (154), Norway – 1.6% (156), Sweden – 0.9% (177), Luxembourg – 0.5% (187), Denmark – 0.1% (195), Finland - -0.6% (negative, rank – 201), Netherlands - -0.8% (negative, rank – 202). You can't win them all – the most ethical countries score on the average very low scores, but still – if we recall that the European Union with its 28 states grows on the average – 0.1%, i.e. no growth at all, we can appreciate the fact that most of the best ethical countries (6 out of 11) achieve growth rates much higher than the European Union average – 0.1%, or even higher than the United States – 1.6%, maybe because Norway, Canada, Switzerland, Australia, New Zealand and Singapore are not members of the EU.

3 of the most ethical countries, members of the EU, out of 11 score equal or higher scores than the EU – Sweden, Luxembourg, Denmark, and only 2 score negative growth – Finland and the Netherlands. If we enlarge the comparison to the 20 most ethical countries, we find that here also most of the countries perform better than the other developed countries and the European Union – Hong Kong – 2.9%, Japan – 2%, Iceland – 1.9%, United Kingdom – 1.8%, Ireland – 0.6%, Germany – 0.5%, Belgium – 0.1%, and as mentioned above – the United States (no. 17 in TI's index) GDP growth at a rate of 1.6%. Only Barbados scores a negative - 0.8%. So, the 11 or 20 most ethical countries perform on the average better than less ethical developed countries, but much lower than developing poorer and unethical countries or than oil-rich states. Here again, we find that Ethics Pays, by comparing ethical developed countries with less ethical ones, proving that the GDP growth rate of ethical countries is much higher than comparable less ethical countries, even if in absolute terms it is still very low.

The most corrupt countries score here high results and we could be tempted to say that Ethics Pays but corruption pays even better. Which is true, but depending to whom – Ethics Pays for the majority of the population while corruption pays for a small minority of the population who receives the huge bribes. We find here that the most corrupt countries have also the highest growth rate: South Sudan (fifth most corrupt country) is no. 1 with a GDP growth rate of 24.7%. Followed by very corrupt countries, such as Sierra Leone – 13.3, Turkmenistan – 12.2, Paraguay – 12.0, Macau (gambling) – 11.9, Mongolia (TI -80) - 11.8, Moldova (TI – 103) – 8.9, Laos – 8.3, Liberia – 8.1, China (TI – 100) – 7.7, Eritrea, Cambodia, Uzbekistan...

#### 4. 194 COUNTRIES COMPARISON – INDUSTRIAL PRODUCTION GROWTH RATE IN % - (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

The most ethical countries have in this indicator of 'industrial production growth rate' very low scores and ranks, as the developing countries have the highest ranks and scores: Kyrgyzstan and Congo DR – 12%, Burma and Laos – 11%, Philippines and Bangladesh – 9%, China and Zambia – 8%, etc. However, if we compare the most ethical countries which are all developed with the less ethical developed countries, we find here again that the ethical countries outperform the less ethical. Thus, 7 out of 11 – 64% outperform by far the score of the European Union which is negative – -0.3%: Australia – 3.2%, Switzerland – 2.2%, New Zealand – 1.9%, Singapore – 1.7%, Canada – 1.4%, Denmark – 1.1%, Netherlands – 0.5%, most of them are not members of the EU. Only Sweden and Luxembourg score much lower negative results - -1%, Norway - -3%, Finland - -4.2%. Maybe the most ethical countries which are developed and are welfare states are less "hungry" than the developing countries which are in most cases unethical with high growth rates of GDP and industrial production – indicators that probably are not so affected by ethics, unless we compare developed countries: ethical and less ethical – and in this comparison we see that Ethics Pays, as we compare countries in the same category of development, which tend to grow at much slower rates.

Here again, the most corrupt countries score high results and we could be tempted to say that Ethics Pays but corruption pays even better. Which is true, but depending to whom – Ethics Pays for the majority of the population while corruption pays for a small minority of the population who receives the huge bribes. We find here that the most corrupt countries have also the highest growth rate: Sierra Leone (TI - 119) is no. 1 with a growth rate of 42%. Followed by very corrupt countries, such as Guyana (TI – 124) – 13.5%, Kyrgyzstan (TI – 136) – 12.0, Democratic Republic of the Congo (TI – 154) – 12.0, Myanmar (TI – 156) – 11.4, Mongolia, Sudan, Laos, Chad, Libya, Cambodia, Bangladesh, Ethiopia, Mauritania...



## 5. 155 COUNTRIES COMPARISON – GROSS NATIONAL SAVING AS % OF GDP – (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

Gross National Savings as % of GDP is a very strong indicator of the sustainability of a country and many developing countries and oil-rich states have a high percentage, such as China – 50%, Kuwait and Qatar – 54%, Algeria and Saudi Arabia – 45%, Vietnam – 38%, etc. But if we compare developed countries – ethical and less ethical, we find that the most ethical countries perform much better than the less ethical ones. Thus, Singapore – 45%, Norway – 38%, Switzerland – 32%, Netherlands and Sweden – 26%, Australia and Denmark – 24% and Canada – 22%, have a much higher savings rate than the average of the European Union – 19%, and even Finland – 18% and New Zealand – 16% have a much higher savings rate than the United States – 14%. So, here again we have a proof that Ethics Pays by comparing ethical developed countries which save a large part of their earnings in comparison to less ethical developed countries, bearing in mind that adequate savings is also an ethical feature.

6. 216 COUNTRIES COMPARISON – BUDGET SURPLUS (+) OR DEFICIT (-) –  
EXPRESSED AS % OF GDP - (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

COUNTRY COMPARISON – BUDGET SURPLUS (+) OR DEFICIT (-) – THE  
DIFFERENCE BETWEEN NATIONAL GOVERNMENT REVENUES AND  
EXPENDITURES, EXPRESSED AS % OF GDP - (MOSTLY 2013 EST.) - CIA - WORLD  
FACTBOOK

Assuming that the neoliberal theories are correct, the low level of taxation should not result in budget deficits, as they are very dangerous to all the economic regimes, even communist ones. Unfortunately, we witness that in many cases (as with the United States), this is the result of a low taxation model. If an economy wants to have a low level of taxation it shouldn't be at the expense of a budget deficit, as a sound economy requires that all the budgets should be at least balanced. Countries' budgets are like families' budgets they can't be forever with deficits as someone has to foot the bill ultimately, and it isn't fair, like with the environment, to live at the expense of future generations or to go bankrupt and not pay your debts. This is not ethical and is not sound in all the capitalist, socialist or communist regimes.

The most ethical countries have either a budget surplus or a moderate deficit as a % of GDP: 4. Norway – 13.1, 23. Switzerland – 1.4, 24. Singapore – 1.3, 66. Australia - -1.3 (negative/deficit), 78. Luxembourg - -1.7, 86. New Zealand - -1.9, 88. Sweden - -2.0, 92. Finland - -2.3, 103. Denmark - -2.5, 120. Canada - -2.9, 132. Netherlands - -3.3. If we adhere to the principle that to have a deficit is unethical and uneconomic, then only 3 countries behave ethically also with this indicator: Norway, Switzerland, Singapore. But, if we bear in mind that the world is suffering from the Great Recession and a certain budget deficit is needed in order to boost the economy and anyhow the level of indebtedness is low, so a short-term deficit could be acceptable, and this is the case of the economies of the other very ethical countries: Australia, Luxembourg, New Zealand, Sweden, Finland, Denmark, Canada and the Netherlands. Even China has a budget deficit of 2.1, but Germany has a balanced budget (+0.1) and Hong Kong has a surplus of – 1.8. Still, all the most ethical countries are in a better shape than the less ethical: United Kingdom - -3.6, United States - -4.0, Ireland - -7.2, Japan - -8.2, and the much less ethical countries: Greece - -4.0, Spain - -6.8, Egypt - -13.3.

Furthermore, when we analyze the countries that have a budget surplus or low deficit we find (not counting the micro-states and the oil-rich countries as Kuwait, Brunei, Qatar, Saudi Arabia and the United Arab Emirates) unethical countries like the Republic of the Congo, Angola, North Korea (!), Peru, Iraq, Azerbaijan, Bolivia, Mauritania, Mali and Belarus, with rather precarious economies. So, once again, with this indicator as with many others – what matters is the overall picture, the whole gamut of parameters, and in this respect we find that the most ethical countries outperform with most of the indicators the less ethical countries.

## 7. 100 COUNTRIES COMPARISON - NET GOVERNMENT DEBT (AND GROSS GOVERNMENT DEBT) AS % OF GDP – SOURCE – IMF – 2012

We cannot analyze the external debt comparison without the context of the gross and net government debt as % of GDP. The external debt shows more the level of globalization and financial activities of the countries, but when we compare also the gross and net government debt as % of GDP, we find that the United States has a huge gross and net government debt – 107/88, Japan has even higher figures – 238/134, the United Kingdom has also high figures but much lower than the two first superpowers – 90/83, France – 90/84, but Germany is in a very sound position with 82% gross government debt but only 57% net government debt as % of GDP. So, we have to set the figures in the right proportion.

Singapore has a gross government debt of 111% of GDP, but a net government debt of...0! Singapore is a very sound economy with a AAA credit rating. Netherlands has a gross government debt of 72% of GDP, but a net one of only 33%, also a very sound economy. Switzerland has a gross level of 49% and a net level of 28%, which proves the excellent financial position of this country and the former ones. It is unsound to have a high level of indebtedness, but we have to see the level of net indebtedness and the percentage of GDP in order to examine if the economy is sound or precarious. Even the US and Japan and to a lesser extent UK and France that have very high/high level of net indebtedness also as % of GDP are still sound economies as most of other indicators are very positive and they are also among the most ethical states.

Greece has very serious financial problems with a level of 158/155, and to a lesser extent Italy – 126/103 and Ireland 117/102. But the financial situation of the other most ethical countries is excellent: Australia – 1,506B, 27/12, a quite high level of indebtedness but the government debt as a % of GDP is the very low 27% gross and only 12% net. The figures for Canada are - \$1,331B, 86/35, Sweden - \$1,039, 38/-17, i.e. it has a surplus of 17% of net government indebtedness as % of GDP (other countries owe them 17% of the GDP), Norway - \$720.6B, 34/-165, which means that other countries owe to the government of Norway the huge 165% of its GDP. Finland - \$586.9B, 53/-51, here again other countries owe to the government of Finland 51% of its GDP, Denmark – \$586.7B, 50/8, and finally New Zealand – \$81.4B, 38/26. So, all the 11 most ethical countries have an outstanding financial position, very sound levels of indebtedness, which proves once again that Ethics Pays and is...liquid!

As the IMF table ranks the countries according to the Gross Government Debt as % of GDP and we are interested in the IMF table of the Net Government Debt as % of GDP, because this table is the one that we have included in Cory's Index, I give herebelow the table of the 100 countries with the lowest Net Government Debt as % of GDP, but with the "right" ranking giving the rank of 1, 2, 3, etc. to the countries with the lowest level of indebtedness, as the table is included with this ranking in Cory's Index. We have underlined the 10 top ethical countries, as we couldn't find the net level of indebtedness of Luxembourg. After this table we bring the original IMF tables with the Gross and Net Government Debt as % of GDP.

## 8. 223 COUNTRIES COMPARISON – INFLATION RATE - ANNUAL % CHANGE IN CONSUMER PRICES (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

### COUNTRY COMPARISON – INFLATION RATE COMPARES THE ANNUAL % CHANGE IN CONSUMER PRICES WITH THE PREVIOUS YEAR'S CONSUMER PRICES (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

Is a low level of inflation good for the economy or bad? What about a deflation of a few percents? If a country has a high level of indebtedness a high inflation rate will erode most of the debt. The economists have a large gamut of ideas on this issue, but the majority believes that a low level of inflation is beneficial for the economy. So, how can we explain that Greece has a negative figure or a deflation of 0.8%. The answer should be found in the recession of its economy as in many other economies in the last few years. All the most ethical countries have a very low level of inflation, but in comparison to all the other countries it is quite high, as the Netherlands with the "highest" inflation rate of the most ethical countries – 2.5% is ranked no. 93, as 92 countries have a much lower rate. The other countries of the group are: 90. Singapore – 2.4, 89. Australia – 2.4, 76. Finland – 2.2, 66. Norway – 1.9, 62. Luxembourg – 1.8, 37. New Zealand – 1.3, 22. Canada – 1.0, 18. Denmark – 0.8, 7. Sweden – 0.0, 6. Switzerland – -0.4 or a deflation of 0.4%. But, effectively, there is no difference in the level of inflation of all the group of the most ethical countries, and if a low inflation is a good indicator, here again Ethics Pays and the price level of those countries remain stable.

If we compare the ethical countries to the unethical countries with corrupt regimes, we find that the most corrupt/corrupt countries have also the highest level of inflation: Syria – 59.1%, Venezuela – 56.2, Iran – 42.3, Sudan – 25.0, Argentina – 20.8, Belarus – 19.0, India – 9.6, Egypt – 9.0, and so on. The inflation rate of the second tier of ethical countries is very low – 40. United States – 1.5, 42. European Union – 1.5, Germany – 1.6, Belgium – 1.3, Japan – 0.2, Ireland – 0.6, United Kingdom – 2.0, Barbados – 2.1, but Iceland has a much higher inflation of 3.9 and Hong Kong – 4.4. As a rule, in general, most ethical countries have a very low level of inflation, while the most corrupt countries have a very high level of inflation.

9. 193 COUNTRIES COMPARISON – CURRENT ACCOUNT BALANCE –  
(2013 EST.) - CIA - WORLD FACTBOOK

COUNTRY COMPARISON – CURRENT ACCOUNT BALANCE – NET TRADE IN  
GOODS & SERVICES + NET EARNINGS & NET TRANSFER PAYMENTS TO AND  
FROM OTHER COUNTRIES (2013 EST.) - CIA - WORLD FACTBOOK

A very high current account balance is an excellent indicator of a sound economy, but can be influenced also as in this table up to rank 37 by a very high focus on exports based on very low salaries, such as in China, Taiwan, South Korea, Malaysia, Vietnam, and also by the high price of oil for oil-rich countries, such as Saudi Arabia, Russia, Kuwait, United Arab Emirates, Qatar, Nigeria, Iraq, Oman, Algeria, Brunei, Venezuela and Libya. Out of the 17 most ethical countries most of them (11) reach the highest ranks in this indicator with high salaries and no oil (except Norway) up to rank 37, which shows a very sound and sustainable economy – Germany, Norway, Netherlands, Switzerland, Japan, Singapore, Sweden, Denmark, Ireland, Hong Kong and Luxembourg.

But in this indicator, for the first time in this survey, we find that in spite of their superior ethics many countries (7 of the first 20 most ethical countries) receive the worst scores in this indicator: 144. Finland - -2B (a deficit of 2 billion US\$), 173. New Zealand - -8.4B, 175. Belgium - -9.1B, (185. European Union - -34.5B), 186. Australia - -44.9B, 189. Canada - -59.5B, 192. United Kingdom - -93.6B, and the worst of all the countries in the world... 193. United States - -360.7B! They share these dubious ranks with the unethical countries: Brazil, India, Turkey, Indonesia, South Africa, Mexico, Ukraine, Colombia, Peru, Morocco, Iran, Egypt, Syria...

This is perhaps the exception that proves the rule that Ethics Pays, but it shows that some of the most ethical countries can fail in a very important indicator, as it is highly unsustainable to rely on the fact that in the long run a country can subside in a very negative current account and still be a very sound economy and a very ethical one. We could even say that it is highly unethical to rely on others in the long run that would foot the bill of the highly irresponsible policy of having a huge deficit in the current account just because countries like the US or the UK can print money in global currencies as the dollar or the sterling to finance their huge deficits.

## 10. 139 COUNTRIES COMPARISON - QUALITY OF OVERALL INFRASTRUCTURE – WORLD ECONOMIC FORUM – 2011

Why should the most ethical countries have the highest infrastructure quality score? What is the correlation between ethics and infrastructure? Is ethics the infrastructure of a sound economy? Or simply, if a country is ethical, does not pay bribes, the civil servants are not corrupt, tenders are won because of merits, and then its infrastructure is bound to be the best..

This is the result of the survey of the World Economic Forum – the 20 countries with the best infrastructure are almost identical to the 20 very ethical countries, and the exceptions are also ethical with very high ranks in TI's Index – France (26), Austria (23), United Arab Emirates (25), South Korea (43), Portugal (31), Taiwan (35). The very ethical countries that have not obtained the highest scores in infrastructure achieve nevertheless high ranks of infrastructure – United States (23), United Kingdom (33), Australia (34), Norway (38), New Zealand (48) and Ireland (69) – all of them well above the mean, except for Ireland which is slightly less than the mean. And vice versa, the most corrupt countries have the worst infrastructure...

## 11. 151 COUNTRIES COMPARISON - THE SIZE OF THE SHADOW ECONOMY – IN % OF GDP – THE WORLD BANK – 2010

RANKING OF 151 COUNTRIES ACCORDING TO THE SIZE OF THE SHADOW ECONOMY – SHADOW ECONOMIES ALL OVER THE WORLD – NEW ESTIMATES FOR 162 COUNTRIES FROM 1999 TO 2007 & AVERAGE OF THE YEARS AS A % OF GDP – FRIEDRICH SCHNEIDER, ANDREAS BUEHN, CLAUDIO E. MONTENEGRO – WORLD BANK DEVELOPMENT RESEARCH GROUP – POVERTY & INEQUALITY TEAM AND EUROPE AND CENTRAL ASIA REGION – HUMAN DEVELOPMENT ECONOMICS UNIT – POLICY RESEARCH WORKING PAPER 5356 - JULY 2010

The authors of the working paper find a clear negative trend in the size of the shadow economy. The unweighted average of the 162 countries in 1999 was 34.0% and in 2007 31.0%, hence a reduction of 3%. The driving forces of the shadow economy are an increased burden of taxation – both direct and indirect – combined with labor market regulations and the quality of public goods and services, as well as the state of the "official" economy. Activities associated with shadow economies are facts of life around the world. Most societies attempt to control those activities through various measures such as punishment, prosecution, economic growth or education. The shadow economy includes all market-based legal production of goods and services that are deliberately concealed from public authorities for any of the following reasons:

1. to avoid payment of income, value added or other taxes.
2. to avoid payment of social security contributions.
3. to avoid having to meet certain legal labor market standards, such as minimum wages, maximum working hours, safety standards, etc.
4. to avoid complying with certain administrative procedures, such as completing statistical questionnaires or other administrative forms.

One is tempted to guess that as the taxation in the Scandinavian countries is very high – 51% to 57% of GDP, they would have a very high percentage of shadow economy. At least, this is what neoliberal advocates would say to justify minimum taxation. But to our "surprise" we find that the shadow economy in those countries is very low – 18% to 19% of the GDP, about half as much as the unweighted world average. However, it is higher than in lower taxation ethical countries as Singapore - 13% and the US - 9%, and also higher than in moderate to high taxation ethical countries, as Switzerland – 9%, Luxembourg – 10%, New Zealand – 12%, Netherlands – 13%, Australia - 14%, Canada - 16%. It is also higher than in very ethical countries as Japan, Iceland, Ireland, Germany and Hong Kong, but lower than in heavily taxed Belgium - 22%. 84% of the 19 most ethical countries (16 countries, Barbados was not surveyed) are ranked in the 22 lowest ranks of shadow economies, with less than 18% of GDP. Three more countries – 30. Norway, 31. Sweden, 37. Belgium, are ranked higher.

But, as a rule, the most ethical countries have the lowest percentage of shadow economy, albeit the very high to high tax burden of most of them (57% - 38% of GDP) – Norway, Denmark, Finland, Sweden, Belgium, Netherlands, Germany, Iceland, United Kingdom, Luxembourg, New Zealand, Canada. This is in direct contradiction to the neoliberal doctrine that high taxation brings inexorably to high shadow economy. We learn from those results that ethics supersedes largely the temptation to evade paying taxes, although it is probably true to a minimal extent. So, what is better – to have a high to very high taxation with balanced budgets or a low deficit and with a low level of net debts as in most of the countries mentioned above or to have record levels of deficit and debt but with a low taxation? In any case, the impact on the shadow economy does not justify low taxation as we have seen.

Furthermore, if we succeed to achieve low taxation as Singapore or moderate taxation as Switzerland and Australia with a budget surplus or a very low deficit and very low net debt – all the better, but in most of the cases a too low taxation causes a high burden on the citizens with drastic cuts in government expenditures and services, high deficits and high net debts as with the US. The benefit of its very low shadow economy – 8.6% is not worth the price...

The other countries with a very low shadow economy are: Austria – 9.7% (TI – 23), Macao, 9. China – 12.7% (TI – 100). It is worthwhile to analyze what is the cause of the low shadow economy in the case of China and the US – the low level of taxation 19.4% of GDP for China and 17.0% for the US or the very heavy penalties for infringing the tax laws? Even if the reason is both – it shows that the impact of low taxation is not the exclusive reason for the low shadow economy, it may be that the very heavy penalties supersede the impact of the low level of taxation. France has a shadow economy of only 15.0% although its taxation is very high – 51.5% of GDP, close to the Scandinavian with excellent government services to the citizens and a high degree of ethics (TI – 26). So, this is another example that you can win them all, like Scandinavia, Netherlands and Germany, and ranking in the first ranks in all the parameters albeit the high level of taxation with a rather low level of shadow economy. A high level of taxation is not negative per se if you get the full benefits with a high level of services and a high quality of life, and you still maintain a sound economy with a high level of productivity and competitiveness. One more remark – countries that one would expect them having a very high level of shadow economy and tax evasion as Italy and Greece have a lower level of shadow economy than the world average – Italy – 27.0%, Greece – 27.5%. But Russia has a high level of shadow economy – 43.8% and Brazil – 39.0%, as many South American & African economies and most of the developing economies except India – 22.2%.

The 20 countries with the highest levels of shadow economies – 46% to 66% of GDP – are also in most of the cases the most corrupt countries – Republic of the Congo (TI – 152), Belarus – 119, Angola – 161, Zambia – 85, Democratic Republic of the Congo – 154, Gabon – 94, Honduras – 126, Cambodia – 156, Ukraine – 142, Benin – 80, Guatemala – 115, Thailand – 85, Uruguay – 21 - this is indeed an exception of an ethical country with a very high level of shadow economy, Haiti – 161, Tanzania – 119, Peru – 85, Azerbaijan – 126, Zimbabwe – 156, Georgia with the highest shadow economy of 66% of GDP is quite ethical and ranks 50 in TI's index – so this is another exception, Bolivia – 103. It is worthwhile to mention that both exceptions of Georgia and Uruguay have a moderate level of taxation – 30% of GDP, so the reason of the high level of shadow economy is elsewhere than taxation.



## 12. 144 COUNTRIES COMPARISON, GLOBAL COMPETITIVENESS INDEX, GLOBAL COMPETITIVENESS REPORT 2014/2015 – WORLD ECONOMIC FORUM

Competitiveness is the set of institutions, policies and factors that determine the level of productivity of a country, setting the level of prosperity that can be reached by an economy, and determining the rates of return obtained by investments in an economy and the growth rates. Methodology – the 12 pillars of competitiveness are: 1. Institutions – protection of property rights, efficiency and transparency of public administration, independence of the judiciary, physical security, business ethics and corporate governance in public and private institutions. 2. Infrastructure – quality and availability of transport, electricity and communication infrastructures. 3. Macroeconomic Environment – fiscal and monetary indicators, savings rate and sovereign debt rating. 4. Health and Primary Education – state of public health, quality and quantity of basic education. 5. Higher Education and Training – quality and quantity of higher education and on-the-job training. 6. Goods Market Efficiency – intensity of domestic and foreign competition, quality of demand conditions. 7. Labour Market Efficiency – labour market efficiency and flexibility, meritocracy and gender parity in the workplace. 8. Financial Market Development – efficiency, stability and trustworthiness of the financial and banking system. 9. Technological Readiness. 10. Domestic and Foreign Market Size. 11. Business Sophistication and Efficiency. 12. Innovation. Score 1-7 (best).

The prevailing misconceptions in the business world are that ethics doesn't pay, it is a panacea of the high-minded persons that have never worked in business in their life, it is not practical, it adds a burden on the company that has to maximize its profits, regardless of ethics. Furthermore, if we can increase profits unethically we should do it, because our sacred duty is to maximize profits, our Guru – Milton Friedman said so, the stakeholders don't pay us and if we act unethically towards customers, suppliers, minority shareholders, employees, society, ecology or government – it is fine, so long that we maximize profits/shareholders' value and we are rewarded for that by the shareholders who control the Board of Directors, even if they are a tiny minority of the total shareholders. So, we can fire employees even if we are very profitable if we can increase our profits by doing so, the CEO is often rewarded by the amount of employees that he has fired and is paid astronomic salaries and bonuses for doing so. We can wrong the rights of minority shareholders, supply deficient products, postpone payments to suppliers, increase the ecological damages, avoid paying taxes legally or not, etc.

The purpose of this book is to prove that ethics pays for the country, the company and the individuals. It is not a coincidence that the most ethical countries are also the richest and have the best quality of life. If we prove that those countries are also the most competitive it gives the final blow to all those who are convinced that ethics is irrelevant or even harmful for countries and companies. It is one thing if we prove that the most ethical countries have also the best scores in the Social Progress Index, Democracy or Gender Equality, even if we prove that they have the best GDP per capita, these are remote indices that are not linked directly to competitiveness, to companies, to profits. Therefore, it is very important to prove that in this crucial parameter most ethical countries are also the most competitive, as this is a salient business criterion. By proving so, outspoken critics may start to listen, as this index analyzes the set of institutions, policies and factors that determine the level of prosperity that can be reached by an economy and determine the rates of return obtained by investments in an economy and the growth rates.

This index is based on the 12 pillars of competitiveness, which are very important to all businessmen – protection of property rights, efficiency and transparency of public administration, independence of the judiciary, physical security, business ethics and corporate governance in public and private institutions. The index takes into consideration the infrastructure – quality and availability of transport, electricity and communication, as well as

the macroeconomic environment – fiscal and monetary indicators, savings rate and sovereign debt rating. The index is based also on health, education, training, goods market efficiency, intensity of domestic and foreign competition, labour market efficiency and flexibility, meritocracy, gender parity in the workplace, financial market development, efficiency, stability and trustworthiness of the financial and banking system, technological readiness, domestic and foreign market size, business sophistication, efficiency and innovation – exactly what business needs to succeed. If this is achieved in ethical states - this is the ultimate proof that Ethics Pays, as ethics are worth money, making us competitive and profitable.

If we analyze the 10/20/30 most competitive countries we find a perfect similarity between them and the most ethical countries, they may vary slightly between the rankings, but all the most ethical countries are there: in examining the first 11 states - Switzerland is no. 1 with a score of 5.70, then come Singapore, Finland, Netherlands, Sweden, Norway has a score of 5.35 – and they are 6 of the 11 most ethical states. But all the other 5 countries ranking among the first 11 most competitive countries are also very ethical – United States 3<sup>rd</sup> most competitive and 17<sup>th</sup> most ethical, Germany – 5<sup>th</sup> most competitive and 12<sup>th</sup> most ethical, Japan – 6<sup>th</sup> most competitive and 15<sup>th</sup> most ethical, Hong Kong – 7<sup>th</sup> most competitive and 17<sup>th</sup> most ethical, and finally the United Kingdom – 9<sup>th</sup> most competitive and 14<sup>th</sup> most ethical.

If we analyze the 12-22 most competitive countries we find there all the other 5 of the 11 most ethical countries – Denmark, Canada, New Zealand, Luxembourg and Australia. But also the ethical countries: United Arab Emirates (TI – 25), Taiwan (TI – 35), Qatar (TI -26), Belgium (TI – 15) and Austria (TI – 23). In the other 8 most competitive countries down to 30, we find the ethical countries: France (TI – 26), Ireland (TI – 17), Estonia (TI – 26), Iceland (TI – 12), and even Israel (TI – 37) and South Korea (TI – 43), but we find also the much less ethical – Saudi Arabia (TI – 55) and the corrupt China (TI – 100). Further down we find in most of the cases a correlation between competitiveness and the moderate ethical rankings of: Chile, Spain, Portugal, Czech Republic, Poland, Mauritius, Lithuania, Latvia. But we find also corrupt countries, such as 31. Thailand (TI – 85), 34. Indonesia (TI – 107), 38. Azerbaijan (TI – 126), 40. Kuwait (TI – 67), 44. Bahrain (TI – 55), 45. Turkey (TI – 64), 46. Oman (TI – 64), 47. Malta (TI – 43, an exception of a quite ethical country), 48. Panama (TI – 94), 49. Italy (TI – 69) and 50. Kazakhstan (TI – 126). The correlation between the parameters (here competitiveness) and ethics is very clear in the 20 first and 20 last, but as we move from extremes, we find more and more exceptions, in the ranks 40-50 and downwards.

Russia is moderately competitive (53) but very corrupt (136), South Africa ranks similarly in competitiveness (56) and ethics (67), Brazil 57/69, Mexico is quite competitive but corrupt 61/103, Vietnam 68/119, India 71/85, Botswana is quite uncompetitive 74 but is much more ethical – 31, and so Uruguay 80/21, Greece is quite uncompetitive – 81 and quite corrupt – 69, Iran 83/136, and Swaziland is very uncompetitive but only quite corrupt 123/69. As expected, the least competitive countries are also the most corrupt, proving that Corruption Doesn't Pay at least in the extremes, from the lowest competitiveness rank of 144 – Guinea scoring 2.79 and upwards to the rank of 115: Chad, Yemen, Mauritania, Angola, Burundi, Sierra Leone, Haiti, Burkina Faso, Myanmar, Mozambique, Malawi, Venezuela, Madagascar, Pakistan, Mali, Nigeria, Libya, The Gambia, Zimbabwe, Uganda, Tanzania, Paraguay, Egypt, Ethiopia, Guyana, Cameroon, Cote d'Ivoire, as in corrupt countries it is very difficult to conduct business & be competitive. In the short run you may win but in the long run you always lose!

### 13. 110 COUNTRIES COMPARISON – MARKET VALUE OF PUBLIC TRADED SHARES – (ON 31.12.2011 OR 31.12. 2012) - CIA - WORLD FACTBOOK

#### COUNTRY COMPARISON – MARKET VALUE OF PUBLIC TRADED SHARES – THE LATEST PRICE PER SHARE x THE TOTAL NUMBER OF OUTSTANDING SHARES (ON 31.12.2011 OR 31.12. 2012) - CIA - WORLD FACTBOOK

This parameter comprises two components – the economic size of the country and the value of the shares of the companies in its stock exchange. It is understandable that the United States, the largest economy in the world and the most sophisticated has the highest market value of its public traded shares, although if the United States would have been more ethical, especially in the financial market and Wall Street, the Great Recession would not occur and the value of the shares and the size of the companies would have been much larger. It is also understandable that China ranks number two with its huge population and economy, although it ranks only no. 100 in TI's index, and right after it Japan, once the larger market after the US, and now in the third rank. United Kingdom, France, Germany and Brazil (TI – 69) are also super economic powers and they deserve as such their high ranks in the 10 largest market value of their shares, and right after them the unethical countries with large economies and populations - India, Russia, Italy, Mexico, South Africa, Indonesia, Thailand, Philippines...

But then, how can we explain that the relatively small (in population at least) but very ethical countries ranking mostly in the 11 first ranks of TI, but also in the next 15 ranks, have reached the highest economic performances with thriving financial markets and a very high value of shares in their stock exchanges: Hong Kong ranks 5, Canada – 6, Australia – 9, Switzerland – 14, Singapore – 18, Netherlands – 19, Sweden – 20, Chile (TI – 21) – 27, Norway – 28, Denmark – 31, Finland – 33, Qatar (TI – 26) – 36, Ireland – 38, Austria (TI – 23) – 40, New Zealand – 41, United Arab Emirates (TI – 25) – 42, and finally Luxembourg – 43. In the first 43 countries rank 22 out of the 26 most ethical countries in the world and the other 21 are very large economies or oil-rich countries as Kuwait and Saudi Arabia, and quite ethical countries as South Korea (TI – 43), Spain and Israel (TI – 37), Poland and Taiwan (TI – 35).

#### 14. 110 STATES COMPARISON - INTERNATIONAL INNOVATION INDEX - BOSTON CONSULTING GROUP, NATIONAL ASSOCIATION OF MANUFACTURERS 2009

The International Innovation Index is a global index measuring the level of innovation of a country, produced jointly by The Boston Consulting Group (BCG), the National Association of Manufacturers (NAM), and The Manufacturing Institute (MI), the NAM's nonpartisan research affiliate. NAM describes it as the "largest and most comprehensive global index of its kind". The International Innovation Index is part of a large research study that looked at both the business outcomes of innovation and government's ability to encourage and support innovation through public policy. The study comprised a survey of more than 1,000 senior executives from NAM member companies across all industries; in-depth interviews with 30 of the executives; and a comparison of the "innovation friendliness" of 110 countries and all 50 U.S. states. The findings are published in the report, "The Innovation Imperative in Manufacturing: How the United States Can Restore Its Edge."

The report discusses not only country performance but also what companies are doing and should be doing to spur innovation. It looks at new policy indicators for innovation, including tax incentives and policies for immigration, education and intellectual property. The index was published in March 2009. To rank the countries, the study measured both innovation inputs and outputs. Innovation inputs included government and fiscal policy, education policy and the innovation environment. Outputs included patents, technology transfer, and other R&D results; business performance, such as labor productivity and total shareholder returns; and the impact of innovation on business migration and economic growth.

Business Ethics sounds "old-fashioned", with connotations to the Bible, Aristotle and Kant, not as innovative as the theories of Milton Friedman, neo liberals or "young" political leaders as Reagan, Thatcher or Bush. Innovation has sometimes connotations to the laws of the jungle where only the fittest survives; one out of a thousand makes a breakthrough, people risk and very often lose billions in order to win sometimes tens of billions.

But the contrary is true; the most innovative countries are also the most ethical, as you can succeed in business, in competition, in finance, in innovation, mainly if you are ethical, like Singapore, Switzerland, Finland and Sweden, like the 30 most innovative countries which are almost identical to the 30 most ethical countries. With very few exceptions, mainly China – no. 27 in innovation but 100 in TI's Index (corrupt countries).

All the other differences are quite minor – South Korea no. 2 in innovation but no. 43 in TI's Index (quite ethical), Israel no. 16 in innovation but no. 37 in TI's Index (ethical), Malaysia no. 21 in innovation but no. 50 in TI's Index (quite ethical), Spain – 24 in innovation and 37 in TI's index. And vice versa, the least innovative countries are also the most corrupt countries – Syria, Zimbabwe, Burundi, Nepal, Venezuela, Nicaragua, Tajikistan, Nigeria, Pakistan...

## 15. 191 COUNTRIES COMPARISON - PATENT APPLICATIONS BY COUNTRY – WIPO - UNITED NATIONS – 1995 – 2008

No one should be surprised that 8 very large economies such as Japan, China, Russia, US, UK, Germany, South Korea or France were among the Top 10 countries of the world in patent applications. There are some parameters as GDP, exports or patent applications, where the size of the country matters, especially if those are super powers as China or Russia. But most of those countries are also the most ethical countries, the others are ethical, and only China is ranked no. 100 and Russia no. 136 in TI's Index are corrupt. In the Top 30 countries in Patent Applications only 4 more countries are corrupt: Italy – 69, Turkey – 64, India– 85 and Ukraine – 142. But all the other countries of the Top 30 are among the most ethical countries of the world, and we find the "small" very ethical countries – in the top 20 in patent applications: Netherlands, Switzerland, Sweden, Finland, Denmark, Belgium, Singapore, Ireland, Norway, New Zealand and Hong Kong; Israel (37 in TI's Index), Austria (23), as well as countries larger in size and in population – Canada, Australia, Poland (35) and Spain (37).

So, there is a very strong correlation between the most ethical countries and the countries with the larger number of patent applications – 17 out of the 20 most ethical (85%), the others are ethical, with only 6 countries out of 30 (20%) ranked quite corrupt and lower. We still miss 3 very small countries with a population of a few hundred thousand that are among the ethical Top 20 but have relatively few patent applications probably due to their small size – Luxembourg – no. 40, Barbados – no. 41, Iceland – no. 61. So, size matters, but only in the extremes for very large and very small economies, otherwise – it correlates very much!

And on the other end of the spectrum, we find of course tiny states, and as usual - the most corrupt who may apply for patents but only in corruption as they have not much to contribute in innovation – Yemen, Sudan, Somalia, Nepal, Myanmar, Laos, Cambodia, Congo DR, etc.

The table was produced from data supplied by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations.

**Source :** World Intellectual Property Organization (WIPO)

### Notes:

\*ARIPO=African Regional Intellectual Property Organization

\*AIPO=African Intellectual Property Organization

\*EPO=Eurasian Patent Organization

Source: WIPO Statistics Database, December 2009

Counts are based on the patent filing date. Country of origin is the residence of the first-named applicant (or assignee).

## 16. 190 COUNTRIES COMPARISON – EASE OF DOING BUSINESS INDEX – WORLD BANK – DOING BUSINESS REPORT – 2017

The **ease of doing business index** is an index created by the [World Bank Group](#). Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights. [Empirical research](#) funded by the World Bank to justify their work show that the economic growth impact of improving these regulations is strong. "Empirical research is needed to establish the optimal level of business regulation—for example, what the duration of court procedures should be and what the optimal degree of social protection is. The indicators compiled in the Doing Business project allow such research to take place. Since the start of the project in November 2001, more than 800 academic papers have used one or more indicators constructed in Doing Business and the related background papers by its authors." The index is based on the study of laws and regulations, with the input and verification by more than 9,600 government officials, lawyers, business consultants, accountants and other professionals in 185 economies who routinely advise on or administer legal and regulatory requirements.

The ease of doing business index is meant to measure regulations directly affecting businesses and does not directly measure more general conditions such as a nation's proximity to large markets, quality of infrastructure, inflation, or crime. A nation's ranking on the index is based on the average of 10 subindices:

- [Starting a business](#) – Procedures, time, cost and minimum capital to open a new business
- [Dealing with construction permits](#) – Procedures, time and cost to build a warehouse
- [Getting electricity](#) – procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse
- [Registering property](#) – Procedures, time and cost to register commercial real estate
- [Getting credit](#) – Strength of legal rights index, depth of credit information index
- [Protecting investors](#) – Indices on the extent of disclosure, extent of director liability and ease of shareholder suits
- [Paying taxes](#) – Number of taxes paid, hours per year spent preparing tax returns and total tax payable as share of gross profit
- [Trading across borders](#) – Number of documents, cost and time necessary to export and import
- [Enforcing contracts](#) – Procedures, time and cost to enforce a debt contract
- [Resolving insolvency](#) – The time, cost and recovery rate (%) under bankruptcy proceeding

The Doing Business project also offers information on following datasets:

- [Distance to frontier](#) - Shows the distance of each economy to the “frontier,” which represents the highest performance observed on each of the indicators across all economies included in Doing Business since each indicator was included in Doing Business
- [Entrepreneurship](#) - Measures entrepreneurial activity. The data is collected directly from 130 company registrars on the number of newly registered firms over the past seven years
- [Good practices](#) - Provide insights into how governments have improved the regulatory environment in the past in the areas measured by Doing Business

- [Transparency in business regulation](#) - Data on the accessibility of regulatory information measures how easy it is to access fee schedules for 4 regulatory processes in the largest business city of an economy

For example, according to the Doing Business (DB) 2013 report, Canada ranked third on the first subindex "Starting a business" behind only New Zealand and Australia. In Canada there is 1 procedure required to start a business which takes on average 5 days to complete. The official cost is 0.4% of the [gross national income](#) per capita. There is no minimum capital requirement. By contrast, in [Chad](#) which ranked among the worst (181st out of 185) on this same subindex, there are 9 procedures required to start a business taking 62 days to complete. The official cost is 202% of the gross national income per capita. A minimum capital investment of 289.4% of the gross national income per capita is required. While fewer and simpler regulations often imply higher rankings, this is not always the case. Protecting the rights of creditors and investors, as well as establishing or upgrading property and credit registries, may mean that more regulation is needed.

The most recent rankings come from the "Doing Business 2017" report. Ranking of economies was introduced in the "Doing Business 2006" report. New Zealand has topped the Ease of Doing Business rankings in 2017. Singapore has topped the Ease of Doing Business rankings in 2016. Based on Singapore's experience, [IDA International](#) is collaborating with public agencies in several countries in the areas such as ICT strategy, national infocomm planning and solutions implementation that can help increase the ease of doing business.

What is remarkable in this index is the "easiness" in streamlining the ease of doing business. It is very difficult to increase the GDP, exports, even patent applications. But if you have set up your mind to reduce the regulations of conducting business in your country you could do it quite easily and it doesn't cost much. South Korea has improved its result from rank no. 27 in 2006 to ranks no.4-5 in 2015-2017, a huge change in less than a decade. Other countries were and remain on the top ranks as New Zealand, Singapore, 2 small countries that do their best to make it easy to conduct business. Israel's rank has deteriorated over the years from 29 to 52.

You can be very innovative, with a lot of patent applications, with excellent infrastructure but if it is not easy to start a business in your country it will affect very much your economy. Denmark which excels in everything has managed to improve its ranking from no. 8 to no. 3 over the last decade, quite an achievement! Sweden has improved from no.14 to no. 9, but one is amazed by the improvement of Macedonia – from no. 81 to no. 10 in 2017, Macedonia in the top 10? Such a "poor and unknown" country (but not in scenery or motivation) has managed to do it with a relatively small effort and excellent prospects for the future.

The same Chinese people (nothing genetic or racial, only procedures and mind-set) achieve the no. 1 rank in the years 2006-2016 in Singapore, the no. 2 to 5 ranks in the years 2007-2017 in Hong-Kong, improve from no. 33-61 in 2006-2011 to no. 11 in 2016-2017 in Taiwan, and a rank of 78 in 2017 with ups and downs between 79 in 2011 and 96 in 2014 in China...

In the first 34 countries in the ease of doing business we find 17 out of the 20 most and very ethical countries, almost all of them – New Zealand, Singapore, Denmark, Hong Kong, Norway, UK, US (no. 8 in ease of doing business, an excellent result for the largest economy in the world), Sweden, Finland, Australia, Germany, Ireland, Iceland, Canada, Netherlands, Switzerland and Japan. The situation has deteriorated for the last two, from 17 in 2006 to 31 in 2017 in Switzerland, and much worse for Japan, from 10 in 2006 to 34 in 2017, something is wrong in Tokyo. Missing are: Belgium – 42 (in Ease Index), Luxembourg – 59, and Barbados – 117. But the rule that "Ethics Pays" is maintained for almost all the ethical

countries, as most of the other countries in the Top 34 countries in the Ease Index are ethical or quite ethical – South Korea (43 in TI's Index), Taiwan (35), Estonia (26), Latvia (43), Georgia (50), Austria (23), Lithuania (39), Malaysia (50), Poland (35), Portugal (31), United Arab Emirates (25), Czech R. (53), France (26), Slovenia (39), Spain (37), Slovakia (54).

And what about Macedonia, the Wunderkind of the Ease Index? Well, it is the only exception, from all the 34 countries on top of the Ease Index, all of them are ethical, and most of them are very ethical, the only country which is quite corrupt is Macedonia, ranking 64 in TI's Index with a score of 45 out of 100. Not very corrupt, not even corrupt, more than a hundred countries rank much less, but still quite corrupt. But Macedonia should get the benefit of the doubt, in view of its fantastic achievement in the Ease Index, also in 2004 it ranked 97 in TI's Index, in 2009 it ranked 71, so if it ranked 64 in 2014, it shows that Macedonia is in the right track. But the academic in me still remains doubtful, we have one more year – 2015, what about that? The enemy of the very good is the excellent, don't be perfectionist. Anyhow, Macedonia went down to 66 with a score of 42 instead of 45, but don't confuse us with facts!

Finally, what about the very corrupt countries, maybe it is very easy to do business there as you have to pay some bribes and you receive all the permits you need, in short it is the paradise for conducting business, is it? Actually, quite the contrary, corruption perverts everything, even the ease of doing business. Ethics facilitates the ease of doing business, but we can prove also the other way round. What are the worst countries on earth for conducting business? They are almost exactly the same countries that rank at the bottom of TI's Index. Somalia ranks 190, last in the Ease Index, and it ranks 174, last in TI's index, identical.



## 17. 62 COUNTRIES COMPARISON, FINANCIAL DEVELOPMENT INDEX, OVERALL, FINANCIAL DEVELOPMENT REPORT - WORLD ECONOMIC FORUM, 2012

FINANCIAL DEVELOPMENT INDEX – 2012 – OVERALL INDEX – THE FINANCIAL DEVELOPMENT REPORT 2012 – WORLD ECONOMIC FORUM – MEASURES THE INSTITUTIONAL ENVIRONMENT, BUSINESS ENVIRONMENT, FINANCIAL STABILITY, BANKING FINANCIAL SERVICES, NON-BANKING FINANCIAL SERVICES, FINANCIAL MARKETS, FINANCIAL ACCESS (SCORE 1-7)

The most ethical states are perceived as "nerds", playing strictly by the book, strictly according to the rules. When it comes to financial development, when you have to be rather creative, you are not expected to be too ethical, sometimes you even circumvent the law, as was the case in the Great Recession of 2007-2010. But, what a surprise, when we find that the 20 most ethical states are also the 20 countries getting the highest scores in the financial development index from 5.31 for the first – Hong Kong (TI – 17), 5.27 for the second – United States (TI – 17), 5.21 for the third – United Kingdom (TI – 14). It goes without saying that the 9 most ethical countries (Luxembourg and New Zealand are not in this survey) are among the 17 countries scoring the best results in the Financial Development Index. But, indeed the most sophisticated financial markets are located in the most ethical countries, after Hong Kong, US and UK, we find Singapore, Australia, Canada, Japan (TI – 15), Switzerland, Netherlands, Sweden, Germany, Denmark, Norway, France (TI – 26), South Korea (TI – 43), Belgium (TI – 15), Finland, Malaysia (TI – 50), Spain (TI – 37) and Ireland (Iceland and Barbados don't participate in this survey). There are a few exceptions, but not in the first ranks, only in the 15<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> rank, and these refer also not to corrupt countries, but to quite ethical states.

How come that small countries as Switzerland, Netherlands, Sweden, Norway, Denmark or Singapore rank so high in the financial development index? Is it because they are among the 8 most ethical countries? And what comes first – because they are so ethical they have scored also the highest grades in the Financial Development Index? Probably yes, as this index comprises the institutional and business environment, financial stability, banking and non-banking financial services, financial markets and financial access. In the long run – an ethical conduct in all those parameters is a condition sine qua non for a sound financial development. So, Ethics Pays in cash, with stability, sophistication, excellent services, and strong markets. As mentioned often, significant results are found mainly in the 20 first and 20 last countries, and the results in between are rather mixed, in many cases in striking similarity between ethics and the other indices, but in other cases with quite opposite results. The Financial Development rank is similar to the ethical rank in the following countries: Austria, Israel, United Arab Emirates, Portugal, Chile, Czech Republic, Poland, Slovakia, Greece and Romania. But there are also very large economies that in spite of being very corrupt achieve a moderate rank in the Financial Development Index: 23. China (TI – 100), 28. South Africa (TI – 67), 30. Italy (TI – 69), 32. Brazil (TI – 69), 34. Thailand (TI – 85), 39. Russia (TI – 136), 40. India (TI – 85), 43. Mexico (TI – 103). Although China, India & Russia's economies are very corrupt they still are so large that they obtain a moderate rank in this Financial index.

Finally, in the lowest ranks of the Financial Development Index we find the most corrupt countries in the world: Colombia, Kazakhstan, Philippines, Indonesia, Vietnam, Egypt, Kenya, Argentina, Ghana, Bangladesh, Pakistan, Ukraine, Tanzania, Nigeria and Venezuela. So, unless you are very large as the corrupt BRICS states: Brazil, Russia, India, China, and South Africa; that have a moderate rank in the Financial Development Index, though much lower than small & ethical Switzerland, Netherlands & Singapore; all the corrupt countries share also the lowest ranks in the Financial Development Index. And if you have a low rank as Egypt, Kenya and Nigeria, the chances are that companies would not want to invest in your country and you'll remain in the lowest ranks of wealth, development and employment.

# 18. 176 COUNTRIES COMPARISON – COMMERCIAL BANK PRIME LENDING RATE - (MOSTLY 2012 ESTIMATES) - CIA - WORLD FACTBOOK

COUNTRY COMPARISON – COMMERCIAL BANK PRIME LENDING RATE  
COMPARES A SIMPLE AVERAGE OF ANNUALIZED INTEREST RATES  
COMMERCIAL BANKS CHARGE ON NEW LOANS FOR THEIR MOST CREDIT-  
WORTHY CUSTOMERS (MOSTLY 2012 ES.) - CIA - WORLD FACTBOOK

Commercial Bank prime lending rates for the most ethical countries are among the lowest in the world: 174. Finland – 2.06 (almost last), 172. Netherlands – 2.65, 171. Switzerland – 2.69, 169. Canada – 3.0, 163. Sweden – 3.57, 162. Denmark – 3.6, 160. Norway – 3.7, 145. Singapore – 5.38, 135. New Zealand – 5.82, 120. Australia – 6.98. One could investigate if the difference between the Central Bank discount rates and the Commercial Bank prime lending rates are the minimal in the most ethical countries, if the financial risks that the banks take in the most ethical countries are minimal, etc., but this is beyond the scope of this book. What we can do is compare the commercial bank rates to other ethical countries which are also very low: Japan – 1.48, Germany – 3.07, US – 3.25, Ireland – 3.55, Belgium – 3.62, United Kingdom – 4.22, Hong Kong – 5.0. Other rates worth mentioning are: France – 3.44, Israel – 5.16, Italy – 5.22, China – 6.0, Portugal (TI index – 31) – 6.37, Greece – 7.33, European Union- 7.52, Iceland – 8.33. And also the very high rates of the unethical countries: Madagascar – 56, Brazil – 37, Malawi – 32, Zimbabwe – 30, Paraguay – 29, Congo DR – 28, Uganda – 26, Yemen – 23, Sierra Leone – 21, Turkey – 19, Ukraine – 18, Angola, Nigeria – 17, Venezuela – 16, Argentina – 14, Vietnam, Bangladesh – 13, Iran, India – 11, Russia – 9%.

# 19. 133 COUNTRIES COMPARISON – SOUNDNESS OF BANKS – WORLD ECONOMIC FORUM – 2009

SOURCE: WORLD ECONOMIC FORUM, EXECUTIVE OPINION SURVEY, 2008, 2009

This survey was conducted in 2008 and 2009, the two most crucial years of the Great Recession, which affected very harshly the soundness of banks, especially in the most advanced countries, and unfortunately also in the most ethical countries. *Sic transit gloria mundi!* Who would expect that Switzerland's rank will be 44 (out of 133), right after Gambia and Thailand... Switzerland the synonym of banking integrity in no. 44, Switzerland which ranked in TI's Index in no. 5 in 2008 and 2009. And Netherlands, another banking superpower ranked no. 70 after Burkina Faso and Syria, ranking in those years in no. 6-7 in TI's Index. And the United States, by far the banking center of the world, with the most sophisticated banking system, ranks no. 108, right after Mali, Azerbaijan and Tanzania. But the worst is still to come – United Kingdom, with the most ethical bankers of the world, ranks no. 125 right after Chad and Burundi. Luckily there were only 133 countries surveyed and the UK scores better than Algeria, Kazakhstan, Kyrgyzstan, Iceland, Zimbabwe, Mongolia, Ukraine – each one and all of them, banking superpowers, with the most ethical financial infrastructure.

If those are the bad news what are the good news? The good news are that still almost all the countries with the highest soundness of banks are the most ethical countries, in spite of the World Recession, in spite of the failure of other ethical countries – among them Iceland no. 1 in TI's Index in 2005 and 2006 which succumbed to greed as the most corrupt countries. So, who are the super-ethical countries, the *crème de la crème* – Canada is no. 1, Canada the opposite of the US in so many aspects in spite of the allegations that it is the 51<sup>st</sup> state of the US. New Zealand is no. 2, this small state at the end of the world that can teach a lesson in banking integrity to superpowers as the US and the UK, no. 1 in TI's Index in 2006 to 2012 and no. 2 in 2013 and 2014 and in the average of 21 years. Australia is no. 3, another ethical country ranking 8-9 in 2008-2009, then comes Chile no. 4, in TI's Index 23-25 in those years, only a few years after the dictatorship of Pinochet. Hong Kong, a former UK colony, is no. 5, the Chinese Wunderkind with Singapore ranking no. 8, both of them very ethical countries, Hong Kong no. 12 in TI's Index and Singapore no. 4 in 2008, 3 in 2009 and 1 in 2010!

But then come the exceptions, at last some exceptions. This dissertation would sound rather boring or even worse unreliable, too good to be true, if in all the parameters all the most ethical countries got the highest ranks, and corrupt countries would score the worst results. That is why, I "welcome" the position of South Africa in no. 6 in the soundness of banks, a country that is quite corrupt ranking 54 in TI's Index in 2008. Following in no. 7 of soundness of banks is Namibia, another African country, ranking 61 respectively, Panama is no. 9 in soundness of banks but 85 respectively, and Brazil is no. 10 and 80 respectively. Those are corrupt countries but not the most corrupt, which here also score the worst results in the soundness of banks (129-133) – Zimbabwe (166 in 2008), Kyrgyzstan (166), Mongolia (102) and Ukraine (134), and the fifth is... Iceland which ranked no. 1 in TI's Index in 2006. So, like in a novel, we have the good ones who became bad, the bad ones who behaved good, not a soap opera where everything is stereotyped, the good are always good and the bad – bad.

But, ultimately, the good ones remain good in almost all the cases, if not in every year and every parameter, at least on the average. UK and US may have stumbled once, twice or even thrice, but they still are no. 14 and 17 in TI's Index in 2014 and no. 13 and 18 on the average of 21 years, and they are ranked very high in Cory's Index, so still *crème de la crème* in ethics and average performance, not to be confounded with Brazil, South Africa, Panama, Namibia, or even Macedonia, which scored very high in a parameter or two but their corruption conduct caused them to get low performance ranks in most of the parameters.

## 20. 131 COUNTRIES COMPARISON – LIST OF COUNTRIES BY CREDIT RATING – STANDARD AND POOR'S – MOSTLY 2016 - WIKIPEDIA

Many people don't take seriously anymore S&P's credit rating after the scandals of 2008 when they gave AAA rating to CDOs that collapsed in the Great Recession like a house of cards. However, as we don't have a better method of analyzing the credit rating we have to base our judgment on credit rating for ethical and unethical countries according to the S&P rating, but we checked if they were too generous by giving AAA rating to many countries. We thought that in this index we would find surprises, low credit rating for some ethical countries and high credit rating for some corrupt countries, but inexorably the same rule of "Ethics Pays" applies for the most ethical and corrupt countries. Furthermore, the ethical countries that received the highest rating of AAA stable were the only ones to receive this rating and none of the corrupt countries, even if they are huge economic powers received the highest ratings.

8 of the 11 most ethical countries received the highest rating of AAA and a stable outlook – Netherlands, Canada, Denmark, Luxembourg, Norway, Singapore, Sweden and Switzerland. We checked if there is an "inflation" of AAA rating, but we found that only 3 other countries have the same rating and all of them are very ethical countries: Germany – stable outlook (TI – 12), Australia – negative outlook (TI – 11, most ethical) and Hong Kong – negative outlook (TI – 17). There is also Liechtenstein, but it is a microstate not ranked by TI. We'll not refer to other microstates and dependencies rated by S&P as they are not ranked by TI. The law that Ethics Pays applies significantly in this parameter as well. But, we have one other most ethical country that obtained a slightly lower rating: Finland received AA+ stable. United States received the same rating (no. 17 in TI's Index) and so did Austria (no. 23 in TI's Index). The 11<sup>th</sup> most ethical country, New Zealand, received the next rating AA Stable. So, all the most ethical countries received the highest ratings with only 3 of them received slightly less.

And as Germany has received also a rating of AAA Stable and is one of the 12 first countries in Cory's Index and no. 12 in TI's Index, we see that all the 12 first countries on both indices have also received the highest financial ratings. So, those countries not only excel in ethics, on the average of all the parameters, but they excel also in finance as well. So, ethics pays, is liquid, is solid and is sound. The other countries in the list of the first 24 countries with the excellent rating of AA to AAA are: Qatar (TI – 26), Kuwait (TI – 67, quite corrupt), Abu Dhabi, UAE (TI – 25), Belgium (TI – 15), UK (TI – 14), South Korea (TI – 43), France (TI – 26). So, almost all of those countries are very ethical, a few - are ethical, and only one is quite corrupt. Further down until the 46<sup>th</sup> rank with A-, we find also only ethical countries, two very ethical countries (Ireland and Japan: A+ Stable) and only 3 corrupt countries: China AA- (TI – 100) which is quite obvious as it is one of the largest economic superpowers, Saudi Arabia (TI – 55), Trinidad and Tobago (TI – 85). Actually, the only few exceptions are the superpower China and two oil-rich countries Saudi Arabia and Kuwait. So, here again the rule applies that Ethics Pays even in the bastion of capitalism – credit rating, and ethical countries are not "nerds", playing by the rules & losing money, but financial tigers with the best credit.

Iceland, a very ethical country, has a rating of BBB+ stable (after their banking scandals, nobody is perfect even in Scandinavia, and anyhow its ethical rating is also lower than in the past, but it is still 12), and Barbados, another very ethical country is B- negative. Botswana is the only African country among the first 40 most, very and ethical countries (TI – 31). It ranks quite high in many parameters, probably because it is a democracy since its independence, and in credit rating it receives A- negative, which is also the highest rating for an African country. Many countries have a much lower credit rating than their ethical rating – Ireland, Japan, Spain, Iceland, Poland, Uruguay, Hungary and Portugal, while many countries have a much higher credit rating than their ethical rating – Austria, Kuwait, South Korea,

Taiwan, China, Malaysia, Saudi Arabia, Thailand, Peru, Mexico, India, Russia and Vietnam. The rule that Ethics Pays applies here also mainly for the most and very ethical countries and vice versa for the most corrupt countries, while in between there is not a clear-cut correlation.

But what about the most corrupt countries – what is their credit rating? Here we find that most of them don't have at all a credit rating, at least not in this list, going upwards from the most corrupt countries to the less corrupt countries: Somalia, North Korea, Sudan, Afghanistan, South Sudan, Uzbekistan, Libya, Eritrea, Yemen, and also Zimbabwe, Algeria, Burundi, Cambodia, Chad, Haiti, Iran, Guinea-Bissau, Syria, Myanmar, Tajikistan, Laos, Guinea, Central African Republic, Guyana, Ivory Coast, Kyrgyzstan, Liberia, Madagascar, Nepal, Niger, Sierra Leone, Tanzania, Togo... Some of them have a very low credit rating: Mozambique, Venezuela, Egypt, Lebanon, Mongolia, Republic of the Congo, Argentina, Democratic Republic of the Congo, Ukraine, Iraq, Belarus, Burkina Faso, with ranks up to B-. And we have of course Italy with a credit rating of BBB- and Greece B-, both of them with a TI's rank of 69, quite corrupt countries, scoring also very low results in credit rating.

For Standard and Poor's - S&P, a bond is considered [investment grade](#) if its credit rating is BBB- or higher. Bonds rated BB+ and below are considered to be [speculative grade](#), sometimes also referred to as "junk" bonds.

## 21. 187 COUNTRIES COMPARISON - INDEX OF GLOBALIZATION, 2013, KOF/ETH SWISS ECONOMIC INSTITUTE

INDEX OF GLOBALIZATION – 2013 – SOURCE – KOF (ETH) SWISS ECONOMIC INSTITUTE - MEASURES ECONOMIC, SOCIAL AND POLITICAL DIMENSIONS OF GLOBALIZATION REFERRING TO ACTUAL ECONOMIC FLOWS, ECONOMIC RESTRICTIONS, DATA ON INFORMATION FLOWS, DATA ON PERSONAL CONTACT AND DATA ON CULTURAL PROXIMITY

The most ethical countries are not secluded in their ethics as Bhutan, but have a thriving economy in the epicenter of globalization. They achieve the highest rankings in the Globalization Index. The 10 most ethical countries rank high in the 21 most globalized economies: 3. Netherlands (score – 91.33), 5. Singapore, 6. Denmark, 7. Sweden (87.63), 10. Switzerland, 13. Canada, 14. Luxembourg, 16. Finland, 20. Norway, 21. Australia (81.59). New Zealand ranks somewhat lower in no. 28 (78.22). Most of the other top 20 ethical countries rank also high in the Globalization Index: 1. Belgium, the capital of the European Union (92.30) 2. Ireland, 12. United Kingdom (85.39), 22. Germany (81.08), and a surprising relative low rank for the United States – 34 (74.76), 37. Iceland, and the very low rank, compared to their top achievements in the other parameters, for Japan – 56 (63.73). We have to bear in mind that this index measures also economic restrictions, which may explain the lower ranks of the US and especially Japan. Hong Kong is not in this index and Barbados ranks 93 (54.95). But as a rule, the most ethical countries achieve also here the best ranks.

The small most ethical countries are also the most globalized: rank no. 1. For Belgium, 2. Ireland, 3. Netherlands, 4. Austria (TI – 23), 5. Singapore, 6. Denmark, 7. Sweden, 8. Portugal (TI – 31). 9. Hungary (TI – 47), a former communist country ranks here very high, with 15. Czech Republic (TI – 53) and 19. Slovakia (TI – 54) - those are 3 former communist countries or 15% of the top 20 in the Globalization Index, quite an achievement for states that started to globalize only in the 90's. 10. Switzerland, 11. Cyprus (TI – 31), 14. Luxembourg, 20. Norway. As a matter of fact only 2 super economic powers are among the top 20 – 12. UK, 18. France (TI– 26), as well as 2 medium sized economies – 13. Canada, 17. Spain (TI– 37), all the others are small countries, ranking exclusively in the Globalization Index top 11.

We find in high ranks of the Globalization Index countries which have moderate ethical ranking or moderate corrupt ranking. In the top Globalization Index 20 there are only 12 countries which are in the top TI's index, or 60% - one of the lowest ratios of compatibility between the two indices – normally there are at least 15 top TI 20 in the top 20 of every parameter, and sometimes there is an almost perfect match between the two parameters. But what is special in the globalization index is that the 8 countries which are not in the top TI's 20 have a much lower TI's ranking than usual – Czech Republic – 53, Slovakia – 54, Hungary – 47, Spain – 37, Cyprus and Portugal – 31, and only two of the "usual" contenders – Austria – 23 and France – 26. However, at least none of the Globalization top 20 is a quite corrupt country with an ethical score of less than 50, but there are a few in a borderline position.

Another finding – the remainder TI's top 20 are not located right after the 20 most globalized countries, but rather scattered – 2 right after: Australia 21 and Germany 22, but New Zealand is 28, the US are 34, Iceland is 38, Japan is 56 and Barbados is 93. Furthermore, much higher in the Globalization Index we find corrupt countries as 23. Italy and 24. Greece which are ranked 69 in TI's index, and down to a ranking of 40, we find more borderline cases of ethical countries ranking down to 54 with a score of 50 or above – Malaysia, Lithuania, Croatia (TI – 61), Poland, Slovenia, Malta, Israel, more ethical countries – Estonia, Chile, Qatar, United Arab Emirates, and two quite corrupt countries – Romania and Bulgaria, both ranked 69 in

TI's index with Italy and Greece. So, in the 40 most globalized countries we find a mixture of the most ethical countries in the top positions, with less ethical countries and even quite corrupt countries, but nevertheless we don't find corrupt countries ranking less than TI's 70.

The corrupt and very corrupt countries are ranked from 47 down, with scores of globalization of 67.78 for 48. Russia (TI – 136), Ukraine, Lebanon, Moldova, Thailand, Peru, Nigeria, 73. China (59.43), Argentina, Egypt, Paraguay, Philippines, Zambia, Indonesia, Namibia, Belarus, Armenia, Ecuador, Algeria, Colombia, 107. India. But we find in those rankings also moderate corrupt countries as Saudi Arabia, Serbia, South Africa, 76. Brazil (59.21), and quite ethical countries as 52. Uruguay, 60. South Korea, 62. Mauritius. In the least globalized countries with scores of 50 and less we find very few quite ethical states as 129. Botswana, 133. Cape Verde, 181. Bhutan, but mostly - the most corrupt countries: Guyana, Zimbabwe, Togo, Republic of the Congo, Sri Lanka, Djibouti, Venezuela, Libya, Kenya, Cambodia, Vietnam, Mali, Uganda, Papua New Guinea, Yemen, Cameroon, Angola, Syria, Guinea-Bissau, Guinea, Bangladesh, Chad, Iraq (40.10), Tanzania, Sierra Leone, Nepal, Niger, Ethiopia, Democratic Republic of the Congo, Sudan, Central African Republic, Haiti, Burundi, Palestine, Myanmar, Afghanistan, Liberia, Eritrea, Laos, 187. Timor-Leste (24.35).

## 22. 139 COUNTRIES COMPARISON – NETWORKED READINESS INDEX – GLOBAL INFORMATION TECHNOLOGY REPORT - WORLD ECONOMIC FORUM – 2016

*The Global Information Technology Report 2016* features the latest iteration of the Networked Readiness Index, which assesses the factors, policies and institutions that enable a country to fully leverage information and communication technologies (ICTs) for increased competitiveness and well-being. Under the theme *Innovating in the Digital Economy*, the Report also examines the role of information and communication technologies (ICTs) in driving innovation.

The networked readiness framework rests on six principles: (1) a high-quality regulatory and business environment is critical in order to fully leverage ICTs and generate impact; (2) ICT readiness—as measured by ICT affordability, skills, and infrastructure—is a pre-condition to generating impact; (3) fully leveraging ICTs requires a society-wide effort: the government, the business sector, and the population at large each have a critical role to play; (4) ICT use should not be an end in itself. The impact that ICTs actually have on the economy and society is what ultimately matters; (5) the set of drivers—the environment, readiness, and usage—interact, co-evolve, and reinforce each other to form a virtuous cycle; and (6) the networked readiness framework should provide clear policy guidance.

The framework translates into the NRI, a composite indicator made up of four main categories (subindexes), 10 subcategories (pillars), and 53 individual indicators distributed across the different pillars:

### **A. Environment subindex**

1. Political and regulatory environment (9 indicators)
2. Business and innovation environment (9 indicators)

### **B. Readiness subindex**

3. Infrastructure (4 indicators)
4. Affordability (3 indicators)
5. Skills (4 indicators)

### **C. Usage subindex**



6. Individual usage (7 indicators)
7. Business usage (6 indicators)
8. Government usage (3 indicators)

#### **D. Impact subindex**

9. Economic impacts (4 indicators)
10. Social impacts (4 indicators)

The computation of the overall NRI score is based on successive aggregations of scores: individual indicators are aggregated to obtain pillar scores, which are then combined to obtain subindex scores. Subindex scores are in turn combined to produce a country's overall NRI score.

The 11 most ethical countries score in this parameter the best scores and are in the first 18 ranks of the parameter, while the other states in the first 18 are other ethical states, namely the United States (TI – 17), Japan – (TI – 15), Hong Kong (TI – 17), South Korea (TI – 43), Germany and Iceland (TI – 12). The other countries in the 38 first ranks of the Networked Readiness Index are mainly the first 38 countries in the TI report of the most, very and ethical countries, with only few exceptions – Bahrain (TI – 55), Malaysia (TI – 50), Saudi Arabia (TI – 55), Czech Republic (TI – 53), all of them very close to the 38 ethical countries. Further down we find Russia in no. 41, but only 136 in TI's Index, a superpower very advanced in technology, Kazakhstan (TI – 126), Ukraine (TI – 142), all of them part of the Soviet Union, which was very advanced in technology. And the worst countries in this parameter are also very corrupt countries, possibly not the most corrupt as they were not even surveyed, yet we can find the very corrupt countries – Chad, Burundi, Haiti, Mauritania, Madagascar, Guinea, Myanmar, Tanzania, Gabon, Liberia, Swaziland, Mozambique, Zimbabwe, Cameroon, etc.

### 23. 131 COUNTRIES COMPARISON - MEDIAN PER-CAPITA INCOME (AND MEDIAN HOUSEHOLD INCOME) – GALLUP – 2013 – IN PPP INTERNATIONAL DOLLARS

Median income is the amount that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount. Mean income (average) is the amount obtained by dividing the total aggregate income of a group by the number of units in that group. Household income is not to be confused with family or personal income. Household income is often the combination of two income earners pooling their resources and should therefore not be confused with an individual's earnings.

In 2013, Gallup published a list of countries with median household income. Using median rather than mean income, results in a much more accurate picture of the average income of the middle class since the data will not be skewed by gains and abnormalities in the extreme ends. Data is in international dollars using purchase power parity and are based on responses from at least 2,000 adults in each country, with the data aggregated from 2006 to 2012. The figures are before deduction of taxes and social contributions and are not adjusted for household size. The median annual household income worldwide is \$9,733 and the median per-capita household income is \$2,920. Median per-capita incomes in the top 10 wealthiest populations are more than 50 times those in the 10 poorest populations – in Sub-Saharan Africa.

As the median household income and - even more - the median per-capita income are two of the most salient indicators of the wealth of the citizens, it is important to notice that the most ethical countries have the best results in PPP international dollars with 1. Norway – 51,489/19,308, 2. Sweden – 50,514/18,632, 3. Luxembourg, 4. Denmark, 5. Finland, 7. Canada, 8. Australia, 9. Netherlands, without forgetting Switzerland that is not in this survey but still has a mean disposable income of 61,249 Swiss Francs in 2011, thus ranking it as no. 1, with better results even than Norway. The other countries in the 20 most ethical countries - United States, Germany, United Kingdom, Belgium, Hong Kong and Ireland, rank with New Zealand (14), among the 20 richest and most egalitarian countries in the world, as the median household income is a salient indicator of evenly distributed wealth. Singapore (24) is last among the ethical countries with 32,360 median household income and 7,345 median per capita income. The less ethical countries have much lower median income, proving once again that Ethics Pays, ranking at the highest places the most ethical countries. The developing countries with the lowest ethical ranking, China (67) with 1,786, South Africa (79) with 1,217, Peru (84) with 1,077, India (99) with 616, Philippines (108) with 478, Afghanistan (117) with 378, and most of all poorest populations of the Sub-Saharan countries in Africa, have the lowest results down to 118 median per-capita for Liberia (no. 131).

For including this parameter into Cory's Index we have chosen the Median Per-Capita Income as it reflects in the best way the distribution of income, since household may comprise different numbers of persons. The ranking is from the highest to the lowest per-capita income.

## 24. 61 COUNTRIES COMPARISON - GDP (PPP) PER HOUR WORKED – 2013 – MEASURES THE PRODUCTIVITY – THE CONFERENCE BOARD & EUROSTAT

GDP (PPP) PER HOUR WORKED – 2013 – GDP GROSS DOMESTIC PRODUCT NORMALIZED TO PPP PURCHASING POWER PARITY – IN US\$ NORMALIZED TO 2013 US\$ - MEASURES THE PRODUCTIVITY OF A COUNTRY WHEN NOT TAKING INTO ACCOUNT UNEMPLOYMENT OR HOURS WORKED PER WEEK. WORK IS MEASURED AS HOURS ACTUALLY WORKED DURING THE YEAR IN EMPLOYEE AND SELF-EMPLOYMENT JOBS

The 23 best countries in productivity of labor, measured by the GDP PPP per hour worked, are also almost identical to the 26 most ethical countries, thus proving that unlike the "defamatory" remarks on the ethical and welfare states that they have forgotten to work, they have too much social benefits, vacations, minimal work week, long maternity leaves, generous unemployment payments and so on, those countries have the best productivity, much more than the unethical countries. The GDP PPP per hour worked of those countries amount from US\$ 36.83 to 75.14. And the countries are: Norway (75.14), Luxembourg (73.22), US (67.32), Belgium (60.98), Netherlands (60.06), France (59.24, no. 6, the country with the best working conditions and social benefits has also the highest productivity, almost as high as the neoliberal US with much worse working conditions, what a blow for neoliberal ideology...), Germany (57.36), Ireland (56.05), Australia (55.87), Denmark (55.75), Sweden (55.28), Austria (54.83), UK (51.38), Canada (50.29), Iceland, Switzerland (49.88), Spain (49.59, TI – 37), Finland (48.79), Barbados, Italy (45.04, TI – 69, a quite high productivity for a quite unethical country, even higher than the much more ethical Japan), Japan (43.77, TI - 15), Singapore (41.46, TI - 7), 23. Hong Kong (41.30), and 28. New Zealand (36.83, TI – 2-!).

But further down the symmetry is not so clear-cut, which proves, in most of the cases, that the law that Ethics Pays is applicable mainly to the 20 most ethical countries and the opposite law that Corruption Doesn't Pay is applicable mainly to the 20 most corrupt countries. In the middle between the two extremes there are many mixed cases where more ethical countries perform worse than more corrupt countries, but also cases where they perform better. To illustrate this findings, we start with 37. Poland – 25.81 (TI – 35) almost identical to the ranking of productivity, but 39. Estonia – 23.50 (TI – 26) has the same productivity as 40. Turkey – 22.83 (TI – 64), which is much more corrupt than Estonia. Similarly, 42. Russia – 19.70 (TI – 136) one of the more corrupt countries has the same productivity as 43. Chile – 19.55 (TI – 21) one of the most ethical countries. 50. Romania – 15.46 (TI – 69) is quite unethical, but has the same productivity as the very corrupt 51. Venezuela – 15.05 (TI – 161). 57. Brazil – 10.78 (TI – 69) is quite corrupt and has a rather low productivity. The 3 states with the lowest productivity are also very corrupt: 59. Thailand – 8.54 (TI – 85), 60. Sri Lanka – 6.85 (TI – 85), 61. Bangladesh – 1.98 (TI – 145, one of the most corrupt countries).

## 25. 141 COUNTRIES COMPARISON – INCOME INEQUALITY/DISTRIBUTION OF FAMILY INCOME/GINI INDEX - 2007-2013 - CIA - WORLD FACTBOOK

### COUNTRY COMPARISON – INCOME INEQUALITY – DISTRIBUTION OF FAMILY INCOME - MOSTLY IN 2007-2013 – GINI INDEX (MAX. EQUALITY – 0, MAX. INEQUALITY – 1 OR 100%) - CIA - WORLD FACTBOOK

Is equality of income ethical or not? The communist ideology strived to have a very high equality of income and it collapsed. On the other hand the capitalist ideology, and especially the neoliberal one, strives to have very high inequality of income which should be tied to the contribution to profitability. Yet, in the last decades inequality reached very high levels with a very high concentration of income in the hands of a small economic elite. No one wants to achieve a too high level of equality (Gini index close to 0), while most of the economists wanting to achieve social and economic justice, keeping a capitalist profit-oriented regime, advocate that a too high level of inequality disrupts the economy as countries become oligarchies instead of meritocracies (read also Thomas Piketty's – Capital in the 21<sup>st</sup> Century).

Scandinavia has become for many of us a model of a thriving economy based on solid capitalist foundations as well as social justice ideology. The Scandinavian countries have the lowest Gini indices, 23.0 – 26.8, and close to their scores we can find the most ethical countries achieving high degrees of equality with the best results in the other economic indicators as well – Sweden (no. 141 – last in inequality or first in equality) – 23.0, 137. Denmark – 24.8, 135. Norway – 25.0, 134. Luxembourg – 26.0, 131. Finland – 26.8, If we analyze those results – we find that the Scandinavian countries with Luxembourg are half of the 11 most ethical and most equal countries in the world. Interesting enough, the other most equal countries (besides Austria, TI – 23) are former communist countries such as Slovenia (TI – 39), Montenegro (TI – 76), Hungary (TI – 47), Czech Republic (TI – 53), Slovakia (TI – 54), which are much less ethical and much poorer than the Scandinavian countries.

That proves once again that you have to analyze the whole gamut of economic indicators in order to draw the right conclusions if ethics pays or not. It is not enough to be equal, you have to prosper in the other indicators as well, have the best quality of life, happiness and democracies, in order to compare to the most ethical Scandinavian countries. If we enlarge the criteria of equality to a Gini score of 23-32, with 32 being half of the score of 63 of the most unequal countries, we find that 9 out of the 11 most ethical countries have scores in this bracket which is equivalent to a high degree of equality – the Scandinavian countries and Luxembourg mentioned above, 123. Switzerland – 28.7, 120. Australia – 30.3, 115. Netherlands – 30.9, Canada – 32.1. And in this brackets we find on the one hand very ethical countries (among the 20 most ethical) such as Germany (rank – 130, score - 27.0), 126. Iceland – 28.0, 125. Belgium – 28.0, United Kingdom – 32.3, as well as 118. the European Union – 30.6, and on the other hand quite corrupt to very corrupt countries, very poor countries and former communist countries, such as Romania (TI – 69, 27.4), Belarus (TI – 119, 27.2), Kazakhstan (TI – 126, 28.9), Pakistan (TI – 126, 30.6), Egypt (TI – 94, 30.8), Bangladesh (TI – 145, 32.1), as well as the less ethical but rich countries, such as France (TI – 26, 30.6), South Korea (TI – 43, 31.1), Italy (TI – 69, 31.9), Spain (TI – 37, 32.0).

But, even in the opposite extreme of a most unequal distribution of family income, scoring 63-52, we find all the gamut of very ethical to most corrupt countries (but not even one of the 11 most ethical countries): 1. Lesotho, no. 1 in inequality with a score of 63.2 (TI – 55), 2. South Africa (TI – 67), 3. Botswana (TI – 31), 4. Sierra Leone (TI – 119), 5. Central African Republic (TI – 150), 6. Namibia (TI – 55), 7. Haiti (TI – 161), 8. Honduras (TI – 126), 9. Zambia (TI – 85), 10. Colombia (TI – 94), 11. Guatemala (TI – 115), 12. Hong Kong (TI –

17), 13. Paraguay (TI – 150), 14. Chile (TI – 21), 15. Panama (TI – 94), 16. Brazil (TI – 69). Is ethics a precondition of equality or vice versa? We find that in most of the cases the most ethical countries became also the most equal, like in Scandinavia, following government policies (i.a. progressive taxation) and economic conduct (i.a. humane capitalism), yet we find cases that ethical countries are very unequal, also as a result of policies (i.a. neoliberals).

What can we deduct about 86. New Zealand (36.2) and even more 32. Singapore (46.3), as well as the United States (no. 17 in TI's index, no. 41 in the most unequal countries with a score of 45.0) and Milton Friedman's favorite regime - 12. Hong Kong (53.7!), which are very ethical, yet quite unequal? It has probably to do with their neoliberal regimes, advocating a very high degree of inequality as a precondition for a sound economy. Many roads lead to Rome or to business ethics (even neoliberal ones...), and we have to examine all the indicators in order to reach the right conclusion, as in this case of the Gini inequality index. We should not draw hasty conclusions from the level of the Gini index, as we have found that there are examples of poor and corrupt countries with a high degree of equality (Ethiopia, Moldova, Belarus, Niger, Bangladesh, Egypt and Pakistan) and there are examples of highly unequal and corrupt countries (Russia, Nigeria, South Africa, Iran, Haiti and Sierra Leone), and vice versa. However, if we want to find a pattern, we can conclude that most of the most ethical states (9/11 – Scandinavia, Switzerland, Netherlands, Luxembourg, Australia, Canada) have a very equal distribution of income, and only the exceptions have a quite unequal to a very unequal economic regime, like New Zealand, Singapore, United States, and Hong Kong .

## 26. 195 COUNTRIES COMPARISON - GROSS NATIONAL INCOME (GNI) PER CAPITA, IN 2013 AT NOMINAL VALUE, DEVELOPED BY THE WORLD BANK

GROSS NATIONAL INCOME – GNI – PER CAPITA – IN 2013 AT NOMINAL VALUE, ACCORDING TO THE ATLAS METHOD, AN INDICATOR OF INCOME DEVELOPED BY THE WORLD BANK. IT IS THE DOLLAR VALUE OF A COUNTRY'S FINAL INCOME IN A YEAR, DIVIDED BY ITS POPULATION. IT REFLECTS THE AVERAGE INCOME OF A COUNTRY'S CITIZENS, AND GIVES THE GENERAL STANDARD OF LIVING ENJOYED BY THE AVERAGE CITIZEN

GNI is perceived by many as a most salient parameter of the welfare of citizens, better than GDP per capita, as GNI is the final income of a country in a year divided by its population, reflecting the average income of a country's citizen, or the general standard of living enjoyed by the average citizen. This differs from the average wage of citizens, which measures all the wages of citizens and divide it by the number of citizens. If we neutralize tiny countries as Monaco, Liechtenstein, San Marino and Andorra, which distort the ranking, as well as dependencies, we find that the ten most ethical countries in the world are among the 13 countries with the highest GNI per capita: Norway with \$102,610, Switzerland, Luxembourg, Australia, Sweden, Denmark, Singapore, Canada, Netherlands and Finland with \$48,820. The amount of income varies largely, Norway has more than twice Finland's income, but the ranking doesn't change and is exactly like the ranking of the most ethical countries, with one exception – New Zealand, ranking 24, with \$35,550. Here again Ethics Pays, with a perfect symmetry, as it is amazing to find every time the same "club" members.

Furthermore, we find all the 20 most ethical countries in the list of the 24 countries with the highest GNI per capita (except Barbados): the abovementioned countries as well as United States, United Kingdom, Germany, Iceland, Japan, Belgium, Ireland, Hong Kong. The other countries in the first 24 are: 3. Qatar (TI – 26), oil rich country, 12. Austria (TI – 23), 18. Kuwait (TI – 67) oil rich country, 19. France (TI – 26), 22. United Arab Emirates (TI – 25) oil rich country, 23. Italy (TI – 69). All the countries with the first 24 GNI per capita rank also high in TI's index down to 26, which is very close, with two exceptions oil rich Kuwait and quite corrupt Italy, but otherwise we find an almost perfect symmetry between the highest GNI per capita, which is a salient parameter of the welfare of the citizens and their standard of living, and the ethical ranking of the countries, mostly even in the quite high 14-24 ranks.

The 20 countries after New Zealand are mostly quite ethical and rank in similar ranks as in TI's index: Israel - \$33,930 and Spain (TI – 37), South Korea (TI – 43), Cyprus (TI – 31), Slovenia (TI – 39), Bahamas (TI – 24), Portugal (TI – 31), Latvia (TI – 43), Chile - \$15,230 and Uruguay (TI – 21), Lithuania (TI – 39), Malta (TI – 43), Taiwan (TI – 35), Estonia (TI – 26), Czech Republic (TI – 53), Slovakia (TI – 54) – those countries are quite ethical but not so rich, with a moderate GNI per capita. However, in this bracket of high-income group we find quite corrupt countries as Saudi Arabia (TI – 55), Oman (TI – 64), Greece (TI – 69), Bahrain (TI – 55), and the very corrupt Russia (TI – 136) with \$13,850. The high income comes mainly from oil or from an unequal distribution of income, as the figures are average.

In the upper middle-income group with countries ranking from 51 downwards we find corrupt and very corrupt countries as Libya, Venezuela, Brazil (\$11,690), Kazakhstan, Turkey, Panama, Gabon, Mexico (\$9,940), Lebanon, Romania, Bulgaria, Azerbaijan, South Africa, Turkmenistan, Belarus, Iraq, China, Argentina, Peru, Cuba, Iran, Ecuador, Algeria, Angola, Belize, Tunisia (\$4,200), but also more ethical countries such as Malaysia (TI – 50), Costa Rica, Mauritius (TI – 47) and African Botswana, ranking quite high (TI – 31). As explained before with other parameters, the symmetry between ethics and GNI per capita is most salient

in the extremes of the first and last 20 countries, and in the middle we get mixed results. It is therefore a strong incentive to be a most ethical country, as only then we get the best results in the other parameters, while in the less ethical countries – the impact of ethics is not so strong.

In the low-income group, we find as usual the most corrupt countries, proving once again that Corruption Doesn't Pay, especially if it is excessive: Kenya (\$1,160), Chad, Bangladesh, Tajikistan, Myanmar, Cambodia, Zimbabwe, Haiti, Nepal, Afghanistan, Sierra Leone, Tanzania, Mozambique, Guinea-Bissau, Uganda, North Korea, Togo, Gambia, Eritrea, Ethiopia, Guinea, Madagascar, Democratic Republic of the Congo, Liberia, Niger, Central African Republic, Malawi, Burundi, and Somalia, the most corrupt & poorest country - \$150.

27. 150 COUNTRIES COMPARISON - DISTRIBUTION OF WEALTH - WEALTH PER CAPITA, (AND WEALTH PER ADULT, WEALTH GINI) – 2000, PPP\$, A 2008 PAPER OF NATIONAL BUREAU OF ECONOMIC RESEARCH

DISTRIBUTION OF WEALTH – COMPARES THE WEALTH OF VARIOUS MEMBERS OR GROUPS IN A SOCIETY. IT LOOKS AT THE DISTRIBUTION OF OWNERSHIP OF THE ASSETS IN A SOCIETY, WEALTH=ASSETS-LIABILITIES, A PERSON'S NET WORTH: WEALTH PER CAPITA, WEALTH PER ADULT, WEALTH GINI – FOR 2000, BASED ON PURCHASING POWER PARITY PPP\$, BASED ON A 2008 PAPER OF THE NATIONAL BUREAU OF ECONOMIC RESEARCH. HIGHER GINI COEFFICIENTS SIGNIFY GREATER INEQUALITY IN WEALTH DISTRIBUTION, WITH 1 BEING COMPLETE INEQUALITY AND 0 BEING COMPLETE EQUALITY. THE TOP 10% OWNED 71% OF WORLD WEALTH

Analyzing Income per capita has to be complemented by analyzing Wealth per capita as well, and also Wealth per adult and Wealth Gini, to learn whether the country is more equal with a score close to 0 or unequal with a score closer to 1. 17 out of the 20 most ethical countries are located in the 21 richest countries in the world with the highest wealth per capita and per adult (the other 3 are located close enough, with ranks 27, 30, 32): 1. Hong Kong – Wealth per capita - \$188,699, Wealth per adult - \$246,307, Wealth Gini 0.740. This is the result of the neoliberal policies of Hong Kong, advocated by Milton Friedman who perceived Hong Kong as "THE" model of a neoliberal economy. Hong Kong is the richest state in Wealth per capita, but in the other parameters it receives lower results, yet in most cases among the top performing countries (TI – 17). 2. Luxembourg – Wealth Gini - 0.650, as wealth is distributed much more equally than in Hong Kong. We have to bear in mind that the World averages is: Wealth per capita – 26,416, Wealth per adult – 43,494, Wealth Gini 0.804. The richest countries have a wealth 6-7 times higher than the world average, and the equality of wealth distribution is in most cases substantially higher than the world average. 3. United States – 0.801, like the world average. 4. Switzerland – 0.803 – like the world average, 5. United Kingdom– 0.697, 6. Japan – 0.547, one of the most equal wealth distribution in the world. 7. Netherlands – 121,165/159,910/0.650. The most ethical countries differ in their Wealth Gini.

We see that within the most ethical states there are large differences in the wealth parameter – first of all in the order of magnitude – Hong Kong is 1.5 times richer than Netherlands, twice as high as in France, and thrice richer than Denmark. The reason for those differences could be the taxation which is much lower in Hong Kong than in France or Denmark (2.5 times more in Denmark compared to Hong Kong). Most of the ethical countries are very egalitarian and have a Wealth Gini much lower than the world average, and some have a similar Gini. Income Inequality of Hong Kong is one of the highest in the world, while Scandinavian countries have one of the lowest. But the data on Wealth Gini is rather confusing with Hong Kong having a Wealth Gini, or inequality of wealth, of 0.740, much lower than the Wealth Gini of Denmark – 0.808, which is even higher than the world average. Furthermore, the world average Wealth Gini is 0.804 and in this list none of the countries has a higher Gini, except Denmark and Namibia..., and all the other countries have a much lower Wealth Gini.

8. Italy (TI – 69) – 0.609, Italy in spite of being corrupt has a very high wealth per capita and high wealth Gini equality as well. 9. Singapore – 0.689, 10. Barbados – 0.706, 11. Taiwan (TI – 35) – 0.655, 12. France (TI – 26) – 94,557/126,360/0.730, 13. Spain – 0.570, 14. Ireland – 0.581, 15. Australia – 0.622, 16. Germany – 0.667, 17. Canada – 0.688, 18. Belgium – 0.662, 19. Iceland – 0.664, 20. Norway – 0.633, 21. Sweden – 78,148/102,996/0.742, 22. Puerto



Rico, 23. Malta, 24. Austria (TI – 23), 25. Macau, 26. Greece (TI – 69) – 69,855/89,477/0.654. 27. Denmark (TI – 1) – 66,191/86,807/0.808 – Hong Kong is much richer than Denmark, but in most of the other parameters Denmark achieves much better results than Hong Kong. 28. Israel (TI – 37): 64,633/102,511/0.677, a quite similar ethical & wealth ranking, 29. Mauritius, 30. New Zealand – 55,823/79,585/0.651, 31. Portugal, 32. Finland – 53,154/70,461/0.615.

The following countries have a moderate wealth ranking, although they are less ethical than the top 20: 34. South Korea (TI – 43) – 0.579, 35 – Slovenia (TI – 39) – 0.626, 36. Argentina (TI – 107) – 0.740, the country is maybe bankrupt but the wealth per capita is quite high – 36,740. 37. Czech Republic, 38. Hungary, 39. Chile, 41. Poland, 42. Estonia, 43. Slovakia, 44. Mexico (TI – 103), 45. Turkey, 47. Saudi Arabia, 48. Croatia, 49. Lithuania, 51. Uruguay, 52. Lebanon, 53. Tunisia, 54. Brazil (TI – 69) – 19,676/32,825/0.784, 55. Latvia, 59. Russia (TI – 136) – 16,579/22,604/0.699, 60. South Africa (TI – 67) – 0.763, 61 Botswana (TI – 31) – 15,719/32,401/0.751, 62. Egypt, Bulgaria, Panama, Gabon, Romania, Macedonia, Costa Rica, Venezuela, 71. Belarus, 72. Thailand. Most of the countries in this bracket of 40 states (33-72) are moderately ethical or corrupt, 14 are former communist states which managed to gather within a few years a quite high wealth per capita, with a few exceptions of very corrupt countries as Argentina, Mexico, Russia, Belarus, that have nevertheless quite high wealth.

Other countries worth to mention, most of them very corrupt are: 81. Malaysia, 82. Philippines, 85. Peru, 86. China (TI – 100) – 11,267/16,749/0.550, 94. Ukraine (TI – 142) – 9,547/12,821/0.667, 96. Syria (TI – 159), 98. Indonesia, 102. Algeria, 106. India (TI – 85) – 6,513/11,655/0.669. The last countries with the smallest amounts of wealth per capita are in the "club" of the most corrupt countries, and a few are moderately corrupt but nevertheless very poor: 107. Bangladesh, 108. Haiti, 109. Zimbabwe, 110. Pakistan, 112. Vietnam, 114. Cameroon, 115. Ivory Coast, 120. Senegal (TI – 69) – 4,309/9,802/0.697, 125. Kenya, 128. Rwanda (TI – 55), 130. Uganda – 2,889/7,495/0.723, 131. Lesotho (TI – 55), Mozambique, Republic of the Congo, Malawi, Madagascar, Togo, Burkina-Faso, Sierra Leone, Zambia, Central African Republic, Burundi, Mali, Niger, Chad, Guinea-Bissau, Yemen, Ethiopia, Democratic Republic of the Congo, Tanzania, and last one - 150. Nigeria – 905/2,070/0.736.

## 28. 203 COUNTRIES COMPARISON – UNEMPLOYMENT RATE IN % OF LABOR FORCE THAT IS WITHOUT JOBS – (2013 EST.) - CIA - WORLD FACTBOOK

It is quite incomprehensible how the rate of unemployment is less than 2% in such poor countries as Cambodia, Thailand, Belarus, Vietnam, Papua and Laos. But one has to assume that all the data in this book is correct, as the sources have an impeccable reputation, otherwise all the conclusions of the book are flawed. However, the most ethical countries have an unemployment rate which is relatively quite low and anyhow less than average, surely in comparison to more than a hundred countries ranked after them. Singapore – 1.9%, Switzerland – 3.2%, Norway – 3.6%, Luxembourg – 4.9%, Australia – 5.7%, Denmark – 6%, New Zealand – 6.4%, Canada – 7.1%, Sweden – 8.1%, Finland – 8.1%, Netherlands – 8.3%. Furthermore, the ethical countries have a sophisticated system of unemployment benefits and compensation, as well as social rights, which are much better than the unethical countries. All of the most ethical countries have unemployment rates which are much lower than the rate of the European Union – 10.5%, and most of them have a lower rate than the rate of the UK – 7.2% and the US – 7.3%, which are also among the 20 most ethical countries of the world.

The highest unemployment rates are in the most corrupt countries: Zimbabwe (TI – 156) has an unbelievable rate of 95% (nobody works there?), Liberia (TI – 94) – 85%, Burkina Faso (TI – 85) – 77%, Turkmenistan (TI – 169) – 60%, Djibouti (TI – 107) – 59%, Republic of the Congo (TI – 152) – 53%, Senegal, Nepal, Haiti (TI – 161) – 41%, Kenya (TI – 145) – 40%, Yemen (TI – 161) – 35%, Afghanistan (TI – 172), Mauritania, Libya (TI – 166) – 30%.

## 29. 192 STATES COMPARISON, TOTAL HEALTH EXPENDITURE PPP PER CAPITA – WHO – WORLD HEALTH ORGANIZATION – IN PPP INT. \$ (& % OF GDP) – 2010

Mens sana in corpore sano – a healthy soul in a healthy body. Ethical conduct is a precondition of a healthy soul and it is expected to reside also in a healthy body. The parameters examined in this book are quantitative and qualitative and health expenditure is undoubtedly a quantitative parameter. Many find it very sad that no. 1 in the world in health expenditure - the United States are spending so much for health – 17.6% of GDP - \$8,233 with such unsatisfactory results, due mainly to an excessive privatization resulting from their neoliberal policies. The European health budgets are much more effective – Scandinavia, France, Germany, Benelux and Switzerland, as well as Canada and Australia, all of them ranking first in this index and first in TI's ethical countries. As a matter of fact, there is only one country in the world that spends more in relation to its GDP – Sierra Leone, ranking 141, spending 20.8% of GDP on health, but only \$171 per capita... After the US (TI – 17) we find 6 of the 11 most ethical countries (we don't include tiny states as Monaco and Niue):

Luxembourg - \$6,712 – 7.9%, Norway - \$5,391 – 9.3%, Switzerland, Netherlands, Denmark, Canada (\$4,443) – 11.4%, spending 11%-12% of their GDP on health. Following the first 7, we find Sweden - \$3,760 – 9.6%, Australia – 9%, Finland – 9%, ranking 16, in total 9 of the 11 most ethical states in the first 16 ranks. But if we enlarge the scope of the analysis to the 24 highest expenditures they include almost all the 20 most ethical states, as well as other welfare states, some of them in the 20's: Austria (TI – 23), Germany, France (TI – 26), Belgium, Ireland, Japan - \$3,120 – 9.2%, Greece (TI – 69) - \$3,069 – 10.8%, Spain (TI – 37), Italy (TI – 69) - \$3,046 – 9.5%, New Zealand - \$2,992 – 10.1%, Portugal (TI – 31) and finally in rank 24 – Singapore - \$2,592 – 4.5%, one of the lowest % of GDP, but still a substantial amount. Only Hong Kong, not participating in this survey, and Barbados (no. 43 in this parameter, quite low for such an ethical country) are not part of the 24 countries with the largest health expenditure per capita, as all are welfare states and almost all are the most ethical countries in the world, except the quite corrupt Italy and Greece. So, Ethics Pays for health, because a healthy and ethical soul needs also a healthy body.

After the 24 first countries we find another 24 countries, ranking in most cases at a moderate ranking in TI's ethical index: Slovenia, Bahamas, Taiwan, Malta, Cyprus, Israel, South Korea, Qatar, United Arab Emirate, Barbados, Poland, Estonia, Lithuania, Hungary, but also the less ethical Czech Republic and Slovakia (TI 53-54) and Croatia (TI - 61). A few exceptions, though, corrupt Trinidad and Tobago, and Argentina (TI – 107) - \$1,321 – 8.3% of GDP. Following them, there are mixed results: ethical countries as Chile, Uruguay, Latvia, Botswana and Buthan that just don't have enough resources for health expenditure, and corrupt countries that have moderate health expenditure: Russia - \$1,277 – 6.5%, Turkey, Brazil – 1,009 – 9.0%, Mexico, South Africa, Lebanon, Iran, Belarus, Venezuela, Colombia, Libya, Kazakhstan, Paraguay, Peru, Belize, China - \$373 – 5%, Algeria, Iraq, Egypt, Bolivia, Morocco, Vietnam, Angola. Two countries are worth to mention: 104. Cuba that spends and invests quite a lot in health and doctors for all the population, although it is a very poor country (watch Michael Moore's Sicko) - \$414 – 10.2%, but still is quite corrupt (TI – 63), and 105. Swaziland (TI – 69) that, although poor, invests substantial amounts - \$411 – 7.8%. Finally, we find the most corrupt countries with the lowest health expenditure: Zimbabwe, South Sudan, Somalia, North Korea, Eritrea - \$17, 2.9%, Democratic Republic of the Congo, Myanmar, Pakistan, Central African Republic, Madagascar, Niger, Ethiopia, Afghanistan, Burundi, Mozambique, Chad, Nepal, Bangladesh, Laos, Guinea, Mali, Kenya, Togo, Haiti, Guinea-Bissau, Timor-Leste, Liberia, Republic of the Congo, Tanzania, Papua New Guinea, Uganda, Cameroon, Indonesia, India, Nigeria, Cambodia, Sudan, Yemen, Syria, Sri-Lanka, Djibouti. Corruption Doesn't Pay for health or for any other social services, as most of the money goes to corrupt people who govern those countries, leaving almost nothing to others.

### 30. 190 COUNTRIES COMPARISON, WORLD HEALTH ORGANIZATION RANKING, THE WORLD'S HEALTH SYSTEMS - 2000

We have seen that the parameter of the total health expenditure per capita in \$ and in % of GDP is not sufficient in order to give a comprehensive indication of the level of health care in every country. That is why we complement this parameter with the following parameter – ranking all the countries according to the quality of the health systems, since quite often we can achieve a better health quality even if the expenditure is not so high and vice versa. So, which country has the best health system – not surprisingly France, which excels in its health system and is also an ethical country (TI – 26). Next, we find Italy with an excellent health system, but also a quite corrupt country (TI – 69). If we disregard tiny countries as San Marino and Andorra which were not surveyed in TI's Index, we find next Singapore and right after it Spain an ethical country that has improved very much its health system as did Singapore. Japan is no. 10 with an excellent health system and a very ethical economy. Most of the countries in the next 10 are ethical except the quite corrupt Greece (TI's Index – 69). The 5 countries which were called PIIGS and were affected harshly by the Financial Crisis have nevertheless excellent health systems – Italy, Spain, Portugal, Greece, Ireland, and we can add to this list also Iceland with its collapsed economy but excellent health system.

If we go down to the next 30 countries, until the rank of 50, we find that almost all the ethical countries are in this list, although the United States ranks quite low – 37 compared to its ethical rank – 17. A few exceptions – 22. Colombia (TI – 94, corrupt), 29. Morocco (TI – 80), and 47. Thailand (TI – 85), but all those exceptions are only 10% of the total and still 90% score high in the level of their health systems and their ethical level. A special case is Cuba ranked 39 with its very good health system, yet the country is extremely poor and quite corrupt (TI – 63). So, Italy, Greece and Cuba are quite corrupt ranking in the 60's in TI's Index out of 175 countries, but their corruption is quite moderate in comparison to all the other corrupt and very corrupt countries and at least they have very good ranks in health and in education. In the list of the countries with inadequate health systems (ranked 51-100) we find former communist countries such as Albania, Slovakia, Kazakhstan, Hungary, Belarus, Lithuania, Estonia, Ukraine, Macedonia, Bosnia and Romania; Latin American/Caribbean countries such as Dominican Republic, Jamaica, Venezuela, Paraguay, Mexico, Uruguay (TI – 21), Trinidad, Saint Lucia, Belize, Nicaragua, Saint Vincent, Argentina, Guatemala, Grenada, Antigua, Bahamas, Panama and Saint Kitts; Arab/Muslim countries such as Tunisia, Egypt, Senegal, Turkey, Algeria, Jordan, Libya, Lebanon, Indonesia and Iran, etc. The next 90 countries with the worst health systems are also the most corrupt countries, with some exceptions of moderately corrupt countries such as Brazil (TI – 69) ranking very low – 125, the ethical Bhutan ranking 124, and some former communist countries as Latvia, Serbia...

Source: [World Health Organization](#)

## 31. 195 STATES COMPARISON, EDUCATION INDEX, UNITED NATIONS, 2013

The United Nations publishes a Human Development Index (HDI) every year, which consists of the Life Expectancy Index, Education index, and Income index. The **Education Index** is calculated from the *Mean years of schooling index* and the *Expected years of schooling index*. Education is a major component of well-being and is used in the measure of economic development and quality of life, which is a key factor determining whether a country is a developed, developing, or underdeveloped nation.

Education index **EI** is calculated from "Expected years of schooling" **EYS** (Number of years a child of school entrance age can expect to spend in a given level of education) and "Mean years of schooling" **MYS** (Average number of completed years of education of a population [25 years and older]). "Expected years of schooling" is indexed by dividing by 18 and "Mean years of schooling" is indexed by dividing by 15. Education index is obtained by averaging these two indices. The maximum for "Mean years of schooling", 15, is the projected maximum of this indicator for 2025. The maximum for "Expected years of schooling", 18, is equivalent to achieving a master's degree in most countries.

Education Index is calculated as follows:

$$EI = \frac{MYSI + EYSI}{2}$$

$$MYSI = \frac{MYS}{15}$$

$$EYSI = \frac{EYS}{18}$$

As of March 2015, the latest data was published as part of the Human Development Report from 2014, which can be downloaded from the UNDP website. The table below lists data in 2013. The scoring system yields 1 as the highest possible theoretical score, indicating perfect education attainment. All countries considered to be developed countries (based on their HDI rank, see list of countries by HDI) possess high scores on education index as well.

In the Education Index the most ethical countries, the very ethical and the ethical countries have the best ranks not always according to the exact ranking of TI's Index, but closely so. There is however one difference - that former communist countries sometimes corrupt or only quite ethical have high ranks in the Education Index. We notice here, as in the Health indices that communist countries excelled in education, health and culture. They had also a high degree of equality, but it was rather equality in misery, in oppression, in fear from the secret services, in incarceration and often also in death. The fascists boasted in their infrastructure and the communists in their education and health systems. The first 4 countries in education are also most ethical – Australia, New Zealand, Norway and Netherlands, Denmark is no. 9, Canada no. 16, Switzerland no. 18, Sweden no. 19 and Finland no. 23. So, 9 of the 11 most ethical countries rank high among the best ranks in Education, and only Singapore is no. 41 and Luxembourg no. 46. But if we compare the first 20 very ethical countries and even the 38 ethical countries, we see that they rank very high in Education, with the exceptions of Hong Kong – 43 and Barbados – 51. We find even 2 quite corrupt countries (TI – 69) as Greece in no. 29 and Italy in no. 33 and corrupt Argentina (TI – 107) in no. 35 of the Education Index.

The former communist countries need a special analysis in the Education Index. They have a much higher Education ranking than their Ethical ranking. The first former communist country in the Education Index is Lithuania ranked no. 8 but in TI's Index – 39, Czech Republic is 10/53 respectively, Slovenia – 12/39, Estonia- 14/26, Poland – 20/35, Belarus – 21/119 – a huge difference, Latvia – 24/43, Hungary – 27/47, Slovakia – 28/54, Ukraine – 30/142 – an even larger difference, Russian Federation – 36/136 a difference of 100 ranks, Montenegro – 38/76, Croatia – 39/61, Georgia – 40/50, Kazakhstan – 44/126 – a huge difference, Bulgaria – 47/69, Romania – 48/69, and Cuba – 50/63, which is still communist.

Other rankings worth mentioning – Libya has an Education rank of 67 as compared to TI's rank of 166/167 – a gap of 100 ranks, Iran ranks 74/136 respectively, Venezuela 75/161, Uzbekistan – 93/166, Tajikistan – 97/152, Mexico is almost the same – 98/103, and so is China – 106/100, but further down we find as usual the very and most corrupt countries, which have all the drawbacks without even good results in health and education as the former communist countries – Eritrea, Pakistan, Guinea, Sudan, Central African Republic, Guinea-Bissau, Yemen, Gambia, Afghanistan, Burundi, Myanmar, Congo DR, Haiti, Papua New Guinea, Nigeria, Laos, Bangladesh, Nepal, Madagascar, Iraq, Zimbabwe, Congo R, Syria, Nicaragua, and surprise – Bhutan ranking 158 in Education and 30 in TI's Index, and also - the very low ranking of India in Education Index – 145 even compared to its TI rank – 85.

### 32. 173 COUNTRIES COMPARISON, CULTURE & MEDIA COMPOSITE PARAMETER – UNESCO, UN DATA, CIA WORLD FACTBOOK, ETC. – MAINLY 1996-2015

A cultural parameter? Ranking all the countries of the world according to the quality of their culture? Alternatively, can we quantify culture and rank the countries according to objective criteria? Is it politically correct to do so? Who can judge which culture is better – African or European, Shakespeare or [The Bhagavad Gita](#)? But, if we can't quantify culture, how can we quantify happiness, or human development, or the best countries of the world? What is the alternative? Not even mention culture as one of the most important parameters to judge the achievements of the countries? Or not trying to find if there is a correlation between culture and ethics or corruption? Prima facie one tend to think that there should not be a clear-cut correlation, Russia (TI – 136) is one of the most cultural countries of the world and one of the most corrupt as well. It was so during the time of the Czars, when Chekhov, Dostoevsky and Tchaikovsky wrote some of the best masterpieces of world's culture, but is it so also today?

I have a personal interest in cultural issues. I may be an economist by education, a businessman by career, an ethicist, a manager or a consultant, but my predilection was always for culture, literature, drama, music, arts, cinema, philosophy, geography, biographies, languages, and I think that if I should summarize in a word what am I, I would say – an intellectual. I was much more active in business and ethics, and those are also an integral part of world's culture, but I also wrote a novel, a play, learned more than 50 languages, read thousands of novels, plays and non-fiction masterpieces, and seen some of the best plays and films, concerts and museums all over the world. Can a [connoisseur](#) judge what the best cultures of the world are? Or a painter, or an author, or a composer? I think that I have sufficient knowledge in ethical issues and I have contributed a substantial contribution to ethics, at least in ethics to minority shareholders, where I was the first academic author in the world who wrote a dissertation and breakthrough books on those issues published by the best publishers, such as Kluwer, Springer and Magnes. But have I sufficient knowledge to judge what are the best cultures of the world? Am I sufficiently cosmopolitan? I have dealt at length on those issues in my recent books such as ["Cory's Cosmopolitan Cultural Credo"](#). But, after much thought I have decided not to use any of the personal insights in this book, as I didn't want to deviate even in one parameter to the rule that I have set – to include in Cory's Index only parameters & rankings of impeccable objective sources, as the UN, World Bank or CIA. When I write that the sources of my parameters and tables, as the UN, UNESCO, CIA, etc., are impeccable and objective, I mean of course only the data published by those sources, and I don't assert any judgement on the impeccability of the other activities of those sources.

After working on the issue of the Culture parameter and trying many alternatives, I was stuck and thought to give up this endeavor, when I decided to consult a cultural authority, one of the best playwrights in Israel and Europe, a personal and dear friend, and he advised me to use quantitative parameters, such as the number of book titles published in each country, cinema attendance, etc. And this was much easier, as after a few more weeks I managed to find indicative parameters, combining dozens of subcategories, giving an indication on the culture in each country, not over hundreds of years, but in the last decade or two. As all the purpose of this book is to find if there is a correlation between ethics/corruption and achievement parameters today and not in the past, it is an adequate parameter, as the ethical data is also in 2014 or more generally in 1995-2016, and so are the culture parameters that I have found. The cultural parameter is of course imperfect and not optimal, but it gives an indication on some of the cultural achievements in recent years of the countries surveyed and compared to TI.

Culture is not only opera, literature masterpieces, or classical music. It is also cinema, newspapers, TV, radio, and the internet. Truly, we do not know where the borderline between

entertainment and culture is. You can watch soap operas on TV, read comics or publish photos of your trip on the Internet, it can be amusement, fun, recreation, but it can also be high culture. That is why I have called the composite parameter – Culture and Media, as it is Media for sure, and probably/surely also culture. But am I an elitist if I think that soap opera or comics are entertainment and not culture? Many believe that it is also culture. So, I hope that those parameters, mostly quantitative but not only, give an indication on culture, as many newspapers and periodicals are high culture and others are perceived by others as culture as well. You can watch on TV classic movies, classical concerts, operas, Shakespeare, Brecht or Racine's plays, excellent documentaries and also watch a reality program, but who says that reality is low culture? The same applies to radio or the Internet with their infinite choices. In any case, the Culture and Media parameter is only one out of 50 parameters comprised in Cory's Index and affects it only in 2%, so its main importance is in comprising culture as well.

The parameters that I have included in the composite parameter of Culture and Media are:

Books Production - Titles by the Universal Decimal Classification – Total of All Subcategories - figures per 1,000 people, 100 countries, in years 1996-1999 – Source: UNESCO. It includes the following categories: Applied Sciences, Arts and Recreation, Generalities, Literature, Philology, Pure Sciences, Social Sciences, Philosophy, Psychology, Geography, History, Theology, Religion.

Media- Newspapers and Periodicals – Circulation – Daily – per capita - figures per 1,000 people, 104 countries, in years 1997-2000 – Source: UNESCO

Media - Cinema attendance per capita, 77 countries, 2003, source – UNESCO

Media – Total number of Televisions per 1000, 191 countries, 2003, source - CIA World Factbook

Media – Total number of Radio Receivers per capita, 181 countries, 1997, source – UNESCO

Media – Percentage of Individuals in the Population Using the Internet, 206 countries, 2012, source – UN Data

Total Number of New Titles of Books Published Per Year, as of the latest year available, 123 countries, year – 1990-2014, source – UNESCO

International Scientific Journal and Country Rank, 239 countries, years 1996-2015, source – SJR, SCImago, includes the journals and country scientific indicators developed from the information contained in the Scopus database (Elsevier B.V.). SCImago is a research group from the Consejo Superior de Investigaciones Científicas (CSIC), University of Granada, Extremadura, Carlos III Madrid and Alcala de Henares. It includes 27 major thematic areas and 313 specific subject categories. The areas are: Agricultural and Biological Sciences, Arts and Humanities, Biochemistry, Genetics and Molecular Biology, Business, Management and Accounting, Chemical Engineering, Chemistry, Computer Science, Decision Sciences, Dentistry, Earth and Planetary Sciences, Economics, Econometrics and Finance, Energy Engineering, Environmental Science, Health Professions, Immunology and Microbiology, Materials Science, Mathematics, Medicine, Multidisciplinary, Neuroscience, Nursing, Pharmacology, Toxicology and Pharmaceutics, Physics and Astronomy, Psychology, Social Sciences, Veterinary. It is perceived as one of the most comprehensive scientific parameters.

I have given the same weight to all the parameters and calculated the average of those parameters to receive the score or rank average. I have ranked the countries according to the scores; the lowest score is for the best country, closest to a rank of 1. The basis of comparison was the 175 countries surveyed in TI's Index of 2014 and I have calculated the culture and media parameter only for those countries and not for many of the other countries that were not surveyed by TI. As two countries had no data, Kosovo and South Sudan, probably because they are new and lack sufficient data, the comparison was calculated only for 173 countries. By pure coincidence, the Culture Parameter is no. 32, which is in Hebrew – Lev – Heart, and in effect Culture is for me the heart, the essence of life, of quality of life, of happiness. GDP,



equality, democracy, growth rates and social justice are essentials, but without culture/heart life cannot subsist! For more information and details – see in the Appendices Book -  
**APPENDIX I – DISSERTATION ON DEVISING A CULTURE INDEX**

The table "Ranking of the Culture and Media Composite Parameter" comprises 173 countries of the TI Index ranked by the score of the average of all the Culture and Media parameters, which are themselves the sums of dozens of parameters and hundreds of categories of most of the facets of culture, but focused on culture and media – books, newspapers, cinema, television, radio, Internet – per capita and the total number of production of books' titles, as well as academic journals of all facets of knowledge from all the facets of pure and applied science to anthropology, business, communication, economics, education, history, geography, philosophy, information, law, linguistics, management, political science, psychology, sociology, archaeology, architecture, dance, film, classics, art, folklore, literature, poetry, music, religion and theater. Most of the parameters are quantitative, but the academic journal ranking in all its categories takes into consideration qualitative criteria as well. It is important to mention that this ranking gives an indication on the culture of the countries as of today (or in the last 20 years), not throughout the history, as we compare it and try to find a correlation to the TI Index which gives also an indication of the ethics and lack of corruption of countries as of today and not in the past. All the other parameters in Cory's Index are also parameters that measure the performance of countries as of today or in the last twenty years.

The reason that I have devoted to the Culture parameter, which consists only 2% of the content of Cory's Index, several weeks of research, and hundreds of pages, is that this book includes many important topics – ethics, cosmopolitanism, business, economy, social justice, innovation, education, which may be also called culture but I thought that it should include also one of the most important facets of knowledge – culture in the classic term – arts, philosophy, literature, cinema, theater, science, newspapers and journals, TV, music, as the ultimate "victory" of ethics would be if we could prove that the most ethical countries are not only the wealthiest, happiest, most democratic, equal, free, peaceful, but are also the most... cultural. And I assume that some critics would say that it is an aberration, as the most obscure regimes were also cultural – Nazis and Wagner, the Pharaohs and the Pyramids, the Soviet Union and the Bolshoi, the Borgia family and Renaissance art... But they forget one small detail – that this culture pertained only to the elites, that most of the [leading authors, film-makers and playwrights fled from Nazi Germany](#), most of the leading Soviet authors were dissidents, most of the ancient Egyptians and Renaissance Italians were illiterate, poor and miserable, and finally - the fate of Nazism and communism that went ultimately into oblivion.

That is why I am not speaking of culture in the Middle Ages, in Ancient times, or even culture in the 19<sup>th</sup> and 20<sup>th</sup> century, I am speaking of contemporaneous culture, as of today, 21<sup>st</sup> culture, ultra-modern culture, culture that affects all of us, not only the elites – operas, concerts or Ibsen, Shakespeare or Sartre's plays, but culture that includes books of all kinds, television, cinema, newspapers, radio, Internet and scientific and humanities journals. Culture of the people, for the people, by the people, culture that encompasses all the facets of culture, at least as related to media and quantitative approach, without judging which culture is better – operas or soap operas watched on TV, Comedie Francaise's plays watched on YouTube as well as popular music watched on the Internet, realism or Neo-realism - Italian, French or Japanese in cinema, cuisine and politics programs on the radio, new titles of detective stories or by Nobel Prize of Literature laureates, comics and the New York Times, academic journals on arts, physics, medicine, psychology, history, materials, poetry, geography and economics.

And I have tried to be academic, fair and unbiased. Personally, my cultural preferences are completely "elite" preferences – I like operas and I never see soap operas, I prefer by far

Ibsen, Shakespeare or Sartre's plays over "popular" plays, I have read mainly the classics in literature and almost no detective stories, I dislike extremely reality programs but am a great admirer of Neo-realism, and it goes without saying that I never read comics and prefer the "serious" journals. I saw on YouTube and TV Moliere, Racine and Corneille's plays and I almost never see TV series, I prefer by far classical music over ethnic music, etc., but in this book as well as in my courses and throughout my academic career my democratic, egalitarian and objective judgment superseded my personal preferences, and that is why I reckon the fact that culture should be democratic, open for all and for every taste, and also for popular tastes.

Furthermore, although my education and upbringing was mainly Euro-centrist, nevertheless in my books, courses and especially in this book I was completely open to all countries, all cultures, reviewing data on culture in more than 200 countries and dependencies, relying on objective surveys by impeccable sources as the UN, TI, World Bank, UNESCO, etc. The number of titles is a completely fair parameter as it cannot be biased by cultural preferences or quality judgment, you just measure if you read books or not, if you write books or not, if you read newspapers, watch TV, listen to the radio, use the Internet or go to the cinema, whether you see a light comedy or an Ingmar Bergman movie. One can say that very poor countries, where people are illiterate, cannot afford to buy a TV, and prefer folk culture over written books, would receive in my index a low ranking, which is true only in the extremes, as otherwise how can you explain why the same people Koreans are ranked in the culture index in no. 16 (South) and in no. 155 (North), Arabs with a common cultural heritage are ranked in the culture index in no. 40 (Lebanon)/no. 49 (Qatar) and no. 133 (Iraq)/no. 150 (Yemen), Latin American Argentina ranks 37 and Haiti ranks 153, and the same applies also to Africa.

That is why I am extremely satisfied and happy (not an academic terminology...) that there is an almost perfect correlation between ethics and culture, at least in the indices surveyed - for ethics and corruption there is only one relevant Index - TI's index, and for culture the composite index that I have devised is based on the most objective sources of UNESCO, etc. The ranking is not exactly the same ranking as in TI's Index, but almost all the ethical countries are also in top positions in the culture index as well, and in very similar ranks. **The most cultural country in the world according to the culture and media index is the UK** – today (as in the past?), the country of Shakespeare, Newton, Faraday, Darwin, Adam Smith, Francis Bacon, Locke, Hobbes, Bentham, Mill, Churchill, Wordsworth, Byron, Shelley, Jane Austen, Virginia Woolf, Lawrence, Dickens, Orwell, Agatha Christie, Hitchcock, David Lean, Monty Python, Harry Potter and James Bond, the London Times, Gilbert and Sullivan, Purcell, Elgar, Britten, and... the Beatles, Constable, Turner, Gainsborough, Westminster Abbey, Encyclopaedia Britannica, first published in 1768-1771 in Edinburgh, Laurence Olivier, the Globe Theater, Royal Opera House, Royal Ballet and the Proms, Magna Carta...

**In no. 2 we find the United States** – today as in the twentieth century and even more so today the cultural superpower in all fields – in science (with an overwhelming majority in almost all fields, as well as in the number of Nobel Prize laureates), the country of Sinclair Lewis, Hemingway, Faulkner, O'Neill, Miller (Arthur, not the other one), Williams, Odets, the Metropolitan Museum and Opera, Pollock, Hollywood, the cradle of TV, radio, Internet... Both countries are also very ethical countries – the UK is no. 14 and the US no. 17, and right after them comes Canada, a very cultural and most ethical country (3 and 10 respectively).

Germany is the first continental European in the culture index in no. 4 and no. 12 in TI, and indeed what a glorious culture – Heine, Goethe, Schiller, Thomas and Heinrich Mann, Beethoven, Brahms, Schumann, Bach, Mendelssohn, Schubert, Wagner, Hegel, Kant, Karl Marx, Bauhaus, Pabst, Dietrich, Brecht, Kurt Weill, Feuchtwanger, Expressionism, Herzog, Boll. I will not continue to praise the leading cultures as I have done it at length in my books, including the less known cultures of Canada – no. 3 (Alice Munro, Margaret Atwood, James

Cameron, David Cronenberg), Finland – no. 5 (Composer Sibelius and modernist architect Alvar Aalto, the Kalevala, authors Frans Eemil Sillanpää, Mika Waltari, Vaino Linna), Denmark – 6 (Andersen, Kierkegaard, Carl Nielsen, Karen Blixen, Jacobsen, Functionalism in architecture and design, Utzon, and film directors Lars von Trier, Bille August, Susanne Bier), Australia – 7 (Heidelberg/Melbourne Impressionistic School, Australian cinema, director Peter Weir and actors Russell Crowe, Cate Blanchett), Norway – 10 (Ibsen, Grieg, Munch, Hamsun, Liv Ullmann), Switzerland – 11 (Durrematt, Verbier and Montreux Festivals, Wilhelm Tell, watches, Honegger), Netherlands – 12, Sweden – 14 and New Zealand – 15 (English and Maori cultures, film director Peter Jackson, Katherine Mansfield), all of them the 9 most ethical countries in the world, that may not have the best known cultures in the world, but are nevertheless in the top positions of the culture and media index.

Only 2 out of the 11 most ethical countries rank lower than rank 15 in the culture index – small Singapore in no. 24 and Luxembourg no. 25 (with its authors Manderscheid, Rewenig in Luxembourgish), as quantity matters after all even for those extremely ethical and cultural countries that rank not so high in the total quantity of books and scientific articles. We find in top positions in the culture index all the other very ethical countries – Japan in no. 8, Belgium in no. 18 (cartoonists Herge, Peyo, Franquin, authors Maeterlinck, Verhaeren, Hugo Claus, painters Rubens, Brueghel, Magritte, film directors Dardenne Brothers, singer Jacques Brel, Bruges), Iceland – 20 (Icelandics' sagas, gender equality), Ireland – 21. So, amazingly almost all the 20 most and very ethical countries rank in the first 21 ranks of the culture index, while Singapore ranks 24, Luxembourg 25 and Hong Kong 28 (cantonese opera, television drama), all three of them much smaller than the other ethical countries, and the last one Barbados (59) is the smallest country of them (West African and British cultures, and the singer Rihanna).

Japanese culture – traditional music, painters Hokusai, Sanraku, Buncho, calligraphy, theater – noh, kyogen, kabuki and bunraku, with the masks, costumes and the stylized gestures, Shinto shrines, castles in Kyoto and Nara, gardens, Haruki Murakami, Akira Kurosawa, Ozu.. Singapore culture – beliefs: meritocracy, social harmony, Botanic Gardens, festivals, literature in English, Mandarin, Tamil and Malay, writers Tan Swie Hian, Kuo Pao Kun, Goh Poh Seng, Boey Kim Chang, Robert Yeo, Catherine Lim. Swedish culture – film director Ingmar Bergman, authors Selma Lagerlof, Per Lagerkvist, Vilhelm Moberg, Stieg Larsson, botanist Carl Linnaeus, poet Tomas Transtromer, playwright Strindberg, painter Anders Zorn, Nobel Prizes, sopranos Jenny Lind, Birgit Nilsson, tenor Nicolai Gedda, and ... ABBA. The culture of the Netherlands is known mainly by its great painters Rembrandt, Van Gogh, Vermeer, Frans Hals, Jan Steen, Ruisdael, Mondrian, the philosophers Erasmus, Spinoza, the authors Vestdijk and... Anne Frank, film director Paul Verhoeven, Amsterdam, Madurodam... Irish culture is known mainly by its authors who wrote in English: James Joyce, Jonathan Swift, Oscar Wilde, W. B. Yeats, George Bernard Shaw, Samuel Beckett, folk music and dance, Irish films from *My Left Foot* to *The Crying Game*, actors Peter O'Toole, Maureen O'Hara, Liam Neeson, Daniel Day-Lewis, Abbey Theater, St. Patrick's Festival, Irish Gaelic...

All the other ethical countries rank high in the culture index – Taiwan, South Korea, Czech Republic, Hungary, Estonia, Slovakia, Poland, Latvia, Slovenia, Lithuania, Malaysia, Portugal. All of them rank in the first 39 positions of the culture index vs TI: 26-54, in most of the cases their culture ranking is even higher than their ethical ranking, because of the strong emphasis that was made on education and culture in former communist East European countries and in Far Eastern countries. One of the leading world cultures is the French culture which ranks high in the culture index – 13 although some would expect that it would rank much higher, but so is the ranking of France in TI Index, only 26 for the country of Liberte, Egalite, Fraternite, the French Revolution and the Civil Rights, Voltaire and Rousseau. Nevertheless, France made a tremendous contribution to world culture – Racine, Corneille,

Moliere, Pascal, Gounod, Bizet, Saint-Saens, Ravel, Berlioz, Debussy, David, Gericault, Delacroix, Monet, Manet, Pissarro, Renoir, Toulouse-Lautrec, Gauguin, Cezanne, Balzac, Zola, Hugo, Verne, Dumas, Rostand, Anouilh, Paris, Academie Francaise, Cuisine, Fashion...

Taiwanese culture - Bentuhua or Taiwanization has become, the most important symbol of cultural change - describing the movement to identify with Taiwan's unique historical/cultural legacy. Karaoke is incredibly popular, and so is watching miniseries called Taiwanese drama. South Korean culture - Many South Korean phones feature TV broadcasting. In recent years games, online games and the traditional board game baduk, have become a significant part of Korean culture. Kim Ki-Duk is a well-respected filmmaker, as the entire Korean cinema. Czech culture is best known for its authors – Karel Capek, Vaclav Havel, Jaroslav Hasek, Milan Kundera... and Franz Kafka (German/Czech/Jewish), composers Smetana, Dvorak, Janacek, Martinu, Czech cinema and film directors Milos Forman and Jiri Menzel, the Golem. Polish culture: authors Adam Mickiewicz, Jan Potocki, Sinkiewicz, Conrad, Gombrowicz, Szymborska, composers Chopin, Artur Rubinstein, Paderewski, Szymanowski, film directors Roman Polanski, Andrzej Wajda, polymath Copernicus, Marie Curie and... Hasidic Music. Portuguese culture: Os Lusíadas by Camoes, authors Jose Saramago, Eca de Queiroz, poet Pessoa, playwright Almeida Garrett, film director (1908-2015) with the longest film career Manoel de Oliveira, Fado music by Amalia Rodrigues, Madredeus, pianist Maria Jose Pires. Malaysia culture: Traditional Malaysian art is mainly centered on the crafts of carving, weaving, and silversmithing. Traditional jewelry was made from gold and silver adorned with gems. The strong oral tradition that has existed since before the arrival of writing to what is now Malaysia continues today. These early works were heavily influenced by Indian epics. Munshi Abdullah, who lived from 1797 to 1854, is regarded as the father of Malay literature. *Hikayat Abdullah*, his autobiography, is about everyday life at those times.

Austria ranks very high – 17 in the culture index, with its glorious cultural heritage – Mozart, Haydn, Johann Strauss II, Mahler, Klimt, Schnitzler, Zweig, Werfel, Rilke, Freud, Vienna Philharmonic, Vienna State Opera, Kokoschka, Festivals, etc. Here again it ranks higher than in TI's Index – 23, and so and even more is Spain, ranking 23 in the culture index and only 37 in TI's Index. So, we see many cases – UK, US, Germany, Japan, France, Spain, most of the former communist East European countries, etc. that the ranking in the cultural index transcends the ethical ranking by ten ranks or more. They are in top rankings in both cases, but one could say that they are "more" cultural than "ethical"... Spain is an excellent example of that phenomenon as Spain has made an outstanding contribution to world's culture – Cervantes, Calderon, Lope de Vega, Garcia Lorca, Albeniz, Goya, Velazquez, Miro, Dali, Gris, Picasso, Alhambra, Gaudi, Cathedrals, Bunuel, Almodovar, Saura, Domingo, Casals, Cantar del Mio Cid, Fernando de Rojas, Zorrilla, Jimenez, Unamuno, Cela, Blasco Ibanez.

Israel ranks 34, a similar rank to TI's Index – 37, but Israel ranks much higher in its Scientific Journal Ranking – 23, much closer to its TI rank in 2016 – 28. Israeli culture is well known, even if we examine it separately from [the Jewish culture](#) and the book of the books – the Bible. Israel is one of the most advanced countries in science, it has the highest number of museums per capita in the world, most of the cities have their own orchestra, Batsheva Dance Company, Habima, Massada, Jerusalem, Shai Agnon, Amos Oz, Ephraim Kishon, Amos Gitai. I have linked all the countries in the culture index to articles on their cultures and wrote several lines, highlights, on the cultures of 30+ representative countries, divided evenly between European/US countries and non-European countries, most of them ranking very high among the top Culture and TI Index ranks, trying to be very objective and without biases.

What about the exceptions? - Corrupt countries whose cultural achievements transcend by even more their poor ethical results. The most salient examples are Italy, Greece and Russia.

Italy ranks among the top 20 in the culture index, in no. 19, while it is a quite corrupt country ranking 69 in TI's Index – a difference of 50 (!) in ranking... But one should have the cultural heritage of Italy in order to achieve such a high anomaly, Italy of Dante, the Renaissance Art, Michelangelo, Rafael, Da Vinci, Bruneleschi, St. Peter's Basilica, Cathedrals, Pirandello, D'Annunzio, Goldoni, Moravia, Modigliani, Svevo, Pasolini, Antonioni, De Sicca, Gucci, Versace, Cuisine, Virgil, Ovid, Boccaccio, Machiavelli, Galileo, Fellini, Mastroianni, Loren...

Greece ranks 41 in the Culture Index and 69 in TI's Index. The birthplace of Western culture – Aristotle, Plato, Socrates, Greek Theater – Sophocles, Aristophanes, classic paintings and sculpture, ancient Greek and Byzantine architecture, Cacoyannis, Kazantzakis, Zorba the Greek, Hadjidakis, Theodorakis, Vangelis, El Greco, Mitropoulos, Cavafy, Seferis, Callas... And even more so, Russia, ranking in the culture index in no. 35 and in TI's Index in no. 136 (a difference of 101... in ranking). Russia was always corrupt, unfortunately Italy also but much less, still Russia contributed to world's culture – Chekhov, Tchaikovsky, Pushkin, Pasternak, Solzhenitsyn, Nikolai Gogol, Ivan Turgenev, Leo Tolstoy, Fyodor Dostoyevsky, Chagall, the Kremlin, Kandinsky, Alexander Scriabin, Stravinsky, Rachmaninoff, Prokofiev, Shostakovich, Rostropovich; pianists Vladimir Horowitz, Sviatoslav Richter, and Emil Gilels; Fyodor Shalyapin, Ballets Russes, George Balanchine, Pavlova, Eisenstein, Bondarchuk, etc.

Argentina is corrupt (TI – 107) but ranks 70 ranks ahead in the culture index – 37, as it is very cultural, but those are only the exceptions. China ranks 45 in the culture index and 100 in TI's Index, a difference of 55, but here again we have a country with an exceptional cultural background, a cultural superpower. We have also ethical countries ranking much lower in the culture index – Cyprus – 43, Malta ranks about the same – 45, Qatar – 49, Chile – 55, Puerto Rico – 57, Barbados – 59, Uruguay – 62. In the first 54 countries of the culture index to compare to the first 54 countries of TI's Index – the ethical countries of all categories, we find only a few exceptions of corrupt countries that are also cultural. Most of those countries are corrupt-light or quite corrupt ranking 55 to 79 in TI's Index – Italy, Bulgaria, Greece, Croatia, Brazil, Kuwait, Romania. And most of them have also a very significant cultural heritage.

The corrupt countries ranking much higher in the culture index are 5 - Argentina (37culture/107TI), China (45/100), Belarus (47/119), Moldova (53/103), Mexico (54/103). Those are corrupt countries with a difference of 50-72, but with a very cultural background. Only 3 countries are very corrupt and rank high in the culture index – Russia (35/136), Lebanon (40/136) and Ukraine (42/142, a difference of 100!), and in all those cases the cultural background of the countries is very significant. So, in the 54 first countries of the culture index and mostly in the lowest ranks we find only 8 exceptions of corrupt and very corrupt countries, which indicates a very high correlation between ethics and culture, with exceptions of less than 15% of corrupt and very corrupt countries where culture is exceptionally important in those countries in spite of their corruption and unrelated to it.

Argentina culture: authors Jorge Luis Borges, Julio Cortazar, Victoria Ocampo, Esteban Echeverria, painters Berni, Spilimbergo, Castagnino, tango singer and composer Carlos Gardel, Astor Piazzolla, Mercedes Sosa, film directors Szifron, Campanella, Carlos Sorin. Composer Lalo Schifrin, classical musicians Martha Argerich and Israeli Daniel Barenboim. Lebanese culture: authors: Khalil Gibran particularly known for his book *The Prophet* (1923), Elias Khoury, Hanan al-Shaykh, and Georges Schehadé. Prominent traditional musicians include Fairuz, an icon during the civil war, Sabah Melhem Barakat, and Najwa Karam. Cinema in Lebanon has been in existence since the 1920s, and the country has produced over 500 films. Theatre's origin was in passion plays. The musical plays of Maroun Naccache from the mid-1800s are considered the birth of modern Arab theatre. Some scholars divided theatre in Lebanon into three phases: translations of European plays, Arab nationalism, and realism.

Chinese culture: Some of the most important early texts include the *I Ching* and the *Shujing* within the Four Books and Five Classics. The Song dynasty saw the creation of works such as Su Song's *Xin Yixiang Fayao* and Shen Kuo's *Dream Pool Essays*. **Gao Xingjian** is a Chinese novelist, playwright, and critic who in 2000 was awarded the Nobel Prize for Literature. The earliest music of the Zhou Dynasty recorded in ancient Chinese texts includes the ritual music called *yayue* and each piece may be associated with a dance. Chinese painting became highly appreciated in court circles with specialized styles as Ming Dynasty painting. Finally, Chinese culture is also well-known for its excellent Opera and Cinema. Brazil culture: architects Kubitschek, Niemeyer, authors Macedo, Alencar, Dias, Machado de Assis, Jorge Amado, film directors Fernando Mireilles, Bruno Barreto, composers: Samba - Dorival Caymmi, bossa nova – Antonio Carlos Jobim, classical - Villa-Lobos, telenovelas.

Many countries have a similar cultural and ethical ranking – Turkey, Saudi Arabia, Bahrain, Serbia, Oman, Macedonia, Cuba, South Africa, Morocco..., some have a higher culture ranking but with a moderate difference – Thailand (63/85), Egypt (73/94), India (75/85), Armenia (84/94), Indonesia (88/107), Vietnam (97/119), Pakistan (103/126), all of them with an important cultural background transcending the corruption bias, but there are some exceptions that very corrupt or most corrupt countries receive an average or moderately low culture ranking such as Venezuela (64/161), Iran (69/136), Uzbekistan (81/166), Nigeria (94/136), Libya (101/166), Kenya (105/145), Syria (107/159), where the cultural background transcends the corruption bias to a high degree, as the "glorious" cultural past still radiates over the poor results in most of the other parameters and on top of them the corruption parameter – it applies particularly to the well-known cultures of Syria, Iran, Kenya & Nigeria.

A few exceptions but in the opposite direction – ethical Botswana (TI 31) ranks only 125 in the culture index, Samoa (TI 50) - 126, Bhutan (TI 30) - 160, Lesotho (TI 55) - 156, possibly because of poverty or poor media exposure, while very corrupt Republic of the Congo, Sudan, Angola and Myanmar rank relatively higher in the culture index (their background?). Finally, the most corrupt countries rank also in the lowest cultural ranks – Somalia, Timor-Leste, Comoros, Eritrea, Burundi, Central African Republic, Cambodia, Guinea-Bissau, Haiti, North Korea, Bangladesh, Papua-New Guinea, Nepal, Yemen, Afghanistan, Chad, etc.

Egypt culture – hieroglyphs, religious literature in the third millennium BC, the Pyramid texts, wisdom texts, the Instruction of Ptahhotep, the Pyramids of Giza, the Sphinx, the Concorde Obelisk, Al Azhar Mosque, pharaonic paintings and sculptures, Bust of Nefertiti, Tomb of Sarenput II, the Gold Mask of Tutankhamun, Temple of Horus at Edfu, Luxor and Karnak Temples. Modern authors Muhammad Husayn Haykal, Naguib Mahfouz, Nawal El Saadawi, Salah Jaheen. Belly Dance, dancers Tahia Carioca, Samia Gamal, singers Umm Kulthum, Mohammad Abdel Wahab, Abdel Halim Hafez. The largest Arabic film industry, film directors Anwar Wagdi and Henry Barakat, composer, singer and actor Farid al-Atrash, actors Omar Sherif, Shadia, the Jewish Layla Murad, Faten Hamama, Ismail Yassine, Nadia Lufti.

Iran culture – the Achaemenid reliefs in Persepolis, mosaic paintings of Bishapur, classical Persian poetry, authors Houshang Moradi-Kermani, Ahmad Shamlou. Persian Rugs. Film directors Abbas Kiarostami, Majid Majidi, Asghar Farhadi. Contributions to humanity in Ancient History – domestication of the goat, the modern brick, invention of wine, invention of the Tar, which developed to the guitar, game of Polo, first banking system of the world, Chess, the first taxation system and courier post, Ice cream and ancient refrigerators, the first hospital, the windmill, Algebra, Trigonometry. 98% of the population is Muslim – 89% Shi'a, 9% Sunni, other religions – Baha'is, Armenians, Assyrians, Catholics, Protestants and Jews.

India culture - The Rāmāyaṇa and the Mahābhārata are the oldest preserved and well-known epics of India. Indian dance includes eight classical dance forms, many in narrative forms with mythological elements. Kalidasa's plays like Shakuntala and Meghadoota are some of the older dramas, following those of Bhasa. The oldest preserved examples of Indian music are the melodies of the *Samaveda* (1000 BC) that are still sung in certain Vedic Śrauta sacrifices. Nandalal Bose, M. F. Husain, S. H. Raza, Geeta Vadhera, Jamini Roy and B. Venkatappa are some prominent modern painters. India has produced many cinema-makers like Satyajit Ray, Mrinal Sen, J. C. Daniel, Kasinathuni Viswanath, Ram Gopal Varma, Bapu, Ritwik Ghatak, Guru Dutt, K. Vishwanath and Adoor Gopalakrishnan.

Nigeria culture - The **culture of Nigeria** is shaped by Nigeria's multiple ethnic groups. The country has 520 languages. Nigeria also has over 1150 dialects and ethnic groups. The four largest ethnic groups are the Hausa and Fulani in the north, the Igbo in the southeast, and the Yoruba predominate in the southwest. Nigeria has produced a number of important writers, who have won accolades for their work, including Daniel O. Fagunwa, Chinua Achebe, Wole Soyinka, Femi Osofisan, Ken Saro-Wiwa. The music of Nigeria includes many kinds of folk and popular music, some of which are known worldwide. Traditional musicians use a number of diverse instruments, such as Gongon drums. Nigerians films also known as Nollywood are produced by Tunde Kelani films especially Saworoide or Tade ogidan films.

Kenya culture - The **culture of Kenya** consists of multiple trends. Kenya has no single prominent culture that identifies it. It instead consists of various cultures practiced by the country's different communities. Kitenge is a cotton fabric made into colors and design through tie-and-dye and heavy embroidery. It is commonly worn by a number of Kenya's populations. The Maasai wear dark red garments to symbolize their love for the earth and their dependence on it. It also stands for courage and blood that is given to them by nature. The Kanga is another cloth that is in common use in practically every Kenyan home. Kenya is home to a diverse range of music styles, ranging from imported popular music, afro-fusion and benga music to traditional folk songs. The government has not been very supportive of the film industry in Kenya. Few locally-made films have consequently been released. However, a number of famous foreign productions have been shot in the country.

### 33. 50 STATES COMPARISON, U21 RANKING OF NATIONAL HIGHER EDUCATION SYSTEMS – 2014 – UNIVERSITAS 21 – UNIVERSITY OF MELBOURNE

The 2014 Universitas 21 ranking of national systems takes into account stages of economic development and attributes of Resources, Environment, Connectivity and Output – total expenditure, government expenditure, R&D expenditure, gender balance of students and academic staff, data quality variable, measures of interaction with business and industry, numbers of international students, research articles written with international collaborators and web-based connectivity, research output and its impact, presence of world-class universities, participation rates and qualifications of the workforce. The main ranking compares a country's performance against the best in the world on each measure.

9 of the 11 most ethical countries in the world rank among the first 11 best higher education systems – Sweden (ranked 24 in Pearson's Global Report on Education, but in higher education it ranks no. 2, with a score of 86.7), 3. Canada, 3. Denmark, 5. Finland with a score of 80.4, 6. Switzerland, 7. Netherlands, 9. Australia, 10. Singapore, 11. Norway with a score of 75.0. Luxembourg is not ranked here and New Zealand, with a score of 70.4, is ranked no.16. United States of America has the best higher education system in the world and United Kingdom is ranked no. 8 with a score of 79.2. All the other countries ranking in the 20 most ethical countries rank as well in the 20 best education systems (Luxembourg, Iceland and Barbados are not ranked in this survey): besides the first 10, US and UK, we find all the other countries: Belgium, Germany, Hong Kong, Ireland, Japan. The other three countries in the top 20 are also ethical: Austria, France and to a lesser extent – Israel, with a score of 68.5, ranked here in no. 19, before Japan. In this index we find that Ethics Pays at universities as well.

Following the 20 most ethical countries we find in a similar ethical and higher education ranking less ethical countries with a higher education system not as good as the first 20 but nevertheless quite good, although their score is 61.6 and less. 21. South Korea, 22. Taiwan, 23. Spain, 24. Portugal, 25. Slovenia, 26. Czech Republic. We found that besides the fact that all the most ethical countries are here in the best ranking, there are 5 Far East countries in high ranking of higher education, but lower than in the Education Index: Singapore, Hong Kong, Japan, Korea, Taiwan ranked 22, but China is ranked here only in no. 35 out of 50.

We find also 11 former communist countries ranking quite high, compared to their ethical ranking, but not as high as in the Education Index: Slovenia, Czech Republic, Hungary, Poland, Serbia, Russia (TI – 136) ranks at the much lower 35 rank, Slovakia, Romania, Bulgaria, Ukraine (TI – 142), Croatia. As only 50 countries are surveyed in this Index, we cannot draw conclusions on the relative ranking in higher education compared to the ethical ranking, however we just mention the two rankings, which show a higher ranking in higher education than in ethics, but these differences in rankings are not significantly conclusive.

Italy is ranked 27 although its TI ranking is 69, Malaysia 28/50, Saudi Arabia 30/55, Greece 32/69, Chile is ranked lower in higher education compared to its ethical ranking 33/21, Brazil 38/69, Argentina 41/107, Thailand 42/85, South Africa 45/67, Mexico 46/103, Turkey 47/64, Indonesia 48/107, Iran 49/136, India 50/85. The law that the most corrupt countries rank low in all the other parameters apply here as well as the most corrupt countries have the lowest rankings in higher education systems. The law that the most ethical countries have the highest rankings in higher education, and the moderately corrupt are ranked in between, applies also.



### 34. 130 COUNTRIES COMPARISON – HUMAN CAPITAL INDEX – THE WORLD ECONOMIC FORUM – HUMAN CAPITAL REPORT – 2016

The World Economic Forum's *Human Capital Report* ranks 130 countries on how well they are developing and deploying their talent. The index takes a life-course approach to human capital, evaluating the levels of education, skills and employment available to people in five distinct age groups, starting from under 15 years to over 65 years. The aim is to assess the outcome of past and present investments in human capital and offer insight into what a country's talent base looks like today and how it is likely to evolve into the future. This year's edition also explores new data sources to reveal fresh insights on skills diversity, the gig economy and talent mobility.

Amazingly, 8 out of the 11 most ethical countries rank 1 to 9 in the Human Capital Index, Singapore is no. 13, Australia – 18 and Luxembourg – 22. Japan with its outstanding human capital ranks no. 4 and in TI's Index – 15, and until no. 20 in the Human Capital Index we find the very ethical countries Belgium, Germany, Ireland, UK and Iceland, as well as ethical countries such as Austria, Estonia, France and Slovenia. From no. 21 and downwards we find many former communist countries some of them corrupt which excel in this Index as they did in health and education indices, such as 26. Ukraine (TI – 142), 28. Russian Federation (TI – 136), 29. Kazakhstan (TI – 126), 36. Cuba (TI – 63) and others, with gaps of 100 or more between the two indices, except Cuba which is still communist. Italy ranks no. 34 and Greece no. 44 while both rank only 69 in TI's Index. It is worrying that ethical countries, such as Chile rank in the Human Capital Index quite low – no. 51, Uruguay ranks even lower – 60, while corrupt China (TI – 100) ranks here 71, Iran (TI – 136) ranks 85 and Venezuela (TI – 161) ranks 89, those are low ranks in Human Capital, but much higher than in the TI's Index. Finally, the most corrupt countries rank at the lowest Human Capital ranks in the countries that were surveyed – Nigeria, Yemen, Chad, Guinea, Burundi, Pakistan, Myanmar, Laos, Bangladesh, Haiti, Cambodia, as most of the most corrupt countries were not even surveyed.

35. 187 COUNTRIES COMPARISON - BY HUMAN DEVELOPMENT INDEX (HDI)  
(2013 EST.) - SOURCE: UNITED NATIONS DEVELOPMENT PROGRAMME'S

HUMAN DEVELOPMENT REPORT (2013 EST.) - LIST OF COUNTRIES BY HUMAN DEVELOPMENT INDEX (HDI) – WIKIPEDIA – SOURCE: UNITED NATIONS DEVELOPMENT PROGRAMME'S - HDI IS A COMPARATIVE MEASURE OF LIFE EXPECTANCY, LITERACY, EDUCATION, STANDARDS OF LIVING AND QUALITY OF LIFE, MEASURING WELL-BEING & STAGE OF DEVELOPMENT OF COUNTRY – VERY HIGH, HIGH, MEDIUM AND LOW

HDI or the Human Development Index is probably the most salient indicative of a sound country analyzed by all the relevant parameters: quality of life, standards of living, life expectancy, literacy, education, well-being and stage of development. One parameter is lacking in the UN index – ethics and lack of corruption - and if we add it to the analysis, we discover... a perfect match between the human development and ethics. In the first 14 countries of the HDI we find 12 of the 14 most ethical countries – Norway, Australia, Switzerland, Netherlands, Germany, New Zealand, Canada, Singapore, Denmark, Sweden, Iceland and the UK. Furthermore, the other two countries of the 14 countries with the highest human development are also very ethical countries: United States and Ireland (TI – 17). All of them score between 0.944 (1 is the highest HDI) and 0.892. But also the next countries with the highest HDI scores are very ethical and ethical ones: Hong Kong (TI – 17), Japan (TI – 15), France (TI – 26), Austria (TI – 23) and Belgium (TI – 15). The two other 11 most ethical countries score very high scores in HDI – 21. Luxembourg (0.881) and 24. Finland (0.879). Finally, the two other countries with the highest HDI scores are quite ethical: 15. South Korea (TI – 43) and 19. Israel (TI – 37). The correlation between HDI and ethics is amazing!

The other 25 countries in the category of Very High Human Development (0.874-0.808) are a mix of ethical and quite ethical countries (down to TI – 47) – Slovenia, Spain, United Arab Emirates, Qatar, Portugal, Poland, Cyprus, Chile, Estonia, Hungary, Lithuania, Latvia, Malta, with quite corrupt countries (down to TI – 69) – Italy, Greece, Saudi Arabia, Czech Republic, Bahrain, Kuwait, Croatia, Cuba, with one exception – Argentina, the last country in the Very High Human Development (49) is a very unethical country (TI – 107). In general, there is quite a perfect match between most of the 69 first countries in TI's index of ethical countries and the 48 countries with a Very High Human Development. Furthermore, the rank of the countries in both indices is almost similar, even in the lower ranks of TI & HDI indices.

It goes without saying that the countries with a Low Human Development are also the countries with the highest level of corruption: Sudan, Afghanistan, Eritrea, Yemen, Guinea-Bissau, Angola, Burundi, Zimbabwe, Myanmar, Haiti, Democratic Republic of the Congo, Chad, Central African Republic, Papua New Guinea, Kenya, Uganda, Comoros, Nigeria, Madagascar, Togo, Pakistan, Nepal, Gambia, Tanzania, Sierra Leone, Mozambique, Mali, Cote d'Ivoire, Malawi, Ethiopia, Djibouti, Niger, Liberia, Burkina Faso, Guinea, Benin, Cameroon. With 3 exceptions Rwanda (HDI – 151 but TI – 55), Lesotho (HDI – 162, TI – 55) and Senegal (HDI – 163, TI – 69), which score very low in their HDI but are moderately unethical. But in all other cases there is quite a perfect match between low HDI and low TI.

36. 144 COUNTRIES COMPARISON - INEQUALITY ADJUSTED HUMAN DEVELOPMENT INDEX – IHDI – BASED ON 2013 AND 2011 ESTIMATES – SOURCE: UNDP - 2014

INEQUALITY ADJUSTED HUMAN DEVELOPMENT INDEX – IHDI – BASED ON 2013 AND 2011 ESTIMATES – THE IHDI IS THE ACTUAL LEVEL OF HUMAN DEVELOPMENT, TAKING INTO ACCOUNT INEQUALITY, WHILE THE HDI CAN BE VIEWED AS AN INDEX OF THE POTENTIAL HUMAN DEVELOPMENT THAT COULD BE ACHIEVED IF THERE IS NO INEQUALITY. THE LOSS % COLUMN INDICATES THE LOSS IN POTENTIAL HUMAN DEVELOPMENT DUE TO INEQUALITY. UNDER PERFECT EQUALITY - HDI = IHDI, THE GREATER THE DIFFERENCE BETWEEN THE TWO, THE GREATER IS THE INEQUALITY – SOURCE: UNDP - 2014

Here again, there is a perfect match between the most ethical countries and the inequality-adjusted HDI – IHDI – as the most ethical countries have also the lowest level of inequality. This is a question of values – do you perform better if you have a low level of inequality? The neo-liberal countries would say that equality is equivalent to communism, and maybe so they have reached exorbitant levels of inequality with one percent of the population owning a very large part of the economy. History proves also that an adequate level of equality (the highest among capitalist countries) ensures the best results in all the parameters, as we see in the cases of Scandinavia, the Netherlands, Germany, etc. The 14 countries with the best results in Human Development Index Inequality Adjusted are 12 of the 17 most ethical countries – Norway, Australia, Netherlands, Switzerland, Germany, Iceland, Sweden, Denmark, Canada, Ireland, Finland and Luxembourg, while the two other countries rank quite high also in TI's index – Austria (23), Slovenia (39). We find therefore a perfect match between the indices.

In the subsequent ranks of the IHDI until rank 50 we can find other ethical and quite ethical countries as UK (TI – 14), Belgium (TI – 15), France (TI – 26), Japan (TI – 15), Spain and Israel (TI – 37), the US (TI – 17), Estonia, Malta, Hungary, Cyprus, Poland, Lithuania, Portugal, Chile, Uruguay, Latvia, Slovakia, and South Korea, but also quite unethical countries as Greece, Italy, Montenegro, Croatia, Romania, Bulgaria, and very unethical countries as Belarus, Ukraine, Argentina, Kazakhstan, Azerbaijan, and Russia. This proves that equality can influence in both ways, in developed and democratic countries as Scandinavia it can bring about excellent economic results but in totalitarian, former communist and poor countries as Russia, Belarus and Kazakhstan we have much equality but this is because almost everybody shares poverty (except of course a very small minority of very wealthy people). Equality may be a precondition of ethics, but it is not an exclusive one, as we can be equal and unethical as in Belarus, as well as ethical and very unequal as in the United States. It goes without saying that the lowest scores of IHDI – 0.203 – 0.396 – go to the most unethical and poor countries – Central African Republic, Sierra Leone, Democratic Rep. Congo, Niger, Chad, Guinea-Bissau, Burundi, Liberia, Mozambique, Haiti, Angola, Nigeria, Djibouti, Ethiopia, Mauritania, Togo, Afghanistan, Yemen, Madagascar, Tanzania, Zimbabwe, Kenya, Zambia, Pakistan, Rep. of the Congo and Bangladesh.

### 37. 100 COUNTRIES COMPARISON - NEWSWEEK'S WORLD'S BEST COUNTRIES – 2010 – MEASURING EDUCATION, HEALTH, QUALITY OF LIFE, ECONOMIC DYNAMISM AND POLITICAL ENVIRONMENT IN 100 COUNTRIES

Here, even more than in the HDI index, there is a perfect match between Newsweek's ranking of world's best countries and TI's ranking of the most ethical countries. If we take the first 14 best countries in the parameters of health, education, quality of life, economic dynamism and political environment we find that most of them -12 - are also among the 14 most ethical countries: 1. Finland, 2. Switzerland, 3. Sweden, 4. Australia, 5. Luxembourg, 6. Norway, 7. Canada, 8. Netherlands, 10. Denmark, 12. Germany, 13. New Zealand and 14. United Kingdom. The other 2 countries in the 14 best countries of the world have a similar rank in TI's index: 9. Japan (15) and 11. United States (17). Only Singapore (TI – 7) ranks at a quite lower rank in the best countries – 20, possibly because of its political environment. Another opposite exception, South Korea – no. 15 in the best countries ranks only 43 in TI's index.

But most of the other first countries rank in general similarly in both indices: France (best – 16, TI – 26), Ireland (best – 17, TI – 17), Austria (best – 18, TI – 23), Belgium (best – 19, TI – 15). As Iceland, Hong Kong and Barbados were not surveyed by Newsweek, we find that all the 17 out of the top 20 countries of TI's index surveyed by Newsweek are among the first 20 best countries in the world – this is a perfect matching with no exception (besides different ranking within the 20), and even the 3 additional countries in Newsweek's top 20 (replacing the 3 TI's top 20 not surveyed) are ethical countries ranking 23, 26 and 43 in TI's index. So, Ethics Pays perfectly, and the most ethical countries are also the best countries of the world.

The question is which came first – the ethical conduct caused the countries to perform best in all other parameters, or as they are the best countries in the other parameters they conduct also ethically. An historical survey of the best ethical countries proves that the reason they achieved the best results in all the other parameters is because they were ethical and a main reason why unethical countries perform very poorly in the other parameters is because they are most/very corrupt, although in this case there are other reasons as well, but even so very poor countries perform better if they are ethical than the countries which are poor and most/very corrupt. Furthermore, Singapore that was a very poor country managed to become one of the richest and best states of the world because the state behaved ethically under the leadership of its leader Lee Kuan Yew, attracting foreign investments and international praise.

The 20 following countries (21-40) after the first 20 are ethical, quite ethical and quite corrupt countries ranking from 21 to 69 in TI's index, but none of the countries is a corrupt country ranking lower than 69 with a score lower than 43: 21. Spain (TI – 37), 22. Israel (37), 23. Italy (69), 24. Slovenia (39), 25. Czech Republic (53), 26. Greece (69), 27. Portugal (31), 28. Croatia (61), 29. Poland (35), 30. Chile (21), 31. Slovakia (54), 32. Estonia (26), 33. Hungary (47), 34. Lithuania (39), 35. Costa Rica (47), 36. Latvia (43), 37. Malaysia (50), 38. Bulgaria (69), 39. Romania (69), 40. Kuwait (67). Who are those countries in the second tier of the best countries in the world? Most of them – 11 - are European former communist states – this is an outstanding result for states that a generation ago were under a totalitarian communist regime, 5 states are southern European/Mediterranean states (in spite that 4 states suffered most from the economic crisis – Portugal, Italy, Greece and Spain, and that Israel, ranks 22, suffered from wars and terror), 2 of them – Chile (after Pinochet) and Costa Rica - are Latin American states, one is an Arab oil rich country – Kuwait (invaded in 1990 by Iraq and rescued by the coalition in 1991), and one is a Moslem Asian country – Malaysia, a former UK colony.

In the next 20 best (or worse) countries – 41-60, we find many corrupt countries, some ethical and some very corrupt, but in general this ranking validates the rule that Corruption Doesn't Pay as very rich countries that could have been among the best 20 or at least 40 states are located among the worse countries, however not the worst – 46. Argentina (107), 48. Brazil (69), 51. Russia (136), 59. China (100). Nevertheless, we find here a mixture of Ethical countries as 43. United Arab Emirates (25) and 44. Uruguay (21), Quite Corrupt countries as 50. Cuba (63), 53. Jordan (55), 60. Oman (64), 61. Turkey (64), Corrupt countries as 41. Panama (94), 42. Peru (85), 45. Mexico (103), 47. Jamaica (85), 55. Dominican Republic (115), 56. Belarus (119), 57. Albania (110), 58. Thailand (85) , and a Very Corrupt country (besides Russia) - 44. Ukraine (142). This symmetry fits more or less the rule that in the middle countries, far from the most ethical and most corrupt extremes, the findings are mixed as ethics is not the be-all cause of excellence like in the extremes, and other factors influence the parameters. However there is nevertheless some form of symmetry between the level of ethics and best countries, as in this median category there are almost no very corrupt states.

Going further down to the worst countries in the world, according to Newsweek, we find more and more very corrupt countries – 61. Kazakhstan (126), 68. Paraguay (150), 69. Azerbaijan (126), 71. Venezuela (161), 75. Nicaragua (133), 76. Honduras (126), 79. Iran (136), along ethical countries as 80. Botswana (30), once one of the poorest countries of the world but now one of the richest African countries, still compared to the other Sub-Saharan countries it is the best country in Africa. Other countries in the 61-80 countries are quite corrupt as 64. Saudi Arabia (55) and borderline 65. Tunisia (79) or corrupt countries as 2 borderlines 67. Morocco (80), 72. El Salvador (80), and 62. Colombia (94), 73. Indonesia (107), 74. Egypt (94), 79. India (85). Finally in the last category of the 80-100 countries, the worst countries according to Newsweek survey, we find the highest number of very corrupt and most corrupt countries as: 83. Syria (159), 87. Kenya (145), 88. Bangladesh (145), 89. Pakistan (126), 90. Madagascar (133), 92. Yemen (161), 96. Uganda (142), 98. Cameroon (136), 99. Nigeria (136), with some corrupt countries as: 81. Vietnam (119), 84. Guatemala (115), 85. Algeria (100), 93. Tanzania (119), 94. Ethiopia (110), 95. Mozambique (119), 97. Zambia (85), 100. Burkina Faso (85), and Quite Corrupt countries as 82. South Africa (67), 86. Ghana (61), 91. Senegal (69). As mentioned before, the numbers of very corrupt countries increase going down the ladder of the worst countries, proving that Corruption Doesn't Pay.

### 38. 80 COUNTRIES COMPARISON – WHERE TO BE BORN INDEX FOR 2013 – THE ECONOMIST INTELLIGENCE UNIT

WHERE TO BE BORN INDEX FOR 2013, THE ECONOMIST INTELLIGENCE UNIT - MEASURING QUALITY OF LIFE, MATERIAL WELL BEING – GDP PER CAPITA, LIFE EXPECTANCY AT BIRTH, FAMILY LIFE, POLITICAL FREEDOMS, JOB SECURITY – UNEMPLOYMENT RATE, CLIMATE, PERSONAL PHYSICAL SECURITY RATINGS, COMMUNITY LIFE, GOVERNANCE – RATINGS FOR CORRUPTION, GENDER EQUALITY – IN PARLIAMENT SEATS

The question "where to be born" is a philosophical and quite misleading question. It would be much more accurate to ask: "where is it better to live", as a man doesn't chose where to be born but he chooses where to live. Even that takes into consideration only material parameters and some intangible ones. Is it better to live in Switzerland (no. 1 in the index) – a country that has contributed to the world culture much less than France (no. 26) just because the physical security and community life is better? Or is it better to live in Norway (no. 3) in spite of its very cold weather just because it is much more ethical than Italy (no. 21)? Why are the Israelis (no. 20) better off, in spite of the wars and terror, than Slovakia (no. 35)?

Well, in theory, it is better to be born in Switzerland, Australia or Norway – no. 1, 2 and 3, than in Nigeria, Kenya or Ukraine – no. 80, 79 and 78. But a Ukrainian patriot would never leave his country to live in Australia, in spite of all the benefits, and change his language, the scenery, his friends and his culture. So, this index should serve more as a model, a compass, as we should strive to be better in all the parameters where Switzerland and the other best countries excel, while keeping all the character and the essence of one's country, whether he is Indian, Russian or Angolan. After all, Muhammad Yunus taught us how in the poorest country of the world – Bangladesh (77) – he changed completely the economics of the state and the welfare of the poor people with his Grameen Bank and preferred to improve the quality of life in his motherland rather than being a professor of economics in the US (16).

It is amazing how here again we find that the 11 most ethical countries are also the 11 countries where it is better to live – Switzerland, Australia, Norway, Sweden, Denmark, Singapore, New Zealand, Netherlands, Canada and Finland (with one exception – instead of Luxembourg that is not part of this survey comes Hong Kong – no. 17 in TI's index). If we analyze the 31 best countries we find there also most of the 12 - 31 most ethical states: Ireland, Austria, Belgium, Germany, US, UK, United Arab Emirates, Chile, Japan, France, Portugal and Cyprus. And the other countries in the 31 best countries are quite ethical countries ranking 35 – Taiwan, 37 – Spain and Israel, 43 – South Korea, 47 – Costa Rica, 53. Czech Republic. We have also only 2 quite corrupt states: Kuwait – 67, Italy – 69. There is therefore almost a perfect symmetry between the most ethical countries and the best countries where to be born. And, it goes without saying that the most corrupt countries are also the worst countries where to be born: Nigeria, Kenya, Ukraine, Bangladesh, Angola, Pakistan, Kazakhstan, Syria, Russia, Indonesia, Azerbaijan, Vietnam, India, Ecuador, Sri Lanka, Egypt, Iran, Algeria, El Salvador. At the down side we have also a perfect symmetry as in the upside.

### 39. 155 COUNTRIES COMPARISON - GLOBAL WELLBEING INDEX – 2010, GALLUP WORLD POLL 2005-2009

[Gallup's](#) Thriving, Struggling, and Suffering indexes measure respondents' perceptions of where they stand now and in the future.

Gallup's global wellbeing metrics are the first comprehensive measure of the behavioral economics of gross national wellbeing, which lays the foundation for all other measures of a country's economic strength. With ongoing research projects in more than 150 countries, Gallup is a leader in the collection and analysis of global data and measurements.

Gallup asks ordinary individuals for their thoughts and opinions on several topics, including economics, religion, migration, and wellbeing. Gallup's data provide sound evidence on many issues that more than 98% of the world's adult population faces.

The table shows life evaluation estimates of the percentage "thriving," "struggling," and "suffering" in countries and regions across the world. Gallup's Thriving, Struggling, and Suffering indexes measure respondents' perceptions of where they stand now and in the future. Based on the Cantril Self-Anchoring Striving Scale, Gallup measures life satisfaction by asking respondents to rate their present and future lives on a "ladder" scale with steps numbered from 0 to 10, where "0" indicates the worst possible life and "10" the best possible life. Individuals who rate their current lives a "7" or higher and their future an "8" or higher are considered thriving. Individuals are suffering if they report their current and future lives as a "4" or lower. All other individuals are considered struggling.

The table also includes daily wellbeing averages (0-10 scoring) based on responses to 10 items measuring daily experiences (feeling well-rested, being treated with respect, smiling/laughter, learning/interest, enjoyment, physical pain, worry, sadness, stress, and anger). Each daily experience is scored dichotomously with higher scores representing better days (more positive and less negative daily experience or affect).

This index is one of the most interesting indices in Cory's Index as it tries to give a comprehensive indication on the wellbeing of the citizens in 155 countries, measuring life satisfaction – thriving, struggling or suffering. It is interesting as it gives a unique angle and perspective- beyond ethics, corruption, economics, social progress, equality, freedom or GDP. The pattern is similar to the pattern of almost all other parameters, but what is interesting here are the exceptions. In the first 11 countries of the Wellbeing Index we expect to find the "usual" 11 most ethical countries, and indeed we find almost all of them, except 2 – Luxembourg, Singapore. Instead of the 2 we find Costa Rica in no. 6 (TI's Index – 47, quite ethical), Israel in no. 9 (TI's index – 37, ethical). What are the reasons for those exceptions?

Costa Rica, a small country in Central America, beautiful scenery, rich folklore, a population of 4.8 million, similar to New Zealand, Norway, Finland and Denmark, the most ethical countries, and Ireland, a very ethical country, similar to Singapore but so far from it in wellbeing, as Singapore ranks as low as 83 (!) while it ranks 7 in TI's Index, a gap of 77! Costa Rica is not rich, far from it, it is not so poor but it ranks 102 in GDP per capita with \$12,900, so far away from Singapore – no. 7 with \$62,400, five times more, a gap of 95! Singapore ranks better than Costa Rica in most of the parameters, except some very crucial ones – in happiness Costa Rica ranks 12 while Singapore ranks 30, a large gap (18) but not as wide as the gap in democracy, where Costa Rica ranks 24 and Singapore – 75 (51).

In the Press Freedom Index the gap is much wider, as Costa Rica ranks 6 and Singapore ranks 154 (148). In the Personal Freedom Index Costa Rica ranks 41 and Singapore – 77, but in the Economic Freedom Index Costa Rica ranks 28 and Singapore is no. 2! So, the situation is quite complex and not clear cut, it has ingredients of democracy, personal freedom, happiness and press freedom, but on the other hand - economic freedom is much better in Singapore, as also most of the economic parameters, Singapore is five times richer and is much better in the Human Capital Index – 13 versus 62, a gap of almost fifty... So, maybe the gap of 77 in Wellbeing is primarily due to a mentality gap, as many other Latin American countries with much lower economic and ethical achievements rank very high in Wellbeing – Panama is no. 12, Brazil - 13, Mexico - 18, Venezuela – 21, Colombia – 26, Argentina – 31, El Salvador – 34, Guatemala – 38, Honduras – 42, Dominican Republic – 44, Bolivia – 46, Ecuador – 47, Paraguay – 48, and so on, much ahead of Singapore ranking 83 in the Wellbeing Index.

A few words about Israel, ranking in the Wellbeing Index no. 9, much higher than in almost all the other parameters – TI's Index – 37, GDP per capita – 37, with rather high inequality and poverty, a country at war for more than a hundred years, stricken by terrorist attacks, with huge social, economic and ideological gaps between the Jews and the Arabs, the ultra-orthodox, Oriental Jews and Ashkenazi, hawks and doves, settlers and human rights groups. So, how come that we, the Israelis, have a better Wellbeing than Australia, Switzerland, US, Austria, Belgium, UK (17), Luxembourg (29), Germany (33), France (45), Italy and Spain? How come that we rank also very close to Costa Rica in the Happiness Index (11), much higher than Singapore? We are not Latin American, although I am of Sephardic origin and I live in Costa Rica Street..., what makes 62% of the Israelis thriving, 35% struggling and only 3% suffering? Has it something to do with the fact that the findings are from a Gallup poll, and Israelis think that what they have is always the best, with the fact that we have returned to our homeland and settled there after 2000 years of exile, that the war and terror have made us tougher, more courageous and confident of ourselves, that we compare our situation to what happened to our people a few decades ago – the Holocaust, the pogroms in the Arab countries and in Europe, anti-Semitism in Europe and the US, and at last we are free and prosperous?

It is true that we find in this parameter much more exceptions than in many others, but the rule that Ethics Pays still prevails, as almost all the very ethical and ethical countries have the highest ranks in the Wellbeing Index, with the few caveats mentioned above. Nevertheless, some former communist countries rank in this index much lower than in most of the other indices – Poland, Slovenia, Lithuania, Slovakia and Estonia, probably a question of perception (are they still living in the past with fear from the Big Brother?). Three East Asian countries, that everybody envies them for their huge achievements - Hong Kong, Singapore and Japan, rank 82-84, right between Iran (81) and Somaliland, Algeria and Nigeria (85-87), probably a question of mentality (never being satisfied? answering in understatements, not wanting to boast too much). Many countries rank much higher in the Wellbeing Index than in the TI Index and in most of the other parameters – Belarus, Pakistan, Peru, Moldova, Russia, Ukraine, Iran, Algeria, Nigeria, Myanmar, Bangladesh, Yemen, Kyrgyzstan, Central African Republic. But, as a rule, the most corrupt countries still have the lowest ranking in this index as well- Burundi, Togo, Comoros, Cambodia, Haiti, D R Congo, Chad, Laos, Syria, Congo R.



#### 40. 187 COUNTRIES COMPARISON - GENDER INEQUALITY INDEX, 2013, UNDP, HUMAN DEVELOPMENT REPORTS – GENDER INEQUALITY RANK (AND GENDER INEQUALITY VALUE, SHARE OF SEATS IN PARLIAMENT)

Equality is a good criterion of ethics and a sound economy as we have learned in the Gini index, but equality in all its aspects, including gender equality. And... here again, are the countries with the lowest gender inequality also the most ethical countries? Yes, but with a caveat. In the 43 most ethical countries, no. 39 – Slovenia (!) is no. 1 in gender equality, a Slavic Roman-Catholic, former communist small country, but it ranks no. 25 in HDI and has a quite high women share of seats in the parliament – 25%. Right after it come the "usual" most ethical countries – Switzerland no. 2 in gender equality (27% women in parliament, hereinafter we give only %). But this is still a surprise, as Switzerland - perceived as one of the best countries of the world in all aspects – GDP per capita, ethics, HDI, peace, lowest unemployment, highest net disposable income, lowest income inequality, etc. – was also the last Western republic to grant women the right to vote at a federal level in 1971 and in Appenzell Innerrhoden canton only in 1990... But women quickly rose in political significance, with the first woman on the seven member Federal Council executive being Elisabeth Kopp, who served from 1984 to 1989 and the first female president being Ruth Dreifuss (woman and Jew) in 1999. So, Switzerland rightly deserves no. 2 in gender equality. Most Swiss are Germanic and Protestants and so are most of the other countries ranking high in gender equality and ethics as well: 3. Germany (32%), 4. Sweden (45%), 5. Denmark (39%), 5. Austria (29%), 7. Netherlands (38%), 9. Norway (40%), 9. Belgium (39%), (Flemish), 14. Iceland (40%). And the very ethical Luxembourg (22%) (Germanic) ranking only 29 in gender equality. But the Anglo-Saxon-Celtic countries ranking very high in ethics have a much lower rank in gender equality: 19. Australia (29%), 20. Ireland (20%), 23. Canada (28%), 34. New Zealand (32%), 35. UK (23%) and... the very low rank for a very ethical country: 47. United States (only 18%). We leave to sociologists to analyze why equally ethical countries rank very high in gender equality if they are Germanic/Scandinavian and much lower if they are Anglo-Saxons. But, in general, we can say that the most ethical countries rank in most of the cases very high in gender equality and in some cases – somewhat lower, but still quite high in comparison to others and have a high % in parliament.

We continue the analysis: we find also Latin countries as 8. Italy ranking high in gender equality with women share of 31% of seats in parliament and being quite unethical (TI – 69). And the very ethical Finns (no. 11) are Nordic Scandinavian Protestants but Uralic, with one of the highest share of women in parliament – 42%. 12. France (TI – 26) is a Latin Catholic country with 25% women in parliament. 13. Czech Republic (TI – 53), another Slavic former communist country, with only 21% women in parliament. The very ethical 15. Singapore (mostly Chinese) with 24% women in parliament. 16. Latin Catholic Spain (TI – 37) with 35% women in parliament. 17. South Korea (TI – 43) with only 15% women in parliament. The most unethical countries have the highest gender inequality: Niger, Democratic Republic of the Congo, Central African Republic, Chad, Sierra Leone, Eritrea, Burundi, Mozambique, Guinea-Bissau, Mali, Liberia, Ethiopia, Djibouti, Afghanistan (ranking no. 149 in gender inequality, everybody knows why), Yemen, Zimbabwe, Papua New Guinea, Tanzania, Uganda, Sudan, Haiti and Iran. Yet, we find ethical countries as the Moslem Qatar with a very high inequality (113), but Saudi Arabia ranks 56 in gender equality, Kuwait – 50, Bahrain – 46, United Arab Emirates – 43, Libya – 40, almost as the US (47) - quite interesting... India and Pakistan reunite at last after they were separated 70 years ago, but only in the dubious rank of 127 in Gender Inequality, quite a long way from the times that Indira Gandhi and Benazir Bhutto ruled their countries, but both of them were assassinated..., and Finally, unethical countries as China rank quite high in gender equality (37), and so are Russia (52), Bulgaria, Bosnia Herzegovina, etc., probably as they shared a communist regime.

#### 41. 162 COUNTRIES COMPARISON - BY % OF POPULATION LIVING IN POVERTY BELOW NATIONAL POVERTY LINE SET BY COUNTRY – CIA, DATA MOSTLY 2013

7 out of the 11 most ethical countries are not even mentioned in this table – Finland, Australia, Luxembourg, New Zealand, Sweden, Norway and Singapore. The percentage of population living below national poverty line is: in Canada – 9.4%, Denmark – 13.4%, Netherlands – 9.1%, Switzerland – 7.6%. These are among the lowest percentages of all nations, but does it prove that Ethics Pays and there is almost no poverty in ethical countries? We have to bear in mind that the national poverty line in those countries is much higher than in the poorer countries. If we examine all the 20 most ethical countries, we see that the poverty in those countries is among the lowest in the world: Germany: 15.5%, Ireland: 5.5%, Belgium: 15.2%, Japan: 16%, United Kingdom: 16.2%, United States: 15.1%. But it is very difficult to assess what is the true poverty line, as in Morocco it is much lower than in Germany, but both have the same poverty rate – about 15%, so it is impossible to draw the right conclusions on this criterion alone. The very poor Sri Lanka has a poverty rate of 8.9%, a third lower than Denmark – one of the richest countries – 13.4%. It reminds the old joke about the tycoon's daughter who had to write a composition about poverty and she wrote that she comes from a poor family – her gardener is poor, her driver is poor and her nanny is also poor. So, there is little use for such scores, as even among the poor countries we find discrepancies that cannot be explained – in Argentina 30% of the population are poor, five times more than in China (6.1%), and in Azerbaijan we find one of the lowest rate of poverty – 6%, like in Austria... Italy is as poor as Bangladesh, one of the poorest states in the world, and Russia has a lower poverty rate than the United States (thanks to the former communist regime and to the benevolent oligarchs probably). So, is there any use of this index anyhow?

With the caveats mentioned above it gives at least some indications on poverty, as the ethical countries have very low levels of poverty and many of them are not even part of this index on poverty, bearing also in mind that the poverty line in the rich countries is much higher than in the poor countries. The difference between corrupt countries and ethical ones is much more visible in the extreme cases of the poorest countries which are almost all very corrupt – Chad, Liberia and Haiti with 80% poverty, Congo DR, Sierra Leone, Suriname, Nigeria, Zimbabwe, Burundi, with about 70% (but so is Swaziland which is only quite corrupt, TI – 69, as Italy, Greece and Romania, so in this case the reason of the excessive poverty is not excessive corruption but other). Other very corrupt and very poor countries are Honduras, Comoros, Niger, Guatemala, South Sudan, Eritrea, Madagascar, Cameroon, Congo R, Yemen, Sudan. So, Corruption Doesn't Pay, at least not to the poors, to the poorest people on earth.

#### 42. 156 COUNTRIES COMPARISON - RANKING OF HAPPINESS 2010-2012 – WORLD HAPPINESS REPORT - SOURCE: THE UN SUSTAINABLE DEVELOPMENT SOLUTIONS NETWORK

RANKING OF HAPPINESS 2010-2012 – THE WORLD HAPPINESS REPORT IS A MEASURE OF HAPPINESS PUBLISHED BY THE UN SUSTAINABLE DEVELOPMENT SOLUTIONS NETWORK – KEY VARIABLES: REAL GDP PER CAPITA, HEALTHY LIFE EXPECTANCY, HAVING SOMEONE TO COUNT ON, PERCEIVED FREEDOM TO MAKE LIFE CHOICES, FREEDOM FROM CORRUPTION, GENEROSITY. OTHER CAUSES OF HAPPINESS OR MISERY – ECONOMICS, PSYCHOLOGY, PROGRESS, MENTAL ILLNESS, OBJECTIVE BENEFITS OF HAPPINESS, THE IMPORTANCE OF ETHICS, SUBJECTIVE WELL-BEING AND THE HUMAN DEVELOPMENT REPORT. 10 – PERFECT HAPPINESS. TABLE SHOWS RANKINGS FROM LEAST HAPPY TO HAPPIEST

The term "gross national happiness" was coined in 1972 by Bhutan's king who opened Bhutan to the age of modernization. He used this phrase to signal his commitment to building an economy that would serve Bhutan's unique culture based on Buddhist spiritual values. The message originally was that happiness is more important than economic development. Through the contribution of many western and eastern scholars the concept developed into a full socioeconomic development framework. Bhutan is the only country in the world that has a "GNH", Gross National Happiness. It measures people's quality of life and makes sure that material and spiritual development happen together. Bhutan has done an amazing job of finding this balance. Bhutan is ranked as the happiest country in all of Asia and the eighth happiest country in the world according to Business Week. In the following table we present the World Happiness Report, measuring happiness and published by the UN. The index is based on economics, psychology, national statistics, progress, ethics, subjective well-being and the Human Development Report. And who is missing from this report? Bhutan!

But, long before the king of Bhutan, Aristotle wrote in his book "Ethics" that "man aspires to be happy in the sense of eudaimonia, happiness, as the summum bonum of his existence. Happiness is not identical to pleasure, and the ethical man will aspire to live a happy life but not necessarily a pleasurable life. Happiness is not the end of each action, but it is nevertheless the supreme goal of life." (Cory Jacques, *Activist Business Ethics*, p. 63, Springer, 2005). So, if happiness is the sense of life, one would think that the happiest countries in the world are the best countries, even if in the other parameters they don't perform so well. But, in our case, the most ethical countries manage to be the happiest, and the most democratic, and the richest, and the most peaceful, and the most equal and ethical!

The 13 happiest countries in the world include 9 of the 11 most ethical countries – Denmark, Norway, Switzerland, Netherlands, Sweden, Canada, Finland, Australia and New Zealand. And who are the additional 4 happy countries? Austria, ranking 23 in TI's index and one of the richest countries, Iceland – the fifth Scandinavian country (all the 5 Scandinavian countries are comprised in the 9 most happy countries) and no. 12 in TI's index. Israel, ranking 37 in TI's index, and among the last countries in the Global Peace Index, but one of the most advanced countries in the world. Costa Rica, ranking 47 in TI's index and having an average GDP PPP per capita of \$13,000. If we analyze the 30 happiest countries down to no. 30 – Singapore (TI – 7) – we find as a rule that the most ethical countries are also the happiest – 22 out of the 26 most ethical countries - are part of the 30 happiest countries of the world.

But, in addition to Israel and Costa Rica which are quite ethical, we find in the list of the 30 happiest countries - corrupt countries like Mexico (TI – 103), Panama (TI – 94), Venezuela (TI – 161!) , Argentina (TI – 107), Oman (TI – 64) and Brazil (TI – 69). All of them, except

Oman, are Latin American countries, and we wonder if it has something to do with the happy mentality of those states. Speaking of mentality, is this the reason that 3 of the most ethical countries - the Far Eastern states of Singapore, Hong Kong and Japan, rank rather low in the happiness index: no. 30, 64 and 43 respectively? Or maybe there are other reasons as well?

In this index we notice, as in most of the other indices, that the least happy countries are also the most corrupt: Togo, Central African Republic, Burundi, Tanzania, Guinea, Syria, Madagascar, Afghanistan, Yemen, Chad, Cambodia, Sri Lanka, Niger, Nepal, Liberia, Mali..., but we find also among the least happy countries states that are ethical like Botswana (TI – 31) or quite corrupt as Rwanda (TI – 55), Bulgaria and Senegal (TI – 69), Georgia (TI – 50). So, in most of the cases ethics and a good conscience bring also happiness and wealth, while corruption brings misery and poverty, or as Marcel Pagnol's Topaze taught his young students: *L'argent ne fait pas le bonheur* – Money doesn't bring happiness. But, because of your state of mind, you can reach happiness without being rich, as we see in the Buddhist Bhutan and the happy Latin American countries, and you can be quite unhappy even if you live in a rich country as Japan. In those cases ethics doesn't influence too much happiness.

It is not a sheer coincidence that the poorest countries and most corrupt Latin American countries rank very high in the happiness index. In the list of the 100 most unhappy states we find only four Latin American countries: Haiti (80% poverty), Dominican Republic (34%), Honduras (65%) and Nicaragua (46%) – one would tend to conclude that with such high rates of poverty you cannot be happy regardless of your state of mind. But if we examine the 55 happiest countries we find there most of the very poor, unequal and unethical Latin American countries – Peru (31%), Paraguay (35%), Bolivia (51%), El Salvador (36%), Ecuador (29%), Guatemala (54%), Suriname (70%, how can you be happy with such a huge level of poverty, squeezed in the happiness rank of 40 between the rich South Korea and Czech Republic?), Colombia (32%), Argentina (30%), Brazil (only 21%?, but still perceived as one of the countries with the highest number of poor people), Venezuela (32%) and Mexico (48%).

In the same bracket of about \$7,000 GDP PPP per capita we find Guatemala (TI – 115, poverty – 54%), El Salvador (TI – 80, poverty – 36%) and Bhutan (TI – 30, poverty – 23%) that are ranking among the 55 happiest countries in the world (probably with Bhutan that as mentioned above is not included in this index but on others), while Swaziland (TI – 69, poverty – 69%) ranks 100, Morocco (TI – 80, poverty – 15%) ranks 99, Armenia (TI – 94, poverty – 34%) ranks 128 and Georgia (TI – 50, poverty – 10%) ranks 134, in the list of the most unhappy countries of the world. So, is it a question of mentality or of ethics after all?

We found in this book that at the extremes – the happiest countries are also the most ethical and the richest, while the most unhappy countries are also the most corrupt and the poorest. But between the extremes we find cases that are not as clearcut as in the extremes. It is worthwhile to mention that China ranks 93 in the happiness index compared to 111 for India, as the poverty overcomes probably the mentality, and the theocratic state of Iran ranks 115 even below the much poorer India, as religion doesn't make the Iranians so happy after all...

Poverty affects very much happiness – Egypt (130), Liberia (133), Congo Brazzaville (129) and Sudan (124) - most of the 40 least happy countries are very poor African states, while most of the European and Anglo-Saxon states are very happy, except Bulgaria (144), Hungary and the former Yugoslavian states, maybe because they still live in the trauma of communism.

#### 43. 167 COUNTRIES COMPARISON - DEMOCRACY INDEX – THE ECONOMIST INTELLIGENCE UNIT – 2014 – RANK, OVERALL SCORE

In the Democracy Index we find an almost perfect correlation between the most ethical countries of the world and the most democratic. The 11 most ethical countries are exactly the same as the 11 most democratic countries, with scores of 9.93 for Norway no. 1 down to 8.88 for Luxembourg no. 11. The other most ethical/democratic nations are as usual (the "usual suspects"): Sweden, New Zealand, Denmark, Switzerland, Canada, Finland, Australia, Netherlands. Still, one exception – Iceland no. 3 of the democracies (TI – 12) replaces Singapore – no. 75 in the democracies with 6.03 only (TI – 7), as it is perceived a flawed democracy. Interesting, in the same score (75, 6.03) we find Papua New Guinea (TI – 145). Both countries are ranked exactly in the same rank of democracy, but Singapore (because of its leadership) is one of the world's most ethical states and Papua – one of the most corrupt.

In the next 30 most democratic countries we find in most cases almost in the same ranks the most ethical countries: Ireland, Germany, Austria, Malta, UK, Uruguay, Mauritius, US, Japan, South Korea, Spain, France, Costa Rica, Belgium, Botswana, Cape Verde, Chile, Portugal (Democracies - 33, TI - 31), Taiwan (35/35), Israel (36/37), Slovenia (37/39), Lithuania (38/39), Latvia (39/43), Poland (40/35). But, still there are a few exceptions of very democratic countries which are quite corrupt: Czech Republic (25/53), India (27/85), Italy (29/69), South Africa (30/67), and the democratic but very corrupt Argentina (52/107). And in the opposite direction – countries which are ethical have the lowest scores of democracy: Qatar (136/26), United Arab Emirates (152/25), and a quite corrupt Saudi Arabia (161/55). China (144/100), Egypt (138/94) and Russia (132/136) are very corrupt countries which have also a very undemocratic regime. Finally, the "usual suspects", the most undemocratic regimes are also the most corrupt countries having a score down to 1.08 for North Korea – ranked 167 in the democracies – the most undemocratic country is also the most corrupt ranking 174 in TI's index with a score of 8 out of 100. The other most undemocratic and corrupt countries are: Central African Republic, Chad, Syria, Democratic Republic of Congo, Turkmenistan, Guinea-Bissau, Iran, Laos, Eritrea, Uzbekistan, Sudan, Afghanistan, Zimbabwe, Yemen, Tajikistan, Republic of the Congo, Burundi, Azerbaijan, Djibouti.

#### 44. 132 COUNTRIES COMPARISON - SOCIAL PROGRESS INDEX – SOCIAL PROGRESS IMPERATIVE, 2014, BASED ON THE WRITINGS OF AMARTYA SEN, DOUGLAS NORTH AND JOSEPH STIGLITZ

SOCIAL PROGRESS INDEX – PUBLISHED BY THE SOCIAL PROGRESS IMPERATIVE, BASED ON THE WRITINGS OF AMARTYA SEN, DOUGLAS NORTH AND JOSEPH STIGLITZ – 2014 – BASED ON 52 INDICATORS OF BASIC HUMAN NEEDS, FOUNDATIONS OF WELLBEING AND OPPORTUNITY TO PROGRESS – PROVIDING FOR THE SOCIAL AND ENVIRONMENTAL NEEDS OF CITIZENS, RATHER THAN ECONOMIC FACTORS, INCLUDING ECOSYSTEM SUSTAINABILITY, HEALTH, WELLNESS, SHELTER, SANITATION, EQUITY, PERSONAL FREEDOM, PERSONAL SAFETY

The Social Progress Index is probably one of the most comprehensive index as it includes quantitative and qualitative parameters – health, sustainability, ecosystem, sanitation, equity, personal freedom and safety, wellbeing, opportunity to progress, basic human needs, shelter... It is not difficult to guess – the 17 most ethical countries are also the 17 best countries according to the Social Progress Index, not nearly, not quite, but exactly the same, if we bear in mind that for some reason the "small" countries ranking high in the TI index are not included in the Social Progress Index: Luxembourg, Singapore, Barbados and Hong Kong.

The following 17 countries score between 88.24 to 82.63 in the Social Progress Index and are also among the first ranking in the Basic Human Needs, Foundations of Well-being and Opportunity indices: New Zealand, Switzerland, Iceland, Netherlands, Norway, Sweden, Canada, Finland, Denmark, Australia, Austria (TI – 23), Germany, UK, Japan, Ireland, US, Belgium. However, Ireland and the US rank 37 and 36 in the Basic Human Needs, probably because of their neoliberal policies. In all the other indices they rank first, down to 23 only. This is another salient example as in all the other parameters that Ethics Pays and all the most ethical countries have also the best scores in the qualitative and quantitative indices of the Social Progress Index, Basic Human Needs, Foundations of Well-being and Opportunity.

The most corrupt countries rank also at the lowest ranks in the Social Progress Index. Down to 132 and a score of 32.6 are: Chad, Pakistan, Burundi, Guinea, Sudan, Angola, Niger, Yemen, Central African Republic, Nigeria, Togo, Mauritania, Liberia, Madagascar, Iran, Mozambique, Cameroon, Djibouti, Tanzania, Mali, Uganda, Republic of the Congo, Malawi, Bangladesh, Cambodia, Laos, India, Kenya, Nepal. Here again Corruption Doesn't Pay and the most miserable countries in all aspects are also the most corrupt and have reached this miserable status because of their corruption, bribes, nepotism, oligarchy of the rich & mighty.

#### 45. 162 COUNTRIES COMPARISON - GLOBAL PEACE INDEX & RATINGS – INSTITUTE FOR ECONOMICS AND PEACE – 2010-2014 RESULTS

GLOBAL PEACE INDEX & RATINGS – INSTITUTE FOR ECONOMICS AND PEACE – 2010-2014 RESULTS – WITHOUT MICRO-STATES – STATES WITH EITHER A POPULATION OF ABOVE 1 MILLION OR A LAND AREA GREATER THAN 20,000 SQUARE KILOMETERS – MOST PEACEFUL CLOSER TO 1

The most fascinating finding in the list of the 10/20/31 most peaceful countries in the world is the fact that a few decades ago most of them were involved in wars where they had millions of casualties. Except for a few countries: Iceland, Switzerland and Sweden, all the countries participated in world wars, colonial wars, civil wars, independence wars, or had totalitarian regimes in the twentieth century. And now all those countries have become the most peaceful in the world – Denmark, Norway, Belgium, Netherlands, Poland, Slovakia and Czech Republic which were invaded by Germany, Austria which was annexed to the Third Reich, Finland, Canada, Australia, New Zealand which fought in World War II, Japan and Germany which started World War II in Europe and Asia, Ireland which fought an Independence war from Great Britain, Portugal fought colonial wars, Spain had a civil war, Taiwan, Chile and Uruguay had totalitarian regimes, etc. Those countries are without external and internal conflicts, have excellent relations with their neighbors, with very low levels of criminality in society, very few refugees and displaced persons, no political instability, terrorist activity, political terror, very few homicides, violent demonstrations, lowest percentage of jailed persons, low levels of police and military expenditures, but have financial and volunteer participation in UN peacekeeping missions, no nuclear weapons capability and strong restriction of access to small arms and light weapons – in short a model of peaceful countries!

7 of the 11 most peaceful countries are also the most ethical countries: Denmark (score – 1.193 – most peaceful is closer to 1), New Zealand, Switzerland, Finland, Canada, Norway, Sweden. If we enlarge the scope to the first 20 most peaceful countries we find there almost all the 11 most ethical countries, with Australia and the Netherlands, except Luxembourg which doesn't participate in this survey and Singapore in no. 25, and quite all of the 20 most ethical countries, including Germany, Ireland, Iceland – no. 1, the most peaceful country on earth with a score of 1.189, Japan, Belgium, and without Barbados and Hong Kong which do not participate in the survey. Yet, two major exceptions – the UK no. 47 and the US – no. 101! And if we enlarge the scope to the 31 most peaceful countries we find there quite all the 30 most ethical countries, with Chile, Uruguay, Austria, Estonia, Qatar, Bhutan, Singapore, and without Bahamas and St. Vincent and the Grenadines which do not participate. Yet two exceptions - United Arab Emirates in no. 40 and France in no. 48. So, practically all the most ethical countries are in the first 31 most peaceful countries, and if not there- somewhere lower down to the UK – no. 47 and France – no. 48, both of them participate in wars and suffer from terror, violent demonstrations and crime. The major exception is the US which rank very low in the most peaceful nations – no. 101, as they participate in wars, have a high level of criminality and homicides, high percentage of jailed persons (707 in 100,000 – the highest in the world, ten times more than peaceful Scandinavian countries), a high level of military expenditures, nuclear weapons, a very liberal policy of access to small arms & light weapons.

Argentina in spite of all the revolutions and terrorism in the past is quite peaceful today – 43, Vietnam after the horrible wars of the 50's, 60's and 70's is now ranked 45, South Korea and Serbia after the terrible wars of the 50's and the 90's are now quite peaceful ranked 52, Bosnia is 61 and Kosovo is 64, after their wars of independence, but much lower we find countries with very high level of criminality, totalitarian regimes, fighting wars, drug cartels and

terrorism, or instigating terror, as: Saudi Arabia – 80, Liberia – 84, Greece – 86, Brazil – 91, Bangladesh – 98, Haiti – 99, Angola – 102, Sri Lanka – 105, Cambodia – 106, China – 108, Republic of the Congo – 109, Georgia – 111, Algeria – 114, Peru – 119, South Africa – 122, Eritrea – 124, Thailand – 126, Turkey – 128, Venezuela – 129, Burundi – 130, Iran – 131, Libya – 133, Myanmar – 136, Rwanda – 137, Mexico – 138, Ethiopia – 139, Ukraine – 141, Egypt – 143, India – 144 (when we think of India we think of peace of mind and harmony, yet India ranks in one of the lowest ranks of the Peace Index), Lebanon – 146, Yemen – 147, Zimbabwe – 148. Israel is ranked 149, in an even worse rank than Lebanon, Yemen, Egypt, India, and Zimbabwe, ranking 14 from the end with a very high score of unpeaceful status – 2.689, but an ethical rank of 37, excellent economic results, in spite of the wars, terror, crime, and high level of military expenditures. The countries with the worst peaceful condition, all of them corrupt countries, poverty stricken, ranking lowest in most of the parameters, are: 150. Colombia, 151. Nigeria, 152. Russia (it would have been interesting to compare this doubtful rank with the rank of USSR and see if the situation of the population has ameliorated or deteriorated since the 90's), 153. North Korea, 154. Pakistan, 155. Democratic Republic of the Congo, 156. Central African Republic, 157. Sudan, 158. Somalia, 159. Iraq, 160. South Sudan, 161. Afghanistan, 162. Syria, the most unpeaceful country, with a score of 3.650.



## 46. 178 COUNTRIES COMPARISON - FRAGILE STATES INDEX – 2015 – US THINK-TANK FUND FOR PEACE AND THE MAGAZINE FOREIGN POLICY

### DEFINITIONS OF THE FRAGILE STATES INDEX – 2015 – FUND FOR PEACE

This is a list of countries by order of appearance in the Fragile States Index (formerly the Failed States Index) of the United States think-tank Fund for Peace. The list aims to assess states' vulnerability to conflict or collapse, ranking all sovereign states with membership in the United Nations where there is enough data available for analysis. Taiwan, the Palestinian Territories, Northern Cyprus, Kosovo and Western Sahara are not ranked, despite being recognized as sovereign by one or more other nations. Ranking is based on the sum of scores for 12 indicators (see below). Each indicator is scored on a scale of 0 to 10, with 0 being the lowest intensity (most stable) and 10 being the highest intensity (least stable), creating a scale spanning 0-120. A fragile state has several attributes. Common indicators include a state whose central government is so weak or ineffective, that it has little practical control over much of its territory; non-provision of public services; widespread corruption and criminality; refugees and involuntary movement of populations and sharp economic decline. Since 2005, the index has been published annually by the Fund for Peace and the magazine Foreign Policy. The list has been cited by journalists and academics in making broad comparative points about countries or regions. The report uses 12 factors to determine the rating for each nation including security threats, economic implosion, human rights violations and refugee flows. The 12 factors are used by Fund For Peace to ascertain the status of a country.

#### **Social**

- Mounting demographic pressures.
- Massive displacement of refugees, creating severe humanitarian emergencies.
- Widespread vengeance-seeking group grievance.
- Chronic and sustained human flight.

#### **Economic**

- Uneven economic development along group lines.
- Severe economic decline.

#### **Political**

- Criminalization and/or delegitimization of the state.
- Deterioration of public services.
- Suspension or arbitrary application of law; widespread human rights abuses.
- Security apparatus operating as a "state within a state".
- Rise of factionalized elites.
- Intervention of external political agents.

DP – DEMOGRAPHIC PRESSURES, REF – REFUGEES AND IDPs, GG – GROUP GRIEVANCE, HF – HUMAN FLIGHT, UED – UNEVEN ECONOMIC DEVELOPMENT, ECO – ECONOMIC DECLINE, SL – STATE LEGITIMACY, PS – PUBLIC SERVICES, HR – HUMAN RIGHTS AND RULE OF LAW, SEC – SECURITY APPARATUS, FE – FACTIONALIZED ELITES, EXT – EXTERNAL INTERVENTION

The index's ranks are based on twelve indicators of state vulnerability, grouped by category: social (4), economic (2), and political (6).

Scores are obtained via a process involving content analysis, quantitative data, and qualitative review. In the content analysis phase, millions of documents from over 100,000 English-language or translated sources (social media are excluded) are scanned and filtered through the Fund for Peace's Conflict Assessment Systems Tool (CAST), which utilizes specific filters and search parameters to sort data based on boolean phrases linked to indicators, and assigns scores based on algorithms. Following CAST analysis, quantitative data from sources such as the [UN](#), [WHO](#), [World Factbook](#), [Transparency International](#), [World Bank](#), and [Freedom House](#) are incorporated, which then leads to the final phase of qualitative review of each indicator for each country.

Considered together in the Index, the indicators are a way of assessing a state's vulnerability to collapse or conflict, ranking states on a spectrum of categories labeled 'sustainable,' 'stable,' 'warning,' and 'alert.' Within each bracket, scores are also subdivided by severity. The score breakdown is as follows:

Category	FSI score*	Brackets (2015)
		Very high: 110+
Alert	90.0–120.0	High: 100–109.9
		Alert: 90–99.9
		High: 80–89.9
Warning	60.0–89.9	Warning: 70–79.9
		Low: 60–69.9
		Less stable: 50–59.9
Stable	30.0–59.9	Stable: 40–49.9
		More stable: 30–39.9
Sustainable	0.0–29.9	Sustainable: 20–29.9
		Very sustainable: 0–19.9
Not assessed	N/A	—

All countries in the top three categories display features that make their societies and institutions vulnerable to failure. However, the FSI is not intended as a tool to predict when states may experience violence or collapse, as it does not measure direction or pace of change. It is possible for a state sorted into the 'stable' zone to be deteriorating at a faster rate than those in the more fragile 'warning' or 'alert' zones, and could experience violence sooner. Conversely, states in the Pink zone, though fragile, may exhibit positive signs of recovery or be deteriorating slowly, giving them time to adopt mitigating strategies.

## Indicators

The FSI scores, detailed above, are sums of scores for 12 separate indicators related to various aspects of state stability and strength. Each is scored between 0 and 10, with a higher number indicating a higher level of fragility. Indicators are divided into three categories - social, economic, and political.

### Social indicators

1. **Demographic pressures:** Pressures deriving from high volume [population density](#) relative to food supply and other life-sustaining resources, which make it difficult for governments to protect citizens. Pressures include those stemming from disease, [natural disasters](#), [population growth](#), [infant mortality](#), and environmental hazards. Governmental capacity and will to respond to such pressures are considered in the score.
2. **Refugees and Internally Displaced Persons (IDPs):** Pressures linked to population displacement, which can strain public resources and threaten security. This indicator concerns displacement in both directions: those leaving and those entering a state. Measures include the presence of refugee/IDP camps, refugees/IDPs per capita, absorption capacity, relief efforts, and targeted violence/repression.
3. **Group Grievance:** Existence of tension and/or violence between groups, which can undermine the state's provision of security. Pressures related to discrimination, [ethnic violence](#), [communal violence](#), [sectarian violence](#), and [religious violence](#) are included alongside atrocities committed with impunity against groups singled out by state authorities or dominant groups for persecution or repression, and institutionalized [political exclusion](#).
4. **Human flight and brain drain:** Measures related to migration per capita, particularly emigration of the educated population, which often occurs pre- or mid-conflict. [Remittances](#) and growth of exile/[expatriate](#) communities are also used as measurements.

### Economic indicators

5. **Uneven economic development:** Group-based inequality, or perceived inequality, in education, jobs, and economic status can create uneven commitments to the social contract within a state. Measurements include group-based [poverty](#) and education levels, existence of [slums](#), and fairness of housing and hiring practices.
6. **Poverty and economic decline:** Progressive economic decline of the society as a whole (measurements: [per capita income](#), [GNP](#), economic deficit, [unemployment](#), poverty levels, business failures, and [inflation](#)) strains a state's ability to provide for its citizens, and can create inter-group friction. Also includes failure of the state to pay salaries of government employees and armed forces, or to meet other financial obligations to its citizens, such as [pension](#) payments.

### Political indicators

7. **State legitimacy:** [Corruption](#) and lack of representativeness undermine the [social contract](#), as citizens lose confidence in state institutions and processes. Measurements include corruption or profiteering by ruling elites, resistance to [transparency](#), level of democracy, illicit economy, and protests/demonstrations.
8. **Public services:** Disappearance, or lack of, basic state functions indicate a state's inability to perform one of its key roles. Measurements include essential services, such

as healthcare, education, sanitation, public transportation, police, and infrastructure. Also examined is the use of the state apparatus for agencies that serve ruling elites, such as security forces, executive staff, central bank, diplomatic service, customs and collection agencies.

9. **Human rights and rule of law**: The violation or uneven protection of basic rights mark a failure of a state to execute its primary responsibility. Measurements include press freedom and civil liberties, as well as any widespread abuse of legal, political and social rights for individuals, groups, or cultural institutions (e.g., harassment of the press, politicization of the judiciary, internal use of military for political ends, public repression of political opponents, religious or cultural persecution).
10. **Security apparatus**: An emergence of elite or [praetorian guards](#) that operate with impunity challenges the security apparatus' monopoly on the use of force, weakening the social contract. Measurements include internal conflict, riots/protests, military [coups](#), rebel activity, and the emergence of state-sponsored or state-supported private militias that terrorize political opponents or civilians seen to be sympathetic to the opposition.
11. **Factionalised elites**: A fragmentation of ruling elites and state institutions along group lines undermines public confidence. Measurements include elite power struggles, flawed elections, and use of aggressive nationalistic rhetoric.
12. **External Intervention**: Intervention by external actors into a state's affairs signals a state's failure to meet domestic or international obligations. Measurements include level of foreign assistance, presence of [peacekeepers](#) or UN missions, foreign military intervention, [sanctions](#), and [credit ratings](#). Intervention by donors, especially if there is a tendency towards over-dependence on foreign aid or peacekeeping missions, is also considered.

Almost all the most ethical countries – 10 out of 11 are in the Sustainable and Very Sustainable categories with the lowest grades of the Fragile States Index – 17.8 for the best country Finland and 26.8 for one of the best countries Netherlands. The other countries in the Sustainable category are also very ethical – Iceland (12), Germany (12), Ireland (17), and ethical – Austria (23), Portugal (31), with grades of up to 29.7. Only Singapore is a most ethical country in the More Stable Category, due to its peculiar political condition, but still with a very good grade of 34.4. The other More Stable countries with grades of 30 to 40 are also very ethical, ethical, and quite ethical countries – Belgium (15), Slovenia (39), UK (14), France (26), US (17), Japan (15), South Korea (43), Uruguay (21), Czech Republic (53), Poland (35). It goes without saying that in this parameter as in all other parameters the most corrupt countries and the very corrupt receive the highest grades of instability, discrimination, violence, low human rights, and insecurity: South Sudan (171), Somalia (174), Central African Republic (150), Sudan (173), Congo (D. R.) 154, Chad (154), Yemen (161), Syria (159), Afghanistan (172), Haiti (161), Iraq (170), Zimbabwe (156), Guinea (145), etc.

## 47. 178 COUNTRIES COMPARISON – INDEX OF ECONOMIC FREEDOM – THE HERITAGE FOUNDATION AND THE WALL STREET JOURNAL – 2016

The *Index of Economic Freedom* is an annual index and ranking created by [The Heritage Foundation](#) and [The Wall Street Journal](#) in 1995 to measure the degree of [economic freedom](#) in the world's nations. The creators of the index took an approach similar to [Adam Smith's](#) in *The Wealth of Nations*, that "basic institutions that protect the liberty of individuals to pursue their own economic interests result in greater prosperity for the larger society".

### Method

The Index's 2008 definition of economic freedom is "the highest form of economic freedom provides an absolute right of property ownership, fully realized freedoms of movement for labor, capital, and goods, and an absolute absence of coercion or constraint of economic liberty beyond the extent necessary for citizens to protect and maintain liberty itself." The index scores nations on ten factors of economic freedom, separated into four categories, using statistics from organizations like the [World Bank](#), the [International Monetary Fund](#), [Economist Intelligence Unit](#) and [Transparency International](#). In each factor, countries are scored 0 to 100, with 0 being the least free and 100 the most free. A score of 100 signifies an economic environment or set of policies that is most conducive to economic freedom. The methodology has shifted and changed as new data and measurements have become available, especially in the area of Labor Freedom, which was given its own indicator spot in 2007.

The following list explains what each factor currently assesses and groups them according to their respective category:

#### Rule of Law

- [Property Rights](#): Degree of a country's legal protection of private property rights, degree of enforcement of those laws, independence of and corruption within the [judiciary](#), and likelihood of [expropriation](#).
- [Freedom from Corruption](#): The non-prevalence of [political corruption](#) within a country, according to the [Corruption Perceptions Index](#).

#### Limited Government

- [Fiscal Freedom](#): How free is a country from tax burden. It comprises three quantitative measures: top marginal tax rate of both individual (1) and corporate (2) income, and total tax burden as a percentage of GDP (3).
- [Government Size/Spending](#): Governments' expenditures as a percentage of GDP, including consumption and transfers. The higher the percentual spending, the lower the score.

#### Regulatory Efficiency

- [Business Freedom](#): A country's freedom from the burden of regulations on starting, operating, and closing business, given factors such as time, cost and number of procedures, as well as the efficiency of government in the regulatory process.
- [Labor Freedom](#): How free is a country from legal regulation on the labor market, including those relating to minimum wages, hiring and firing, hours of work and severance requirements.
- [Monetary Freedom](#): How free from microeconomic intervention and price instability is a country, basing on an equation considering the weighted average inflation rate in the last three years and price controls.

#### Open Markets

- [Trade Freedom](#): Freedom from sizeable numbers and burdens of [tariffs](#) and [non-tariff barriers](#) to imports and exports of a country.

- **Investment Freedom**: Freedom from restrictions on the movement and use of investment capital, regardless of activity, within and across the country's borders.
- **Financial Freedom**: A country's independence from government control and interference in the financial sector, including banks. It considers government ownership of financial firms, extent of financial and capital market development, government influence on the allocation of credit and openness to foreign competition.

## Meaning

The Heritage Foundation reports that the top 20% on the index have twice the per capita income of those in the second quintile, and five times that of the bottom 20%. [Carl Schramm](#), who wrote the first chapter of the 2008 Index, states that cities of Medieval Italy and mid-19th century Midwestern American cities all flourished to the degree they possessed economic fluidity and institutional adaptiveness created by economic freedom. According to [Will Wilkinson](#) of the [libertarian think tank Cato Institute](#), studies show that higher economic freedom correlates strongly with higher self-reported happiness. According to economists Tomi Ovaska and Ryo Takashima, economic freedom research suggests "that people unmistakably care about the degree to which the society where they live provides them opportunities and the freedom to undertake new projects, strongly with and make choices based on one's personal preferences." According to the Cato Institute, higher economic freedom promotes participation and collaboration. Also claimed is that higher economic freedom is extremely significant in preventing wars; according to their calculations, freedom is around 54 times more effective than democracy (as measured by *Democracy Score*) in diminishing violent conflict. Countries that shared the same rank received a tie score.

I have used for Cory's Index the 2016 score. The first table shows a comparison of the score and ranking for 2016, 2015 and 2014. The second table shows most of the components of the 2014 Economic Freedom Index. The 3 other components: Property Rights, Government Size/Spending, Government Expenditure % of GDP can be found on the Wikipedia and links.

I have not included taxation parameters as I didn't want to impose my views that substantial progressive taxation is good for the economy as opposed to the neo liberal views that give the highest rankings to countries with the lowest tax rates. So, what should be the best rank – no. 1 - in the parameter of taxation for including in Cory's Index: the highest taxation or the lowest taxation? But I have overcome this hurdle by including in Cory's Index parameters of Social Progress and of Economic Freedom. The issue of taxation is reflected in the parameters of the Index of Economic Freedom. This index assumes that fiscal freedom is a precondition for economic liberty and the highest ranking countries are those with the lowest tax rates of individuals and corporate and lowest tax burden as a % of GDP. The higher government spending is (also for welfare and social benefits) the lower the score. The higher scores are for countries free from legal regulation on the labor market, from microeconomic intervention, from government control and interference in the financial sector, including banks. In a word, I have included in Cory's Index an index based on the complete opposite of my economic and social beliefs, as I acknowledge the fact that many countries with neo liberal regimes are successful and ethical as well, and Cory's Index should find the right balance and proportions.

The first country of this Index is Hong Kong – "paradise on earth" according to Milton Friedman's neo liberal theories, a heaven and haven of economic freedom. Then comes Singapore, another icon of economic freedom, both of them with a very high score of 88-89. They are followed by 4 most ethical countries, neo liberal countries as the first two: New Zealand, Switzerland, Australia and Canada, and other neo liberal and ethical countries – Chile, Ireland, UK and US. The US is not neo liberal and "free" enough according to Milton Freedman and many of the conservatives and ranks only in no. 11, still a very high rank.

Other countries rank also very high in the Economic Freedom without being neo liberal proving that you can achieve freedom in many ways – freedom from corruption, business freedom, monetary freedom, trade freedom, investment freedom and financial freedom, with strong property rights, but with a much larger government spending and percentage of GDP, substantial taxation and labor rights. It is not an oxymoron to be a welfare state and a state with economic freedom and not every intervention of government to circumvent the excessive freedom of banks and employers is necessarily communism. Anyhow, we find Denmark in the very high rank - no. 12 of Economic Freedom Index in 2016 and no. 10 in 2014 - with a score of only 39.3 in Fiscal Freedom as compared to 93.0 for Hong Kong and 91.2 for Singapore, and the more moderate 65.8 for the US, 64.2 for Australia and 68.9 for Switzerland. Denmark's score of government spending is only 0.5 compared to Hong Kong – 89.7 and Singapore – 91.2, and its government expenditures as % of GDP is 57.6% compared to 17-18% for the two Asian countries. But Business Freedom of Denmark is 98.1, Trade Freedom is 87.8, Investment Freedom is 90, Financial Freedom is 90, Monetary Freedom is 80.0, Labor Freedom is 91.2, and all of them achieve a very high score- 90 in Property Rights.

Netherlands, with the rank of 17 in 2016 and 15 in 2014, has "only" 59.6 in Labor Freedom and 51.7 in Fiscal Freedom, government spending's score is 25.6, and government expenditure as % of GDP is 49.8%, but Netherlands has very high scores in the other components. Finland, ranking 19 in 2016 and in 2014 has an even lower Labor Freedom score 46.5, 65.1 in Fiscal Freedom, a score of 8.9 in government spending and government expenditure of 55.1% of GDP, and very high scores in the other components. Germany, ranking 16 in 2016 and 18 in 2014, has a similar Labor Freedom score as Finland, 61.2 in Fiscal Freedom, a score of 38.2 in government spending and government expenditure of 45.4% of GDP, and very high scores in the other components. Sweden, ranking 23 in 2016 and 20 in 2014, has a low score of 42.9 in Fiscal Freedom, 52.9 in Labor Freedom, a score of 21.4 in government spending, government expenditure is 51.2% of GDP. In 2016, Estonia ranks 9, Lithuania 13, Georgia 22, Czech Republic 24, Latvia 37, Poland 42 and Slovakia 50. This is an outstanding achievement for those former communist countries that achieved economic freedom only a few years ago and rank now among the best in Economic Freedom.

Japan ranks 20, Luxembourg 21, Iceland 26, Norway 27, Belgium 40, Barbados 46. Thus, 18 out of the 20 most ethical and very ethical countries rank among the first 27 countries in the Economic Freedom Index (only Belgium and Barbados rank 40 and 46). This is an outstanding achievement, bearing in mind that a large part of them are Welfare States and are far from being neo liberal, yet they achieve very high scores in most of the components of Economic Freedom as explained above. Other ranks worth mentioning that are similar to the ethical ranks are: Austria, United Arab Emirates, Qatar, Israel, Botswana, but South Korea and Malaysia have a much higher rank in Economic Freedom than in TI's Index, while Uruguay has a much lower rank – 43, and so Spain – 49, Portugal – 64 and France – 73. Italy has also a low Economic Freedom Index - 80, but also ranks 69 in TI's Index. So, if the other countries manage to be ethical and with a moderate or lower economic freedom, Italy is both quite corrupt and not so economically free. However, Greece with a rank of 69 in TI's Index is only 130 in the Index of Economic Freedom close to Bangladesh, Burundi, Papua & Yemen.

In 2016 Mexico ranks in the Economic Freedom Index – 59, Turkey – 70, South Africa – 72, Indonesia – 105, Bhutan – 115, Egypt – 124, India – 128, China – 139, Russia – 143, Cuba – 177, Argentina – 169, Iran – 171, and as usual the most corrupt countries have the lowest ranks – North Korea, Venezuela, Zimbabwe, Eritrea, Turkmenistan, Congo DR, Congo R, Timor-Leste, Chad, Ukraine, Myanmar, Uzbekistan, Angola, Belarus, Nepal, Haiti, Laos...



48. 159 COUNTRIES COMPARISON – THE HUMAN FREEDOM INDEX – 2014 – PERSONAL, CIVIL AND ECONOMIC FREEDOM, PUBLISHED BY THE CATO, FRASER AND FRIEDRICH NAUMANN INSTITUTES

The **Human Freedom Index** measures 76 distinct indicators of personal, civil, and economic freedom around the world. The Human Freedom Index is the most comprehensive index on freedom for a globally meaningful set of countries. Coauthors of the index are [Ian Vásquez](#) and [Tanja Porčnik](#). The index is co-published by the [Cato Institute](#), the [Fraser Institute](#), and the Liberales Institut at the [Friedrich Naumann Foundation for Freedom](#).

The index covers the following areas:

- [Rule of Law](#)
- Security and Safety
- Movement
- [Religion](#)
- Association, Assembly, and Civil Society
- Expression
- Relationships
- Size of Government
- Legal System and Property Rights
- Access to Sound Money
- Freedom to Trade Internationally
- Regulation of Credit, Labor, and Business

Of all the parameters in Cory's Index, the parameter that affects most mankind is freedom - personal freedom, religious freedom, freedom of movement, rule of law, security, safety, association, assembly and civil society, freedom to express oneself, freedom in relationships, property rights. The most important international document is the UN Universal Declaration of Human Rights which was translated into most of the languages on earth ([included into Ladino on my initiative by Ladinokomunita and me](#)). While economic freedom is very important but can be interpreted as coercive - freedom of the large banks and multinationals to oppress 99% of the public as we have seen in the Great Recession of 2007-2010, freedom to evade paying taxes, freedom to fire tens of thousands of employees just in order to maximize profits – nobody can object freedom of the individual as stipulated above. For that reason the United States rebelled against the oppressive British rule and obtained independence, and so did all nations in 19<sup>th</sup> & 20<sup>th</sup> centuries, especially after the end of World War II, including India, China, Israel, all the African countries and the remaining colonies.

But we have to be careful with the terminology of freedom. The Italian fascists sang about:

<a href="#">Giovinezza, giovinezza</a>	Youth, youth
primavera di bellezza,	Spring of beauty,
nel fascismo è la salvezza	In fascism, salvation
della nostra libertà.	Of our freedom.

While their communist opponents sang in the same streets of Italy a hundred years ago:

Avanti o popolo, alla riscossa,	Forward people, to the rescue,
<a href="#">Bandiera rossa, Bandiera rossa.</a>	the Red Flag, the Red Flag.
Bandiera rossa la trionferà	the Red Flag will triumph,
Evviva il comunismo e la libertà.	Long live communism and freedom.



So, one can only ponder, why fascists, communists, and "ultra"-neoliberals like Milton Friedman (in his famous book: *Capitalism and Freedom*), preach so much about freedom, while in practice they do exactly the opposite? (more on neoliberal totalitarian approach - read Naomi Klein's [\*The Shock Doctrine\*](#)). Who is free in this modern world? Free from excessive advertising, consumerism, reality programs, [crony capitalism](#), free from favoritism in the distribution of legal permits, government grants, special [tax breaks](#), or other forms of [state interventionism](#). Big Brother intervened in communist and fascist countries, in colonies and absolute monarchies, but it intervenes also nowadays with many excuses as a "safeguard" against terrorism, anarchy, crime, and in the past against Red Scare ([McCarthyism](#)). I am the last person to condemn state intervention against terrorism or safeguarding democracies from communism and fascist threat in the twentieth century and radical Islam nowadays. But this should not be an excuse to spy on tens of millions including innocent people and allies (see – [Snowden](#)). So, who is free? Is the Human Freedom Index right just because it is the only one?

Nevertheless, as the issue of freedom is so important, I include this index in Cory's Index, and hope that it really gives the modern answer to the quest of the rebels in the French Revolution who sought for [Liberté, égalité, fraternité](#) – Liberty, Equality, Fraternity. All the three are included in Cory's Index in many of dozens of parameters – Gini, Freedom, Social Progress. According to HFI (the Human Freedom Index), Hong Kong ranks no. 1 – it is now part of China, even as a Special Administrative Region, but I don't want to argue with the Index. If one analyzes the sub-indices one can find the answer, because of the very high score of [Economic Freedom](#) – according to Milton Friedman and many neo-liberals – Hong Kong has a much more efficient economic system than the US. Switzerland is no. 2 as it is an excellent example of economic and personal freedom, a neo-liberal system, "too-free" banks, but not anymore [after the 2008 financial crisis](#), as the Swiss decided that tighter reins on their banks wouldn't just protect taxpayers from future crises and bailouts, but would ultimately be good for the banks' own business as well. Maybe because of that they receive a score of "only" 8.25 on Economic Freedom but one of the highest scores on Personal Freedom – 9.41. What mix is better – Hong Kong or Switzerland? The reader will decide where he would prefer to live - in Friedman's capitalist "paradise" Hong Kong or in Switzerland (near Lake Geneva?).

New Zealand is no. 3, Ireland no. 4, quite a long way since a hundred years ago when it was oppressed by British rule, by an extreme religious system, poverty stricken, with millions of immigrants fleeing to the US. Denmark no. 5 is a remarkable example of a small country that has managed to find the right balance and harmony between all the components of quality of life. And it has achieved the unbelievable score of 9.58 in Personal Freedom – the highest score in the world, with a good Economic Freedom score of 7.67. Where would you prefer to live – in a neo-liberal country with a 8.71 Economic Freedom score as in Singapore and 7.01 in Personal Freedom with a gap of about 1 in Economic Freedom in favor of Singapore or in Denmark (in wonderful Copenhagen?) with an even larger gap of about 2.5 in Personal Freedom in favor of Denmark. And the Danes do not advocate anarchy in the name of personal freedom exactly as they don't advocate almost complete lack of regulations in the name of economic freedom, as the neo-liberals require. The Queen of Denmark has urged Muslims arriving in Europe to adopt Western values (what about the Muslim freedom of adhering to their way of living?). She said that politicians should strictly uphold the country's principles of democracy and gender equality (even if contradicts [Sharia Law](#)?). Denmark has taken in just under 15,000 asylum seekers in the first nine months of 2016, according to Government statistics and has reintroduced border controls to stem the flow heading northwards towards neighboring Sweden (what about compassion to their tragedy?).

The Anglo-Saxons Canada, UK and Australia have a rank of 6, with moderate economic freedom but very high personal freedom. Finland, another Scandinavian country, has an

excellent rank of 9, while the other ones: Norway - 13 and Sweden – 15 have very high personal freedom and moderate economic freedom. Benelux countries rank very high: Netherlands – 10, Luxembourg – 11, Belgium – 17, and finally the Germanic countries rank also very high: Germany – 13 (with its lenient refugees policy) and Austria – 11. So, we have in the first 17 ranks almost all the Germanic, Scandinavian, Benelux and Anglo-Saxon countries (except the US ranked 23), which happen to be also 15 out of the 20 most ethical countries in the world, Austria (TI – 23) and Malta (TI – 43) are also ethical. The other 5 most and very ethical countries rank: 2 close to them – US – 23 and Iceland – 25, Japan somewhat lower – 32, as it has a slightly lower Personal Freedom score – 8.67 and Economic Freedom – 7.42, and Singapore ranks even lower – 40, due to its much lower personal freedom – 7.01. Barbados ranks very low – 85, with an average personal freedom – 6.92 and economic freedom – 6.65, close to India – 87. How come that very ethical Barbados (TI – 17) ranks close to corrupt India (TI – 85)? Freedom from corruption and rule of law are probably not enough compared to low scores in other freedom parameters that mitigate their importance.

Italy has a good rank of 28 and a score of 9.00 in personal freedom and 7.17 in economic freedom, but it ranks only 69 in TI's Index. France has similar scores and an overall score of 8.05 in Freedom Index with a rank of 31, but ranks much higher than Italy in TI's Index (26). Japan also has a similar Freedom rank of 32 and it even ranks higher in TI's Index (15). So, we have 3 countries with a similar Freedom Index but with large differences in the corruption level. One would tend to conclude that there is no correlation between freedom and ethics, but data proves the opposite as most of the ethical countries rank very high also in the freedom index, and Italy is an exception, as freedom is very inherent in Italy, much more than in the other quite corrupt countries Romania and Bulgaria ranking also 69 in TI's Index but only 30 and 40 in Freedom Index respectively. Israel ranks 52 in Freedom Index with an overall score and personal and economic freedom scores of about 7.3, but ranks higher in TI's Index – 37. Brazil ranks 82 in Freedom Index, lower than the similar quite corrupt TI rank of 69. Mexico has a higher Freedom rank – 77 than TI's rank – 103, but India has a similar rank: HFI – 87, TI – 85. Russia has a Freedom Index and its components slightly higher than 6 and ranks 115 compared to TI – 136, but China ranks much lower in its Freedom Index – 141, with a Personal Freedom score of only 4.81 and Economic Freedom of 6.45, and in TI's Index – 100. Finally, as usual the most corrupt countries have also the lowest ranks in Human Freedom Index, especially in Personal Freedom – Libya, Yemen, Iran, Syria, Central African Republic, Venezuela, Myanmar, Algeria, Congo DR, Angola, Guinea, Zimbabwe, Pakistan, Chad, Nigeria, Congo R, Bangladesh, Sierra Leone, Mauritania, Ethiopia, Azerbaijan, Vietnam...

US is a very interesting case – it ranks 23 which is excellent, but one would expect that the epitome of freedom, the United States of America should rank in personal freedom and economic freedom in no. 1, or at least in the 5 best countries. But to be ranked 23 is so "offending", not so much because it is after the Scandinavian countries and Switzerland (free since Wilhelm Tell), but after Hong Kong, a former UK colony and now part of China? After Ireland with so many Irish immigrants that fled oppressive Ireland to the land of freedom America? After Canada the northern neighbor that scores better results in so many parameters. The US is less free than the UK, this monarchy with all its noblemen, the House of Lords, the ruler of the American colonies? Never mind Benelux, it is not so offending, but to be less free than Germany, than Austria, which were ruled by Nazis not so long ago and it was the US that liberated them? But maybe the worst offense is that the US is less free than the former communist countries – the Czech Republic, Lithuania, Poland, Estonia! There were not even free countries until a few years ago, for centuries, they were subjugated by Russia, by the Austro-Hungarian Empire, by Germany, they were communist countries and now they score similar scores in economic freedom as the US and Lithuania is even freer, Poland has a score in Personal Freedom of 9.18 compared to 8.79 for the US, Poland freer!

The results should not surprise those who are familiar with the figures of incarceration in the US – the largest in the world, Big Brother watching millions, a crime rate which is high, the size of government is very high, not only according to the neo-liberals who are convinced that the US is no more a free country. But, still the US is the bastion of freedom in the world, this great country has rescued the free world in World War I, World War II, if it were not for the US we would all be communists living a miserable life in slums. The US is in the forefront of the war against radical Islam and terrorism; they have killed Bin Laden and thousands of terrorists. Poland maybe freer than the US according to the Freedom Index, and so are New Zealand, Ireland, Denmark and Canada, but rest assured that if the US was not the keeper of freedom - all of them would not be free anymore, and so Kuwait and Qatar, as it is the armed forces of the US, it is the huge economy of the US, it is the proven history of peace keeping by the US that deter all those who want to destroy the peace of the free world, who might have used their nuclear weapons, chemical or biological weapons in order to destroy the peace of Lithuania, Poland, Estonia, or even Malta, Luxembourg, Austria, Denmark, Norway, Finland and Germany, all of them freer than the US, but none of them would be free if it were not for the US, as in its anthem's words: ["O'er the land of the free and the home of the brave!"](#)

#### 49. 183 COUNTRIES COMPARISON – PRESS FREEDOM INDEX – PUBLISHED BY REPORTERS WITHOUT BORDERS – 2016

The **Press Freedom Index** is an annual ranking of countries compiled and published by [Reporters Without Borders](#) based upon the organization's assessment of the countries' [press freedom](#) records in the previous year. It reflects the degree of freedom that [journalists](#), news organizations, and [netizens](#) enjoy in each country, and the efforts made by the authorities to respect and ensure respect for this freedom. Reporters Without Borders is careful to note that the index only deals with press freedom and does not measure the quality of journalism nor does it look at [human rights](#) violations in general.

The report is based partly on a questionnaire that asks questions about pluralism, media independence, environment and [self-censorship](#), legislative framework, transparency, and infrastructure. The questionnaire takes account of the legal framework for the media (including penalties for press offences, the existence of a state monopoly for certain kinds of media and how the media are regulated) and the level of independence of the public media. It also reflects violations of the free flow of information on the Internet. Violence against journalists, netizens, and media assistants, including abuses attributable to the state, armed militias, clandestine organizations, and pressure groups, are monitored by RSF staff during the year and are also part of the final score. A smaller score corresponds to greater freedom of the press. The questionnaire is sent to partner organizations of Reporters Without Borders: 1) 18 freedom of expression non-governmental organizations located in all five continents, 2) its 150 correspondents around the world, and also 3) journalists, researchers, jurists and human rights activists.

Based on the data collected, a score and a position or rank, complementary indicators that together assess the state of media freedom, are assigned to each country in the final report. Some countries are excluded from the report because of a lack of reliable, confirmed information. Because the questions and calculations upon which the scores are based have changed over the years, scores should only be used to compare countries within a given year. To follow a country's evolution from year to year compare its rank in the index rather than its score.

Each report reflects the situation during a specific period. The year of the report is the year the report was released and reflects events in the prior year. So, for example, the 2009 report was published in October 2009 and reflects events between 1 September 2008 and 31 August 2009. No report was released in 2011. The 2011–2012 report, labeled 2012 in the table below, was published on 20 January 2012 and reflects events between 1 December 2010 and 30 November 2011. The 2013 World Press Freedom Index was published on 30 January 2013 and reflects events between 1 December 2011 and 30 November 2012.

Data for each year are presented as a country's (rank) giving its position relative to other countries over its score. A smaller score corresponds to greater freedom of the press. In 2012 the smallest scores can be negative.

Press Freedom Index correlates quite closely with TI's Index for the most ethical countries. We give a comparison between the two indices respectively: Finland – 1/3, Netherlands – 2/8, Norway – 3/5, Denmark – 4/1, New Zealand – 5/2, Switzerland – 7/5, Sweden – 8/4, Luxembourg - 15/9, Canada – 18/10, Australia – 25/11. The only exception is Singapore, which ranks 154 in its Press Freedom Index compared to 7 in TI's Index, quite a high price to pay for the otherwise very high ranks in most of the other parameters, but this is a question

which we have to ask its citizens, bearing in mind the alternatives in neighboring countries. Correlation between Press Freedom Index and lack of corruption is still quite high for many of the very ethical/ethical countries: Ireland – 9/17, Austria – 11/23, Belgium – 13/15, Estonia – 14/26, Germany – 16/12, Iceland – 19/12, Uruguay – 20/21, Portugal – 23/31, Cyprus – 27/31, Chile – 31/21, Spain – 34/37, Lithuania – 35/39, Botswana – 43/31, Poland – 47/35.

But we have a wide gap between Press Freedom Index and TI's Index in the UK which is 38/14, US – 41/17 and France – 45/26, quite surprising for the three superpowers that are supposed to be the epitomes of press freedom. In the opposite direction we find Costa Rica which has the excellent rank of 5 in Press Freedom Index compared to 47 in TI's Index, Jamaica – 10/85, Slovakia – 12/54, Namibia – 17/55, Czech Republic – 21/53, Suriname – 22/100, Latvia – 24/43, Ghana – 26/61, South Africa – 39/67, Burkina Faso – 42/85, Romania – 49/69, Niger – 52/103, Haiti – 53/161 (extremely corrupt and poor but with a moderate press freedom, higher than Japan, but Haitians would have chosen probably to be like Japan). Indeed, Japan has a low rank in Press Freedom – 72, compared to the very high 15 in TI's Index. But if we examine closely the components of the score we can understand why, and the same applies to Hong Kong – 69/17 and South Korea – 70/43. Italy, however, has a similar rank – 77/69, although one would tend to perceive the country with a much higher press freedom and a much higher corruption. And Greece is not so much different – 89/69.

Bhutan may be ethical (TI – 30) and very happy, but it has a low rank in Press Freedom – 94, and so does Israel – 101 (TI – 37), which has a lower freedom of the press than Timor-Leste (TI – 133), Kenya (TI – 145), Lebanon (TI – 136), Kyrgyzstan (TI – 136), Guinea-Bissau (TI – 161). This "imbroglio" shows the importance of averaging the parameters in Cory's Index, as the situation is quite complex, Bhutan and Israel are very happy and moderately ethical, but Bhutan is very poor, Israel is one of the richest and more advanced countries, Bhutan is extremely peaceful but Israel has a very low Peace rank of 149, due to the wars and terror. But both countries are in a far better condition than Lebanon, Timor-Leste and Guinea-Bissau, in spite of being in close ranking in Press Freedom, so what matters is the overall picture. Worth mentioning are the ranks of Brazil 104/69, Ukraine – 107/142, Nigeria – 116/136, Qatar – 117/26 (in spite of Al Jazeera and the higher ethical ranking compared to Israel and Bhutan), United Arab Emirates – 119/25, Palestine – 132 (not ranked by TI), India – 133/85 (India has a higher score in lack of corruption than in freedom of the press, quite difficult to understand), Russia – 148/136, Iran – 169/136 (no comments), China – 176/100 – China has made excellent economic progress, in standard of living, even is only moderately corrupt in comparison to Russia and most of its neighbors, but still ranks at the lowest rank in Press Freedom, together with Syria, Vietnam, Sudan, Cuba, Laos, North Korea and Eritrea.

Other important findings – Afghanistan has a rank of 120 – very low but still one third higher than Eritrea – 180 and North Korea – 179, while in TI's Index it ranks 172, almost the last one, close to North Korea – 174 and Eritrea – 166. So, the extremely corrupt Afghanistan has a press freedom much higher than its neighbors in corruption and even much higher than Saudi Arabia 165/55, which is only quite corrupt. The same applies to Zimbabwe – 124/156, Angola – 123/161, Chad – 127/154, and even the mostly corrupt Venezuela – 139/161. Turkey has one of the lowest ranks in Press Freedom – 151, worse than Russia..., and much worse than its TI ranking – 64. The same applies also to Mexico – 149/103, Malaysia – 146/50, Cuba – 171/63. Finally, as usual, the most corrupt countries score also the lowest scores in Press Freedom – North Korea, Eritrea, Syria, Turkmenistan, Vietnam, Sudan, Laos, Yemen, Iran, Somalia, Uzbekistan, Libya, Belarus, Azerbaijan, Burundi, Myanmar, Bangladesh, South Sudan, Democratic Republic of the Congo, Kazakhstan, Tajikistan, etc.

## 50. 178 COUNTRIES COMPARISON - ENVIRONMENTAL PERFORMANCE INDEX, EPI - YALE UNIVERSITY, 2014

ENVIRONMENTAL PERFORMANCE INDEX – EPI- YALE UNIVERSITY – 2014 – INDICATORS: HEALTH IMPACTS, AIR QUALITY, WATER AND SANITATION, WATER RESOURCES, AGRICULTURE, FOREST, FISHERIES, BIODIVERSITY AND HABITAT, CLIMATE AND ENERGY– BY RANK AND EPI SCORES (100 IS HIGHEST)

The most ethical countries have also the best environmental performance in the Environmental Performance Index (EPI) – with the following indicators: health impacts, air quality, water and sanitation, water resources, agriculture, forest, fisheries, biodiversity and habitat, climate and energy. The four countries with the best EPI are also the most ethical countries: 1. Switzerland – 87.67, 2. Luxembourg – 83.29, 3. Australia – 82.4, 4. Singapore – 81.78. The other 11 most ethical countries rank also very high in the EPI: 9. Sweden, 10. Norway, 11. Netherlands – 76.92, 13. Denmark, 16. New Zealand, 18. Finland, 24. Canada – 73.14. Other countries in the top 20 ethical countries rank also very high in the EPI – 6. Germany, 12. United Kingdom, 14. Iceland, 19. Ireland, 26. Japan, but much lower we find in rank no. 33. USA, 36. Belgium (Barbados and Hong Kong are not ranked). The United States and Belgium have achieved a poorer environmental performance than the top 20, and achieved lower results compared to their top performances in all the other parameters examined in this book, but even those results are still very high in comparison to others. Not only Ethics Pays, but it also pays in a similar pattern to the environmental performance.

Other countries ranking somewhat lower in TI's index (21-54 down to an ethical score of 50) have achieved an excellent to moderate environmental performance: 5. Czech Republic (EPI score - 81.47), 7. Spain, 8. Austria, 15. Slovenia, 17. Portugal, 20. Estonia (74.66), 21. Slovakia, 25. United Arab Emirates, 27. France (71.05), 28. Hungary, 29. Chile (EPI score - 69.93), 30. Poland, 34. Malta, 38. Cyprus, 39. Israel (65.78), 40. Latvia, 43. South Korea, 44. Qatar, 46. Taiwan, 49. Lithuania, 51. Malaysia, 54. Costa Rica, 56. Mauritius (58.09). We also find much lower in the EPI - ethical states performing poorly in their environment – 70. Uruguay (TI – 21), 100. Botswana (TI – 31), 103. Bhutan (TI – 30), 105. Bahamas (TI – 24).

However, we find in high environmental ranks quite corrupt and corrupt countries as 22. Italy and 23. Greece, both ranking 69 in TI's index, 31. Serbia (TI – 78), 32. Belarus (TI – 119), 35. Saudi Arabia (TI – 55), 41. Bulgaria (TI – 69), 42. Kuwait (TI – 67), 45. Croatia (TI – 61). And from an environmental rank of 48 downwards we find in most of the cases very corrupt countries: Armenia and Egypt (TI – 94), Ecuador (TI – 110), Venezuela, Azerbaijan, Cuba, 65. Mexico, Syria, Sri Lanka, 72. South Africa, 73. Russia, Moldova, 77. Brazil, Thailand, Iran, Kazakhstan, Colombia, Bolivia, Algeria, Argentina, Zimbabwe, Ukraine, Peru, Indonesia, Philippines, Namibia, 118. China, Central African Republic and Libya. In the last 50 countries of the EPI we find most of the most corrupt countries performing poorly in this parameter as in all the other parameters as well: Papua New Guinea (score of 41.09), Laos, Rep. Congo, Paraguay, Nigeria – 39.2, Nepal, Kenya, Cameroon, Niger, Guinea-Bissau, Cambodia, Pakistan, Iraq, India, Chad, Yemen – 30.16, Mozambique, Angola, Djibouti, Guinea - 26.03, Togo, Myanmar, Madagascar, Burundi, Eritrea, Bangladesh – 25.61, Dem. Rep. Congo, Sudan, Liberia, Sierra Leone, Afghanistan – 21.57, Haiti, Mali, Somalia - 15.47.

## ANALYSIS OF TI'S - TRANSPARENCY INTERNATIONAL'S - CORRUPTION PERCEPTIONS INDICES

### CORRUPTION PERCEPTIONS INDICES (CPI) IN 2014-2012, 2005, 1996 AND 1995: TRANSPARENCY INTERNATIONAL'S RANKING OF ETHICS AND CORRUPTION IN THE WORLD

Each year countries are scored on how corrupt their public sectors are perceived to be. It is a combination of surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide. Corruption comprises illegal activities, which are deliberately hidden and only come to light through scandals, investigations or prosecutions. There is no meaningful way to assess absolute levels of corruption in countries or territories on the basis of hard empirical data. Capturing perceptions of corruption of those in a position to offer assessments of public sector corruption is the most reliable method of comparing relative corruption levels in countries.

Transparency International (TI) maintains that corruption is a major threat facing humanity, it destroys lives and communities and undermines countries and institutions. It generates popular anger that threatens to further destabilize societies and exacerbate violent conflicts. The Corruption Perception Index (CPI) scores countries on a scale from 0 – highly corrupt – to 100 – very clean. While no country has a perfect score, two-thirds of the countries score below 50, indicating a serious corruption problem. Corruption translates into human suffering, with poor families being extorted for bribes to see doctors or to get access to clean drinking water. It leads to failure in the delivery of basic services like education or health care. It derails the building of essential infrastructure, as corrupt leaders skim funds. Corruption amounts to a dirty tax, and the poor and most vulnerable are its primary victims.

Governments need to integrate anti-corruption actions into all aspects of decision-making. They must prioritize better rules on lobbying and political financing, make public spending and contracting more transparent, and make public bodies more accountable. But corruption is not limited only to the public sectors, as examined in the surveys of TI. It spills over to all the segments of activities in the country, first of all to business, but also to the relations with all the stakeholders in society – customers, environment, employees, community, suppliers, shareholders and especially minority shareholders, creditors, all levels of society, the media, education, welfare, hospitals, schools, universities, culture, and so on. Those problems are the leitmotif in all the research, courses, books, lectures and articles of Dr. Jacques Cory, who was also a member of TI's Board in Israel, and were presented to the management of Transparency International in Berlin in 2010 (see detailed synopsis at the end of this section).

The Scandinavian countries - Denmark, Finland, Sweden and Norway, with New Zealand, Switzerland, Singapore, the Netherlands, Luxembourg, Canada and Australia are in most of the years among the 10-12 more ethical & least corrupt countries, scoring 80 to more than 90. But those countries score also the best results in most of the other data entries, thus proving that there is a direct causal connection between ethics, wealth, happiness, democracy, human development, quality of life, social progress, peace, competitiveness, and total freedom.

This book analyses the performance in the most salient parameters of the 11 most ethical and least corrupt countries in the world, scoring consistently over the years between 80 and 90+:

"very clean" or most ethical, namely Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg, Canada & Australia. We found common denominators and behavior of the ethical countries proving that "Ethics Pays" as they perform in general much better than the other countries. On the other hand the 15 highly corrupt - most corrupt - score the worst results in almost all parameters, in ascending order from 174 to 161 in 2014, with scores of 8-19: Somalia, North Korea, Sudan, Afghanistan, South Sudan, Iraq, Turkmenistan, Uzbekistan, Libya, Eritrea, Yemen, Venezuela, Haiti, Guinea-Bissau, Angola.

One can see how the most ethical and least corrupt countries score the highest ranks in most of the other parameters – happiness based on real GDP per capita, healthy life expectancy, having someone to count on, perceived freedom to make life choices, freedom from corruption and generosity, HDI human development index based on education, literacy, life expectancy, standards of living and quality of life, least income inequality (Gini Index) and least poverty, quality of life based on GDP per capita, life expectancy at birth, family life, political freedoms, job security – unemployment rate, climate, personal physical security ratings, community life, governance – ratings for corruption, gender equality in parliament seats, Freedom in the World, Economic Freedom and Press Freedom Indices, democracy index based on electoral process and pluralism, functioning of government, political participation, political culture, civil liberties, Social Progress Index based on 52 indicators of basic human needs, foundations of wellbeing and opportunity to progress, providing for the social and environmental needs of citizens, rather than economic factors, including ecosystem sustainability, health, wellness, shelter, sanitation, equity, personal freedom and personal safety; as well as purely economic indicators such as the efficiency parameter - highest GDP (PPP) per hour worked, lowest unemployment rates, best results in wealth indicators, etc. We have analyzed dozens of parameters, but we have not analyzed much more in order to focus only on the most salient parameters. However, it is worthwhile to mention that the most ethical countries score the best/lowest results also in other parameters, such as Life Expectancy at Birth, Maternal Mortality Rate, Infant Mortality Rate, people and society, economy, energy, communications, transportation and other important parameters as well.

The most ethical countries are located mostly in cold weathered Northern Europe - all the Scandinavian countries, even Iceland is ranked no. 12, all the Benelux countries: Luxembourg, the Netherlands, even Belgium is ranked no. 15, and Switzerland, or have mostly Northern/Anglo-Saxon European origins (Canada, New Zealand and Australia). The majority of their population has North/West Germanic ethnicity and languages (except Finland, but even Germany is ranked no. 12 and United Kingdom no. 14) and most of the population shares Protestant religions, but they have in many cases large religious minorities.

Singapore is an exception, located right near the Equator, a former UK colony with a deep British influence, with a majority of Chinese and minorities of Malaysians and Indians, and with a common language – English. However, China is ranked no. 100 in TI index, Malaysia – no. 50, and India – no. 85. The reason of Singapore's lack of corruption could be the leadership of its founder Lee Kuan Yew who lead and influenced Singapore since its inception, which could prove that ethical leadership is a very important indicator of ethics.

Even in the other most ethical countries ethnicity and religion are not the exclusive determiners - as Finns have no Germanic ethnicity and language but have a long legacy of social progressivism, in 1906 becoming the first nation in the world to give full suffrage to all adult citizens. French/Italian Switzerland, French Canada, and in Belgium (no. 15) the Walloons, as well as most of the non Anglo-Saxon immigrants to Australia and Canada, are not Germanic or Protestants. However, all peoples of those countries share the same ethical heritage and cultural beliefs, whether they are the descendants of the Vikings, Australian Greeks or Vietnamese (but Greece is ranked no. 69 and Vietnam – no. 119 in TI's index),



Canadian Jews or Arabs (but Israel is ranked no. 37, Jordan - no. 55, Lebanon – no. 136, and Syria – no. 159), Swiss Italians (Italy is ranked no. 69), Dutch Indonesians (Indonesia is - no. 107), or in the case of the US (no. 17 in TI's index) – Mexicans, Russians or Haitians (Mexico - no. 103, Russia –136, Haiti – 161), proving that culture is a very dominant factor of ethics.

We analyze often the second tier very ethical countries, scoring 74-79, ranked 12-17/20 – mostly: Germany (12) - the largest Germanic country, Iceland (12) – the 5<sup>th</sup> Scandinavian country, United Kingdom (14) – the parent nation of the Anglo-Saxon countries, Belgium (15) – the 3<sup>rd</sup> Benelux country, Japan (15) – the largest Eastern capitalist country, influenced deeply after World War II by the US constitution and capitalist model, Barbados (17) – an Afro-Caribbean population, with the deepest English influence, Hong Kong (17) – a Chinese population with the deepest English influence, Ireland (17) – the 5<sup>th</sup> Anglo-Saxon-Celtic capitalist country among the most ethical countries, and finally the United States (17) – the largest Anglo-Saxon Protestant country, and the model of modern capitalism in the world.

If we try to find a common denominator for the most ethical countries it could be - countries of Germanic ethnicity (most of the population in Scandinavia, Benelux, Germany, and Switzerland), with Anglo-Saxon-Celtic origins (most of the existing or founding population of New Zealand, Canada, Australia, the United Kingdom, Ireland and the United States), with Anglo-Saxon capitalist influence (Singapore, Japan, Barbados, Hong-Kong), with a majority of protestant population in almost all those countries (except Singapore, Ireland Republic, and Japan). However, with substantial minorities from Latin, Slavic, African or Asian origins, with Catholic, Orthodox, Jews, Moslems and Eastern religions, but sharing the same ethical culture or influenced by ethical leaders as the founding fathers of the US or Lee Kuan Yew.

But what about the most corrupt countries, can we find for them also a common denominator that affects their ethics and cause them to have the worst scores in almost all the parameters? Who are those countries? The 15 most corrupt countries score 8 to 19 in TI's index, comparable to 80 to 92 for the most ethical countries: 174. Somalia, North Korea, 173. Sudan, 172. Afghanistan, 171. South Sudan, 170. Iraq, 169. Turkmenistan, 166. Uzbekistan, 166. Libya, 166. Eritrea, 161. Yemen, Venezuela, Haiti, Guinea-Bissau, Angola.

What is common for all those countries? Most of them are Moslem countries (Eritrea is half Moslem). But we have to bear in mind that some Moslem Oil-Rich countries have a high ranking in TI's index – United Arab Emirates – 25, Qatar – 26. All of them have totalitarian regimes and limited civil rights, although some of them made attempts to be democratic. Most of them have made wars or suffered from civil unrest recently, like Iraq, Afghanistan, Sudan, Somalia, South Sudan, Syria, Libya, Yemen, Angola. All of them are very poor countries, most of them in Africa, some in Asia and Latin America. North Korea spends huge amounts for its defense and Venezuela aids Cuba, Palestine, and other countries. They suffer from the worst quality of life in the world, worst social progress and worst economic performance.

An important factor of analysis is the analysis over the years. We have chosen to compare the ranking of the most ethical countries, less ethical and most corrupt in 1995 – the first year of the Corruption Perception Index of Transparency International, with 41 countries surveyed, 1996 – the second year with 54 countries, and 2005 – the 11<sup>th</sup> year with 159 countries surveyed. We have analyzed above the ranking in 2014, the most recent results available in this book, but as we have also in the table the scoring in the years 2012, 2013 and 2014 (with 175 countries), we can compare the changes occurring in those three years. In those years the scoring of the 25 most ethical countries hasn't changed much (more than 3 points in 3 years) except for Australia, UK, Ireland. We see it all over the period of the index – 20 years – that the ranking of the most ethical and corrupt countries haven't changed much and especially not within the brackets of the 10 and 20 most ethical countries as well as the most corrupt states.

In the period of the 3 years 2012-2014 the few material changes in the scoring of the countries were as follows: a deterioration of 7 points in Eritrea, 6 points in Syria, Guinea-Bissau, 5 points in Australia, Spain, Gambia, Timor-Leste, 4 points in Rwanda, Turkey, Liberia, Malawi, Tanzania, Madagascar, Yemen, an improvement of 4 points in UK, Lithuania, Slovakia, Lesotho, Philippines, Laos, Afghanistan, 5 points in Ireland, Estonia, Saint Vincent and the Grenadines, Egypt, Saudi Arabia, 6 points in Latvia, Swaziland, Myanmar, 7 (!) points in Greece, Senegal. Overall, if we don't count small changes of 1, 2 or 3 grades out of 100, there was a deterioration of 67 points in 2012-2014 an improvement of 85 points, or a net improvement of 18 points for 175 states in three years, this isn't much but perhaps it shows a slight improvement in the fight against corruption over the years. One can be optimistic to find that corrupt countries as Greece, Myanmar, Egypt and Saudi Arabia have become more ethical over the years, and that former communist countries, as Latvia, Estonia, Lithuania, Slovakia, have become more ethical, as well as African countries such as Senegal, Swaziland, Lesotho, and Asian countries as Afghanistan, Philippines, Laos. On the other hand there was a sharp deterioration in ethics in very corrupt countries as Eritrea, Syria, Guinea-Bissau, Yemen, Tanzania, Madagascar, but also in ethical countries as Australia and Spain.

It is amazing to find that there was no change in the 10 most ethical countries over the years: In 1995 – New Zealand, Denmark, Singapore, Finland, Canada, Sweden, Australia, Switzerland, Netherlands, Norway – exactly like in 2014, twenty years after, bearing in mind that in 1995 Luxembourg was examined together with Belgium and not separately as in 2014. And who are in the first 10 places in 1996? – New Zealand, Denmark, Sweden, Finland, Canada, Norway, Singapore, Switzerland, Netherlands, Australia. Exactly as in 1995 and 2014. And what happens in 2005, ten years after the first survey? Here we have a small surprise – Iceland in no. 1 with a fantastic score of 9.7, *sic transit gloria mundi* – 3 years later Iceland was involved in one of the worst unethical banking scandals of the Great Recession, and was ranked in 2012 in the 11<sup>th</sup> rank, excellent ranking but not no. 1 as a few years before, in 2013 – 12 and in 2014 – 12. But who comes just after Iceland? The same members of the exclusive club as in all the previous years: Finland, New Zealand, Denmark, Singapore, Sweden, Switzerland, Norway, Australia, Austria, Netherlands, United Kingdom, Luxembourg, Canada. The 11 most ethical countries of 2014 are here ranked from no. 2 to 14. And in 2012 – Denmark, Finland, New Zealand, Sweden, Singapore, Switzerland, Australia, Norway, Canada, Netherlands, Iceland, Luxembourg. Only a slight change: Luxembourg is here no. 12 while in 2014 Iceland is ranked no. 12 and not no. 11 as in 2012. But in 2013 we find the same results as in 2013 (but not in the same exact ranking within the 11 most ethical countries in 2014): Denmark, New Zealand, Finland, Sweden, Norway, Singapore, Switzerland, Netherlands, Australia, Canada, Luxembourg. All is the same in an ethical front!

The same similarity can be found as well in the next ethical countries up to no. 20 and even beyond a few rankings: in 1995 – Ireland, UK, Germany, Chile, USA, Austria, Hong Kong, France, Belgium/Luxembourg, Japan. Iceland and Barbados were not surveyed, and Chile, Austria and France are even in 2014 very close to no. 20. In 1996 – Ireland, UK, Germany, Israel, USA, Austria, Japan, Hong Kong, France, Belgium. In 1996 we find the same results in the 20 most ethical countries as in 1995 and as in 2014, but with one exception – Israel, ranked here no. 14 with a score of 7.71. Here we can say even more *sic transit gloria mundi*, as there was a huge deterioration in Israel ranking from no. 14 in 1996 to no. 37 in 2014, with the very low score of 60 instead of 7.71. Israel has become a much more corrupt country in 18 years, going down 23 grades, perhaps the most drastic negative change in TI's surveys (and that what was the main reason that caused me to write and teach about business ethics).

In 2005 we find in the ranks 12-22: United Kingdom, Luxembourg, Canada, Hong Kong, Germany, USA, France, Belgium, Ireland, Chile, Japan. Exactly the same countries as in the previous and following years. In 2012 – after Iceland in no. 11 and Luxembourg in no. 12,

Germany, Hong Kong, Barbados, Belgium, Japan, United Kingdom, United States, Chile (and Ireland in no 25, due to the problems it had in the Great Recession). In 2013 – Germany, Iceland, United Kingdom, Barbados, Belgium, Hong Kong, Japan, United States, Uruguay, Ireland (in no. 21). So, in all those years as in 2014 we find the same countries in the 20 most ethical countries, with minor changes within the ranks in the Big 20, as in Iceland and Ireland. However, if we analyze the score of the first 10/11 ethical countries we find in 1995: 9.55-8.61, 1996: 9.43 – 8.60. 2005: 9.7 – 8.6, 2012: 90 – 82, 2013: 91 – 80, 2014: 92 – 80. The scores are much lower over the years, but the issue is too complex to be analyzed in this book. In the 11/12-20 countries the scores were in 1995: 8.57 – 6.72, 1996: 8.45 – 6.84, 2005: 8.6 – 7.4, 2012: 80 – 72, 2013: 78 – 73, 2014: 79– 74. The gaps have narrowed over the years because there are now much more countries in the survey: 175 instead of 41-54, 20 years ago.

The most corrupt countries remained almost the same, though in the first years of TI's index most of them were not surveyed. In 1995 the most corrupt countries (in a total of 41 states) were Greece with a score of 4.04, Colombia, Mexico, Italy, Thailand, India, Philippines, Brazil, Venezuela, Pakistan, China, Indonesia with a score of 1.94. In 1996: Italy with a score of 3.42, Argentina, Bolivia, Thailand, Mexico, Ecuador, Brazil, Egypt, Colombia, Uganda, Philippines, Indonesia, India, Russia, Venezuela, Cameroon, China, Bangladesh, Kenya, Pakistan, Nigeria with a score of 0.69. In 2005: Burundi with a score of 2.3, Cambodia, Republic of the Congo, Georgia, Kyrgyzstan, Papua New Guinea, Venezuela, Azerbaijan, Cameroon, Ethiopia, Indonesia, Iraq, Liberia, Uzbekistan, Democratic Republic of the Congo, Kenya, Pakistan, Paraguay, Somalia, Sudan, Tajikistan, Angola, Cote d'Ivoire, Equatorial Guinea, Nigeria, Haiti, Myanmar, Turkmenistan, Bangladesh, Chad with a score of 1.7. There were some changes over the years: Afghanistan has become much more corrupt, and so are Libya, Syria, Eritrea and so on, while Bangladesh is less corrupt, and so are Georgia, Indonesia, Cameroon, Liberia, etc. There is therefore hope for improvement over the years.

We have defined the countries' categories in TI's Index, based on the 2014 ranks as follows:

Most Ethical - score 92-80 - from rank 1 to 11 - 11 countries

Very Ethical – score 79-74 – from rank 12 to 17/20 - 8 countries

Total most and very ethical countries – score 92-74 – from rank 1 to 20 – 20 countries

Ethical – score 73-60 – from rank 21 to 37/38 - 18 countries

Total most, very and ethical countries – score 92-60 – from rank 1 to 38 – 38 countries

Quite Ethical - score 59-50 - from rank 39 to 54 - 16 countries

Total most, very, ethical & quite ethical countries – score 92-50 –ranks 1 to 54 – 54 countries

About 31% of the total 175 countries in 2014 in TI's Index are "ethical" scoring 50 and more

Quite Corrupt - score 49-40 - from rank 55 to 79 - 25 countries

Corrupt - score 39-30 - from rank 80 to 124/125 - 46 countries

Total quite corrupt and corrupt countries – score 49-30 – from rank 55 to 125 – 71 countries

Very Corrupt - score 29-20 - from rank 126 to 159/160 - 35 countries

Total quite corrupt/corrupt/very corrupt – score 49-20 – ranks 55-160 – 106 countries

Most Corrupt - score 19- 8 - from rank 161 to 174/175 - 15 countries

Total quite corrupt/corrupt/ very & most corrupt - score 49-8 – ranks 55 – 175 – 121 countries

About 69% of the total 175 countries in 2014 in TI's Index are "corrupt" scoring 49 and less

## ANALYSIS OF TI'S INDICES OF THE ETHICAL COUNTRIES IN 21 YEARS 1995-2015, AVERAGE, COMPARISON

At the date of making the analysis of TI's Indices we had the data on 21 years from the first year of the Index 1995 until 2015. The base year for the analysis of TI's indices and comparison to the parameters and to Cory's Index is 2014, as it is the year which is closest on the average to most of the data of the parameters. We have gathered the ranking of all the 2014 countries in the most ethical, very ethical and ethical categories for the 21 years 1995-2015, 38 countries, added the ranks for the 21 years (or less if the countries were not surveyed in all those years), divided the total to the number of years surveyed and found the average number, according to which we ranked the ethical countries in an average rank (in bold in the list and in the table) as follows (in brackets in the list – the rank in 2014 underlined in the list and in the table and in italics in the list - the absolute difference between the two ranks):

1. Denmark (1, 0), 2. New Zealand (2, 0), 3. Finland (3, 0), 4. Sweden (4, 0), 5. Singapore (7, 2), 6. Iceland (12, 6), 7. Netherlands (8, 1), 8. Switzerland (5, 3), 9. Norway (5, 4), 10. Canada (10, 0), 11. Australia (11, 0), 12. Luxembourg (9, 3), 13. United Kingdom (14, 1), 14. Germany (12, 2), 15. Hong Kong (17, 2), 16. Austria (23, 7), 17. Ireland (17, 0), 18. USA (17, 1), 19. Japan (15, 4), 20. Barbados (17, 3), 21. Belgium (15, 6), 22. Chile (21, 1), 23. France (26, 3), 24. Bahamas (24, 0), 25. Portugal (31, 6), 26. Israel (37, 11), 27. Spain (37, 10), 28. Estonia (26, 2), 29. Qatar (26, 3), 30. Uruguay (21, 9), 31. United Arab Emirates (25, 6), 32. Botswana (31, 1), 33. Cyprus (31, 2), 34. Saint Vincent and the Grenadines (29, 5), 35. Taiwan (35, 0), 36. Puerto Rico (31, 5), 37. Bhutan (30, 7), 38. Poland (35, 3).

The number of countries surveyed over the years were: 1995 – 41, 1996 – 54, 1997 – 52, 1998 – 85, 1999 – 99, 2000 – 90, 2001 – 91, 2002 – 102, 2003 – 133, 2004 – 146, 2005 – 159, 2006 – 163, 2007 – 179, 2008 – 180, 2009 – 180, 2010 – 178, 2011 – 182, 2012 – 176, 2013 – 177, 2014 – 175, 2015 – 168. Not all the countries were surveyed in all those 21 years: Poland, Taiwan, Israel and Spain – in only 20, Luxembourg – 19, Iceland, Uruguay, Estonia, Botswana – 18, United Arab Emirates, Qatar and Cyprus – 13, Barbados – 11, Bhutan – 10, Puerto Rico and Saint Vincent and the Grenadines – 7, Bahamas – 4. Yet, most of the countries – 30 or about 80% of 38 – were surveyed in all or almost all of those 21 years.

In TI's Index the ranking is attributed according to the highest scores that the countries obtain and Denmark ranked no. 1 (the highest rank is of course the best result with the lowest numerical value) has the highest score of 92. I was not satisfied with those results and I validated them by finding the average ranks for the best ethical countries since the first year of TI's Index – 1995 and until 2015, 21 years overall. Yet, I remained with the basis of 2014 for TI's Index, since I have chosen it as the basis of my computations in my book *Ethics Pays* because it concurs most with the average years of computation of the parameters that I have chosen. The first 11 countries in TI's Index in 2014, the most ethical countries with scores of 80 to 92, are exactly the same countries as in TI's average indices for 21 years, with one exception – Luxembourg is no. 9 (better) in 2014 and no. 12 on the average and Iceland is no. 6 on the average and no. 12 (worse) in 2014. There are of course differences within the group but those differences are small in 4 countries (1, 2, 3, 4) and ranks are identical in 6 countries.

In the other ethical countries there are larger gaps: Uruguay has improved very much over the years and ranked 21 in 2014 and 2015 compared to an average of 30. United Arab Emirates has also improved to 25 in 2014 and 23 in 2015 compared to an average of 31. Bhutan has ranked 30 in 2014 and 27 in 2015 compared to an average of 37. But the situation of other countries deteriorated: Israel ranked 37 in 2014 and 32 in 2015 compared to an average of 26. Spain ranked 37 in 2014 and 36 in 2015 compared to an average of 27. Portugal ranked 31 in

2014 and 28 in 2015 compared to an average of 25. I figured the differences only in countries with data on ten years and more. In the category of the ethical countries (ranking 21-38 in 2014) there were 6 large gaps mentioned above. In the category of the very ethical countries (ranking 12-20 in 2014) there are two large gaps: Iceland which deteriorated from an average of 6 to 12 in 2014 and 13 in 2015. While Belgium has improved from an average of 21 to the rank of 15 in 2014 and 2015. But, overall, the 38 ethical countries remained almost the same.

The calculations of the average ranking of the lower ranks of the 38 countries may be not so accurate for the last of those countries because if we would have continued to compute the average for the ten/twenty lower ranking countries in 2014 some of them would maybe rank on the average in higher ranks than 39. But it does not affect the findings that as a rule the ranking of the most/very and ethical countries in 2014 is similar or almost identical to the average ranks in most of the cases, which we wanted to validate in order to ensure that the ranking of the ethical countries in 2014 should be the basis for comparison to Cory's Index. We didn't continue to calculate the average of ranking for the other countries as the purpose of this book is to prove that the ethical countries have the best results in most of parameters and not that every country in lower ranking ranks close to the ranks of Cory's Index. Ethics Pays, but mostly for the ethical countries; countries with low ethical ranking have mixed results; but in the very corrupt and most corrupt countries we find once again a strong correlation between the extremely poor results of the corrupt countries and their level of corruption.

Most of the ethical countries – 21 – were surveyed in all the 21 years, and if we add to them the 9 countries that were surveyed in 18-20 years, they add up to 30 countries that were surveyed in all or almost all the years surveyed. Those are about 80% of the ethical countries, while the percentages for the other countries are substantially lower. If we bear in mind that in 8 of the 21 years (about 40%) the number of countries surveyed varied between 41 to 102, and in the 4 subsequent years (12 overall, about 60%) the number of countries increased gradually from 133 to 163 until they reached the level of 179/182/175/168 in the years 2007-2015, we understand why it will be worthless to compare the ranks of the unethical/corrupt countries in 2014 to the average of those ranks in much less than the 21 years for most of the countries and with changing rankings for the most corrupt countries from close to 40, to close to 80, close to 100, close to 140, as compared to the ranks of close to the rank of 170 in 2014.

## TI'S CORRUPTION PERCEPTIONS INDICES (CPI) IN 2016 AND 2015

The worst thing that can happen to a dissertation is to "confuse with facts" the reader. And, indeed, I was not sure if I should add the 2016 figures of TI's Index that were published at the end of January 2017. At this stage, most of my book was already finished, and I decided that I will change the average of the 21 years of publications of TI's Index, that I have calculated for the years 1995-2015, or the year base of the comparison to Cory's Index and analysis of the parameters that was 2014 - the closest year to the dates of most of the parameters in the book - only if the Index of 2016 would be substantially different than the 2015 and 2014 Indices. I found out that the 2016 ranks of the most/very ethical countries, the "Magnificent Twenty", which were the basis for the comparison to Cory's Index and the validation of the thesis that "Ethics Pays", were almost identical to the ranks of those categories in the previous years.

In the list (and even in most of the internal ranking) of the 11 most ethical countries there were almost no changes. Actually, there was only one minor change – Germany which was no. 12 in 2014 improved its position to no. 10 in 2015 and 2016, while Australia which ranked 11 in 2014 went down to 13 in 2015 and 2016. But if we compare the first 14 countries there is no change at all over the three years 2014-2016 and the average since 1995, including the original 11 most ethical countries of 2014 and 3 of the very ethical countries – Germany, United Kingdom and Iceland. As the definition that I have chosen for the most ethical countries is countries with a score of 80 and more in TI's Index, Germany deserves to be included in this exclusive category if we bear in mind that it has obtained a score of 81 in 2015 and 2016 (with a rank of 10) and it had a score of 79 in 2014 with a rank of 12, in total 241 for 3 last consecutive years (which are more indicative than previous years for trends but not for comparison to Cory's Index), and an average of 80.33. But the UK has also obtained a score of 81 in 2015 and 2016 (with a rank of 10), and it had a score of slightly less – 78 in 2014 with a rank of 14, in total 240 for the three last consecutive years, and an average of 80.

Finally, Iceland has obtained a score of 78 in 2016 (rank 14) and a score of 79 in 2015 (rank 13) and 79 in 2014 (rank 12). So, definitely less than 80 but very close, although the average rank of Iceland in the years 1995-2015 was 6, as in previous years it ranked very high (even no. 1 in 2005 and 2006), but because of the banking scandals and other reasons Iceland has deteriorated its position from most ethical to very ethical, still a very good position but not in the Top 11 with a score of 80 and more. Does Australia deserves to be "downgraded" as Iceland? It has higher scores and ranks than Iceland in the last three years: 2014 – rank 11, score 80, 2015 – rank 13, score 79, 2016 – rank 13, score 79, but its average score in the last three years is lower than 80 and of the scores of Germany and the UK. After much consideration, we have decided to keep it among the Top 11 for comparison purposes to Cory's Index as the basis for the parameters in the Index is 2014 and in this year Australia was ranked 11 with a score of 80, but for all practical purposes the 4 countries have very close scores. If I had to choose a Top 12 list - I would add Germany, a Top 13 list – I would add the UK, & a Top 14 list – I would add Iceland. **Actually, I would say that over the years there is a Top 10 list of Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg and Canada, that by all means are the most ethical countries in the world over the years and in the last years as well.** But I would rank the next 4 countries as stated above – Australia, Germany, United Kingdom and Iceland.

Furthermore, if we compare all the 20 most and very ethical countries the list is also almost identical, with only one minor change – Austria has improved its position from 23 in 2014 (score 72) to 16 in 2015 (score 76) and 17 in 2016 (score 75). Austria was in almost all the

years among the Top 20 (except in a short period of 2012-2014) and was on average in the years 1995-2015 in rank no. 16. The average score of Austria in the last three years 2014-2016 was  $223:3=74.33$ , which would rank it in the Top 20 that have a minimum score of 74. On the other hand, the tiny island of Barbados has deteriorated its position from 17 in 2014 to 31 in 2016 with a very low score of 61 (in 2015 and in the years 1995-2003 it was not surveyed). As in 2014 its score was also at the minimum of 74 and it ranked in no. 17/20, its average rank in the 11 years out of the 21 in which it was surveyed in TI's Index was only 20, and the average score in the years 2014-2016 was only 67.5, well below the minimum of 74, and in any case for comparison purposes with Cory's Index the number of its parameters' surveys is extremely low – 31 out of 50, one would tend to exclude Barbados from the Top 20 and include instead Austria in no. 20, if only for comparison purposes to Cory's Index. So, **I would say that over the years the 10 very ethical countries are: Australia, Germany, United Kingdom, Iceland, Belgium, Hong Kong, Austria, United States, Japan, Ireland.** Amazingly, all the Top 20, were ranked in most of the years in the Top 20, actually all of them were ranked in all the years in the Top 20, except for Belgium and Japan which were ranked for a few years in the twenties and Ireland for only a couple of years in 2012-2013. Furthermore, all of the 11 most ethical countries in 2014 were ranked in most of the 22 years 1995-2106 in the Top 11, except for Norway & Switzerland for 2 years, Canada for 3 years, Australia for 4 years and Luxembourg for 5 years, but even then they were ranked in the close 12-14 ranks. So, we can conclude that the Top 20 are practically the same over all the years.

The close ranks of the ethical countries are maintained also down to the ranks 35/38 with the scores of 60 and more. Uruguay, Chile, France, Estonia, Bahamas and United Arab Emirates remain in ranks 21-26, while Uruguay, Estonia and UAE even improved their average ranking over the years. Bhutan has improved its ranking to 27 in 2016 and 2015 compared to 30 in 2014 and 37 in the average. We have also a more dramatic improvement of Israel to 28 in 2016 (32 in 2015) from 37 in 2014 and 39 in 2012, almost as it was on the average of 26, due to the high ranking of 14-21 in 1996-2003. However, as one has to bear in mind that in most of the first years there were only much less than a hundred countries in the survey, Israel has recovered probably its position in the lower twenties of the ethical countries. An open question is what was the contribution of us, the few "ethical activists", to this change. Poland has improved from 35 in 2014 to 30 in 2015 and 29 in 2016 (average – 38), Portugal has remained in the ranks of 28-31 (average 25), Qatar has deteriorated from 26 in 2014 and 22 in 2015 to 31 in 2016 (average 29), Slovenia has improved from 39 in 2014 to 35 in 2015 and 31 in 2016, Taiwan has improved from 35 in 2014 to 30 in 2015 and 31 in 2016 (average – 35), Botswana has deteriorated from 31 in 2014 and 28 in 2015 to 35 in 2016 (average – 32), and Spain maintains a score of 58-60 with ranks of 36 to 41, at the limit of the ethical countries.

Important improvements in ranking in 2016 as compared to 2014 are: Costa Rica (41/47), Georgia (44/50), Czech Republic (47/53), Rwanda (50/55), Italy (60/69), Romania (57/69), Suriname (64/100), Burkina Faso (72/85), Belarus (79/119), India (79/85), China (79/100), Indonesia (90/107), Argentina (95/107), Pakistan (116/126), Laos (123/145), Russia (131/136), Ukraine (131/142), Myanmar (136/156). Important deteriorations in ranking from 2014 to 2016 are: South Korea (43/52), Hungary (47/57), Saudi Arabia (55/62), Macedonia (64/90), Ghana (61/70), Turkey (64/75), Brazil (69/79), Morocco (80/90), Egypt (94/108), Algeria (100/108), Djibouti (107/123), Madagascar (133/145), Mexico (103/123). However, unfortunately, as usual, the most corrupt countries remain almost the same: Somalia, South Sudan, North Korea, Syria, Yemen, Sudan, Libya, Afghanistan, Guinea-Bissau, Venezuela, Iraq, Eritrea, Angola, Republic of the Congo, Haiti, Chad, Central African Republic, Burundi, Uzbekistan, Democratic Republic of the Congo, Cambodia, Zimbabwe, Turkmenistan, Papua New Guinea, Uganda, Bangladesh, Nigeria, Kenya, Cameroon, Guinea, Kyrgyzstan, etc. In 2016 176 countries were surveyed, in 2015 – 168 countries, and in 2014 – 175 countries.

## Frequently Asked Questions (from TI's website)

### **What is the Corruption Perceptions Index (CPI)?**

The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide.

### **Why is the CPI based on perceptions?**

Corruption generally comprises illegal activities, which are deliberately hidden and only come to light through scandals, investigations or prosecutions. There is no meaningful way to assess absolute levels of corruption in countries or territories on the basis of hard empirical data. Possible attempts to do so, such as by comparing bribes reported, the number of prosecutions brought or studying court cases directly linked to corruption, cannot be taken as definitive indicators of corruption levels. Instead, they show how effective prosecutors, the courts or the media are in investigating and exposing corruption. Capturing perceptions of corruption of those in a position to offer assessments of public sector corruption is the most reliable method of comparing relative corruption levels across countries.

### **Which countries/territories are included in the CPI 2016 and why?**

For a country/territory to be included in the ranking, it must be included in a minimum of three of the CPI's data sources. If a country is not featured in the ranking, then this is solely because of insufficient survey information and not an indication that corruption does not exist in the country. This year 176 countries and territories are included in the index, eight more than in 2015. Comparing to the 2015 CPI, Seychelles is no longer included in the 2016 CPI, but Bahamas, Barbados, Brunei, Dominica, Grenada, Maldives, Saint Lucia, Saint Vincent and the Grenadines, and Solomon Islands enter the 2016 CPI.

### **What are the data sources for the CPI?**

The 2016 CPI draws on data sources from independent institutions specializing in governance and business climate analysis. The sources of information used for the 2016 CPI are based on data gathered in the past 24 months. The CPI includes only sources that provide a score for a set of countries/territories and that measure perceptions of corruption in the public sector. Transparency International reviews the methodology of each data source in detail to ensure that the sources used meet Transparency International's quality standards. For a full list of the data sources, the type of respondents and the specific questions asked, please see the CPI sources description document.

### **What is the difference between a country/territory's rank and its score?**

A country/territory's score indicates the perceived level of public sector corruption on a scale of 0-100, where 0 means that a country is perceived as highly corrupt and a 100 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index. Ranks can change merely if the number of countries included in the index changes.

### **Is the country/territory with the lowest score the world's most corrupt nation?**

No. The CPI is an indicator of perceptions of public sector corruption, i.e. administrative and political corruption. It is not a verdict on the levels of corruption of entire nations or societies, or of their policies, or the activities of their private sector. Citizens of those



countries/territories that score at the lower end of the CPI often show the same concern about and condemnation of corruption as the public in countries that perform strongly.

Further, the country/territory with the lowest score is the one where public sector corruption is perceived to be greatest among those included in the list. The CPI provides no information about countries/territories that are not included in the index.

**Can the score of a country in the 2016 Corruption Perceptions Index be compared with the previous year?**

Yes. As part of the update to the methodology used to calculate the CPI in 2012 we established the new scale of 0-100. Using this scale we can compare CPI scores from one year to the next. Because of the update in the methodology, however, CPI scores before 2012 are not comparable over time. In addition, due to the inclusion of a new data source in 2016, the scores of the underlying data sources are not comparable to previous years.

For a more detailed description of the change in methodology in 2012, please see Corruption Perceptions Index – An updated Methodology for 2012.

**Does the CPI tell the full story of corruption in a country?**

No. The CPI is limited in scope, capturing perceptions of the extent of corruption in the public sector, from the perspective of business people and country experts. Complementing this viewpoint and capturing different aspects of corruption, Transparency International produces a range of both qualitative and quantitative research on corruption, both at the global level from its Secretariat and at the national level through Transparency International's network of national chapters based in over 100 countries around the world.

Complementing the CPI, Transparency International's other global research products include:

- **Global Corruption Barometer (GCB):** Measuring people's perceptions and experiences of corruption, the Global Corruption Barometer is a representative survey of people carried out worldwide. The most recent Europe and Central Asia edition of the Global Corruption Barometer can be found at: <https://www.transparency.org/whatwedo/publication/7493>. The most recent global edition of the Global Corruption Barometer can be found at: <http://www.transparency.org/gcb2013/report>
- **Global Corruption Report (GCR):** Exploring corruption issues in detail for a specific issue or sector, the Global Corruption Report is a thematic report which draws on a variety of expert research and analysis as well as case studies. The series of Global Corruption Reports, covering issues from the judiciary to education, can be found at: <http://www.transparency.org/gcr>
- **National Integrity System assessments (NIS):** a series of in-country studies providing an extensive qualitative assessment of the strengths and weaknesses of the key institutions that enable good governance and prevent corruption in a country. For more information on the National Integrity System reports, please see: <http://www.transparency.org/whatwedo/nis>
- **Transparency In Corporate Reporting (TRAC):** The study analyses the extent of transparency in the reporting on a series of anti-corruption measures by the world's largest companies.

For further information, please see

[http://www.transparency.org/whatwedo/publication/transparency\\_in\\_corporate\\_reporting\\_assessing\\_worlds\\_largest\\_companies\\_2014](http://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_worlds_largest_companies_2014)

## GLOBAL CORRUPTION BAROMETER - % OF PEOPLE WHO PAID BRIBES – TRANSPARENCY INTERNATIONAL – 2013

All the surveyed countries out of the top 20 most ethical countries have the lowest percentage of paid bribes in the world - 1% to 7% - in the first 21 ranks of the Barometer: Australia, Denmark, Finland, Japan, Canada, New Zealand, Norway, Belgium, United Kingdom, Switzerland, United States. No mention of the reasons for not surveying the other top 20 countries was mentioned but from other sources they have probably also one of the lowest ranks of bribery and corruption: Sweden, Singapore, Netherlands, Luxembourg, Germany, Iceland, Ireland, Hong Kong, Barbados. This is another proof that Ethics Pays – in wealth and quality of life – but not in bribes! The other countries with the lowest % of bribes – up to 10% - are mostly ethical and quite ethical: Spain (TI – 37), South Korea – 43, Malaysia – 50, Maldives, Portugal – 31, Uruguay – 21, Croatia – 61 (quite corrupt), Georgia – 50 (yet, it has the highest rate of shadow economy), Italy – 69 (quite corrupt), Estonia – 26, Slovenia – 39, Bulgaria – 69 (quite corrupt) and Chile – 21. In the first 24 countries paying bribes of 10% or less – we find all the most ethical and most of the ethical countries surveyed with a few exceptions of 3 quite corrupt countries but no corrupt or very corrupt countries. It shouldn't be too surprising, as paying bribes is per se not ethical and one expects to find that the most ethical countries do not pay bribes. In the following ranks of 20 countries paying bribes – up to 27% of the population - one can find a mixture of quite ethical, quite corrupt and up to very corrupt countries. As we have mentioned before that the rule that ethics pays is mostly true in the extremes of the 20 most ethical/20 most corrupt countries, this barometer shows the same.

25. El Salvador (TI – 80), 25. Hungary – 47, 25. Israel – 37, 25. Jamaica – 85, 25. Philippines – 85, all of them with 12% paying bribes. It is probably surprising that a corrupt country as Argentina (TI – 107) has only 13% paying bribes only a few percent more than Switzerland, and even more surprising than the most corrupt country in the world – Sudan – has only 17% of the population paying bribes, putting a question mark to the validity of the Barometer – bearing in mind that the Barometer is based on people being surveyed whether they have paid a bribe to a public body during the last year, with a margin of error for each country of 3%. Yet, for a small number of countries, including Brazil and Russia, data on particular questions has been excluded because of concerns about validity and reliability. People may be afraid to tell the truth in this matter. However, the percentage of people paying bribes increases drastically in most corrupt and very corrupt countries as Papua New Guinea and Venezuela (27%), Iraq, Pakistan, Madagascar, Ukraine, and inexorably we find that the 20 countries with the highest percentage of people paying bribes – 44%-84% - are in most of the cases also the most corrupt countries in the world – Kyrgyzstan, Afghanistan, Democratic Republic of the Congo, Cambodia, Cameroon, Libya, Uganda, Zimbabwe, Kenya, Yemen, Nigeria, but in some cases also "just" corrupt countries as Liberia, Mozambique, Senegal, India, Morocco, South Africa, Ghana, Morocco, Tanzania. So, corruption is heavily linked to paying bribes.

## LECTURE OF DR. JACQUES CORY AT TI'S HEADQUARTERS IN BERLIN ON JUNE 4, 2010



Dr. Jacques Cory, giving a lecture on June 4, 2010, as Keynote Speaker to the management of Transparency International - TI - at its headquarters in Berlin. Moderator: Dr. Francois Valerian, Head of Private Sector Programmes, with the participation of Dr. Miklos Marschall, Regional Director Europe and Central Asia, and other executives. The topic of the lecture was "Drawing Lessons from the Great Recession of 2007-2010", and it was divided in three parts along the main themes of *Die Dreigroschenoper*, *The Threepenny Opera*, by Bertolt Brecht. The response to the lecture was enthusiastic, with a vivid Q&A of more than half an hour.

The first part on transparency, common to TI and Cory's books, appears in the first act of the play: The ballad singer in the Prologue - the ballad of Mack the Knife: "Und Macheath, der hat ein Messer, Doch das Messer sieht man nicht", And Macheath has got a knife, but the knife is seen by no one. Analogies between Mack the Knife and the criminals of Wall Street who hid their schemes and thefts offshore and off balance sheet, and no one saw their knives. All the victims of the criminals are in darkness, no one pays attention to them, they are just remembered when you need their pension funds for Wall Street's schemes, and when the corrupt politicians need their votes once every few years, and afterwards they are forgotten. You only see those in the light, those who have lobbyists, those who bribe the politicians, those who gain from the schemes, those who receive AAA rating for their shaky investments.

Und der Haifisch, der hat Zähne  
Und die trägt er im Gesicht  
Und MacHeath, der hat ein Messer  
Doch das Messer sieht man nicht

And the shark, he has teeth  
And he wears them in his face  
And MacHeath, he has a knife  
But the knife you don't see

Und die einen sind im Dunkeln  
 Und die anderen sind im Licht  
 Doch man sieht nur die im Lichte  
 Die im Dunklen sieht man nicht

And some are in the darkness  
 And the others in the light  
 But you only see those in the light  
 Those in the darkness you don't see

The second part on the dilemma of profitability versus ethics, which according to Cory are compatible but according to many businessmen are an oxymoron. At the end of the second act Macheath and Jenny sing: "Erst kommt das Fressen, dann kommt die Moral", Voracity is the first thing, Morals follow on. We do not talk just about food, but voracity, excess, lavishness, salaries of hundreds of million dollars to the CEOs in parallel to layoffs of millions. When "Fressen" comes first, we never have time or resources for Ethics or Social Responsibility.

The third part of the lecture and of the play is at the end of the third act when Mack the Knife is "Gerettet, gerettet!", reprieved, reprieved, and instead of being hanged for all his crimes the Queen of England (or the US President, European Prime Ministers, and so on), gives Mack the castle of Marmarel, likewise a pension of ten thousand pounds, like the criminals of the Great Recession who were bailed out (they could indeed sing with Mack the Knife – bailed out, bailed out...), whose schemes cost the world more than ten trillion dollars, as they were too big to fail, transferring the losses from their companies to the governments, i.e. to us. After socializing the losses in 2008, they privatized the profits in 2009, with salaries and bonuses of billions leading the world as the pied piper of Hamelin to a Doomsday Depression, with losses of hundreds of trillions, while no government would be able to bailout them or us!

## THE PRINCIPLES OF BUSINESS AND ETHICS IN THE ECONOMIC WORLD TOWARDS 2020

1. Companies should see profitability as a viability precondition and not as their only reason for existence, as corporations also employ people, sell products, and contribute to society.
2. The mantra of maximization of profits should be discarded, as it necessarily causes maximization of risks and wrongdoing of stakeholders: employees, customers, community and the ecology.
3. Financial moderation should prevail, with a balanced leverage (not 30:1 as in Lehman Brothers), sufficient equity, low indebtedness, a positive cash flow, integrity of the financial management, even if it is at the expense of maximizing profitability, growth and valuation.
4. Financial reports should be accurate and transparent and instead of spending tens of millions in order to circumvent the Sarbanes-Oxley Act, companies should spend millions to be ethical.
5. Lawyers who assist companies to evade taxes "lawfully" would be unemployed, as all companies would pay the full taxes, after being convinced that it is the only way to maintain law and order, eradicate crime and to fund defense, education, health and infrastructure equitably.
6. All pension funds should cease to invest in the stock exchange, no longer risking pensions, and minority shareholders should invest only in ethical funds and ethical companies.
7. Independent directors should be really independent and should ensure the stakeholders' rights.
8. An Institute of Ethics should be established, giving ethical ratings to companies, controlling shareholders and executives, and the management should have an impeccable ethical record, preventing the collapse of AAA ethical companies due to unethical conduct.
9. The internet would become the ultimate ethical vehicle, ensuring full transparency, preventing the use of insider information and enabling open communication between all stakeholders.
10. Cooperation, equilibrium and harmony would replace the principles of cut-throat competition and street fighting, having the killer instinct and adopting war tactics.
11. Companies should not compete in adopting unbridled marketing campaigns, deceptive advertising, deceiving customers, but should compete on who gives better service and products at fair prices, without putting "stumbling blocks" before the blind subprime customers.
12. Our examples of model businessmen would be Warren Buffett, Jerry Greenfield and Paul Hawken, and not Ken Lay and the executives of Lehman Brothers, Bear Stearns and AIG.
13. Society would not judge people by the size of their wallets but by the greatness of their minds.
14. The ideal manager should lead his company in an authoritative, democratic and humane approach, and not be inconsiderate, brutal and lacking in sensitivity.
15. We should prevent sexual harassment, race, gender, age and other discrimination, nepotism, and all workers should be treated equitably and recruited with ethical screening.

16. The ratio between the highest and lowest salaries in a company should not exceed 30:1.
17. The environment in our cities would be as good as in Copenhagen and not as bad as in Naples, and petrochemical companies would invest in preventive measures as in the Netherlands.
18. Our country would be rated among the ten most ethical countries in the Transparency International Corruption Perception Index, our model would be Finland and not Nigeria, and those who enforce the ethical laws would not cross the lines to work for those who infringe upon them.
19. Companies and tycoons should not perceive corporate social responsibility as the donations of one percent of profits being the essence of ethics, but should earn the other 99% ethically.
20. Government would not be neo-liberal or social democratic but neo-social, adopting the "third way" of Joseph Stiglitz, with a balanced equilibrium between free market and regulation.
21. Perception of success would not be living on a property of \$125 million but on a modest property, like Warren Buffett, known for his personal frugality despite his immense wealth.
22. The model of a politician would be Mahatma Gandhi, practitioner of non-violence, truth, integrity, austerity, simplicity and peace, as opposed to many corrupt politicians of today.
23. The excessive ties between government and business would be loosened, politicians would not be responsible to tycoons and their lobbies but to the people and would be funded by them. Civil servants should not be employed by the tycoons after quitting their jobs, putting their motives in doubt.
24. Milton Friedman's vision would be achieved - that companies should not invest in social responsibility and the policy of the neo-liberals would be implemented with minimum regulation, because if companies are ethical, there will be no need for charity or regulation.
25. Society would not worship bankrupt businessmen who outsmarted their creditors, tax evaders who conned the government, and controlling shareholders who wronged minority shareholders, but nerds who pay their taxes, behave ethically and repay their debts.
26. White-collar criminals should be sentenced to 20 years imprisonment, without plead bargains, indirect or direct bribes, and judges should not be lenient toward bankers, tycoons and corrupt politicians, who are usually represented by the best lawyers.
27. Society would ostracize those who withhold payments to suppliers and employees, those who employ people without providing them with social benefits, and those who prevent unionizing aimed at improving working conditions.
28. Society should encourage and reward whistleblowers who warn against corruption, wrongdoing to stakeholders and ethical criminals.
29. Our country would have minimal social gaps and would rank close to Sweden, with 50% of its population in the middle class and not 50% of the wealth owned by the richest 1%, since democracy is not voting every few years, but having equity, welfare and equal opportunities.
30. We should take our fate in our own hands, acting lawfully and ethically but decisively, investing only in ethical companies, working only in ethical companies, buying only from ethical companies and welcoming only ethical and sustainable companies into our communities.
31. We should not aspire to be creative capitalists or creative accountants, but to be creative in our R&D in high tech, green energy and low tech, with holistic ethical strategic planning.

32. Quality and excellence should be the cornerstones of a company's activities, by adhering to specifications and standards, without jeopardizing quality and endangering people's lives.
33. Ethical standards, codes and assimilation would not be eyewash but the basics of a company.
34. Tenders would not be bent, positions would not be promised to the boys, and lawsuits would not drag on, in an economy with minimal red tape and an ethical environment and infrastructure.
35. We should return to basics: obeying the Golden Rule by not doing to others what we do not want to be done to us, acting in equity, moderation and equilibrium; the Categorical Imperative with its moral obligations should prevail, concluding in an All My Sons Credo.
36. The significant progress that has happened in the last decades in consumerism, quality, health, education and democracy would also be expanded to ethics, social responsibility, corporate governance and sustainability towards the year 2020, if we wish to preserve life.

## PROFITABILITY AND BUSINESS ETHICS

Many businessmen believe that a company can either be profitable or ethical but that it can't be both at the same time. If a company has to compromise on one of those issues, it prefers to do so on ethics, as the success of a company and its management is primarily based on its profitability and not on its ethics. An unethical company is not penalized for its unethical conduct, if it does not infringe any law, and the same is true for its executives who continue to receive their high salaries, stock options and benefits, as long as they maximize profitability, even at the expense of ethics. We should examine the oxymoron stated by Milton Friedman, that the objective of a company is only to maximize profits and that a company should not have any objectives of social responsibility. Where are we maximizing our behavior in our lives? Do we maximize our eating, drinking, vacations, or even return on investment? Each maximization has a price tag: eating excessively results in bulimia, drinking too much results in drunkenness, too long vacations degenerate, while a very high return on investment has a tradeoff with risk or brings too many competitors. Aristotle preconized more than two thousand years ago that we should find moderation in everything we do, the golden mean, as excessiveness ultimately corrupts. His precepts were true then as they are true today. One should find the right balance between the hardware of business: production, sales, profitability and valuation, and the software of business: ethics, quality, integrity and humaneness. Only thus is it possible to find the perfect harmony that will ensure the long term prosperity of the company and its stakeholders.

There are 12 outstanding principles and basic conditions that are the prerequisites for an ethical and profitable company:

### 1. Ethics, Profitability and the Interests of the Stakeholders

Everybody believes that a prerequisite for a viable and prosperous company is profitability. A company that is not profitable will not be able to survive in the long run and we should do our best in order to be profitable. Profitability is like the oxygen that we breathe; it is a precondition for our living. However, nobody decides where to live exclusively on the basis of the amount of oxygen that exists in his neighborhood. Or paraphrasing Moliere in his play "L'avare" – we should be profitable (eat) in order to live but we should not live in order to be profitable (eat). The quality of life of every human being, like the quality of life of every company, has other parameters as well, primarily the safeguarding of the interests of the stakeholders of the company and fair conduct toward them: the employees, customers, suppliers, creditors and so on. The company has, therefore, to obey the Golden Rule: "Don't do unto others what you wouldn't want done to you". This issue will be further emphasized, as it is a key element in ethical thinking.

### 2. Financial Integrity and Strength

Financial creativity can ruin companies, as we have seen in many cases in recent years, such as Enron, Barings Bank and others. In order to survive in the long run a company has to be financially moderate, with a balanced leverage, sufficient equity, low indebtedness, a positive cash flow, integrity of the financial management, even if it is at the expense of maximum profitability, growth and valuation. A prerequisite of survival is security, for the individual, the corporation and the nation. As a nation spends a large part of its GNP for defense, so a company has to ensure its security and cannot jeopardize its existence with financial creativity, transferring profits to affiliated companies, taking loans through related companies,



reporting expenses in next year's financial statements, actualizing forecasted profits for the next ten years in this year's income statement, reporting R&D expenses as assets, and so on. Sometimes the auditors cooperate with the reckless executives; often the SEC or even the public look benevolently on such conduct, but a company that acts carelessly in its finances will not subsist in the long run.

### 3. Enforcement by an Authoritative and Democratic Management

Many believe that an authoritative and democratic management is an oxymoron, but the most successful and prosperous companies prove that it is feasible. Management has to be authoritative in a company as in a nation; it is impossible to manage in a flabby way, where everyone does whatever he wants, nobody is accountable, directives are not implemented, instructions are not enforced, and the whole company is managed like a fraternity. Therefore, a company has to be managed in an authoritative way, obeying management directives, enforcing the company policy and decisions. Nevertheless, enforcement has to be carried on graciously, not through a dictatorial management, and to take the inputs of lower level management and employees into consideration. Most of the modern business books preconize such methods of management, but unfortunately many companies are managed by brutal bosses, or in an anarchical manner; few companies are managed by an authoritative and democratic management. This mode of management can even be seen as a prerequisite for an ethical company, as it combines the best methods.

### 4. Quality and Excellence

The company in the third millennium perceives quality and excellence as prerequisites of success, but in many cases this is only a slogan or a panacea. How is it possible to solve the dilemma of improving quality while obtaining a profitability which is lower than the maximal one? What is the value of quality and to what extent should it be enhanced, even if it is not needed? Standards are set by the Standards Institutions, the customers' specifications set what is required and those who abide by the standards and the specs should encounter no problems. However, unethical companies that want to maximize profits at all costs do not abide by those rules, deliver products that do not comply with the specs, sometimes even endangering human lives. Maximization of profits is always at the expense of something else; you deliver lower quality products to your customers, you pay lower than average salaries to your employees, you postpone payments to your suppliers, you reschedule the installments of your loans, you evade paying taxes, you externalize your ecological expenses, and of course, you do not meet the standards and excellence required by an ethical company. An ethical company should, therefore, find the right balance between profitability, quality and excellence, while safeguarding the interests of all its stakeholders.

### 5. Truthful and Transparent Reporting

The Sarbanes-Oxley Act is supposed to improve the truthfulness and transparency of reporting of American companies and companies that are traded in the US. Many companies have reluctantly decided to abide by the new rules, even if they find them somewhat "draconic". Others invest huge amounts of money in order to find ways of circumventing the act without breaking the law. However, the obvious way should be to act ethically and give true and transparent reports as companies are bound by law to do. It is by far the simplest and cheapest way to cope with the Act, as it is ultimately more efficient to be ethical in the long run. Those who have a clean conscience should not be afraid of transparency. Opaque reporting is a sign of unethical conduct, as we have seen at Enron, Barings, WorldCom and many others. Reporting should also be comprehensible to minority shareholders in financial statements, prospectuses, special reports and so on. It is recommended that companies should add ethical, social responsibility and ecological reports to their annual reports. Fraudulent

reports are beneficial only to unethical executives, assisted by lawyers and auditors who operate in contradiction to their professional ethics, which require truthful and transparent reporting.

## 6. Aggressive and Creative Marketing

In a world that has limited wars to a minimum, the business world has become the outlet for aggression. "Street fighter" is a compliment for an aggressive businessman, but it is, however, recommended to limit the aggression to marketing instead of finance and human relations. Only in marketing should businessmen set free their native aggression and creativity, as we live in a very competitive market and the meek do not survive. A company can be ethical in its advertising and its conduct toward competitors while employing war-like tactics of cunning. Should a company abide by the rule of "let the buyer beware" or "giving full disclosure of all the products' deficiencies"? Does it have to emphasize its strengths as well as its weaknesses in the same manner? If you are transparent in marketing, should you light up your problems with a torch or show how your products are better than those of your competitors? In negotiations should you tell the whole truth or just not lie? A prerequisite to the success of a company is growth and obtaining a large market share. It is very difficult to find companies that can achieve that by being completely ethical. It is almost impossible to find companies or businessmen who are 100% ethical, and if you have to give leeway to your aggressions and cunning, it could be that it is preferable to do so in marketing rather than in finance, as the competitors are strong enough to care for their own interests and it is questionable if stakeholders in the company, such as the community or government, are.

## 7. The Humaneness of Management

The most important resource of a company is its employees and management. A company with the best products, with the most advanced technology, with the most revolutionary know-how, cannot survive without dedicated, excellent, motivated and honest employees, who see their company as their second home, who are loyal and give their utmost to the organization. In order to achieve this goal management has to be humane; there should be no sexual, racial, religious, or age discrimination, there shouldn't be too wide gaps in the level of salaries, there should be almost no temporary workers without social benefits and no wrongdoing done to employees. Many unethical companies achieve maximum profitability by paying minimal salaries, no social benefits, widely employing temporary workers, banning unions, adopting brutal methods to enforce discipline, with constant threats of layoffs, while keeping the huge salaries of top management untouched. Those companies can increase profitability in the short run, but cannot be profitable in the long run, as employees contribute most in a supportive environment. The basic quality of managers, doctors, teachers and civil servants who interact with people should be humaneness, and as a doctor with despicable conduct towards his patients is a bad doctor, even if he is very proficient, so is a brutal boss who enjoys rendering the lives of his subordinates miserable a bad manager and he will not succeed in his job in the long run.

## 8. Social Responsibility

In the last few years there is a confusion of terminology between business ethics, social responsibility and sustainability. The best specialists deal with those issues and many see their terms as encompassing all the others. Social Responsibility, in its strict terminology, is the care of the community, society and the interests of the weaker segments of society. There could be a contradiction between business ethics and social responsibility, as the Mafia can contribute millions to society while obtaining the funds for their donations in the most unethical manner. Tobacco companies contribute millions to cultural activities but do they become ethical because of that? Companies that wrong minority shareholders in millions of

dollars can donate part of those sums to a business school or even found a Center for Business Ethics. Social Responsibility is undoubtedly one of the pillars of Business Ethics, but it does not replace it. It is preferable that a company should not wrong its stakeholders: employees, customers, creditors and suppliers, while not contributing anything to social responsibility and the community, than to have a company that wrongs all its stakeholders and donates part of those unethical profits to the community. The community will be far better off if a company behaves ethically without giving any donations, as the community is comprised of the stakeholders of the company: the employees, the suppliers and the customers. Unethical companies wrong their stakeholders usually ten times more than the amounts that they donate to the community, so society has a much larger deficit incurred as a result of unethical conduct than the benefit it derives from social responsibility. The Robber Barons who wronged their employees, customers and suppliers donated only a fragment of what they have earned unethically to society. A company is perceived as very ethical if it donates one percent of its profits (not of its income...) to society. We are far more interested on how the company obtained the remaining 99% of its profits. The same token applies with sustainable companies who contribute to ecology while wronging their stakeholders. An unethical company which is socially responsible or sustainable is an oxymoron; it is sheer hypocrisy and eyewash!

## 9. Environment

One of the most common ways to maximize profitability is by externalizing expenses from the company to the government or the community. Those expenses, which the company does not incur although it causes them, are called externalities. Thus, if a company dumps its toxic waste into a river, into the air, the sea or the soil, it does not incur the cost it causes to ecology, which is incurred to the community or the government if they want to remediate the harm. Nowadays, there is quite extensive legislation on the preservation of the environment in the US, countries in Europe, Canada, Australia, and so on. However, the enforcement of those laws is not easy and unethical mega-corporations try very hard to evade them, as it is much cheaper to externalize the expenses to the community, thus maximizing profits. In many cases those companies contribute funds to unethical politicians, who assist them in evading the laws. The Government cannot allocate the funds to fight against those corporations, and NGOs, communities and individuals find it even harder. Thus, the main approach should be ethical, by abstaining from investing in companies that harm the environment and investing in ecological funds. The harm to the environment ultimately affects all of us, if not in this generation then in the next one. Cancer and many other illnesses result from those wrongdoings, as all of us breathe the same air and are affected by global warming. We are, after all, every one of us, part of the same life chain.

## 10. Ethical Infrastructure

An ethical company or an ethical individual cannot survive in a corrupt environment. The whole infrastructure should be ethical in order to facilitate the ethical conduct of a company. If society does not condemn wrongdoing and glorifies unethical conduct, there is no incentive to managers to behave ethically, as we are social-minded and most of us cannot live in a society where we are ostracized. In the past, religion was the watchdog of morals and of ethics, although there were too many cases of abuse. Today, society should condemn ethical criminals instead of condemning whistleblowers who try to remedy their wrongdoing. A total change of attitude is needed in order to glorify and reward whistleblowers. Those who wrong their stakeholders should be banned from society, as should bankrupts who manage to salvage all their wealth by externalizing the bankruptcy to their creditors, employees and suppliers. Nowadays, the wrongdoers are treated by society as “smart guys”, who con their creditors, who con the government while evading paying taxes by “tax-planning”, which may be legal but is unethical. If it is possible to bribe judges and policemen, buy pardons and fix tenders,

no ethical codes could prevent one from committing those crimes, as the prerequisite of the implementation of the ethical codes is that the managers and employees, as well as the society, should be ethical. Unethical companies, such as Enron, crumble in the same way that corrupt societies, such as the Soviet Union, crumbled. The infrastructure of the society, local administration, police, judicial system, politics and government will ultimately become ethical when the situation becomes unbearable, when corruption finally distorts the whole economy, as only ethical economies and nations can prosper in the long run. The same rule applies to the business environment. No ethical Don Quixote can remain ethical when all his colleagues are unethical; therefore education on ethical conduct is a prerequisite for a profitable and ethical company. In the same manner that a transportation, sewage and energy infrastructure is formed, so an ethical infrastructure for the survival of society has to be formed.

### 11. Ethical Tycoons

In order to discern which companies are ethical we have to examine who their executives are and take them as an example. Warren Buffett is a typical example of an ethical tycoon who has succeeded to be almost the richest man in the world by combining, in a remarkable manner ethical conduct with very high profitability. However, he is soon to give up most of his wealth to community, thus achieving social responsibility as well. Buffett believes that excessive wealth that was originated in society should go back to society, not 10% or 1%, but most of it, as he has shown. Not by legislation as in ultra-socialist countries, not by nationalization as in communist countries, but in a humane capitalistic regime, setting a voluntary example for every businessman. This is an inspiring example in an environment that has become less and less ethical, in a society where most of the wealth belongs to very few tycoons. We need to follow the example of ethical businessmen such as Buffett and to condemn the unethical conduct of the Lays and Skillings, in order to prove that being profitable and ethical is not an oxymoron. We should ostracize tycoons who made their fortunes by bribing corrupt politicians in order to receive privatized assets at a minimal price, by wronging minority shareholders, by stealing from pension funds and by manipulating the price of shares. We should glorify the ethical businessmen, with impeccable reputations and records of fair conduct to stakeholders, in order to induce managers to work in their companies and be proud of it, to convince customers to buy their products, services or funds, to influence banks to lend them money, as they should be set as an example for all of us.

### 12. A Holistic Business and Ethical Strategy

Each one of those principles is viable and a prerequisite for an ethical and profitable company. However, the precondition for their implementation is the orchestration of all of them in unison. Only a company that implements all the principles would/should prosper in the long run. It is obvious that nowadays there are many companies that do not comply with any of the principles, with the exception of marketing aggressiveness. Nevertheless, they prosper in the short run and sometimes even in the long run. Enron prospered for many years and was set as an example in the best business schools. Companies that were founded by the Robber Barons exist even today. But we can decide if unethical companies prevail. We can decide not to work for them, not to lend them money, not to buy their products and not to sell them ours. We have the power as employees, with our unions and pension funds, as customers who can be organized, as minority shareholders who can obtain control of their companies, as communities who can forbid unethical companies to operate in their towns, as bankers who can decide not to lend them money. Recent history has proven how we can organize ourselves in such a way as to make ethical conduct prevail, thus safeguarding the interests of the stakeholders. It was the Labor Unions who forced unethical companies to pay fair wages to their employees. The Greens have forced mega-corporations to preserve the environment.

Activist associations have changed resolutions which were unfair to the minority shareholders. Ethical countries have managed to eradicate bribery and corruption; ethical communities ostracize unethical corporations. We should exercise our power with a holistic approach, assisted by the Institutes of Ethics, the Supervision Boards, and the Ethical Funds, to find the ethical companies and invest only in them. We should trust only ethical companies and businessmen and ostracize the others. It is not a utopian dream; it is feasible if we are properly organized, if we train management to be ethical, if we prove that we can be both profitable and ethical. We can achieve this goal in the foreseeable future to the benefit of society and individuals who want to survive in a sustainable environment.

## 22 RELATED PARAMETERS TO 50 CORY INDEX'S PARAMETERS (TOTAL OF 72 PARAMETERS)

51. 240 COUNTRIES COMPARISON – POPULATION - CIA – WORLD FACTBOOK –  
DATE OF INFORMATION – MOSTLY JULY 2014 EST.

The 11 most ethical and least corrupt countries of the world in the TI - Transparency International index have a relatively small population – 1. Denmark (6M), 2. New Zealand (4M), 3. Finland (5M), 4. Sweden (10M), 5. Norway (5M), 6. Switzerland (8M), 7. Singapore (6M), 8. Netherlands (17M), 9. Luxembourg (0.5M), 10. Canada (35M), 11. Australia (23M).

They reside mostly in cold weathered Northern Europe - all the Scandinavian countries, even Iceland is ranked no. 12, all the Benelux countries: Luxembourg, the Netherlands, even Belgium is ranked no. 15, and Switzerland, or have mostly Northern/Anglo-Saxon European origins (Canada, New Zealand and Australia). The majority of their population has North/West Germanic ethnicity and languages (except Finland, but even Germany is ranked no. 12 and United Kingdom no. 14) and the majority of population shares Protestant religions.

Singapore is an exception, located right near the Equator, a former UK colony with a deep British influence, with a majority of Chinese and minorities of Malaysians and Indians, and with a common language – English. However, China is ranked no. 100 in TI index, Malaysia – no. 50, and India – no. 85. The reason of Singapore's lack of corruption could be the leadership of its founder Lee Kuan Yew who lead and influenced Singapore since its inception, which could prove that ethical leadership is a very important indicator of ethics.

Even in the other most ethical countries ethnicity and religion are not the exclusive determinators - as Finns have no Germanic ethnicity and language but have a long legacy of social progressivism, in 1906 becoming the first nation in the world to give full suffrage to all adult citizens. French/Italian Switzerland, French Canada, and in Belgium (no. 15) the Walloons, as well as most of the non Anglo-Saxon immigrants to Australia and Canada, are not Germanic or Protestants. However, all peoples of those countries share the same ethical heritage and cultural beliefs, whether they are the descendants of the Vikings, Australian Greeks or Vietnamese (but Greece is ranked no. 69 and Vietnam – no. 119 in TI's index), Canadian Jews or Arabs (but Israel is ranked no. 37, Jordan - no. 55, Lebanon – no. 136, and Syria – no. 159), Swiss Italians (Italy is ranked no. 69), Dutch Indonesians (Indonesia is - no. 107), or in the case of the US (no. 17 in TI's index) – Mexicans, Russians or Haitians (Mexico - no. 103, Russia –136, Haiti – 161), proving that culture is a very dominant factor of ethics.

We analyze occasionally, the second tier countries, scoring 74-79, ranked 12-17/20 – mostly: Germany (12) - the largest Germanic country, Iceland (12) – the 5<sup>th</sup> Scandinavian country, United Kingdom (14) – the parent nation of the Anglo-Saxon countries, Belgium (15) – the 3<sup>rd</sup> Benelux country, Japan (15) – the largest Eastern capitalist country, influenced deeply after World War II by the US constitution and capitalist model, Barbados (17) – an Afro-Caribbean population, with the deepest English influence, Hong Kong (17) – a Chinese population with the deepest English influence, Ireland (17) – the 5<sup>th</sup> Anglo-Saxon-Celtic capitalist country among the most ethical countries, and finally the United States (17) – the largest Anglo-Saxon Protestant country, and the model of modern capitalism in the world.

If we try to find a common denominator for the most ethical countries it could be - countries of Germanic ethnicity (most of the population in Scandinavia, Benelux, Germany, and Switzerland), with Anglo-Saxon-Celtic origins (most of the existing or founding population of

New Zealand, Canada, Australia, the United Kingdom, Ireland and the United States), with Anglo-Saxon capitalist influence (Singapore, Japan, Barbados, Hong-Kong), with a majority of protestant population in almost all those countries (except Singapore, Ireland Republic, and Japan). However, with substantial minorities from Latin, Slavic, African or Asian origins, with Catholic, Orthodox, Jews, Moslems and Eastern religions, but sharing the same ethical culture or influenced by ethical leaders as the founding fathers of the US or Lee Kuan Yew.

But what about the most corrupt countries, can we find for them also a common denominator that affects their ethics and cause them to have the worst scores in almost all the parameters? Who are those countries? The 10 most corrupt countries score 8 to 18 in TI's index, comparable to 80 to 90+ for the most ethical countries: 174. Somalia, North Korea, 173. Sudan, 172. Afghanistan, 171. South Sudan, 170. Iraq, 169. Turkmenistan, 166. Uzbekistan, 166. Libya, 166. Eritrea. What is common for all those countries? Most of them are Moslem countries, except South Sudan and North Korea (Eritrea is half Moslem). But we have to bear in mind that some Moslem Oil-Rich countries have a high ranking in TI's index – United Arab Emirates – 25, Qatar – 26. All of them have totalitarian regimes and limited civil rights, although some of them as Iraq and Afghanistan made attempts to be democratic. This is true also for the next 10 most corrupt countries (scoring 19-21). Most of them have made wars or suffered from civil unrest recently, like Iraq, Afghanistan, Sudan, Somalia, South Sudan, Syria, Libya, Yemen. All of them are very poor countries, most of them in Africa and some of them in Asia and Latin America. North Korea spends huge amounts for its defense and Venezuela is very generous towards communist regimes like Cuba. They suffer from the worst quality of life in the world, worst social progress and worst economic performance.

## 52. 252 COUNTRIES COMPARISON, AREA (SQ.KM.), CIA WORLD FACTBOOK, 2014

One cannot find any common determinator of TI's index 11 most ethical and least corrupt countries in the world, as far as their areas is concerned. We have two of the largest countries in the world – Canada (10M), Australia (8M), 4 medium-sized countries – Sweden (450K), Finland (338K), Norway (324K), New Zealand (268K), however, most of their populations reside in a small part of the countries – southern Scandinavia and Canada, as well as south-east Australian coastline. We have three small countries– Denmark (43K), Netherlands (42K), Switzerland (41K), and two very small countries – Luxembourg (2.6K) and Singapore (0.7K).

Of the largest and most populated countries only the United States are very ethical (no. 17 in TI's index) and most of the other countries have a high level of perceived corruption – Russia (136), China (100), Brazil (69), India (85), Argentina (107), Congo DR (154), Mexico (103), Indonesia (107), Sudan (173), Iran (136). But even in similar countries in ethnics, language, religion, and other parameters as North Korea (population – 25M, area – 121K) and South Korea (population – 49M, area – 100K), there is a huge gap in ethics: South Korea is ranked no. 43 in TI's index (score – 55, quite ethical) while North Korea is ranked 174 – the most corrupt country in the world with a score of 8 (!) out of 100, sharing this rank with Somalia, while Sudan, Afghanistan, South Sudan, Iraq, Libya, Venezuela and Haiti are less corrupt.

The gap can be explained uniquely by the political and economic regimes of the sister-countries, and we can guess that if in the future the countries will be united the South Korean much more ethical culture will prevail, as happened between East and West Germany.



### 53. 246 COUNTRIES COMPARISON – POPULATION DENSITY – OFFICIAL ESTIMATES, UN – 2017

This is a list of [countries](#) and dependencies ranked by human [population density](#) and measured by the number of [human](#) inhabitants per [square kilometer](#) or [square mile](#).

The list includes [sovereign states](#) and self-governing [dependent territories](#) based upon the ISO standard [ISO 3166-1](#). The list also includes but does not rank [unrecognized](#) but de facto independent countries. The figures in the following table are based on areas including inland water bodies (lakes, reservoirs, rivers).

Figures used in this article are mainly based on the latest censuses and official estimates (or projections). Where there is not such updated national data available, figures are based on the 2015 estimates provided by the Population Division of the [United Nations Department of Economic and Social Affairs](#).

The names of dependent territories as well as recognized states with no or limited control over their territory are shown in italics.

Area figures given here are taken from various (usually unspecified) sources.

- The [European Union](#) is a *sui generis* supranational union possessing "country-like" characteristics. The entity is composed of 28 member countries. Its population density has been estimated at 116 people per km<sup>2</sup>, and it would be ranked 95th if it were included in the list. (population: 506,913,394 on January 1, 2014, area: 4,324,782 km<sup>2</sup>). *See also: [List of regional organizations by population](#)*.
- The most densely populated sovereign nation is [Monaco](#), with a population density of 18,713 people/km<sup>2</sup>.
- Area includes land and water.

We cannot find any common denominator of the most ethical countries according to their density. On the one hand we have Singapore with the highest density in the world – rank 3 (after Macau and Monaco) – 7797/km<sup>2</sup>; 4 countries with high density: 31. Netherlands – 412, 62. Luxembourg – 208, 63. Switzerland – 203, 89. Denmark – 131; 4 countries with low density: 196. Sweden – 22, 202. New Zealand – 18, 206. Finland – 6, 209. Norway – 16; and 2 countries with a very low density: 232. Canada – 3.7, 233. Australia – 3.2. We have very ethical countries with a very high density as 4. Hong Kong, 18. Barbados, but also very corrupt countries as 10. Bangladesh, 20. Lebanon, 29. Comoros, 30. Burundi. Right after Burundi (TI – 159), we find 31. Netherlands (TI – 8), 32. Haiti (TI – 161), 33. India (TI – 85), 34. Puerto Rico (TI – 31), 35. Israel (TI – 37), 36. Belgium (TI – 15); so, we cannot draw any conclusion if density of population is a factor of ethics. Not even if we examine countries with the lowest density as 214. Argentina (TI – 107), 216. Saudi Arabia (TI – 55), 219. Republic of the Congo (TI – 152), 220. Mali (TI – 115), 221. Turkmenistan (TI – 169), 223. Bolivia (TI – 103), 224. Chad (TI – 154), 225. Russia (TI – 136), 226. Central African Republic (TI – 150), 228. Kazakhstan (TI – 126), 231. Libya (TI – 166). Right after Libya, one of the most corrupt countries in the world, we find 232. Canada, 233. Australia, two of the most ethical countries, the ethical 234. Botswana (TI – 31), the corrupt 235. Mauritania (TI – 124), 236. Suriname (TI – 100), the very ethical 237. Iceland (TI – 12), and so on down to the least populated country in the world 246. Greenland, which is a dependency of Denmark, the most ethical country in the world. So, no correlation between density & ethics.

#### 54. 215 COUNTRIES COMPARISON – TAXES AND OTHER REVENUES – RECEIVED BY THE GOVERNMENT (2013 EST.) – IN % OF GDP - CIA - WORLD FACTBOOK

COUNTRY COMPARISON – TAXES AND OTHER REVENUES – RECEIVED BY THE NATIONAL GOVERNMENT (MOSTLY 2013 EST.) – IN % OF GDP - TAXES INCLUDE PERSONAL AND CORPORATE INCOME TAXES, VALUE ADDED TAXES, EXCISE TAXES, AND TARIFFS. OTHER REVENUES INCLUDE SOCIAL CONTRIBUTIONS – SUCH AS PAYMENTS FOR SOCIAL SECURITY AND HOSPITAL INSURANCE – GRANTS AND NET REVENUES FROM PUBLIC ENTERPRISES - CIA - WORLD FACTBOOK

The most polemic issue in political economy is today the level of taxes and other revenues as % of GDP and % of the country's budget. Neoliberals want to bring taxes down to a minimum, especially for rich people and corporations, Socialists want the opposite, and both believe that the prosperity of a nation depends on the level of taxation. If you want to increase taxation you are labeled as a communist, anti-business, while countries prefer to reach the highest level of budget deficits and of indebtedness to foreign countries bringing them on the brink of bankruptcy, rather than increase even slightly taxation. No candidates would dare to promise financing the country's expenditures by an increase of taxation, and all the problems of the economy will be resolved (by magic probably) without increasing taxation.

We have a model, the Scandinavian model, which combines high taxation and other revenues with economic prosperity, highest ethics and best indicators, so something must be right in their model, including the high level of taxation: 6. Norway – 56.8% of the GDP, 8. Denmark – 55.9%, 10. Finland – 53.7%, 12. Sweden – 51.4%. The other countries with the highest level of taxation are not exactly the examples that we should imitate: Kuwait, Cuba, Lesotho, Libya, and micro-population states as Greenland, Tuvalu, Marshall Islands or Malta. One exception: 11. France – 51.5%, which is ethical (26<sup>th</sup> in TI's ranks), and has a strong socialist orientation. We are aware of the fact that other economic models thrive, such as the Singaporean (rank – 191 and TI'S rank - 7) with a level of taxation and other revenues of only 15.4% of the GDP and the US (rank – 182 and TI's rank -17) – 17.0%. Both are neoliberal economies which were influenced in the last decades by Milton Friedman's model.

Countries with moderate taxation models of 33%-43% of GDP are also very ethical and have excellent indicators' results: 24. Netherlands – 43.7, 46. Luxembourg – 39.5, 51. New Zealand – 38.2, 52. Canada – 37.7, 71. Switzerland – 33.7, 75. Australia – 33.2. Other countries which are very ethical (up to no. 20 in TI's index) and have a rather high degree of taxation are: Belgium – 47.7, Germany – 43.7, Iceland – 42.7, United Kingdom – 41.1, Japan – 34.7, Ireland – 34.1. And of course, we have also countries which are very unethical and highly taxed (Iraq – 44.9, Republic of the Congo – 46.4, Angola – 42.5), or are very unethical but with a low level of taxation (Zambia – 21.6, Russia – 20.7, Egypt – 17.4, Ethiopia – 14.2). So, if we want to find a rule on the correlation between ethics and taxation, we can conclude that the most ethical countries have in general a high to medium-high level of taxation: 57%-33%.

The lowest taxation is in general in the most corrupt countries – South Sudan and Syria – 3.7%, Myanmar – 4.1, Nigeria – 4.8, Sudan – 8.6, Central African Republic – 9.1, India – 10.3, Afghanistan – 11.3, North Korea – 11.4, Iran – 11.6, Guatemala – 11.9, Bangladesh – 12.3, Pakistan – 12.6 (interesting enough – both parts of the former Pakistan west and east have even now the same level of taxation), Sri Lanka, Sierra Leone, Uganda, Ethiopia, Philippines, Turkmenistan – 14.8%, but close to them we find a most ethical country Singapore with a taxation level of 15.4% of its GDP, but this is due to its neo-liberal regime.

## 55. 204 COUNTRIES COMPARISON – EXTERNAL DEBT – PRIVATE AND PUBLIC DEBT OWED TO NONRESIDENTS – (2013 EST.) - CIA - WORLD FACTBOOK

### COUNTRY COMPARISON – EXTERNAL DEBT – COMPARES PRIVATE AND PUBLIC DEBT OWED TO NONRESIDENTS – CALCULATED ON AN EXCHANGE RATE BASIS (MOSTLY 2013 EST.) - CIA - WORLD FACTBOOK

We cannot analyze the external debt comparison without the context of the gross and net government debt as % of GDP. We have included the Net Government Debt position as a percentage of the GDP of each country as one of the parameters in Cory's Index, and in this parameter of External Debt in \$ we bring the gross figures but put them in context of the net.

The external debt shows more the level of globalization and financial activities of the countries: the first 6 countries are the most developed countries in the world, European Union - \$ 15,950 billion, United States - \$ 15,680B, United Kingdom - \$9,577B, Germany - \$5,717B, France - \$5,371, Japan - \$3,017. But when we compare also the gross and net government debt as % of GDP, we find that the United States has a huge gross and net government debt – 107/88, Japan has even higher figures – 238/134, the United Kingdom has also high figures but much lower than the two first superpowers – 90/83, France – 90/84, but Germany is in a very sound position with 82% gross government debt but only 57% net government debt as % of GDP. So, we have to set the figures in the right proportion.

Analyzing the indicators of the most ethical countries, we find that Luxembourg has a huge external debt of \$2,935B, Netherlands - \$2,347B, Switzerland - \$1,544B and Singapore - \$1,174B. But, bearing in mind that the four ethical countries, small as they are, are also financial superpowers with large banks and a very high level of financial activities, we shouldn't be surprised of those figures. But then, we put them in proportion to the gross and net government debt in % of GDP and we find that Singapore has a gross government debt of 111%, but a net government debt of...0! So, those figures just show the level of financial activities but Singapore is a very sound economy with a AAA credit rating. Netherlands has a gross government debt of 72% of GDP, but a net one of only 33%, also a very sound economy. Switzerland has a gross level of 49% and a net level of 28%, which proves the excellent financial position of this country and the former ones. And last but not least, Luxembourg has a gross level of only 21% and a net level of 0, like Singapore and the other sound and most ethical economies. It is unsound to have a high level of indebtedness, but we have to see the level of net indebtedness and the percentage of GDP in order to examine if the economy is sound or precarious. Even the US and Japan and to a lesser extent UK and France that have very high/high level of net indebtedness also as % of GDP are still sound economies as most of other indicators are very positive and they are also among the most ethical states.

Greece has very serious financial problems with a level of 158/155, and to a lesser extent Italy – 126/103 and Ireland 117/102. But the financial situation of the other most ethical countries is excellent: Australia – 1,506B, 27/12, a quite high level of indebtedness but the government debt as a % of GDP is the very low 27% gross and only 12% net. The figures for Canada are - \$1,331B, 86/35, Sweden - \$1,039, 38/-17, i.e. it has a surplus of 17% of net government indebtedness as % of GDP (other countries owe them 17% of the GDP), Norway - \$720.6B, 34/-165, which means that other countries owe to the government of Norway the huge 165% of its GDP. Finland - \$586.9B, 53/-51, here again other countries owe to the government of Finland 51% of its GDP, Denmark – \$586.7B, 50/8, and finally New Zealand – \$81.4B, 38/26. So, all the 11 most ethical countries have an outstanding financial position, very sound levels of indebtedness, which proves once again that Ethics Pays and is...liquid!

## 56. 169 COUNTRIES COMPARISON – RESERVES OF FOREIGN EXCHANGE AND GOLD MOSTLY AT THE 31<sup>ST</sup> OF DECEMBER 2013 - CIA - WORLD FACTBOOK

Adequate reserves of foreign exchange and gold are an indicator of a sound economy. But the level of reserves is also influenced by the size of the economy as in the cases of the United States, Brazil and India, by very large exports such as in the cases of China, Japan, South Korea and Taiwan, or a high price of oil in oil-rich countries as Saudi Arabia, Russia, Algeria and Libya, regardless of the level of ethics of those countries. We find very ethical and small countries, such as Switzerland, Hong Kong, and Singapore, as well as much larger and ethical economies, like Germany and France (TI – 26), with very large reserves of foreign currencies, with most unethical countries such as Italy, Thailand and Mexico with large reserves as well. Very ethical countries as Denmark, Netherlands, Canada, Sweden, Norway and Australia have also large reserves of \$89-49B, United Kingdom - \$87B, even Israel has a huge reserve of \$81B but it has nothing to do with exports but rather with keeping an adequate exchange rate of the local currency considerations. New Zealand has reserves of \$20B, Finland has reserves of \$11B and Luxembourg – about \$1B. In general, we can say that the most ethical countries have a large amount of foreign exchange reserves which shows a sound economy.

57. 53 STATES COMPARISON - CURRENCY & EXCHANGE RATE TO US\$ - WALL STREET JOURNAL - FEBRUARY 13, 2015 – EXCHANGE RATES NY CLOSING

The most ethical countries: Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg, Canada and Australia, adopted a currency market oriented approach – the currency is let to float freely in the market. To those who criticize the most ethical, rich, democratic and egalitarian countries as "socialist, anti-business or even communist states", we can answer by facts instead of defamation that the most ethical countries have even freer markets than the neo-liberal countries, with free currencies, solid economic basis and best kept civil rights, and here again Ethics Pays in floating currencies...

## 58. 165 COUNTRIES COMPARISON - XE – CURRENCY ENCYCLOPAEDIA

The most ethical countries: Denmark, New Zealand, Finland, Sweden, Norway, Switzerland, Singapore, Netherlands, Luxembourg, Canada and Australia, adopted a currency market oriented approach and their currencies are among the most solid and liquid currencies in the world. The most and very ethical countries have very strong currencies – USA – the US Dollar, Finland, Netherlands, Luxembourg, Germany, Belgium and Ireland (as also the ethical countries France, Austria, Portugal and Spain) have adopted the Euro, which in spite of its current problems is one of the most solid currencies in the world and a reserve of foreign exchange. So, are with various degrees of strength, but all of them are very strong, the British Pound, the Australian, New Zealand and Canadian Dollars, the Singapore Dollar, the Swiss Franc, the Swedish Krona, Norwegian Krone, Danish Krone, the Japanese Yen, Hong Kong Dollar, etc. On the other hand very corrupt countries have very weak and illiquid currencies.

59. 143 COUNTRIES COMPARISON – CENTRAL BANK DISCOUNT RATE -  
(MOSTLY 2007-2012) - CIA - WORLD FACTBOOK

COUNTRY COMPARISON – CENTRAL BANK DISCOUNT RATE COMPARES THE ANNUALIZED INTEREST RATE A COUNTRY'S CENTRAL BANK CHARGES COMMERCIAL DEPOSITORY BANKS FOR LOANS TO MEET TEMPORARY FUNDS' SHORTAGES (MOSTLY 2007-2012) - CIA - WORLD FACTBOOK

Central Banks have opted since the Great Recession to set their discount rates to absurd levels of nearly zero, thus offering loans at no cost, in order to "boost" the economy, but also to ruin the savings of old people and of conscientious citizens, to inflate the real estate and stock markets with unrealistic demands, to encourage speculation, and as always – to favor the very rich, the bankrupt banks and the unscrupulous companies, which in many cases make huge haircuts to the loans they take from the public. So, it is quite hard to say that the most ethical countries which have very low discount rates behave ethically or not in this respect. However, it is quite understandable that they have to comply to what the other developed countries do, otherwise it would disturb their whole economy with huge speculations against the countries that would set an economic and reasonable discount rate of about 5%, in real terms, which is probably the true price of money. Almost all the most ethical countries have very low discount rates, ranked as follows: 140. Canada – 0.25% (almost the lowest, just before Czech Republic and Oman with 0.05%), 138. Sweden – 0.5%, 133. Denmark – 0.75%, 132. Switzerland – 0.75%, 123. Finland – 1.5%, 120. Luxembourg – 1.5%, 118. Netherlands – 1.5%, 115. Norway – 1.75%. Only two most ethical countries have much higher rates: 82. Australia – 4.35%, 70. New Zealand – 5.0%, but this was the rate for 2008-2010, and since then they had to cut rates substantially in order to avoid speculations against their currencies.

Most of the developed countries have very low rates – the other countries in the 20 first ranks of TI ethical index: Belgium – 1.5, United Kingdom – 0.5, Hong Kong – 0.5, US – 0.5, Japan – 0.3, Germany – 1.5, Ireland – 1.5, European Union – 0.5, but Iceland – 5.7 and Barbados – 7.0. The other countries that are quite ethical: Spain – 1.5, France – 1.75, Israel – 1.75 (but in 2015 it is 0.1), South Korea – 2.75, and higher rates for Poland – 4.0, Qatar – 4.93, etc. The unethical countries: Greece with its shaky economy - a rate of 1.5, Italy – 0.75, China – 2.25, Romania – 5.25, Mexico – 4.5, Bangladesh – 5.0, Iraq – 6.0, Nigeria – 6.0, Indonesia – 6.46, South Africa – 7.0, India – 8.0, Russia – 8.0, Egypt – 8.68, Botswana – 10.0, Brazil – 11, Ukraine – 11.97, Burma – 12, Pakistan – 14, Vietnam – 15, Turkey – 15. And the countries with the highest rates: Congo DR – 20, Venezuela – 29.5, Angola – 30, and Zimbabwe – 975!

60. 29 STATES COMPARISON BY ANNUAL AVERAGE WAGE, GROSS INCOME, in PPP US\$, COMPULSORY DEDUCTION IN %, DISPOSABLE INCOME, OECD, 2012

LIST OF COUNTRIES BY AVERAGE WAGE - THE AVERAGE WAGE IS A MEASURE FOR THE FINANCIAL WELL-BEING OF A COUNTRY'S INHABITANTS. AVERAGE WAGES ARE ADJUSTED TO LIVING EXPENSES. WAGE DISTRIBUTION IS RIGHT-SKEWED. A MAJORITY OF PEOPLE EARN LESS THAN AVERAGE WAGE

ANNUAL AVERAGE WAGE - GROSS INCOME, COMPULSORY DEDUCTION IN %, DISPOSABLE INCOME - OECD STATISTICS – 2012, in PPP US\$

The most ethical countries have the highest disposable income, although their % of compulsory deduction varies between the very low 9.87% of Switzerland to the very high 37.56% of Sweden. The Disposal Income of the most ethical countries is as follows: Switzerland – 48,414, Luxembourg – 47,716, Australia – 42,617, Canada – 37,469, Denmark – 34,797, Norway – 32, 141, Netherlands – 32,120. If we enlarge the comparison to the 20 most ethical countries we find that most of them are in the list of the 17 highest disposable income of OECD countries, including Ireland, United States, United Kingdom, Germany, Belgium, Japan, and closing with Sweden – 25,196 and Finland– 24,931.



61. 72 COUNTRIES COMPARISON, MONTHLY AVERAGE WAGE ADJUSTED TO REFLECT VARIATIONS IN THE COST OF LIVING - ILO - 2009, IN PPP US\$

Ethics Pays also in monthly average wages as we can see from the following list. The first 22 countries in this list comprise most of the 20 most ethical countries: 1. Luxembourg – 4,089, 2. Norway – 3,678, United States, United Kingdom, Belgium, Sweden, Ireland, Finland, Canada, Germany, Singapore, Australia, Japan, Iceland and 22. New Zealand – 2,283. Interesting enough, we find in the first 22 also much less ethical countries such as Italy and Greece (both of them - 69 in TI's rank) and Spain (37 in TI's rank), which have a very high level of unemployment and most unsatisfactory economic results: Italy – 12.4% unemployment, Spain – 26.3% and Greece – 27.9%, which proves that it is not enough to have very high salaries – you have to keep them high without increasing unemployment and deteriorating the other economic indicators and of course you have to be ethical, like the most ethical countries do as they manage to have the best results with all the indicators.

The lowest average wages are in very corrupt countries such as Pakistan, Peru, Philippines, India, Kyrgyzstan, Syria, Mongolia, Moldova, Dominican Republic, Thailand, Egypt, Mexico, China, Ukraine, Colombia, proving that the majority of the population suffers from corruption in their wages, which would be even lower if we figure the median wages.

62. 35 COUNTRIES COMPARISON - ANNUAL MEDIAN EQUIVALISED DIPOSABLE HOUSEHOLD INCOME. DATA ARE IN US\$ AT CURRENT PRICES AND CURRENT PPP 2009 - 2012 - OECD

ANNUAL MEDIAN EQUIVALISED DIPOSABLE HOUSEHOLD INCOME – THE DISPOSABLE INCOME OF AN EQUIVALENT ADULT IN A HOUSEHOLD IN THE MIDDLE OF THE INCOME DISTRIBUTION IN A YEAR. DATA ARE IN US\$ AT CURRENT PRICES AND CURRENT PURCHASING POWER PARITY FOR PRIVATE CONSUMPTION FOR THE REFERENCE YEARS 2009 - 2012 - OECD

In this table we see how the annual median equivalised disposable income of OECD countries is the highest for the most ethical countries: 1. Luxembourg – 37,178, 2. Norway, 3. Switzerland, 5. Australia, 7. Canada, 8. Sweden, 9. Denmark, 10. Finland, 11. Netherlands – 25,487, and 17. New Zealand – 22,722, while the 20 most ethical countries share most of the 22 best ranks of median income: 4. United States, 12. Germany, 13. Iceland, 14. Belgium, 18. Ireland, 19. United Kingdom, 22. Japan. However, some of the less ethical countries (ranked down to 43 in TI's index) are also among the 22 countries with the highest median income: Austria – 23, France – 26, South Korea – 43, Slovenia – 39, Spain and Israel (37 in TI's rank and 23-24 in the ranks of the median income), while some of the much less ethical countries have quite high median income – Italy (69) – 21,444, Greece (69) – 13,366, Russia (136) – 10,765, proving once again that you have to consider all or most of the indicators in order to find a correlation between ethical conduct, income, peace, unemployment, credit rating, democracy, etc., as unethical countries may have high median income, but they fail in most of

63. 15 COUNTRIES COMPARISON - POPULATION SHARES OF THE BOTTOM, MIDDLE & TOP INCOME GROUPS – 2004 – ECINEQ 2011 – 217 – SEPTEMBER 2011, STEVEN PRESSMAN ET AL.

POPULATION SHARES OF THE BOTTOM, MIDDLE & TOP INCOME GROUPS – 2004 – ECINE SOCIETY FOR THE STUDY OF ECONOMIC INEQUALITY – WORKING PAPER SERIES – ON THE IDENTIFICATION OF THE "MIDDLE CLASS" – ANTHONY B. ATKINSON, ANDREA BRANDOLINI – ECINEQ 2011 – 217 – SEPTEMBER 2011

Based also on Luxembourg Income Study Working Paper Series – Working paper no. 517 – Public Policies and the Middle Class Throughout the World in the Mid 2000 – Steven Pressman, July 2009, also by Steven Pressman, 2006 – The Decline of the Middle Class: An International Perspective", Luxembourg Income Study Working Paper no. 280, and also by Steven Pressman, 2007, Journal of Economic Issues, pp. 181-200

The common definition of middle class is median adjusted household income  $\pm$  25%, the percentage of the household population earning between 75% to 125% of the median household income. The middle class is perceived as the engine of the economy, and a higher percentage of middle class guarantees a sounder economy. Middle class grows to close to half the nation's households also by generous government transfers and progressive taxes. Modern theories of political economy consider a large middle class to be a beneficial, stabilizing influence on society, because it has neither the possibly explosive revolutionary tendencies of the lower class, nor the absolutist tendencies of an entrenched upper class. A high level of middle class guarantees a relative security against social crisis. The main reason for the economic growth of the twentieth century is related to a major increase in the middle class percentage of the population in the Western World as opposed to communist regimes which came into being in countries with a very high percentage of poverty, a very small middle class, and a high degree of inequality, like Russia, China and Cuba. However, since the eighties of the twentieth century the middle class shrank substantially and inequality has increased, especially in neoliberal states such as the United States, United Kingdom & Israel.

The most ethical countries have in general a very high proportion of middle class: Norway – 49%, Sweden – 47%, Denmark – 47%, Finland – 44%, Luxembourg – 44%, and an almost equal share of the lower and upper classes – about 25% each. Other very ethical countries, such as Germany have a high percentage of 43%, the Netherlands – 40%, Switzerland – 38%, and to a lesser extent – Canada – 35% (lower – 31, higher – 34), United Kingdom – 33% (lower – 32, higher – 35) – with a population divided almost equally between the three categories, Australia – 29%, and the United States – 30% (lower – 34, higher – 36). Most of the most ethical countries have therefore a very large middle class (49% - 38%), but the neoliberal regimes have a middle class of only about one third of their population.

The percentage of the middle class in less ethical countries is lower than in the most ethical countries: Austria (rank 23 in TI's index) – 44%, France – (TI - 26) – 41% (lower – 27, higher – 32), Poland (TI – 35) – 37%, Taiwan (TI - 35) – 36%, Spain (TI – 37) – 33%, Italy (TI – 69) – 33%, Israel (TI – 37) – 28%, Mexico (TI – 103) – 26%.

#### 64. 122 COUNTRIES COMPARISON - BY % OF POPULATION LIVING UNDER 1.25 AND 2 \$ (PPP) A DAY – INTERNATIONAL POVERTY LINE – WORLD BANK – MOSTLY 2009-2012

A good indicator of poverty is the World Bank's survey of % of population living under \$PPP 1.25 and 2 a day, known as the International Poverty Line. In this index we find that the poorest countries are also in most of the cases the most corrupt, in fewer cases very corrupt, in even fewer corrupt and in some cases quite corrupt. As explained before, the symmetry between corruption and poverty is most salient in the extremes, and we start our findings of the % of poverty below \$2 a day in the last countries, ranked 145-174 and scoring 25-8, of TI's index – mostly in Africa and Asia: 145. Bangladesh – 77%, Guinea – 73, Kenya – 67, Laos – 62, Papua New Guinea – 57, Central African Republic – 80, Paraguay – only 8%! , Republic of the Congo – 57, Tajikistan – 28, Chad – 83, Democratic Republic of the Congo – 95%! , Cambodia – 53, Myanmar (CIA – 33% living under national poverty line), Zimbabwe (World Bank – 72% living under national poverty line), Burundi – 93, Syria – 17% (this was in 2004, long before the outbreak of the civil war. Today with the millions of refugees and population who lost their homes, with hundreds of thousands of casualties – the widows and orphans, with the ruined economy – the proportion of poverty is probably one of the highest), Angola – 67, Guinea-Bissau -78, Haiti – 78, Venezuela – 13% (this was in 2006, long before the economy collapsed and crime has attained the highest rates, in spite of being one of the richest countries in oil, as in the cases of Nigeria and Iraq), Yemen – 47 (in 2005, long before the Arab Spring in Yemen, Syria, Libya and other Arab countries, causing between thousands to hundreds of thousands casualties, collapsing the economies, and causing "winter misery" all over most of the Arab world), Eritrea – 69% under the World Bank national poverty line, Libya – n/a, Uzbekistan – 16% under the national poverty line, Turkmenistan – 50, Iraq – 21 (in 2012, which seems very low, taking into consideration the endless war, civil unrest, massive terror and collapsed economy, and raising doubts how this figure was computed during the war), South Sudan – 51%, Afghanistan – 16% under the national poverty line (this figure seems also extremely low, taking into consideration that the country is in war lasting a few decades – fighting communism, Taliban, the coalition, etc.), Sudan – 44%, 174. North Korea– n/a, 174. Somalia– n/a – both countries are the most corrupt countries in the world and probably among the poorest, but they have no figures on poverty.

If we analyze the situation of poverty among the other nations with a high level of poverty we find first of all that none of the ethical and even quite ethical countries have a too high level of poverty, and only a few quite corrupt countries suffer from high levels of poverty, as corruption is not the be-all, although it is a very important factor, and there are many other causes for poverty: Ghana (ranked 61 in TI's index) – 52%, Lesotho (55) – 62%, Swaziland (69) – 60%, Namibia (55) – 43%, Rwanda (55) – 82%, Senegal (69) – 60%. There are much more corrupt countries with very high levels of poverty – India (85) – 61%, Mali (115) – 79%, Cote d'Ivoire (115) – 46%, Mauritania (124) – 48%, Mozambique (119) – 82%, Niger (103) – 75%, Sierra Leone (119) – 76%, Zambia (85) – 83%, Liberia (94) – 95%, Malawi (110) – 90%, Indonesia (107) – 43%, Djibouti (107) – 41%, Ethiopia (110) – 72%, Benin (80) – 74%, Burkina Faso (85) – 73%. And even more poverty prevails in very corrupt countries as mentioned before in the last 30 countries in TI's index, as well as in Pakistan (126) – 51%, Comoros (142) – 65%, Timor-Leste (133) – 73%, Gambia (126) – 56%, Nepal (126) – 56%, Nigeria (136) – 82% (in spite of all the oil, but all the oil riches don't trickle down to most of the very poor population, because of the extreme corruption), Togo (126) – 69%, Uganda (142) – 63%. Corruption Doesn't Pay, at least not to the poor, the poorest people on earth.

65. 157 COUNTRIES COMPARISON - ECONOMIC POPULATION BELOW POVERTY LINE – INDEX MUNDI – CIA WORLD FACTBOOK – ACCURATE AS OF 1.1.2012

ECONOMIC POPULATION BELOW POVERTY LINE – INDEX MUNDI – CIA WORLD FACTBOOK – INFORMATION ACCURATE AS OF 1.1.2012 – NATIONAL ESTIMATES OF THE PERCENTAGE OF THE POPULATION FALLING BELOW THE POVERTY LINE ARE BASED ON SURVEYS OF SUB-GROUPS, WITH THE RESULTS WEIGHTED BY THE NUMBER OF PEOPLE IN EACH GROUP. DEFINITIONS OF POVERTY VARY CONSIDERABLY AMONG STATES. RICH NATIONS GENERALLY EMPLOY MORE GENEROUS STANDARDS OF POVERTY THAN POOR NATIONS.

We mentioned the problematics of the poverty surveys as the poverty line varies considerably among states – in richer states it is much higher than in poorer states, so we can find a higher poverty rate in rich countries as compared to poor countries. Yet, we try to draw some conclusions after all. The poorest countries in the world with more than half and up to 80% of the population living below poverty line are also the least ethical countries – Chad, Haiti, Liberia, Democratic Republic of the Congo, Sierra Leone, Nigeria, Zimbabwe, Burundi, Zambia, Niger, Honduras, South Sudan, Bolivia, Mexico, South Africa, Kenya, Eritrea, etc.

The most ethical countries have the lowest level of poverty – up to 16%: Ireland, Austria, France, Switzerland, Canada, Netherlands, United States, United Kingdom, Chile, Belgium, Japan, Germany, Denmark. But we also find very poor and unethical countries with lower poverty rate than the richest and most ethical countries (up to 16%): Thailand, Kazakhstan, Sri Lanka, Albania, Russia, China, Vietnam, Syria, Azerbaijan, Indonesia, and up to 23% - Egypt (which has a lower poverty rate than Israel), Pakistan, Iran, Algeria, Moldova, Brazil, Turkey. If we don't want to be confused we just have to conclude that the most ethical countries have the lowest poverty rates, so Ethics Pays, but if very unethical countries have a similar poverty rate it doesn't show that you are not penalized by your unethical conduct it just shows that the poverty line is much higher in the rich country than in the poor country, so we cannot conclude the opposite about the reward of the unethical countries. Yet the most unethical countries have a very high poverty rate although their poverty line is much lower.

## 66. 40 COUNTRIES COMPARISON - EDUCATION INDEX – THE LEARNING CURVE - PEARSON GLOBAL REPORT ON EDUCATION– 2014 - BEST EDUCATION SYSTEMS IN THE WORLD

EDUCATION INDEX – THE LEARNING CURVE - PEARSON GLOBAL REPORT ON EDUCATION – 2014 - THE BEST EDUCATION SYSTEMS IN THE WORLD IN 2014 AND 2012 – THE INDEX COMBINES NATIONAL DATA AND A NUMBER OF INTERNATIONAL RANKING, INCLUDING PISA – PROGRAMME FOR INTERNATIONAL STUDENT ASSESSMENT, TIMSS – TRENDS IN INTERNATIONAL MATHEMATICS AND SCIENCES STUDIES, PIRLS – PROGRESS ON INTERNATIONAL READING STUDY – TO PROVIDE AN INTERPRETATION OF HOW COUNTRIES ARE PERFORMING RELATIVE TO EACH OTHER

The Learning Curve by Pearson is a survey on the best education systems in the world. The Index was first published in 2012 and updated in 2014. The Index is based on Cognitive skills and Educational Attainment comparing the performances of 40 countries. It examines the cognitive skills of students, the levels of reading, maths and science, attaining a high level of literacy, success in educating students to secondary and tertiary degree level. The 10 most ethical countries (Luxembourg was not surveyed) rank high in the 24 best education systems: 3. Singapore, 5. Finland, 7. Canada, 8. Netherlands, 11. Denmark, 15. Australia, 16. New Zealand, 20. Switzerland, 21. Norway, 24. Sweden. They are not the top 10 as usual, but they are nevertheless on the top 20 or 24, you can't win them all, but still it is an outstanding result. However, if we analyze the 20 most ethical countries we find all of them in the top 21, Japan, Hong Kong, United Kingdom, Ireland, Germany, United States, Belgium, with one exception Sweden (in no. 24), Barbados and Iceland were not surveyed.

Similar results were obtained also in 2012. So, after all Ethics Pays at least for the 20 most ethical countries. In the top 20 we find also in no. 1 – South Korea. This country is consistently in the ranks of 40 in the TI index – 43 in 2014 with a score of 55, 40 in 2005 with a score of 5.0, in 1995 it was in no. 26 out of 41 with a score of 4.29 and in 1996 it was in no. 27 out of 54 with a score of 5.02. It is at the borderline between ethical and corrupt countries which is around 5.0, in the first half in the earlier periods and at the bottom of the first quarter today. Still, the country has many economic achievements and in education it ranks no. 1. Education is an important facet of ethics and at least in this parameter South Korea is the best country in the world. Japan ranking 15 in TI's index is ranked in Education no. 2, Singapore (TI – 7) is here no. 3, and Hong Kong (TI – 17) is ranked no. 4 in education. It is not a coincidence that 4 Far East countries are ranked no. 1-4 in the best education systems in the world. In other Education surveys we see also China ranking in the top ranks of education.

It is to the credit of the education systems in those Asian countries that they rank so high, due to their competitive and achievement-oriented emphasis. Some people may be concerned that their education systems are too tough and prefer the more permissive Western education systems. Another important finding – former communist countries rank very high in the quality of their education systems: Poland (TI – 35) is ranked no. 10, Russia (TI – 136) is ranked no. 13, Czech Republic (TI – 53), is no. 19, Hungary (TI – 47) is no. 22, Slovakia (TI – 54) is no. 27, Bulgaria (TI – 69) is no. 30, Romania (TI – 69) is no. 31. It is to the credit of those seven former communist countries that they rank so high with their good education system. Communism has failed in most of the parameters, but in education and culture they had quite impressive achievements, much better than their borderline ethical rankings.

Israel has achieved a good result in the level of its education – rank 17, although its ethical ranking is much lower – 37. Other countries as France, Austria, Portugal, Spain and Chile

have a similar ranking in education, although Spain's is higher and Chile's is lower. Finally, unethical countries as Italy (TI – 69) is ranked 25 in Education, just after the most ethical Sweden, Greece (TI – 69) is ranked 33, Turkey (TI – 64) is ranked 34, and the most corrupt countries - Thailand, Colombia, Argentina, Brazil, Mexico and Indonesia are ranked in the last ranks of Education, although as only 40 countries were surveyed we do not know what would have been their rank if there were 175 countries surveyed as in TI's ethical index.

## 67. WORLD TOP 20 COUNTRIES EDUCATION POLL RANKING SYSTEM – THE NEW JERSEY MINORITY EDUCATIONAL DEVELOPMENT (NJMED) – 2014

The New Jersey Minority Education Development – NJMED - gathers data to rate the poll in calculating early childhood enrollments (4 and under), the elementary and middle school levels in math, reading and science, high school graduation rates, college bachelors and graduate degrees into a single ranking system of five levels. The data is derived from the OECD, PISA – Programme for International Student Assessment study – 65 nations, UNESOC – United Nation's Economic and Social Council – 54 countries, EIU – the Economist Intelligence Unit – 187 nations, TIMSS – Trends in International Mathematics and Science Study – 59 nations and PIRLS – Progress in International Reading Study – 46 states.

The Top 20 countries in 2014 comprise most - 14 of the 20 - most ethical countries, namely: Japan, United Kingdom, Singapore, Canada, Netherlands, Germany, Finland, Denmark, Hong Kong, Norway, Ireland, Iceland, Switzerland and the USA. Bearing in mind that some countries in the 20 most ethical countries were not surveyed, we find here almost all the most ethical countries. Some of the countries missing are ranked high in the rates of the top five education systems in the five levels of education, and all the countries missing – Australia, New Zealand, Sweden, Luxembourg and Belgium are ranked also in other surveys as in Pearson's among the 20 countries with the best education systems (Sweden – 24, Barbados is not surveyed). In 2012 the Top 20 countries included also the 3 countries missing – New Zealand, Australia and Belgium: 1. Finland, 2. South Korea, 3. Hong Kong, 4. Japan, 5. Singapore, 6. United Kingdom, 7. Netherlands, 8. New Zealand, 9. Switzerland, 10. Canada, 11. Ireland, 12. Denmark, 13. Australia, 14. Poland, 15. Germany, 16. Belgium, 17. USA, 18. Hungary, 19. Slovakia, 20. Russia. Finland is perceived by many as the best education system in the world, although it differs widely from the Japanese and South Korean systems – it is based on helping the students with the lowest grades to improve their results with the help of the best students, because what matters is the achievement of all the class and not the best students. Sweden is not ranked among the 20 best countries but obtains a 24 quite good rank.

We wrote already about the excellent achievements of the education systems of the 4 Far East countries – South Korea (no. 1 in 2014) which ranked only 43 in TI's index, Japan – no. 2, Singapore – no. 4 and Hong Kong – no. 13. In the Top 20 survey we find also China (TI – 100) ranking no. 12. Israel is ranked here no. 10 although in TI's ranking it is only 37. Russia (TI – 136) is the only former communist country ranking in the 2014 survey in the quite high rank of 7. But in 2013 we find 3 other former communist countries among the Top 20 – Poland, Hungary, Slovakia, and Russia is ranked only 20, all those countries achieve excellent education results although their ethical ranking is much lower than the 20 most ethical states.

In education we find minor exceptions to the rule that "only" Ethics Pays, as there are some Top 20 Education countries which are nevertheless ranked in TI's index far below the 20 most ethical countries, as South Korea, Israel, Slovenia (TI – 39) and Spain (TI – 37), and some Top 20 Education countries which are very corrupt as China and Russia which achieve excellent education results, in spite of their corruption. However, the most corrupt countries in other education indices rank very low as corruption in most of the cases is detrimental to education and health care as well as most of the other parameters, while ethics in most cases is very beneficial to education, health care and all the other parameters examined in this book.



## 68. 165 COUNTRIES COMPARISON – SCHOOL LIFE EXPECTANCY – CIA WORLD FACTBOOK – MAINLY 2012

School life expectancy (SLE) is the total number of years of schooling (primary to tertiary) that a child can expect to receive, assuming that the probability of his or her being enrolled in school at any particular future age is equal to the current enrollment ratio at that age. Caution must be maintained when utilizing this indicator in international comparisons. For example, a year or grade completed in one country is not necessarily the same in terms of educational content or quality as a year or grade completed in another country. SLE represents the expected number of years of schooling that will be completed, including years spent repeating one or more grades.

**Source:** CIA World Factbook (2015-12-31)

The most ethical countries rank in this parameter of School Life Expectancy in the first 14 ranks, except Luxembourg which is ranked 57 (Singapore and Canada were not surveyed). If we compare the first 20 very ethical countries we see also that most of them are included in the first 30 countries, except Japan and Barbados which are ranked 34. But in the first 30 countries we find also some exceptions – corrupt Argentina (TI – 107) ranked 6 in Education, quite corrupt Greece (TI – 69) ranked 6, corrupt Belarus (TI – 119) ranked 14, and quite corrupt Italy (TI – 69) and Saudi Arabia (TI – 55) ranked 14. But, here again, as a rule the ethical countries have the best ranks in school life expectancy as well. The lowest ranks in this parameter are also for the most corrupt countries – Sudan, Chad, Central African Republic, Pakistan, Yemen, Nigeria, Mozambique, Myanmar, Afghanistan, Congo DR, etc.

69. 214 COUNTRIES QUALITATIVE COMPARISON WITHOUT RANKING - LIST OF FREEDOM INDICES, 2014 – FREEDOM IN THE WORLD INDEX, INDEX OF ECONOMIC FREEDOM, PRESS FREEDOM INDEX, Sources - FREEDOM HOUSE, WALL STREET JOURNAL, REPORTERS WITHOUT BORDERS

It is very hard to imagine an ethical country without freedom – political rights, civil liberties, press freedom, and this indeed is the case with almost all ethical countries, but however there are a few exceptions. As a rule, the most ethical countries score the best results in Freedom in the World – political rights and civil liberties – "free" – 10 of the 11 most ethical countries score "free" – Australia, Canada, Denmark, Finland, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Singapore. One exception – Singapore – scoring "partly free", due to the totalitarian benevolent regime of Lee Kuan Yew and his successors. And this is a crucial question for developing nations: what is better for the population – to live in a "free" country as India with one of the largest poverty rates in the world, a corrupt country, scoring very low in most of the parameters of this book, or in a "partly free" regime as Singapore, whose leader Lee Kuan Yew has brought his country from a developing economy to one of the leading economies in the world, one of the most ethical countries, ranking among the first countries in most of the parameters. One shouldn't say – it is better to be free and democratic as in Switzerland, because this is not an option for many countries in the developing world. Furthermore, democracy is often a two-edged sword, as it enables undemocratic parties to be elected and then cancel the democracy, as happened in Germany in 1933 with the Nazis, in Gaza in 2007 with the Hamas, in Egypt's Morsi regime, or that democracy brings chaos.

The index of economic freedom is the favorite of the neo-liberal regimes that advocate complete economic freedom, whatever is the cost to society, poverty, and enabling the top 1% to rule and own most of the economy. Is it better to have a mostly free economy like Scandinavia, Netherlands and Luxembourg, or a free economy as Australia, Canada, New Zealand, Switzerland and Singapore? Both types of economy are legitimate, but what is better for the whole population, not only 1% or even 10% of the population? Anyhow, the most ethical countries are split between the two types of economic systems. But, let us state clearly that even a mostly free economy like Sweden's is a full capitalist regime, and not a retrograde communist/socialist regime as the neo-liberals tend to accuse the Scandinavian regimes. Almost all the most ethical countries have a "good situation" in the Press Freedom Index, except Australia "satisfactory situation" and Singapore "difficult situation". So, the most ethical countries score the best results in all the freedom indices, as we think that "mostly free" in Economic Freedom is also a very good result. But what came first – freedom of the press, civil rights, economic freedom – or ethics? An ethical conduct is in most cases the condition sine qua non for obtaining freedom in all its aspects, and it applies also here.

The situation in the 19 countries with the least corruption (ranking 12-30) after the first 11 most ethical countries, is somewhat more complex but in general – even the slightly less ethical countries score the highest scores of freedom or slightly less: Germany, Ireland, Iceland, Austria and Estonia are free/mostly free/good situation in the three parameters as the most ethical countries. UK and US are free/mostly free/satisfactory situation, France and Uruguay are free/moderately free/satisfactory situation, Belgium is free/moderately free/good situation. However, Japan and Chile are: free/mostly free/noticeable problems, Hong Kong is partly free/free (the "model" of economic freedom of Milton Friedman)/noticeable problems. Qatar is not free/mostly free/noticeable problems, and United Arab Emirates are not free/mostly free/difficult situation. Finally, Bhutan is partly free/mostly unfree/noticeable problems, yet ranking no. 30 in TI's index, and is one of the happiest countries in the world.

The most corrupt countries have also the lowest scores in the freedom indices. Somalia, North Korea, Sudan, Uzbekistan, Turkmenistan, Eritrea are not free/repressed/very serious situation. South Sudan and Iraq are not free/n/a/difficult situation, Libya, Venezuela and Haiti are partly free/repressed, but the freedom of the press is difficult situation/very serious situation/satisfactory situation. China has a thriving economy, yet it is not free/mostly unfree/very serious situation, India the largest democracy in the world is free/mostly unfree/difficult situation, Iran a theocracy is partly free/repressed/difficult situation, Brazil is free/most unfree/noticeable problems and finally democratic Russia in 2014 (not during the communist regime!) is not free/mostly unfree/difficult situation – plus ça change, plus c'est la même chose – the more things change, the more they stay the same. Russia and Estonia, former members of the USSR, Estonia is now one of the most ethical countries and has freedom like Germany, Ireland and Iceland, while Russia, homeland of Tolstoy, Chekhov and Solzhenitsyn, is one of the most corrupt countries with freedom like South Sudan and Iraq.

70. 222 COUNTRIES COMPARISON - BY INCARCERATION RATE – 2014 – SOURCE:  
WORLD PRISON BRIEF – INTERNATIONAL CENTRE FOR PRISON STUDIES

A major problem in this list of countries by incarceration rate is that probably many countries do not divulge the true numbers of incarcerated people, otherwise it is completely incomprehensible how in a totalitarian state as Syria where hundreds of thousands of people were killed in the civil war there are only 60 prisoners per 100,000 population exactly like the peaceful Sweden, one of the most peaceful countries in the world. Half of the 11 most ethical countries in the world have among the lowest incarceration rates: Finland – 58, Sweden – 60, Denmark – 73, Norway – 72, the Scandinavian countries have therefore almost the lowest number of prisoners in the world – Iceland (TI – 12) actually has even a lower number - 47, Netherlands – 82, Switzerland – 87. The other half of the most ethical countries have a higher number of prisoners but still quite low – Canada – 118, Luxembourg – 131, Australia – 143, New Zealand – 183, and authoritarian Singapore has the highest number of prisoners per 100,000 population – 233. Other ethical countries have a very low number – Japan – 51, Germany – 78, Ireland – 89, Austria – 98, Belgium – 108, France – 103, Qatar – 53, etc.

The most striking number of this list is the number of prisoners in the United States – 707 per 100,000, the highest incarceration rate in the world (except Seychelles), 10 times more than Scandinavian countries!, much higher than communist Cuba – 510, totalitarian Russia – 470, or crime ridden South Africa – 294, and Brazil – 274, higher even than theocratic dictatorship Iran – 284 and Saudi Arabia – 162. This very high number derives of course from the high criminality rate, but also from the neoliberal policies privatizing almost everything even prisons (watch the film by Michael Moore's – Capitalism, a Love Story). We learned already that Syria has only 60 prisoners, but Pakistan struggling against Al Qaeda has even less – 41, Chad – 39, Nigeria – 33, Central African Republic – 19, and China – 124... Something must be wrong in this list, probably the number of prisoners divulged by some of the countries...

The following statistics are worth to mention: San Marino has the lowest number of prisoners – 0, Liechtenstein – 19, Liberia – 43, Bangladesh – 45, Sudan – 50, Yemen (in spite of the civil war) – 53, Mozambique – 62, Indonesia – 62, Djibouti – 63, Senegal – 64, Egypt (the new regime is still fighting against the Muslim Brotherhood and terrorism and has one of the lowest number of prisoners, lower than the Netherlands...) – 76, Haiti – 95, Italy and Cambodia have both only 100, Uganda – 102, Greece – 120, Hong Kong – 126, Iraq (there is a civil war, Islamic State has conquered large parts of the country, terror is a daily routine, and it has a lower number of prisoners than peaceful Australia...) – 139, Serbia – 142, Vietnam – 143, Spain – 144, Bhutan – 145, Algeria – 162, Venezuela – 174, Turkey – 198, Mexico – 211, Morocco – 221, Colombia – 244, Israel – 249, Thailand – 435, Rwanda – 492.

One could argue – what is better for an ethical country: to have a high level of incarceration rate like the US (TI – 17) – 707, or a very low level of incarceration like Finland (TI – 3) – 58. What does it mean? Maybe it is better to have a high level of incarceration as you imprison all the criminals, the terrorists, the thieves and murderers. Maybe an ethical country has to put in jail all the crooks, the swindlers, the embezzlers, those who give and those who receive bribes, all the corrupt people, and therefore they should have the highest rate of prisoners, as in corrupt countries all the crooks are free. But if you are an ethical country – maybe a priori you don't have many criminals. We have to refer therefore to the figures that prove that the most ethical countries have the lowest rates of crime and the lowest number of prisoners as they are also the most peaceful countries, with the lowest number of criminals.

## 71. 34 COUNTRIES COMPARISON - LEVEL OF DISCRIMINATION/VIOLENCE AGAINST MINORITIES – 2015 – OECD

The following is a list of [OECD](#) countries by the *Group Grievance* indicator, which was also used in the [Social Progress Index](#) as "discrimination and violence against minorities" under the "tolerance and inclusion" category. When tension and violence exists between groups, the [state's](#) (or [non-state actor's](#)) ability or willingness to provide security is undermined and fear and further violence may ensue. The indicator includes pressures and measures related to:

- [Discrimination](#)
- [Powerlessness](#)
- [Ethnic violence](#)
- [Communal violence](#)
- [Sectarian violence](#)
- [Religious violence](#)

In this survey we find once again that the most ethical countries have the lowest level of discrimination and violence against minorities – from the lowest level of 1.3 for Sweden ranked no. 1, 3. Finland – 1.6, 6. Luxembourg – 3.1, 8. Denmark and Switzerland – 3.6, 10. Norway – 3.7, 12. Canada and Netherlands – 3.9, 15. New Zealand – 4.1, 19. Australia – 4.3 (Singapore was not surveyed). Those are very low levels, and the same applies to most of the very ethical countries – Iceland, Ireland, Belgium, Japan, Germany. Other ethical/quite ethical countries that have low levels are – Czech Republic, South Korea, Portugal, Slovenia, Chile, Austria and Poland. Borderline cases are the quite corrupt countries – Italy – 4.9 and Greece – 5.0, the very ethical countries – US – 5.0 and UK – 5.6, ethical Spain – 5.8, France – 6.8 and Estonia – 6.5. Corrupt Mexico (TI – 103) scores 6.4. But the worst scores are for Turkey (TI – 64) – 9.0 (problems with the Kurds) and Israel (TI – 37) – 9.7 (problems with the Palestinians in the West Bank). We do not have results on very corrupt countries but we know that the problems there are much more accute than in the OECD, as we can learn from other surveys.

## 72. 255 COUNTRIES COMPARISON – INTERNET PENETRATION RATE (RPR) (IN %) – MOSTLY IN 2013/2014 - INTERNET WORLD STATS

COUNTRY COMPARISON – INTERNET PENETRATION RATE (RPR) IS THE NUMBER OF INTERNET USERS DIVIDED BY THE POPULATION (IN %) – MOSTLY IN 2013/2014 - INTERNET WORLD STATS

We refer to Bhutan in the analysis of World Happiness, but many people should ask themselves what do they prefer – to live in a country like Bhutan, one of the happiest countries in the world, ranked by TI as no. 30 in the corruption perception index (close to France – 26), with a GDP per capita of only \$7,000 (but with a GDP growth rate of 6%), and an Internet penetration rate of only 30%, or to live in a modern country like South Korea, one of the richest countries in the world, with a GDP PPP per capita of \$35K, with an Internet penetration rate of 85%, ranked 41 in the world happiness report and 43 in TI's ethical report? What is better, a high degree of happiness or a high degree of development? Can we combine both of them? The answer is absolutely – Yes! The 11 most ethical countries in the world are also the most modern and the happiest as well, especially the Scandinavian countries who win all the trophies. Like the Swedish Abba song "the winner takes it all", Sweden, Norway, Denmark and Finland – the Scandinavian countries are the best in almost all parameters: they are not only the most ethical, happiest, richest, most democratic, with the highest equality in income and gender, but they are also the most modern, most competitive and with the highest efficiency records. Even in the parameter of internet penetration they score the highest grades: Sweden (TI – 4), Denmark (TI – 1) and Norway (TI – 5) – 95%, Finland (TI – 3) – 92%, and if we want to add the very ethical and smallest Scandinavian country Iceland (TI – 12), we find that they have the highest Internet penetration in the world – 97%! (maybe because it is so cold there that you have to stay indoor and work on the Internet...). The other countries in the 11 most ethical have also among the highest Internet penetration rates: Canada – 95%, Netherlands and Luxembourg – 94%, Australia, Switzerland and New Zealand – 87%, but Singapore - 73% only. So, here again Ethics Pays by far.

However, if we add to those countries the other states ranking up to 20 in TI's index, we see that here also the Internet penetration is very high, although not as high as in most of the first 11: UK – 90%, Germany – 86%, US – 87%, Japan – 86%, Belgium – 82%, Ireland (and the European Union) – 78%, Hong Kong and Barbados - 75%. Going down from 21 in TI index to 47 we find that most of the countries have a lower Internet penetration which is quite high – on the average – 75%: Austria (81%), Bahamas, United Arab Emirates (88%), Qatar (85%), Chile, Uruguay, Estonia, France (83%), Cyprus, Portugal, Puerto Rico, Poland, Taiwan (80%), Israel – startup nation - (71%), Spain (75%), Slovenia, South Korea (85%), Lithuania, Latvia, Malta, Costa Rica and Hungary. However, Bhutan (TI – 30) – 30%, Botswana (TI – 31) – 15% - both countries are not developed by most of the standards yet are very ethical in comparison to other not developed countries. Unethical countries have a much lower Internet penetration rate – Brazil (TI – 69) – 54%, China (TI – 100) – 47%, Cuba (TI – 63) – 26%, Greece – 60% and Italy 58%, both rank 69 in TI's index. India (TI – 85) – 20%, Russia (TI – 136) – 61%, Iran – 56%, Indonesia – 28%, Mexico – 49%, Nigeria – 40%, Pakistan – 15%, South Africa – 49%, Tanzania – 15%. And the most corrupt countries of the world have also the lowest Internet penetration: Somalia – 2%, Sudan – 26%, Iraq – 9%, Afghanistan – 6%, South Sudan – 0%, Turkmenistan – 10%, Uzbekistan – 38%, Libya – 22%, Eritrea – 6%, Yemen – 20%, Angola – 22%, Venezuela – 50%, Haiti – 11%, Guinea-Bissau – 3%, Syria – 26%, Burundi – 4%, Zimbabwe – 39%, Bangladesh – 25%, Central African Republic – 3%, Myanmar – 1%, Cambodia – 6%, Democratic Republic of the Congo – 2%, Chad – 3%, Ethiopia – 2%, Vietnam – 44%, Papua New Guinea – 6%.