

## JAPONICA PARTNERS 15 SEPTEMBER 2015 TELECONFERENCE RE A GLOBAL 5-STAR FINANCE MINISTER FOR GREECE

### Paul B. Kazarian Transcript

*Comments by Paul B. Kazarian, Founder, Chairman, and CEO of Japonica Partners:*

Let me start by saying that it is an imperative goal that Greece appoints a **globally respected 5-star finance minister** with expertise and skills to build trust and confidence. Appointing a **globally respected 5-star finance minister** is the most important reform for Greece. This is about meritocracy not nepotism. This is about axe/e/o/cra/t/ah.

As a public service, Japonica has begun a multi-media campaign focused on presenting a **scorecard** to rate the expertise and skills of Greece finance minister candidates on a one to 5-star scale. The campaign includes full page notices in major international newspapers, including the FT, INYT, and the WSJ. We've also begun full page multi-media campaigns in Greece. As will be discussed by Christopher Magarian the **scorecard** has three areas of expertise (finance, accounting, and turnaround management) and four skills known as "MACC" (measuring, analyzing, creating value, and communicating). Professor Serafeim will provide additional insights into MACC as it applies to a global 5-star finance minister for Greece. The scorecard and a Technical Capabilities Checklist can be found at [www.MostImportantReform.info](http://www.MostImportantReform.info).

It's shocking to learn that after 15 years in the Eurozone, the Greece government does not publish consolidated financial statements. The Greece government does not even have an audited balance sheet. And, the government continues to report numbers that, from a transparency and governance perspective, are comparable to those produced using **single-entry** cash-basis accounting systems, which are known to cultivate massive corruption and inefficiency.

As will be discussed by Dr. Ian Ball, with **single-entry** accounting in contrast to double-entry accounting, the following actions may not have the true and fair impact on the government financial statements: giving away government assets, overpaying for assets, or forgiving money owed to the government. With cash-basis accounting in contrast to accrual-basis accounting, fiscal illusions are created by disingenuously manipulating the timing of cash flows, especially not recognizing commitments requiring future payment. The Greece government cannot know if it is better or worse off from a single decision or from period to period if there is no calculation of the change in balance sheet net worth.

The globally replicable solution is double-entry, accrual-basis international accounting standards, which are IPSAS/IFRS. IPSAS/IFRS are the foundation for independently audited financial statements to detect corruption, improve efficiency, and report internationally comparable and credible financial information.

Over the past 15 years, successive Greek governments have announced at least six plans to implement international accounting standards, and each time have circumvented implementation by appointing incapable finance ministers with very low scorecard star ratings. To turnaround a failed state requires state-building, and history shows that to drive positive change in a destructive financial culture requires a globally respected 5-star finance minister with a solid combination of expertise in finance, accounting, and turnaround management as well as the necessary "MACC" skills.

As Professor Soll will discuss, Europe has centuries of impressive history on double-entry, accrual-basis accounting popularized by 5-star finance ministers who transcend nationality, and the Greece government must show an honest commitment to being a value-contributing member of the Eurozone by appointing a globally respected 5-star finance minister to build trust and confidence. This is about meritocracy, not nepotism. This is about axe/e/o/cra/t/ah.

Thank you.