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EDITORIAL

Greek debt: CEC is ahead of the curve at the Tripartite Social Summit.

“ On the night of October 26th/27th, the European Council met for an extraordinary session to take the necessary decisions to enable the EU to deal with the sovereign debt crisis that threatened its economy. Called by many a “last chance Summit”, the meeting was to seal the package to ensure stability in the EU.

CEC notes that the European Council has a more realistic approach, recognizing that only European solidarity will allow Greece and other countries close to default to find the way back to growth.

” The results of this meeting echoed the requests of the CEC made earlier that month at the Tripartite Social Summit.”



GEORGES LIAROKAPIS / PRESIDENT

The results of this meeting echoed the requests of the CEC made earlier that month at the Tripartite Social Summit. The European leaders finally reduce by half the Greek debt and agreed to use private capital to double the Eurozone rescue fund. While many consider the results of this Summit as too weak,

CEC deliberately acted in the spirit of a European consensus which remains to be found, or even invented. CEC prepared timely initiatives (CEC conference on October 7), communicated at the right moment ten days later (Tripartite social summit on October 17), and certainly contributed to the solution adopted by the European Council on 27 October 2011. CEC believes that solutions adopted now for the Greek crisis will serve other countries in the Eurozone facing the same problems in the near future.

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7 October 2011: CEC Conference on Managers in an economy under crisis



J. CHATZIMARKAKIS, MEMBER OF THE EUROPEAN PARLIAMENT

Firm supporters of the European construction process and well aware of the danger of the Greek crisis spreading to Europe, the CEC wanted to see for itself to understand and put into perspective the Greek crisis in its European context.

The Greek crisis

Greece faces a serious problem of governance. National political parties accuse each other of the mismanagement that led the country to the brink. In practice, they are struggling to introduce comprehensive structural reforms needed to stabilize the economy. Added to this, clear difficulties in communicating with the public were mentioned several times during our discussions. The credibility of the messages from politicians is challenged at its core. To restore hope and instil the desire for change, the trust of citizens must first be gained.

”Bring changes in the institutions, and cultural change in attitudes and mentalities will follow” said Michael Pagidas, President of the Greek Association of Chief Executives Officers (ACEO). Greece suffers from structural problems: poor public

administration, tax evasion, corruption, an expensive pension system, and especially the all-presence of the state responsible for the rigidity of the markets. The government and the Troika have so far failed to take adequate measures to secure the way out of the crisis. The proposed measures have mainly focused on deficit reduction involving austerity policies. In the long term, this strategy is not viable. In 2010 work productivity has decreased by 6% in Greece and investment spending fell by about 18% over the second semester of 2011 compared to previous year figures. The growth factor, essential for economic recovery, was completely lost. Revenue forecasts were too high, especially as the Greek government gave priority to tax increases on spending cuts. For 2011 a 7.6% deficit target was foreseen, but the latest estimates announce 8.5%.

Another danger threatens the Greek economy: the banking crisis. For years, banks have provided low cost loans to Greece, although these financial operations were risky. Creditors were necessarily aware of the reality behind the overstated figures given.

Nonetheless, most speakers stressed the great potential of Greece: plentiful natural energy resources (sun, wind, and water), untapped mineral resources (gold and other metals), a competitive advantage in areas such as tourism, energy and agriculture.

Greek managers have ideas for solutions. Why not listen to them?

- There must be a shift from the consumption model to a production model. Greece has a competitiveness problem to solve. But it needs to attract investors to address this. Removing unnecessary regulations is urgent for the markets to open up. The privatization process should also be accelerated.
- Structural reforms must be carried out. There is a need for consolidating public finances and reforming the tax system. Institutional bodies and public administrations can be reorganized with the introduction of assessment programs encouraging performance and efficiency. The potential of the regions can still be exploited through a decentralization process.
- The trend among the younger Greek generation is to try to build their future abroad. In the global race for talent, Greece should consider strategies to attract its young graduates and encourage them to get involved in local development projects.

The message is clear: Greece needs to change. But the current crisis the country is going through has grown in correlation with the global turmoil that affected the whole European economy. Greece can not be blamed for all the bad things in Europe. One significant figure was recalled at the conference: Greece represents less than 2% of the European debt.

The crisis is also European

Several speakers referred to the project of the founding fathers of Europe. After the Second World War they sought to unify the countries of Europe around common interests to

The current coordination system has shown its flaws and especially its lack of responsiveness in critical situations. And yet it is too late to turn back. Particularly with regard to the euro area, the cost of a return to national currencies would be even greater than the bail-out cost.



avoid divisions and conflicts. Today this project has lost its strength. The participants at the conference regret that the countries of Europe lost the bond of solidarity that had first brought them together.

The causes of the crisis in Europe have more distant origins and issues are more complex than the problems affecting Greece. Several speakers recalled that a trigger to the European crisis was the failure of the Stability and Growth Pact. From the moment when France and Germany did not comply with this Agreement, the financial balance of Europe was challenged.

One of the strong messages of the conference is to rethink the governance of the European Union. The markets are now so powerful that they threaten the stability of several European countries. It is time to impose regulations at European level and to guarantee the stability of the Union. But for this, the Union's Member States must be prepared to have a single head that establishes laws and sanctions with one voice.

The responsibility of managers

Managers can set an example and inspire. They ensure daily crisis management and know how to make quick decisions in response to unexpected events. In the present context, they must support the society and contribute to demand the necessary changes to governments, to politicians and to European decision makers.

Managers have an overview of the needs on the labour market and the economy. They anticipate change and can forecast future lack of skills and investment. Synergies could be established between managers and the various decision makers to better prepare strategies to boost the European economy.

The culture of management is evolving across Europe: it is widening to pluralism in management styles. The CEC members are observing the development of a new ethic closer to entrepreneurship, requiring more innovation and rapid adjustment to change. In this perspective, the potential of the younger generation should be better exploited.

Two organizations of managers, member of CEC are active in Greece: HMA and ACEO. These organizations have solutions to offer to find a way out of the crisis in Greece. It is unfortunate that Greeks decision-makers and politicians are not open to listen to their messages.

The CEC contribution

Synthesize, objectify the issues, share responsibilities between country-level and European-level and send a clear message at the European Social Summit on 17 October 2011 (see the following article).



17 October 2011: Social Tripartite Summit

On 17 October 2011, CEC President Mr. Liarokapis attended the Autumn Tripartite Social Summit under the Polish Presidency of the Council of the European Union in presence of Mr. Van Rompuy President of the Council of the EU and Mr. Barroso, President of the European Commission. In this difficult time for Europe, with the crisis of the sovereign debt menacing several countries of bankruptcy, Mr. Liarokapis presented the conclusions of the CEC conference "Managers in an Economy in Crisis".

"We need more Europe, not less Europe, we have no other alternative"

What it is still going wrong in Greece?

- Young Greek graduates leave the country and look for a future elsewhere.
- Privatisations were supposed to be done, this has not happened yet.
- Lots of real estate is property of the state and no use is made out of it.
- Greece lacks management but Managers' voice is not heard; politicians refer to Managers as technocrats.
- Salaries in the public sector are al-



- most the double compared to salaries in the private sector.
- Nevertheless, the current salary of a teacher in Greece is 630 €. How can a teacher live with 630 € per month in a euro zone country? Education is crucial for the next generations.
- Ten days of strike per year on average it is too high.
- Changes are necessary in mentalities, culture and institutions.
- Solidarity from outside has to be deserved; attitudes must change.
- Taxes increase in a recession period increase recession.
- The tax system in Greece needs to be reworked so as to encourage investment.
- Greek Managers are motivated to find solutions and have ideas about what to do. Why not listen to them?

The European vision and European Union responsibility

- We need more Europe, not less Europe.

- To have peace we need first social peace all around the Union.
- How are the youth suppose to believe in Europe?
- Greece needs technical advice and communication tools in order to move from the "crisis mood" into action.
- Euro € brought immense benefits to companies and states.
- The cost of saving economies in difficulty like Greece is less than the cost of returning back before Euro.
- Banks that were lending to Greece had knowledge of the wrong figures regarding the Greek economy, but lending was continuing.
- European funds should focus on Green Economy and Renewable Energy projects. Sun, wind and tide energy are available in Greece all around the year.
- We can consider Germany as a model which invested into the industrial base, cutting public expenditure, having responsible unions and introducing a debt brake in the constitution.

- Germany got additional wealth over the past two years thanks to the free market access and the € currency.
- If the monetary Union had not existed Germany's export benefits would have probably suffered by a strong DM.
- Europe should come up with a warranty fund over the ten next years for Greece and promote investment on Green energy projects.

The crisis Greece has been facing over the past two years reveals that there is a European structural problem linked to the monetary Union. This is not to minimize efforts Greeks have to undertake but the solution to the problem cannot come only from inside the country, it should also come from Europe. We need more Europe not less Europe. We have no other alternative. If all Euro-countries really begin to act as a stability-union we will have a common future in Europe.

As a responsible social partner, CEC European Managers together with two Managers organisations in Greece, EASE and EEDE, give their contribution to overcome the Greek crisis. We would have appreciated if some more attention had been paid by the Commission to our efforts.

Europe celebrates 20 years of the signature of the Social Protocol



On 24/25 November the conference "Negotiation, consultation and autonomy of EU Social partners" celebrated two decades of the European Social dialogue since the EU Social Partners agreement of 1991. CEC was represented by Secretary General Ludger Ramme.

Ramme highlighted in a statement the fact that the beginning of the Social dialogue started with the big Social partners only. It took a long line of negotiation until 1999 when CEC was formally admitted to participate in the negotiations on the side of the trade unions. Ramme: "Our cooperation agreement with Eurocadres under the umbrella of ETUC has been a success. CEC will continue to coope-

rate on this basis and make managers' concerns and positions be heard."

The conference organised in Warsaw (Poland) in cooperation with the Polish Presidency, brought together representatives of the cross industry and sectoral social partners at European and national level as well as representatives of EU Member States, EU institutions, academics and other

stakeholders interested in the social dialogue and industrial relations.

It is estimated that half of all recent community social legislation is accounted for by social partner agreements. This is clearly a good reason for CEC to remain involved and work together with the other social partners for a smooth development in EU industrial relations.



LUDGER RAMME, SECRETARY GENERAL