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EDITORIAL

The summer of 2014 will be remembered as one of the most geopolitically tense periods in recent times for our continent. First and foremost, long-lasting tensions between Ukraine and Russia have reached an unprecedented peak, with the prospect of a military conflict between East and West being fought on European soil being for several weeks perceived as a scary but very realistic possibility. Additional instability came also from the Middle East, where the Arab-Israeli conflict escalated to a non-declared war with many casualties. Eventually, growing tensions in the rest of the world have accentuated the pressure on our continent of migratory flows, while the rapid advance of Islamist armed groups in Syria and Iraq open the door to the risk of a new, frightening resurgence of terrorist attacks towards our countries.

The long-run implications of these tensions are difficult to evaluate, but we can already predict some of the risks we might face (like the fear that Europe's supply of gas for the winter season might be cut, should tensions with Russia continue) and we can already experience some of the consequences on the domestic plan (we should not exclude, for instance, that a certain appeal to "neo-isolationism" might have been used in the campaign for the independence of Scotland). All these external challenges happened in a moment of profound political and institutional transition for Europe: following the results of the European elections of last May, European Heads of State and Government were busy finding an agreement on the names of the new President of the European Commission, the new High Representative for Foreign Affairs and Security Policy and the new President of the European Council. If the nomination of Mr. Juncker to the first position has been a relatively easy (and predictable) one, the necessity to find a consensus and guarantee a political, geographical and gender balance among all European countries for the other two representatives has proven more difficult and uncertain. More recently, the formation of the European Commission has been finalized, too: the executive body of the European Union has been "restructured" with the introduction of the role of the "thematic" Vice-President, a

Commissioner with supervisory and coordinating powers for a specific policy area.

Democracy, we all know it, is also about the respect of procedural rules. After the procedures set to renew the political structure of Europe are completed (the whole cabinet of the European Commission, included the High Representative, will have to undergo parliamentary scrutiny before it can enter into function on November 1st), it is essential that all its bodies rapidly assume their functions in a true spirit of European cooperation and common interest. Europe must show both internally and to the outer world that it is capable of taking decisions on a unitary basis, having a clear perception of its role in the global context and its policy strategies. And it must do so making sure that its voice and opinions can be clearly understood in the first place by European citizens. It's them, and more specifically the most vulnerable and hardest hit by the crisis, who need to understand the importance of a united European Union (both at home and abroad) and see the results of its common actions. This is the only feasible way to restore people's confidence on what Europe does and can do, and ensure that the project at the basis of the process of European integration continues to deliver positive results in the years to come.

An ample section of this issue of the Newsletter will be dedicated to present and comment the recent nominations of top European officials, as we believe that they can and will represent a turning point in the evolution of our Union.



Annika Elias
President of CEC European
Managers

An overview of the recent nominations at the head of the main European institutions

After the elections, Europe chooses its leaders for the years to come

According to the provisions of the European Treaties, as last modified by the Treaty of Lisbon, the European Council (the body comprising the Heads of State and Government of Member States) is the institution with initiative powers when it comes to nominating the Presidents of the European Commission and the European Council. Yet, the elections for the European Parliament of May 2014 saw for the first time a truly “European” electoral campaign from major European parties, with candidates to the post of President of the European Commission being officially nominated at party rallies, electoral programs and even public debates being organized for the wider public. Following the results of the elections, the European Council nominated (not at unanimity, for the first time in the European history) the candidate of the EPP, former Luxembourg Prime Minister Jean-Claude Juncker and long-time serving chair of the Eurogroup (the informal meeting of finance ministers of the Eurozone) on June 27th. Mr Juncker was eventually elected by the European Parliament by a majority of 422 votes on July, 15th. This majority comprises MEPs of three European political parties: the EPP, the PES and the Liberals; these will be the parties who will then express the candidates to the posts of Commissioners (the only exception being the British candidate, belonging to the conservative group of the ECR).

Following this election, and pursuant to the Treaty on the European Union, the European Council agreed on August 30th to nominate Ms. Federica Mogherini, the current Italian Ministry of Foreign Affairs, to the post of High Representative for Foreign Affairs. The holder of this post, introduced by the Lisbon Treaty, is at the same time head of the EEAS, the independent service of the European



Mr: Donald Tusk, new President of the European Council; Mr: Herman van Rompuy, current President of the European Council; Ms. Federica Mogherini, new High Representative for Foreign Affairs

Union for foreign policy, and one of the Vice-Presidents of the European Commission. For this reason, the nomination of Ms. Mogherini (who has been supported by the Party of European Socialists) will have to be confirmed by a consent vote of the European Parliament, as it is the case for all the other Commissioners, and in case of approval she will only take office on November 1st together with the whole College. During the same meeting of the European Council, European leaders elected the new President of the European Council, Mr. Donald Tusk, current Poland's Prime Minister. Mr. Tusk, who is a representative of the EPP, will serve for a mandate of 30 months (renewable only once) starting on December 1st.

The most significant change, however, concerns the new composition and members of the European Commission, which has been disclosed last September 10th. It is the President's responsibility to define political priorities and policy orientations for the duration of his mandate, and modify the structure of the Commission (for instance, creating new portfolios) according to his programme. Mr. Juncker has introduced a major innovation with the figure of Vice-Presidents, responsible for specific policy areas

and with precise coordinating powers over the activity of the other Commissioners. Four vice-Presidents (out of seven) are female; the total number of female Commissioners (including vice-Presidents) is nine, the same figure as the current Barroso Commission.

After a first round of written questions, the 28 designate Commissioners will have to undergo political scrutiny by the European Parliament; public individual hearings will start on Monday 29th September and continue until the beginning of October. The Commission will then be approved or rejected in its entirety by an absolute majority vote of the plenary session of the Parliament; such vote is for the moment scheduled for October 22nd. Once elected by the European Parliament, the Commission takes office for a mandate of five years.



Mr. Jean-Claude Juncker, new President of the European Commission, at his opening statement in the European Parliament in July 2014

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A short analysis of the next European Commission

An ambitious political programme and some questions on how it will be implemented



Mr. Juncker presenting the College of Commissioners, September 2014

One of the main points of the campaign for European elections last spring was that this time elections would be different. Indeed, for the first time electors were presented with real candidates of the main European political parties. For this reason, the nomination of Mr. Juncker to the post of President of the European Commission came to little surprise, and should be considered as a positive move reinforcing the democratic legitimacy of this institution.

A NEW ROLE FOR VICE-PRESIDENTS

Another proof of the innovative nature of this new Commission is its structure. Out of the 26 Commissioners proposed by President Juncker (the whole College comprises 28 members, including the President himself and the High Representative for Foreign Affairs), 7 have received the qualification of Vice-President and been attributed specific portfolios. Differently from

the past, the role of vice-President is no longer only of a purely political nature, as each of them will be responsible for one of the thematic policy areas (so called «project teams») in which the whole spectrum of Commission competences has been divided. These vice-Presidents will have to ensure coordination of the activities and the harmonization of policy orientations suggested by individual Commissioners on issues falling under their competence; their «coordination» power might very well include a veto power on proposals to be tabled for discussion of the College. The seven «thematic» areas cover the following themes: better regulation and the respect of human rights, budget and human resources, social dialogue and the Euro, the digital single market, employment, growth and investments, energy Union and finally the package of foreign policy themes under the direction of the High Representative. Among the 7 vice-Presidents, one enjoys the title of first Vice-President: he will be responsible for the overall

coordination of the work of all the other vice-Presidents, ensuring that all legislative proposals respect the principles of better regulation and the respect of human rights. The first vice-President will therefore act as a “deputy” of the President, with a more political profile and a specific liaising role with the other European institutions; the High Representative for Foreign Affairs will also have a more decisive political role and will be asked to perform more strongly her role of vice-President of the Commission (symbolically, her Office will be housed in the Berlaymont building, where all the other Commissioners work, and not within the EEAS premises).

A POLITICAL AND ADMINISTRATIVE RESHUFFLE

Each Commissioner has received a detailed nomination letter, setting the objectives and policy results that the President expects from individual Commissioners and relevant project teams. These letters also clarify the



Family photo of President Juncker and designate commissioners

way this new «collaborative way of working» (to use the words of the Commission) should actually run, yet it will be interesting to see how in practical terms this coordination will be ensured, either within the same «project team» and between working teams. In fact, individual Commissioners (and the respective DGs) can be integrated in more than one project team, while the first vice-President and the vice-President responsible for budget and human resources have «control» over the decisions and activities of all Commissioners. To make an example, the activities of the Commissioner for Regional Policy will be integrated in four different project teams (Digital Single Market, Energy Union, the Euro and Social Dialogue and finally Jobs, Growth, Investment and Competitiveness), besides the overall control by the two «generalist» vice-Presidents. On the one hand, this “architecture” represents a step forward towards more political autonomy and authority of the President, as well as towards more coherence to the activities of the Commission in those areas of horizontal nature. On the other hand, the need to find effective and reliable ways that clarify the “vertical” organization of competences of each Commissioner (and therefore the “legitimacy” of a specific vice-President rather than another one to intervene) will represent a major

organisational challenge, with clear political consequences. It is therefore likely that the “trial period” for this Commission will be longer than usual, while many organizational adjustments in the functioning and structure of DGs have already announced (as new portfolios have been created, such as the one for Migration or for SMEs, and many dossiers been transferred from a DG to another one).

THE NEW COMMISSIONERS FOR EMPLOYMENT AND SOCIAL AFFAIRS

Finally, a few remarks on the future place of social affairs in the agenda of the new Commission. In his opening statement in front of the European

Parliament, Mr. Juncker stressed several times the necessity to focus on the social impacts of policies suggested in the areas of economic and financial adjustments declared himself as the President of social dialogue and recognized the centrality of the European social model and the necessity to preserve it. The designate Commissioner for Social Affairs, Ms. Marianne Thyssen from Belgium, has a long experience as MEP and a profound knowledge of the functioning of social dialogue. Yet, her activity will be put under strong supervision of two vice-Presidents (Euro and social dialogue and Jobs, Growth, Investment and Competitiveness), with room for potentially overlapping competences.



Ms. Marianne Thyssen, designate Commissioner for Employment, Social Affairs, Skills and Labour Mobility.

CEC and the ongoing social partners negotiations on a joint analysis of labour market – an analysis

European negotiations on labour market : lessons that must be learned

There is no doubt that when, in 2007, workers' and employers' representatives across Europe came together to agree on a labour market policy analysis and six years later the same players came together to negotiate another document on the same subject, something in the agreement failed to work and implementation was an even bigger failure. This is why I would like to hone in on some of the areas in negotiations that were unsuccessful, in an attempt to learn from the mistakes and lay some foundations for the future not only for social dialogue functioning, but also for economic and social policy in general.

When in 2007 it was agreed to map out a series of guidelines in areas such as unemployment, productivity, gender-based wage differences, qualified work, globalisation, etc., the overall analysis resulted in two key points: promoting flexicurity and the idea that reforms had to be implemented via social dialogue in each country. Very few countries introduced flexibility and what actually happened was that we saw redundancies on an unprecedented scale and social dialogue was weak in the face of adjustment policies and budget cuts.

It is true that when the analysis was carried out in 2006 and 2007, Europe was experiencing reasonable levels of growth and the first wave of austerity in Germany had led to robust expansion in 2006. Over the last seven years, however, following a global financial crisis, a property bubble in many countries and the subsequent debt and financial crises, we were led into a double economic recession and the Troika had to intervene in many of the Eurozone countries.

In addition to underlining the dual failure to apply flexicurity and the policy of consensus and dialogue when implementing agreed policy decisions, there is a whole range of other subjects that must not be overlooked,

such as the fact that the demand for labour derives from market demand and that the crisis and depression in the economy reduced by 70% the employment gains that had been achieved on the labour market in the run up to 2008. Nor must we forget that demand cannot be ignored and that sometimes public investment must be used to offset a fall in private demand and that adjustment policies alone can be harmful.

There may well have been other causes, but what is true is that in those countries that applied and upheld social dialogue, the labour market was better able to resist the effects of the crisis than in the other countries. This shows how important it is to promote social dialogue and its institutions. Another important issue arising is that in Europe we are faced with a very diverse range of industrial relations systems. Different traditions demonstrate that it is very difficult to apply the copy-paste method and that some policies may prove useful in some countries and less useful or even damaging to other countries.

The quality of jobs continues to take top priority today, just as it did in 2007, and so does the importance of tackling inequalities. Productivity needs a boost but this should not only be achieved through devaluing wages, since wage devaluation affects demand and damages growth. Productivity must look towards solutions that prioritise innovation, development, research in the sectors of the future and new products both in the industrial and service sectors. We need to focus on innovative sectors where Europe plays a leading role rather than competing in sectors where wage devaluation is pushing us to the limits of social dumping.

Finally it emerged that in 2007 the overall analysis was focusing on the Member States' individual policies, doing away with instruments at European level, especially in the Eurozone. Today,

access to money markets and the needs of many other Member States require European policies, both with regard to fiscal adjustment as well as the Banking Union as a prologue to more harmonisation policies and a European investment plan.



Juan Zuriarrain
Treasurer,
CEC European Managers



Managers - the key to sustainable development



Have you heard of Earth Overshoot Day? It is the day of the year when mankind begin to use more of the earth's natural resources than the earth itself can renew in one year. In economic terms, this is when the planet's account is overdrawn and people start to live off "ecological credit". This year earth overshoot day occurred in mid-August. Sustainable development has engaged us for more than three decades and much has happened, but most of the work remains undone.

Ledarna, Sweden's managers association has made sustainable development a top priority. A new survey from Ledarna shows that managers are willing and able to take responsibility for sustainability, but the lack of measurable goals and clear priorities make it hard to put the ideas into practice. Sustainability then remains a policy without any real impact.

In order to support its members, Ledarna offers capacity building services based on blended learning around sustainability. Recently, Ledarna hosted a seminar on water as

a risk for businesses, an issue that the World Economic Forum estimated as one of the biggest world economic risks in 2014.

Ledarna believes that managers are the real enablers for sustainability but they need the right conditions to carry out the work, says Erika Svensson, leadership developer at Ledarna. They need support for capacity building and thought leadership such as ideas, insights and new perspectives on critical issues that managers face, something Ledarna can provide.



A new national organization joins CEC European Managers

The Association of Montenegrin Managers is the new member of CEC European Managers

At the Steering Committee meeting of last June 25th, the members of CEC European Managers have welcome AMM, the Association of Montenegrin Managers, as a new Member. Relations between Montenegrin managers and CEC date back to 2008, two years after the Balkan state obtained its independence. At that time CMM, the Confederation of Montenegrin Managers, had signed a cooperation agreement with CEC, obtaining the status of observer. CMM was then transformed into AMM in September 2013, and the new organization expressed clearly the intention to strengthen its ties with CEC.

Montenegro is the most recent of European states, with a population of approximately 620.000 inhabitants.

The country has successfully completed its transition towards a market economy, with a GDP per capita of approximately 9.000€/year. A parliamentary Republic, the country is an official EU candidate since December 2010 and in talks for accession to NATO since 2009.

During his presentation speech Mr. Budimir Raickovic, President of AMM, stressed the profound Europeanist spirit of the Montenegrin society, a feeling shared by the association he represents, and indicated how the admission to CEC European Managers could represent for a AMM a turning point in its development strategy. "Being a young and small organization", said Mr. Raickovic, "We can learn a lot from CEC and its

Member organizations. We are sure that our membership to CEC will increase our institutional capacity and offer its support and expertise". For CEC, this accession (which will have to be formally approved by the General Assembly next year) represents an opening towards an area of Europe, the Balkans, which offers a great economic potential.