



## Labour Costs and Crisis Management in the Euro Zone: A Reinterpretation of Divergences in Competitiveness



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The Robert Schuman Foundation has published a study entitled "Labour costs in the euro zone". A reinterpretation of divergences in competitiveness and crisis management strategy.

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### Front page! :

#### How should we view the German election results?



On 25th September 2013 the Chairman of the Robert Schuman Foundation, Jean-Dominique Giuliani, will be speaking at the conference organised by the Hanns Seidel Foundation in Brussels about the results of the German general elections and their impact. Moderated by a journalist of the daily 'Die Zeit' the round table will bring together Jean-Dominique Giuliani, Markus Ferber and James Elles, MEPs as well as Professor Heinrich Oberreuter... [Read more](#)

### Elections :

#### Angela Merkel's Triumph



According to official results Angela Merkel's party, the CDU, won 41.5% of the vote (311 seats) in the general elections that took place on 22nd September 2013. The CDU came out far ahead of the SPD with 25.7% (192 seats). The CDU's ally in the outgoing government, the FDP, did not succeed in rising above the 5% threshold (4.8%). It has therefore been ejected from the Bundestag. With 8.6% of the vote (64 seats) the far left (Die Linke) has lost points, likewise the Greens (8.4% and 63 seats). The new anti-euro party Alternative for Germany (AfD) won 4.7% of the vote but will not enter Parliament. Turnout totalled 71.5% which is slightly more than in 2009 (70.8%). A grand coalition CDU/CSU-SPD seems highly likely... [Read more](#)

## Financial Crisis :

### Rising trend for the German economy and the euro zone



DIW experts (the German institute for Economic Studies) anticipate that the German economy will gather pace in 2014 with the aid of domestic demand. Following a slight rise of 0.4% in 2013 the German GDP is due to grow by 1.7% next year indicated the DIW in a press release. The institute also added that the euro zone was emerging from the crisis and that there were positive signs indicating that the countries in crisis would recover growth in the second half of the year... [Read more](#)

### 218 Million euro reduction in the Belgian budget in 2013



The Belgian State's budget in 2013 was reduced by 218 million euro. In line with the requirements demanded by the European Commission the Belgian deficit only totals 2.5% of the GDP. Belgium has succeeded in reducing its budget by decreasing spending on social security by 84 million euro as well as taking into account 75 million euro in dividends from the organisation that is responsible for managing the former assets of Fortis. The Belgian government hopes that the Council of the European Union will decide to end the "excessive deficit procedure" launched against it... [Read more](#)

### Cyprus: Further payment by the IMF



On 16th September 2013 the IMF announced that it had paid 84.7 million euro to Cyprus. This payment completes the second tranche of aid validated by the euro zone on 13th September which totalled 1.5 billion euro. These payments came after an initial audit by the troika which showed significant efforts undertaken by Cyprus to stabilise its economy. The country is still in a deep recession. The IMF explains that in spite of the restructuring undertaken the Cypriot banks have still not been able to re-establish confidence. Outflows of capital totalled 12.6% in deposits ie 8 billion euro which has led to a contraction in the offers of loans. The situation of the Central Bank of Cyprus has caused a dispute between the President of Cyprus, Nicos Anastasiades and the governor of the Central Bank, Mr Demetriades who is being criticised for managing the crisis badly. The IMF is worried that "significant" risks continue to weigh over Cyprus... [Read more](#)

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### Greece: unemployment totals 27.1% in the second quarter of 2013



On 19th September 2013 the Greek Statistics Institute published a study of the labour market. In the second quarter of 2013 the unemployment rate decreased by 0.3 points in comparison with the first quarter to total 27.1%. However the unemployment rate had increased in comparison with 23.6% in the second quarter of 2012. The number of people in work increased by one point in comparison with the first quarter of 2013 but showed a reduction of 4.2 points in comparison with the second quarter of 2012. The number of unemployed declined in comparison with the first quarter but this figure had increased by 15.5 points in comparison with the second quarter 2012... [Read more](#)

### Ireland emerges from the recession



Ireland emerged from recession in the second quarter according to official statistics published on 19th September 2013, which is good news for the former "Celtic Tiger" since it intends to exit the bail-out plan agreed in 2010. The GDP rose by 0.4% over the period in comparison with the previous quarter indicated the Central Irish Statistics Office... [Read more](#)

### The Dutch government presents next year's budget to parliament



The King of the Netherlands, Willem Alexander, delivered his first speech as sovereign to Parliament on 17th September 2013. It is traditionally on the third Tuesday in September, the "Prinsjesdag" that the head of the Dutch state reads a speech written by the government summarising both the political programme and the budget for the following year. The king stressed that "the Netherlands continues to fight against the economic crisis the consequences of which are still being felt." Given the fact that the

Dutch economy has still not emerged from recession Finance Minister Jeroen Dijsselbloem set out a budget that plans for 6 billion euro in additional savings. According to the government these measures will result in a reduction of the public deficit down to 3.3% of the GDP... [Read more](#)

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### The Portuguese government presents its "Portugal 2020" plan to the Commission



On 19th September 2013 the Portuguese government sent its "Portugal 2020" plan to the Commission in order to receive 21 billion euro in European Structural Funds for the period 2014-2020. The government's programme aims to focus investments in state education, the building of roads and the modernisation of infrastructures. According to the project put forward 93% of the funds will be concentrated in four of the country's seven regions: the north, centre, Alentejo and the Azores... [Read more](#)

### Commission :

#### Adjustment of the 2014 Budget by the Commission



On 2nd September 2013 the Council adopted a position on the 2014 budget which was significantly below the European Commission's proposal. However on 18th September the Commission suggested adding 130 million euro for the Erasmus+ Programme, which is devoted to youth education and training; 30 million for the COSME programme, which supports entrepreneurship amongst SMEs and 200 million for "Horizon 2020" a research and innovation programme. In addition to this the Commission suggested that Cyprus be granted an extra 200 million euro. MEPs are due to take a decision in October 2013. If there is a difference in opinion a three week conciliation period will begin... [Read more](#)

#### VAT: there's money missing!



On September 19th 2013 the European Commission indicated that 193 billion euro was missing due to the non-observance or non-receipt of VAT in the EU in 2011. This discrepancy cannot just be explained by fraud - it also comes from bankruptcies, insolvency, statistical errors, late payment and even tax evasion. To counter this the Member States must step up the fight to counter fraud and implement their legislation more rigorously. Moreover facilitating VAT systems should enable tax payers to respect the rules better. Finally Member States must reform their tax systems to improve the effectiveness of the levying of taxes and to dissuade fraud and evasion... [Read more](#)

#### Sanctions against Croatia for not respecting the European Arrest Warrant



On 18th September the European Commission launched the so-called article 39 procedure against Croatia for its refusal to abolish a dispensation which limits the range of the European arrest warrant. The latter effectively excludes the period of war in the former Yugoslavia. The prevention of Croatia's accession to the Schengen Agreements is one of the sanctions planned for by the Commission. Member States are due to vote on this in ten days time... [Read more](#)

#### Fight to counter "legal highs"



On 17th September 2013 the Commissioner for Fundamental Rights, Citizenship and Justice, Vivian Reding, put forward a proposal that aims to step up action against new psychoactive substances, the so-called "legal highs". The Commission is suggesting a faster procedure and a more graduated system. The time it takes to ban a substance in the EU has been reduced from two years to ten months and in an emergency it will be possible to withdraw a substance immediately from the market for a one-year period. The proposal plans for three modes of processing which will depend on the dangers and industrial as well as commercial uses of the substance in question... [Read more](#)

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#### A regulation to restore confidence in reference indexes

On 18th September 2013 the European Commission presented a new regulation to restore confidence in the integrity of the reference indices (Libor, Euribor and also the reference indices of raw materials). The proposal focuses on the reference indices used for financial instruments



accepted in negotiations, for financial contracts or to measure the performance of investment funds. The text aims to improve controls during the establishment of the reference indices; to improve the quality of data and methods used by the administrators; to guarantee the reliability of contributors' data; to protect consumers and investors using these reference indices adequately... [Read more](#)

### The Commission's Forest Strategy



On 20th September 2013 the European Commission put forward a new strategy for forests which matches the challenges encountered by the forestry industry. The strategy stresses the importance of forests for rural development, environment and diversity. The Commission pleads in support of an overall approach which takes on board national forestry policies. Finally the strategy encourages the harmonised collation of information and the creation of a forestry information system across Europe. Forests cover around 40% of the EU and could represent a major resource to improve quality of life and to create jobs and yet at the same time to protect eco-systems... [Read more](#)

### Parliament :

#### Resolution on the difference in remuneration between men and women



On 12th September 2013 the European Parliament adopted a resolution on the implementation of the principle of equal pay between men and women in Europe. In this resolution the Parliament regrets the slowness in terms of progress as far as equal pay between men and women is concerned. It stresses that this principle should be seen as an investment rather than a cost. It has asked the Commission to re-consider the directive 2006/54/CE so that Member States reduce the pay gap by five points until the latter disappears in 2020. Parliament is extremely demanding in terms of wage equality and is inviting the Commission to support the Member States "in the promotion of good practice"... [Read more](#)

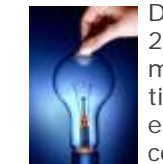
#### Fight against organised crime, corruption and the laundering of capital



On 17th September 2013 the European Parliament's special committee on organised crime, corruption and capital laundering adopted measures to fight against corruption, the laundering of capital and organised crime. MEPs want those convicted for one of these three crimes to be banned from public office and for them to be excluded from public procurement calls for tender. They want businesses to reimburse any public funds they might have received when they have committed a financial crime. MEPs also want to seize criminal assets. They re-iterated their request for the creation of a European Prosecutor's Office to counter crimes affecting the Union's financial interests but also to coordinate national investigations... [Read more](#)

### Council :

#### How advanced is the European single energy market?



During an informal meeting on 19th and 20th September in Vilnius the 28 European Energy Ministers exchanged views on the work and measures necessary to complete the single European energy market in time and to strengthen the unity of Europe in the negotiations with external energy partners. These questions are vital to achieve greater competitiveness on the part of the European Union... [Read more](#)

### Germany :

#### Purchase of Vodafone-Kabel Deutschland



The European Commission gave the greenlight to the purchase by the British company Vodafone of German cable operator Kabel on 20th September deeming that this merger would not damage competition. "The inquiry undertaken by the Commission has confirmed that the activities of the parties in the merger were complementary in the main" explains the European executive in a press release... [Read more](#)

## General Elections in Hessen



The CDU came out ahead in the elections in Hessen on 22nd September 2013. This is the Land in which Frankfurt/Main lies, but the shape the government will take remains uncertain. According to official provisional results the CDU won 38.3% of the vote. The SPD came second with 30.7%, the Greens won 11.1%, Die Linke (far left) 5.2% and the FDP (liberals) only 5%... [Read more](#)

## Austria :

### Opening in Austria of a European biological samples library



The European Library of Biological Data and Samples officially opened its doors on 16th September 2013 in Graz (Austria). It will enable the study of certain diseases and the development of new therapies. This project which has been funded by the 7th European Framework Programme aims to improve cooperation between European countries from the point of view of scientific innovation... [Read more](#)

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## Bulgaria :

### Significant decline in the working population according to the World Bank



In a report presented on 20th September 2013 the World Bank states that it is expecting a 40% reduction in the working population in Bulgaria by 2050. "Bulgaria is about to suffer the sharpest decrease in the working population out of all of the countries studied. This will affect its economy severely," indicated the institution. In 2050 only one Bulgarian in two will be of working age. Since 1989 the Bulgarian population has decreased from 9 to 7.3 million inhabitants. This decrease can notably be explained by a high emigration rate due to unemployment, low wages and a lack of opportunities for qualified workers... [Read more](#)

## Spain :

### The Spanish government presents a draft bill against corruption



On 18th September 2013 the Spanish Minister for Justice, Alberto Ruiz-Gallardon presented a draft bill against corruption to MPs in the Congress. According to the minister this is a major effort to eradicate corruption in the civil service and businesses, to counter the creation of hidden accounts and international corruption. The minister also recalled the increase in economic resources for the courts decided in 2012 bearing witness to the government's commitment in this area... [Read more](#)

## France :

### Retirement reform project



The French Social Affairs and Healthcare Minister, Marisol Touraine, presented a draft bill "guaranteeing the future and justice of the retirement system" at the Council of Ministers on 18th September 2013. This project aims to guarantee the balance of the retirement system long term and to make it fairer. The reform targets three goals: guaranteeing the maintenance of the distribution system thanks to the financial balance of the retirement regimes by 2020 and 2040, via measures that are fairly distributed between businesses, salaries and retirement pensions; to make the system fairer; to simplify the retirement for citizens and to improve its governance and steering long term... [Read more](#)

### France and Spain for strong maritime European Defence



On 16th September 2013, French Defence Minister Jean-Yves Le Drian hosted his Spanish counterpart Pedro Morenés Eulate in Brest for a Franco-Spanish Defence and Security Council. After this meeting they signed a declaration in which they emphasised their joint belief in a strong European Defence system. They also re-iterated their long term relations from the point of view of defence and security. They also stressed that they wanted to support "the introduction of a Maritime Safety Strategy (MSSEU)" as of 2014. In this context they are asking for the implementation of joint programmes in the ilk of the Atalante operation to counter piracy in Somalia, and for the establishment of roadmaps that will enable a rapid response to any danger of

instability... [Read more](#)

## Hungary :

### The Visegrad Group opens its doors to the countries of the Western Balkans



The countries of the Visegrad Group (Hungary, Slovakia, Poland, Czech Republic) are to start discussions with the Western Balkan States as announced by the Hungarian Minister for the Civil Service and Justice, Tibor Navracsics, on 16th September 2013. On the occasion of the seminar entitled "For the development of the civil service in the countries of the Western Balkans", the minister stresses that working with these countries will lead to a widening of cooperation opportunities. Hungary took over the presidency of the Visegrad Group in July... [Read more](#)

## UK :

### Nick Clegg re-asserts his pro-European position



On 18th September 2013 the British Deputy Prime Minister Nick Clegg re-asserted his pro-European position during his party's (Lib-Dem) annual conference in Glasgow. He supported Prime Minister David Cameron's call for a reformed EU but warned against the Conservatives temptation to quit the Union. In his opinion Europe is vital for the UK if the country wants to influence the international arena. This is why he has said that the Lib-Dems would be the "in" party at the referendum which Mr Cameron wants to organise by the end of 2017... [Read more](#)

### Herman van Rompuy launches a message of hope and confidence in the European Union



The President of the European Council Herman van Rompuy spoke on 18th September 2013 to the Regents University of London. He called for people to standback from the present situation and for them to look at the progress achieved in one century. Although it was involved in a bloody battle in the last century Europe had become a land of peace, democracy, security and prosperity. The economic crisis does not mean that we can say that it has failed from an economic and trade point of view. Its temporary divisions do not bring its general unity into question. The European Union has considerable influence in the international arena and its attractiveness bears witness to its success... [Read more](#)

## Switzerland :

### Referendum on obligatory military service



Just as seven European countries still have obligatory military service (Norway, Finland, Denmark, Estonia, Austria, Greece, Cyprus), Switzerland voted on 22nd September 2013 in support of the upkeep of this system. 73.2% voted "no" to the proposal put forward by the Group for Switzerland without Arms" against 26.8% who voted "yes". This vote is considered as an assertion of the Swiss identity. All of the major parties were against the proposal except for the Socialist Party... [Read more](#)

## OECD :

### Report on Agricultural Policies 2013



On 18th September 2013 the OECD published a report on the agricultural policies of 47 countries representing 80% of the world's agricultural production. In this report the OECD welcomes the recovery in support for agriculture across the world in the ilk of the EU which rose from 18% to 19% of agricultural revenues. However the report explains that the June 2013 agreement on the CAP for 2014-2020 does not lead to any major change in the support given by the 28 EU member states. Due to the general good health of agricultural prices aid should rather be given to supporting low wages, the well-being of rural communities and environmental sustainability... [Read more](#)

## NATO :

### More Drones for Europe

NATO's Secretary General Anders Fogh Rasmussen called on 19th



September 2013 for the countries of Europe to acquire more drones and to strengthen their defence industries which are "too national and fragmented". In order to remain "strong" NATO needed a powerful Europe which had capabilities, a defence industry and political engagement", declared Mr Rasmussen in a speech on the "future of the Atlantic Alliance". "I would like the Europeans to play their role by acquiring more drones to strengthen surveillance, more high capacity aircraft and more in-flight refuelling planes to improve their deployment capacities, more radars on their ships", he said... [Read more](#)

**IMF :**

**Assessment of the G20 countries**



The IMF has published its assessments of the sustainability of the G20 economies as part of the mutual assessment process (MAP) introduced in 2009. This report entitled "Imbalances and Growth" which was updated in September 2013, observes a reduction in the imbalances in the G20 economies in spite of a great deal of work that remains to be done to maintain durable growth. Several members including China, India, France, Germany, Japan, UK, USA and the euro zone have been identified as having relatively significant imbalances. To remedy this the IMF is inviting these countries to implement policies to facilitate re-balancing and to support growth... [Read more](#)

**"Austerity plans have to be restricted"**



In a report published on 17th September the IMF deemed that austerity plans in developed economies had to be restricted. Indeed the report shows how austerity can be counter productive if it is implemented to the extreme and also that it "impedes growth". Sometimes budgetary cuts have led to social and policy cohesion crises which have frightened the markets. However the institution is not inviting governments to make a radical change in direction but rather maintain a moderate policy in terms of budgetary sobriety... [Read more](#)

**Eurostat :**

**18.2 billion euro international trade surplus of euro zone goods**



According to figures published by Eurostat on 17th September 2013 the euro zone recorded an international goods trade surplus of 18.2 billion euro with the rest of the world, compared with +13.9 billion in July 2012. The balance recorded in June 2013 lay at +16.5 billion in comparison with +12.8 billion in June 2012. In July 2013 in comparison with June 2013 exports adjusted to seasonal variations declined by 1.6% and imports by 0.1%... [Read more](#)

**Studies/Reports :**

**Study of the Labour Market Reforms in Germany**



The Institut de l'Entreprise has published a study entitled "Germany: an employment miracle or social disaster?" This study focuses on the labour market reforms introduced in Germany in the 2000's. In Alain Fabre's opinion the Hartz reforms enabled the eradication of long term unemployment and the German experiment should serve as an example for labour market reforms across the entire euro zone... [Read more](#)

**The Eurozone's Path to a Federalist Future**



Alan Lamond has published a study entitled "The Eurozone's Path to a Federalist Future". He shows that the future of the euro zone cannot be just federal. In order to survive and prosper the euro zone must unify in terms of banking, taxation and from a political point of view in order to become a single economy with a joint strengthened budget and an improved decision making process... [Read more](#)

**Publication of a poll in the USA and in Europe**

The American institute, the German Marshall Fund, published a study entitled "Transatlantic Trends" on 18th September 2013 on the public



opinion in the USA and in Europe. The study reveals a general rapprochement in public opinion either side of the Atlantic. It notably emerges that both Europeans and Americans are reticent about the idea of military intervention abroad and support the introduction of democracy in North Africa and the Middle East... [Read more](#)

#### Publications :

"What have we done to Europe? Letters to Robert Schuman?"



In view of the European Elections on 22nd-25th May 2014 and on the occasion of the 50th anniversary of the death of Robert Schuman Salvator publishing has released a book by Sébastien Maillard, journalist for the daily "La Croix" prefaced by Jacques Delors and entitled "What have we done to Europe? Letters to Robert Schuman". This essay written in the shape of several letters addressed to Robert Schuman looks into the foundations of the original European project and tries to reconcile public opinion with the project of a united Europe... [Read more](#)

#### Culture :

Munich Beer Festival



Between five to six million visitors go to the Munich Oktoberfest yearly - which is more commonly known as the Beer Festival. The tremendous popular festival, which is nearly two centuries old, is one of Germany best known events. The Oktoberfest is taking place until 6th October 2013... [Read more](#)

"The Renaissance Spring"



From 26th September 2013 to 6th January 2014 the Louvre Museum in Paris is devoting an exhibition to the Florentine Renaissance. The exhibition which is called "The Spring time of the Renaissance - the Sculpture and Arts of Florence, 1400-1460" is showing work that were based on major innovations often associated to classical antiquity which transformed the idea of art in the West. It covers the start of this major artistic and cultural movement which emerged in republican Florence at the beginning of the 15th century... [Read more](#)

Cambridge Film Festival



The 33rd Cambridge Film Festival devoted to the independent cinema industry is offering a selection of international films until 29th September 2013... [Read more](#)

"Dreamvisions" in Munich



The modern pinakothek in Munich is celebrating its reopening with an exhibition until 26th January 2014 entitled "Dreamvisions" which presents the collection of entrepreneur Theo Wornland (1907-1983). In the 1960's Theo Wornland put together one of the biggest private collections of surrealism in Germany. It includes masterpieces by Max Ernst, René Magritte, Richard Oelze and Pablo Picasso... [Read more](#)

Spain: the 61st Film Festival of San Sebastian



The 61st Film Festival of San Sebastian is offering an international selection of full feature films until 28th September. This festival is the most famous in the Hispanic world and attracts more than 155,000 people yearly... [Read more](#)

Exhibition "The Versailles of Marie Leszczynska" in Warsaw

An exhibition on the Polish princess Marie Leszczynska, the wife of Louis XV and grandmother of three kings of France is running an exhibition until 5th January 2014 at the Royal Castle of Warsaw which covers the





life at the court of Versailles in its heyday. This exhibition, organised together with the castle of Versailles, is offering visitors over one hundred works including six exhibits from Versailles, pictures in the main but also furniture, books and daily objects... [Read more](#)

#### Agenda :



23rd September  
Agriculture and Fisheries Council  
Brussels  
General Affairs Council



24th September - 1st October  
New York  
UN General Assembly



25th September  
Maison de l'Europe  
"Women and Europe" Conference



26th September  
Paris  
Debate: "France in 10 years"



26th-27th September  
Brussels  
Competitiveness Council



29th September  
Austria  
General Elections in Austria

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