



PRESS RELEASE

CEC European Managers position on the current financial crisis.

The Steering Committee of CEC met in Brussels on October 10th to assess the financial crisis situation and adopted the following position.

As the representative body for European executives and managerial staff, the CEC believes it is essential to analyse thoroughly and to learn from the lessons of the present crisis as quickly as possible. "It is not enough to seek out the guilty parties at all levels of the Economy's inflated financialisation and naively expect to identify them amongst the managerial staff alone. We have to assess the whole chain of responsibility", said Georges Liarokapis, the President of CEC

A hidden risk is ... even riskier.

The word 'risk' seems to have escaped some people in their thoughtless scramble proceeds of short term greed. The shocking irresponsibility and sheer incompetence of those who command the financial establishments responsible for this crisis should not remain as secret as the risks they chose to conceal and ignore.

"All glory to the Ratings oracles!"

The establishments most deeply implicated in the financial mismanagement are amongst the best rated. Those Ratings Providers that did not do their work correctly and purposely mis-mapped the economic road forward should be closed or at least fined accordingly. Inducing systematic error that instigates such damage is irresponsible behaviour. How many financial institutions were A-Rated the day before their foreclosure..?

Investment "Junk"

No one knows what some of the most dynamically managed Investment Funds contain. The current foundations of these funds are not necessarily financial junk, but they may be worse. No one has any idea of what is junk or where it is. Yet banking establishments have recommended these investments as being safer than shares in well-established companies with clear management and accounting systems. The danger of Investment Funds buying up their own junk bonds on the market to sustain their stock value is real: where's the regulating body that could stop them? It is clear that a European, or even better, a global regulating authority needs to be set up and soon.

Clearing up deposits ... and credit

The clearing system for sums due for personal loan and savings bank reimbursement should be regulated at a European level. Otherwise, clients of a foreclosing bank suffer a two-fold loss. Legislative action appears the only way to harmonise regulation across Europe.

If the Quality Criteria for Managers presented by CEC* had been respected, the crisis might have been avoided. To regain trust as soon as possible, the Member States should buy the endangered banks and gradually privatise them in the future.

As a European social partner, CEC European Managers and its professional federations will actively participate to the finding of solutions in order to limit as much as possible the inevitable social and economic consequences to come.

* download the document on http://www.cec-managers.org/download/EN_CEC_quality_criteria_for_managers.pdf

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