



European Trade Union Confederation (ETUC)  
Confédération européenne des syndicats (CES)

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## ÖGB Congress

President, delegates, fellow guests.

It is always a pleasure to visit the ÖGB and Vienna and I bring the greetings of the ETUC to the trade unionists of Austria.

The ÖGB had an early taste of the damage that can be done by speculation in the world of financial services. Indeed it can be said that you were in the avant-garde of what, later, became a mass movement. We now know that it was not just one bank that was in trouble but that the problems were systemic.

If it was not American hedge funds, then it was investment in the American subprime mortgage markets; it was credit derivative swaps which Warren Buffet has labelled “weapons of mass destruction”. And it was not just in the USA, it was in London, Zurich, Vienna and other major centres in Europe.

And Europe has its own bubbles – real estate booms in Spain, UK and Ireland, wild behaviour in Iceland, and, now, the problems affecting Austria and some other countries, arising from the bust in some of the developing economies in Central and Eastern Europe.

No-one is immune. Everyone is affected. The resulting recession is world wide. The cost is equal to that of a major war. We, and our children, will still be paying off the debts incurred in 2030.

The ETUC response to the crisis is three pronged.

Firstly we are proposing a New Social Deal. We are demanding the same kind of support for the real economy as banks have obtained. Firms doing useful things must be kept going and helped towards more sustainable technologies. Jobs, wherever possible, must be saved. Governments must spend to compensate for falling demand from the business sector and from workers and their families. And they should do it in a coordinated way with European wide schemes. Solidarity demands that the stronger help the weaker in this crisis. No-one in the EU should be left to walk alone. As Juan Somavia of the ILO warned recently, social unrest will mount if the perception is ‘its billions for bankers but pennies for the people’.

Our call for a New Social Deal, a bigger EU-wide recovery plan, was at the centre of our recent European Action Days. Following on the united May 1 demonstrations in France, which were a big success, and big demonstrations elsewhere on May Day, at least 350,000 trade unionists took to the streets of Madrid, Brussels, Berlin and Prague to raise the call for a New Social Deal. I saw some of you in Berlin and I understand that others of you went to Prague.

But it was not just jobs that mobilised the workers. There is wide and deep outrage about the conduct and greed of many in the leadership of the world of financial services. They encouraged short-term, reckless speculation. They ignored much of the productive economy. Sometimes they 'looted' from their shareholders as they played roulette on the markets and clocked up their bonuses.

Well, we say 'never again' can the world economy be run like a badly organised casino. Never again casino capitalism.

Out of the wreckage must come a strongly regulated financial sector, much more directed to sustainable, longer term investments. And it must be accompanied by progressive taxation, not the flat or low taxes which have so benefitted the ultra rich. The strongest shoulders must bear the heaviest burdens. Yet at the moment, it is workers who are paying for the crisis with our taxes, our pay and our jobs.

So, we must therefore not allow **a return to business as usual** of Wall Street and the City of London, and risk a repeat of the past two years.

There are already danger signals. We can already see the confidence of bankers returning as they mobilise to fend off tougher regulation and new controls. They have already started on a campaign to weaken the already modest proposals by the European Commission to regulate hedge funds and private equity. They still want to keep some operations off balance sheet; and they want to keep tax havens. Now we must fight for a more social model. The emphasis must be on greater equality, obligations to the community, sustainability and effective workers participation.

If there is a year in history we should use as our guide, it is not 1931 but 1945 when western European countries pulled together to rebuild the damage caused by war. Although they were bankrupt, countries started to rebuild their economies and, at the same time, build welfare states and public services; governments were not timid in the face of big business. If they had been, they would have been ejected from power.

And we need a trade union renaissance. We must reverse the situation whereby the free movement of posted workers by their employers has been judged to take precedence over a trade union's rights to enforce its collective agreements. In four cases, the European Court of Justice has found collective bargaining and the right to strike inferior to free movement of posted workers. In football terms, the score is ECJ 4, ETUC 0. Now bad employers have European permission to bring in workers from cheaper locations to undercut collective agreements and local rates of pay.

Now, if that is not put right soon, with a Social Progress Protocol and a revised Posted Workers Directive, unions will find it harder and harder to live with the single market of the EU.

Our economic problems are certainly reminiscent of the 1930s. We must never allow our political problems to resemble that decade – remember when nationalist dictators blamed foreigners, minorities and migrants for their country's problems, and waged war on their neighbours.

The EU was formed to stop that recurring. It has been very successful: including with the enlargement process. But it will be tested now like never before, and we must step up our fight for closer union and European integration.

In Austria, in Europe, trade unionism and European unionism must triumph over neo-liberalism and its companions, greed, nationalism, fascism and racism. That's our challenge.

So mobilise to fight the crisis. Put people first and, together, stand up for a strong, powerful Social Europe.