



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

Intervention by:

John Monks

*General Secretary
of the
European Trade Union Confederation*

ETUC Mid-Term Conference

27-28 May

Paris

To be checked against delivery

President Delors, Frère Jacques, Candido, fellow delegates and guests, make no mistake; we are at a crossroad for trade unionism and for Europe.

It is now time for the trade unions to be debating the future of our societies and to be asking ourselves fundamental questions about our values, about our objectives and about the means we use to attain them. And asking ourselves too about the role of Europe and its future.

We were brought up in an era when in principle we tended to think about society in terms of capitalism or socialism. In practice, it was never that clear and most of us in the West have lived in the middle, with a public economy of around 40%–50% of GDP and a market sector of 50%–60%. But the philosophical and political debates were often framed by the two great opposites. People inclined to one side or the other.

We have now lived through two practical attempts to realise these: the centrally state planned economy of the Soviet model and the largely unrestricted free market capitalist economy.

The first collapsed under people power in the 1980s and down came the communist political systems.

The second is having a cardiac arrest as capitalism relives the 1930s, although this time on a global scale.

It does not look terminal for the market economy but it should be terminal for the sort of market economy promoted by Reagan / Thatcher which captured much of the world, including within the ranks of social democratic parties.

Remember the ‘Third Way’ of Bill Clinton, Tony Blair and Gerhard Schröder, among others. That was an acceptance that largely unfettered capitalism would generate more wealth than any other alternative, and all that social democrats needed to do was to distribute it, improving welfare states and public infrastructure.

Even in public services, the fashionable business model was to import as much as possible of the practices of financial capitalism and to use privatisation and private profit as a driver of change. The concept of public service was regarded as old fashioned.

The result was rapidly rising levels of inequality; and while there were improving living standards for a majority, but they were fuelled dangerously by debt, based on inflation in real estate. Average real wages

generally rose slowly in western Europe or not at all (the USA and, recently, Germany).

Now that model lies in intensive care in the Anglo-Saxon economies at least, and seismic shocks are being felt throughout the world. Take my own country. It deregulated markets, sold its industries from nuclear power to football clubs to the highest bidder, cut back on manufacturing, especially by imposing a requirement of making 15%–20% each year in profit, and bet its future on becoming the global centre of financial services. Less Great Britain, the birthplace of the industrial revolution, more Great City of London, or, more mischievously, Greater Monte Carlo.

Nor was the UK alone. Bankers everywhere wanted to get in on the act. It was Herr Ackermann, boss of Deutsche Bank, who pronounced a 20% return as the minimum, acceptable return for investments; inflation was 2% at the time. The share of profits grew at the expense of wages and salaries in all our economies. Inequality returned to levels not seen since the late 19th century.

Now as taxpayers bail out the banks and workers lose their jobs, what must be the trade union response? Our first focus must be on the immediate, the fact that unemployment is going up steadily at an alarming rate. So what can we do now?

First, as the slogan of this conference says, fight the crisis. That's why 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 co-ordinated way with European wide schemes on short-time working and help for young people; also allowing, in Europe, the issue of eurobonds to support countries too fragile to increase their own spending. They should act to keep up purchasing power and not impose pay and benefit cuts as was done in the 1930s. And 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 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 would like publicly to thank all our affiliates who hosted and organised all these demonstrations. They were all very well done, all exceeded expectations, all caught the mood, and all deserved the support they received.

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. By the way my grandchildren will still be paying the UK’s debts in 2032. It is like a major war has been fought, the costs are so enormous.

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 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.

A step in that direction can be done by participating fully in the European elections 4–7 June 2009. The ETUC manifesto is inviting all trade unionists to go, vote for a more Social Europe. These elections really matter.

Also on our agenda today is the need for a renaissance of trade unionism, not just protecting jobs and members in our traditional heartlands but extending our range and reach into the new industries and services. Trade unions in democracies put down deep roots in the 1930s, which paid off later. We need to plan how to turn the crisis into an opportunity, and not just a threat. That will be the subject of a session here which starts later today.

As part of the 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.

The negotiations about whether the Irish will vote again on the Lisbon Treaty are important here. Inadequate protection for workers was given as the main reason why the Irish, a pro-European country, voted 'No' first time round. Now, Ireland is looking for a Social Progress Protocol and stronger guarantees on workers jobs, pay and conditions of work. It is not an easy process but I want to thank the Irish Congress of Trade Unions for the pressure it has put on the Irish Government to support the ETUC.

We are sometimes accused of protectionism when we make this case. The opposite is true. A single labour market in Europe must have adequate traffic rules, or people will turn against it and against Europe. There must

be equal pay for equal work. We are saving the EU from itself as well as repairing our fundamental rights.

We want to make it clear that we in the ETUC will not give our support to any candidate in the elections to the European Parliament who does not support the claims for a Social Progress Protocol and a revision of the Posting Directive. As the European Parliament is to approve the new European Commission and its President, we will do everything in our power to have a Parliament and a Commission with a clear mandate to support workers' basic demands.

We are ambitious for Europe, seeking more and more common standards and EU-wide collective agreements but if the EU cannot be clear enough on migrant posted workers, our ambitions are not going to be realised on other matters.

Our final session tomorrow will be a health check on the ETUC. We must make sure that the ETUC is in good shape to push the EU into a more active, more ambitious, more confident role, determined not to let Europe repeat the mistakes of the 1930s.

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.

Trade unionism and European unionism must triumph over neo-liberalism and its companions, the forces of greed, nationalism, fascism and racism.

So today and tomorrow – together, we mobilise to fight the crisis. Together, we put people first and, together, we stand up for a strong, powerful Social Europe.

I introduce the Paris Declaration and this session of the mid-term conference. Thank you.