

Social Security and the Effects of the Global Crisis  
in Europe/Austria  
Trade Union's response

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- **Not only in Austria, but in the entire euro area and the USA, business surveys (business sentiment, consumer confidence, new orders) suggest a stabilisation of demand and output as from the middle of this year.**
- **Trend is still downward –projected decline of Austrian GDP in 2009- 3,4% (EU 27: -4%).**
- **The forecast of a stabilisation in 2010 with a growth rate of 0.5 percent is being maintained.**
  - Decline in exports (-15%); manufacturing industry hard hit (machinery and equipment -10%)

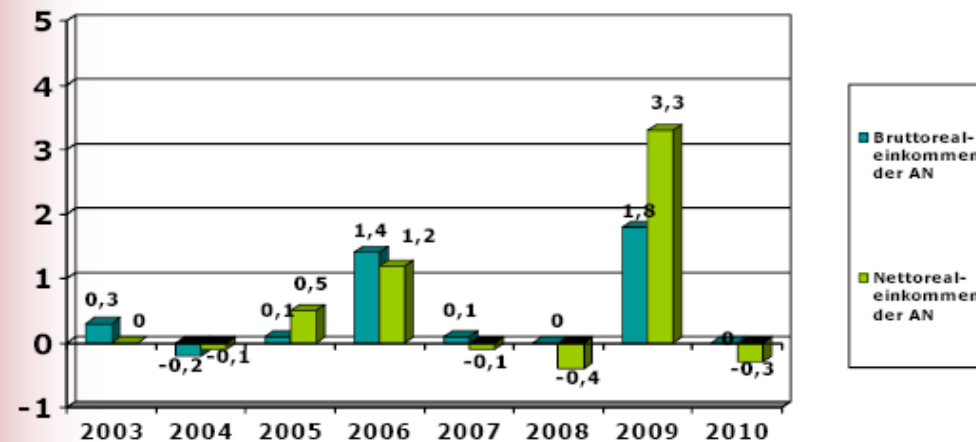
# Strategies to combat the effects of the crisis in Austria



- **Fiscal packages-**
  - tax reform of 2009-10 focuses on a reduction of the wage and income taxes. It essentially comprises a reform of the tax tariff, measures to relieve families, an extension of the deductibility of donations as well as tax reductions for business incomes
  - Measures to stabilise the financial market , recapitalisation of banks
- **Economic stimulus packages**
- **Reform of short-time work**
- **Comparatively small share reserved for public investments and direct interventions; tax cuts; increase in public spending (unemployment benefit); volume: 1,1% of GDP (50% of the volume spent in other OECD-countries)**

# Real wages of Austrian workers

## Realeinkommen der ArbeitnehmerInnen



- **Dramatic picture for the whole of Europe**
- **Austria relative stability among other european countries (Spain: 18%, baltic states)**
- **Nevertheless, at the end of July 2009 roughly 290.000 persons unemployed (+30% compared to last year's figures)**
- **Inflation rate will continue to increase from currently 7,4% (Eurostat: 5,3%) to 8,5% (Eurostat: 5,8%)**

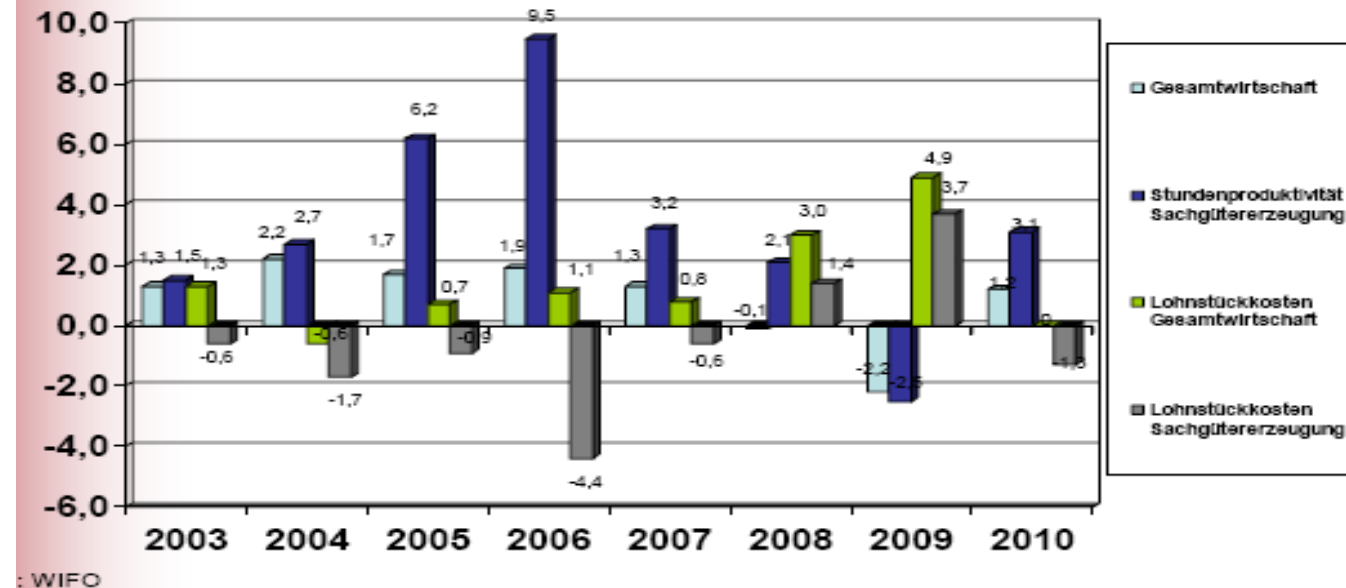
## Output and employment : cushioning effect



- **While output in manufacturing is expected to fall by 10%, employment will decrease by 6% in 2009 and 3% in 2010**
- **Positive sign for employment protection, shows the effect of short time working schemes;**
- **Currently some 50.000 workers on short-time work in Austria (GMTN: concluded agreements for 60.000 workers in 300 enterprises)**

# Productivity and labour unit costs

## Produktivität und Lohnstückkosten



# Short-time work



- **How to define short-time work?**  
A temporary reduction of working time in order to overcome economic difficulty and retain staff (reduction varies between 10-90%). and avoid redundancies.
- **When can short-time work be introduced?**  
The employer has to apply within 6 weeks before the introduction of short-time work at the labour market service (AMS). Precondition is an agreement with the works council at the company or the trade unions, dealing with affected workers, retention after short-time work (protection against dismissal), working time, short-time work benefit (AMS pays allocation for short time work).
- **Duration of short-time work**  
Gradual prolongation to 24 months



- **Additional important instrument to help redundant workers to reintegrate in the labour market;**
- **Since the 80ies of last century during the steel crisis (VOEST) developed in case of mass redundancies of major austrian companies**
- **Thanks to public support (labour market service AMS), employers´and employees´investment (severance payment) qualification and training courses for redundant workers are offered**
- **Participants can remain in the foundation up to 3-4 years, receiving unemployment benefit**

# Union demands to combat the crisis



- **We all face similar problems**
- **The bottom of the crisis is not reached yet. We still expect massive job losses, expansion of precarious work and effects of ongoing structural changes**
- **Keeping people in the job is most important goal (short-time work gains time)**
- **Social security is important- increase in unemployment benefit is comparatively low; demand for minimum social cover (700€)**
- **Wage development is also important- fair wages as a sustainable engine of demand and growth instead of financial bubbles**
- **Effective redistribution of wealth; taxation of speculation; gains on shares, financial transaction tax**



Thank you for your attention