

National AFL-CIO wants to close loophole that allows hedge fund managers to pay less in taxes

(Editor's Note: The following are remarks by AFL-CIO Secretary-Treasurer Richard Trumka before the Euro-

pean Trade Union Confederation's 2007 Congress in Sevilla, Spain.)

"I want to thank the European Trade

Union Confederation and John Monks for inviting me to speak with you on this critical subject. This city has proven a wonderful host and I look forward to strengthening our alliances over the next few days.

"In the time I have, I want to explore what we are doing in the U.S. to confront the booming market in private equity buyouts, and also voice our strong support for the actions being taken by our European brothers and sisters.

"John Monks set the tone for this battle during his Bevan lecture last year, where he described the "new capitalism" that is threatening economic security and the progressive social order established in the European Union. John's remarkable speech positioned the labor movement at the center of the discussion on financialization.

"The stakes both here and globally could not be higher: what are the values that govern democratic societies? The greatest risk posed by private equity is the danger that it's deepening the societal divide being caused by globalization.

"The numbers we see emerging are staggering. The top 25 U.S. hedge fund

the long-term capital gains rate, which is less than half of the top income tax rate that American workers pay on their wages.

"Now I know why these managers grin when hedge funds are described as a fee structure in search of an asset class. They're laughing all the way to the bank while workers face stagnating income, retirement insecurity and disappearing health care coverage.

"As you all know, these funds are also beginning to wield power over the boardroom as shareholder activists. But because they are focused on short-term returns, they are unconcerned with good corporate governance. Instead they use proxy fights to seize control for themselves.

"Here in Europe, private equity funds have begun their assault on workers' standard of living. In Germany, Deutsche Telecom has demanded that tens of thousands of its employees be outsourced to an affiliate who would pay dramatically lower wages and benefits for doing the same work they did for Deutsche Telecom. It's no coincidence that private equity

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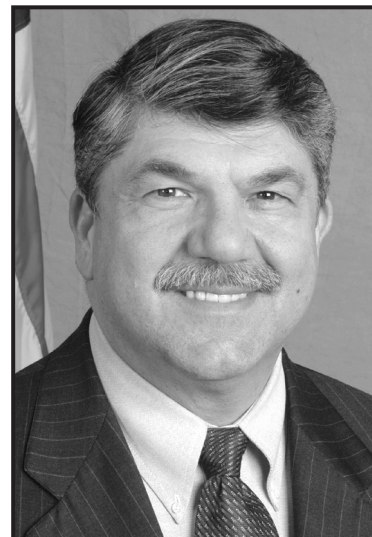
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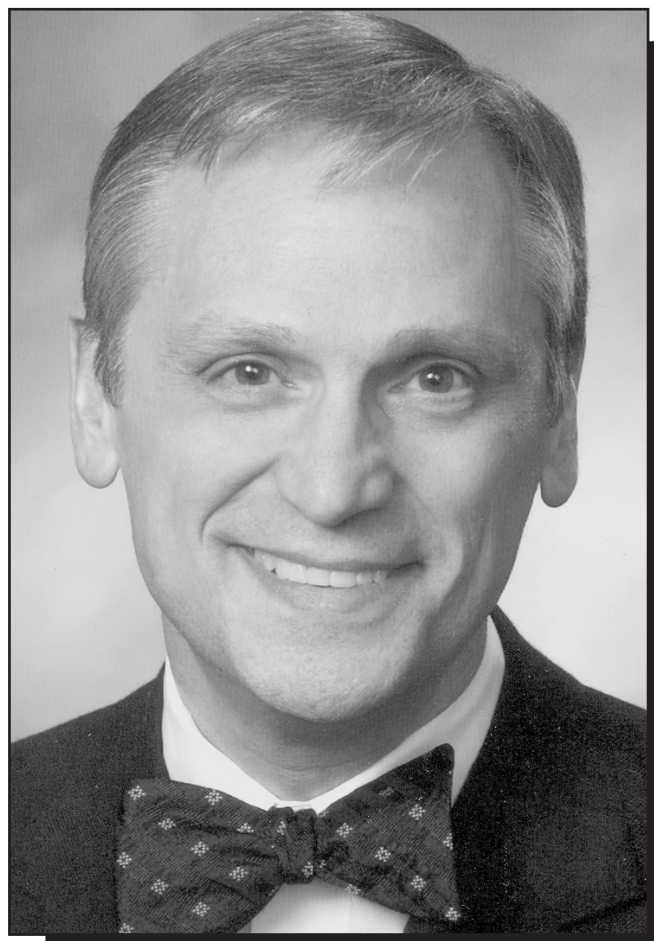
Authorized and Paid for by Brian Baird Democrat for U.S. Congress



RICHARD TRUMKA

managers last year earned \$14 billion dollars, enough to pay New York City's 80,000 public school teachers for nearly three years. James Simons of Renaissance Technologies alone earned \$1.7 billion last year.

"To add insult to injury, these record profits are taxed at a lower rate under George Bush's tax cuts. A large portion of U.S. fund manager pay is taxed at



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