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Centre for Labour
and Social Studies

Essay Series

Can the European Union deliver for
working people?



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April 2014

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Can the European Union deliver for working people?

As the European Elections approach, the media spotlight is increasingly focussing in on Europe and, more specifically, the European Union.

On the left of the British political spectrum, the EU takes its place as the ultimate “Marmite” issue and can often be heard being discussed with equal amounts of respect and disdain. It remains revered by some as a beacon of international cooperation, with progressive principles at its heart and yet, rejected by others as an anti-democratic institution which harvests the very neoliberal agenda, those of us on the left in this country have had to fight so hard against.

In light of this, Class set out to make a weighty, yet balanced, contribution to the debate. With this in mind, we asked six key figures from across the labour and trade union movement, with differing attitudes to the EU, the same question – **“Can the European Union deliver for working people?”** – and have compiled their responses in this publication.

Yes, the European Union can deliver for working people



Billy Hayes

Since the onset of the great economic stagnation in 2008, it is clear that the European Union (EU) has lost its attraction for many people in Britain. Lord Ashcroft's poll of 20,000 people, in March 2014, showed a split of four in ten wishing Britain to stay in the EU, and four in ten wishing Britain to leave. One in five said they didn't know.¹ It seems that the public is more confused about Europe than ever. In these circumstances it is vital that the labour and progressive movement, defends the case for our positive engagement with the EU.

This is particularly important in the UK. Historically, up to the 1950s, British foreign policy was premised on keeping Europe divided, with no single power being allowed to challenge Britain's world role. The decline of empire led many in ruling circles to favour a strategic alliance with the US as a substitute. By the 1970s it was clear how this was failing to stem the decline of British power and influence.

British governments have since that time been the most reluctant, and right-wing, participants in the European project. The establishment's nostalgia for empire, and an over-inflated military policy, continued to poison social attitudes towards the EU. This has had an impact upon UK policy-making, even after joining the EU. Most European governments were seeking closer cooperation. Yet successive British governments were anxious and ambiguous about the EU, shaping the course of public opinion in the process.

At the same time British governments pioneered the liberalisation and privatisation agenda. They constantly pushed for the adoption of such programmes by the European Commission and European Parliament. For the most part, the EU was more progressive on issues like employment rights and social legislation - embracing the neoliberal agenda later, and more reluctantly, than British governments, who remained under the sway of US politicians and political economists.

The crash and stagnation since 2008 changed that. The IMF reinforced all the tendencies of the European Commission and European Central Bank to embrace austerity as the sole solution. In these circumstances, there seem few arguments for greater engagement with the EU. But addressing the extent of the economic problems requires coordinated, expansionary policies from all the governments in Europe.

There will be no sustained economic recovery without avoiding competitive devaluations, protectionism and national autarky. Now, more than ever, we need national governments in Europe to work closely together to solve common economic

problems.

The scale of the problem is daunting. 26 million Europeans are not working, 10 million more than in 2008. Of these, 7.5 million are young people out of work, out of education, and out of training. Living standards are collapsing, with 120 million Europeans living in, or at the risk of, poverty. The European TUC estimates that €250 billion invested over 10 years would create 11 million new jobs.² Governments across Europe could provide this as public investment, which would raise living standards in every country.

Of course, while austerity is being sustained at an EU, and a national level, such solutions will not be embraced. But, arguably, the dominance of neoliberalism in EU institutions is in opposition to the key principles of the European Treaty. In particular, the Treaty's principles to promote better living conditions and social protections have been ignored by the European Commission in applying the deflationary policies of the IMF and European Central Bank.

The contribution made by trade unions and the left parties needs to be to promote an alternative to austerity at both the national and EU-wide level. Austerity is also promoting an international reaction which needs to be fought. That reaction takes the form of a vicious hostility to migrant workers, and ethnic minorities – particularly Muslims and the Roma. This new search for scapegoats runs in the opposite direction to a multinational, multicultural Europe.

The racist wave, to which no European country appears immune, is not only morally wrong in principle. It also threatens to turn the EU, and the nation states, inwards when the solution to economic stagnation is found in a more outward looking policy. The EU's future has to lie with the fast growing

economies of the BRICS countries, and the rest of the developing world.

Multiculturalism is a practical aid to such engagement, where the EU's diversity allows it to speak to new markets using their own language. The racists threaten not just national domestic harmony, but also our long-term economic welfare.

In the current international political situation, it is easy to despair of social progress being possible at all. Yet coordination is possible across the EU both in unions and parties. It is then not too much of a stretch to achieve it between governments.

Left and progressive parties in both the Party of European Socialists and the GUE/NGL grouping, inside the European Parliament, remain focal points for campaigns and policy discussions at a European level.

The ETUC, and the various company European Works councils, are bodies which allow unions to cooperate across national borders in the EU in pursuit of more expansionary economic policy, and for the specific industrial goals of unions.

There are, and have been, many campaigns across Europe which have involved activists from different countries. These include, the struggle for peace and against imperialist wars; the defence of the environment and for tackling climate change; and opposition to the growth of racist and fascist forces.

Alongside these, we have seen the emergence of activists in Spain, Greece and elsewhere who stand up for those being impoverished by the impact of austerity. Even in Britain we have some experiences of the new movements such as Occupy. In the coming years we can expect new creative initiatives from young activists against the current squeeze on living standards. There is nothing to suggest that they will want to do

anything other than co-operate at an international level.

The future of the EU is in the hands of the people of Europe. We can let it break up in a mass of damaged and embittered politics. Or, we can fight to defend the principle of pan-European cooperation on the decisive issues facing the peoples of Europe. Nothing is guaranteed - it all depends on the activity of people like us across the EU.

If we simply allow the monopolies, arms dealers, financiers, landlords, and trans-national companies to set the agenda then the outlook is indeed bleak. But a better Europe can be forged by the left in Britain and the EU demanding change, and organising for it across the EU.

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Yes, the European Union can deliver for working people



Clare Moody

With Rupert Murdoch leading the charge of a hostile Eurosceptic media it is no wonder that this has become a common refrain. The constant drip, drip, drip of poison oozing out of the right wing press has framed a debate that favours corporate interests. Get government 'off our backs', undo the 'ties of regulation', 'free up business', Europe regulates too much, the market knows best. Well, no – we have seen it doesn't.

If the economic crisis, the bailing out of the banks and the subsequent recession taught us anything it should have been, at the very least, that the ideological solutions to the failure of neo-economic liberalism have brought ordinary people to their knees, and laid waste to their hopes and aspirations. The market isn't the solution to market failures but that is what the right has offered.

It is precisely these conditions and the harsh austerity measures that have encouraged the scapegoating of migrants leading to the rise of far right groups in

Greece, France, Belgium and the Netherlands. Here in the UK, UKIP are currently occupying the populist anti-European Union right-wing role much to the chagrin of Tory Eurosceptics who have been burning the Thatcherite flame ever since she made her 1988 Bruges speech.

Within this political and economic context those who support membership of the European Union have to make their voices heard in favour of a Social Europe. The elections this May will probably be fought on domestic issues with UKIP riding high on an anti-European and anti-immigration tide. But there is much that can be said about what Europe has done for us. Trade union members now have more enduring rights than could have ever been achieved at a national level.

The UK's membership of the EU has also provided good quality jobs from the motor industry to aerospace and far wider. Health and safety protection, often derided by the right, has been embedded into EU legislation.

Protection for maternity leave, discrimination law and equal treatment for part-time workers and paid holiday are all EU rights that we take for granted at our peril. The value of collectivism lies at the very core of trade unions and the employment rights such as Transfer of Undertakings (Protection of Employment) (TUPE), redundancy and Information and Consultation regulations. These are not dry legislative rights; these are rights that are crucial to our workforce.

There are also issues of wider concern to the trade union movement that are best dealt with at an EU level, in particular climate change and tax avoidance, neither of which respect national boundaries.

But the EU is the capitalists' creature?

National politicians take the credit for advances at an EU level when it suits them and are very quick to pass the blame for anything that is perceived as unpopular. Yet the simple fact is that common decision-making is done by national politicians in the Council of Ministers and European politicians in the European Parliament. The right has been in the majority in both institutions for 10 years but we have managed to hold on to the protections outlined above. We should not bury our heads in the sand and think that these rights will still exist if we turn our backs on the EU.

Our political struggles do not stop at the Channel. The same political, economic and social arguments that rage within our country's borders apply equally to the politics of the EU. For all progressives, changing and challenging the political direction of the right is our *'raison d'être'*. It's what gets us up in the morning.

There has rightly been much discussion about the Transatlantic Trade and Investment Partnership and in particular the Investor-State Dispute Settlement part. The ISDS has now been put on hold because of pressure from trade unions and the Socialists and Democrats in the European Parliament. Because the European Parliament will have a say in this, the Commission has had to take a step back. This is now a political fight and one we have to win.

While nationalists and the far right are capitalising on the misery created by the economic crisis, it is possible that after the European Parliament elections on the 22nd May the left will form the largest single group. After ten years of the right running Europe, the political tide may well start to turn in our direction again - on policy and with the institutions. As the largest single group post Lisbon Treaty, the new

Commission President should come from the left. Now is certainly not the time to be coalescing around our opponents to denigrate and, or, campaign against membership of the EU.

Almost uniquely, the EU is regarded as a monolithic entity that has only one direction and is apolitical. It isn't. Jacques Delors and the development of the European Social Model proved that. Politics determines policy at EU level, just as with local, devolved and Westminster governments. The damage that Thatcher and right-wing politicians have done at the national level has not led to the left calling for the abolition of Westminster; it hasn't even united the left behind calling for proportional electoral systems. So why would we take these same political arguments up at a European level?

The diagnosis that the EU, as a whole, is the problem, is false. The problem is we have not faced up to the fact that we have a political fight on at a European level just as much as we have a political fight on at a UK level - whether this is about austerity, public services, collective and individual rights or climate change.

Why should trade unionists support the EU?

The simple answer is jobs, good jobs that people want and that people can rely on.

At our core as trade unionists with a belief in solidarity and collectivism, we are driven to deliver for our members. The EU has done just that, giving us jobs and rights. So what happens if we turn our backs on it? All those rights become subject to the whim of our national governments – sadly our experience of national governments does not suggest that there is an alternative nirvana in the UK that will miraculously appear if we walk away from the EU. The reverse is true, we walk away and we lose the guarantees we

all get from our membership of the EU. Those rights will be eroded over time, jobs will go and we will be diminished.

Where from here?

None of us are happy just to stick with the status quo. We know we disagree with much of the recent direction of the EU, those disagreements are very similar to the disagreements we have with the direction of the national government.

In many ways the political framework of the EU makes it easier for us to deliver advances in collective rights because they are more embedded in European models of industrial relations than in the Anglo-Saxon model. And when we achieve those advances they are more likely to become permanent at an EU level than the possibility of achieving them at a national level, exactly as we have seen with other rights that have come from the EU.

If we walk away, we will play into the hands of the neoliberals that want to strip away our rights, want to ignore climate change and want to be free to avoid paying their dues to our society through taxation. Ultimately they do not care whether the UK is in or out of the EU as they will work to deliver their model at whatever governmental level. In fact, it is easier for them to do this at a national level.

As trade unionists, working in the interests of our members, we cannot afford to leave the EU. We cannot turn our backs on the EU and pretend there is a hopeful alternative; our political history does not give us any grounds for this hope.

It is not in the left's nature to turn our backs on a political fight. Once we recognise this is what we are facing over the EU, we know what we have to do. The same as progressives have done throughout history - we don't run away - we stand and fight.

Yes, the European Union can deliver for working people



Claude Moraes MEP

The upcoming European elections provide the perfect opportunity for progressives to show exactly how the European Union can deliver for working people across the UK.

British people have directly benefited from EU membership, reaping the rewards of economic and social successes, as the EU helped cement Britain's role as a global player and reassert its strength on the world stage.

In spite of this, the EU, as an institution, has suffered from decades of denigration in the British press. The failure of many politicians, and other sections of British society, to sufficiently defend this unique organisation needs to be addressed, particularly as the EU faces even greater criticism from the right as more member states join.

The current global economic situation, has impacted upon the EU's legitimacy, which is particularly unfair as this crisis did not

begin with, and nor is it confined to, the EU. In fact, the four freedoms guaranteed by the EU – the free movement of people, goods, services and capital – mean that there are countless advantages to EU membership.

With this in mind and with Britain's place in the union under threat, it is now more important than ever for progressives to make the positive case for the EU.

The economic benefits of the single market, which have historically ensured majority poll support for EU membership, are now having the opposite effect, as the economic credibility of the Eurozone suffers as a direct result of the crisis.

We cannot let our arguments be undermined in this way. EU membership is actually worth between £31 billion and £92 billion per year to the UK economy, in terms of revenue generated through trading.¹ And with reports suggesting that EU countries are twice as likely to trade with other EU member states than they would be in the absence of a single market², it is easy to see how detrimental it could be to our economy to withdraw.

The damage would not just be confined to income gains for the national economy as it is also likely that it would affect national employment levels. A recent House of Commons Library report shows that 4.5 million jobs in Britain are dependent on trade with the EU.³ When this many jobs are reliant on the continuation of current trade agreements, the fact that politicians could even consider Britain leaving the EU in the midst of such a precarious economic climate is frankly astounding.

Despite these clear economic benefits and the fact that it was established to rival the US's status as a superpower, the EU's

mantra has never been profit at any cost. In fact, its founding aim of achieving a collective economic prosperity that does not detract from the rights of citizens in the member states, means that workers' rights are the ultimate priority.

Many of our basic rights at work are protected by EU legislation, which set international minimum standards. Workers' rights to health and safety, paid holidays, maternity and paternity leave, equal pay and protection against discrimination are just some ways in which the EU has delivered vital legislation to secure and safeguard working people's rights. The Working Time Directive is a key example of this. Six million UK workers have directly benefited from improved holiday entitlements arising from this alone⁴ – something we must not take for granted.

EU rights, like the EU itself, deserve the determined support of British working people and are a cause worth fighting for. If Britain leaves the EU, then it leaves behind this level of protection for workers. And after witnessing the extent of recent Tory attacks on our rights at work here in the UK, we really cannot take any chances on losing the safety net that European legislation provides.

The EU is also often accused of being a vehicle to facilitate conservative policies. In reality, this could not be further from the truth. We often look to the EU, and its member states, for progressive alternatives in tackling complex issues. For example, when Labour discusses new policy on technical training, the living wage and rebalancing our economy away from financial services towards engineering, we are talking about German social democratic models. When we talk about improving transport infrastructure and railways, we look to the French TGV system.

Equally, it is no exaggeration to say

that the EU, as a collective, has been instrumental in leading the charge against climate change. In 2004, the Kyoto Protocol set much-needed targets for member states to reduce their carbon emissions – targets which are being met. The European Commission is continuing to build policy frameworks towards a sustainable and highly efficient long-term energy profile for all of the member states in the European Union, regardless of when they joined. This establishment of a successful, common energy policy to cope with all the challenges facing energy use shows the power of collective agreements and collective action – something at the heart of the EU.

In spite of this evidence, recent crises have opened the way for greater acceptance of Eurosceptic attacks on the EU. Unfortunately, these attacks are increasingly resonating with the public in the absence of an adequate defence by progressives.

In light of this, it is easy to see why the European Elections in May and the General Election next year mean that, in the immediate future, we will witness the most pivotal period in the history of our membership.

We have let Eurosceptics frame discussions on EU membership for far too long and now we must reclaim the debate. This is the perfect opportunity for us to discuss the type of EU, we want to belong to – a Social Europe that delivers for working people.

Progressives who have benefited from the EU – trade unions, British industry, civil society, NGOs, the voluntary sector and the arts – will all need to say what has been delivered, what can be lost and crucially, how we can move forward together. We must recognise the EU to be a unifying progressive force as, in so many ways, that is what it represents.

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No, the European Union cannot deliver for working people



John Cryer MP

The debate in Britain about the European Union is very rarely conducted in terms that are rational or objective – and I have to say that applies to both sides. If I were to offer criticisms of the EU I would, and have been, accused of being a stupid, narrow-minded nationalist. On the other hand, anyone who defends the European Union can expect to be condemned as treacherously selling out hundreds of years of democracy. The reality is a great deal more complicated than that but the same reality has led me to come to the conclusion that the EU cannot deliver for working people because it is, as far as I can see, an exclusive club which all too often functions as the protector of big banks and big business with scant regard for anyone else.

Along with a majority of the British people, I think an in-out referendum on our membership is long overdue. That is not because I am a fan of referenda. In fact, I am pretty suspicious of the way such plebiscites

have often been used by governments for their own ends. However, if parliament decides to change the power of the ballot box and the power of Westminster, that should be put to the voters.

Since the last referendum – held by a Labour government in 1975 – we have had an army of treaties march out of Brussels, often containing profound changes. The Single European Act, Nice, Lisbon, Maastricht, Amsterdam and the Growth and Stability Pact to name just a few. They have certainly changed parliament's powers substantially but the voters have never been consulted. Political parties tend to be very shy when it comes to discussing the EU and that shyness increases as general elections loom.

Cameron is promising a referendum in 2017 or 2018 and, in the meantime, he claims, the Conservatives will renegotiate our EU membership. If that were to be a genuine renegotiation, we might expect some democratic control to be returned to migration, fisheries and agriculture just for a start. That will not happen. The Prime Minister hopes that he can repeat Harold Wilson's sleight of hand of 1975. Wilson claimed to have extracted major concessions from what was then the Common Market. By the time everyone realised that our relationship with Brussels was virtually unchanged, the referendum had been won by the "yes" campaign.

Now, this sort of sleazy and dishonest manoeuvring is pretty typical of a government which has made mendacity an everyday practice. Although it has to be admitted that it is difficult to think of any British government that has been marked by honesty on European matters. That includes Thatcher, by the way, who handed over the largest slice of

sovereignty through the Single European Act in 1986 but neglected to mention this to the voters.

The EU is far from democratic and, because of this, will never deliver for working people. We need to reassert the principles of democracy and that is why I want to see the Labour Party commit itself to a referendum at the earliest opportunity without any guff about “renegotiation”. And our referendum Bill should be put through parliament, as a government Bill and in government time, as soon as we are able to get into power. It seems to me that there is no way we can go into the next election without promising the people a choice.

While ministers are desperately using subterfuges at home to convince us all that they really are enthusiasts for a referendum, that is mild compared to their outrageous behaviour toward the Eurozone countries. Even in the recent history of the EU we have seen austerity measures forced on working people in all of the member states. After seeing the devastating impact this has had on their lives, how can anyone possible argue that the EU is on their side?

And if that wasn’t enough, all of those states are now being told that they will lose control over their own budgets; they have already, of course, lost control of their currency by joining the Euro in the first place. Brussels is also indicating that there should be more “harmonising” of taxation.

Now, if all that power and control goes to the European Central Bank and the European Commission, what the hell is the point in voting when the governments of the Eurozone nations will have the power of a parish council?

And what have British ministers got to say about the greatest loss of democracy in Europe in living memory? Sod all. Apart from to mutter a few platitudes about the “pooling

of sovereignty” and “centralisation” being an inevitable consequence of the single currency.

Many people in Italy or Spain or Greece must be wondering whether their long and often painful battles for democracy were worth all the bother.

Some readers may point to legislation protecting workers’ which came from the European Union. And there is some truth in that. But most of the major legislative changes – such as automatic recognition and the minimum wage enacted by the Blair government or the Health and Safety at Work Act introduced by Wilson – did not come from Brussels.

At the same time, the European Court of Justice persistently rules on the side of big business. The classic examples were the rulings in the Viking and Laval cases, which effectively meant that workers are forbidden from taking collective action against cases of social dumping.

Make no mistake, the European Union is no friend of working people and never has been. That is why a great many coalition ministers actually have little difficulty in going along with the direction of the EU. They know it shares many of their aims.

The great Tory prime minister, Benjamin Disraeli once described the Conservative Party as the party of organised hypocrisy. It is now changing into the party of disorganised hypocrisy but on this issue ministers are likely to remain pretty much united as they continue to go along with the aims and wishes of big business, big banks and the Euro-sadists who don’t mind if working people suffer as long as the single currency and the rest of their agenda is protected.

It’s our job to stand up for ordinary people and give them a *genuine* say in their future.

No, the European Union cannot deliver for working people



Carolyn Jones

The EU is a neoliberal prison. The vision of Europe as the provider of rights and the protector of freedoms has been consistently eroded. In its place people see the reality: a 'free market' system imposing a political ideology through a series of European institutions – the Court, the Commission and the Troika.

And people don't like what they see. Unfortunately (but not unexpectedly) anger at the EU is too often expressed in protectionist terms or racist rants. For the good of us all, that needs to change. As a movement we need to expose the true nature of the beast and offer a progressive alternative.

EU: the provider of rights?

It is true that, during a specific period of time, the EU provided UK workers with a range of employment rights denied to them at home. Much of the equality legislation, working time and holiday regulations and

TUPE transfer rights emanated from Europe. These were individual-based rights aimed at providing a floor below which no worker was meant to fall. They offered a safety net to workers during the Thatcher onslaught.

But at the same time as these 'sweets' were being handed out, a neoliberal coup was taking place. A free market ideology was invading Europe and embedding itself into the DNA of European institutions and Treaties. Thatcher and Reagan began the process, but it has accelerated ever since. With our hands firmly wedged in the sweetie jar and our rose-tinted glasses blinding us to reality, we failed to monitor, let alone prevent, this invasion.

The end result is a European Union that has, at its heart, institutions and rules governed by an ideology that favours finance capital over workers' rights. The free market philosophy is now locked in to the very core of the Europe Union. And as Lord Wedderburn warned during negotiation of the Lisbon Treaty in 2007, the 'primacy doctrine' (whereby all decisions of member states are subject to the law of the European Court) has been built into the Treaty and is now irreversible.

In this new world order, it is rare to see the introduction of any new, effective rights for workers. Instead, emphasis is on removing so called "red tape" from SME's and promoting "flexicurity" via labour market reforms. The Agency Workers Directive was presented as helpful but, in fact, has led to a massive increase across Europe in the number of workers employed through agencies without the full rights of directly employed workers. The Directive has effectively normalised and institutionalised casualised labour.

EU: three turns of the neoliberal key

Not only are there few new rights in this neoliberal prison, we now see existing rights undermined in three significant ways.

The Court

First, decisions of the Court of Justice of the European Union increasingly reflect the primacy granted in the new Constitutional Treaty to the freedoms of companies over the freedoms of workers. The four freedoms awarded to companies - to provide services, establish business, move capital and move labour from one member state to another - now trump all other rights, most notably rights of workers. Goodbye Delors's 'social market' model. Hello Thatcher's free market model. Strong labour laws are now seen, not as a necessary rebalance of workplace power relations, but as a distortion of competition.

Article 16 of the Charter of Fundamental Rights of the EU is a good example. This guarantees bosses the right to conduct a business in what is called an 'undistorted labour market' - for 'undistorted' read free of collective bargaining constraint. Employers are now free to 'post' workers from low-wage EU States to high-wage States, ignore collectively agreed terms and instead provide only the low wages payable in the home country. And the Court willingly obliges.

Attempts by unions to protest against this race to the bottom (as in the Viking and Laval cases) have been declared unlawful by the Court. Similarly, European level union attempts to strengthen the protection offered to posted workers (and by extension the terms and conditions of UK workers) have fallen on deaf ears. In truth, protections for posted workers - as with most employment rights and trade union freedoms - are now

simply seen as adversely affecting the freedom to conduct a business.

The Commission

Second, under the terms of the 2011 Euro Plus Pact, the EU Commission has now turned its attention to dismantling the institutions and structures supporting collective bargaining across Europe. A report prepared by the European Commission in 2012 lists 'employment friendly reforms' as including the 'general decentralisation of wage setting and collective bargaining, wider scope for opportunities to derogate from industry-level agreements at workplace level and an overall reduction in the wage-setting power of trade unions'. The EU Free Trade Agreement currently being negotiated with the US threatens to open all remaining areas of public provision to corporate challenge.

These attacks at EU level again undermine the post-80s Social Europe settlement, threatening long established traditions of strong collective bargaining in EU member states. Even the ETUC, not normally a critic of Europe, condemned these attacks on collective bargaining, saying it was leading Europe to a 'dead end'.

The Troika

Third, the EU Commission, the European Central Bank and the IMF (the Troika), are using Economic Governance rules introduced in the EU in 2012 to enforce severe austerity measures on nation states. Under the rules, Britain, like all other EU member states, is obliged to reduce its public sector deficit and is doing so by reducing benefit entitlement, cutting pensions and keeping public sector wages low.

The 2012 Treaty gives the EU Commission powers of supervision over the budgets of member states, including tax policies and borrowing. Failure of the UK to

comply with the terms of the Stability Treaty by 2018 risks the imposition of unelected and unaccountable technocrats – as already seen in Greece and Italy. Of course Cameron and Osborne are only too willing to comply, and have grasped the austerity agenda with both hands.

But what of a future Labour Government? Are we to be denied the right to determine our own national laws or decide our own economic path? Yes, if we remain within the current constraints of the EU. Keynesian policies of growth will forever be rejected in favour of free-market, trickledown economics. The door of the neoliberal prison has been firmly closed.

We must see the EU for what it is – an institutionalised mechanism for imposing ‘free-market’, neoliberal policies across its 27 member States. It has become a disaster for individual and collective rights at work and the living standards of millions of workers. Democratic control over our future economy will be lost – while Troika-imposed policies in Southern and Eastern Europe are causing unsustainable levels of labour migration.

The Labour Movement and the Left has to recognise these realities and develop alternative perspectives for economic cooperation, on democratic lines, along with trade union colleagues elsewhere in Europe. To do otherwise is to surrender to the right-wing – whether Cameron and the City of London bankers, or xenophobes like UKIP.

We need to regain the right to assert our needs collectively, through our unions, and democratically, through our Parliaments. In short – we must break the EU prison chains that bind us.

No, the European Union cannot deliver for working people



Jonathan Michie

It is difficult to imagine how the European Union ‘project’ might deliver for working people under the terms currently constituted by the EU, since it has historically been dominated by a rather pro-business policy agenda, operating within the straight-jacket of economic orthodoxy. This remains true today, as economic recession holds back many of the EU member states, and yet no serious anti-recession economic and industrial policies have been adopted at a European level. Instead, the European Central Bank remains stuck in old-style orthodoxy, and the necessary European-wide Green New Deal has not been properly developed or pursued.

The scale of the current economic crisis should have provided a catalyst moment where leaders and politicians across the EU realised that serious action was required. Even as it is was announced that several of the member states, including the UK, were beginning to see economic recovery, living

standards continued to stagnate, while levels of in-work poverty rose. In spite of this, there was a pan-EU failure to try to ensure that working people actually benefited from the recovery, or to turn to radical solutions to tackle inequality – or even to act when it became clear that austerity wasn’t working.

As a result of this, it seems that the sort of policy agenda that might seek to create sustainable economic development within any single member state would be at odds with the EU’s policy agenda and approach. The starkest example of this has, of course, been the single currency project. To date, the UK has remained outside this, but it is worth considering briefly for two main reasons. Firstly, because there are plenty in Britain who have advocated – and still do advocate – membership of the single currency area, and secondly, because the single currency and its rules have implications for the economic and political trajectory of the EU, which is largely tied to the euro project. In fact, the single currency is likely to result in recurring economic problems and dislocations across the Eurozone, which will almost inevitably impact negatively on the EU as a whole – the UK included.

The economic impact of a single currency

If the 2008 financial crisis taught us anything it was that the banks aren’t delivering for working people. We witnessed, first-hand, the urgent need for a radical alternative to current banking systems, on a global scale. It was a definite case of actions speaking louder than words as the message was delivered much more starkly than it could have been by any politician or economist. However, the debate quickly

centred around *how* systems should be reformed. This proved complex. But certainly the adoption of the euro would not be the answer.

The reality is that for a single currency to make sense requires a degree of political and economic integration. The single currency requires a single monetary policy for the area in question. There should therefore also be a single fiscal policy, a single industrial policy, and so on. This is lacking in the EU. Why then, did EU leaders go ahead with the single currency idea, in the absence of the necessary conditions? The answer is that those driving the agenda have been – and remain – wedded to an orthodox view whereby the economy is thought to operate according to textbook models, which is a far cry from reality. It is the sort of fantasy world that the economist John Maynard Keynes described as being one where nothing very serious ever happens. In which case, of course, reckless economic gambles such as adopting the euro will have little negative consequence.

But with a single currency imposed, when one part of the single currency area becomes economically uncompetitive for whatever reason – perhaps just because it is not as economically dynamic and successful as the rest of the area – problems ensue. In most single currency areas – namely, countries – the problem is dealt with in part through automatic fiscal transfers: those in the area doing less well will tend to pay less taxes, and at the same time will tend to receive more benefits (unemployment pay, housing allowances, etc). This means there will be an automatic net inflow of resources into the area that is lagging. In addition, there will usually be active regional and industrial policies aimed at tackling the problem. Conversely, if countries have their own currencies and one economy becomes

uncompetitive, this will lead to that country's currency being devalued, so that their goods and services become more competitive. This results in the demand for those goods and services rising, with output and employment thereby picking up, and so on.

The euro falls between the two. Having abandoned their own currencies, the option of realigning currencies is lost. But a single currency has been adopted without the development of the necessary degree of economic integration, and without the necessary accompanying single fiscal, regional and industrial policies. All this means that the EU is likely to continually be faced with these economic problems of depression and stagnation, with the normal policy measures no longer available. Britain thus suffers from being part of this incoherent construct, despite not having adopted the euro. The fact that the euro area is consigned to adopting a single interest rate, for example, despite the reality that this rate may be quite inappropriate for some of the member countries, will create economic dislocations that will impact negatively on the EU as a whole – the UK included.

Economic policy action

Of course, Britain operates within a global economy, and needs to face the economic realities of this, which includes the importance of the European Union, and the importance of the individual EU member states for Britain's trade and other economic relations. But equally, local and regional economies within Britain play an important role, and policy action should seek to foster economic activity at this level. The desired policies for Britain to pursue may fall foul of EU membership – as might be the case with the active use of public ownership, for example. In addition to this focus on the local, Britain should be developing

appropriate economic relations with countries from across the globe, not just with EU member states, and the restrictions of EU membership will not necessarily be helpful in this regard.

Even before the single currency project, the Maastricht agreement was based on pre-Keynesian attitudes towards preventing active fiscal policy. Its requirements on governments to target specified fiscal deficit and cumulative debt levels, irrespective of the state of the economic cycle – that is of whether the economy is in recession or not. In the extreme, an economy in recession may be forced to cut government spending, thus exacerbating the recession – which in turn may lead to a higher deficit rather than the required reduction.

Thus, in its current form, the EU struggles to deliver for working people. The UK economy is not performing and we need radical changes to ensure that working people benefit from any recovery. The ties forged by the EU mean that just as Britain's economy is affected by Eurozone activities, the policies it can adopt are also inextricably linked to those of other EU political leaders. Britain should be developing and pursuing a real 'Green New Deal' to create sustainable economic development, including the active use of public ownership and public procurement, much of which would likely fall foul of the EU's free market ethos. Nevertheless, this is the best course for the British economy. If the EU presents a barrier, we ultimately need to be prepared to pursue such policies in spite of – and in the face of – the economic orthodoxy that continues to pervade the EU.

The Centre for Labour and Social Studies (Class) is a new think tank established in 2012 to act as a centre for left debate and discussion. Originating in the labour movement, Class works with a broad coalition of supporters, academics and experts to develop and advance alternative policies for today.



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