

## Briefing note from the Another Europe Is Possible campaign on two recent proposals from the European Commission to take action against social dumping

Two recent proposals of the EU Commission have received scant publicity in the UK despite their significance for debates about freedom of movement, the protection of workers' rights and creating EU-wide safeguards against a 'race to the bottom'.

### 1. The Social Rights Pillar:

<https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-127-EN-F1-1.PDF>

### 2. An amendment to the Posting of Workers' Directive:

<https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-128-EN-F1-1.PDF>

**What do these two proposals do?** Both measures would act to empower ordinary citizens by reducing the ability of multinational companies to undercut national employment standards and play states off against each other in order to drive down wages and protections for workers.

**1. The Social Rights Pillar.** The proposal for a "Pillar of Social Rights" lays the framework for the development of social standards, to be agreed at a supra-national level. This will be a first step on the road to a restructuring of the global economy that forces states to compete for the business of MNCs. As long as it is construed as a "race" at all, the "Global race" will always be a race to the bottom, with only the states that are willing to sacrifice the health, wellbeing and dignity of their workers, able to attract business. This proposal will begin the process of co-operation in setting basic social standards, which could lay the basis for empowering workers across the union. Fundamentally, this would also make the market more efficient because competition will be refocused on innovation rather than who can pay their workers least.

**2. Amending the Posted Workers' Directive.** The amendment addresses the problem of workers posted abroad still being governed by the pay and workplace regulations of their country of origin, rather than that which they are working. This drives down wages and workplace standards in the state in which they are posted. This directive will require that posted workers are paid the minimum wage in the state in which they operate, not that from which they originate, and require that workers posted in a state for more than two years are treated as working in that state.

### But do the measures go far enough? No.

While a step in the right direction, both in terms of reforming sclerotic markets and improving standards of employment, both measures are still limited. The legal status of the proposed social pillar is not clear. Unless it is to ultimately become part of the EU treaties, it may be difficult to enforce in a manner that gives parity with competing provisions. In addition, the amendment to the posting of workers' directive

will only impose the workplace regulation of the host state after 2 years. This is too long to wait, and takes place within a context characterised by British-led attacks on the rights of migrant workers' to access in-work benefits. Posted workers should be able to enjoy the employment standards of their host state immediately.

For UK workers the two proposals are welcome but still too limited. The remit of the Social Rights Pillar only extends to the Eurozone countries, creating a pressure for non-Euro member states to respond competitively to the proposal by downgrading worker protections to gain competitive advantage over single currency countries.

Similarly, the amendment to the Posted Workers Directive is only limited to national legal minimum protections – which in Britain would mean the National Minimum Wage – rather than collective bargaining agreements struck between national unions and bosses in a particular sector or workplace. While welcome the proposal does not go far enough in ruling out completely undercutting pay and conditions of workers.

### **What do the experts say?**

**RESEARCHERS:** Academics have welcomed the proposals as a modest step forward. Steve Peers, a professor of European law at the University of Essex, said:

“The new proposal goes a long way to ending unfair undercutting of national workers' pay and conditions by workers sent temporarily from other Member States. In particular, it would apply national collective agreements to workers sent from other Member States in many cases, and it would ban undercutting pay and conditions by means of using sub-contractors or sending temporary agency workers from other Member States.”

**TRADE UNIONISTS:** Steve Turner, the TUC spokesperson for Europe and Assistant General Secretary of Unite, has given cautious support to the moves, but called for the Social Rights Pillar to be extended to all 28 countries and for the amendments to the Posted Workers Directive to cover national collective bargaining agreements, not just minimum legal protections in the country of work:

“Proposals for a Social Rights Pillar should help to rebalance the EU's focus away from the unceasing demands of business to those of Europe's citizens and workers. Those that produce and purchase are desperately looking for arguments to engage positively with the European project – this is welcome but the EU can still do more.

“For the Social Rights Pillar to mean anything for UK workers however the proposal will have to be extended beyond its current scope of the Eurozone countries. A two tier social Europe like a two tier Europe more generally, quite apart from having no positive impact here in the UK, will be used as a tool to drive down workers' rights and standards across the whole EU, as non-Euro countries compete for foreign investment on the back of more ‘competitive’ labour markets.

“The same can be said of the proposals to revise the Posted Workers Directive. While ending the obscenity of 'country of origin' exploitation, the proposals are limited to only ‘national laws and regulations’ – like the minimum wage in the UK. Without its

extension to collective agreements agreed by trade unions and employers in a sector, company or workplace, then the proposal will be a missed opportunity.

“Unite, the TUC and other non-Eurozone trade unions will be fighting for changes to both these directives this week in Brussels. For workers to see Europe differently, as a source of hope, security and solidarity between its people, the Commission will need to resist attempts by the UK government and others to exempt themselves from core protections and drive down standards in a ‘race to the bottom’ only benefiting employers and wider corporate interests. We have an opportunity to rebalance and redefine the European project in favour of its citizens. It's our duty and responsibility to fight to make this happen.”

### **What does Another Europe Is Possible say?**

Sam Fowles, a research fellow in law at the University of Birmingham and Another Europe Is Possible spokesperson, welcomed the move as a clear step forward and challenged the officially designated ‘In’ campaign to support these measures too:

“I hope Britain Stronger in Europe backs these measures unequivocally. For our part Another Europe Is Possible welcomes these steps by the EU commission to end social dumping and protect the rights of migrant and home country workers. Only by ensuring common standards, with robust employment rights, across all member states will the EU be able to demonstrate to workers of all countries the benefits of membership. While these measures still don't go far enough in protecting migrant and native workers' from unscrupulous employers, they put paid to the notion that the EU is simply a bosses' club which is totally unresponsive to the demands of workers.”

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