

Briefing Paper: What's going on in the EU?

If it is difficult for even informed Europeans to fully understand what's happening in the European Union—as many in Europe say it is—it is even more difficult for people in the rest of the world to follow events with any degree of understanding. For instance, the US press, when it bothers to report on EU events at all, usually does a very poor job, often parroting elite European opinion while paying little attention to the views of ordinary people. Yet what happens in the world's biggest single market has profound implications for people around the world. And it is especially important that global justice activists everywhere have a basic grounding on key trends and issues.

With this comprehensive post by our European based colleague Bruno Ciccaglione we launch a new GLS project to promote transnational solidarity by making regional issues more understandable to a global audience. What better place to begin than by trying to untangle the web of issues and trends that make the European Union seem so opaque to outsiders, (and to many insiders as well)?

The June defeat in an Irish referendum of the Lisbon Treaty—designed to deepen and expand European Union institutions—has emboldened critics and spotlighted the growing uneasiness of Europeans with the direction of the EU.

The EU was always a project of European capital to expand markets and be more competitive globally. However, it was initially felt that the idea could only be effectively sold to the European people if it included a vision of a "social and democratic Europe" that provided for the social and political rights and well-being of other social groups besides business. EU institutions were opened to labor representation and labor organizations actively participated in them.

Over several decades, European capital has moved to a much more aggressive neo-liberalism that has lost its willingness to treat labor as a "social partner" with its own agenda. It is now trying to institutionalize what might be called an "anti-social Europe." But as this post details, it has met stunning defeats in that effort.

These developments are important for the way labor everywhere deals with transborder economic forces. For example, the European Court recently ruled that a Polish construction company doing work in Germany could pay its workers the Polish, rather than the German, minimum wage, because requiring the German

minimum wage would keep foreign service providers from competing on the basis of lower wages. Such a "logical" extension of neoliberalism, if universalized, would mean that Chinese companies could bid on construction jobs in the U.S. based on Chinese wages!

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What are the European Constitutional Treaty and the Lisbon Treaty?

According to the leaders of key countries in Europe, and to the members of the European Commission, the EU institutions need to be modernised to function more effectively. In the last few years, various attempts have been made to do this using the argument that it would increase and strengthen democracy, help the integration of the new member states, eventually help enlarge the Union, and in general create better conditions for its citizens. But the attempts seem to be again blocked, after the failure to introduce the European Constitutional Treaty (<http://european-convention.eu.int/DraftTreaty.asp?lang=EN>) in 2005 and the serious problems currently facing the Lisbon Treaty (LT) (http://europa.eu/lisbon_treaty/full_text/index_en.htm) blocked by Ireland's NO vote in a June referendum..

Proposed changes in the Lisbon Treaty aimed at changing the EU's Institutions and the decision making process include:

- To give the EU a US-style President but without a direct election by the European citizens;
- To establish a "Foreign Minister" by combining the positions of the existing foreign affairs *supremo* and the foreign affairs Commissioner;
- To reduce the number of members of the European Commission (currently each EU member state sends one person to the EU Commission);
- To redistribute the voting weights among the member states. This also includes the removal of national vetoes in several areas;
- To give new powers to the European Commission, the European Parliament and the European Court of Justice. For instance the EU Parliament would at last be part of the decision making process, although legislative initiatives

would remain in the hands of the Commission. Currently the EU Parliament is heard only on proposals presented by the EU Commission;

- To create a European wide popular petition. One million EU Citizens could ask the EU Commission to deal with a matter they consider important.

While some of these proposals could be welcomed, given the democratic deficit within the EU, the real goal of both the European Constitutional Treaty (ECT) blocked in 2005 by referendums in France and the Netherlands, and the Lisbon Treaty (LT) of 2007 blocked by the Irish referendum, was not merely the proposal of a different and more *effective and democratic* architecture of the EU: the two treaties intended to give institutional legitimacy to the current economic and social policies. These policies favour liberalization processes, the privatisation of public services, and the redesign of the European social model in order to make it more functional to the needs of global competition for European companies. The European Constitution Treaty (ECT) aimed at giving juridical legitimacy to these policies of the European Union at a “constitutional” level. The Lisbon Treaty (LT) was needed basically to “save” the ECT after the failure of its ratification process in 2005.

The ECT and the LT are not easily understandable documents. Moreover their contents sometimes seem bizarre, given the intention to *simplify* the functioning of the EU institutions, and they are not comparable with normal national constitutions. For instance, on the one hand in the ECT the term “bank” was mentioned 176 times, “market” 88 times, “liberalization” or “liberal” 9 times, “competition” or “competitive” 29 times, and “capital” 23 times: all this was very unusual for a “constitution”. On the other hand the LT, which is largely based on the same concepts, is composed of more than 250 pages with a list of about 300 amendments to the Rome Treaty—which in 1957 founded the European Community—and around 60 amendments to the 1992 Maastricht Treaty. The Maastricht Treaty fixed economic rules to be followed by the national states and was largely written to prevent an active role by national states in the economy thus leaving a free hand to the markets. It also laid the technical basis for the Euro. Additionally there are also 12 Protocols in the Lisbon Treaty and several “statements”.

The origins of the resistance and rejection of the two treaties

A recent European wide poll

(http://ec.europa.eu/public_opinion/archives/eb/eb69/eb_69_first_en.pdf) shows that increasingly EU citizens have a critical view on the EU and its benefits for them. The average of favourability rating for the EU in the member states is now only 48%, with a major decrease in various important countries like Greece (-9%), Austria, Italy and Poland (-6%). 35% of the Austrians and the 34% of the UK citizens have a very negative image of EU. Ironically one of the countries where the EU is better appreciated by the people is Ireland, where 67% of the people have a positive or a very positive image of the EU. Nevertheless people voted No to the LT.

This trend is strongly related to the reality that an increasing number of people are facing in the member states. The increased prices for food, essential services, oil, have created hardships for a growing number of people, especially since in many countries the level of real wages is stagnant or decreasing. Moreover, the policies promoted by the EU have been aimed at the privatisation of public services in a number of areas and to liberalising the social security systems in many countries. There is an increased number of working poor people and the “precarity” of jobs is extending to the entire lifestyle of a large number of workers. Many social movements identify the LT with an organic structure prepared to lock in the politics that produced these changes in the last decades. Overall people feel that their living conditions are declining, social security systems are falling apart and their possibility of influencing direction of things is reduced by moving more and more decisions away from the national level and to the EU level.

It is true that an important part of the of the opposition to the treaty in many countries comes from nationalistic groups, sometimes with racist tendencies, and which [sometimes] oppose both the EU itself and the basic idea of European integration. These groups are very different in each country but their influence among ordinary people is not to be underestimated since sometimes it is very strong. Their main argument is that the decline in economic and social conditions should be blamed on the migrant workers (even from new EU member states) and on EU policies. And, to be sure, they get much of their strength from the lack of alternatives to the “capital-friendly” approach of EU policies which most of the governments in Europe, regardless their colour, have implemented.

But it must be noted that an increasingly important part of the opposition comes from progressive and left wing movements, openly in favour of a European

integration but reclaiming a social and a democratic Europe which they do not see reflected in today's policies and proposals.

Increasingly people understand the links between national and EU politics and how their own governments are deciding upon policies at the EU level that negatively impact their lives. Yet these same governments who decide policies at the EU's Council of Ministers, usually tend to avoid responsibility for their decisions at the national level, by pointing out that the EU is "dictating" these policies – as if they are not part of the decision making process.

The Services Directive mobilizes labor and social movements

Several EU Directives ("Directive" is the term for EU laws) have created problems rather than solved them. The NO vote in France in the 2005 referendum on the Constitutional Treaty was widely influenced by the debate around the Services Directive (also known as Bolkestein Directive, from the name of the Commissioner who proposed it). It was an attempt to create the conditions for the full liberalisation in the "services sector" within the EU, including public services sectors not yet completely liberalized such as education and health systems. In addition, one core element of the proposal was to allow "services" providers (construction companies, cleaning companies, high tech companies, accounting firms, etc.) to offer services across the EU, but following the rules in the country in which the headquarters of the company is registered. This provision – named "Country of Origin" – was considered by trade unions and social movements the entry door to allow the "exporting" of services from countries with low wages, poor labor conditions, or inadequate environmental laws to higher wage countries which would undercut standards in the higher wage country. (In Europe this practice is known as "social and ecological dumping".) The original proposal failed as a consequence of massive mobilisations of trade unions and social movements, and only a revised version was finally adopted. These mobilisations were probably one of the first cases of European mobilisations in which trade unions and other movements mobilised together on a continental scale. In many EU member states the intense debates about the directive contributed to an increased critical view about the EU, its policies and role to push for a worsening of conditions for workers.

Rights of capital more important than the rights of labor

Most recently the European Court of Justice decided in three cases that competition law and the freedom of entrepreneurs are more important than labor and trade union rights – yet another element in decreasing the confidence of people, and in particular workers, in the EU. (<http://www.etuc.org/r/846>). The Court agreed that the right to strike must be considered a fundamental right, but not as fundamental as the right of the businesses to supply cross-border services even when this violates the right to collective agreements by the workers and their trade unions (Laval-Vaxhom case, Sweden). The Court also ruled on the relationship between the rules on free movement for companies as stated in the European Community Treaty and the fundamental rights of workers to take collective action, including industrial action and strike action. But even in this case, although affirming that the right to take collective action is guaranteed by the international and Community law, the Court found that the rights of organized labor cannot be opposed to the decision of a company to move parts of its production abroad (Viking Case, Finland). In another case, the Court ruled in favour of a Polish firm working in Germany and applying the Polish minimum wage for the construction sector rather than the German minimum wage. It argued that the restriction on the freedom to provide services resulting from the obligation to pay the collectively agreed wage rates was not justified by the objective of ensuring the protection of workers, because this would prevent foreign services providers from competing on the basis of lower wages (Rueffert Case, Germany).

It must be noted that these rulings are all based on current European legislation. In other words, these cases reveal the real implications for workers and trade unions of current European laws and the real scale of values on which the “Eurocrats” (as EU officials are popularly called) have built the EU until now. Finally, just a few days before the vote in Ireland, the European Commission launched a proposal for a new Directive on the weekly working time which if approved would allow companies to ask their workers to work up to 60 hours per week. Is it any wonder that labor movements and trade unions do not see these kinds of policies addressing the need to improve the condition of the workers?

On the contrary these court decisions have contributed to an increasing criticism within the European Trade Union Confederation (ETUC). While the ETUC had openly supported the European Constitutional Treaty (<http://www.etuc.org/r/168>) as well as the Lisbon Treaty, leaving open opposition to these treaties to alternative and independent trade unions and social movements, today the ETUC says, it is

"deeply disappointed by the uninspiring content of the final text [of the Lisbon Treaty]". The Irish No was qualified by them as an outcome that "underlined the need for a much stronger social edge to be introduced quickly into European policy" (<http://www.etuc.org/a/5100>)

After the Irish No – what will happen next?

When in 2005 the citizens of France and Netherlands stopped the European Constitutional Treaty by referendums, the “Eurocrats” decided to severely limit the risks connected with popular votes on European treaties in the future. For this reason the new treaty, signed by the 27 governments of the EU in Lisbon in December 2007—which according to many observers was more or less a repetition of the constitutional treaty dressed in different clothes—was intended to be ratified only by the parliaments of the EU member states rather than with referendums. Unfortunately for them this was not possible in all countries, as the ratification of international treaties is regulated by national constitutions and laws, which differ from country to country. In the case of Ireland, citizens were allowed to express their opinion. The argument that it is undemocratic that Irish citizens, who represent less than 1% of the European electorate, could block a treaty that the rest of the other EU countries supported, is, therefore, not valid since as all other EU citizens were denied an opportunity to express their opinion directly on it. Moreover, the treaty is still not ratified by many countries.

The immediate reactions on the Irish “NO” of the European Commission members and of the supporters of a YES vote in Ireland on last June the 12th were irritation, unhappiness, and anger. Some also said that the Irish people are ungrateful with the European Union that did so much for the economic growth and development of their country.

Apparently the “Eurocrats” and EU governments are annoyed by the problems created by citizens when they are allowed to vote. The president of the European Commission Jose Manuel Barroso, during the last meeting of the European Council following the Irish vote, said the 27 counters were legally obliged to ratify the Treaty, because the governments signed up to it not "just for fun" (<http://news.bbc.co.uk/2/hi/europe/7466694.stm>). There is a really strange concept of democracy behind this statement! Other commentators added that there are some issues—like international treaties—that are *unfit* for a popular vote.

Currently EU member states and the EU Commission are trying to figure out what to do. It is clear that the Lisbon Treaty will not be ratified by January 1st 2009. It is also clear, that key countries aiming at “saving” the treaty face internal contradictions. Plans called for EU member states to decide on next steps by the end of October, but after the vote in Ireland the ratification process was blocked in Germany, where the parliament had approved it, in order to wait for the ruling of the Constitutional Court about the constitutional legitimacy of the LT. Most likely EU governments will not respond to the growing criticism of citizens and change course. Technically the Irish vote is sufficient to block the implementation since each member state has veto power under current rules. But politically, the European Commission and the heads of key EU member states continue to support the position of continuing with the ratification process in the countries that have still not ratified the treaty and to seek a second vote in Ireland, as was already done in the past with other European treaties.

For social movements in Europe it is clear that a social and democratic Europe can only be developed and promoted by a strong mobilisation of the social and the labor movements that oppose the EU of the bankers and of the transnational companies and by developing and promoting alternatives. This understanding is reflected in the approaches and proposals of the up-coming European Social Forum, to take place in Malmö/Sweden, 17th to 21st of September this year. Social movements, trade unions, NGOs and thousands of people from Eastern and Western Europe will discuss and elaborate common strategies at this forum, aiming at strengthening their voices and positions for the Europe they want and how to make another Europe possible. We look forward to hearing from them.