

Supplementary Report

Proposal for an ETUC campaign against wage and social dumping in Europe

“Equal pay, Equal rights” (working title)
(Place-of-work principle)

Preliminary details

On the initiative of the Confederation of German Trade Unions (DGB), a joint document has been drafted by DGB, CFDT, CFTC, CGT, FO and UNSA as a basis for discussion and, in due course, a campaign by ETUC. Such a campaign would dovetail with ongoing action by ETUC and would seek to prompt tangible progress.

Situation

For many years, the process of European integration has been out of kilter. Although the single market is developing all the time and the barriers which have caused problems in the past are gradually being removed, this development is taking place against the backdrop of deregulation and as such the social dimension is falling by the wayside. Social considerations are no longer deemed a key component of the single market strategy as they once were by the market's founding father, Jacques Delors, but as an obstacle to the functioning of a free market. Furthermore, due to enlargement of the EU to 27 Member States and increasing globalisation, today's issues are very different to those prevalent during the Delors era. Economic and social development in Europe no longer go hand in hand and economic growth has ceased to be an automatic passport to social progress. Workers' rights are coming under increasing pressure and several rulings handed down by the European Court of Justice¹ have further exacerbated the situation in sending the clear message that economic freedoms take precedence over fundamental social rights. This situation is naturally opening the floodgates to wage and social dumping. The crisis currently being experienced by the Euro is also serving as a pretext for infringing and even invalidating national collective agreements, in so doing undermining the autonomy of collective bargaining. In the wake of the financial, economic and social crisis and the associated reforms contained in the Stability and Growth Pact, national social security systems are increasingly coming under fire and in some countries have been scaled back massively.

It is clear from its Communication entitled *Towards a Single Market Act* that as far as social and economic integration is concerned, the European Commission has fallen some way short compared with the report on the subject compiled by Mario Monti. Indeed Commissioner Monti's report itself did not go as far as the European trade union movement had hoped, the crucial goal in the latter's view being to ensure that the single market develops within a regulated framework.

¹ *Laval, Viking, Ruffert, Commission v Luxembourg*

The Commission has rejected the calls of trade unions, most notably that for a Social Progress Protocol in EU treaties. Among other things, this attitude is weakening confidence in the European project among citizens and workers alike.

Campaign proposal

ETUC and its member organisations will continue both to oppose the ill-advised direction the process appears to be taking and to bring pressure to bear to ensure that workers' rights and the social dimension are placed at the top of the European agenda. To achieve this, the ETUC Congress is to launch a campaign entitled *Equal pay, Equal rights* (working title) seeking to make absolutely clear to EU and national politicians alike that we will not allow subjective pursuit of the single market to destroy national social and labour standards, in so doing forcing more and more people into precariousness and poverty and thus exacerbating social fragmentation. It is not only the fundamental interests of workers in Europe but also those of society as whole which are at stake and as such the campaign should be designed to open up a broad debate within business, trade unions and civil society alike in order to exert pressure at all policy levels. Experience has taught us to question the strategies pursued to date and which have failed to bring about sufficient progress in this area.

Timeframe

Long-term framework, consultation on the concept until late 2011 (to be completed at the latest by the time of the Executive Committee meeting in December 2011). Project to commence in 2012 and peak at the time of the European elections in 2014; project to be continued and/or a new concept devised thereafter as appropriate.

Elements of the campaign

1) Defining and fleshing out our demands to the EU institutions to prevent wage and social dumping

The Social Progress Protocol is our priority: such a protocol requires changes to primary law. Looking beyond the protocol, work on addressing on a case-by-case basis the wide range of situations presenting themselves is also important. As such, we need to determine what other measures will be required at both national and EU level to prevent wage and social dumping, see that the place-of-work principle is applied and ensure fair mobility. Such measures include:

- enshrining the place-of-work principle in secondary law, specifically having wages and place-of-work rights apply to workers in all forms of cross-border employment, i.e. stipulated in all directives and regulations (e.g. concerning public contracts, posting of workers, hiring of third-country nationals);
- establishing outlets offering advice and support to mobile workers;
- actively applying the transversal social clause introduced by the Lisbon Treaty and ensuring that it is observed;
- safeguarding trade union rights and collective-bargaining autonomy.

It is important that we make clear in no uncertain terms that we require more effective rules which are both tangible and precise. However, such action should not obscure the underlying principle, namely that social rights in Europe must be made a priority and to achieve this, the Social Progress Protocol is crucial.

2) Establishing greater interaction and coordination between national and EU action in order to achieve these demands

The campaign will only succeed if it has the support of if not all, then at least the vast majority of ETUC member organisations. To achieve this, concrete agreements and self-imposed commitments are required within ETUC.

Any lobbying strategy should effectively combine activities at European level (e.g. vis-à-vis the European Commission and the European Parliament) with measures at national level (e.g. vis-à-vis Member States, within the Council and in national parliaments). In particular, efforts should be made to include trade unions in Central and Eastern Europe to enable us to demonstrate clearly to the Commission that there is no East-West divide, as it were, as is often claimed, and that the goal is in no way to reestablish any form of protectionism.

There should be close dialogue between countries of origin and destination countries throughout the campaign.

The campaign should include trade unions at EU and national level as well as players from the world of business, particularly those operating within multinationals and on EWCs.

3) Enhancing cooperation within ETUC to enable us to challenge wage and social dumping more effectively

There must be discussion within ETUC as to what organisational measures are required within the European trade union movement to tackle the challenges posed by increasing mobility.

At this stage, the primary goal is that of support for and mutual recognition of membership. Working in partnership with member organisations and industry federations, we must ascertain what other avenues of cooperation could be explored with a view to combating wage and social dumping together.

4) Establishing and maintaining a relationship of trust with business players and seeking out corporate allies, both in Europe as a whole and in individual Member States

To illustrate their repercussions on society as a whole, the ramifications of the country-of-origin principle and of the emphasis placed on free enterprise must be spelled out clearly and the cause-and-effect relationship between them highlighted to prompt appropriate action. Experience has shown that this ill-advised European 'strategy', which is simply designed to liberalise the single market, has huge repercussions on companies – and these repercussions will only become more damaging in the future. Social and labour standards, codetermination and the principle of equal pay are all being undermined in many different ways depending on the company, sector or region concerned. The core aim of the initiative should be to identify and highlight the consequences, in close cooperation with affiliated trade unions, European industry federations and business players. Possible tools to achieve this might include an early-warning system for companies and a

'black book' entitled *Wage and social dumping: the future for Europe?* (or similar) detailing examples from different EU countries.

To establish an alliance, we could approach, in each Member State, various groups and individuals interested in social progress and justice and, where appropriate, involve them in lobbying, joint demonstrations and action campaigns.

Proposal as to how to implement the campaign

ETUC should set up a project group as from June 2011 tasked with fleshing out our demands and devising a strategy for implementing the campaign. In implementing it, we should ensure that 12 representatives of national trade union confederations, including at least two from CEECs, and at least three representatives of European industry federations are involved alongside representatives of the ETUC Secretariat.

The following might be considered as campaign tools: an early-warning system of repercussions on businesses, a European citizens' initiative (where appropriate) via which to voice specific demands (to be used from 2012 onwards but not suitable for changes to primary law), a postcard campaign, a campaign website, a petition, a 'black book' on wage and social dumping (with significant contributions from members and business players) and efforts to seek out alliances with civil-society stakeholders at both European and national level. Regular progress checks should be made throughout, as well as regular discussions held and reports compiled to ensure transparency.

Proposal to be put to the ETUC Executive Committee by the project group or the General Secretary in autumn 2011 with a view to a vote by the time of the Executive Committee meeting in December at the latest .