

## **The services directive – still a race to the race bottom**

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The recent approval of the ‘reformed’ Services Directive has been described both as a ‘success story’ the European TUC and a ‘capitulation’ to neoliberalism by the green/left grouping (GUE/NGL) in the European parliament. Someone is being economical with the truth, but who?

This controversial package of measures, known as ‘Bolkestein’, is designed to create a single market for service provision across the EU, which represents a lucrative 70 per cent of economic activity.

Neoliberal zealot EU Commissioner Frits Bolkestein drew up the ‘country of origin’ principle which would throw open essential services in every member state to the market by allowing foreign companies to ignore national legislation, from health and safety to levels of pay.

This was clearly a recipe for dismantling public sectors across the EU and creating the conditions for ‘social dumping’, undercutting workers’ pay and conditions, on a massive scale.

Trade unionists across the EU responded with mass demonstrations against this threat to workers rights which would undermine the very basis of national collective bargaining.

As a result, last February, MEPs voted to reduce the scope of the directive by exempting some aspects of health care and social provision. Explicit reference to the notorious ‘country of origin’ principle was removed. However, the remaining text still allowed the European Court of Justice to effectively to restore it.

At first the Council of Ministers promised to respect the parliament’s minimal amendments, which left 85 per cent of the directive intact.

However, when the council and the commission returned with a new text, it had restored the original proposal, so restricting the parliament’s exemptions designed to protect services of general interest.

The new text contains enormous ambiguities and the ‘country of origin principle’ has simply been replaced with a clause with the title ‘freedom to provide services’.

As a result, the directive will still allow a firm registered in one country to conduct activities in another with no regard for national law. Provided that it complies with the law in the country in which it was registered, it would be operating entirely legally. Even if standards in its country of registration were acceptable, inspectors from the host country would have no right to enforce them. The idea that Poland is going to send an inspector to ensure that a firm operating in Portsmouth is following the rules is, of course, ludicrous. GUE/NGL leader Francis Wurtz said that what the European Commission was saying, in effect, was “you can amend whatever you like, as we won’t take a scrap of notice”. He attacked the council text for “introducing a series of alarming ambiguities, both on public services and consumer protection,” adding that it has also “given the European Commission an outrageous right of scrutiny over national legislation”.

In other words, any law seen to be in violation of what the Victorians used to call in ‘restraint of trade’ will be declared null and void by unelected EU institutions.

Moreover, the commission has indicated that services not covered by the directive, such as healthcare, will be dealt with by separate directives.

However, for its part the ETUC, which is 80 per cent EU-funded, claimed that in the new text “the country of origin principle is abolished, enabling member states to exercise better supervision and to apply national rules to protect the public interest”.

TUC ‘Europe’ spokesman Billy Hayes also claimed at the Wales TUC last month that the campaign against the Services Directive was a ‘success’.

This is clearly not the case.

Moreover, official TUC policy, passed at Congress in 2005, is to oppose the services directive along with the EU constitution and other directives that impose privatisation on many essential industries and services.

The essence of the problem is that the whole point of a single market in services is that national laws and regulations must be subordinate to the EU and European Court of Justice case law. This court is itself an EU institution and unashamedly promotes further integration in its rulings. It would not be a shock to many if this court continues to make rulings – which under the directive member states must abide by – that found in favour of the original thrust of the services directive.

As EU internal market commissioner Charles McCreevy told the Council of Ministers about the ‘reformed’ services directive: “article 16 fully recognizes the right to provide services on a cross-border basis and sets out clearly the kind of requirements on incoming service providers that have to be abolished in line with ECJ case law”.

Moreover, EU big business lobby UNICE Secretary General Philippe de Buck welcomed the directive by declaring: “For business, it’s just the beginning”.

Over the next three years the services directive must be ratified by the member states.

For the labour movement, it should be the beginning of a democratic fight back to stop unelected EU institutions imposing damaging neoliberal diktats that no electorate in Europe has voted for.

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