



Info

MEPs debate Europe's social models and free movement of workers

Parliament debated the so-called Vaxholm-Laval case. The case refers to Commissioner McCreevy's apparent support for the Latvian company - Laval. It was seen by some as an attack on the whole Swedish approach of collective labour regulation by agreement between unions and employers. This led to a sharp reaction from Swedish industry minister Thomas Ostros - and to a call from the last plenary for the two commissioners to come before Parliament.

Welcoming the opportunity to debate the issue of the Vaxholm/Laval case, Commission President José Manuel **BARROSO** said that he would have been available immediately after the Parliament had invited the Commission to explain its position, but there was no appropriate slot on the agenda. Mr Barroso stated that the Laval case was a matter for the Swedish and European Courts. He said there were strong sensitivities on all sides and that he had discussed the issue with both the Latvian and Swedish Prime Ministers. *"We are still waiting for the European Court's ruling"* said Mr Barroso.

The Commission, would as normal, submit its opinion after the Court after it had reached its position. There should be an equitable solution to the issue, he said, that combines the *"four freedoms"* with social markets of Member States.

"The Commission respects all social models", he said. The Swedish social model has a record of high employment, flexibility and high levels of social justice. Indeed, Sweden did not request transition periods for the new Member States to access the Swedish labour market.

Mr Barroso recalled that the issue was being dealt with by the Courts. He said the *"European Parliament is not the tribunal"*, but there were political aspects associated with the case. The broader questions were whether the EU was in favour or against solidarity, economic and social cohesion, free circulation of workers and a European budget which promotes economic and social cohesion.

Issues similar to the Vaxholm case would occur again in an EU of 25. Mr Barroso ended by stressing the importance of a financial perspective that would boost social and economic cohesion.

Charlie **MCREEVY** said the Commission does not call into question the system of labour relations or collective bargaining in Sweden or in any other Member State. This was, he said, entirely a matter for Member States to decide. He said he recognised the importance of collective agreements in many Member States - in his own country he had been a strong defender of national partnership agreements.

During his visit to Sweden, he said, the press has asked about a case where the blockage of a site by a Swedish trade union had led to the cancellation of a contract from

won by a Latvian firm, leading it to go bankrupt. The case was before the Swedish labour court which had asked the EU Court of Justice for an opinion. *"That the Swedish court has done this shows the situation is complicated. Whether the outcome was right will be determined in due course by the Swedish labour court in the light of the Court of Justice's ruling. The Commission will provide the Court with its opinion in due course, but it has yet to form a view."*

He said the internal market and the European social model were not in contradiction - they were mutually reinforcing. *"It is my duty to ensure basic rights and freedoms are respected. I exercise that responsibility in an even-handed manner. I find it extraordinary that I have to defend my remarks when the issue was raised by a Swedish court. That this is a sensitive case in a Member State does not deprive me of my right to express a view, even if that upsets a Member State or some Members of this Parliament. The Commission's role is to enforce the rules. Latvia's rights are as important as any other Member State."* He said there was no single recipe for a social model or labour relations, it was a matter for political choice between the Member States. The issue was not a threat to a social system, he said, it was enforcing treaty rights for free movement of labour, freedom to provide services and the principle of non-discrimination.

Political Group Speakers

Hans-Gert **POETTERING** (DE), leader of the EPP-ED group said the issue was nothing to do with the services directive or the Swedish system of collective bargaining. It was to do with a case before the Court. Mr McCreevy had said the Commission would support a Latvian company in a dispute with a Swedish trade union. *"It is the duty of the Commission to stand up for the freedom to provide services; he was simply making clear that we must all respect the Internal Market. The Swedish government wants to divert attention from its own failings."* He said no-one in his group wanted to use the services directive to change labour law or restrict collective bargaining. *"The new Member States must have the same rights as the rest of us - we don't want first and second class citizens."*

The Socialist leader Martin **SCHULZ** (DE) said this debate was helpful as it showed Commissioners Barroso and McCreevy were not in the centre but on the right, following a neo-liberal agenda rejected by his group. *"We want to achieve social progress in Europe, not play off one group of workers against another."* He asked three specific questions of the Commission: did trade unions have the right to strike and defend collective agreements? Can the Nordic social model be reconciled with the Internal Market? What would the Commission's position before the Court on this case be? *"What is at stake is the direction we want the EU to go in,"* he said. *"People want jobs, but not Chinese wages and Asian labour standards. We want to defend the European social model. McCreevy wants the lowest standards for wages, labour standards and social protection. Workers must benefit from growth and progress."* He called on Mr Barroso to "put the brake" on Commissioners McCreevy and Kroes.

Graham **WATSON**, leader of the ALDE group, said that Europe's leaders were about to meet at Hampton Court to discuss whether Europe would in future be open, dynamic and competitive, or would attempt to shelter its industry and workforce from globalisation, slipping further into recession. *"This is not an attack on the Swedish social model, it is a defence of the freedom of movement, freedom of establishment and freedom to provide services against the hypocrisy, xenophobia and protectionism of the Swedish Building Federation. Latvian workers are now out of a job thanks to Swedish trade unions. It is not by turning inwards and embracing protectionism that we will be able to compete with China and India. This is a sorry affair, which shows why liberal economic and social thought are in the ascendant, as it makes the alternatives painfully clear."*

For the Greens/EFA group, Carl **SCHLYTER** (SE) told Mr McCreevy he was responsible for a full frontal attack on the right to strike, and was using EU legislation to undermine the Swedish model of labour relations: *"It is not a matter of protecting Swedish workers against Latvian ones. Without social protection, you can not have the security our system offers. We need to learn from each other, but to recognise that national law reflects national circumstances. We all need to play by the same rules, not pit one off against another."*

Francis **WURTZ** (FR), for the GUE/NGL group, stated that he supported the Socialist group's position on

the matter. He questioned how Social Europe could be based on social dumping. The Union's current policies, he said, had led to a dragging down of social labour standards. Enlargement, he said, had increased social disparities in the Union. There were lessons to be learned from this case for the EU and in particular the implications for the services directive.

Nils **LUNDGREN** (SE), for the IND/DEM group, said the Vaxholm/Laval case was another example of the huge unnecessary risks that Europe was taking. He said it was wrong to put Sweden's system of collective agreements in jeopardy. National social standards should prevail and these were being undermined by comments and directives from Brussels.

Brian **CROWLEY** (IE), for the UEN group, said it was shame that the Parliament was not discussing the Commission's contribution to Europe's social model recently presented at the Conference of Presidents. He said the debate was, unfortunately, more about previous battles and future elections than on the best practice in Europe. Mr Crowley stated that those that defended archaic principles of protectionism had lost the argument and were now attacking the Commissioner personally. The Commission, he said, had made it clear that the type of social model applied is a matter for each Member State. The Commission's role, he recalled, was to defend the treaties. This debate, he said, did not bode well for the future. The Parliament should be discussing *"real issues, not abstract principles"*.

Jim **ALLISTER** (UK), a non-aligned MEP, said that it was rare for him to defend the Commission, but occasionally they were right. Mr McCreevy had the right to express his opinion, but a one-size-fits-all social model was wrong. "Europe's social models are plural by nature. What is right for Sweden is not necessarily right for other nations", he said.

Irish Speakers during the debate

Kathy **SINNOTT** (IND/DEM, IE) said she was not surprised by Mr McCreevy's comments, since they reflected his record as the Finance Minister in Ireland who presided over one of the lowest social spends in the EU, despite Ireland's wealth: *"The health system remains an under funded disgrace, children are denied special needs education they require, housing lists are growing. What is the point of a society if not to serve its people? What do we create the wealth for?"*

Proinsias **DE ROSSA** (IE) said that the comments made in Sweden were *"vintage McCreevy"*. He warned that at European level there was a need to build consensus. Mr McCreevy would not achieve his aims *"with bulldozer tactics"*. Sweden, he said, spent €200 per person per year compared to Ireland's €100 and yet Sweden was considered to be third in the world in terms of competitiveness as compared to Ireland at twenty six. Europe needed a high quality social model that did not set Latvian workers against Swedish workers. This case, he said, underlined the deep flaws in the Services Directive which needs to be changed.

Response to the debate

Responding to the debate, Commission President Barroso reacted directly to the three questions put by Mr Schulz: *"Do trade unions have the right to strike? Yes, that is a fundamental rights and we fully respect it. Is the Internal Market compatible with the Nordic social model? Yes, I believe it is. What will the Commission's position be before the Court? That will depend on the question the Court puts to us, but our position will not be to attack the Swedish social model. It will be in defence of the treaties, to ensure they are strictly observed."* He said he wanted to avoid a perceived dichotomy between the Internal Market and social rights: *"only if our systems are fully operational will we have the growth needed to match our social ambitions."* He called on those arguing for social protection to fight within their own Member States to get an EU budget able to support a more active cohesion policy, which would enable the EU to harmonise upwards, not put up artificial barriers between Member States.

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