

# Even scarier than Kilroy

A coup against social Europe has been foiled – for the time being at least

**T**here is a group of men and women seeking to make life as difficult as possible for the progressives who support the EU. They are members not of the UK Independence party or the French National Front, but of the European commission. Whenever we try to persuade our compatriots that the EU helps to defend human rights, protect the environment and ward off the market fundamentalism of the US, they find some means of proving us wrong.

No one has wrongfooted us as deftly as a Dutchman called Frits Bolkestein, who was, until November, the internal market commissioner. In January last year, he produced a directive that claimed to be harmonising the rules governing Europe's service industries. It was promoted, as all such measures are, as a means of creating "millions" of jobs, and it could indeed help to stimulate the European economy. But it also appears to impose on member states a compulsory commercialisation of public services, while destroying their ability to defend us from corporate exploitation. It is – or was – due for approval by the end of this year.

The gremlin inhabits a clause called "the country of origin principle". Companies, it says, "are subject only to the national provisions of their member state of origin". What this means is that if a construction firm based in Lithuania is working in the UK, it need abide only by Lithuanian laws. Every enterprising corporation will want to relocate its HQ to the state with the weakest regulations.

And then it gets really weird. The state responsible for enforcing the rules will be the one in which the company is based, not the one in which it is working. If, for example, the

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Lithuanian company forced workers in the UK to risk their lives on dodgy scaffolding, our Health and Safety Executive wouldn't be able to do a damn thing. Instead, the Lithuanian equivalent would have to send its inspectors over here, and, hampered by any number of translation problems, seek to defend the lives of British workers.

Given the way such markets work, the company they were monitoring would, more likely than not, be a British one flying a Lithuanian flag of convenience. But if that company is threatening your safety on a building site in Brixton, you will have to protest to the authorities in Vilnius.

This is a formula, in other words, for a complete breakdown of the enforcement of the laws restraining corporations. In the name of “bringing down barriers”, it would raise such barriers to anyone trying to defend their rights that effective public complaint becomes all but impossible. This is, of course, the point.

You have to read the entire text to understand what its effects will be. In the preamble, for example, it tells you that an exemption from the country-of-origin rule should be possible for matters “related to the safety of services”. But in article 19 you discover that the exemption applies “in exceptional circumstances only”. I would not like to be the trade union lawyer who tries to make use of that safeguard.

At first sight, the country-of-origin principle looks odd. The purpose of the internal market reforms was surely to engineer a single set of standards across the EU. This rule, in theory, could lead to 25 sets of standards in the same country. But soon you realise that it will indeed harmonise standards – at the lowest levels to be found in the EU. Once corporations move their nominal addresses to the countries with the weakest rules (just as ship owners register vessels in Panama or Liberia), the countries with stricter laws will discover that to stay in the market, they must drag their own standards down to match the weakest ones.

The directive has caused a massive rumpus in almost every member nation, but not in the capital of Europhobia. Here in the UK, while entertaining our customary panics about the banning of church bells, corgis and curved bananas, we remain ignorant of the real threats to our sovereignty. That's the trouble with Eurosceptics – they're never around when you need them.

But last week, with no help from our own champions of self-determination, all hell broke out in Brussels. Charlie McCreevy, the new internal market commissioner, admitted that the services directive was “not going to fly” and suggested that “another commissioner might have approached [this issue] in a different fashion” – which is about as rude as any Eurocrat has ever been about another.

It's not over yet. The corporations and their supporters have gone berserk. The Financial Times, which has consistently misrepresented the concerns of the directive's opponents,

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thundered that McCreevy “cravenly sounded the retreat before battle had even formally commenced”. Malcolm Harbour, a British Tory MEP, accused the commission of disrupting democracy. (Funny how Tory concerns about sovereignty evaporate when a policy is good for big business.) Peter Mandelson urged the commission not to “retreat in the face of illegitimate pressures”, by which he appears to mean Europe’s people.

Directives such as Bolkestein’s test the Euroenthusiasm of anyone with an interest in social justice to breaking point. For those of us who recognise that absolute sovereignty is impossible in the face of globalisation, and that ours is a choice not between alignment and isolation but between alignment with Europe or alignment with the US, his proposal suggests that we might as well give up: either way we get market fundamentalism. Men like him, and Mandelson and Jose Manuel Barroso, have done a better job of sabotaging the European project than any number of Kilroys or Le Pens.

Their proposal will doubtless resurface, and when it does the people of these benighted islands owe the rest of the EU a little more public vigilance and solidarity. But for now, though we played no part in it, we can celebrate a rare victory for an old ideal.