

Brexit at work

Frances O'Grady

Could a bad Brexit deal reduce workers' rights across Europe? TUC General Secretary Frances O'Grady highlights the risks, as revealed by a new study commissioned by the Trade Union Congress.

Somewhere in a galaxy far, far away, Theresa May's Brexit strategy is taking shape. I hope she will be brought back down to Earth by a new report* on the working people, in both the United Kingdom and across the European Union, of Britain becoming a deregulated tax haven after Brexit.

'Could a bad Brexit deal reduce workers' rights across Europe?' was commissioned by the TUC from the Work Foundation. It reviews the evidence that a 'race to the bottom' could be triggered, with Britain undercutting the EU by offering global investors a cheaper and less regulated workforce.

The authors' conclusions will no doubt worry EU nations, especially after Jean-Claude Juncker's warning that Britain and the EU will commence negotiations light years apart. They say that leaving the EU without a deal in place is not only dangerous for UK workers – it poses a threat to EU workers too.

The report finds evidence that strong rights at work are common to many successful economies. It reinforces the trade union view that positive outcomes come from pursuing the high road of decent jobs with high pay, high skills, and high productivity. This should encourage both negotiating parties to put strong workers' rights at the heart of the deal.

But the report also reinforces trade union concerns about the impact of deregulation on working people's lives and future prospects. Taking the low road would expand the share of the economy that is composed of insecure, poorly paid, low-skilled, low-productivity jobs.

The authors find that a 'polarised race' is the most likely outcome if Britain pursues a deregulation strategy after Brexit. The impact would be focused on those in low-skilled, low-paid and low productivity work. This would lead to greater labour market inequality, with labour standards diverging for workers at different ends of the spectrum for productivity and skills.

In a worst case scenario, lobbying for deregulation across the EU would gain traction in response to Britain's actions, leading to the erosion of EU workers' rights too.

UK Chancellor Philip Hammond explicitly warned that the UK may pursue a low-tax, low-regulation economic model if no deal is reached. So this outcome is not a fanciful proposition, but a clear and present danger.

Even if the UK does not actively reduce workplace protections, harm could be done. Take the current proposals for the 'European Pillar of Social Rights', which include new rights to paid parental leave, and new protections for insecure workers. If the UK was to seek a competitive advantage by withholding these improvements from Britain's workers, it could undermine support for the changes from crucial stakeholders within the EU.

Trade unions in Britain and the EU will continue to work together throughout Brexit negotiations and beyond to protect the common interests of our members. We know that the best future for working people will come from ongoing co-operation on labour standards, not competition.

I hope this report will dispel any complacency on either side of the negotiations about the consequences of failure to reach a good deal. And I hope it will improve understanding of the importance of an agreement that covers not just existing workers' rights, but future improvements too.

A good deal would have working people's rights written into the heart of it. It would include a clear commitment to maintain a level playing field, complying with the same minimum EU labour standards as they stand today, and as they are improved tomorrow.

Britain's working people do not want their nation to become a bargain basement economy. And EU workers do not want negative competition on their doorstep that undermines decades of progress on workers' rights. British and European leaders must set their sights high in the negotiations, and keep on walking the high road together.

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In her Foreword to the report, Frances O'Grady spells out some risks Brexit poses to people at work throughout the European Union.

The UK's decision to leave the European Union will define our political and economic future for years if not decades to come. It will have huge implications for working people in Britain and in the rest of Europe. The trade union movement wanted a different result in the referendum, but we accept the result. Our objective now is to secure the best Brexit for Britain's working people, and that will require hard work and much better information about the challenges ahead.

We need to work out the shape of a deal between the UK and the rest of the EU that has working people and their interests at its heart. And although the rhetoric has been toned down recently, we also need to examine the alternative raised by Government ministers – as well as some employers, newspapers and politicians – of the low tax, low regulation Britain after Brexit that the Prime Minister and the Chancellor implicitly threatened the rest of Europe with earlier in the year.

We need to know what 'no deal' would look like, as well as what a good deal might include. The TUC commissioned this report from the Work Foundation to add to our knowledge about how to answer the first part of that question, to inform the debate domestically and in the rest of Europe. It reiterates what trade unions and others have been saying about employment protection regulation and the high road of decent jobs on good pay, skills, productivity and innovation.

There is not only no contradiction between strong rights at work and successful economies, the two often go together. In that area, the Brexit Plan B of no deal with the rest of the EU and a low tax, low regulation future would leave the UK struggling to keep up with the high growth, high skills, high wage economies of Northern Europe.

But the report also reinforces our concerns about the impact of deregulation on British working people's lives and future prospects. Bluntly, the low road risks expanding the share of their economy which is composed of insecure, poorly rewarded, low skill, low productivity jobs. The sort of jobs that have bedevilled Britain's lacklustre recovery since the global financial crisis of nearly a decade ago and blighted the prospects of a lost generation of young people.

What is really new in this report is that as well as the race to the top and the race to the bottom, there is a third, more likely outcome of a deregulation strategy – what the authors call the 'polarised race' where the labour market becomes more and more divided between those who benefit

and a potentially growing pool of those who do not, delivering poor pay and lousy jobs for many in both Britain and the rest of Europe.

Growing inequality, a low productivity equilibrium for many businesses and workers, and competitive deregulation across Europe are a serious possibility if we get Brexit wrong, and this report is a balanced and evidence-based contribution to the debate about how we avoid that. I will be using this report to persuade British and European politicians how important a better Brexit deal is for working people at home and around the rest of Europe. I hope they deliver something that working people can live with, because the alternative is depressing and, ultimately, dangerous for democracy.

**Could a bad Brexit deal reduce workers' rights across Europe?*

Estimating the risks of a 'race to the bottom'

Monica Andriescu and Lesley Giles, Work Foundation, 2017

www.theworkfoundation.com

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Rights not usually enjoyed

The EU directives on free movement of people are not called 'migration directives' but 'citizenship directives' because they grant a set of rights that people moving from one country to another would not usually enjoy. These rights apply (with few exceptions) to all EU nationals moving to any other EU country, including British nationals in the rest of the EU. It is on an equal basis. Rights include not being discriminated against compared to local citizens, study, work, set up business, access health care and social security, accumulate pensions in different systems, family unification, but also the right to vote and stand as a candidate in local elections and the right to seek consular protection from the embassies of any other EU country outside the EU, if your own country is not represented there.

These are not the kind of rights negotiated as part of trade agreements. They exist because the European Union has always been primarily a political project to bring peace to the continent. This required creating an environment where people would stop seeing each other as 'others' – or 'enemies' after World War Two – and would start having a sense of common European identity (in addition to and not as a substitute for national identity) and shared citizenship ...

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