

# EU Transport Policy Failure: The Case of Germany's Mindestlohngesetz

Wojciech Paprocki

**Abstract** EU transport policy represents an element of European economic strategy aimed at boosting growth in the single market. Among the goods and services that are traded in the market are international road transport services. The adoption of regulations on minimum wage (MiLoG law) by Germany's parliament forces transport companies headquartered outside Germany to pay no less than the German minimum wage to their drivers performing work on German territory. This legislation therefore breaches the EU principle of free movement goods and services and compels non-German transport undertakings to align their employees' pay to German rather than their native country's economic conditions. Arguably, the very fact that it was possible for a member state to introduce a regulation such as the MiLoG law should be seen as a EU transport policy failure.

**Keywords** EU transport policy • Minimum wage • Single market integration • International road transport

## Introduction

Europe is busy looking for socioeconomic prescriptions to ensure that the benefits of continued economic growth are enjoyed by as many of the continent's inhabitants as possible. One of the preconditions is to strengthen the ability of Europe's economy to compete in the global marketplace. The European integration process, initiated in 1950 and originally involving only six Western European countries, has continuously evolved over the following decades, altering its organizational form and embracing new member states. The accession of Central and Southern European countries in 2004, 2007, and 2013, was of great consequence. The Union's eastward enlargement entailed new challenges, as the common market encompassed economies that were considerably less developed than

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W. Paprocki (✉)

Department of Transport, Warsaw School of Economics, Warsaw, Poland

e-mail: [wojciech.paprocki@sgh.waw.pl](mailto:wojciech.paprocki@sgh.waw.pl)

those in the west of Europe, and the job market had to accommodate workforce accustomed to earnings that were much below the EU average.

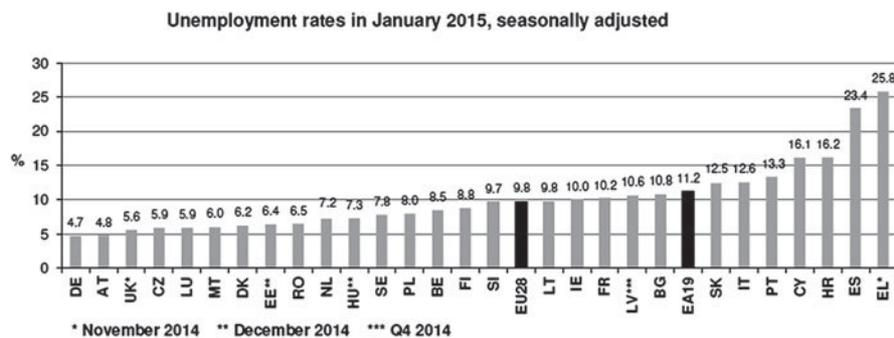
The Community's economic policy comprises an array of sectoral policies, one of which addresses the transport sector and is conducted primarily via regulations targeted at the transport services market.

The introduction of a minimum wage law in Germany in 2015 (Mindestlohngesetz–MiLoG) signified a disturbance to the operation of the international transport market. Its impact was felt most intensely by transport undertakings headquartered in Central European countries, notably in Poland and Romania. This chapter discusses examples of such disturbances as well as their nature and repercussions.

The chapter aims to describe the circumstances in which the new regulation was adopted by Germany and to discuss the microeconomic and macroeconomic outcomes of its implementation. Given the number of publications that came out in the first quarter of 2015 delivering the findings of research focused on European law and national laws and examining the conformity of the German regulation with Community law, this article does not attempt to provide an extensive treatment of this aspect. In investigating the relevant issues, cause-and-effect analysis was utilized in combination with economic theory concerned with the design of employee compensation and motivation schemes. The author has also studied available statistics on unemployment rates and minimum wages, and looked at the factors influencing the purchasing power of employee incomes, including wages alongside other benefits.

## Employment and Payment Across EU Economies

Sustainable development and job creation are among the key objectives of economic policy-making at the European level. These goals were literally spelled out in the Lisbon Strategy [1]. However, reality diverges significantly from what is articulated in political agendas, with registered unemployment among the population in productive age varying across regions, which is shown in Fig. 1.



**Fig. 1** Disparities in unemployment rate among EU member states (Source: Eurostat, Euro area unemployment rate at 11.2 %, March 2015)

It should be stressed that, even though unemployment rate statistics are generally indicative of demand for workforce in a particular job market, in some professions high unemployment rates (say, above 5.0 %) may actually concur with a shortage of workforce having certain qualifications (e.g., education and work experience). Such conditions can be traced back to an inappropriate structure of the vocational education sector that has been maintained for too long. For example, the current scarcity of professional drivers in Poland has been often attributed, among other factors, to the abolition of conscription; it is argued that in the second half of the twentieth century a large percentage of young men would be trained as drivers by the military. The expenses were at the time borne by the government, whereas now they have to be covered by the trainees themselves in the hope that they will be, at least partly, reimbursed by the prospective employer.

What deserves special attention is, alongside the availability of jobs, the question of minimum wages that are paid to the least skilled employees or in regions where there are a relatively small number of openings vis-à-vis the number of people in the productive age.

The issues of job availability and employee wages become more and more relevant all over Europe as the mobility of the population increases throughout the common market.

In Western Europe, e.g., in the Benelux countries, in France, Germany, the UK, and Ireland, the local workforce increasingly often have to compete for jobs with immigrants from new member states, mainly from Poland (the population of 38 million) and Romania (the population of 11.9 million) [2]. Objections to the inflow of workforce from these countries—which acceded in 2004 and 2007, respectively—were voiced even more forcefully after 2008, during the ongoing economic crisis, as relatively large groups of newcomers from both these countries (compared to the number of immigrants from other Central European countries) acquired jobs just because they were willing to accept lower wages than a local employee would.

Some Western European countries have already introduced the so-called minimum wage. This is the case of Germany where the relevant law came into effect on January 1, 2015, which was encouraged by political groupings advocating statist economy concepts based on the assumption that there are social and macroeconomic tradeoffs in regulating the labor market through for example laws mandating employers to pay the minimum wage.

The downsides of guaranteed minimum income have been repeatedly emphasized by the theory of economics [3] and demonstrated by economic practice. For more than 60 years, the government of the Federal Republic of Germany was unable to make the decision to introduce the minimum wage, not even under the rule of the social-democratic party (SPD). Instead, the issue was left to be decided by representatives of employers and trade unions under sectoral tariff agreements. In the 1950s and 1960s, Germany absorbed a wave of migrant workers, primarily from Spain and Italy, who received relatively low compensation for doing jobs that did not require highly specialist skills. The minimum wage was not brought into play at the time, nor was it afterwards, during the energy crisis of the 1970s and the following stagnation when no new jobs were created.

The only regulatory instrument that was then deployed was an administrative restriction on the number of job seekers arriving in Germany<sup>1</sup>.

In the 2010s, the debate over minimum wage in Western Europe has been intertwined with a reflection on the growing income inequalities in the society that have emerged as a major economic challenge for the world's most developed countries as well as for many of the less developed ones. Governments seem to be committed to persuading business enterprises and their private owners to share their wealth. Economic poverty and its diverse effects are to be thus overcome [5]. Sociologists anticipate that we are about to witness one of the most spectacular clashes between public authorities and employers, engaging extremely powerful business organizations operating in the global market [6]. What is at stake is enforcing higher wages while avoiding the export of jobs outside Europe [7]. At the same time, governments seek to cause wages to rise throughout the economy more quickly than labor productivity. This is an intent that the theory of economics commonly sees as undermining the economic equilibrium and the sustainability of macroeconomic growth [8].

Almost as soon as the minimum wage was introduced in Germany, academics and business communities in EU member states became aware of something that had escaped their attention before 2014. Namely, it dawned upon some of them that the new law affected not only persons employed by business enterprises based in Germany and undertaking their jobs within the country, or individuals employed by business enterprises based outside Germany and sending their employees over to work in Germany, but also persons employed by foreign businesses who perform their duties while traveling across Germany. Article 16 of the MiLoG act stipulates that employers headquartered outside Germany are obliged to report (to the German government) any employees staying in the country [9]. Under this law, anyone, including for example professional drivers, who stays in the area of Germany even for a short time (e.g., in performance of a freight shipment from outside of Germany to a destination near Germany's border, provided that more than 2 h have elapsed since their crossing the border at a point of entry), must be compensated for their work at an hourly rate that is equal or higher than the statutory minimum rate of EUR 8.50.

### **Economic Disparities Among EU Member States: The Minimum Wage Aspect**

As a result of the most recent enlargement in 2013, the European Union now comprises 28 member states. With the increasing number of member states, the common market has widened, too, which is seen as a factor conducive to economic growth throughout the Community.

EU member states are characterized by significant regional disparities. One way to capture these regional differences is through the minimum wage defined

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<sup>1</sup>The "no entry" rule was put in place (*Anwerbestopp* 1973) [4].

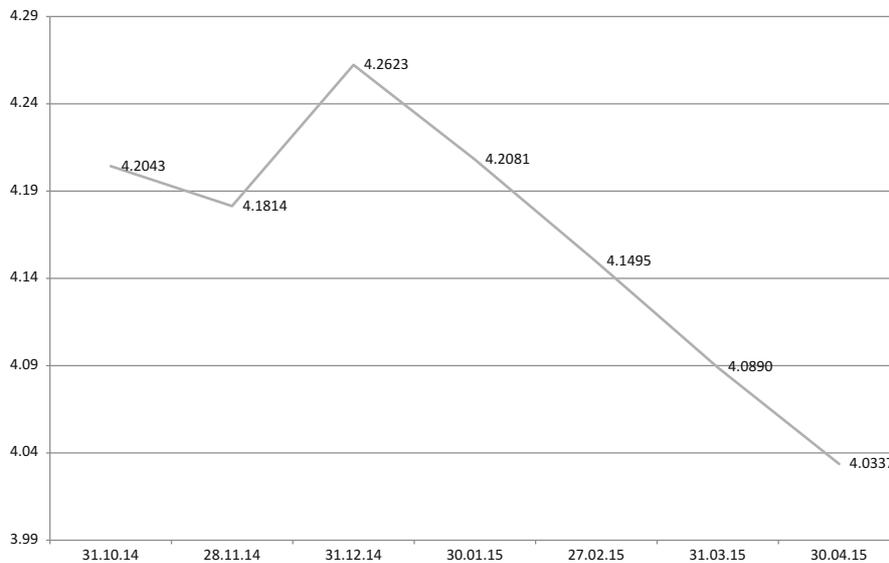
by specific countries. Minimum wage differentials are analyzed by looking at two principal measures:

- the minimum wage,
- the purchasing power standard (PPS)<sup>2</sup>.

The fundamental advantage of using the absolute value of minimum wage as a measure is that the disparities that are revealed are “unquestionable,” having been prescribed in the national laws of specific member states. These are either a minimum monthly pay (e.g., in Poland—at PLN 1750 since January 1, 2015) or an hourly rate (e.g., in Germany—at EUR 8.50 since January 1, 2015).

To be able to make meaningful references to values in currencies used in specific member states, and to perform comparative analyses between them, researchers need to apply currency exchange rates. Observations of the volatility of currencies made over years as well as several-month periods indicate that the rates of exchange between EU member states' currencies tend to fluctuate dynamically and bidirectionally—these findings are illustrated in Fig. 2. Therefore, any estimates of differences in minimum wages should be frequently updated.

In their countries of residence, people who have the same financial resources in nominal terms are able to purchase goods (commodities or services, including



**Fig. 2** Change dynamics of the EUR to PLN exchange rate (Source: own estimation based on the data published by the National Bank of Poland)

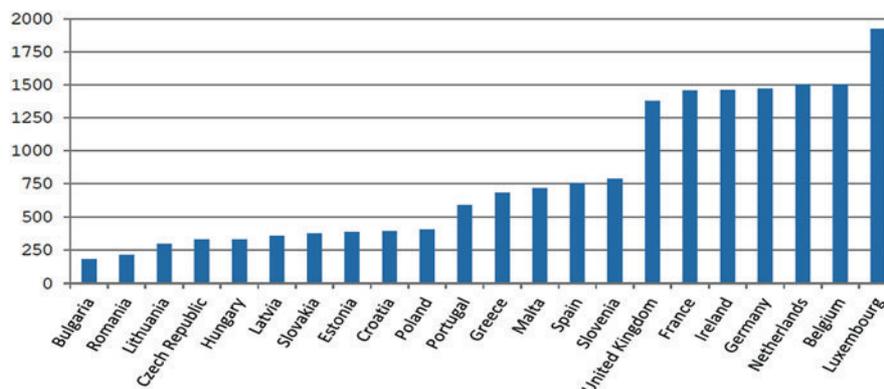
<sup>2</sup>PPS are defined by equating the total real final expenditure of the EU 25 on a specific basic heading, aggregate or analytical category to the total nominal final expenditure of the EU 25 on the same basic heading, aggregate or analytical category. Cf. [10].

public services subsidized by national or local governments) of diverse value. This phenomenon stems from the two key factors:

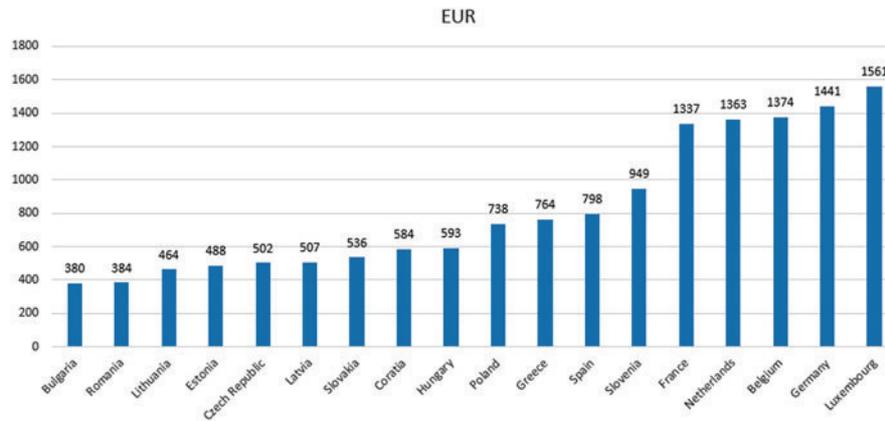
- The same goods may be priced differently in the markets of specific member states, and in some market segments the differences may be even dramatic (e.g., municipal public transport services in Warszawa, Poland and in Frankfurt am Main, Germany—in March 2015, a single ride pass cost PLN 4.40 [11] and EUR 2.75 [12], respectively, while the EUR/PLN exchange rate is 4.1255 [13], which means that a corresponding zone-based fare was 158 % higher in the German city than in the Polish capital,
- In their place of residence, people are familiar with the characteristics of the local market and are capable of purchasing a number of goods, including foods, from their preferred outlets where most or all goods are priced below average, and at the same time avoid buying from shops where the prices are above average, whereas for example foreign travelers are not always in the position to explore the market well enough, due to the language barrier and other obstacles, to make their own price comparisons and refrain from making highly priced purchases.

Differences in the nominal value of minimal wage across some EU member states are shown in Fig. 3, while the disparities in purchasing power standard (PPS) are shown in Fig. 4. Figure 5, on the other hand, by bringing together different measures of economic differentials across member states, makes it possible to capture substantial discrepancies between estimates produced by particular tools.

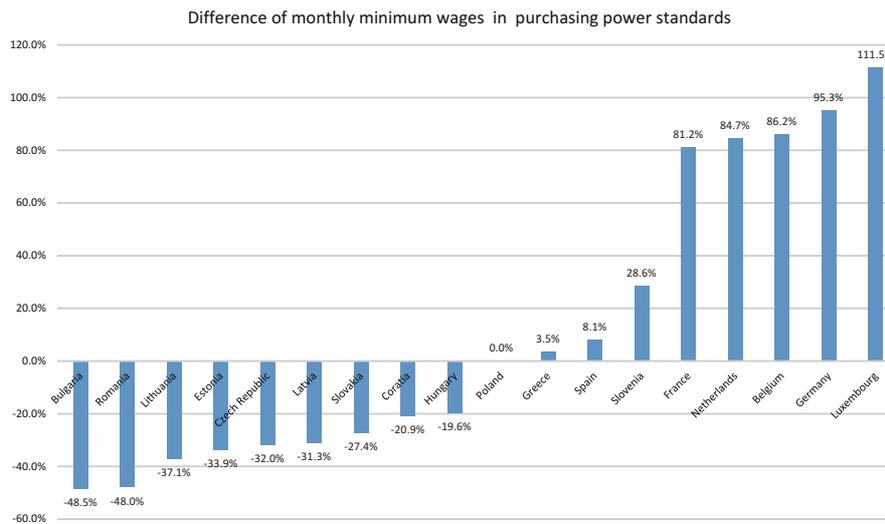
In lieu of this discussion and the examples provided, it can be concluded that in assessing the competitiveness of specific member states (the macroeconomic perspective) or the competitiveness of business enterprises headquartered in specific countries (the microeconomic perspective) one should not rely on a single indicator involving the use of minimum wage differentials only.



**Fig. 3** Minimum wages in EU member states as on January 1, 2015, in EUR per month (Source: Eurostat, Monthly minimum wages in euro varied by 1–10 across the EU in January 2015, March 2015, p. 1)



**Fig. 4** Minimum wages per month in purchasing power standards in EU member states as on January 1, 2015 (Source: own based on Eurostat, Monthly minimum wages in euro varied by 1–10 across the EU in January 2015, March 2015, p. 3)



**Fig. 5** Differences in monthly minimum wages in purchasing power standards in the EU member states as on January 1, 2015 (Source: own)

## EU Transport Policy

Transport policy epitomizes sectoral policies pursued by what could be described as “the Empire”<sup>3</sup>—a term that designates the European Union’s specific system of legislative, executive and judicial power. It is composed of three levels:

- the Community level,
- the member state level,
- the local government level (which can itself be divided into further levels, e.g., Poland has three levels of local government: regional [*voivodeship*], district [*powiat*], and municipal [*gmina*]).

EU transport policy is delineated in documents that are referred to as White Papers. The 2011 White Paper outlines a transport agenda identifying the key measures to be taken and putting forth the vision of a competitive and sustainable transport system that is made up of the following components:

- Growing Transport and supporting mobility while reaching the 60 % emission reduction target,
- the efficient core network for multimodal intercity travel and transport,
- the global level-playing field for long-distance travel and intercontinental freight,
- clean urban transport and commuting,
- Ten Goals for a competitive and resource efficient transport system: benchmarks for achieving the 60 % GHG emission reduction target.
- The Ten Goals of EU transport policy are detailed in Table 1.

The propositions of the 2011 White Paper are in line with the goals of EU climate policy, the latter being essentially determined by the 2009 Copenhagen accord reached during the international talks around the Kyoto protocol [20]

The European transport system is founded on preference for rail, which is regarded as more environment friendly than road transport [21]. The policy toward road transport is grossly inconsistent. In general, efforts are made to confine freight carriage by road vehicles to local and regional transport, i.e., shipments within a radius of about 300 km. Over distances longer than this, goods should be transported by rail, and where rail operators cannot offer affordable direct services below the minimum weight required for block trains, freight should be carried via combined rail-road transport [22]. The latter technology can reduce the use of cars to regional movement and delivery of goods in unit loads (e.g., containers), by trailers or swap-bodies, from the sender’s premises to a terminal or from a terminal to the recipient’s premises.

At the same time, EU member states, including Poland, proceed with road infrastructure development projects, and the automotive industry, even now ranked among the strongest sectors of Europe’s economy, benefits from political and financial support (e.g., tax exemptions) that allows it to further boost its potential. Both

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<sup>3</sup>For a broader discussion of the functions of the Empire, see [14].

**Table 1** The Ten Goals envisaged by the 2011 European Commission White Paper

<i>Developing and deploying new and sustainable fuels and propulsion systems</i>	
1.	Halve the use of “conventionally-fuelled” cars in urban transport by 2030; phase them out in cities by 2050; achieve essentially CO <sub>2</sub> -free city logistics in major urban centres by 2030 <sup>a</sup>
2.	Low-carbon sustainable fuels in aviation to reach 40 % by 2050; also by 2050 reduce EU CO <sub>2</sub> emissions from maritime bunker fuels by 40 % (if feasible 50 %) <sup>b</sup>
<i>Optimising the performance of multimodal logistic chains, including by making greater use of more energy-efficient modes</i>	
3.	30 % of road freight over 300 km should shift to other modes such as rail or waterborne transport by 2030, and more than 50 % by 2050, facilitated by efficient and green freight corridors. To meet this goal will also require appropriate infrastructure to be developed
4.	By 2050, complete a European high-speed rail network. Triple the length of the existing high-speed rail network by 2030 and maintain a dense railway network in all Member States. By 2050 the majority of medium-distance passenger transport should go by rail
5.	A fully functional and EU-wide multimodal TEN-T “core network” by 2030, with a high quality and capacity network by 2050 and a corresponding set of information services
6.	By 2050, connect all core network airports to the rail network, preferably high-speed; ensure that all core seaports are sufficiently connected to the rail freight and, where possible, inland waterway system
<i>Increasing the efficiency of transport and of infrastructure use with information systems and market-based incentives</i>	
7.	Deployment of the modernised air traffic management infrastructure (SESAR <sup>c</sup> ) in Europe by 2020 and completion of the European Common Aviation Area. Deployment of equivalent land and waterborne transport management systems (ERTMS <sup>d</sup> , ITS <sup>e</sup> , SSN and LRIT <sup>f</sup> , RIS <sup>g</sup> ). Deployment of the European Global Navigation Satellite System (Galileo)
8.	By 2020, establish the framework for a European multimodal transport information, management and payment system
9.	By 2050, move close to zero fatalities in road transport. In line with this goal, the EU aims at halving road casualties by 2020. Make sure that the EU is a world leader in safety and security of transport in all modes of transport
10.	Move towards full application of “user pays” and “polluter pays” principles and private sector engagement to eliminate distortions, including harmful subsidies, generate revenues and ensure financing for future transport investments

Source: WHITE PAPER: Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system, COM (2011) 141 final

<sup>a</sup>This would also substantially reduce other harmful emissions

<sup>b</sup>Cf. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions “A Roadmap for moving to a competitive low carbon economy in 2050,” COM (2011)112[15]

<sup>c</sup>In accordance with the European ATM Master Plan [16]

<sup>d</sup>In accordance with the European Deployment Plan for ERTMS: cf. Commission Decision C(2009)561[17]

<sup>e</sup>In accordance with the EasyWay 2 Implementation Plan: cf. Commission Decision C(2010) 9675

<sup>f</sup>Directive 2002/59/EC establishing a Community vessel traffic monitoring and information system (OJ L 208 of 5.8.2002), as amended by Directive 2009/17/EC (OJ L 131 of 28.5.2009) [18]

<sup>g</sup>Cf. Directive 2005/44/EC [19]

EU institutions and national governments are well aware of the ongoing growth of e-commerce and try to respond to it by addressing its immediate effects, such as for example the soaring demand for courier services—that are mostly performed using light commercial vehicles.

A salient characteristic of the European transport system is the presence of multiple regulations constraining the behavior of service providers and hence limiting the freedom of forwarders (i.e., entities placing freight shipping orders) to choose among carriers [23].

The rationale for introducing market regulations is typically either or both of the two:

- to influence the market by creating barriers to entry or imposing constraints on certain operations and behaviors in an attempt to shift traffic between modes of transport toward the modal split that is preferred by the regulator;
- to prevent or discourage service providers from certain behaviors that might incur excessive risk, e.g., cause heavier traffic that increases the risk of vehicle-to-vehicle accidents as well as of collisions between vehicles and persons or objects in their closest vicinity.

In the 1980s, some European Alpine countries, viz. Austria and Switzerland, decided that it was socially, economically and environmentally desirable to reduce road traffic. Facing a substantial growth in trade volume, they sought to carry as much freight as possible by rail. In Switzerland, a symbolic ceiling of one million vehicles annually was established for road transit. This objective, albeit backed up with a variety of restrictions on road transport and preferential mechanisms for rail transport, was not achieved, as demand for road transit continued to rise steadily until the traffic exceeded the threshold. The authorities had to admit that the policy was ineffective. It was realized that administrative constraints on the growth of road transport threatened to arrest the country's economic growth by damping interregional trade.

Regulations concerning the behavior of transport undertakings and their personnel, primarily drivers, aim to enhance road safety by minimizing the risk of road accidents attributable to fatigue. Standards applicable to drivers' working conditions are termed in EU law as social rules in road transport or social legislation relating to road transport. Under the pretense of social legislation, specific EU member states have put in place—on top of EU regulations—even more stringent national laws whose actual purpose is to protect national job markets against the expansion of transport companies employing drivers from Central European countries, including Poland [24]. Such moves are not consistent with the EU policy set out in the White Paper and clearly demonstrate the increasing prevalence of national priorities over Community interests [25]. Examples of such measures include the legislation that came into force on July 1, 2014 in Belgium and France, and requires professional drivers to spend the so-called long weekend breaks at a hotel [26]. The regulation is supposed to ensure better resting conditions for drivers than the usual practice of sleeping and relaxing in a truck or tractor cabin.

The ability of Polish companies to compete in the international road transport services market has been conditioned by their modest operating costs. These were

minimized by keeping driver remuneration at the national minimum wage level, on top of which were paid, at least partly, the mandatory travel allowances. At the moment, there are many formal disputes regarding the payment of travel allowances that are to be settled in court. If the disputes are resolved in the employees' favor, some transport undertakings may have to bear additional costs in the years to come. And, if that is the case, the competitive edge of Polish transport companies may well be lost.

There are a number of factors relating to the pursuit of EU transport policy that might adversely affect the competitive position of Polish road transport companies in the common market. Prior to 2014, it was hardly possible to predict the current trend of changes [27]. Two unexpected developments took place in 2014:

- contrary to long-term forecasts, the prices of liquid fuels plunged globally, bringing down the price of diesel fuel, too;
- the parliament of Germany passed the MiLoG law.

The dramatic decline of liquid fuel prices disturbed the equilibrium pricing process in the international market for freight road transport services. Isolated stand-alone companies that represent the supply side of the market are at a disadvantaged position in bargaining with huge industrial and commercial conglomerates constituting the demand side, therefore transport undertakings fear strong pressures on lowering freight rates, which could further reduce their profit margins.

The implementation of the MiLoG regulation may have a variety of implications, some of which have not at all been investigated by its proponents. This means that very little is known about the likely effects of the German minimum rates in case they come to be applied widely by international businesses.

### **MiLoG: An Instrument Alien to EU Transport Policy**

The socioeconomic growth in the EU area depends on the pace of market integration. The more effectively specific nations and professional groups can safeguard their individual interests in national markets, the fewer beneficiaries of the single market there will be across the European Union. It will not suffice then to promote the Union through ads and slogans; it is necessary for EU bodies to deploy more broadly solutions supporting effective market integration and to observe strict discipline in implementing EU policies [28]. The adoption of the MiLoG law by the German parliament should be seen as representing an interference to the EU market integration process, since it steps into the area of regulation that should be agreed on and implemented solely at the EU level. Transitional periods that were defined on EU enlargements in 2004 and in the following years enabled both old and new member states to adjust to new standards [29]. In many areas, however, including the job market, the adaptation process has not finished yet [30]. Substantial problems arise in Western European countries where the second decade of the twenty-first century has been marked with increasingly frequent attempts to launch, or extend the use of,

protections for the domestic market. This is inevitably going to reverse what has been achieved with regard to the freedom of trading in the EU market—both in goods and in services.

An important implication of the regulations laid down by the MiLoG law is Germany's parliament direct intervention into national legislation enacted in other EU member states. It not only disrupts business management processes in undertakings headquartered outside Germany but also impinges on the powers of national authorities in all other (except Germany) countries of the EU. The MiLoG law had been in effect for just a few weeks when the first complaints were made that the obligation to report each entry into Germany, imposed on all foreigners who, being in employment with companies registered outside Germany, performed work temporarily in Germany, involved an immense administrative burden [31, p. 2]. It is also pointed out that penalties for infringements of the law are exorbitant and incommensurate with the harm that such infringements might cause ([31], p. 3). Furthermore, objections are raised as to empowering the German government to control and influence the activities of business enterprises domiciled outside Germany through legislation that was enacted unilaterally by German parliament.

Harmonization of social conditions for all employees throughout the EU involves eliminating distortions to fair competition between businesses registered in different EU member states that result from striking differences in working conditions and disproportions in wages. Regulations of the MiLoG law were designed to function within German economy and may be incompatible with solutions that are found in other countries, such as for example Poland, which continues to abide by a number of regulations originating in the period of administrative command economy. What the MiLoG law ignores is for example the fact that Polish (as well as several other member states') compensation systems and Polish tax law place limits on employee benefits by specifying threshold amounts for payments that can be made toward a non-wage component. The trickiest part is, however, the regulations on the payment of benefits in foreign currencies and their treatment under personal income tax schedules available to individual employees. Furthermore, a significant part of professional driver's earnings is not a wage under the German MiLoG law but instead has a motivational function [32], since it is presumed to have a certain stimulating effect on the employee. The German lawmakers disregarded the economic relevance, for transport companies as well as for drivers, of that part of the employer's costs which is considered an element of wages in Germany but is not elsewhere. A portion of the compensation paid to drivers for example in Poland is not included in the calculation of the actual pay and, consequently, is not subject to compliance checks against minimum wage legislation.

Moreover, in the context of minimum wages, it does not seem economically sound to compare earnings received by employees residing outside Germany and staying temporarily in the country in performance of their professional duties with those of employees having their permanent residence and employment in Germany in terms of nominal value rather than purchasing power. This is certainly a structural flaw inherent in the regulations laid down by the MiLoG law.

The pressure on increasing the nominal wages of drivers employed by transport undertakings headquartered outside Germany has implications for the transport industry throughout the single market, affecting not only the international transport market, but national transport markets as well. Since professional drivers can choose between employment with freight and passenger transport businesses, including urban public transport undertakings, increasing the wages of drivers in the international transport sector may create pressures on raising nominal wages in other businesses, too. What raises most controversies is the pressure on pay rises in public transport companies, whose operating expenses, including payroll, are not wholly financed from fares paid by individual customers. In Poland and other Central European countries, as well as in Western Europe, public companies are heavily reliant for their budgets on government subsidies (mostly from local governments that are in turn backed up by central governments and may even be cofinanced from EU funds). It seems that, in shaping the provisions of the MiLoG law, the parliament of Germany did not give enough consideration to the ways in which the regulation could bear on, e.g., operating costs in the entire transport sector, including subsidized public transport companies.

When taking into considering the above, it can be concluded that the regulations implemented through the MiLoG law are defective and alien to the European system. Hence, there are grounds to believe that their enforcement will inhibit rather than assist the EU integration process or the achievement of EU transport policy objectives.

## Conclusions

In drafting the act on minimum wage (MiLoG law), the legislature sought to reduce income inequalities by regulating the lowest wages throughout the Federal Republic of Germany. Its provisions apply to everyone who performs work on German territory, including drivers employed by business enterprises based in other EU member states. It was not until the MiLoG came into effect on January 1, 2015 that it was perceived how the law fitted into the entrenched conflict of economic interests, dating back to 2004 and escalating over the years, between providers of national and international road transport services that are headquartered in Germany and those that are registered in other countries of the EU. The central question is whether the instrument, i.e., the MiLoG law, can be ultimately beneficial to the EU economy as a whole, or whether it is only going to reinforce the protectionist policies of German federal government that are obviously incompatible with the objectives of EU economic policy and transport policy.

The confusion surrounding the European Union's road transport services market reveals that, for a number of years, EU institutions have not been giving enough attention to the market's real concerns. Overwhelmed by different aspects of climate change, EU transport policy fails to offer anything but policy statements that are not subsequently translated into regulations facilitating growth on the supply as well as the demand side of the transport market.

Regretfully, deliberations on EU transport policy have been diverted away from the need for major adjustments toward the compensation of drivers in the international road transport sector. As a result, the MiLoG law, which is de jure applicable in a single country and which addresses issues that are beyond the scope of EU transport policy, forces European bodies to take a defensive stance, temporarily undercutting their role as part of the Empire in implementing initiatives to support economic growth across the EU. Cases where Community-wide regulations are transposed into national legislation in order to, somewhat paradoxically, satisfy the needs of specific member countries should be assessed as manifestations of harmful practices that are brought within the framework of European integration policy and EU transport policy.

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