

Europe proclaims 'the four freedoms' - but the reality is very different

Three of the freedoms don't really exist and the costs of the fourth are unacceptably high

By Anthony Scholefield

Oh Freedom, what liberties are committed in thy name! Daniel George, The Perpetual Pessimist.

Pressed to find something positive to say about the European Union its apologists often refer to the EU's 'four freedoms'. These, they insist, are what the EU is all about. Commission spokesmen frequently make such claims.

The freedoms to which they refer are to the movement of persons, goods, services and capital.

Siim Kallas vice president of the Commission said recently: *"It is with these four fundamental freedoms that [the European Union] has made so much progress during its existence"*.

Article 4 of the failed Constitutional Treaty states that: *"Free movement of persons, services, goods and capital and freedom of establishment shall be guaranteed within and by the Union in accordance with the Constitution"*.

Fundamental Principle

In similar vein a Treasury/DTI report of 2007 proclaimed that the 'four freedoms' are the *'fundamental principle of the European Union'*.

Curiously, such claims have almost entirely escaped critical scrutiny, perhaps because freedom is one of those concepts which, like motherhood and apple pie, are difficult to criticise. There have consequently been few if any who have questioned whether the European Union really does embody these freedoms and to what extent their application is unequivocally a good thing.

If it were true that the EU was the embodiment of these principles you would expect that it would be more free than other countries, especially in economic terms. But this is quite obviously not the case. On average EU

countries perform significantly less well than other countries when measured by yardsticks of economic freedom. Britain, which squeezes in at fifth place, is the only EU country to be listed among the front runners in the most authoritative of these - the Index of Economic Freedom - produced annually by the Heritage Foundation and the *Wall Street Journal*. Significantly, the Anglosphere pace-setters - Hong Kong, Singapore, the US and New Zealand are all former British colonies enjoying growth rates considerably higher than those of EU members. Germany is ranked 19th out of 157, France 45th, Italy, 60th and Greece 94th. So much for the EU's claim to blaze the trail of economic freedom.

Managerial Philosophy

The disparity between EU principles and performance is explained partly by history as well as by the managerialist philosophy and self-interest of an unaccountable political elite. The EU was conceived in more protectionist times as a Customs Union. What is meant by 'the free movement of goods and services' is the free movement *within the EU*, with the Commission determining what may and may not move freely within the EU and also determining - by means of quotas and anti-dumping duties - what cannot enter the EU.

Recent illustrations that the EU departs fundamentally from the principle of free trade include the dispute over the imports of clothing from China and the failure of the EU to meet the goals set at the Doha round because of its determination to preserve the CAP.

If there were a genuine free movement of goods and services Britain would be in the position of being able to purchase the products it

needs on world markets at lower prices. Indeed, the concept of free movement of goods within the EU amounts to what Patrick Minford refers to as 'the common manufacturing policy' the objections to which are identical to those which apply to the CAP. But while there is scarcely a single British MP who is prepared to support the CAP the EU policy on manufacturing - which is just as damaging economically - escapes criticism.

It also needs to be borne in mind that even on the EU's own forecasts the EU's share of production is likely to fall by half over the next 30 years so that the 'free movement of goods and services' will take place in a much smaller economic area.

Meanwhile, another trade-distorting monster - the Financial Services Programme - threatens further limits in the free trade of services.

More Complex

The issues relating to the free movement of persons are more complex and more emotive. There are fundamental differences between the movement of people and the movement of goods: trade is a flow, the movement of people a transfer, as the economists at the US National Academy of Science have pointed out in *The New Americans*:

The goods that were imported in the last decade have long since been consumed and trade leave no 'footprint'. • Immigration, however, increases the labour supply permanently.

Furthermore trade has no effect on the accumulated wealth or capital of a country. An influx of people has an enormous effect, depressing capital and wealth per capita.

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How the EU smears our view of reality

Our normally laser-like take on reality may possibly be obscured at present. It's not that *eurofacts'* perception of the external world has been skewed by europhile propaganda, only that our view from our first floor office window is hindered by a large smear.

This was caused by our window cleaner.

Aren't window cleaners supposed to remove stains rather than cause them? we hear you ask. Indeed they are, but our new high-tech window cleaner doesn't quite seem to grasp this.

The old cleaner, who did understand this, has gone out of business because he could not afford to meet the costs of the provisions of the Working at Height Directive which restricts the use of

ladders and consequently requires the purchase of expensive modern cleaning equipment.

The new cleaner arrived with extendable high pressure hoses and his own supplies of purified water. However, he explained that he could not reach two windows because of their inaccessibility. When he declared the job done we pointed out that several windows appeared to be dirtier than when he had arrived. He instructed his assistant to climb on to an adjacent roof in order to remove the smears with a rag, explaining that there were special provisions in the Directive which allowed him to do this. The smears stubbornly remain, but he assured us that these will disappear after only three or four visits.

The origins of our problem lie in EU Directive 2001/45/EC which lays down safety rules for working with ladders and ropes. This was subsequently gold-plated when it was incorporated into British law by means of an executive instrument laid before Parliament.

Our old window cleaner whistled and told jokes. He charged £15. His politically correct successor appears to know more about the law than about cleaning windows. He charges £30. Sometimes through a small or relatively minor matter it is possible to observe a much larger picture. So it is with the laws which govern the working conditions of window^ cleaners.

Government 'has rigged decision on Constitution'

"In practice this is the last time for a referendum. The notion that a decision on this treaty should be by parliament rather than by a referendum is like telling someone to trust a court when the jury is rigged. The Government should stick to

Labour's manifesto promise on a referendum and this should be reaffirmed in any future manifesto for a 'snap' election. To do otherwise would either break a commitment to the electorate or be based on a deception: the notion that a new treaty is in any

*meaningful way different from the previous constitution". Gisela Stuart, Labour MP for Birmingham Edgbaston and a member of the Convention on the Future for Europe writing in *The Sunday Times* on 9th September.*

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Europe's 'four freedoms'

Unless an immigrant brings substantial capital with him or can generate this very quickly he appropriates wealth from natives.

It's not just immigrant workers who need to make use of public services. Students also require accommodation, roads, water supply. Common sense suggests that there are bound to be more EU students wanting to study English than any other language. Even if direct subsidies to EU students are not taken into account, the British taxpayer loses out because while he helps fund students from other parts of the EU, the number of British students wanting to study in, say, Greek or

Danish universities is limited.

Pensioners who move to other parts of the EU also make claims on public services but what distinguishes them from workers and students is that they invariably bring capital with them.

The last decades have seen greater freedom in terms of global capital flows, but it cannot be said that the EU has been the major engine of change even it has applied some pressure on states which have failed to grasp the benefits arising from capital inflows.

How then to assess the EU claim to embody 'the four freedoms'?

Any objective assessment must be that hi the case of goods and services

no such freedom exists except in a strictly limited sense and that the EU acts as a barrier to some goods, especially agricultural produce from poor countries. In the case of capital flows the trend has little to do with the EU. Although, unlike Britain many EU countries have introduced 'transitional measures' to prevent the inflow of immigrants from the new EU countries the creation of the European Union has led to the freer movement of persons. However, such freedom carries costs that are only now coming to be recognised - costs which many people may conclude are far too high.