

Free movement in the European Union: the case of Great Britain

E. Chukubayev, L. Nurdavletova

Al-Farabi Kazakh national university, Kazakhstan, Almaty

E-mail: _aroldo57@rambler.ru

Abstract. In this paper the authors consider the free movement of goods, services and capital within the European Union as a case of the Great Britain. Also, an article devoted to the role of Britain in the European Union, addresses the issue of EU enlargement in 2004 and identifies the position of the Great Britain.

On 1 May 2004, the European Union was enlarged to include eight post-communist countries (known as A8s): the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia. In January 2006 Romania and Bulgaria (known as A2s) were admitted to European Union membership. In 2004 the United Kingdom, Ireland and Sweden were the only countries to fully open their labor markets to workers from New Member States (NMS). Other countries adopted transitional arrangements. The scale of migration from A8 countries to the UK, particularly from Poland, was much greater than expected. In relation to the UK the purpose of this report is firstly to examine the public debate regarding this migration. The following sections examine the impact on labor markets, implications for welfare and overall economic and societal effects.

Government position on Enlargement. The New Labor government elected in 1997 was a consistent supporter of EU enlargement in the years leading up to 2004. It published a «Regulatory Impact Assessment» on the Bill giving effect to EU enlargement in April 2003, which set out its view of the probable positive consequences of Enlargement. These included:

1. a more secure and stable Europe;
2. additional opportunities for trade in goods and services – UK trade with candidate countries was growing faster than that with existing members;
3. enhanced EU economic growth (of which 14 per cent would accrue to the UK);

4. potential for UK companies to increase investment in candidate countries;

5. reduced risk to consumers (and businesses) owing to compliance by candidate states with EU standards and regulations, including environmental ones;

6. a potential increase in the pool of labor available to business which would help to fill labor shortages (especially in skilled occupations).

However, in response to the disquiet expressed in the media, the government, after some discussion, decided that while workers from the new states would be able to enter the UK and work, they would need to register with the government when they got a job. This was known as the Workers Registration Scheme (WRS) and would apply to workers for the first 12 months of employment in the UK. Employers who employed A8 workers who did not register would be guilty of an offence.

The WRS was linked to the benefits regime when the government introduced a last minute additional restriction on their right to benefits in legislation announced on 1 May 2004. Once registered and working, A8 workers would be entitled to «in-work» benefits, such as tax credits for low earners and child benefit. However, they would not be entitled to other benefits such as unemployment benefit or public housing until they had worked and been registered for 12 months.

By 2007, after operating the WRS for the A8 countries for three years, the government decided not

to offer the same access to the labor market to citizens of Bulgaria and Romania (the «A2»). Instead, it stipulated that A2 workers would be able to apply for a very small number of temporary jobs (3 500 per year) in food manufacturing under the Sector Based Scheme, or in the agricultural sector (21 500) under the Seasonal Agricultural Workers Scheme [1]. Both are targeted specifically at young workers (under 35 years old). Outside these specific schemes, A2 citizens face the same restrictions on employment as non-EU citizens, although they are allowed to establish themselves in business – that is, to work on a self-employed basis.

New Labor Government and Europe. Prime Minister Tony Blair had given a keynote speech in Bruges in February 2000, which was clearly intended to differentiate his approach to Europe from that of the previous Conservative administrations. He argued that «Britain's destiny is to be a leading partner in Europe», and this characterized at least the rhetoric of the government in the years following, although the UK continued to be resistant to adopting new EU social regulation. Building strong diplomatic relationships with Central and Eastern European countries proved to be a UK government priority which was pursued with vigor. The prospective states were seen as being more receptive than some of the existing member states to the free trade, neo-liberal economic policies New Labor was championing in Europe. This clearly had a bearing on the government's approach to free movement – having supported enlargement so whole-heartedly, it would have been damaging to have restricted free movement of citizens from the new EU members. Political considerations were reinforced by economic ones. The British economy was experiencing low levels of unemployment, particularly in southeast England.

Conservative Party opposition stance. While the opposition Conservative («Tory») parties were also in favor of enlargement, they generally adopted a more Eurosceptic position, in rhetoric at least. Michael Howard, the then party leader, argued that workers from the new states should only be able to take jobs in the UK if they had work permits for at least the first two years they had worked in the UK [2]. This implied a work permit-based system whereby it had to be demonstrated that they were »needed« in the workforce. He also argued against benefit entitlement for new arrivals. David Willetts (then opposition spokesman on work and pensions) also highlighted the issue of benefits claiming that A8 migrants would be entitled to get tax credits, when «millions of UK families» could not [3].

The position of media. As enlargement approached,

the opposition to immigration historically expressed in some parts of the UK's press spilled over into the debate regarding the free movement of citizens in the expanded EU. A publication produced by the Trade Union Congress on migrant workers in the UK pointed to the general hostility to immigration and asylum being exhibited by some sections of the British press, and how the (then New Labor) government appeared to be responding to this by using harsher language and introducing tougher measures against immigrants. The report said that: «This blurring by media and governments of the distinction between refused asylum seekers, illegal working, illegal entry and criminal activity such as trafficking» was contributing to a general suspicion of all migrants [4]. It is difficult to be certain whether the way in which the media portrayed the issues determined public attitudes, or whether some editorial lines were determined by a perceived growth of public concern over immigration.

In producing this paper, we examined national newspaper stories covering the themes of migration and enlargement between June 2003 and November 2004. There was a division between those publications generally supportive of free movement for workers (within the EU, at least), and those which were hostile to both immigration and the EU in general. However, one theme was consistently covered by newspapers of all political perspectives in the run-up to enlargement: the possibility that citizens of the new member states could come to Britain and claim social security benefits.

However, another common theme, closely related to the intensifying debate over asylum, immigration and benefits, was that of growing discord within the government in the run-up to enlargement. This focused in particular on the supposed prospect of mass «benefit tourism», repeatedly predicted by some newspapers. Arguments were reported between Prime Minister Blair, who was committed to free movement, and other New Labor ministers worried that public concerns over immigration were growing and would damage Labor at the next election. As a political correspondent in the broadsheet *The Independent on Sunday* argued, «Mr Blair's role as the friend of Eastern Europe has stirred up an ominous coalition of Conservatives, bigots, tabloid newspapers, and anxious intellectuals at home, forcing him to choose which matters more, his strategy for Europe or popularity at home» [5].

As it happens, the European Parliamentary (and London mayoral) elections, which followed shortly after enlargement, would put to the test the political

consequences of the government's policy on labor market access. Neither Labor nor the Conservative main opposition party (who had favoured more restrictive movement) did well, both seeing their share of the vote reduced (by 5.4 and 9.0 percentage points, respectively). The big winner was the Eurosceptic UK Independence Party, which won over 16 per cent of the vote and 12 seats. The more extreme right BNP failed to get past the five per cent threshold to win any seats. For the UK, turnout was high for a Euro election at 38.5 per cent, but this compares badly with the 45.5% European average [6]. So enlargement may have had an effect, but not a decisive one.

Trade unions. The British trade union federation, the Trade Union Congress (TUC) was firmly in support of both EU enlargement and free movement, taking the view that barriers to free movement would both foster xenophobia and leave many thousands of A8 workers in irregular work, and therefore vulnerable to super-exploitation and precarious employment. In general, this was the position adopted by most major TUC-affiliated unions, although there was some disquiet expressed by unions in the engineering construction industry regarding the posting of workers.

This disquiet had been expressed in 2004 following unofficial work stoppages in protest over the alleged undercutting by Belgian contractors (employing Portuguese workers) of UK-based contractors observing the National Agreement for the Engineering Construction Industry (National Engineering Construction Committee, February 2004). The unions considered that national agreements in the industry were threatened by the use of non-UK contractors. However, this related as much to the UK government's minimalist approach to the Posted Workers Directive as to the likelihood of more posting. In the UK, relatively few national industrial collective agreements remain, with the construction industry standing out in still retaining several. However, they are not legally binding, and the

Labor government showed no sign of declaring any collective agreements to be »generally applicable« so that the PWD would apply. No specific legislation was applied in the UK to give effect to the PWD. It was suggested that the terms of the National Minimum Wage and Working Time regulations, applicable to all those working in the UK, would be sufficient.

The UK unions in the engineering construction industry campaigned to have the government determine the national agreement as applicable for the purposes of the PWD. They based their argument on the particular nature of the industry and on an agreement reached between the Labor Party and unions affiliated to it (the Warwick Agreement) prior to the 2005 election, which included the rather vague assurance «that Posting of Workers Directive will not lead to undercutting».

Seafaring unions also expressed some concerns regarding the possible consequences for the ferry industry, with the officer's union NUMAST submitting a motion to the TUC's 2001 Congress calling for (amongst other things) measures «to ensure that employers do not use cheaper crews from candidate countries or elsewhere to displace existing European seafarers». This related to problems with jurisdiction and employment rights for seafarers – who are often excluded from UK employment legislation. In the event, the motion was not debated, as Congress was cut short after the attack on the twin towers in New York.

References

1. The UK and the EU // www.eu.com
2. Daily Mail, 19 February 2004.
3. Express, 29 April 2004.
4. Dyker David. The European economy. Third edition. White Plains, NY: Longman, 2005.
5. BBC election results at www.bbc.co.uk and turnout at http://www.europarl.europa.eu/parliament/archive/elections2009/en/turnout_en.html

Е.С. Чукубаев, Л. Нурдаuletova Еуропалық Одақтағы еркін қозғалыс: Ұлыбритания тәжірибесі

Бұл мақалада авторлар Ұлыбритания тәжірибесінің негізінде Еуропалық Одақтағы тауарлардың, қызмет көрсетулер мен капиталдың еркін қозғалысын қарастырған. Сонымен қатар мақалада Еуропалық Одақтағы Ұлыбританияның ролі, 2004 жылғы ЕО-ның кеңею мәселесі және Ұлыбританияның ұстанымы сияқты мәселелер ашылған.

Е.С. Чукубаев, Л. Нурдаuletova Свободное движение в Европейском Союзе: опыт Великобритании

В данной статье авторы рассматривают свободное движение товаров, услуг и капитала в Европейском Союзе на примере Великобритании. Также статья посвящена роли Великобритании в Европейском Союзе, затрагивается вопрос расширения ЕС в 2004 году и выявляется позиция Великобритании.